



TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

2024 | 2025

ANNUAL REPORT

ANNUAL REPORT

ANNUAL REPORT

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PART A: GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	Tshwane Automotive Hub Special Economic Zone (Pty) Ltd
Registration Number	2020/214518/07
Registered Office Address	Building 21 CSIR Campus Meiring Naude Road Brummeria Pretoria 0001
Postal Address	Building 21 CSIR Campus Meiring Naude Road Brummeria Pretoria 0001
Contact Telephone Numbers	064 795 5036
Email Address	companysecretary@tasez.co.za
Website Address	www.tasez.co.za
External Auditors' Information	Auditor-General of South Africa PO Box 446 Pretoria 0001
Bankers' Information	Standard Bank of South Africa Head Office 184 Hyde Lane Hyde Park Sandton 2196
Company Secretary	Tshepiso Modikoe companysecretary@tasez.co.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	AUDITOR-GENERAL OF SOUTH AFRICA
AIDC	AUTOMOTIVE INDUSTRY DEVELOPMENT CENTRE
APP	ANNUAL PERFORMANCE PLAN
ARPL	APPRENTICESHIP RECOGNITION OF PRIOR LEARNING
ATR/WSP	ANNUAL TRAINING REPORT AND WORKPLACE SKILLS PLAN
BANKSETA	BANKING SECTOR EDUCATION AND TRAINING AUTHORITY
B-BBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
BCOP	BREAKING THE CYCLE OF POVERTY
BoD	BOARD OF DIRECTORS
TASEZ COMPANY	TSHWANE AUTOMOTIVE HUB SPECIAL ECONOMIC ZONE (PTY) LTD
CCA	CUSTOMS CONTROLLED AREA
CDC	COEGA DEVELOPMENT CORPORATION
CEO	CHIEF EXECUTIVE OFFICER
CETA	CONSTRUCTION EDUCATION AND TRAINING AUTHORITY
CFO	CHIEF FINANCIAL OFFICER
CLO	COMMUNITY LIASON OFFICER
CoE	CONDITIONS OF ESTABLISHMENT
CoT	THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY
CPC	COMMUNITY PROJECT COMMITTEE
CSI	CORPORATE SOCIAL INVESTMENT
CSIR	COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH
DBSA	DEVELOPMENT BANK OF SOUTHERN AFRICA
DDI	DOMESTIC DIRECT INVESTOR
DoI	DECLARATION OF INTEREST
EAC	EAST AFRICAN COMMUNITY
EE	EMPLOYMENT EQUITY
ESG	ENVIRONMENTAL, SOCIAL AND GOVERNANCE
EU	EUROPEAN UNION
EV	ELECTRICAL VEHICLE
FDI	FOREIGN DIRECT INVESTOR
FMCSA	FORD MOTOR COMPANY OF SOUTHERN AFRICA
GBV	GENDER-BASED VIOLENCE
GDARD	GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT
GDED	GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT
GDP	GROSS DOMESTIC PRODUCT
GEP	GAUTENG ENTERPRISE PROPELLER
GETC	GENERAL EDUCATION AND TRAINING CERTIFICATE
GGT 2030	GROWING GAUTENG TOGETHER 2030
GGDA	GAUTENG GROWTH & DEVELOPMENT AGENCY
GIDZ	GAUTENG INDUSTRIAL DEVELOPMENT ZONE
GIFA	GAUTENG INFRASTRUCTURE FINANCING AGENCY

GPG	GAUTENG PROVINCIAL GOVERNMENT
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICE
HR	HUMAN RESOURCES
HRM	HUMAN RESOURCE MANAGEMENT
IAF	INTERNAL AUDIT FUNCTION
ICT	INFORMATION COMMUNICATION TECHNOLOGY
IDC	INDUSTRIAL DEVELOPMENT CORPORATION
IGA	INTER-GOVERNMENTAL AGREEMENT
IOT	INTERNET OF THINGS
IPAP	INDUSTRIAL POLICY ACTION PLAN
IPP	INDEPENDENT POWER PRODUCER
JBCC	JOINT BUILDING CONTRACTS COMMITTEE
MEC	MEMBER OF THE EXECUTIVE COUNCIL
MERSETA	MANUFACTURING, ENGINEERING AND RELATED SERVICES SECTOR
MIDP	MOTOR INDUSTRY DEVELOPMENT PROGRAMME
MFMA	MUNICIPAL FINANCE MANAGEMENT ACT
MoI	MEMORANDUM OF INCORPORATION
MoU	MEMORANDUM OF UNDERSTANDING
MTDP	MEDIUM-TERM DEVELOPMENT PLAN
MTEF	MEDIUM-TERM EXPENDITURE FRAMEWORK
NAACAM	NATIONAL ASSOCIATION OF AUTOMOTIVE COMPONENT & ALLIED MANUFACTURERS
NAAMSA	NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA
NCPC	NATIONAL CLEANER PRODUCTION CENTRE
NDP	NATIONAL DEVELOPMENT PLAN
NEET	NOT IN EMPLOYMENT, EDUCATION AND TRAINING
NEF	NATIONAL EMPOWERMENT FUND
NGP	NATIONAL GROWTH PATH
NIPF	NATIONAL INDUSTRIAL POLICY FRAMEWORK
NPO	NON-PROFIT ORGANISATION
OCEO	OFFICE OF THE CHIEF EXECUTIVE OFFICER
OEM	ORIGINAL EQUIPMENT MANUFACTURER
PESTEL	POLITICAL, ECONOMIC, SOCIAL TECHNOLOGY, ENVIRONMENT AND LEGAL
PFMA	PUBLIC FINANCE MANAGEMENT ACT
PH-EV	PLUG-IN HYBRID ELECTRIC VEHICLE
PMP	PERFORMANCE MANAGEMENT POLICY
PPA	POWER PURCHASE AGREEMENT
PPFA	PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT
PSC	PROJECT STEERING COMMITTEE
PSDC	PROJECT SOCIO-ECONOMIC DEVELOPMENT CENTRE
PSP	PROFESSIONAL SERVICE PROVIDER
PV	PHOTOVOLTAIC
PWD	PEOPLE WITH DISABILITIES

QCTO	QUALITY COUNCIL FOR TRADES & OCCUPATIONS
R&D	RESEARCH AND DEVELOPMENT
ROI	RETURN ON INVESTMENT
SAAM	SOUTH AFRICAN AUTOMOTIVE MASTERPLAN
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SASSA	SOUTH AFRICAN SOCIAL SECURITY AGENCY
SCA	SOCIAL COMPACT AGREEMENT
SCM	SUPPLY CHAIN MANAGEMENT
SEDA	SMALL ENTERPRISE DEVELOPMENT AGENCY
SETA	SECTOR EDUCATION AND TRAINING AUTHORITY
SEZ	SPECIAL ECONOMIC ZONE
SHE	SAFETY, HEALTH AND ENVIRONMENT
SHEQ	SAFETY, HEALTH, ENVIRONMENT AND QUALITY
SLA	SERVICE LEVEL AGREEMENT
SMME	SMALL, MEDIUM AND MICRO ENTERPRISE
SMS	SENIOR MANAGEMENT SERVICE
SOPA	STATE OF THE PROVINCE ADDRESS
SSA	SUB-SAHARAN AFRICA
SSETA	SERVICES SETA
SWOT	STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS
TAC	TSHWANE AUTOMOTIVE CITY
TASEZ	TSHWANE AUTOMOTIVE HUB SPECIAL ECONOMIC ZONE
TEDA	TSHWANE ECONOMIC DEVELOPMENT AGENCY
TER	TOWNSHIP ECONOMIC REVITALISATION
the dtic	DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
TIA	TECHNOLOGY INNOVATION AGENCY
TIH	THE INNOVATION HUB
TMR	TRANSFORMATION, MODERNISATION AND RE-INDUSTRIALISATION
TR	TREASURY REGULATIONS
TTA	TASEZ TRAINING ACADEMY
TUT	TSHWANE UNIVERSITY OF TECHNOLOGY
TVET	TECHNICAL, VOCATIONAL, EDUCATION AND TRAINING
UP	UNIVERSITY OF PRETORIA
UT	UNIVERSITY OF TECHNOLOGY

3. FOREWORD BY THE CHAIRPERSON

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



Lionel October

Chairperson of the Board

Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

TASEZ remains focused on the priorities of job creation through aggressive infrastructure development, growing small and medium enterprises, inclusion, and accelerating economic reforms to unlock investment and growth. The automotive sector plays a strategic and catalytic role in South Africa's economy, with significant contributions to GDP, employment, skills development, economic linkages, technology and innovation.

Since its establishment in 2020, TASEZ has fully developed 91 hectares of economic infrastructure in Silverton, Tshwane, and is set to develop a further 81 hectares in the next term. As development progresses, TASEZ continues to foster community participation and create opportunities for Small, Medium and Micro Enterprises (SMMEs) across strategic infrastructure projects and the automotive value chain.

It must be noted and appreciated that the automotive sector in which TASEZ operates is one of the country's largest, contributing 4,3% to the national GDP. It ranks as the country's fifth-largest export sector, accounting for 18,1% of total exports and employing over 110 000 people. As at March 2025, domestic new vehicle sales had surged, with aggregate sales reaching 49 493 units—a 12,5% increase from March 2024. The passenger car segment experienced a strong boost, growing by 25,3% to 33 447 units, buoyed by consumer demand and a stable lending environment. Car rental companies accounted for 7,2% of new passenger vehicle sales while light commercial vehicle sales declined by 8,4% to 13 328 units.

On the global front, March 2025 saw a robust rebound in export sales, increasing by 9 354 units (31,1%) to 39 477 vehicles. This marks a 15,7% improvement from March 2023 and signals renewed momentum in South Africa's trade position. Exports continue to be a vital component of Original Equipment Manufacturers' (OEMs) financial health. NAAMSA CEO Mikel Mabasa echoed that, "despite ongoing global trade uncertainties, the industry remains steadfast, demonstrating its strength in navigating complex economic landscapes." The export-led growth model remains instrumental in driving industrial expansion and job creation.

TASEZ marked a significant milestone with the sod-turning ceremony for Phase 2 of its development. This event symbolised the continuation of our vision to unlock inclusive growth and transformation through industrial infrastructure. Notably, this milestone preceded TASEZ's hosting of the 2025 State of the Province Address (SOPA), further cementing its place in the national spotlight. Indeed, TASEZ became the first Special Economic Zone (SEZ) to host the opening of the Gauteng Provincial Legislature and the SOPA, where the



provincial government—one of TASEZ's shareholders—recognised the progress made in driving economic development and opening up the economy.

TASEZ was also chosen as the platform for the former Minister of Trade, Industry and Competition, Ebrahim Patel, to deliver a critical national policy assessment. This decision affirms TASEZ as a model of government's Reimagined Industrial Strategy, reflecting a new approach to industrial policy and SEZ implementation—one characterised by increased collaboration with social partners.

TASEZ has made remarkable strides in the operationalisation of the zone, as evidenced by its 2024/2025 performance. By the end of the financial year, committed private-sector investments stood at R5,76 billion, surpassing the forecast of R3,40 billion for Phase 1 and 1A. The zone currently employs 3 466 people, over 60% of whom are sourced from surrounding townships. Since May 2020, TASEZ has created 5 205 construction jobs.

To all our stakeholders, I extend my deepest appreciation for your continued support. By working together, we ensure that South Africa—and indeed the African continent—can thrive. I also extend heartfelt gratitude to the Board, its committees and the Executive Management Team for their outstanding contributions during the implementation of our five-year strategic cycle to 2025. These accomplishments would not have been possible without the unwavering dedication of the employees at TASEZ and our partners.

Finally, a special thank you goes to the dtic, the GDED, and the CoT for their steadfast support. Together, we are building a globally competitive, inclusive and resilient industrial economy.



Lionel October

Chairperson of the Board

Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

TASEZ has made remarkable strides in the operationalisation of the zone, as evidenced by its 2024/2025 performance.

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Amid the evolving landscape post Covid-19, the Tshwane Automotive Special Economic Zone (TASEZ) has not only maintained its course but exceeded expectations. TASEZ achieved 100% of its annual targets during the 2024/25 financial year, continuing a consistent track record of high performance since its inception. TASEZ has also obtained consistent clean audit outcomes throughout its existence. These results align with the entity's strategic framework, which is driven by four core programmes:

- Programme 1: Administration
- Programme 2: Business Development
- Programme 3: Infrastructure Development
- Programme 4: Zone Operations

Operational expenditure reached R496 million against an annual budget of R418 million, which reflects a 119% budget utilisation. The overspending is mainly due to payment of prior year provisions for zone utilities. If these payments were not paid by year end, the entity would have underspend mainly due to machinery and equipment with committed funds scheduled for disbursement in the first quarter of the 2025/26 financial year. From an infrastructure perspective, R188 million was spent.

Aligned to the Township Economic Revitalisation (TER) Strategy, 33% of construction work was awarded to township enterprises, and 105 SMMEs were mentored across the automotive and construction value chains—well above the target of 80 set for the year. To enable SMMEs and contractors to rely less on bridging finance, invoices to the implementing agent were paid within 9,16 days on average, demonstrating our commitment to efficiency and operational excellence. Investor-led employment resulted in the creation of 222 jobs (target: 150), 45% of which were for women and 76% for youth. An additional 137 temporary construction jobs were realised (target: 130), 28% of which were for women and 42% for youth. The organisation's training programmes continued to drive inclusivity and empowerment in the sector. Against a target of 1 000, a total of 1 036 individuals were trained, 58% of whom were women, 79% were youth and 3% were persons with disabilities. This outstanding performance reflects the dedication of the TASEZ team.

I sincerely thank the TASEZ Board for their strategic direction, unwavering leadership and commitment to strong governance, which have been fundamental to our performance. Their consistent emphasis on excellence, accountability and sound oversight continues to steer the organisation toward sustained success.

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



Dr Bheka Zulu
Chief Executive Officer

Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

To the TASEZ shareholders, investors, Community Project Committee and other stakeholders, I extend a special word of thanks and appreciation for your dedication and commitment. Our journey and achievements would not be possible without you.



Dr Bheka Zulu

Chief Executive Officer

Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

TASEZ BOARD MEMBERS



Lionel October
Board Chairperson



Maoto Molefane
Board Member



Susan Mangole
Board Member and
Chairperson of HR & Remco



Blake Mosley-Lefatola
Board Member



Dr. Lardo Stander
Board Member



Ockert Berry
Board Member



Tshepiso Modikoe
Company Secretary



Dhiren Vanmali
Board Member (Resigned)



Musa Khumalo
Board Member



Njabulo Sithebe
Board Member and
Chairperson
of the Social and Ethics
Committee
(Resigned)



Dr. Thulani Mdadane
Board Member



Vuyo Zitumane
Board Member and
Chairperson of the
Infrastructure Committee

TASEZ EXECUTIVE MEMBERS



Dr Bheka Zulu
Chief Executive Officer



Rebecca Hlabata
Chief Financial Officer



Andile Sangweni
Executive Infrastructure
Development



Dinky Mathabela
Executive Corporate Services
(Acting)



Msokoli Ntombana
Executive Business
Development



Bianca Kortenhoeven- Jagger
Executive Zone Operations
(Acting)

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

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

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

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

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

The annual financial statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the organisation.

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

The Board of Directors is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and 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 the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Dr Bheka Zulu
Chief Executive Officer

Date: **30 July 2025**



Vuyo Zitumane
Chairperson of the Board (Acting)

Date: **30 July 2025**

6. STRATEGIC OVERVIEW



Vision

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



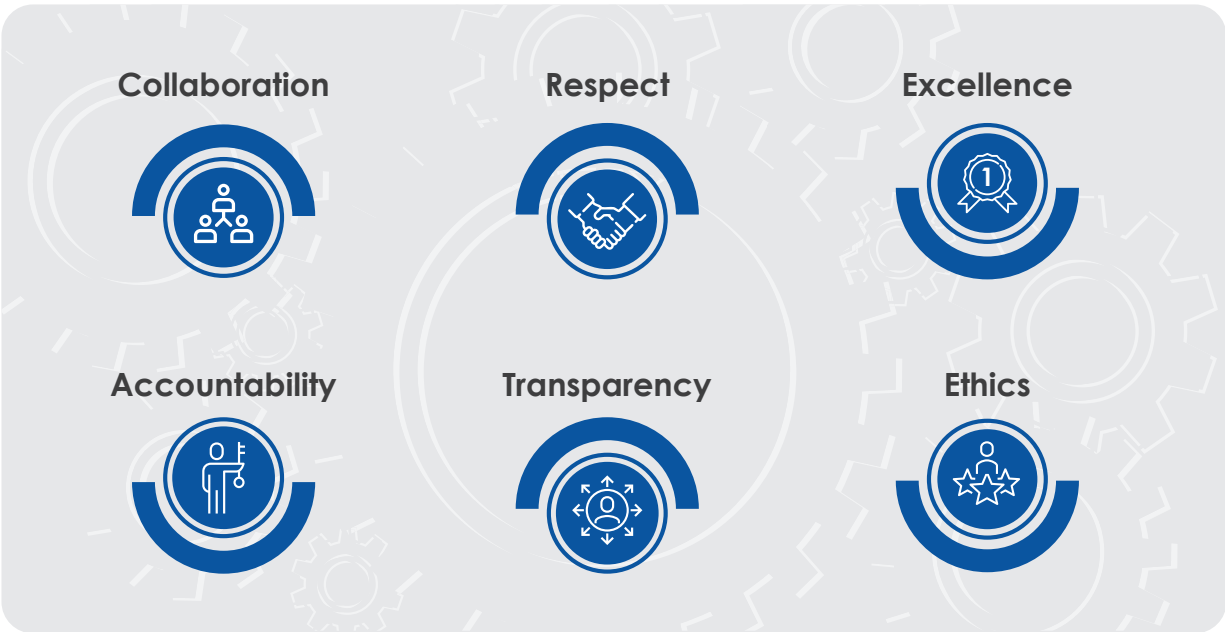
Mission

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



Values

Currently, the TASEZ values are driven by its strategic goals and objectives. The TASEZ Ethics and Code of Conduct Policy places emphasis on the conduct of all stakeholders, which include directors, Company Secretary, executive managers, senior managers, permanent employees, part-time employees and contractors. These stakeholders are expected to conduct themselves in an appropriate manner in line with good governance and focusing on the following values:



7. LEGISLATIVE AND OTHER MANDATES

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

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

The mandate and purpose of TASEZ are to:

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

TASEZ is registered as a private company in terms of the Companies Act 71 of 2008. TASEZ has three funders: the Department of Trade, Industry and Competition (the dtic), the Gauteng Provincial Government (GPG) and the City of Tshwane Metropolitan Municipality (CoT).

TASEZ, which serves as an initial catalyst for infrastructure and business development, is governed by a Board of Directors that comprises nominees from the three funders and the Ford Motor Company of Southern Africa (FMCSA).

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

8. ORGANISATIONAL STRUCTURE

The following diagram shows the organisational structure of TASEZ during the year under review.

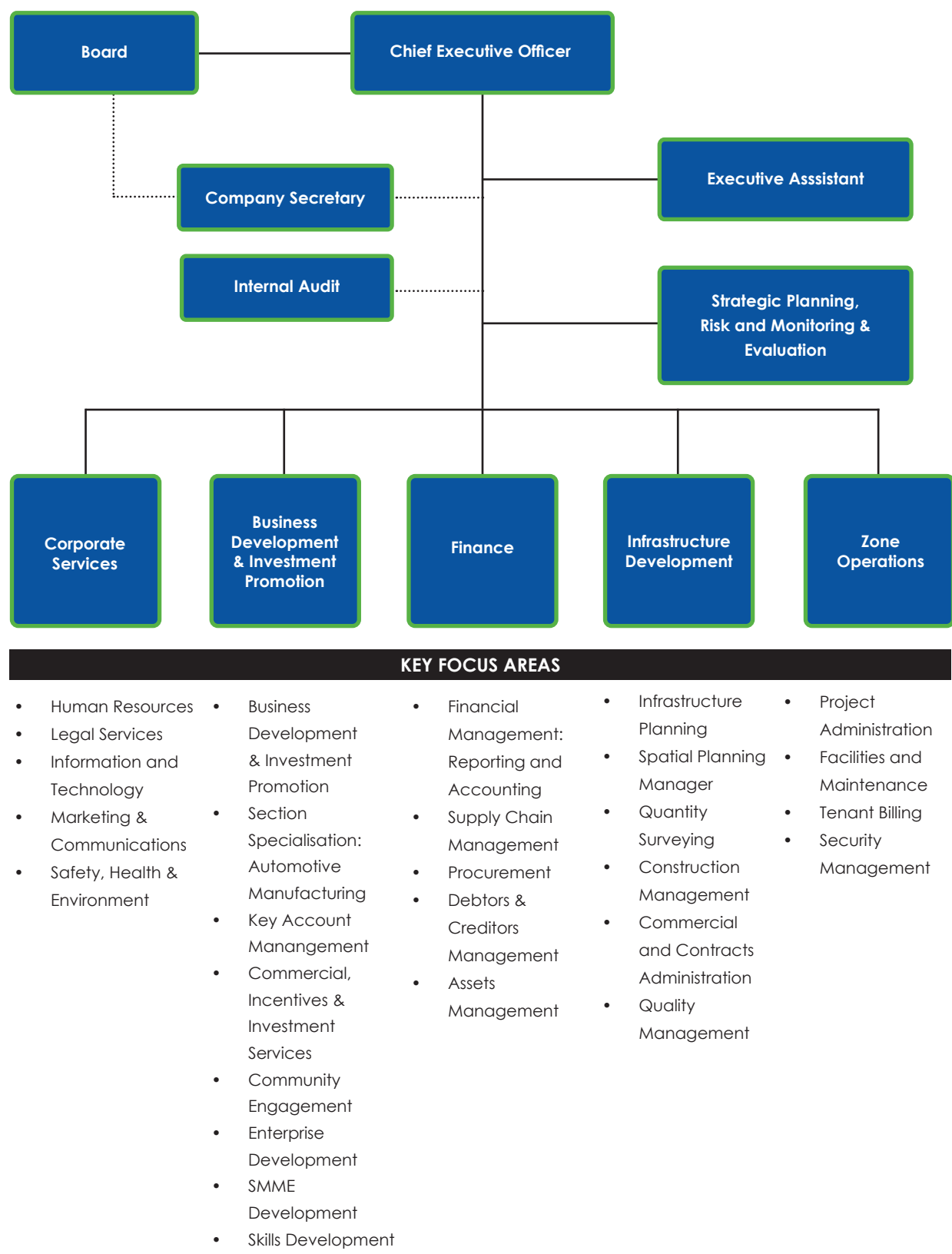
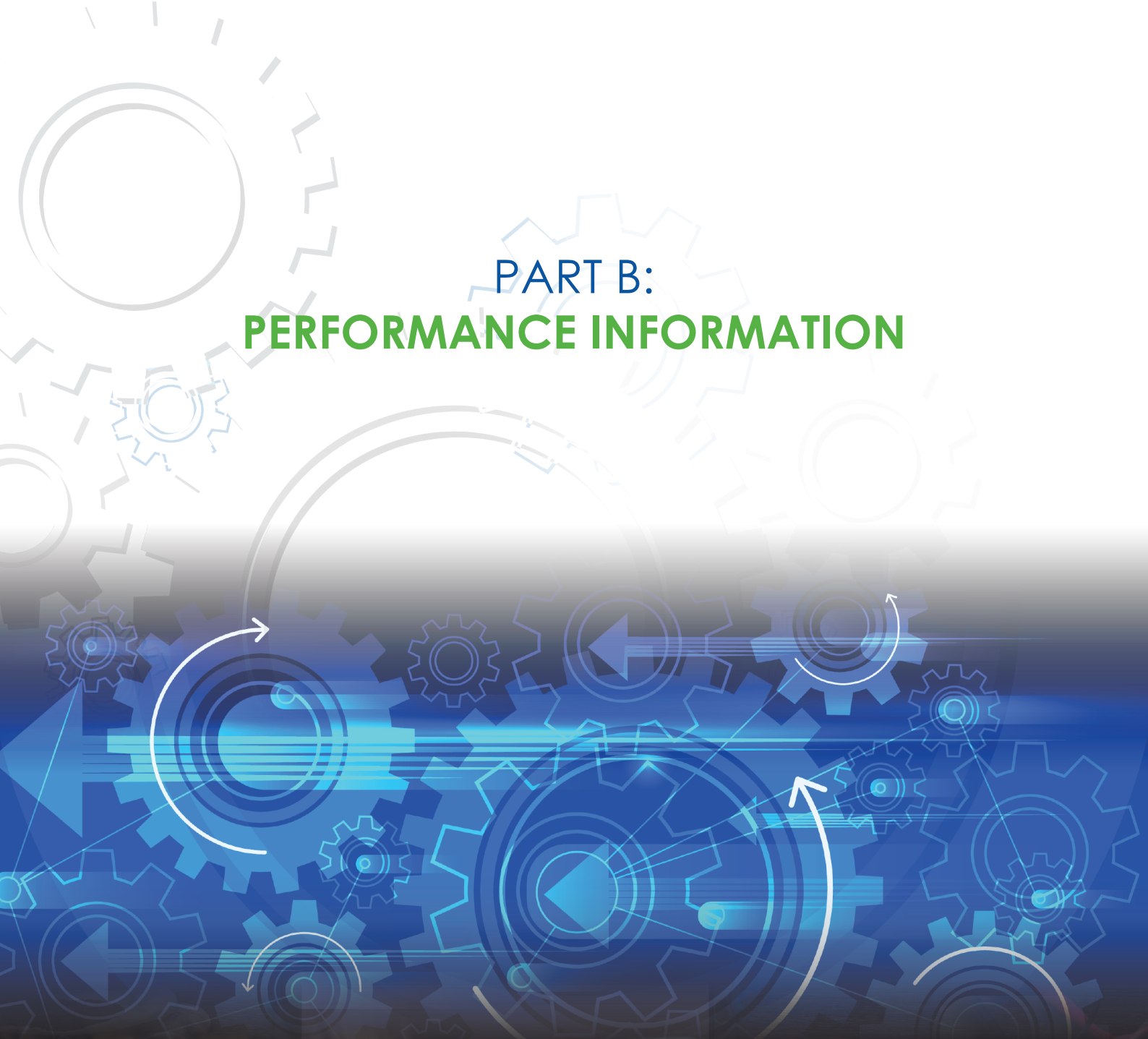


Figure 1: Organisational Structure



PART B: PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the company's planning and delivery on its mandate and objectives. Refer to page 78 of the Auditors' Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The Tshwane Automotive Special Economic Zone (TASEZ) was established in May 2020, during an extremely difficult social and economic climate in the country and globally. The COVID-19 pandemic, which resulted in severe restrictions on social and economic activity, influenced the SEZ's business operations in ways that could not have been conceived during planning. The pandemic resulted in a 30% overall market reduction in the global automotive sector, placing pressure on many automotive companies, which had closed down operations in an effort to consolidate their operational expenditure. Nevertheless, in 2024/25, despite the difficult economic environment, no investors retracted their commitment from TASEZ, as TASEZ saw an increase above the expected targeted investment.

South Africa's automotive industry has celebrated a century of vehicle manufacturing since Ford's first local assembly in 1924 and has grown into a significant global player, bolstered by historic milestones, government support and programmes like the Motor Industry Development Programme (MIDP) and South African Automotive Masterplan (SAAM) 2021–2035. Despite global challenges—including semiconductor shortages, fluctuating raw material prices and shifting regulatory landscapes—the industry has shown resilience, with South Africa's vehicle production growing by 12,2% from 555 889 reported units in 2022 to 633 337 units reported in 2023. However, 2024 saw a 22,8% decline in exports owing to European Union (EU) demand drops and model timing. Globally, vehicle production rebounded above pre-pandemic levels, led by China, while electric vehicle (EV) adoption surged, driven by government mandates and innovation. China dominates both production and critical mineral supply chains, pushing Africa—which is rich in these minerals—to become a potential EV player if it builds the right infrastructure. Domestically, economic pressures, such as rising costs and interest rates, have slowed the recovery of new vehicle sales, with consumers favouring affordable models and Asian brands.

From an environmental perspective, TASEZ has encountered the direct effects of climate change, most notably through the expansion of a wetland area that has influenced infrastructure planning and necessitated comprehensive environmental impact assessments. This experience has underscored the imperative of embedding Environmental, Social and Governance (ESG) principles into all aspects of strategic decision-making. TASEZ remains dedicated to good governance and proactive management of climate-related risks. By prioritising the preservation of ecosystems and biodiversity within its development framework, the organisation aims to contribute meaningfully to sustainable and resilient growth.

TASEZ is guided by, and remains focused on, the following strategic goals:

- To create economic growth and transformation within the South African automotive industry;
- To create awareness and support for the development and growth of the automotive SEZ;

- To support the process of attracting automotive and related industries and tenants into the SEZ, while achieving socio-economic empowerment for the surrounding communities;
- To ensure greater inclusion (deepen value addition) of SMMEs within the automotive value chain.

2.2 Organisational Environment

Established in 2020, TASEZ is a flagship automotive manufacturing hub located in Silverton, Pretoria. TASEZ was developed through a collaboration between the Department of Trade, Industry and Competition (the dtic), the Gauteng Department of Economic Development (GDED) and the City of Tshwane Municipality (CoT).

After its launch in 2019 by President Cyril Ramaphosa, the focus of TASEZ was initially on construction project management to meet investor timelines. Following the completion of the first phase in 2022, the focus shifted towards capacitating the organisation for operational efficiency and effectiveness. In July 2021, the TASEZ Board formally approved its first organisational structure. The purpose of the entity's organisational structure was to assist in the achievement of its aims and objectives through the management and co-ordination of employees' designated roles, responsibilities and delegated authorities.

During the 2022/23 financial year, a need was identified to execute an organisational design and job-grading exercise. This exercise resulted in the first organisational structure as had been approved in July 2021, which consisted of 88 positions being revised. The new structure was approved by the Board on the 29th of July 2022 and now consists of 62 positions. TASEZ Management welcomed the decision, and during 2024/25 specific focus was given to capacitating the approved structure. As at the end of March 2025, 49 positions were filled, with 10 currently on hold.

Owing to the organisation being in its infancy stage, the operations were scattered between three locations in the CoT, the TASEZ site in Silverton, the Automotive Industry Development Centre (AIDC) offices in Rosslyn and the COLAB building in Menlyn. Subsequent to the expiry of existing lease agreements, the time was opportune to find a "home" where all staff could be accommodated under one roof. In November 2024, the TASEZ offices were relocated to the Council for Scientific and Industrial Research (CSIR) campus in Scientia. All staff apart from those responsible for the operations of the Zone in Silverton now operate from the CSIR offices as their base.

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

- Office of the CEO
- Finance and Supply Chain Management
- Corporate Services, which include Marketing, Human Capital, Legal Services, Information Communication Technology (ICT) and Safety, Health and Environmental Management
- Infrastructure Development
- Business Development, which includes Investors Facilitation and Enterprise and Skills Development
- Zone Operations, which include Maintenance and Security

2.3 Key Policy Developments and Legislative Changes

The Electric Vehicles (EV) White Paper in South Africa was released on the 4th of December 2023, by the dtic. This white paper outlines a plan for the transition to EVs, aiming to produce EVs alongside internal combustion engine vehicles by 2035. The plan aims to facilitate the addition of renewable energy to the grid and position South Africa as a production destination for emerging technologies, including EVs.

Following the 2024 national and provincial elections, cabinet also approved the Medium-Term Development Plan (MTDP) 2024–2029, which outlines the key priorities for the 7th administration. TASEZ has aligned its objectives with the strategic priorities outlined in the MTDP.

TASEZ's management has developed policies and frameworks to align the organisation with its legislative mandate. TASEZ policies are reviewed upon the revision date required or as and when the relevant legislative amendments arise. The organisation has also established a policy committee that has championed the revision of organisational policies during the financial year.

2.4 Progress Towards Achievement of Institutional Impacts and Outcomes

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

Purpose 1

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

During 2024/25, focus was placed on creating construction and operational jobs, with emphasis on ensuring that 70% of employees reside in surrounding communities. Progress towards this target is elaborated on in Programme 3: Infrastructure Development and Programme 4: Zone Operations under Section 3 below.

Purpose 2

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

During the past four financial years, focus was placed on the establishment of the first phase of TASEZ. This phase created an industrial complex around first-tier-level automotive suppliers. During 2024/25, TASEZ also commenced with the second phase of the development, which will focus on the inclusion of an incubation facility to support lower-tier-level development.

Purpose 3

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

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

Purpose 4

Attract foreign and domestic direct investment.

TASEZ has spent limited time and resources in proactively attracting foreign and domestic investment during the past two financial years owing to the over-subscription of Phase 1, which resulted in the existing pipeline of investors already earmarked for Phase 2.

TASEZ is working to address the bulk infrastructure challenge, and during 24/25 focus was placed on completion of Bulk Designs for Phase 2 - whilst also addressing the Township Establishment requirements for phase 2.

Total foreign and domestic investment attracted during the 2024/25 financial year is further elaborated in Programme 4: Zone Operations under Section 3 below.

Purpose 5

Provide the location for the establishment of targeted investments.

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

- Phase 1: 81,6 hectares, of which 45,9 hectares can be developed for industrial use
- Phase 2: 81,0 hectares
- Phase 3: 42,2 hectares

Out of the above three phases, Phase 1 and Phase 2 land has been secured, with 10 hectares out of the 42,2 hectares for Phase 3 secured in the 2020/21 financial year.

Purpose 6

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

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

Purpose 7

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

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

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

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

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

In the 2024/25 financial year, TASEZ has:

- Assisted tenants in identifying services that are available within the local communities;
- Identified service providers from surrounding township communities known as Target Area 1;
- Assisted local SMMEs in supplier and enterprise development through mentorships and coaching;
- Provided training and workshops for beneficiaries in various fields within the automotive value chain, including Occupational Health and Safety, Auto-Mechanics in fault diagnostics, as well as critical work experience and induction;
- Collaborated with construction service providers in providing construction learnerships and internship programmes.

Purpose 8

Generate new and innovative economic activities.

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

Purpose 9

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

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

In the Gauteng province, an SEZ committee led by the GDED has been established to ensure that key programme barriers and acceleration programmes are discussed and addressed, with the aim of ensuring collaboration between the various entities within the province. TASEZ believes there could be greater

collaboration between the various SEZs, which will ultimately increase the service delivery and value propositions of SEZs within South Africa. As the “new kid on the block”, TASEZ has reached out to several well-established SEZs to facilitate collaboration. To this end, during May 2020 a decision was made by all funders that the Coega Development Corporation (CDC) would be appointed as an initial implementation agency for the establishment of Phase 1. A formal tri-partite agreement was signed between the dtic, CDC and TASEZ to affect such an arrangement.



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The TASEZ Annual Performance Plan (APP) 2024/25 measured nine (9) key performance indicators, all of which were achieved, which resulted in 100% overall performance for the 2024/25 financial year.

TASEZ carries out its mandate through the following key programmes:

- Programme 1: Administration
- Programme 2: Business Development
- Programme 3: Infrastructure Development
- Programme 4: Zone Operations

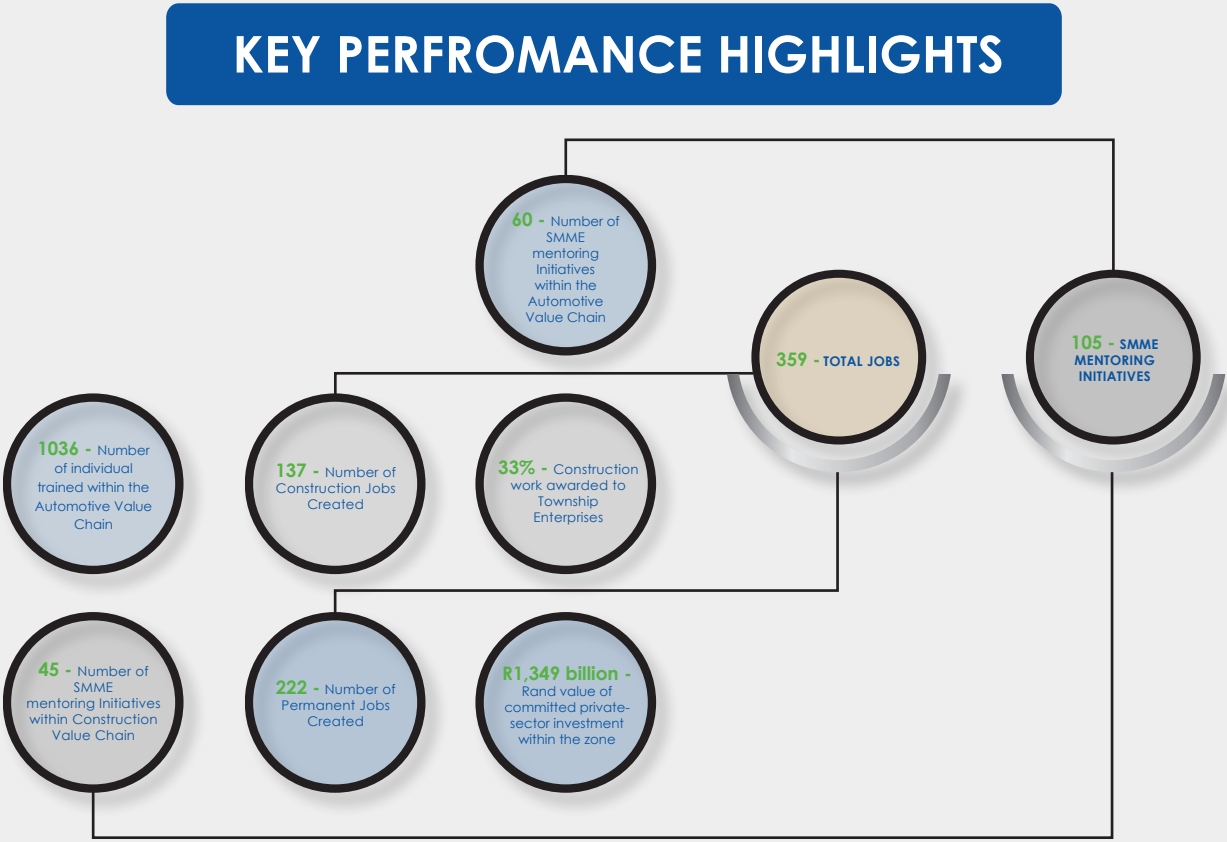
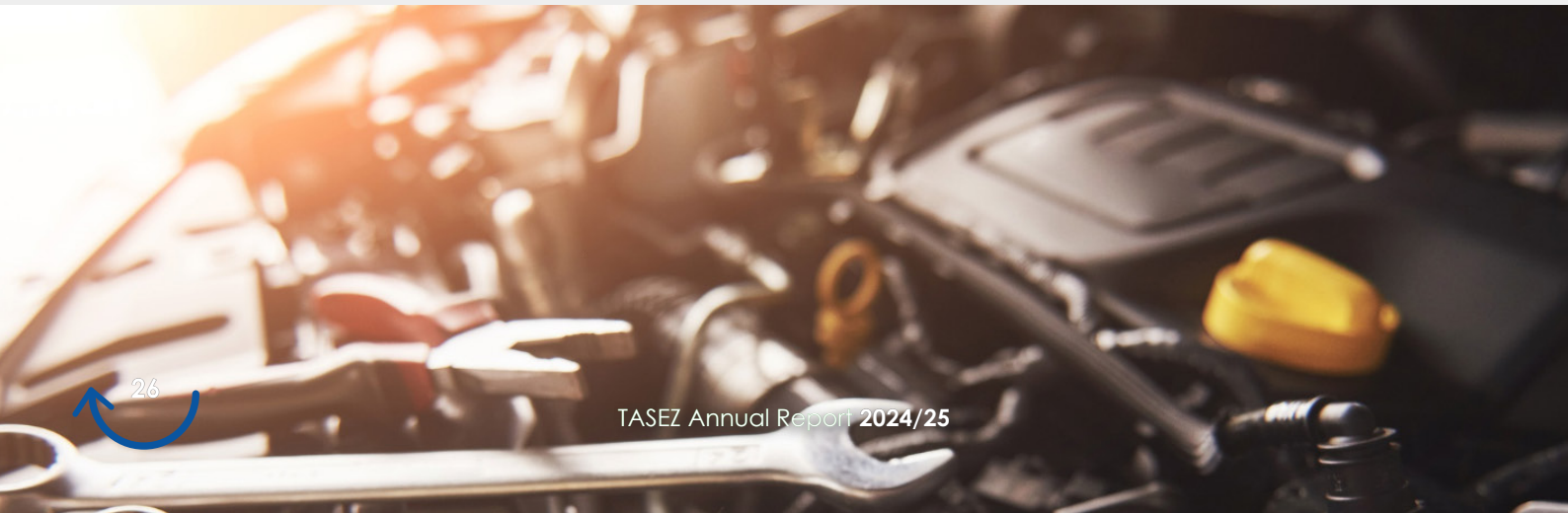


Figure 2: Key Performance Highlights

To note: TASEZ did not adjust its Annual Performance Targets in the 2024/2025 financial year



3.1 Programme 1: Administration

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

For the 2024/25 financial year, two (2) annual performance targets were measured under Programme 1:

- Average number of days taken to pay the implementing agent
- Clean audit outcome obtained from the Auditor-General

Table 1: Annual Performance Plan: Programme 1 – Administration

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Audited Performance 2023/2024	Actual Achievement 2024/2025	Target 2024/2025	Deviation from Planned Target to Actual Achievement	Reason for Deviation
A capable, ethical and developmental SEZ	Less reliance in bridging finance by SMMEs and contractors	Average number of days taken to pay the implementing agent	Not Measured	6 Days	7,94 Days	9,16 Days	14 Days	+4,84 Days	TASEZ proactively requests the implementing agent to submit invoices 3 days before a scheduled draw down session.
	Clean audit outcome for TASEZ	Clean audit outcome obtained from the Auditor-General	Not Measured	Not Measured	Clean audit outcome obtained from the Auditor-General	Clean audit outcome obtained	Clean audit outcome obtained from the Auditor-General	Not Applicable	Not Applicable

3.2 Programme 2: Business Development

Purpose: This programme is responsible for the TASEZ overall business development, skills and enterprise development within the automotive value chain.

3.2.1 Business Development Programme Performance

Mentorship programmes for SMEs in the automotive sector were rolled out to assist SMEs to ensure the achievement of appropriate and deepened value adding services. The overall target during the 2024/2025 financial year was to assist 40 SMEs. As 60 SMEs were mentored, the target was exceeded.

In growing a transformed South African automotive sector and building an inclusive economy, TASEZ has facilitated different training initiatives in the automotive value chain. During the 2024/2025 financial year, 1 036 individuals were trained against the target of 1 000.

Table 2: Annual Performance Plan: Programme 2 - Business Development

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Audited Performance 2023/2024	Actual Achievement 2024/2025	Target 2024/2025	Deviation from Planned Target to Actual Achievement	Reason for Deviation
A growing, transformed SA automotive sector building an inclusive economy	Provision of appropriate and deepened value-add services	Number of SME mentoring initiatives within the Automotive Value Chain	Not Measured	Not Measured	31	60	40	+20	Overachievement was due to increased participation by SMEs.
		Number of individuals trained within the Automotive Value Chain	Not Measured	Not Measured	597	1 036	1 000	+36	Overachievement was due to finalisation of Services Seta Training/Learnership programme, that commenced with TASEZ during quarter three which resulted to more training interventions conducted.

The sub-programmes of Programme 2 are outlined below.

3.2.2 Social Compacting

TASEZ has been implementing a Social Compact Agreement (SCA) with the surrounding communities represented by the Community Project Committee (CPC). The core prerogative of the SCA is to emphasise an implicit arrangement between the community and TASEZ to create a healthier working relationship and a healthier society together. Following the successful agreement reached during Phase 1 of construction, the CPC has been implementing the SCA by holding quarterly meetings. The SCA has, in turn, also become the basis for a new standard operating procedure for the Gauteng Provincial Government (GPG) projects within the construction space.

Table 3: The Seven Pillars of the Social Compact Agreement

#	Pillar #	Progress and Achievement
1.	Pillar 1: Stakeholder Engagement 	The purpose of establishing stakeholder engagement was to ensure that agreed protocols were observed and rules of engagement established. During this period, CPC meetings took place and various elements were addressed and agreed upon in so far as they involved implementing the Social Compact.
2.	Pillar 2: Employment Creation and Facilitation thereof 	TASEZ facilitated the creation of construction jobs, with more than 65% of the jobs created coming from the surrounding township communities (Target Area 1). A total of 137 jobs were created during the financial year under review, with 28% women employed and 42% youth employed.
3.	Pillar 3: Skills Development and Facilitation thereof 	During the year under review, 1 036 individuals were trained in different training interventions facilitated by TASEZ. Below are some of the training interventions implemented during the year: • General Education and Training Certificate (GETC) NQF1 Learnership Practicals • Festo fx: Introduction to Industry 4.0 • SMME Entrepreneurship Training • Forklift Novice SMME Supervisory Training – Wheelset Academy • SMME Customer Service Training • Automotive Upholstery Repair • Forklift Refresher Training • Work Readiness Induction: Upholstery – Services Seta (SSETA) • Shielded Arc Welder NQF L2 Skills Programme Induction • Non-Accredited Skills Programmes (Last Mile Delivery) • Hand Skills Training Programme

#	Pillar #	Progress and Achievement
4.	Pillar 4: SMME Support Programmes and Participation 	SMMEs were mentored in different initiatives within the automotive value chain. These interventions included the following: • Project Management; • Business Compliance; and • Tendering and Overhead Costing. A total of 45 SMMEs were mentored in extensive initiatives within the construction value chain, including: • Contract Management; • Project Management; and • Project Costing and Pricing. SMMEs were also given opportunities to receive support by the Zone Operation Programme in providing services. These included: • Waste and Scrap Disposal; • Electrical Maintenance Services; • Supply of Safety and Personal Protective Equipment; and • Cleaning and Hygiene Services, Security Service, Catering and Consumable Supplies.
5.	Pillar 5: Enterprise Development and Facilitation thereof 	A total of 33% of construction work packages were awarded to township enterprises, amounting to over R51 million for the current financial year.
6.	Pillar 6: Community Development 	For the period under review, TASEZ participated in four Corporate Social Investment (CSI) programmes, which focused on: • Providing a donation towards the Thuto Bohlale High School camp for the third term school holidays; • Sponsoring the People with Disability Fun Walk and Roll for the community of Nellmapius and Mamelodi; • Sponsoring the Breaking the Cycle of Poverty (BCOP), which hosted its third NEET's (Not in Employment, Education and Training) conference at the University of Pretoria Mamelodi campus. Tenants in the zone also participated in the CSI programmes, as outlined below: • Thai Summit assisted with the restoration of a house that had burnt down in the Nellmapius area. • InSync assisted PEU Ya Africa to buy school shoes for learners. • Sodecia partnered with the Mamelodi Amalgamated Taxi Association to donate full school uniforms to 600 learners.

#	Pillar #	Progress and Achievement
7.	Pillar 7: Communication and Reporting 	During the period under review: - Regular meetings were held with the CPC, which is made up of TASEZ, CDC, 9 ward councillors from the designated wards, representatives of youth, women, people with disabilities, military veterans and SMMEs. - To improve communication with the surrounding communities, TASEZ has signed MoUs with community radio stations, Poort FM and MAMs Radio. The MoU with Poort FM will be implemented in the first quarter of the 2025–26 financial year.





Picture: TASEZ Sponsoring Persons with Disabilities Awareness Fun Walk and Roll, which was hosted in Nellmapius on the 16th of November 2024



Picture: TASEZ Sponsoring the Not in Employment, Education and Training (NEET) conference held at the University of Pretoria Mamelodi Campus, March 2025, youth and games



Picture: SMME Last Mile training intervention

Enterprise and supplier development: The objective is to provide strategic leadership in developing sound enterprise and supplier development initiatives to assist with the deepening and transformation of the automotive value chain. The Last Mile programme is a key project implemented in the year in review, where 100 beneficiaries were trained and 20 will be awarded a start-up kit for their business.



Picture: SMMEs trained on SCM and tendering process



Picture: SMMEs on construction invoicing training

Job creation: In preparation for Phase 2 of construction, SMMEs were given training to improve their tendering and invoicing skills in the future. This training aimed to provide strategic leadership by developing sound skills programmes to improve the quality and supply of labour to the SEZ during construction. The pictures above show the training interventions.

3.2.3 Partnership Agreements

TASEZ entered into agreements with different stakeholders through MoUs and service level agreements (SLAs) with public and private institutions. The relationships fostered with stakeholders are critical in ensuring that the mandate and goals of TASEZ are achieved. These stakeholders have synergies with TASEZ in terms of their mandate for economic development and have identified the need for formal, co-operative relationships.

The stakeholders have the following mandates:

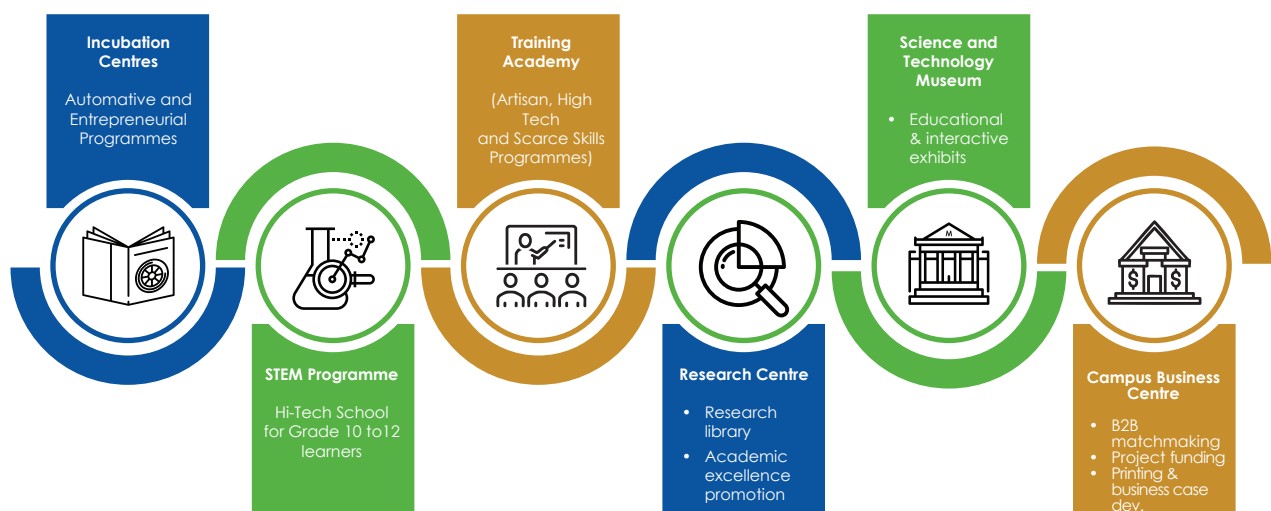
- Financing and promoting Broad-Based Black Economic Empowerment (B-BBEE);
- Conceptualising and implementing innovative initiatives in smart industries and a green economy;
- Fostering entrepreneurship and incubating new innovative companies;
- Facilitating the establishment of set-aside funds to township-based enterprises in the promotion of vibrant local economic benefits;
- Where applicable, participating jointly on platforms and in forums for stakeholder mobilisation and advocating for integrated enterprise development programmes for individuals and groups within the automotive sector supply chain.

TASEZ has signed multiple MoUs with various stakeholders to drive economic growth, transformation and industry development. Here are some of the key objectives behind these agreements:

- **Economic Growth and Investment:** TASEZ aims to boost Gauteng's automotive industry by attracting investment, creating jobs and developing skills.
- **Community Development:** An MoU signed with local communities commits to job creation, skills development and supporting small businesses.
- **Strategic Partnerships:** TASEZ collaborates with government entities and local organisations with the aim of establishing Africa's first automotive city.
- **Sustainability and Innovation:** The SEZ embraces green energy solutions and sustainable practices to align with global trends.

3.2.4 TASEZ Centre of Excellence Campus

TASEZ identified a need for the development of a centre of excellence that will focus on current and future skills programmes, entrepreneurial incubation programmes and high-tech education programmes. TASEZ commissioned research to identify best practice and benchmarking of what a centre of excellence should entail. The outcomes of the research will be used in the operationalisation of the various nodes of the centre. The Centre of Excellence consists of six nodes, as outlined below.



TASEZ commenced with the implementation of the first node, which involved the establishment of the TASEZ Training Academy (TTA). The following key milestones for the TTA have been achieved:

- The structure of the academy has been approved and one appointment has been made.
- Branding has been approved.



- Refurbishment of the identified space for the academy at the CSIR is expected to be completed in the second quarter of the 2025/2026 financial year.
- The TTA has commenced with an application to the Quality Council for Trades & Occupations (QCTO) for accreditation.
- Training interventions have been implemented in line with the set targets as set out in the figure below:

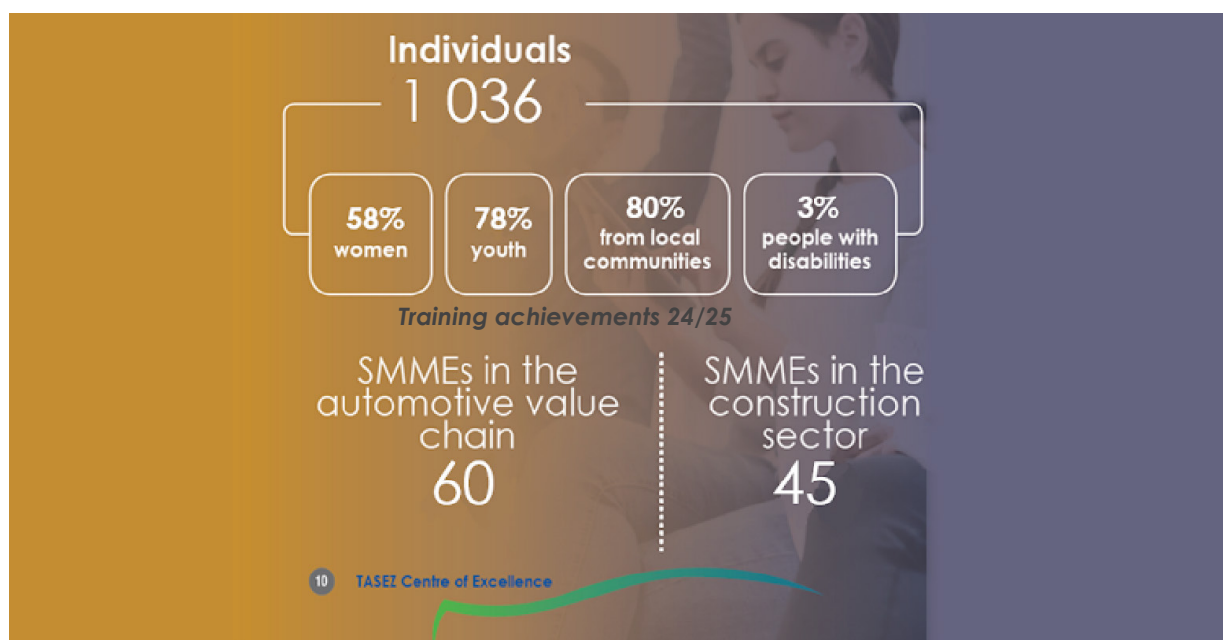


Figure 3: Training Achievements 24/25

TASEZ was awarded a discretionary grant project by Services SETA (SSETA) for a total number of 2 200 learners across various interventions (learnership, internship, skills development, SMME mentorship and SMME coaching). The implementation of these interventions is taking place in phases. The first intervention to be implemented consisted of the two learnership programmes for the National Certificate: Furniture Making and the National Certificate: Environmental Practice, both at NQF level 2. Three other interventions will be implemented in the new financial year. Through the TASEZ and AIDC partnership, the Apprenticeship Recognition of Prior Learning (ARPL) programme for 25 learners commenced. Other training interventions set up through the SETAs included:

- The SMME Banking Sector Education and Training Authority (BANKSETA) entrepreneurship training;
- The SSETA coaching programme; and
- The Construction Education and Training Authority (CETA) learnership.



Picture: Auto mechanics celebrating passing accredited entrepreneurship training with BANKSETA

3.3 Programme 3: Infrastructure Development

This programme is responsible for the planning, design and development of all infrastructure related to TASEZ whilst also ensuring that transformation, job creation and support towards Township Economic Revitalisation (TER) is achieved.

TASEZ completed the construction Phase 1 and 1A of its infrastructure programme. Practical completion of the main facilities was achieved in 2023, and completion of the auxiliary packages (Central Hub, landscape, parking and guardhouses) in 2024.

3.3.1 Infrastructure Development Programme Performance

In accordance with the SEZ Act and other national strategies of the South African government, it is mandatory to take part in employment creation. A total of 137 jobs were created through construction activities in the financial year under review against a target of 130 jobs.

Mentorship programmes were rolled out to assist SMEs to provide appropriate and deepened value-adding services. The overall target during the 2024/2025 financial year was to assist 40 SMEs through mentorship in construction-related activities. Ultimately, 45 SMEs were mentored.

To support the Township Economic Revitalisation Strategy and Township Economy Development Act, the inclusion of SMEs in economic growth was fostered by awarding construction work to township enterprises. The overall target during the financial year under review was 30% and 33% was achieved.

Table 4: Annual Performance Plan: Programme 3 – Infrastructure Development

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Audited Performance 2023/2024	Actual Achievement 2024/2025	Target 2024/2025	Deviation from Planned Target to Actual Achievement	Reason for Deviation
Creating enabling Infrastructure	Jobs created within the construction space	Number of temporary jobs created (Construction)	3 348	332	409	137	130	+7	Due to some additional maintenance work on site more jobs have been created.
	TER Strategy and Township Economy Development Act implemented	% of Construction work awarded to Township Enterprises	Not Measured	Not Measured	42%	33%	30%	+3%	Additional commitment to appoint SMMEs was achieved.
	Provision of appropriate and deepened value-added services	Number of SMME mentoring initiatives within the Construction Value Chain	Not Measured	Not Measured	35	45	40	+5	The over achievement was due to increased participation by SMMEs.

Infrastructure Programme Overview

Phase 1 and Phase 1A of the zone are fully subscribed with all the tenants that support Ford's production projects. The TASEZ Zone Operations Division has taken over the maintenance functions of the zone.

TASEZ is still seeking township establishment approvals for Phases 1 and 1A after the implementation approach that was taken because of the accelerated nature of the project to secure the investment. Various interventions are being made with the relevant stakeholders to focus better on these approvals. The TASEZ Board has also been engaged to intervene as required. To this day, the zone has not yet been granted a Certificate of Occupancy, pending these approvals from the CoT authorities.

In the 2024/2025 financial year, focus was placed on the conclusion of the remaining works (1,5%) of the Phase 1 and 1A top structure facilities and execution of the Central Hub building and auxiliary packages. Focus was also placed on the conclusion of the internal bulk works and external bulk works for Phase 1 and 1A.

The TASEZ Phase 2 programme has commenced. Land has been secured by the CoT, and township establishment application processes are underway, with construction initially anticipated to commence by the third quarter of financial year 2024/2025. However, challenges encountered in the township application process, where an application had to be resubmitted because of the discovery of wetland growth, have slowed down procedures. The revised construction commencement date was anticipated for March 2025, but there have since been at least two objections to the development, which TASEZ is resolving.

Infrastructure implementation planning and the procurement of service providers have commenced and are running concurrently with the township establishment application. All engineering professional service providers (PSPs) for the external bulk infrastructure have been appointed. Appointments of the internal bulk infrastructure's turnkey service provider and internal bulk electrical engineering were made on the 23rd of August 2024 and 24th of February 2025, respectively.

On top structures, the design and build tender closed on the 11th of November 2024. The appointment was expected to be made in February 2025 but diligence processes, clarifications with the bidders, and appeals meant that the appointment was made on the 2nd of April 2025.

The infrastructure programme, in addition to the development of Phase 1 and 2, also worked on the formulation and implementation of alternative energy solutions, with major strides being made towards onboarding independent power producer (IPP) solutions that would contribute to a diverse power energy mix for sustainable development of the said phases and provision of cleaner solutions.

TASEZ has awarded two IPP service providers for gas to power and solar photovoltaic (PV) and battery storage. These service providers will implement clean energy as part of the TASEZ energy-mix strategy to reduce carbon emissions. The two projects are a national imperative as per the Integrated Resource Plan and Ford's requirement that by the year 2028, all Ford production should be coming from clean/green energy. For this reason, TASEZ is diversifying the power supply on the zone.

The appointment of the service provider for the gas to power plant achieved both commercial and financial closure in November 2024. Land has been secured adjacent to TASEZ Phase 1 Development, and the service provider will undertake Township Establishment Application process for commencement of construction in 2025/26.

The solar PVs and battery storage systems IPP has concluded the power purchase agreement (PPA) negotiations, and the project will be implemented in phases after the PPA is signed. The implementation will take place over an 18-month period. The estimated output of the solar project is 20 MW on the PVs and 20 MW on the battery storage.

Phase 1 and 1A

- Phase 1 and 1A top structures construction is at 100% completion, with the 5-year latent defects period being observed as per the Joint Building Contracts Committee (JBCC) contract suite.
- Bulk roads and stormwater construction is 100% complete, with the liability defects period currently being observed. Completion of all snags, including for the stormwater system, is anticipated to be achieved by the end of June 2025.
- Bulk water construction is at 100% completion, with the liability defects period currently being observed.
- Final accounts and closing reports for the completed projects have been concluded.

Phase 1 Central Hub Building

- The main contractor for the Central Hub building was appointed in February 2023 and the site handover took place on the 14th of March 2023. Construction reached completion by the end of the 2024/2025 financial year. This scope of work is currently observing contractual obligations associated with completion, which include latent defects periods as per the JBCC contract suite.

Phase 1 and 1A Auxiliary Packages (Perimeter Fence and Landscaping)

- The Phase 1 and 1A perimeter fence is 100% complete.
- The Phase 1 landscaping internal common areas is at 100% completion, and final accounts and closing reports have been concluded.
- The Phase 1 remainder of landscaping scope was also completed by the end of the 2024/2025 financial year. The final account has been agreed with the contractor and signed off.

Phase 1A Parking and Guard Houses

- Parking and Guard Houses (Phase 1 on Road 1 and 2) have been completed. Handover was achieved on the 2nd of October 2024, which marked the beginning of the liability defects period, which is being observed.
- Final account and project closure is underway and will be completed by the first quarter of the project next financial year (2025/26).

Phases 1 and 1A: Spatial Planning

- Progress has been realised over the 2024/2025 financial year with spatial planning advancing towards conclusion for Phases 1 and 1A.
- Phase 1 is now at proclamation stage, where Section 16(7) has been achieved for geology, electricity and roads, and stormwater. The amendment of the Conditions of Establishment (CoE) and new general plan have been approved. Extension of time for the approval of the application was granted until the 25th of September 2025.
- Phase 1 A Conditions of Establishment (CoE) have been accepted by the Municipality with the registration of the Transnet servitude. The amended application was submitted on the 4th of October 2021 to the CoT and approved on the 24th of August 2023. An extension of time on the initial township approval was issued until the 24th of January 2025, to comply with the proclamation of the township. A second extension of time application was submitted on the 25th of October 2024, to comply with the township's proclamation requirements. The extension of time application was approved up until the 24th of January 2026. An SLA for roads and stormwater was received on the 3rd of March 2025.

Phase 2: Town Planning

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

As of the end of the 2024/2025 financial year, all town-planning stages have been achieved up to the stage where the Phase 2 application is at CoE, and the flood line position is aligned with the Extension 13 applicant (Phase 3). The electricity condition for township establishment is supported by the CoT through the Waltloo Substation. The CoT is currently working through the critical dependencies with the required reservoir to satisfy the Phase 2 water requirements for township establishment and the associated support required for conditional approval while the reservoir is being constructed. The growth of the wetland at the north end of site resulted in various discussions with the CoT around the impact of this on the existing application and the need for an amendment application to be submitted.

Following consultations with the CoT and based on the history of the original application for Samcor Park Extension 10, the final decision on the way forward was that a new township establishment application would be submitted and the previous application would be withdrawn. A final wetland assessment study was conducted to determine the exact extent of the wetland. The outcome of this has resulted in the need for another amendment to the township layout for Samcor Park Extension 14.

The township establishment application was submitted on the 23rd of October 2024. There have been two objections against the application, which TASEZ is engaging the objectors on for resolution. The content of the objections is similar in nature and it has been confirmed that these parties have shared interests. The new application was submitted on the 23rd of October 2024. As at end of the financial year (2024/25), TASEZ is yet to receive comments on the application from the external stakeholders such Agriculture, Public Works, Gautrans and Education.

Phase 2 Implementation Progress Update

Phase 2 spans over 81 hectares and will be developed as a mixed-use development in line with market demands. Developments will include the Centre of Excellence Campus, which will facilitate the following:

- An incubation programme (industry/community needs)
- Skills academy (artisan, high tech and scarce skills programmes)
- University/UT and TVET partnership programmes
- High performance Grade 10 – 12 technical school programme
- Research and electronic library centre node
- Retail and office node
- New industrial node
- Truck staging
- Road upgrades (intersection designs concluded; construction part of scope for Phase 2)
- New reservoir (required; Bronberg currently servicing Phase 1 and 1A)

The updated proposed site layout is presented in Figure below.

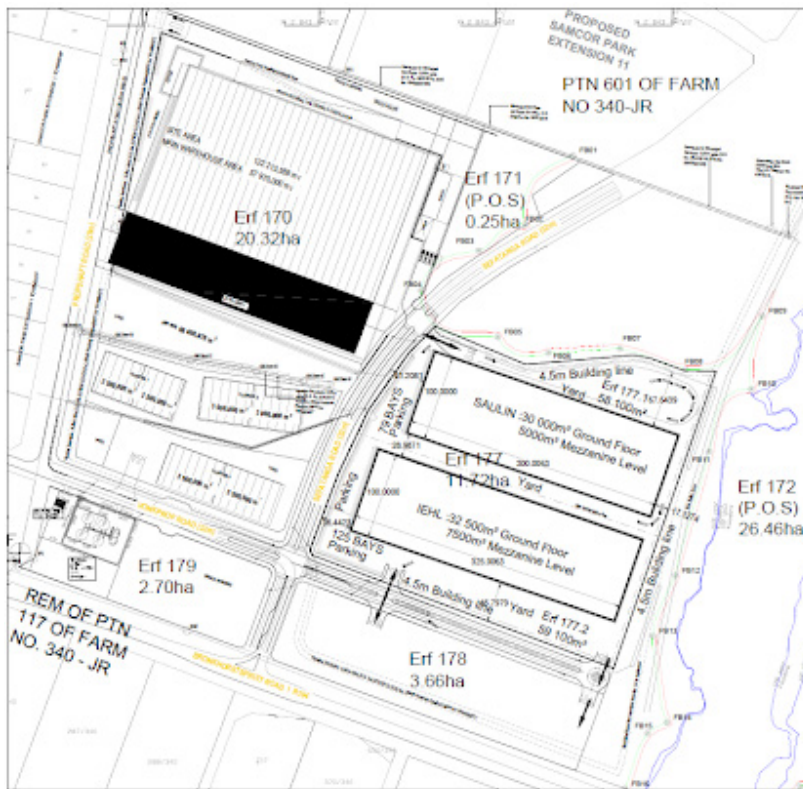


Figure 4: Proposed Layout Site

PSPs have been appointed to undertake designs for bulk infrastructure across the different engineering disciplines, and design development has been concluded for:

- **Bulk Electrical Engineering**, both internal and external; and
- **External Bulk Water Infrastructure**, including 2nd LaMontagne Reservoir and water reticulation.

For the internal engineering services (roads, sewer, storm water and water), a design and build contractor was appointed. Designs have been completed and submitted to the CoT, including a stormwater management plan but excluding road designs, which were still in progress as at the end of the 2024/25 financial year.

A contractor for the internal electrical engineering services was appointed on the 24th of February 2025 and will commence with construction once access is granted upon conclusion of the township establishment approvals in the first quarter of the next fiscal year.

For the top structure, as at end of the 2024/25 financial year, procurement for the design and build service provider for the Ford Facility was being concluded, with appointment earmarked for April 2025.

Figure below illustrates pictorial progress to the Phase 2 development as at the end of the 2024/2025 financial year.

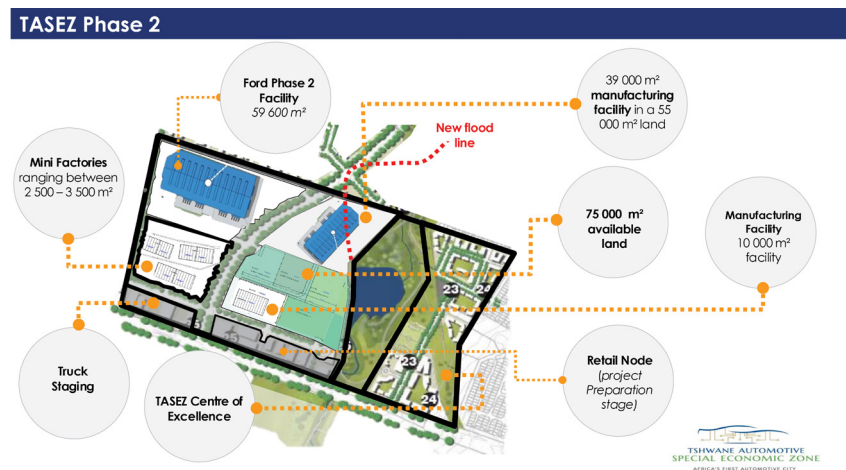


Figure 5: Phase 2 Site Layout

Following on progress from the 2022/2023 financial year, TASEZ progressed with alternative energy solutions that will see a diversified mix of energy being utilised. The gas to power solution that will make 20 MVA of power available has advanced with the conditions precedent and is on track for commissioning in 2026/27.

The Solar PV with battery-storage solution has an IPP that was appointed for a planned 10 MVA provision. The conditions precedent is associated with the power purchase.

The agreement and the conditions precedent will be finalised in the 2024/2025 financial year. Figure below provides an overall view of the TASEZ energy mix.

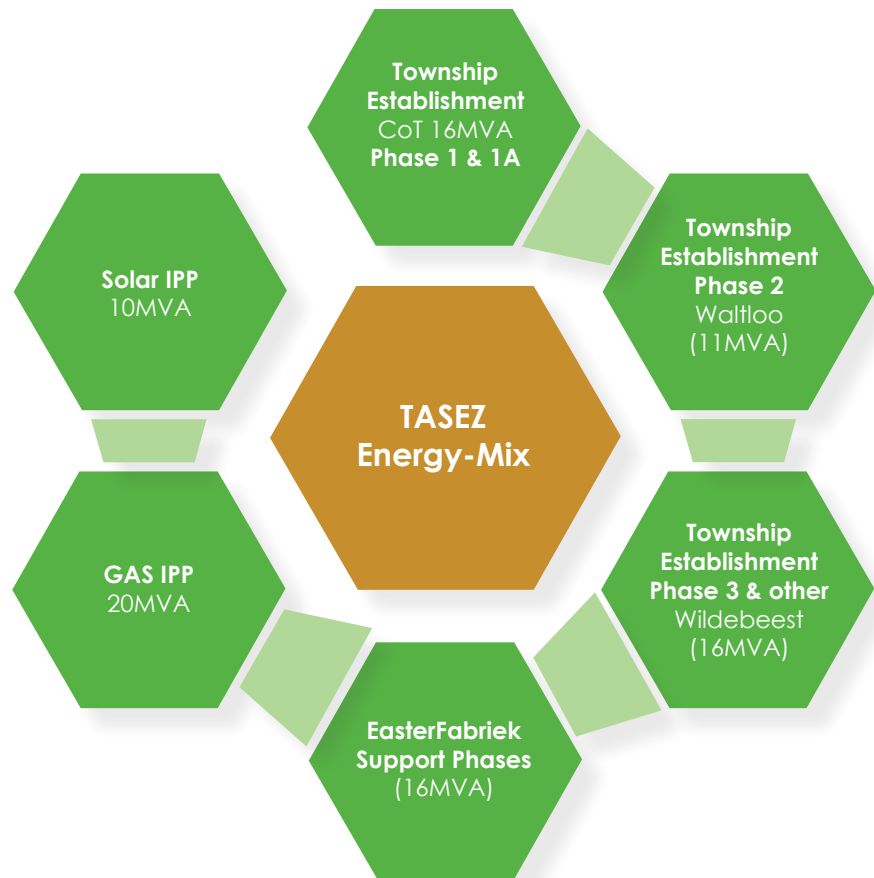


Figure 6: The TASEZ Energy Mix



Phase 1 – Central Hub 2024/2025



Phase 1 A – 2024/2025 Financial Year

3.4 Programme 4: Zone Operations

The key outcome that must be achieved by this programme is to attract additional private-sector development into the zone by adequately providing all services related to the efficient running of TASEZ post the construction phase. These services include infrastructure maintenance, ICT, security, tenant relations and conference centre management services

3.4.1 Zone Operations Programme Performance

A total of 222 jobs were created by the tenants in the zone against the target of 150 jobs.

The total anticipated investment within Phase 1 and Phase 1A of development was R3,40 billion, of which R5,76 billion has been invested since commencement. In the financial year under review, R1,34 billion was invested against a planned target of R1 billion.

Table 5: Annual Performance Plan: Programme 4 – Zone Operations

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Audited Performance 2023/2024	Actual Achievement 2024/2025	Target 2024/2025	Deviation from Planned Target to Actual Achievement	Reason for Deviation
A growing, transformed SA automotive sector building an inclusive economy	Jobs created across the SA automotive sector value chain (manufacturing, assembly, repairs, maintenance, retail)	Number of permanent jobs created within the zone	603	2 425	216	222	150	+72	The target was overachieved due to increased production demand by one of the investors in the zone.
Increased global market share and competitiveness of the SA automotive sector	Increased sector-specific investments	Rand value of committed private-sector investment within the zone	R3,34 billion	R1,21 billion	R918 207 million	R1,349 billion	R1 billion	+R349 million	The overachievement is as a result of an investor that engaged TASEZ after the target was set for the financial year. The investor's decision turnaround resulted in the parties agreeing on commercial terms and implementation timelines, hence overachieving the target.

The sub-programmes within the zone are presented below.

3.4.2 Investment Attraction

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

The Thai Summit Group completed the expansion of their facility in the SEZ by an additional 3 600 m² to create additional capacity for the Ford Ranger plug-in hybrid electric vehicle (PH-EV) assembly.

Tri-motive, an Australian automotive supplier, has joined the TASEZ family in occupying the two remaining facilities in Phase 1A for manufacturing of sports bars and exterior tie downs.

During the year under review, TASEZ has seen Favio-Faurecia changing the sequencing company they were using (Schnellecke Logistics) to in-synch (a subsidiary of DP World Logistics).



Over the span of the 2024/2025 financial year, TASEZ has hosted the following key events.

TASEZ was chosen to host the delivery of a critical national policy assessment by the Minister of Trade, Industry and Competition, Ebrahim Patel. In May 2024, the dtic launched the Industrial Policy and Strategy Review.	
On the 24th of February 2025, TASEZ marked a significant milestone with a sod-turning ceremony to unveil Phase 2 development. On the same day, the Gauteng State of the Province Address (SOPA) was hosted. TASEZ is the first SEZ to host such a significant event.	

4. REVENUE COLLECTION

TASEZ is currently generating revenue from both its own revenue and government grant funding from the dtic, GDED and CoT. TASEZ collects rentals from tenants and aims to keep reducing its reliance on grant funding until it becomes self-sufficient.

TASEZ generated revenue from rentals as per Table 6 below. A portion of the operational expenditure was funded by the GDED. In terms of infrastructure funding, TASEZ was funded by three spheres of government, as reflected below.

Table 6: Revenue Collection

	2024/25			2023/24		
Sources of Revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government grant – operational expenditure – GDED	51 500	51 500	-	53 500	53 500	-
Infrastructure funding – the dtic	-	-	-	104 722	471 541	366 819
Infrastructure funding – GDED	150 530	150 530	-	194 370	194 370	-311
Infrastructure funding – CoT	-	-	-	45 362	55 412	10 050
Government grant – SETA	39 011	15 178	23 833	-	-	-
TASEZ rental revenue	160 061	138 078	21 983	148 001	154 641	6 640
TASEZ levies revenue	16 544	18 496	1 952	15 462	19 410	3 948
Total	R417 646	R373 782	R43 864	R561 417	R948 563	R387 146

5. CAPITAL INVESTMENT

TASEZ was incorporated to deliver a fast-tracked mega infrastructure project, with Phases 1 and 1A successfully completed to accommodate 13 tenants, including Ford South Africa and its suppliers for the production of the new Ford Ranger. These phases were funded by the dtic, the City of Tshwane (CoT), and the Gauteng Department of Economic Development (GDED). To date, additional funding of R922 million has been secured from the dtic for Phase 2, while GDED has committed R165 million towards its construction. In line with this, capital investment allocations indicate significant infrastructure commitments, with a 2025 budget of R233,8 million against an actual expenditure of R188,9 million, resulting in a variance of R44,9 million. Similarly, in 2024 the infrastructure budget stood at R344,5 million, with actual expenditure of R195,2 million and an underspend of R149,2 million.

The underspending in 2025 financial years is primarily due to delays in the township establishment process and unresolved objections that remained outstanding at year-end. Despite the delays, the budgets demonstrate the scale of investment necessary for TASEZ to deliver on its industrialisation mandate and CoT will also contribute to phase 2 developments. In respect of the above commitments, Table 7 below sets out the budgeted commitments and expenditure for the 2024/2025 financial year. The under expenditure is mostly due to final accounts that have not been closed on top structures and external bulk infrastructure items related to Phase 1 and Phase 2.

Table 7: Capital Investment

Infrastructure Projects	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
TASEZ – Phase 1 and Phase 2	233 800	188 900	44 926	344 454	195 215	149 239
Total	R233 800	R188 900	R44 929	R344 454	R195 215	R149 239

During the 2024/25 financial year, additional commitments from funders for the same financial year were obtained. These consisted of:

- the dtic – R259 551 255 over three years for Phase 2 top structures; and
- GDED – R70 000 000 over the next three years for Phase 2 bulk infrastructure.

PART C: GOVERNANCE



1. INTRODUCTION

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

Good corporate governance does not exist separately from the law. With this in mind, the organisation has reinforced its governance processes to align and comply with regulatory requirements such as the governance requirements enshrined in the SEZ Act 16 of 2014, the Companies Act 71 of 2008, Public Finance Management Act 1 of 1999 (PFMA), National Treasury Regulations and internal policies of the organisation. The Board and Board Committees have, during the year under review, exercised ethical and effective leadership towards achieving the governance outcomes of ethical culture, effective control, good performance and legitimacy as set out in the King IV Report on Corporate Governance. The Board and Board Committees of TASEZ discharged their contribution to strategic delivery, improved operational decision-making, governance performance and value creation for the organisation and its many stakeholders for the 2024/2025 financial year.

2. PORTFOLIO COMMITTEES

In terms of section 25 of the SEZ Act, read together with section 52 and Regulation 26.1, the executive authority responsible for the public entity through the SEZ Board is accountable for the control, management and performance of TASEZ. Accordingly, the TASEZ Board will submit to the relevant executive authority quarterly performance reports, annual reports, projections of revenue, expenditure and corporate plans covering the affairs of the entity.

TASEZ submitted quarterly, mid-year and annual performance information reports to the Office of the Member of the Executive Council responsible for the Gauteng Department of Economic Development (GDED). These performance information reports were then submitted and presented to the Economic Development Portfolio Committee in the Gauteng Provincial Legislature for monitoring and exercising oversight responsibilities.

3. EXECUTIVE AUTHORITY

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

4. THE ACCOUNTING AUTHORITY/THE TASEZ BOARD

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

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

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

a. The Role, Duties and Responsibilities of the Board

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

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

b. Strategy, Performance and Reporting Responsibilities

The Board has assumed responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through its strategy. The Board held its strategic planning session collectively with the TASEZ management and agreed on the core values and targets for the short, medium and long-term 5-year strategy of the organisation. The Board further delegated to the management the formulation and development of the organisation's strategy and annual performance plan targets, which were approved by the Board.

In exercising its oversight and monitoring responsibilities, the Board received quarterly performance information reports (financial and non-financial) from the management throughout the financial year for consideration, noting and approval, where necessary. The Board thus confirms that it has satisfied itself with the implementation of the strategy and annual performance plans (APPs) by the management and is pleased

with the performance output by the organisation against agreed measures and targets for the 2024/2025 financial year.

c. Ethical Leadership and Corporate Citizenship

The Board of TASEZ leads and controls the organisation's activities with integrity and sets the tone at the top through modelling decision-making aligned to the policies and ethics code that instil a culture of inclusivity in the organisation. The Board, through its strategy review sessions held in October 2023, revised organisational values to ensure that they guide the way in which the organisation conducts its business and interacts with its broader stakeholders, setting a commitment to deliver as required by its SEZ Act mandate. The Board then instructed the management to revise the adopted ethics framework and the code of conduct to ensure that it integrates the adopted values of commitment, responsibility, fairness, accountability, transparency and ethical leadership, and this has been communicated to all employees.

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

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

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

d. Board Appointments

During the 2024/2025 financial year, the Board made one appointment to its composition. This was Ms Vuyo Zitumane, who was appointed with effect from the 1st of April 2024. During the year under review, two resignations were received. These were from Mr Dhiren Vanmali and Mr Njabulo Sithebe.

e. Composition of the Board

The Board of TASEZ is composed of eleven (11) members in total. However, as at the end of the financial year, nine (9) members were active, and two (2) resignations had been received. The process of filling the two vacancies is underway. The Chairperson of the Audit and Risk Committee is not a member of the Board as per internal arrangements but is a permanent invitee to Board meetings. The Chairperson of the Board is appointed by the Minister: the dtic as contemplated by the SEZ Act, read together with the Governance Management Regulation issued in terms of the SEZ Act.

All members of the Board of TASEZ and Board committees are non-executive ex-officio directors as defined by the Companies Act. Ex-officio directors have the authority to exercise the powers, functions and duties of any director of the company and are all subject to all the liabilities of a director as contemplated by the Companies Act.



Table 8: Composition of the Board

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Lionel October (62)	Chairperson	6 May 2020	N/A	• MSc in Economics • Post Graduate Diploma in Economics • BA Hons, Development Studies • B IURIS (Law degree)	Strategy & policy development and implementation	N/A
Susan Mangole (48)	Director	6 May 2020	N/A	• Master's in Business Management • Post Graduate Diploma in Management • Public Financial Management • Leaders in Development • Advanced Management Development • Post Graduate Diploma in Business Management • Programme in Business Management and Office Administration	• Fund management • Strategy & policy development and implementation • Financial management & budgeting	HR & REMCO Chairperson
Maoto Molefane (43)	Director	3 July 2020	N/A	• Master of Science in Public Finance Management • Master of Science in Development Planning • Bachelor of Arts (Majors: Industrial and Economic Sociology and Industrial Psychology)	• Infrastructure planning and implementation • Financial planning and management • Project management, public policy analysis and development	HR & REMCO Member Infrastructure Committee Member (Prior Interim Chairperson)

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Njabulo Sithebe (48)	Director	30 July 2021	28 February 2025	• Master's in Development Finance • Computer Model for Feasibility Analysis and Reporting • Building National Competitiveness • Imagination Programme • Post Graduate Certificate in Applied Econometrics • BA Hons (International Finance & Trade) • Baccalaureus Artium (Economics)	• Economic policy analysis & development • Industrial policy analysis • Stakeholder management • Infrastructure spend analysis • Macro-economic analysis • Quantitative demand forecasting • Fiscal expenditure analysis	Chairperson: Social & Ethics Committee
Blake Mosley-Lefatola (62)	Director	30 July 2021	N/A	• Bachelor of Arts in African Political Studies and Sociology • Honours Degree in Industrial Sociology	• Strategic leadership • Transformation and management • Financial management and human resources	N/A
Musa Khumalo (40)	Director	15 July 2021	N/A	• MSc – Risk Management & Business Continuity • Bachelor of Social Science • Economics Hons • Bachelor of Social Science • Master's in Management	• Risk management • Information and communications technology • Corporate administration • Knowledge management	N/A

Name and Age	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
Lardo Stander (48)	Director	15 July 2021	N/A	- PhD in Economics - M.Com Economics - Honours degree Economics - B.Com Insurance Science	Agriculture and Climate Change	N/A
Dhiren Vanmali (49)	Director	6 November 2020	31 October 2024	- Master of Business Leadership in Change Management, MBA - Bachelor of Technology in Industrial Engineering	- Automotive sector specialist - Strategy & policy development	N/A
Ockert Berry (57)	Director	6 November 2020	N/A	- Management Development Programme (MDP), Business Studies - National Higher Diploma in Personnel Management - National Diploma in Personnel Management	- Automotive sector – plant and production management value stream mapping - Failure mode and effects analysis - Leadership culture development and manufacturing operations	N/A
Thulani Mdadane (58)	Director	01 May 2023	N/A	- PhD Engineering in Construction Management - MSC in Construction Management - Master's in Urban Infrastructure Design and Development - Master's in Business Administration (MBA)	- Infrastructure planning, development, and property management at an executive level - Public-sector infrastructure project management	N/A

Name and Age	Designation (In terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications (Highest)	Area of Expertise	Other Committees or Task Teams (e.g. Audit Committee / Ministerial Task Team)
				- Management Development Programme - Executive Management Development Programme - Post Graduate Diploma: Management Studies - Diploma in Labour Law - Bachelor of Information Studies (Hons) - Postgraduate Diploma: Personnel Management - Certificate in Small-Medium Enterprise (SMME) Development Policies (3 months) - Bachelor of Information Science - National Diploma in Information Technology	- Infrastructure planning, development, and property management at an executive level - Public-sector infrastructure project management - Supply chain management and financial management systems	N/A
Vuyo Zitumane (60)	Director	01 April 2024	N/A	- Bachelor of Law - Bachelor of Arts Honours - Master's of Business Administration - Senior Management Development Programme - Various Diplomas in Leadership and Management, Project Management and Development - Training on Corporate Governance with the IoDSA and Wits Business School	- Public-sector strategic leadership and management - Business and turnaround strategy development and implementation - Integrated development plan - Water and building infrastructure project management - Local economic development - Financial management - Supply chain management and reporting - Investor engagement - Oversight and advisory - Chief Operations Officer for CoT	Chairperson: Infrastructure Committee

f. Board Diversity

Principle 7 of the King IV report states that:

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

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

g. Delegations

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

In addition, the Board adopted a comprehensive delegation of authority framework in accordance with section 56 of the PFMA. The roles of the Chairperson of the Board and the Chief Executive Officer (CEO) are fulfilled by separate persons and are clearly defined – the Board Chairperson is classified as an independent non-executive director. The day-to-day management and operations of the organisation are delegated to the TASEZ management via the CEO. This delegation and segregation of duties and responsibilities ensures that there is a balance of authority and power within TASEZ.

h. Remuneration of the Board and Commitment to Fair Remuneration

The Board and Board Committee members of TASEZ are not remunerated for their contribution to TASEZ because of their ex-officio directorship. Apart from Ford Motor Company of Southern Africa (FMCSA) nominees, all the members are employees of the state / public entity and, according to the National Treasury Practice Note (2023), members are not entitled to additional remuneration. However, TASEZ has made efforts to include in its policies provision for payments to reimburse members for all reasonable expenses incurred while performing their duties, subject to submission of proof of expenditure. These include but are not limited to transport costs, car-rental costs, tollgate and parking fees, and any kilometres travelled using their own mode of transport. For the year 2024/2025, no remuneration or claims were paid to the Board and Committee members.

The Board ensures that the organisation provides fair remuneration to its executive managers and employees, as guided by the remuneration policy. These details are provided in the Human Resource Management Report (Part D) of this 2024/2025 Annual Report.

i. Board and Board Committee Evaluation

The King IV report recommends that an evaluation of the governing body, its committees and its individual members be conducted. In response to this recommendation, a formal evaluation process of the Board and Board Committees for 2023/2024 was concluded by an independent service provider. The purpose of the assessment, as guided by the King IV report, was to assess the effectiveness of the Board's governance role and legal duties, and the results of the assessment serve as a guide to enhance the overall performance of the Board. TASEZ is proud to announce that, according to the assessor, the overall performance of the TASEZ Board exceeded expectations.

j. Board Meeting Attendance

In terms of the Board Charter, the Board is expected to meet at least four (4) times in the financial year to conduct its business. However, during 2024/2025, the Board managed to meet five (5) times to consider the performance information reports, financial performance, policies, risk, compliance and auditing, as well as human resources and remuneration reports. The Board also held its first Annual General Meeting on the 4th of December 2025.

Table 9 sets out the number of Board meetings held during the 2024/25 financial year and their attendance.

Table 9: Board Meeting Attendance

Name	Position	Number of Meetings Held	Number of Meetings Attended
Lionel October	Chairperson of the Board	5	4/5
Maoto Nape Molefane	Board Member	5	5/5
Susan Mangole	Board Member	5	1/5
Njabulo Sithebe – Resigned	Board Member	5	4/5
Blake Mosley-Lefatola	Board Member	5	4/5
Musa Khumalo	Board Member	5	5/5
Lardo Stander	Board Member	5	4/5
Ockert Berry	Board Member	5	1/5
Dhiren Vanmali – Resigned	Board Member	5	2/5
Thulani Mdadane	Board Member	5	3/5
Vuyo Zitumane	Board Member	5	3/5

k. Committees of the Board

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

l. Infrastructure Committee

The Infrastructure Committee's role is to oversee the organisational strategic, planning and technical infrastructure development processes and construction management implemented in the SEZ. This enables it to ensure that the significant economic and social targets set by the organisation are achieved. The role of the Committee includes reviewing the infrastructure development key deliverables to ensure that TASEZ

meets the required standards in relation to land acquisitions, township establishment, and safety, health and environmental requirements. Details of the duties and responsibilities of the Infrastructure Committee are stipulated in the approved Terms of Reference. The composition and meeting attendance of the Infrastructure Committee from April 2024 to March 2025 is reflected in Table 10 below.

Table 10: Infrastructure Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Vuyo Zitumane (Chairperson)	5	5/5
Maoto Nape Molefane (Interim Chairperson)	5	4/5
Tiyani Sambo (Member)	5	5/5
Pieter Swanepoel (Member)	5	3/5
Thami Klassen (Member)	5	2/5
Thokozani Zikhali (Member)	5	5/5

m. Social and Ethics Committee

In respect of the Company's Act (71 of 2008) as amended, read in conjunction with Regulation 43, the TASEZ Board, to fulfil its statutory duties, has established the Social and Ethics Committee. The Committee's responsibilities include the oversight responsibility related to employment and labour, social and economic development standing, good corporate citizenship, promotion of equality, prevention of unfair discrimination and reduction of corruption. The Committee also oversees consumer relationships and the company's engagement and interaction with its stakeholders. Details of the roles and responsibilities of the Social and Ethics Committee are outlined in its Terms of Reference. The Social and Ethics Committee met four (4) times in the 2024/25 financial year.

Table 11: Social and Ethics Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Njabulo Sithebe (Chairperson)	4	4/4
Mzwakhe Mbatha (Member)	4	4/4
Benjamin Manasoe (Member)	4	1/4
Thokozani Zikhali (Member)	4	4/4

n. Human Resources and Remuneration Committee

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

Table 12: Human Resources and Remuneration Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Susan Mangole (Chairperson)	4	2/4
Maoto Nape Molefane (Member)	4	2/4
Benjamin Manasoe (Member)	4	3/4
Nalini Naicker	4	3/4
Thami Klassen	4	3/4

o. Audit and Risk Committee

The Audit and Risk Committee was established in terms of section 77 of the PFMA (Act 1 of 1999, as amended) and National Treasury's Regulation 27. The Committee discharges its responsibilities in terms of the Audit and Risk Committee Charter, which sets out its committee composition, roles and responsibilities. The Audit and Risk Committee continually monitors the quality and reliability of the financial information of TASEZ and of various functions in the organisation. The Committee ensures that emerging risks are timeously identified, and that appropriate and effective control measures are put in place to mitigate these risks.

The Committee further monitors the liquidity and financial condition of TASEZ; recommends approval of bad debt write-offs; and addresses material variances in the approved annual and/or revised budgets in accordance with the Materiality and Significance Framework Plan. It reviews the proposed capital and operating budgets for capital expenditures; financial statements for the annual report; and all policies that have financial implications. Finally, it considers and reconciles corporate performance information management against the approved budget.

The composition and meeting attendance of the Audit and Risk Committee for the period April 2024 to March 2025 are reflected in Table 13 below.

Table 13: Audit and Risk Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of Meetings Attended
Irene Ramafola (Chairperson)	6	6/6
Madiagane Marota (Member)	6	5/6
Zane Mheyamwa (Member)	6	4/6

5. RISK MANAGEMENT

Effective risk management entails continuous and proactive identification and assessment of risk factors that affect the company's mandate. As of 31 March 2025, TASEZ had nine (9) strategic risks on the Risk Register and as of the end of March 2025, one strategic risk has been retired. The TASEZ management is responsible for implementing risk action plans and for ensuring that controls are effective and continuously improved. The "risk owners" report on the status of their respective risks and outline the mitigating actions taken. Progress against risk action plans is monitored and reported in quarterly reports.

6. INTERNAL CONTROL UNIT

The TASEZ management has the responsibility of designing, implementing and continually reviewing internal controls to provide assurance on the effectiveness and efficiency of operations and the reliability of financial reporting. In this way, the TASEZ management safeguards and maintains accountability for the assets of the organisation. These controls are monitored throughout TASEZ by both management and

employees, with the necessary delegation of duties. The internal audit performs independent reviews on the effectiveness of these controls as part of its annual internal audit plan and the audit reports are presented to the Audit and Risk Committee.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

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

The following key elements are performed in this regard:

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

TASEZ has outsourced the internal audit function (IAF) for the next three years to O.M.A. Chartered Accountants. This was concluded in consultation with the Audit and Risk Committee in May 2024. The IAF is overseen administratively by the CEO and has produced an Annual Internal Audit Plan, as well as a three-year risk-based Internal Audit Plan, appropriately approved by the Audit and Risk Committee.

A summary of internal audit work conducted for the 2024/25 financial year is set out below and includes:

- Performance information audits
- Governance and compliance review
- Procurement and contract management
- Financial discipline review
- Annual financial statements review
- Human resource management and payroll processing
- Information technology general control

The Audit and Risk Committee provides independent oversight over governance, risk management and internal control processes at TASEZ, which includes oversight and responsibilities related to:

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

8. COMPLIANCE WITH LAWS AND REGULATIONS

TASEZ complies with the SEZ Act, the Companies Act and the PFMA, as well as National Treasury Regulations, along with other relevant legislation, such as the Labour Relations Act 66 of 1995, and Health and Safety Acts, through TASEZ's compliance calendar. The TASEZ compliance calendar is continually monitored and updated.

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

9. FRAUD AND CORRUPTION

TASEZ has a legal responsibility in terms of the PFMA (Act 1 of 1999, as amended) to take appropriate steps to prevent unauthorised, irregular, fruitless and wasteful expenditure and losses that result from criminal conduct. An Anti-Fraud Prevention Policy and Whistle-Blowers Policy are in place to give effect to this responsibility. As at the end of the financial year, the company had onboarded an independent whistleblower company to manage the whistleblower hotline information and reporting. The company had also appointed the Company Secretary as an ethics officer of the organisation to establish an ethics office. Training and awareness sessions were undertaken to educate TASEZ directors, executive management and employees about the ethical values of the organisation, and the expected conduct and standards, including ways in which to identify and deal with ethical dilemmas.

10. MINIMISING CONFLICT OF INTEREST

The TASEZ Board has adopted and approved a Conflict-of-Interest Policy, which is currently under review. The Board, Board Committee members and all TASEZ employees are required to submit their annual Declaration of Interest (DoI) for filing and monitoring whether there are any instances of conflict of interest arising among all people involved. Furthermore, during Board / Subcommittee meetings, all attendees are required to declare any interests they may have regarding the agenda items. Any arising conflict of interest is handled in accordance with the guidelines of the policy.

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



11. CODE OF CONDUCT

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

- **Collaboration:** TASEZ encourages teamwork and collaboration, and promotes an enabling environment to network and build strategic partnerships that will contribute to accelerating the development and transformation of the automotive sector.
- **Transparency:** The organisation promotes fairness and integrity in all its business dealings, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- **Respect:** The company has respect for the human rights and dignity of all employees.
- **Excellence:** The company values professionalism by taking responsibility for personal and self-growth and development and by providing service that adds value to change the lives of the ordinary people.
- **Accountability:** Directors and employees of TASEZ take responsibility for their own decisions, performance, behaviour and actions, and they accept accountability for consequence management.
- **Ethical Values:** The Board of Directors drives the ethics of the organisation and leads ethically and effectively to ensure that the organisation remains a good corporate citizen. Strong moral principles are at the centre of doing business with TASEZ.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

TASEZ is committed to providing a workplace that is safe and without risk to the health of its employees. The company is also committed to the protection of the environment, including the prevention of pollution. To demonstrate this commitment, the organisation has established and implemented a Safety, Health and Environment (SHE) policy that is communicated to all affected stakeholders through employee induction and awareness programmes.

TASEZ developed and implemented an SHE management programme for the year under review. The programme targeted the following areas:

- Training and awareness
- Stakeholder management
- Development and implementation of a Safety, Health, Environment and Quality (SHEQ) management system
- Compliance management
- Emergency preparedness and response

As a result of the programme, TASEZ has achieved the following:

- Completed statutory training such as first aid, firefighting, health and safety representatives, incident investigation and legal liability;
- Identified all internal and external issues that affect its SHE performance, including internal and external stakeholders who are affected by its activities, and documented these in its SHE Communication and Participation Procedure and Communication Plan;
- Identified all potential emergencies and developed Emergency Preparedness and Response Plans.

No reportable SHE incidents were recorded during the year under review.

13. COMPANY/BOARD SECRETARY

In terms of section 86 of the Companies Act 71 of 2008, TASEZ is required to appoint a Company Secretary. The Board of Directors is assisted by a dedicated Company Secretary, who is responsible for ensuring that the following responsibilities are discharged as outlined in the Companies Act:

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

14. SOCIAL RESPONSIBILITY

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

TASEZ has developed an approach that considers the need for regular reporting, engagement and consultation with the communities, through an appropriate structure. During the 2024/2025 financial year, the Community Project Committee (CPC) supported by Community Liaison Officers (CLOs) facilitated community participation. The CPC is an integral part of the TASEZ social responsibility and holds bi-weekly engagements to oversee and manage the social responsibility aspect of the TASEZ construction project and operational phase of the SEZ.

The Labour and Socio-economic Framework deployed in the TASEZ project is based on three essential elements:

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

The CPC is represented by stakeholder groups in the target area, with nine (9) representatives' identified wards and the six (6) designated groups as outlined in the Preferential Procurement Policy Framework Act (PPPFA).

The PSDC is utilised for:

- Community briefing sessions;
- Training of individuals and SMMEs; and
- Offices where members of the communities can register companies and/or present their resumés.

The specific projects that TASEZ participated in during this financial year are elaborated on in Part B of this report.

15. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2025.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51(1) (a) (ii) of the PFMA and Treasury's Regulation 27 (1). The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter and has regulated its affairs in compliance with this Charter. The Committee has discharged all its responsibilities as contained therein.

During the 2024/25 financial year, the Audit and Risk Committee:

- Approved the 2024/25 Internal Audit Plan;
- Considered the risk areas of the operations covered in the scope of internal and external audits;
- Considered accounting and auditing concerns identified as a result of internal and external audits;
- Assessed the adequacy, reliability and accuracy of financial information provided by management;
- Assessed compliance with applicable legal and regulatory requirements;
- Reviewed the effectiveness of the Internal Audit Function (IAF), compliance and risk departments, through assessments of the quality of the reports submitted to the Audit and Risk Committee;
- Reviewed the Financial Statements and reporting for proper and complete disclosure of timely, reliable and consistent information and confirmed that accounting policies used are appropriate;
- Reviewed the cash flow forecast on a quarterly basis and assessed the liquidity;
- Reviewed the quarterly progress and update on litigation;
- Provided a channel of communication between the Board and management, the risk division, internal auditors, external auditors;
- Liaised with the Board Committees and met as required with internal and external auditors.

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

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

The Effectiveness of Internal Control

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

- Performance Information Audits
- Governance and Compliance Review
- Procurement and Contract Management
- Financial Discipline Review
- Annual Financial Statements Review
- Human Resource Management and Payroll Processing Review
- Information Technology General Control

The following were areas of concern:

The Internal Audit identified internal control weaknesses in conducting some of the above-mentioned audits. In the opinion of the ARC, these findings are attributed mostly to the fact that the company commenced the year on a high vacancy rate. The vacancy rate was subsequently resolved during the 24/25 financial year however there is still a high vacancy rate on executive level. The ARC will continue to monitor progress in this regard.

In-Year Management and Monthly/Quarterly Report:

The company has submitted monthly and quarterly reports.

Evaluation of Financial Statements:

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

Auditor's Report:

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

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

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and annual performance report and is of the opinion that the audited annual financial statements and performance information be accepted and read together with the auditors' report.



Ms Irene Ramafola

Chairperson of the Audit Committee

Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

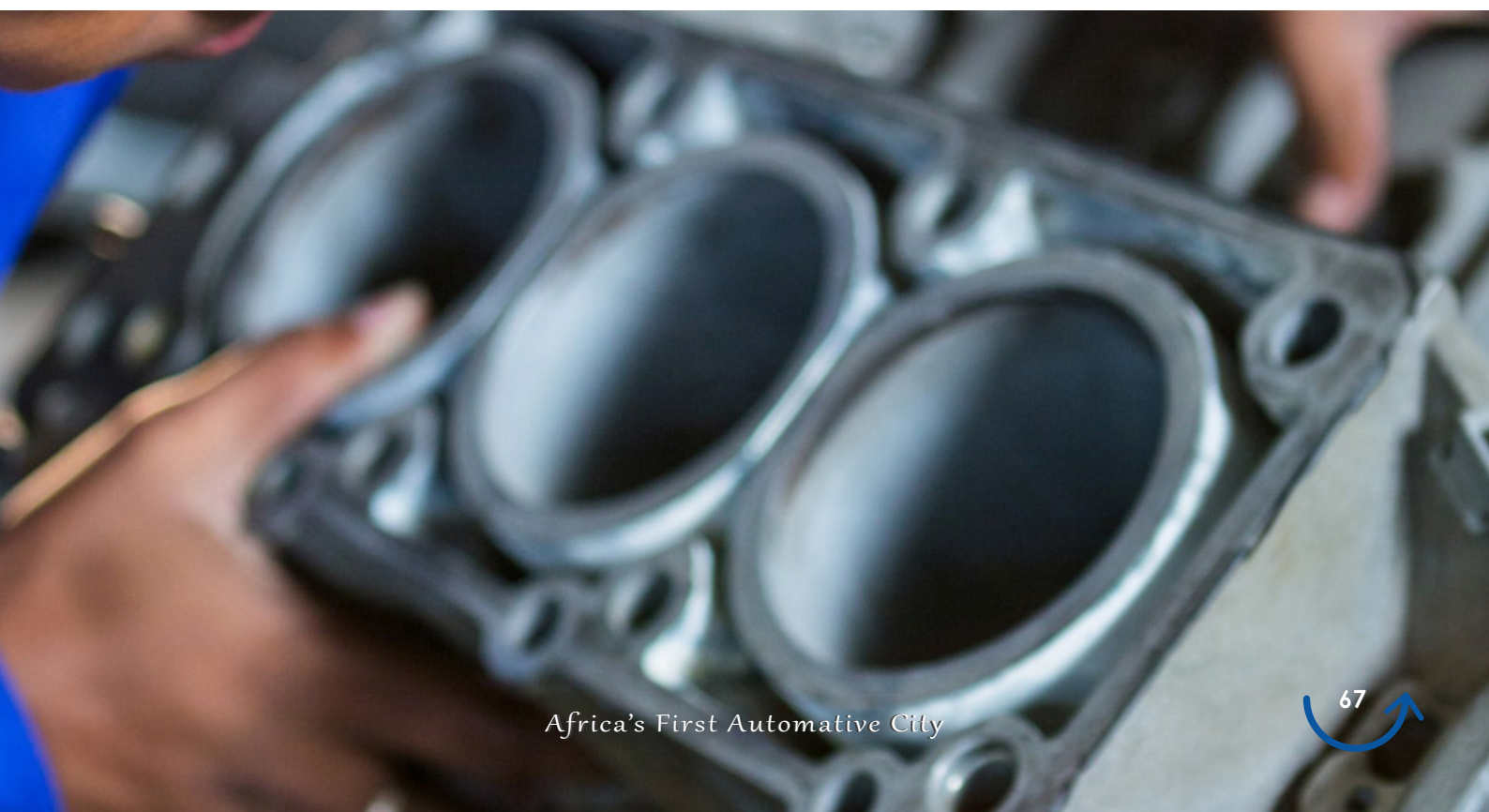
Date: **30 July 2025**

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Table 14 has been completed in compliance with the requirements of the B-BBEE Act of 2013, and as determined by the Department of Trade and Industry.

Table 14: B-BBEE Performance Information

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



The background of the upper half of the page features a complex graphic of interlocking blue gears of various sizes. Overlaid on these gears are several white and blue arrows, some pointing in straight lines and others in circular paths, suggesting a process or flow. The overall color palette is dominated by shades of blue and white.

PART D: HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The Human Resource Management (HRM) department is a department that resides within the TASEZ Corporate Services Division. The HRM department is crucial to TASEZ's dedication to fulfilling its mandate and strategic goals through talent sourcing and retention, skills development, transformation and the promotion of positive working relationships.

The main role of the HRM department is to:

- Develop and maintain TASEZ HR policies;
- Design, review and manage the TASEZ organisation structure;
- Recruit and select employees, including retaining talent;
- Train and develop employees;
- Promote positive employee relations;
- Promote employee awareness and wellness;
- Conduct performance management;
- Administer employee remuneration and benefits.

2. RECRUITMENT AND SELECTION (RESOURCING)

For TASEZ to run smoothly, it is crucial that the entity recruits suitable candidates that are responsive to the organisational mandate and targets. The recruitment process should always be aligned, evaluated and repositioned for optimum use in line with the TASEZ operational plans. For the 2024/25 financial year, the recruitment process took into consideration the mandate of the entity, as well as its operational and strategic risks.

The recruitment process was aligned, evaluated and repositioned for optimum utilisation in line with the TASEZ operational plans. TASEZ has an organisational structure of 62 approved positions, with 10 positions put on hold, as at the end of 2024/25 financial year.

Table 15: List of Positions Put on Hold

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

For the period under review, TASEZ had a vacancy rate of 5,7%, with 49 filled positions out of the 52 approved positions. It is important to point out that the remaining three (3) vacant positions have been advertised and are at various stages of the recruitment process.

3. ORGANISATIONAL DESIGN

The purpose of the entity's organisational structure is to assist in the achievement of the aims and objectives of TASEZ through the management and co-ordination of employees' designated roles, responsibilities and delegated authorities.

In response to TASEZ's growth plans, the Board of Directors approved the establishment of the TTA. Subsequently, the TASEZ Academy structure provided for ten (10) positions, which are planned for placement in the next financial year.

Position
Head: TASEZ Training Academy
Manager : Education Quality & Training Assurance
Project Manager
Key Accounts Manager
Project Co-ordinator X2
Project Administrator X2
Key Accounts Officer
Receptionist / Personal Assistant

In alignment with the TASEZ Remuneration Policy and best practices, TASEZ embarked on an exercise to review and implement salary adjustments to maintain internal and external parity and eliminate discrepancies in the remuneration of employees. The salary alignment also aimed at attracting and retaining talent as well as organisational commitment to equitable compensation of employees. The exercise further led to the job evaluation and re-grading of certain existing positions to ensure an objective and equitable grading and remuneration structure by objectively determining the basis of positions, based on fair, reasonable and consistent judgement relative to internal processes. The review was also conducted to foster a high-performance culture and optimise talent-management processes to ensure organisational effectiveness and financial certainty.

4. TRAINING AND DEVELOPMENT STRATEGY IMPLEMENTATION

The training and development strategy is designed to be aligned with the Skills Development Act and in support of the TASEZ strategic and operational requirements. The aim of the strategy is to design and implement occupationally directed and other training activities that enable and increase the knowledge, practical skills, and workplace experience and behaviour of individuals and teams. Training activities are based on the current and future occupational requirements for optimal organisational performance and sustainability.

The Annual Training Report and Workplace Skills Plan (ATR/WSP) 2024/25 was submitted to the Construction SETA (CETA) on the 30th of April 2024. The report outlined the organisational training achievements and planned occupationally directed training programmes for the year ahead. The approved training plan was adequately implemented and monitored, which resulted in a total of 60 employees across all occupational categories receiving various organisation-specific trainings aligned with TASEZ's operational requirements and individual development.

Table 16: Skills Development for the Period 1 April 2024 to 31 March 2025

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	03	-	-	-	01	00	-	00	04
Senior Management	03	-	-	-	02	-	-	01	06
Professionally Qualified / Middle Management	08	-	-	-	09	01	-	-	18
Skilled Technical	04	-	-	-	15	01	-	02	22
Semi-Skilled	-	-	-	-	-	-	-	-	-
Unskilled	07	-	-	-	02	01	-	-	10
Total	25	00	00	00	29	03	00	03	60
Employees with disabilities	00	00	00	00	00	00	00	00	00

5. GRADUATE PROGRAMME

The organisation continued to implement and monitor the 24-month graduate programme, which consisted of seven (7) graduates who had completed technical qualifications, from Mamelodi, Nellmapius and Eersterust local communities, to assist them and expose them to how the TASEZ zone operates.

6. INDUSTRIAL PEACE

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

For the financial year under review, TASEZ had one (1) employee relations' matter. The employee concerned was placed on precautionary suspension and an investigation was initiated. The matter was subsequently resolved, and the suspension was lifted.

At TASEZ, employee relations are managed through implementing good practices that enable organisational objectives to be achieved in compliance with the legislation framework. This approach is followed to promote a climate of trust, co-operation and stability.

7. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

TASEZ has an approved performance management policy that clearly sets out the parameters along which the individual performance of employees is planned, monitored and evaluated. These parameters are designed to ensure the achievement of TASEZ's strategic goals (recognising good performance and managing poor performance effectively).

The purpose of performance management at TASEZ is to ensure alignment of employee performance with organisational goals, improve individual and team productivity, and foster a culture of continuous improvement. This involves a systematic process of setting objectives, providing feedback and evaluating performance, which ultimately leads to increased employee engagement and consistent organisational success aligned with the overall strategic objectives. Performance contracts for the financial year 2024/25 have been finalised. The performance review process took place throughout the financial year in line with the Performance Management Policy.

7.1 Performance Agreements

All employees must conclude and sign performance agreements within specific timeframes.

Table 17: Signing of Performance Agreements

Employee Level	Total Number of Approved Posts	Total Number of Employees	Total Number of Signed Performance Agreements	Signed Performance Agreements as % of Total number of Employees
Chief Executive Officer	01	01	01	100
Chief Financial Officer	01	01	01	100
Executive Managers	04	02	02	100
Senior Managers	06	06	06	100
Managers	17	17	17	100
Specialists	02	02	02	100
Administrators	11	11	11	100
Officers	10	09	09	100
Total	52	49	49	100%

Note

Performance bonuses for Senior and Executive Management for the 2022/23 financial year were approved and processed in accordance with the Performance Management Policy during the current reporting period (2024/25).

Table 18: Reasons for Not Concluding Performance Agreements for All Employees

Reasons
Not applicable.

Table 19: Disciplinary Steps Taken against Employees for Not Concluding Performance Agreements as on 31 March 2024

Reasons
No disciplinary action needed to be taken.

7.2 Performance Rewards

To promote and recognise high performance, TASEZ granted performance rewards for the 2023/24 financial year. The distribution of rewards is disaggregated by race, gender, disability status, salary bands, and critical occupations, in line with the principles of equity and transparency.

Table 20: Performance Rewards by Race and Gender

Race and Gender	Beneficiary Profile			Cost	
	Number of Employees	Number of Beneficiaries	% of Total within Group	(R)	Average Cost per Employee (R)
African	39	29	88%	4 568 546,33	142 767,07
Male	17	12	70%	2 447 525,44	163 168,36
Female	22	17	77%	2 121 020,89	124 765,93
Asian	0	0	0%	-	-
Male	0	0	0%	-	-
Female	0	0	0%	-	-
Coloured	01	01	3%	143 581,24	143 581,24
Male	0	0	0%	-	-
Female	01	01	3%	143 581,24	143 581,24
White	03	03	9%	626 065,83	208 688,61
Male	0	0	0%	-	-
Female	03	03	8%	626 065,83	208 688,61
Total	43	33	100%	R5 338 193,11	R148 283,14

Notes

The table above includes total costs of the 2022/23 and 2023/24 performance bonuses.

During the 2022/2023 financial year end, performance bonuses for senior managers were not paid out. Subsequently during the year under review, TASEZ concluded performance rewards for senior managers who had been omitted and 2023/2024 performance rewards for all eligible employees.

Table 21: Performance Rewards by Salary Band for Personnel below Senior Management Level

Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of total Within salary Bands	Total Cost (R)	Average Cost per Employee (R)	
Employees below Management Level	14	18	55%	1 069 731,73	76 409,40	1,38%
Managers	13	15	45%	2 200 201,74	169 246,28	2,86%
Total	27	33	100%	R3 269 933,47	R121 108,64	4,24%

Table 22: Performance-Related Rewards (Cash Bonus) by Salary Band for Senior Management Service (SMS)

Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of Total Within salary Bands	Total Cost (R)	Average Cost per Employee (R)	
Band A (SMS)	03	06	60%	903 845,06	301 281,68	1,17%
Band B (Executives)	02	02	20%	810 375,87	405 187,93	1,05%
CFO	1	1	10%	354 038,26	354 038,26	0,45%
CEO	0	1	10%	0	0	0%
Total	06	10	100%	R2 068 259,19	R344 709,86	2,67%

In certain areas, performance contracts and/or appraisals were not concluded for reasons such as resignations and employees who started within the performance cycle, i.e. less than the minimum period as determined by the policy.

In this reporting period, the TASEZ Board of Directors also approved the revised Performance Management Policy.

8. EMPLOYMENT EQUITY STATUS

8.1 Equity Target and Employment Equity Status

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

The Employment Equity (EE) report for the 2024/25 reporting cycle was submitted to the Department of Labour in January 2025.

Table 23: Employment Equity Status

Occupational Level	Male				Female				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	-	-	-	1	-	-	-	-	-	4
Senior Management	3	-	-	-	2	-	-	1	-	-	6
Professionally Qualified and Experienced Specialists and Mid-Management	8	-	-	-	8	1	-	-	-	-	17
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents	4	-	-	-	18	1	-	2	-	-	25
Semi-Skilled and Discretionary Decision-Making	-	-	-	-	-	-	-	-	-	-	-
Unskilled (Graduates and Interns)	11	-	-	-	5	-	-	-	-	-	16
Total Permanent	18	-	-	-	26	2	-	3	-	-	49
Temporary Employees	11	-	-	-	8	-	-	-	-	-	19
Grand Total	29	-	-	-	34	2	0	3	-	-	68

8.2 Employment and Vacancies

At the end of the 2024/25 financial year, a total of three (3) vacant positions were recorded. It is important to note that most of these positions had already been advertised and were at various stages of the recruitment process. It is anticipated that all vacant positions will be filled during the first and second quarters of the 2025/26 financial year. TASEZ is therefore committed to ensuring that all vacant positions are placed, through approved procedures and in line with the approved TASEZ recruitment policy.

Table 24: Vacancies

Category	2023/2024 Vacancies	2024/2025 Vacancies
Top Management	2	2
Senior Management	0	0
Professionally Qualified	3	0
Skilled	4	1
Semi-Skilled	0	0
Unskilled	0	0
Total	9	3

TASEZ currently employs a total of 49 employees. Seven (7) employees were appointed during the financial year under review, with one (1) termination due to resignation.

Table 25: Employment Changes

Salary Band	Employment at Beginning of the Period	Appointments / Promotions	Terminations	Employment at End of the Period
Top Management	4	0	0	4
Senior Management	6	0	0	6
Professionally Qualified	15	3	1	17
Skilled	18	4	0	22
Semi-Skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	43	7	1	49

9. HUMAN RESOURCE POLICY DEVELOPMENT

The purpose of the entity's policies is to provide guidelines to all employees in ensuring that TASEZ adheres to integrity and fairness. The policies also aim to ensure that TASEZ is compliant with all the requisite legislative requirements and develops best practices in relation to the HR legislation and prescripts.

Furthermore, the policies aim to provide a framework for guiding decision-making, establishing standards of conduct and ensuring consistency within TASEZ. The policies also serve as a tool for communicating the TASEZ values, culture and philosophy to employees and customers.

For this period under review, the HRM department reviewed and obtained approval from the Board of Directors regarding the following policies:

- Recruitment and Selection Policy
- Performance Management Policy

- Employee Termination Policy
- Acting Allowance Policy
- Internship Policy

The HRM department will continue to monitor the implementation of policies and procedures, and review policies as and when stipulated and necessary to ensure related compliance.

10. CHALLENGES FACED BY TASEZ

The South African economy is currently faced with an array of challenges, including rising inflation, a deteriorating manufacturing sector and a decline in business confidence. These challenges have had both direct and indirect impacts on TASEZ's business operations. One of the major challenges the organisation experienced was reducing the vacancy rate, which was at 19% at the beginning of the period under review. However, despite these challenges, the HRM department managed to implement a realistic and detailed recruitment plan that reduced the vacancy rate to 5,7%. Also, the recruitment of People with Disabilities (PWD) remains an ongoing challenge for the organisation. However, the organisation is gearing itself up to put in place mechanisms to improve the current representation of PWD.

11. FUTURE HUMAN RESOURCE PLANS

TASEZ's HRM department intends to implement and continue facilitating workshops on developed HR policies and procedures. Additionally, the department aims to conclude the development of the Attraction and Retention Strategy, and the HR capacity audit by an accredited HR service provider.

12. HUMAN RESOURCE OVERSIGHT STATISTICS

12.1 Personnel-Related Expenditure

Table 26: Personnel-Related Expenditure for the Period 1 April 2024 to 31 March 2025

Department	Target (R)	Expenditure (R)	% Variance
Business Development	20 689 753,00	20 161 922,91	3%
Office of the CEO	13 771 000,00	12 028 267,06	13%
Corporate Services	12 435 077,93	11 400 830,37	8%
Finance	14 774 000,00	13 556 844,66	8%
Infrastructure Development	13 277 639,00	11 887 244,34	10%
Zone Operations	3 912 530,07	3 224 495,66	18%
Grand Total	R78 860 000,00	R75 259 605,00	8%

It must be noted that the actual expenditure of salaries was R72 259 605,00 against a budget of R78 860 000,00.

***Excluded above is an amount for:**

- Leave Provision (R28 518,00)
- Bonus Provision (R1 591 114,00)
- Provident Fund Accrual (R6 155 451,00)

***R80 034 688,00 – AFS Note 24**

The background of the upper half of the page features a complex graphic of interlocking blue gears of various sizes. Overlaid on these gears are several white and blue arrows, some pointing in straight lines and others in circular paths, suggesting a process or flow. The overall color palette is dominated by shades of blue and white.

PART E: FINANCIAL INFORMATION



Report of the Auditor-General to the Minister of the Department of Trade, Industry and Competition on Tshwane Automotive Special Economic Zone

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Tshwane Automotive Special Economic Zone set out on pages 88 to 136, which comprise the statement of financial position as at 31 March 2025; statement of financial performance; statement of changes in net assets; cash flow statement; and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tshwane Automotive Special Economic Zone as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Special Economic Zone Act 16 of 2014 (SEZA) and the Companies Act 71 of 2008 (Companies Act).

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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in Prior period errors note 43 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the company at, and for the year ended, 31 March 2025.

Responsibilities of the accounting authority for the financial statements

8. 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 SEZA and the Companies Act; 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.

9. In preparing the financial statements, the accounting authority is responsible for assessing the company's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 82, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Programme 3: Infrastructure Development presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the company's performance on its primary mandated functions and that are of significant national, community or public interest:
- Number of temporary jobs created (construction)
 - % of construction work awarded to township enterprises
 - Number of SMME Mentoring Initiatives
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the company's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the company's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the company's performance against its primary mandated and prioritised functions and planned objectives are included;
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents;
 - the reported performance information is presented in the annual performance report in the prescribed manner;
 - there is adequate supporting evidence for the achievements reported.
16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected indicators.

Achievement of planned targets

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for overachievements.

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the company's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the company, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

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

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

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
28. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

Date: **31 July 2025**



Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Development and Management of the Special Economic Zone in Tshwane
Members	Lionel Victor October - Chairperson of the Board Phetogo Susan Mangole Maoto Nape Molefane Dhiren Krishnalal Vanmali- Resigned on 31 October 2024 Okert Andries Berry Musawakhe Khumalo Lardo Stander Blake Mosley-Lefatola Njabulo Sithebe - Resigned in 28 February 2025 Vuyo Zitumane Thulani Mdadane Bheka Zulu - Chief Executive Officer Rebecca Hlabatau - Chief Financial Officer
Registered office	CSIR Campus Building 21 Meiring Naude Road Brummeria, Pretoria 0182
Business address	Building 21 Meiring Naude Road Brummeria, Pretoria 0182
Bankers	Standard Bank of South Africa
Auditors	Auditor General of South Africa
Secretary	Registered Auditors Tshepiso Modikoe

Index

The reports and statements set out below comprise the annual financial statements presented to the Board from page 88-136:

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
SETA	Sector Education and Training Authority
IESBA	International Ethics Standards Board for Accountants
ISAs	International Standards on Auditing
PAA	Public Audit Act 25 of 2004
PRECCA	Prevention and Combating of Corrupt Activities Act 12 of 2004
SEZA	Special Economic Zone Act 16 of 2014

Board of Directors Responsibilities and Approval

The Board of Directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 78-81.

The annual financial statements set out on page 78-81, which have been prepared on the going concern basis, were approved by the board on 30 July 2025 and were signed on its behalf by:



Vuyo Zitumane

Acting Chairperson of the Board



Dr Bheka Zulu

Chief Executive Officer

Pretoria

Date: **30 July 2025**

Statement of Financial Position as at 31 March 2025

	Note(s)	2025 (R)	2024 (R) Restated*
Assets			
Non-current assets			
Investment property	3	3 299 153 263	3 212 094 234
Property, plant and equipment	4	5 979 174	4 344 069
Intangible assets	5	5 113 921	-
Operating lease asset	6	79 972 207	64 285 657
		3 390 218 565	3 280 723 960
Current assets			
Receivables from non-exchange transactions	7	-	16 652 193
Receivables from exchange transactions	8	65 309 135	149 910 206
Inventories	9	45 764	382 479
Cash and cash equivalents	10	666 207 884	740 797 216
Prepayments	11	2 567 709	1 741 064
VAT receivable	12	30 518 462	-
Current tax receivable	13	28 214 212	24 490 859
		792 863 166	933 974 017
Total assets		4 183 081 731	4 214 697 977
Liabilities			
Non-current liabilities			
Operating lease liability	6	90 251 632	67 341 665
Deferred tax	14	883 931 377	869 552 627
		974 183 009	936 894 292
Current liabilities			
Payables from exchange transactions	15	89 657 219	240 069 308
VAT payable	16	-	44 883 060
Unspent conditional grants and receipts	17	500 001 540	502 976 604
Employee benefit provisions	18	10 329 316	14 074 331
		599 988 075	802 003 303
Total liabilities		1 574 171 084	1 738 897 595
Net assets		2 608 910 645	2 475 800 382
Accumulated surplus		2 608 910 645	2 475 800 383
Total net assets		2 608 910 645	2 475 800 383

Statement of Financial Performance

	Note(s)	2025 (R)	2024 (R) Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	19	153 901 185	164 194 196
Recoveries	20	150 619 626	133 523 030
Insurance proceeds		-	22 795
Interest received - investment	21	17 447 068	13 985 010
Total revenue from exchange transactions		321 967 879	311 725 031
Revenue from non-exchange transactions			
Taxation revenue			
Penalties recovered	22	12 519 408	16 652 193
Transfer revenue			
Government grants & subsidies	23	231 663 779	246 407 277
Total revenue from non-exchange transactions		244 183 187	263 059 470
Total revenue	19	566 151 066	574 784 501
Expenditure			
Employee related costs	24	(80 034 688)	(66 606 507)
SETA learnership expenses	25	(14 358 332)	-
Depreciation and amortisation	26	(80 774 329)	(69 014 383)
Finance costs	27	-	(138 087)
Lease rentals on operating lease	28	(30 255 108)	(73 713 215)
Zone utilities and rates	29	(116 640 085)	(116 644 012)
Contracted services	30	(15 361 176)	(12 118 428)
Loss on disposal of assets and liabilities		(26 925)	-
General Expenses	31	(50 497 254)	(45 130 302)
SMME Development	32	(6 411 964)	(23 777 926)
Total expenditure		(394 359 861)	(407 142 860)
Taxation	33	(38 680 943)	(60 831 110)
Surplus for the year		133 110 262	106 810 531

Statement of Changes in Net Assets

	Accumulated Surplus/Deficit (R)	Total Net Assets (R)
Opening balance as previously reported	2 536 917 732	2 536 917 732
Adjustments		
Correction of errors 43	(167 927 882)	(167 927 882)
Balance at 01 April 2023 (restated)	2 368 989 850	2 368 989 850
Changes in net assets		
Surplus for the year	106 810 530	106 810 530
Total changes	106 810 530	106 810 530
Balance at 01 April 2024 (restated)	2 475 800 383	2 475 800 383
Changes in net assets Surplus for the year	133 110 262	133 110 262
Total changes	133 110 262	133 110 262
Balance at 31 March 2025	2 608 910 645	2 608 910 645
Note(s)		

Cash Flow Statement

	Note(s)	2025 (R)	2024 (R) Restated*
Cash flows from operating activities			
Receipts			
Grants		228 688 715	633 860 374
Interest income		19 157 440	12 901 211
Cash received from tenants and recoveries		371 724 960	286 207 936
Penalties recovered from SARS		29 171 601	-
Total		648 742 716	932 969 521
Payments			
Employee costs		(72 259 605)	(60 666 424)
Suppliers		(374 466 206)	(89 087 716)
Finance costs		-	(138 087)
Tax paid		(28 025 546)	(110 109 455)
VAT payable movement		(75 401 522)	61 917 832
Total		(550 152 879)	(198 083 850)
Net cash flows from operating activities	34	98 589 837	734 885 671
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2 561 111)	(666 002)
Proceeds from sale of property, plant and equipment	4	-	22 795
Purchase of investment property	3	(164 269 742)	(170 625 884)
Purchase of other intangible assets	5	(6 348 316)	-
Net cash flows from investing activities		(173 179 169)	(171 269 091)
Cash flows from financing activities			
Net increase/ (decrease) in cash and cash equivalents		(74 589 332)	563 616 580
Cash and cash equivalents at the beginning of the year		740 797 216	177 180 636
Cash and cash equivalents at the end of the year	10	666 207 884	740 797 216

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved Budget (R)	Adjustments (R)	Final Budget (R)	Actual Amounts on Comparable Basis (R)	Difference Between Final Budget and Actual (R)	Reference
Statement of financial performance revenue						
revenue from exchange transactions						
Rental of facilities	158 361 000	1 700 000	160 061 000	138 078 438	(21 982 562)	35.1
Recoveries	16 544 000	-	16 544 000	18 496 338	1 952 338	35.2
Municipal charges	135 355 000	22 130 000	157 485 000	215 150 184	57 665 184	35.3
COT	4 300 000	20 757 000	25 057 000	-	(25 057 000)	35.4
DTIC rollover	30 660 000	18 108 000	48 768 000	-	(48 768 000)	
Interest received	14 035 000	30 684 000	44 719 000	45 616 168	897 168	
Total revenue from exchange	359 255 000	93 379 000	452 634 000	417 341 128	(35 292 872)	
Revenue from non-exchange transactions						
Taxation revenue						
Penalties recovered	-	8 201 000	8 201 000	29 171 601	20 970 601	35.5
Transfer revenue						
Government grants	327 391 000	(124 891 000)	202 500 000	202 500 000	-	
SETA grants	-	39 011 000	39 011 000	15 178 113	(23 832 887)	35.6
Total revenue from non-exchange transactions	327 391 000	(77 679 000)	249 712 000	246 849 714	(2 862 286)	
Total revenue	686 646 000	15 700 000	702 346 000	664 190 842	(38 155 158)	
Expenditure						
Personnel	(88 492 000)	9 632 000	(78 860 000)	(72 259 605)	6 600 395	35.7
Depreciation	-	-	-	(80 774 329)	(80 774 329)	
Capital assets	(17 900 000)	(4 859 494)	(22 759 494)	(9 293 594)	13 465 900	35.8
Goods and services	(224 249 370)	(93 095 107)	(317 344 477)	(409 494 792)	(92 150 315)	35.9
Infrastructure cost	(335 939 000)	102 103 000	(233 836 000)	(188 910 203)	44 925 797	35.10
Total expenditure	(666 580 370)	13 780 399	(652 799 971)	(760 732 523)	(107 932 552)	
Operating deficit	20 065 630	29 480 399	49 546 029	(96 541 681)	(146 087 710)	
Loss on disposal of assets		-	-	(26 925)	(26 925)	

Statement of Comparison of Budget and Actual Amounts

Deficit before taxation	20 065 630	29 480 399	49 546 029	(96 568 606)	(146 114 635)
Taxation	18 696 630	15 688 399	34 385 029	38 680 943	4 295 914
Actual amount presented in the budget and actual comparative statement	1 369 000	13 792 000	15 161 000	(135 249 549)	(150 410 549)

Accounting Policies

1. Significant account policies

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

1.1 Basis of preparations

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

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

Trade receivables

The entity assesses at the end of each reporting period whether there is objective evidence that a receivable or group of receivables is impaired. A receivable is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that event has an impact on the estimated future cash flows of the receivable that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes:

- Significant financial difficulty of the debtor;
- A breach of contract, such as default or delinquency in interest or principal payments; The granting of a concession to the debtor that the entity would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy;
- If observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets.

Where there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the receivable's original effective interest rate. The following key judgements and estimates are used in assessing impairment:

- Identifying individually significant receivables;
- Assessing objective evidence of impairment;
- Conducting individual or collective impairment assessments;
- Estimating future cash flows, considering expected timing and amounts of recovery, which may include historical loss experience and observable data.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit.

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including variables such as production estimates, supply and demand, together with economic factors such as exchange rates and inflation.

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 18 - Provisions are recognised when the economic entity has a present obligation as a result of a past event.

- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

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

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

Contingencies

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

Expected manner of realisation for deferred tax

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

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes owing to or due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during

the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

Useful lives of property, plant and equipment

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

Accounting by principals and agent

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

Additional information is disclosed in Note 44.

Statutory receivables

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

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

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

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Recognition

The entity recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers);
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

1.6 Investment property

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

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

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

Accounting Policies

1.6 Investment property (continued)

Cost model

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

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

Item	Useful Life
Property – Land	indefinite
Property – buildings	60 years
Lifts	5 to 20 years
Roads and paving	20 to 50 years
Other components	3 to 10 years
Fire Prevention	5 to 20 years
Hvac Installation	10 to 30 years
Cameras	5 to 10 years
Electrical Installation	20 to 40 years

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

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

1.7 Property, plant and equipment

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

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

An item of 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 bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

An item of property, plant and equipment is carried at cost less accumulated depreciation on a straight-line basis over useful life.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Buildings	Straight-line	10 years
Furniture and fixtures	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 5 years
IT equipment	Straight-line	3 - 4 years
Marketing equipment	Straight-line	5 - 10 years

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

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

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

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

Accounting Policies

1.8 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation Method	Average Useful Life
Computer software, other	Straight-line	3 to 5 years

Intangible assets are derecognised:

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

1.9 Financial instruments

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

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

Accounting Policies

1.9 Financial instruments (continued)

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or

a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

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

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

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

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

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

Classification

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

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

Accounting Policies

1.9 Financial instruments (continued)

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

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

1.10. Prepayments

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

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

Deferred tax assets and liabilities

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

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

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

1.11 Leases

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

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

Operating leases - lessor

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

Accounting Policies

1.11 Leases (continued)

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 is recognised as an operating lease asset or liability.

1.12 Inventories

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

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

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

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

Accounting Policies

1.14 Impairment of cash-generating assets

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

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

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

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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

1.16 Revenue from exchange

Transactions measurement

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

Accounting Policies

1.16 Revenue from exchange (continued)

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

Rental income and recoveries

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

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

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

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

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

Interest

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

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

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

Accounting Policies

1.17 Revenue from non-exchange transactions

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

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

Statutory receivables

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

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

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied. Taxation revenue is not grossed up for the amount of tax expenditures.

1.18 Value Added Tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.19 Accounting by principals and agents

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Accounting Policies

1.19 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP. The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

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

1.19 Segment information

A segment is an activity of an entity:

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

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

Accounting Policies

1.20 Budget information

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

General purpose financial reporting by 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 2024/04/01 to 2025/03/31.

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

The annual financial statements and the budget are not on the same basis of accounting; therefore, a reconciliation between the statement of financial performance and the budget has been included in the annual financial statements. Refer to note 6.

1.21 Related parties

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

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

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

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

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

Accounting Policies

1.22 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted all the old, approved standards and interpretations and those ones that were effective in the current financial year and are relevant to the entity's operations, being the GRAP 24 - Presentation of Budget Information in Financial Statements.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/Interpretation:	Effective Date:	Expected Impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2025	Impact is currently being assessed
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2025	Impact is currently being assessed
GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Impact is currently being assessed
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Investment property

	2025 (R)			2024 (R)		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Investment property	3 468 839 442	(169 686 179)	3 299 153 263	3 303 139 560	(91 045 326)	3 212 094 234

Reconciliation of investment property – 2025

	Opening Balance (R)	Additions (R)	Depreciation (R)	Total (R)
Investment property	3 212 094 234	165 699 882	(78 640 853)	3 299 153 263

Included under general expenditure are costs incurred for the current year amounting to R7,9 million for infrastructure maintenance.

Reconciliation of investment property – 2024

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

The investment property is situated in Silverton, Pretoria and consists of 12 factories, including Thai Summit, a tenant that has constructed its building and is leasing the land from TASEZ. These properties are leased to companies and the zone is managed by TASEZ. Phase 2, construction of other factories and planning processes are underway.

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2025 (R)			2024 (R)		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Buildings	478 097	(95 619)	382 478	478 097	(47 810)	430 287
furniture and fixtures	1 838 842	(290 631)	1 548 211	566 634	(205 600)	361 034
office equipment	220 252	(89 809)	130 443	171 986	(53 604)	118 382
IT equipment	2 945 057	(1 373 825)	1 571 232	1 794 788	(959 888)	834 900
marketing equipment	2 955 502	(608 692)	2 346 810	2 915 285	(315 819)	2 599 466
Total	8 437 750	(2 458 576)	5 979 174	5 926 790	(1 582 721)	4 344 069

Reconciliation of investment property – 2025

	Opening Balance (R)	Additions (R)	Disposals	Depreciation (R)	Total (R)
Buildings	430 287	-	-	(47 809)	382 478
Furniture and fixtures	361 034	1 303 056	(18 400)	(97 479)	1 548 211
Office equipment	118 382	50 179	(251)	(37 867)	130 443
IT equipment	834 900	1 167 659	(8 274)	(423 053)	1 571 232
Marketing equipment	2 599 466	40 217	-	(292 873)	2 346 810
Total	4 344 069	2 561 111	(26 925)	(899 081)	5 979 174

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

Reconciliation of investment property – 2024

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

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

Notes to the Annual Financial Statements

5. Intangible assets

	2025 (R)			2024 (R)		
	Cost/ Valuation	Accumulated Amortisation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Amortisation and Accumulated Impairment	Carrying Value
Computer software, other	6 348 316	(1 234 395)	5 113 921	127 250	(127 250)	-

Reconciliation of investment property – 2025

	Opening balance (R)	Additions (R)	Disposals (R)	Amortisation (R)	Total (R)
Computer software	-	6 348 316	-	(1 234 395)	5 113 192

Reconciliation of investment property – 2024

	Opening Balance (R)	Amortisation (R)	Total (R)
Computer software	31 385	(31 385)	-

Notes to the Annual Financial Statements

6. Operating lease asset (liability)

	2025 (R)	2024 (R)
Non-current assets	79 972 207	64 285 657
Non-current liabilities	(90 251 632)	(67 341 665)
Total	(10 279 425)	(3 056 008)

TASEZ's primary business function is renting out properties to tenants in the automotive sector. TASEZ is renting out properties to 10 tenants, with Ford South Africa (Ford) serving as the primary tenant. Other tenants include suppliers of Ford for the manufacturing of the new Ford Ranger. The lease terms vary from 7 years to 20 years and the related lease payments escalate at CPI but are limited to 4,6%. The minimum lease payments that are receivable from the tenants are outlined below:

Operating lease asset		
Within 1 year	168 474 234	163 715 929
2-5 years	552 060 780	545 963 548
After 5 years	989 268 341	1 291 633 915
Total	1 709 803 355	2 001 313 392

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

Operating lease payments represent rentals payable by the entity for office accommodation and rental of printers from Konica Minolta. The lease term for printers is one year. The lease contract with CSIR for office accommodation was effective from 1 November 2024 for the period of 36 months and there are no escalations on this contract. No contingent rent is payable.

The minimum lease payments that are payable are detailed in the table below

Within 1 year	13 471 090	12 993 133
2-5 years	44 160 808	43 342 771
After 5 years	3 502 202 177	5 082 952 022
Total	3 559 834 075	5 139 287 926

7. Receivables from non-exchange transactions

Statutory receivables	-	16 652 193
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8. Receivables from exchange transactions

Trade debtors	61 729 219	91 947 662
Staff debtors	61 144	71 000
Other receivables	-	56 083 144
Accrued interest	3 518 772	1 808 400
Total	65 309 135	149 910 206

Notes to the Annual Financial Statements

8. Receivables from exchange transactions (continued)

None of the trade and other receivables have been pledged as security.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2025 debtors that were past due but not impaired are detailed below.

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

	2025 (R)	2024 (R)
1 month past due	8 029 363	10 329 155
2 months past due	1 275 792	10 200 760
3 months past due	22 442 277	109 277 444

9. Inventories

Consumable stores	45 764	20 079
Zone stock	-	362 400
Total	45 764	382 479

Inventories recognised as an expense during the year 336 715 346 430

In the prior year inventories related to stationery and access cards (significant balance) were utilised, leading to a lower balance of stationery.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cashbook account	21 084	19 875
Bank balances	666 186 800	740 777 341
Total	666 207 884	740 797 216

Of the cashbook amount reflected above, there was R7 689 cash on hand at year end.

Cash and cash equivalents held by the entity that are ringfenced for capital purposes	500 001 540	502 976 604
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11. Prepayments

Advance payments	1 658 596	1 329 597
Prepayment: Insurance	909 113	411 467
Total	2 567 709	1 741 064

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

Notes to the Annual Financial Statements

12. VAT receivable

	2025 (R)	2024 (R)
VAT	30 518 462	-

13. Current tax payable (receivable)

Balance at beginning of the year	(24 490 859)	62 100 552
Current tax for the year recognised in surplus or deficit	28 637 578	15 475 608
Prior year under or over provision	(4 335 386)	8 042 435
Interest charged on under or over provision	-	138 087
Tax refund	2 623 710	-
Tax paid	(30 649 255)	(110 247 541)
Total	(28 214 212)	(24 490 859)

14. Deferred tax

Deferred tax liability

Temporary differences	(883 931 377)	(869 552 627)
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Reconciliation of deferred tax asset \ (liability)

At beginning of year	(869 552 627)	(664 310 759)
Investment property	(22 100 290)	(194 401 425)
Property plant and equipment	(263 399)	-
Intangible assets	133 315	-
Employee benefit obligations	(1 011 154)	2 134 585
Section 24C allowance	6 912 456	14 843 727
Operating lease liability	6 185 691	18 182 250
Operating lease asset	(4 235 369)	(10 636 058)
Provision for utilities	-	(35 364 947)
Total	(883 931 377)	(869 552 627)

15. Payables from exchange transactions

Trade payables	12 736 233	5 690 796
Provident fund	10 530 047	-
Retention payable	774 515	5 099 762
Zone utilities payable to CoT	65 616 424	229 278 750
Total	89 657 219	240 069 308

16. VAT payable

	2025 (R)	2024 (R)
VAT payable	-	44 883 060

Notes to the Annual Financial Statements

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise:

Unspent conditional grants and receipts

Unspent grants DTIC	470 969 665	444 947 851
Unspent grants GDED	28 212 761	58 028 753
Unspent grants SETA	819 114	-

Total	500 001 540	502 976 604
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Movement during the year

Balance at the beginning of the year	502 976 604	115 523 507
Additions during the year	177 188 742	580 360 373
Income recognition during the year	(180 163 806)	(192 907 276)

Total	500 001 540	502 976 604
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18. Employee benefit provisions

Reconciliation of employee benefit provisions – 2025

	Opening Balance (R)	Additions (R)	Utilised During the Year (R)	Transfer to Payables (R)	Total (R)
Leave	3 242 473	89 662	(441 918)	-	2 890 217
Bonus	5 052 548	5 449 867	(3 063 316)	-	7 439 099
Provident fund	5 779 310	-	-	(5 779 310)	-
Total	14 074 331	5 539 529	(3 505 234)	(5 779 310)	10 329 316

Reconciliation of employee benefit provisions – 2024

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

Leave provision

The provision for leave represents the unutilised leave earned by employees as at 31 March 2025. The timing of when an employee will utilise leave is unknown.

Bonus provision

The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2025. The outflow is considered to be probable. The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval by the Board members. The entity's remuneration policy bases the performance bonus on the organisational performance, business unit performance and individual performance for the financial year in question. The performance bonus for an individual is capped at a maximum of 20% of total cost to company.

Notes to the Annual Financial Statements

18. Employee benefit provisions (continued)

Provident fund provision

The provision for the provident fund relates to the payment of provident fund on behalf of the entity's employees based on the approval by the Board in August 2022. The outflow is considered to be probable and will be paid on finalisation of the SCM processes. The service provider for provident fund was appointed in the current financial year. The fund is capped at a maximum of 7,5% of basic salaries and this will result in outflows of economic benefits.

19. Revenue

	2025 (R)	2024 (R)
Rental of facilities and equipment	153 901 185	164 194 196
Recoveries	150 619 626	133 523 030
Insurance proceeds	-	22 795
Interest received - investment	17 447 068	13 985 010
Penalties recovered	12 519 408	16 652 193
Government grants & subsidies	231 663 779	246 407 277
Total	566 151 066	574 784 501
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	153 901 185	164 194 196
Recoveries	150 619 626	133 523 030
Insurance proceeds	-	22 795
Interest received - investment	17 447 068	13 985 010
Total	321 967 879	311 725 031
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Penalties recovered	12 519 408	16 652 193
Transfer revenue		
Government grants & subsidies	231 663 779	246 407 277
Total	244 183 187	263 059 470

Notes to the Annual Financial Statements

20. Recoveries

	2025 (R)	2024 (R)
Electricity recovery	126 668 091	107 595 896
Security zone - recovery	8 122 531	6 185 410
Water recovery	6 263 468	5 938 771
Sewerage & sanitation	2 989 064	3 109 345
Diesel generators	1 087 098	5 622 979
Infrastructure maintenance Fee	4 021 676	4 250 866
Gardening services	1 467 698	819 763
Total	150 619 626	133 523 030

21. Investment revenue

Interest revenue

Bank	17 447 068	12 467 443
Interest charged on overdue fees	-	1 517 567
Total	17 447 068	13 985 010

22. Penalties recovered

Penalties recovered from SARS	12 519 408	16 652 193
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23. Government grants & subsidies

Operating grants

Government grant (operating)-GDED	51 500 000	53 500 000
Government grant (operating)-SETA	14 358 999	-
Total	65 858 999	53 500 000

Capital grants

Government grant (capital)	165 804 780	192 907 276
Total	231 663 779	246 407 276

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	259 461 189	581 034 677
Unconditional grants received	66 553 913	53 500 000
Total	326 015 102	634 534 677

Department of Trade and Industry and Competition Grant - CAPEX

Balance unspent at beginning of year	444 947 851	69 454 584
Current-year receipts	-	410 035 722
Interest received	31 138 456	1 578 126
Conditions met - transferred to revenue	(5 116 642)	(36 120 581)
Total	470 969 665	444 947 851

Notes to the Annual Financial Statements

23. Government grants & subsidies (continued)

	2025 (R)	2024 (R)
Conditions still to be met - remain liabilities (see note 17). Provide explanations of conditions still to be met and other relevant information.		
Gauteng Department: Economic Development Grant - CAPEX		
Balance unspent at beginning of year	58 028 753	46 068 923
Current-year receipts	130 872 173	168 746 524
Conditions met - transferred to revenue	(160 688 165)	(156 786 694)
Total	28 212 761	58 028 753
Sector Education and Training Authority (SETA) grant		
Current-year receipts	15 178 113	-
Conditions met - transferred to revenue	(14 358 999)	-
Total	819 114	-

24. Employee-related costs

Basic	64 830 199	54 316 978
Bonus	5 449 867	4 149 250
Medical aid	1 591 114	1 058 857
UIF	237 314	111 907
SDL	674 787	550 709
Leave pay provision	28 518	387 923
Group life insurance	1 065 139	1 295 384
Provident fund	4 750 738	3 816 521
Acting allowances	183 212	166 278
Car allowance	713 000	290 700
Cellphone allowance	510 800	462 000
Total	80 034 688	66 606 507

25. SETA learnership expenses

SETA learnership expenses	14 358 332	-
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26. Depreciation and amortisation

Property, plant and equipment	899 081	653 841
Investment property	78 640 853	68 325 756
Intangible assets	1 234 395	34 786
Total	80 774 329	69 014 383

27. Finance costs

Interest on VAT liability	-	138 087
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Notes to the Annual Financial Statements

28. Operating lease

	2025 (R)	2024 (R)
Office accommodation	3 798 056	5 693 020
CoT land rental	26 383 877	67 977 769
Rental - photocopy machine	73 175	42 426
Total	30 255 108	73 713 215

29. Zone utilities

Electricity, water and sewerage recoveries	116 640 085	116 644 011
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30. Contracted services

Catering - external	30 286	15 311
Cleaning	272 892	185 912
Employee wellness	111 520	80 748
Internal audit services	605 684	859 721
Garden services expense	1 740 153	994 374
Security - zone	12 600 641	9 982 362
Total	15 361 176	12 118 428

31. General expenses

Advertising	7 092 481	8 515 998
Auditors' remuneration	2 695 820	2 740 760
Bank charges	74 931	72 198
Annual software licences	1 585 968	832 215
Consulting and professional fees	2 957 277	6 336 567
Consumables	178 973	237 939
Enterprise supplier development	5 878 733	674 669
Fraud hotline	50 500	-
Diesel generator hire	-	5 622 978
Insurance	5 261 236	3 896 128
Community development and training	391 375	238 900
Conferences and events	6 455 855	262 404
Diesel	24 260	1 413 897
IT expenses	6 228 696	9 503 994
Rates and levies	114 660	113 815
Printing and stationery	395 107	73 083
Protective clothing	215 159	71 582
Repairs and maintenance	338 015	520 598
Other costs	77 444	87 718
Subscriptions and membership fees	78 913	697 814

Notes to the Annual Financial Statements

31. General expenses

	2025 (R)	2025 (R)
Telephone and fax	221 103	141 060
Staff training	732 627	248 711
Travel	1 333 376	1 298 421
Small assets purchased	137 263	-
Infrastructure maintenance	7 977 482	1 226 942
Venue expenses	-	301 911
Total	50 497 254	45 130 302

32. SMME development

SMME development	(6 411 964)	(23 777 926)
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33. Taxation

Major components of the tax expense

Current		
Local income tax - current period	28 637 577	15 475 608
Local income tax - recognised in current tax for prior periods	(4 335 384)	8 042 435
Total	24 302 193	23 518 043
Deferred		
Deferred tax temporary differences	14 378 750	37 313 067
Total	38 680 943	60 831 110

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate		
Applicable tax rate	27,00 %	27,00 %
Permanent differences	(4,00)%	9,29 %
Total	23,00 %	36,29 %

34. Cash generated from operations

Surplus	133 110 262	106 810 531
Adjustments for:		
Depreciation and amortisation	80 774 329	69 014 383
Loss on disposal of assets	26 925	-
Movements in operating lease assets and accruals	7 223 417	27 948 856
Movements in employee obligations	(3 745 015)	5 943 083
Movement in tax receivable and payable	(3 723 353)	(86 732 849)
Annual charge for deferred tax	14 378 750	37 313 067
Insurance proceeds	-	(22 795)
Provision for utilities	-	(95 138 137)

Notes to the Annual Financial Statements

Changes in working capital:

	2025 (R)	2024 (R)
Inventories	336 715	(346 430)
Receivables from exchange transactions	84 601 071	26 716 125
Other receivables from non-exchange transactions	16 652 193	(16 652 193)
Prepayments	(826 644)	1 782 659
Construction contracts and receivables	-	138 038
Payables from exchange transactions	(151 842 227)	208 740 004
VAT	(75 401 522)	61 918 232
Unspent conditional grants and receipts	(2 975 064)	387 453 097
Total	98 589 837	734 885 671

35. Budget differences

Material differences between budget and actual amounts

Changes in the approved adjusted budget

The changes between the approved adjusted budget and final budget disclosed in the statement of comparison are a consequence of reallocations within the budget. The details and variance explanations are provided below.

	Adjusted Budget (R)	Virements (R)	Total (R)
Employee costs	79 260 000	(400 000)	78 860 00
Goods and services	344 650 000	7 079 506	351 729 506
Machinery and equipment	25 439 000	(2 679 506)	22 759 494
Infrastructure	237 836 000	(4 000 000)	233 836 000
Total	687 185 000	-	687 185 000

35.1 Rental of facilities and equipment

The under collection in rental of facilities is due to tenants that had cashflow challenges, and processes are in place to ensure that the tenants eventually pay.

35.2 Recoveries

The over collection in recoveries is due to receiving revenue from the prior financial year.

35.3 Municipal charges

The over collection in recoveries is due to receiving revenue from the prior and current years based on what was utilised.

Notes to the Annual Financial Statements

35.4 CoT grants

Processes were still underway by the City to secure funding for the Phase 2 project. These processes are to be concluded in the 2025-26 budget. As a result, no funds were received.

35.5 Penalties recovered

An over collection was recorded in the current year as prior year penalties amounting to R16 million were received.

35.6 SETA grants

An amount of R15 million instead of R39 million was received from SETA in support of the training initiative and assistance of unemployed graduates. There were processes still underway to appoint additional graduates and additional funds are expected to be received in the 2025-26 financial year, once processes are finalised.

35.7 Employee costs

The budget was underspent because of recruitments that were still underway; however, the variance amount was spent and included as payables.

35.8 Capital expenditure

Underspending resulted from SCM processes being finalised in March 2025; however, the funds were fully committed.

35.9 Goods and services

While the budget appears to be overspent, this is not the case. The impression of overspending has been created mainly by the payment of a significant amount to the CoT for utilities. This amount had been provided for in prior years.

35.10 Infrastructure costs

The Phase 2 project was still at procurement stage in March 2025 for the appointment of a turnkey service provider. (design, construction and commissioning). The contractor appointment is to be finalised in quarter 1 of 2025-26 owing to the due diligence and appeal process currently underway.

Notes to the Annual Financial Statements

35.10 Infrastructure costs (continued)

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the entity are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2024/04/01 to 2025/03/31. The annual financial statements differ from the budget, which is approved on a cash basis.

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

36. Reconciliation between budget and cash flow statement

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

Operating activities

	2025 (R)	2024 (R)
Actual amount as presented in the budget statement	(135 249 549)	421 110 251
Basis differences	233 839 386	313 775 419
Net cash flows from operating activities	98 589 837	734 885 670
Investing activities		
Basis differences	(173 179 169)	(171 269 091)
Net cash generated from operating, investing and financing activities	(74 589 332)	563 616 579

37. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	9 392 684	7 916 467
Investment property	1 063 258 666	1 361 647 294
Total	1 072 651 350	1 369 563 761
Total capital commitments		
Already contracted for but not provided for	1 072 651 350	1 369 563 761

Notes to the Annual Financial Statements

37. Commitments (continued)

Total commitments

	2025 (R)	2024 (R)
Authorised capital expenditure	1 072 651 350	1 369 563 761

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

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	13 471 090	12 993 133
- in second to fifth year inclusive	44 160 808	43 342 771
- later than five years	3 502 202 177	5 082 952 022
Total	3 559 834 075	5 139 287 926

Operating lease payments represent rentals payable by the entity for land rental. Refer to note 6.

38. Related parties

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

Related party balances

1. Unspent grants

dtic	470 969 665	444 573 376
GDED	28 212 761	58 403 227
SETA	819 114	-

2. Trade receivable (trade payable) regarding related parties

City of Tshwane (CoT) receivables	-	56 083 144
City of Tshwane (CoT) payables	(65 616 424)	(229 278 750)

3. Related party transactions paid to / (received from) related parties

3.1. Expenses

Executive directors' fees	(6 518 439)	(5 566 336)
Zone utilities and rates	(116 640 085)	(116 644 012)

3.2 Grant income

dtic actual receipts	-	410 035 772
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Notes to the Annual Financial Statements

38. Related parties (continued)

	2025 (R)	2024 (R)
GDED actual receipts	182 372 173	222 246 524
SETA receipts	15 178 113	-
dtic (grants utilised)	(5 116 642)	(36 120 581)
GDED (grants utilised)	(212 188 165)	(210 286 694)
SETA (grants utilised)	(14 358 999)	-
Key management information		
Non-Executive Directors	9	10
Executive Board members	2	2
Executive Directors	4	3

Related party transactions

Remuneration of management

Management class: Board members

No board emoluments were paid to the Board of Directors as they are appointed by the shareholders in service of the State. As at the end of 31 March 2025, there were 9 members.

Management class: Executive management 2025

Reconciliation of employee benefit provisions - 2025

Name	Basic Salary (R)	Bonuses and Performance -Related Payments (R)	Other Short-term Employee Benefits (R)	Acting Allowance (R)	Total (R)
Bheka Zulu (Chief Executive Officer)	3 306 647	-	191 880	-	3 498 527
Rebecca Hlabatau (Chief Financial Officer)	2 490 260	354 038	175 614	-	3 019 912
Andile Sangweni (Infrastructure Executive)	2 165 546	413 608	164 971	-	2 744 125
Msokoli Ntombana (Business Development Executive)	2 165 546	396 769	164 743	-	2 727 058
Dinky Mathabela (Acting Corporate Services Executive)	1 855 354	177 622	50 819	320 475	2 404 270
Bianca Kortenhoeven-Jagger (Acting zone Executive)	1 855 354	465 904	44 173	377 056	2 742 487
Total	13 838 707	1 807 941	792 200	697 531	17 136 379

Notes to the Annual Financial Statements

Reconciliation of employee benefit provisions - 2024

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

39. Risk management

Financial risk management

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed grants and own generated revenue. The entity manages liquidity risk by continuously monitoring forecasts and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors. The entity identifies this risk through periodic liquidity gap analysis and the maturity profile of the assets and liabilities. Action is taken in advance to

Notes to the Annual Financial Statements

39. Risk management (continued)

close or minimise the gaps. The entity's exposure to liquidity risk is reduced as it is funded by the dtic and the GDED. The annual budgets are approved at the beginning of each fiscal year and funding agreements are concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities for raising more of its own revenue to ensure the sustainability of the organisation in case the grant is reduced or cut back.

Liquidity gap analysis - 2025

	On Demand and Less than One Month (R)	1 to 12 months (R)	1 to 5 years (R)	Total (R)
Assets	-	-	-	-
Cash and cash equivalents	666 207 884	-	-	666 207 884
Liabilities	-	-	-	-
Payables from exchange transactions	-	(89 657 219)	-	(89 657 219)
Total	666 207 884	(89 657 219)	-	576 550 665

Liquidity gap analysis - 2024

	On Demand and Less than One Month (R)	1 to 12 Months (R)	1 to 5 Years (R)	Total (R)
Assets	-	-	-	-
Cash and cash equivalents	740 797 216	-	-	740 797 216
Liabilities	-	-	-	-
Payables from exchange transactions	-	(240 069 308)	-	(240 069 308)
Total	740 797 216	(240 069 308)	-	500 727 908

Credit risk

The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Management evaluated credit risk relating to tenants before they were incorporated into the zone. Management evaluates credit risk relating to customers on an ongoing basis. The carrying amounts of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets. There has been no significant change since the beginning of the financial year to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk. Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. Credit exposures are closely monitored for indications of impairment.

Notes to the Annual Financial Statements

39. Risk management (continued)

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

	At Amortised Cost (R)	Total (R)
2025 Financial assets		
Trade and other receivables from exchange transactions	65 309 135	65 309 135
cash and cash equivalents	666 207 884	666 207 884
Lease assets	79 972 207	79 972 207
Total	811 489 226	811 489 226
2025 Financial liabilities		
Trade and other payables from exchange transactions	(89 657 219)	(89 657 219)
Lease liabilities	(90 251 632)	(90 251 632)
Total	(179 908 851)	(179 908 851)

Financial instruments	2025 (R)	2024 (R)
Bank balances	666 207 884	740 797 216
Trade debtors	65 309 135	149 910 206
Lease assets	79 972 207	64 285 657
Total	811 489 226	954 993 079

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired

Cash and cash equivalents	666 207 884	740 797 216
Trade and other receivables from exchange transactions	65 309 135	149 910 206

Past due and not impaired

Receivables from exchange transaction	22 442 277	109 277 444
Total	753 959 296	999 984 866

Interest rate risk

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

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

Notes to the Annual Financial Statements

39. Risk management (continued)

Sensitivity of interest changes assessment

	2025 (R)	2024 (R)
	666 207 884	740 797 216
Impact of the 100 basis points	6 662 078	7 407 773
Impact on the surplus of the year	133 110 262	106 810 513
Interest rate of increase 100 basis points (%)	5	7
Interest rate decrease of 100 basis points (%)	(5)	(7)

40. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of 2 608 910 645 and that the entity's total assets exceed its liabilities by 2 608 910 645.

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

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

41. Events after the reporting date

There were no non-adjusting and adjusting events after the reporting date.

42. Contingencies

As of 31 March 2025, TASEZ has identified non-compliance with the National Environmental Management Act and there is a possible obligation or penalty of up to R10 million should there be development on the wetland during the construction of new buildings for Phase 2. Fines are documented in the National Environmental Management Act, 1998, National Environmental Management: Waste Act, 1998, National Environmental Management Air Quality Act, 1998 and the Occupational Health and Safety Act, 1993.

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

43. Prior period errors

43.1 Deferred tax

During the current financial year, the entity identified a prior period error relating to the calculation of deferred tax on investment property. In previous financial statements, the deferred tax liability arising from

Notes to the Annual Financial Statements

43.1 Deferred tax (continued)

taxable temporary differences on investment property was incorrectly calculated using the capital gains tax (CGT) inclusion rate of 80% and the corporate income tax rate of 27%, resulting in an effective tax rate of 21,6% (27% × 80%).

However, in terms of IAS 12 Income Taxes, where the entity expects to recover the investment property through use rather than through sale, the full corporate income tax rate of 27% should be applied to calculate deferred tax on the related temporary differences.

This error was identified by the tax experts recently appointed by the entity and has been corrected retrospectively in accordance with IAS 8.

The correction of the error resulted in adjustments as follows:

	2025 (R)	2024 (R)
Statement of financial position		
Increase in deferred tax	-	173 453 089
Decrease in accumulated surplus	-	(167 928 882)
Statement of financial performance		
Increase in taxation	-	5 524 207
Cash flow statement		
Cash flow from operating activities		
Increase in deferred tax movement		5 524 207

43.2 Prior year typos

In the prior year, the taxation amount presented on the face of the statement of financial performance did not agree with the amount disclosed in the corresponding note 33 . On the face of the statement of financial performance the correct amount of R55 306 903 was presented while the incorrect amount of R54 821 860 was disclosed in note 33 .

Furthermore, the employee-related costs presented on the face of the statement of financial performance did not agree with the amount disclosed in the corresponding note 24. On the face of the statement of financial performance the correct amount of R66 606 597 was presented while the incorrect amount of R66 994 430 was disclosed in note 24.

Notes to the Annual Financial Statements

44. Accounting by principals and agents

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

1. Arrangement with the City of Tshwane:

TASEZ entered into an agreement with the City of Tshwane as an implementing agent for the provision of bulk infrastructure services (water, sewer, electricity, roads and stormwater) for the TASEZ Phase 1 and 1A. TASEZ did not hold any resources on behalf of the City of Tshwane at year end.

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

2. Arrangement with Coega Development Corporation

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

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

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

44.1 Principal agent - Coega

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

Management fees paid to Coega

	2025 (R)	2024 (R)
Fees	7 625 554	9 067 890

Notes to the Annual Financial Statements

44. Accounting by principals and agents (continued)

44.2 Agent disclosure - CoT

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

Reconciliation of the carrying amount of payables

Recoveries

	2025 (R)	2024 (R)
Opening balance	229 278 750	95 138 137
Payment and billing for the CoT	(163 662 326)	134 140 613
Total	65 616 424	229 278 750

There were no write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to

Accrued Income and other debtors

Opening balance	56 082 660	74 744 295
Write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to	-	-
Cash received from CoT	(56 082 660)	(18 661 635)
Total	-	56 082 660

45. Segment information

Identification of segments

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

Resource allocation, assets and liabilities are also managed in the Gauteng area. Geographical information is not provided as there are no distinct economic benefits derived from different locations.

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**TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE**

AFRICA'S FIRST AUTOMOTIVE CITY

ANNUAL REPORT