ANNUAL REPORT 2024/25

IDT, an entity of the Department of Public Works and Infrastructure

idt independent development trust

independent development trust

public works & infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

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Part A: General Information

1. Public Entity's General Information

REGISTERED NAME	INDEPENDENT DEVELOPMENT TRUST
REGISTRATION NUMBER	669/91 (TRUST PROPERTY CONTROL ACT [NO. 57 OF 1988])
PHYSICAL ADDRESS	GLENWOOD OFFICE PARK CORNER OBERON & SPRITE STREETS FAERIE GLEN PRETORIA 0043
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TELEPHONE NUMBER/S	+27 12 845-2000
EMAIL ADDRESS	INFO@IDT.ORG.ZA
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BANKERS	ABSA - CORPORATE, LOURIE PLACE HILLCREST OFFICE PARK 177 DYER ROAD HILLCREST 0083
COMPANY SECRETARY	MS MASESI KOTO
EXTERNAL AUDITORS PHYSICAL ADDRESS	AUDITOR-GENERAL OF SOUTH AFRICA 4 DAVENTRY STREET, LYNNWOOD BRIDGE OFFICE PARK LYNNWOOD MANOR PRETORIA, SA
POSTAL ADDRESS	PO BOX 446 PRETORIA 0001
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2. List of Abbreviations /Acronyms

AA	Accounting Authority
ABTs	Alternative Building Technologies
AFS	Annual Financial Statement
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ARCO	Audit and Risk Committee
ASIDI	Accelerated School Infrastructure Delivery Initiative
BAC	Bid Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
CBE	Council for the Built Environment
Cidb	Construction Industry Development Board
CBO	Community-Based Organisation
CDP	Contractor Development Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisation
CSU	Corporate Services Unit
DBE	Department of Basic Education
DG	Director-General
DOE	Department of Education
DOEL	Department of Employment and Labour
DPWI	(National) Department of Public Works and Infrastructure
EA	Executive Authority
EC	Eastern Cape
ECD	Early Childhood Development
ECDC	Early Childhood Development Centre
EE	Employment Equity
EEP	Employment Equity Plan
EPWP	Expanded Public Works Programme
EPWP: NSS	Expanded Public Works Programme: Non-State Sector
EXCO	Executive Committee
FinCom	Finance Committee
FS	Free State
FSU	Financial Services Unit
GP	Gauteng Province
HCS	Human Capital Strategy
HRP	Human Resources Plan
IDT	Independent Development Trust

ICT	Information and Communications Technology
IT	Information Technology
KZN	KwaZulu-Natal
LP	Limpopo
MANCO	Management Committee
M&E	Monitoring and Evaluation
M&E+R	Monitoring, Evaluation, and Reporting
MINMEC	Minister and Members of Executive Council
MP	Mpumalanga
MTEF	Medium-Term Expenditure Framework
MTERF	Medium-Term Expenditure and Revenue Framework
NC	Northern Cape
NDP	National Development Plan: Vision 2030.
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NW	North West
NSS	Non-State Sector
OCEO	Office of the Chief Executive Officer
OD	Organisational Development
PFMA	Public Finance Management Act (PFMA) (Act 1 of 1999), as amended
PIA	Programme Implementation Administration
PIAA	Programme Implementation Agency Agreement
PICC	Presidential Infrastructure Coordinating Commission
PIM	Programme Implementation Manager
PCPWI	Portfolio Committee on Public Works and Infrastructure
PPPFA	Preferential Procurement Policy Framework Act (No. 5 of 2000), as amended
PM	Programme Manager
PMSU	Programme Management Services Unit
RMC	Risk Management Committee
SIP	Strategic Infrastructure Programme
SMME	Small, Medium, and Micro Enterprise
SONA	State of the Nation Address
WC	Western Cape

3. Foreword by the Executive Authority

When I entered office in July 2024, I made it clear that my overarching goal during my term would be to turn South Africa into a construction site, one that grows the economy and creates jobs. This belief is shared by the seventh administration, where, at a Cabinet Lekgotla shortly after my appointment, the collective resolve was clear: our number one priority is to grow the economy and reduce the country's stubbornly high unemployment rate.

In this regard, the Independent Development Trust (IDT) has an important role to play. As an implementing agent of construction projects on behalf of client departments, the IDT provides crucial social infrastructure across the country, often in far-flung areas, thereby directly improving the lives of our people. However, upon my appointment, I was acutely aware of the serious challenges confronting the entity: an inquorate Board, allegations of corruption, and deteriorating financial practices among them.

Since then, significant progress has been made. Cabinet approved the appointment of a fully quorate Board of Trustees; investigations into serious allegations, such as the Oxygen Plant Tender, have been concluded; and new partnerships have been forged to restructure and restore the IDT to its rightful position as a key role-player in social infrastructure provision. I wish to thank both the previous and current Boards of Trustees for the strides made in restoring governance stability. In particular, I acknowledge the leadership of Chairperson Ms Zimbini Hill and Acting CEO Ms Carmen-Joy Abrahams for safeguarding the entity and ensuring it can again contribute to South Africa's development story.

The year ahead must be about acceleration: expediting reforms, finalising outstanding investigations (such as those related to lease agreements), and ensuring accountability is achieved. I also look forward to the conclusion of the reconfiguration process currently being undertaken by experts appointed by the Presidential State-Owned Enterprises Council. This process will determine the most sustainable path for the IDT to discharge its mandate seamlessly and reduce the huge infrastructure backlogs in our country.

Turning South Africa into a construction site will not be achieved unless there is trust in our entities and institutions. For the IDT, achieving clean audits, being corruption-free, and upholding transparency must be non-negotiable. We must turn the page on years of negative reporting and focus instead on restoring institutional credibility.

This report should serve as a renewed call to action: to reform with urgency, deliver with integrity, and build with purpose. By expediting the reforms underway and working smartly together, I am confident that the IDT will be repositioned as a trusted partner in infrastructure delivery: one that helps grow the economy, creates jobs, and uplifts communities.

Let us continue building, together, a better South Africa.

Dean Macpherson, MP
Minister of Public Works & Infrastructure

4. Foreword by the Chairperson of the Board

I am honoured to present this Annual Report of the Independent Development Trust (IDT) for the 2024/25 financial year. This reporting cycle has been one of both continuity and renewal. While several members of the current Board of Trustees were only appointed at the close of the reporting period, we acknowledge the contributions of the previous Board and recognise the progress achieved under their stewardship.

While several members of the current Board of Trustees were only appointed after the close of the reporting period, we acknowledge the contributions of the previous Board and recognise the progress achieved under their stewardship. Seven trustees, myself included, were appointed in April 2025 to conclude the previous term until July. Thereafter, a fully quorate 12-member Board was appointed in July 2025 and has since presided over the finalisation of the Auditor-General's regulatory audit. As such, while the audit outcomes reflect the work undertaken under a different governance structure, the current Board has actively engaged with the auditors since coming into office.

Since assuming office, the Board has prioritised governance restoration, consequence management, and alignment with the shareholder's strategic direction. Together with management, our collective mandate is clear: to restore the IDT as a credible, sustainable, and fit-for-purpose implementing agent of social infrastructure.

The reporting period was not without challenges. The Auditor-General has again issued a qualified audit opinion with findings, citing material misstatements, irregular expenditure, and weaknesses in compliance and internal controls. In addition, the audit report highlighted a material uncertainty on going concern, drawing attention to the cash flow pressures that continue to threaten operational sustainability. These issues underscore the urgency of strengthening internal controls, enforcing consequence management, and embedding a culture of accountability at every level of the organisation.

The IDT's project portfolio commitments exceeded R9 billion, the highest level in nine years - signalling rising client confidence in the entity. Actual programme expenditure, however, amounted to R3.6 billion, below target due to client budget cuts and project delays.

The operating environment remains constrained. Government austerity measures and budget cuts have forced clients to delay or cancel projects, affecting programme expenditure and management fee revenue. This has required the IDT to depend on additional funding support for operations. We have therefore prioritised diversifying income streams and building partnerships beyond traditional social infrastructure to ensure financial sustainability.

As part of broader institutional renewal, the reconfiguration process under the guidance of the Presidential State-Owned Enterprises Council is continuing. The outcome of this process will determine the IDT's long-term positioning and its role in reducing South Africa's infrastructure backlogs.

The Board remains committed to:

- Restoring institutional credibility through governance and accountability;
- Ensuring that supply chain management processes meet the highest standards of transparency and fairness;
- Reducing irregular, fruitless, and wasteful expenditure through stronger controls;
- Aligning infrastructure delivery with South Africa's national development priorities.

The year ahead will require steadfast focus to move from qualified audit outcomes to sustainable compliance and unqualified opinions. This will not be achieved by technical adjustments alone, but by cultivating a culture where accountability is lived daily, not only reported annually.

I extend my gratitude to my fellow Trustees, management, staff, the Minister and Deputy Minister of Public Works and Infrastructure, and all stakeholders who continue to support the renewal of the IDT.

Together, we must ensure that the IDT delivers on its mandate and fulfils its promise: assured, efficient infrastructure delivery that serves the people of South Africa.

Ms Zimbini Hill
Chairperson of the Board of Trustees

5. Statement by the Acting Chief Executive Officer

The 2024/25 financial year reflected discernible progress for the Independent Development Trust (IDT). The organisation sustained a qualified audit opinion representing an advancement from the cycle of disclaimers in preceding years. There was a reduction in fruitless and wasteful expenditure and vacancies at senior management level improved.

Infrastructure delivery continued at scale with more than 300 facilities completed or rehabilitated across the country thereby strengthening access to schools, clinics and community facilities. Confidence from client departments was also reinforced as new projects were entrusted to the IDT further expanding the portfolio under management.

The achievements captured in this report emanate from the leadership of the management team and the then Board of Trustees during the 2024/25 financial year prior to my assumption of office. I commenced in August 2025 on a three-month secondment from the Department of Public Works and Infrastructure appointed by the Board to provide leadership continuity during a transitional period.

Operationally, material weaknesses remain in domains repeatedly highlighted by the Auditor-General. Record keeping and evidentiary support for performance information are still deficient and persistent audit findings continue to erode confidence in internal controls. Supply chain management processes and regulatory compliance remain problematic with systemic gaps yet to be fully resolved. Risk management practices are inconsistently effective with insufficient monitoring and follow-up of identified risks. Staffing capacity has improved in certain areas but remains uneven in relation to project demands.

At the same time, critical interventions are under way to reinforce accountability and institutional resilience. Lifestyle audits are being advanced as part of measures to entrench integrity and public confidence. The timely completion of audits is being prioritised to enable the formulation of a comprehensive Audit Action Plan that can be implemented timeously with unambiguous lines of accountability. The Auditor-General has further underscored the imperative for enhanced investment in systems. Such investments will not only augment record keeping and audit evidence but will also strengthen project monitoring, ensure more reliable reporting and improve financial controls. Over time modernised systems will curtail repeat audit findings, accelerate turnaround times and liberate organisational capacity to focus more decisively on infrastructure delivery and social impact.

While formidable challenges remain in financial sustainability, compliance and delivery performance the gains achieved in 2024/25 illustrate that forward momentum is attainable. With the commitment of staff, the guidance of the Board and the support of the Minister, Deputy Minister and Director-General of Public Works and Infrastructure the IDT can consolidate these gains and advance its role as a trusted implementing agent for government.

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Ms Carmen-Joy Abrahams
Acting Chief Executive Officer

6. 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 throughout the Annual Report are consistent with the annual financial statements audited by the Auditor General.
- The Annual Report is complete, accurate, and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the SA GAAP, PFMA, and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the IDT for the financial year ended 31 March 2025.

Yours faithfully

Acting Chief Executive Officer
Ms. Carmen-Joy Abrahams

Ms Zimbini Hill
Chairperson of the Board of Trustees

7. Strategic Overview

The IDT seeks to deliver quality, accessible social infrastructure that contributes to national priorities expressed in the National Development Plan (NDP). This is also essential to building strong and sustainable communities. As such, the IDT approaches social infrastructure development as an integrated process that entails all the necessary measures, facilities, and networks required to prepare communities to receive, own, manage and sustain their development.

The IDT's approach to delivering infrastructure is encapsulated in its mission, vision, and values outlined below.

7.1 Mission

The IDT is a built environment project management agency which manages and delivers integrated public infrastructure programmes.

7.2 Vision

[To be] a commercially driven public sector built environment project management enterprise.

7.3 Brand Promise

Assured efficient infrastructure delivery

7.4 Our Approach

The IDT's approach to social infrastructure development entails all the necessary measures, facilities, and networks required to prepare communities to receive, participate in, own, and sustain their development.

7.5 Strategic Pillars

The IDT's strategy and related actions reinforce the continuous interplay between and realisation of the following results:

- Quality, speedy, and cost-effective service delivery.
- Integrated programme delivery service underpinned by social facilitation and community empowerment; and
- A financially sustainable organization.

7.6 Values and Operating Principles

Table 1: Values and Operating Principles

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Values	Operating Principles
Thinking like our clients	• Our services are regulatory compliant. • Our client's value chain is our concern. • We are committed to sustainable development.
Continuous active visibility	• We are physically visible on-site. • Continued honest reporting
Commercially minded	• We create value for our clients and shareholders. • We are cost-conscious in delivering services to our clients. • We do more with less.
Competitive and collaborative	• We believe in working together with like-minded business partners, including our competitors, for the good of our clients.
Innovative and proactive	• We constantly anticipate different scenarios and find solutions for problems before they escalate.

Values	Operating Principles
Zero tolerance for corruption	• We conduct our business in a lawful, honest, ethical, and corrupt-free manner. • We mean what we say and say what we mean.

8. Legislative and Other Mandates

The IDT was established as a grant-making civil society in 1990. However, in 1997, the entity was re-constituted as a development agency and public entity to support all spheres of government. At its sitting in March 1997, Cabinet resolved that the IDT should be "… transformed into a government development agency that will implement projects which are commissioned by government departments."[1] The organisation was integrated into the public service delivery system in 1999 with the promulgation of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended, and listed as a Schedule 2 Major Public Entity.

The 1997 mandate of the IDT is still in place. The entity reports to Parliament through the Minister of Public Works and Infrastructure, its Shareholder Representative and Executive Authority. The IDT's work contributes to the vision and mandate of the Department of Public Works and Infrastructure, which include the following:

- Custodianship and management of the national government's immovable assets.
- Leading the Expanded Public Works Programme (EPWP).
- Regulating the industries and associated professions falling under its jurisdiction; and,
- Transforming the construction and property sector.

The IDT takes a special interest in policy positions relevant to its mandate. Currently, the most pertinent policy directive is the National Development Plan (NDP): Vision 2030, the country's blueprint for national development. Its strategy is aligned with the government's Medium-Term Strategic Framework (MTSF) and the seven priorities of the sixth administration. As part of this, the entity's goal is to deliver quality, accessible social infrastructure that contributes to the realisation of national priorities. As part of realising these goals, the entity will focus on the realisation of four outcomes, namely:

- Increased access to quality social infrastructure
- A transformed built environment
- Optimised job opportunities (through public employment programmes).
- A financially sustainable entity

Furthermore, the IDT takes cognisance of, and actively aligns its work to the National Infrastructure Plan (NIP) and directly contributes to the following Strategic Integrated Plans (SIPs) under the NIP.

[1] Structural Relationships between government and Civil Society Organisations." A report by the Advisory Committee to the Deputy President, as adopted by Cabinet in March 1997. Page 3

- SIP 6: Integrated Municipal Infrastructure Project
- SIP 12: Revitalisation of Public Hospitals and other Health Facilities
- SIP 13: National School Build Programme.
- SIP 14: Higher Education Infrastructure.
- Both the NDP and the NIP enjoin the IDT to contribute to the national agenda 2030 by:
- Fostering balanced economic development.
- Unlocking economic opportunities.
- Promoting mineral extraction and beneficiation.
- Promoting job creation; and
- Facilitating the integration of human settlements and economic development.

The following laws constitute the legal framework governing the work of the IDT:

- Constitution of the Republic of South Africa,1996 (Act No.108 of 1996)
- Public Finance Management Act, 1999 (Act No.1 of 1999).
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000).
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).
- Labour Relations Act, 1995 (Act No. 66 of 1995).
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).
- Employment Equity Act, 1998 (Act No. 55 of 1998).
- Pension Funds Act, 1996 (Act No. 24 of 1996).
- Companies Act, 2009 (Act No. 71 of 2009) as Amended.
- The Trust Property Control Act, 1988 (Act No. 57 of 1988).
- Promotion of Administrative Justice Act 2000 (Act No.3 of 2000)

9. Organisational Structure

The structure in Figure 1 reflects the entity's organisational macrostructure as at 31 March 2025. Figure 2 shows the board, its committees and the top management structure.

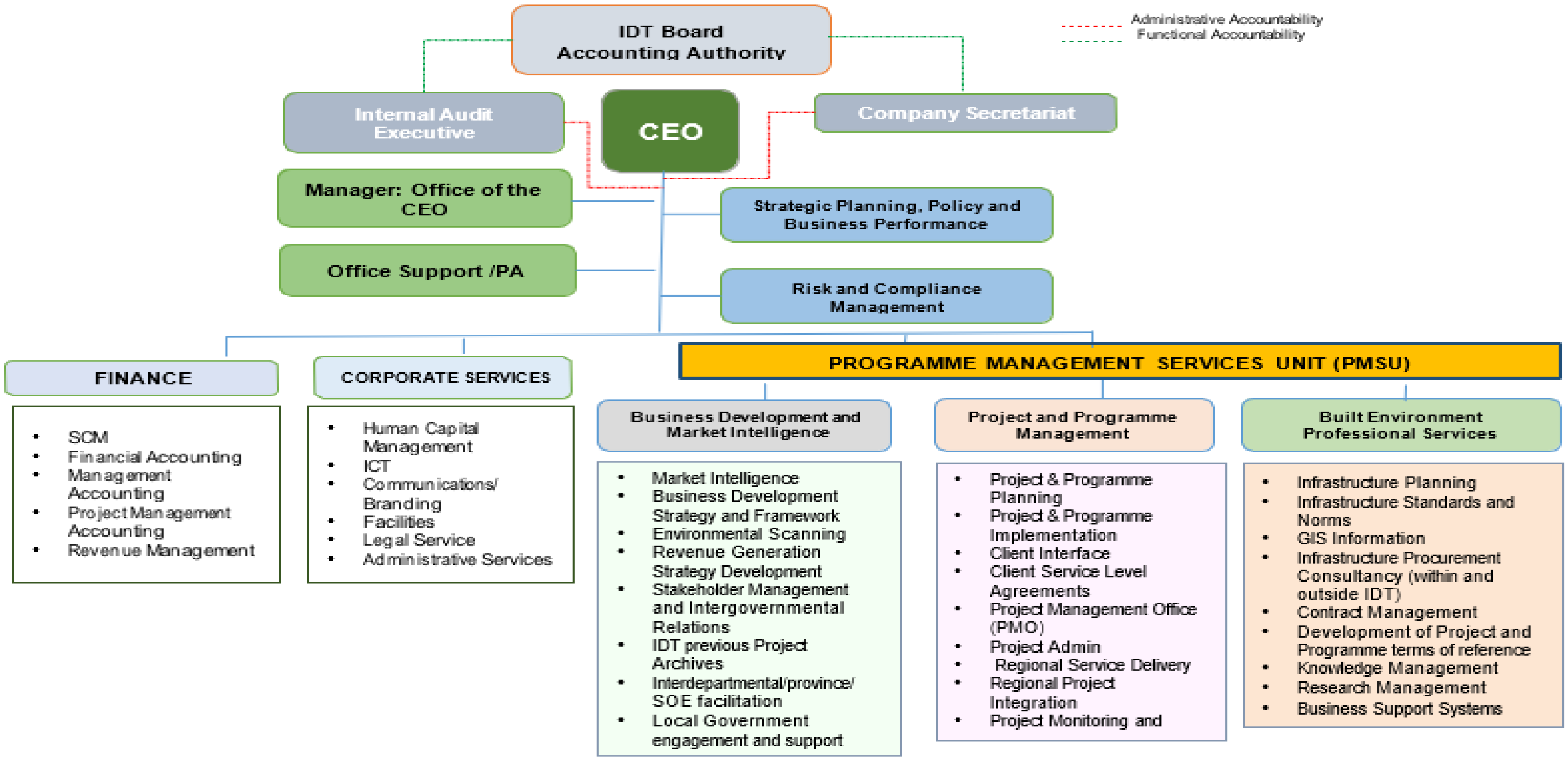


Figure 1: Macrostructure

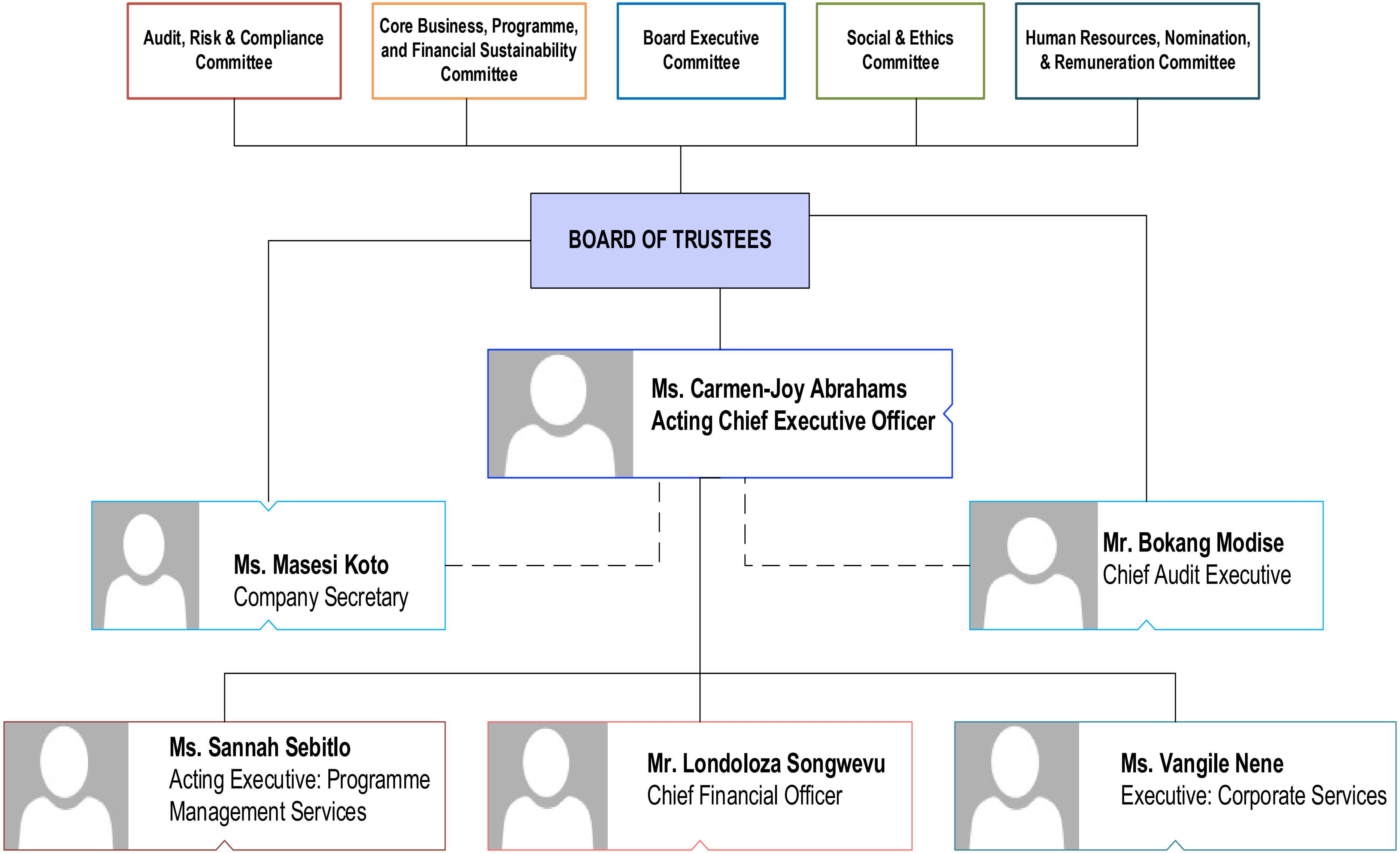


Figure 2: Board and top management structure

Part B: Performance Information

1. Auditor-General's Report: Predetermined Objectives

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

Refer to pages 66 to 79 of the report in the Auditor's Report, published as Part F: Financial Information.

2. Overview of Performance

2.1 Service Delivery Environment

The IDT delivers its services in an environment marked by various challenges. Some of the defining features of the service delivery environment for the reporting period include, among others, the following:

- **Budget cuts:** Austerity measures that were introduced by the National Treasury have contributed to budget cuts and the resultant reduction in capital expenditure by government departments for which the IDT delivers infrastructure. Budget cuts result in the revision of infrastructure plans and delays in project completion. This affects not only the size of the IDT portfolio but programme expenditure as well, which in turn affects the IDT revenue we generate through management fees.

- **Higher levels of public debt** which gradually limit the scope and ability of the government to increase public investment in economic and social development initiatives.

- **Social Infrastructure backlogs:** According to Infrastructure South Africa (ISA), South Africa has huge school infrastructure backlogs. In 2023, for example, ISA estimated that the Eastern Cape required an amount of R79bn to eradicate the school infrastructure backlog against an allocation of only R5 billion for the MTEF period. At this rate, it will take 45 years to completely eradicate the backlog, excluding the estimated annual escalation of construction costs and growing demand. The Northern Cape requires funding of R14 billion to eradicate its school backlogs. However, with an allocation of R2 billion over the 2023/26 MTEF period, it will take 21 years to completely eradicate the schools' backlog in the province.

  The cumulative impact of these challenges is that they invariably negatively affect the size of the IDT business portfolio, which in turn affects the entity's ability to deliver on its mandate and contribute to the realisation of national priorities.

- **Construction sector performance**:

Infrastructure spending stimulates economic activity and creates jobs. Government is the largest spender on infrastructure. Without the levels of expenditure last seen in the build-up to the 2010 FIFA World Cup, the construction industry has been in decline several companies, including some of South Africa's iconic construction firms, have had to close down.

- **Slow rate of transformation**: Efforts to transform the construction industry have proceeded alongside a reversal in fortunes for emerging contractors. According to the CIDB, several contractors in levels 7-9 have deregistered in the past two years. Some of the reasons for these include the following, namely:

  - Client department's failure to roll out large-scale infrastructure, which has had a negative impact on CIDB-registered companies.
  - Liquidation of some companies due to deteriorating economic conditions.

Other challenges in the operating environment, which have a bearing on infrastructure delivery, include, among others, the following:

- Demand for localisation of development benefits emphasising local procurement of supplies for programmes, e.g., using local suppliers, creation, and extension of job opportunities to local community members first.
- The proliferation of construction sector 'transformation forums' demanding participation in project implementation through subcontracting, leading to disruption of construction project work schedules. According to the Global Initiative Against Transnational Crime, 183 infrastructure construction projects worth more than R63 billion were disrupted by violent mafia-inspired activities in 2019. Although the extent to which IDT infrastructure projects have been affected by mafia activity is yet to be determined, disruptions of construction sites have been linked to the decline in international investment and a mass exodus of skills in the industry.
- Demand for inclusive development approaches, for example, the design of programmes that enhance the role of small contractors, and the participation of women, youth, and people with disabilities.
- Within the constraints of the harsh operating environment, the IDT endeavoured to deliver quality social infrastructure to support government development priorities and improve the livelihoods of marginalised communities.
- As part of its contribution to the national development plan, the entity reached some milestones in a few targets during the reporting period. Some of the notable contributions include the following.

  - Achieving R3.619 billion in programme expenditure
  - Generating R3. 467 billion in new business

- Securing a business portfolio (confirmed programmes) of R5.613 billion against a target of R5.854 billion.
- Awarding eighty-seven (87) contracts to designated groups participating in the CDP (39 per cent to women contractors and 40 per cent to youth contractors respectively).
- Completing 315 new or replacement facilities.

All these efforts contribute to the realisation of goals such as increasing access to social infrastructure, transforming the built environment, and creating work opportunities through public employment programmes.

2.2 Organisational Environment

The past financial year saw continuous efforts to turn the entity around from both governance and financial sustainability perspectives. Uppermost on the board's list of priorities was to turn the IDT into a compliant, fit-for-purpose and financially viable entity that can meet client expectations. Some of the notable initiatives set in motion by the board include the following:

- **Business generation:** As part of making the IDT financially viable, the board, together with management, has been working on generating new business for the entity. As a result of these efforts, new business opportunities have emerged from new and existing clients. New business generated during the reporting period stood at R3.467 billion while confirmed business stood at R5.613 billion. The overall value business portfolio (portfolio pipeline) grew by 0,3% on a year-on-year basis from R9.050 billion in the previous financial year to R9.080 billion at the end of the fourth quarter of the 2024/25 financial year.
- This is significant as it shows growing confidence by clients in the IDT, especially since the entity's portfolio had shrunk to unsustainable levels in prior years, and in consequence, raised the spectre of the entity's closure.
- **Appointment of new staff:** During the reporting period, several critical positions were filled in functional areas such as finance, corporate services, and programme management services. Of greater significance was the appointment of the Chief Financial Officer. The position of Executive Head of Programme Management Services remains vacant following the departure of an official who had been seconded by the Municipal Infrastructure Support Agency (MISA) to occupy the position in an acting capacity.

2.2.1 Organisational Turnaround and Restructuring

The entity continued to implement several turnaround initiatives to address some of its teething problems. Notable progress has been made in areas such as resolving performance-related problems as they relate to some of the projects managed by the entity and to boost the entity's ability to deliver infrastructure that meets client expectations. During the reporting period, the entity, at Ministerial behest, developed a sustainability/

turnaround plan which was presented to the Portfolio Committee on Public Works and Infrastructure in January 2025. A more comprehensive turnaround plan was in the process of being developed at the end of the financial year.

- **Reconfiguration process:** The experts appointed by the Presidential State-Owned Enterprises Council (PSEC) to assess the state of the IDT as part of the reconfiguration process continued with the consultation and assessment process during the reporting period. The process is set to be concluded in the next financial year. Once concluded, it will determine the best legal shape and form of the IDT.

2.2.2 The Financial State of Health

The entity has witnessed growth in programme portfolio and programme expenditure. This indicates a positive move towards financial sustainability.

Despite these improvements, however, the level of programme expenditure remains lower than the required growth to attain the financial breakeven point. This is mainly due to the implementation of austerity measures across the government.

2.2.3 Audit Outcomes and Action Plan

The entity received a qualified audit outcome for the 2023/24 financial year. The audit was prolonged and only concluded in February 2025, and this affected the development of a detailed audit action plan to address the root causes of the negative audit outcome of the previous financial year. Despite the delay, corrective measures for a majority of the key issues identified by the Auditor-General have been put in place to prevent them from recurring.

2.2.4 Stakeholder Engagement

Stakeholder management is catalyst for business generation and client retention. Acutely aware of this truism, the entity continued to implement its stakeholder management strategy. The strategy enables the IDT to engage, manage, and actively communicate with its stakeholders throughout the project lifecycle. This will allow the entity to identify and analyse stakeholder needs and expectations and address them on time. Of greater significance is that through these engagements, the entity has been able to restore working relations and unlock business opportunities even with clients who had previously decided not to work with the IDT.

A Business Development Framework was also approved by the board. The Framework provides a structured approach to identifying business opportunities and new clients as well as how to retain existing clients. And, as the entity seeks to diversify its portfolio, the framework, together with the stakeholder management strategy, will go a long way towards ensuring that the IDT is responsive to emerging business opportunities.

Client satisfaction survey: the entity carried out its annual client satisfaction survey. Results of the survey suggest that levels of client satisfaction with IDT services continue to be high, with more than 73 per cent of participants reporting that they were satisfied with the quality of service they received from the IDT. The positive outcome of the survey is similar to that of the 2023/24 survey and reflects the turnaround measures put together by management and the board to ensure that the entity reclaims its place as one of the premier Implementing Agents in the country.

2.2.5 Litigation

The construction industry is not only one of the critical economic driving forces in South Africa, but it is also one of the most litigious. Litigation arises from various issues relating to the rights and obligations of contracting parties, such as breach of contractual conditions and performance failures, such as failure to complete projects on time or to pay contractors on time. There were 43 active claims against the IDT, 11 claims by the IDT, eight dormant claims and five stayed matters (3 against and 2 by the IDT) at the end of the reporting period. To curb the flurry of litigation, the IDT introduced a new contracting model which distributes risk proportionally between the IDT and clients with performance obligations on all parties.

However, some client departments continued to delay the transfer of programme funds to the IDT. This has negatively affected payment turn-around times and the service providers' cash flow, especially small, emerging contractors who can hardly afford payment delays.

The board and management have been working on strategies to reduce the number of litigation cases against the IDT. The entity continues to pursue a strategy geared toward minimising the number of litigation cases and reducing the liability associated with it. The strategy includes measures such as settling matters where necessary and avoiding the costly and often prolonged court process by opting to use mediation and arbitration and following the intergovernmental relation processes where a matter involves the entity and a client department.

2.2.6 Resolving Problematic Projects

As part of the new strategic intent to build a client-centric IDT, management has developed plans to resolve problematic projects that have remained incomplete for years. Here, too, significant strides have been made, and regular interaction with the clients to resolve these issues has yielded positive outcomes in the form of renewed confidence in the IDT.

2.2.7 Corporate Governance

Corporate Governance refers to the rules, practices, and processes through which to govern an organisation. A number of Trustees left the board during the reporting period, bringing to seven, and the number of vacancies on the Board, leaving it inquorate for a short period. The vacancies were filled when the Minister appointed seven Trustees during the last two months of the financial year. This will ensure that there is continuity at the leadership and governance level(s).

The Board, as part of its oversight role, provided the necessary leadership to ensure that the entity strengthens good governance practices in line with the relevant prescripts: The Deed of Trust, the Shareholder's Compact, and the underlying corporate values. Key instruments such as policies were updated and implemented. Compliance instruments such as corporate plans, and quarterly reports were also submitted to relevant authorities as prescribed by the Public Finance Management Act and other prescripts.

2.3 Key Policy Developments and Legislative Changes

The most notable policy development was the continuation of the assessment of the state of the IDT by personnel appointed by the Presidential State-Owned Enterprises Council the previous year. This is part of the reconfiguration process which started during the 2022/23 financial year. At the end of the reporting period, the Department had started consultation with relevant authorities to ensure that the reconfiguration process is brought to a conclusion.

3. Progress Towards Achievement Institutional Impact and Outcomes

The IDT, as part of the infrastructure value chain of the state, takes a special interest in policy positions that are relevant to its mandate. The most pertinent policy directives are the seven priorities of the sixth administration contained in the National Development Plan (NDP). The IDT, like other government institutions, has developed its Impact Statement and Outcomes to contribute to the realisation of these priorities.

3.1 IDT Impact Statement

The IDT is part of the service delivery machinery of the state and its targets are informed by and contribute to the realisation of some of the key delivery targets set by the government in the National Development Plan. The entity's impact statement is ***Quality***, ***accessible social infrastructure that contributes to National Priorities***. The organisation does this through managing the delivery of multi-sectoral development programmes – predominantly social infrastructure – for and on behalf of client departments, state institutions, and municipalities.

3.2 Outcomes

As part of contributing to the realisation of national priorities, the IDT focuses on the following outcomes:

i) Increased access to quality social infrastructure

ii) A Transformed Built Environment

iii) Optimised Job Opportunities (through public employment programmes)

iv) A compliant, Fit-for-Purpose Entity

The IDT has two programmes: Programme 1, Integrated Service Delivery, and Programme 2, Administration. Each programme has its objectives and targets arranged around the four outcomes.

3.2.1 Programme 1: Integrated Service Delivery

Purpose: to provide efficient, effective, and integrated public social infrastructure delivery management services:

- To deliver quality social infrastructure on time, within budget and scope.
- To employ a developmental approach in the delivery of development programmes on behalf of the government to strengthen community ownership and social cohesion; and,
- To manage public employment programmes on behalf of the government to strengthen job creation efforts.
- This programme ensures that the entity delivers on its core mandate and contributes to the reduction of infrastructure backlogs through the construction of public infrastructure, creating work opportunities through public employment schemes and transforming the built environment.

3.2.2 Programme 2: An Effective and Efficient Administration

The purpose of this programme is to ensure that the Independent Development Trust is a financially viable, compliant, results-based, efficient, and focused organisation.

Purpose: A financially viable, compliant, results-based, efficient, and focused organization

- Building a sustainable organisation and maintaining a clean administration that is committed to the efficient use of resources, compliant with relevant legislation and regulations, and accountable.
- Performance indicators and targets under this programme address the entity's delivery capacity, corporate governance, and financial sustainability and are also aligned with the expectations of clients. They enable the entity to contribute to building a capable state and transformation of the built environment by expanding and strengthening its delivery capacity.

Figure 3 indicates IDT's Contribution and Alignment with National Development's (NDP's) Priority Outcome Areas.

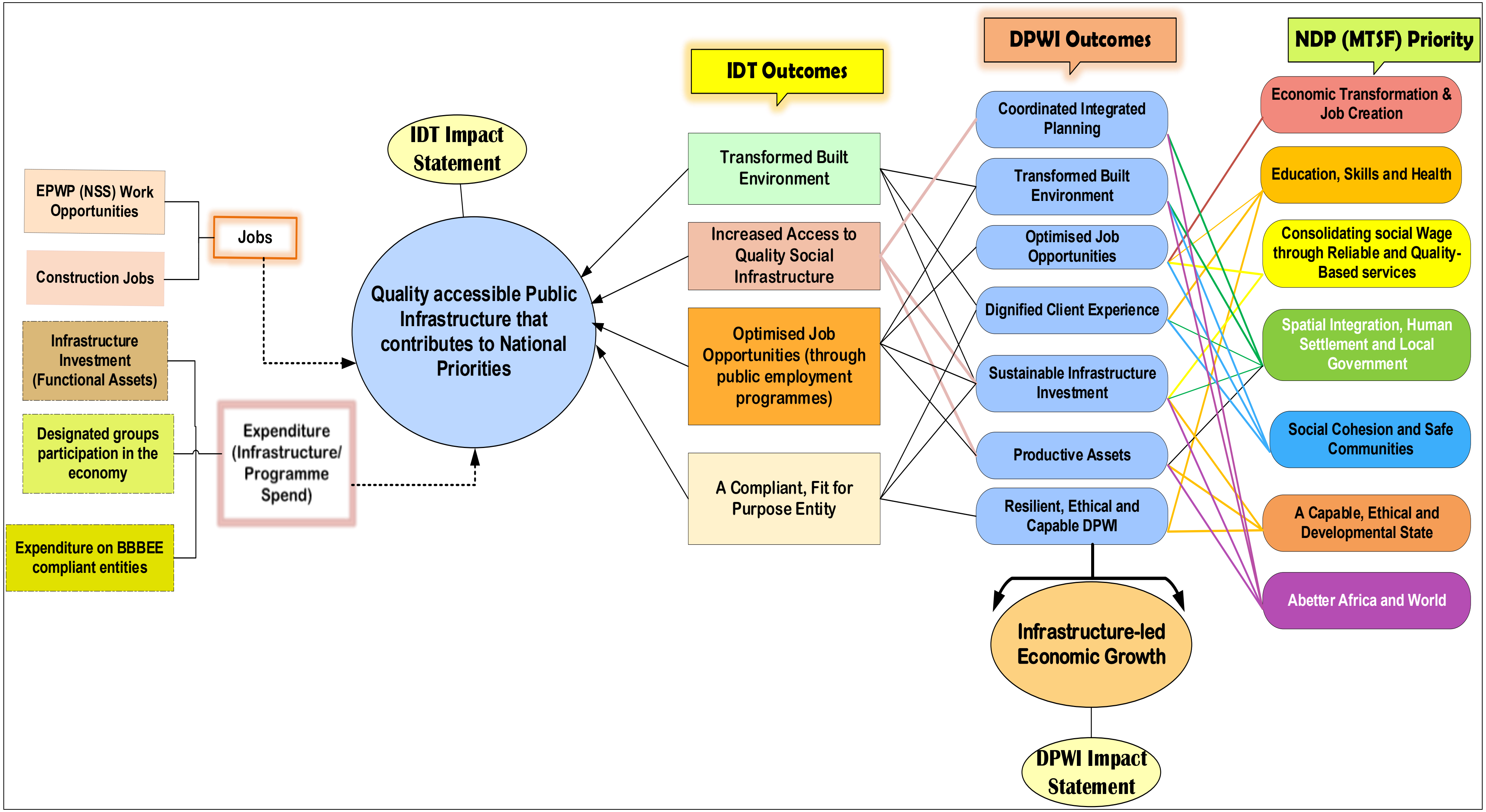


Figure 3: Alignment of IDT Goals with National Priorities

4. Institutional Programme Performance Information

Planning for the year under review was based on some of the following critical success factors:

i) **Certainty of mandate and long-term sustainability** – the IDT retains its mandate and status as a programme-implementing agent and an entity of government.

ii) **Corporate form and identity** – the IDT will remain a Schedule 2 entity for at least the next three years, irrespective of the proposal for a new corporate form (and possible name). Changes in corporate form may be introduced during this period. However, this will not significantly affect or alter the entity's role as a programme-implementing agent for the government.

iii) **Going Concern Status** – the IDT will remain a going concern for the next three years.

iv) **Business Portfolio** – The IDT will attract a sufficient business portfolio annually. Executing the secured programme portfolio will enable the entity to break even financially and ultimately generate an operating surplus.

v) **Delivery Capacity** – the IDT will have sufficient capacity and resources (people and finances) to deliver on its mandate.

vi) **Enabling Technology -** the IDT will timeously resource itself with appropriate enabling technology to efficiently deliver on its mandate.

vii) **Business processes** – The organisation's design, structure, and processes are fit for purpose (processes institutionalised and diligently implemented).

viii) **Organisational culture** – The IDT has developed and implemented an appropriate organisational culture that is client-centric and conducive to achieving excellent results (high-performance culture).

ix) **Quality of personnel** – The IDT can attract and retain the right and required skills when and where they are needed. This includes additional technical resources required to drive business development and implementation of projects.

x) The entity will have sufficient resources to manage infrastructure procurement to ensure that projects are fast-tracked to on-site implementation to contribute toward the entity's cash position and manage the cost of infrastructure delivery.

xi) **The turnaround measures** that require funding would be adequately resourced. It is also assumed that turnaround measures which do not require funding, for example, the implementation of the revised contracting model, the implementation of cost containment measures, billing, and revenue collection strategy, etc., would be effective in reversing financial and programme performance decline.

The entity made progress in implementing some of its turnaround measures during the period under review. These include implementing the new contracting model, intensifying cost containment measures through centralising critical expenditure items, billing automation, and aggressive revenue collection mechanisms. Although some of these measures could improve the entity's financial performance, they do not enhance programme delivery.

4.1 Performance Overview

Table 2 presents the number of active projects under the entity's management as at the end of the 2024/25 financial year arranged in terms of infrastructure project-implementation stage per region whilst Figure 4 presents a summary of regional projects in terms of the four critical stages of infrastructure delivery: initiation, design, implementation, and closure.

At the end of the fourth quarter of the 2024/25 financial year under review, 40% of projects (1 376 out of 3 437) were in the Initiation phase and 37% (1 266 out of 3 437) were in the closure phase. All other projects were currently in the design (9.4%) and implementation phases (13.7%), contributing 23% of the total projects (795 out of 3 437).

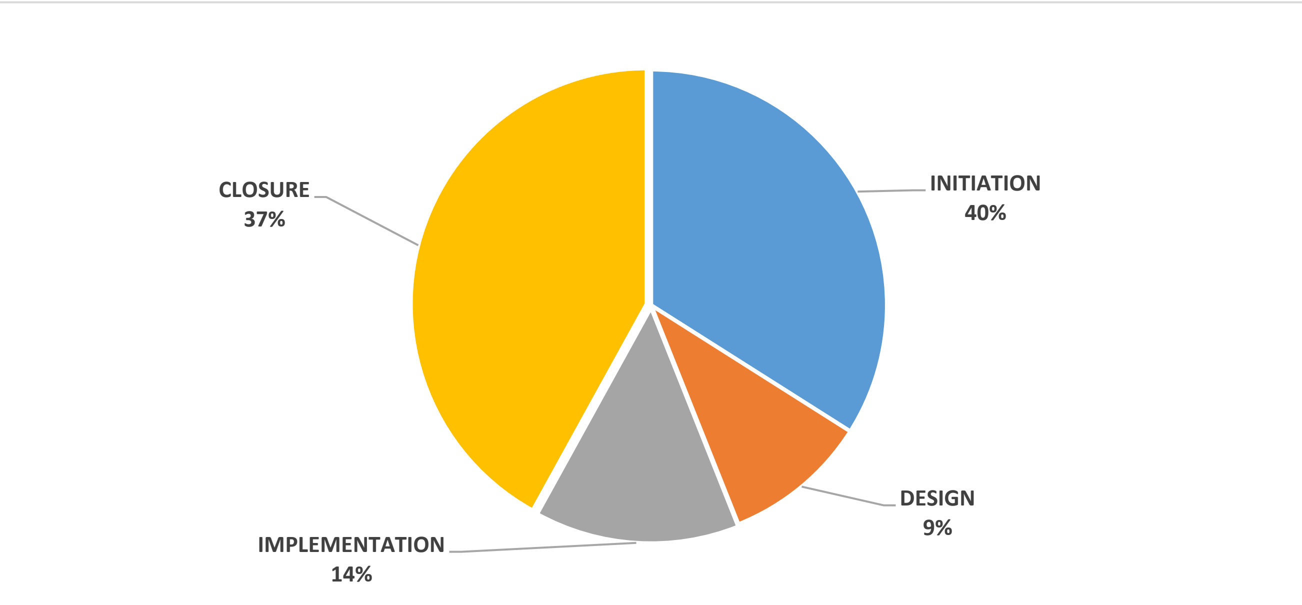


Figure 4: Infrastructure projects pipeline (number of projects per delivery stage gate

Table 2: Status of Infrastructure Projects (Regional)

REGION	Total No. of Projects	INITIATION			DESIGN			IMPLEMENTATION		CLOSURE	
		Stage 0: New Projects	Stage 01 Procurement PSP	Stage 1: Initiation	Stage 2a: Procurement PSP	Stage 2b: Concept Design	Stage 3: Design Development	Stage 4: Procurement Contractor	Stage 5: Construction / Works	Stage 6: Handover	Stage 7: Closure
EC	**915**	1	90	1	118	2	-	12	41	118	532
FS	**68**	19	38	-	-	-	-	2	6	-	3
GP	**9**	5	-	-	-	1	-	-	3	-	-
KZ	**1 450**	610	-	91	22	40	-	87	129	339	132
LM	**157**	37	-	36	50	-	-	3	24	7	-
MP	**192**	10	28	-	11	13	-	1	46	24	59
NC	**24**	-	-	-	3	1	-	1	9	10	-
NW	**179**	-	-	49	24	14	14	-	37	12	29
WC	**22**	9	-	1	1	1	-	-	9	1	-
NA	**421**	157	-	194	8	-	-	62	-	-	-
TOTAL	**3 437**	**848**	**156**	**372**	**237**	**72**	**14**	**168**	**304**	**511**	**755**

In the 2024/25 financial year, the IDT had set eighteen (18) performance output indicators with related targets. Eleven (11) of these were under Programme 1, and seven (7) under Programme 2.

The entity's performance on ten (10) targets out of the eighteen (18) output performance indicators reached a relative performance threshold level equivalent to either performance target substantially achieved or performed above the target achievement threshold for respective indicators [performance threshold against the target exceeded or overachieved]. Targets on Six (6) output indicators were partially achieved [reached partial achievement threshold level], while two (2) targets, or 11%, were not achieved. Table 3 presents a performance summary for the period under review in terms of the relative performance thresholds.

Table 3: Corporate Performance Rating

Performance Scores	Relative Performance Level in percentage terms	Number of performance indicators			Performance description
		Programme 1	Programme 2	Total	
1	0-50	1	1	2	Not achieved
2	51–85	3	3	6	Partially achieved
3	86-115	2	2	4	Achieved
4	116-130	2	0	2	Exceeded
5	131+	3	1	4	Overachieved
Total		**11**	**7**	**18**	

4.1.1 Programme 1: Integrated Service Delivery

The integrated service delivery programme aims to ensure efficient, effective, and integrated public social infrastructure delivery management services to satisfy client requirements and positively impact the government development agenda. The entity recorded a programme performance improvement during the year under review in comparison to the preceding years.

Table 4 presents a summary of the entity's performance under Programme 1: Integrated Service Delivery.

- A total of 315 projects were completed during the period under review against a target of 248 projects which equates to 127% performance level. Of these projects 47% (149) were completed on time against an annual target of 60%. This represents a 78% performance level. The low achievement is attributed to delays in payments and or client tranche payments as well as project budget cuts by clients due to austerity measures affecting infrastructure spending. Other projects were affected by the delays in the confirmation of the sites.

- A total of hundred and seventy-eight (178) project final accounts were approved by the end of the 2024/25 financial year. 98% of these projects (174) were completed within budget against a target of completing 80% of projects within budget.
- The entity awarded R4.383 billion worth of infrastructure project contracts during the period under review. R 4.245 billion[2] of the total programme contract awarded were allocated to the designated groups[3]. This represents a 97% allocation to designated groups against the 40% target which equates to a 142% performance level above the target.
- Of the R 4.245 billion of the total programme contracts awards allocated to the designated groups, 35% (R1.472bn) was allocated to women-owned entities, and 22% (R938.390 million) was allocated to youth-owned entities. R198 657 was allocated to people with disability.
- The entity achieved a total programme expenditure of R3.619 billion, of which R3.502 billion (97%) was on designated groups. Of the R3.502 expenditure on designated groups, 27% (R945.688 million) was spent on women-owned entities, 25% (R879.039 million) was spent on youth-owned entities, and 2% (R64.645 million) of the expenditure was on people with disabilities.
- The IDT targeted to award a total of 168 construction project contracts to the designated groups participating in the IDT Contractor Development Programme by the end of the fourth quarter of the 2024/25 financial year. The entity awarded eighty-seven (87) contracts to designated groups participating in the CDP through an SCM process. Out of the eighty-seven (87) contracts, 39% (34 contracts) were awarded to women-owned entities against a target of 40%. The entity also targeted to award 30% of all contracts awarded within the CDP to youth-owned entities. By the end of the period under review, the entity had awarded 40% (35 contracts) to youth-owned entities participating in the IDT CDP.

The lower-than-planned performance on both the number of construction projects awarded and the percentage allocation to women participation in the CDP is a result of the reduction in the number of projects earmarked for implementation through the CDP. The entity had planned to use CDPs in the implementation of minor works projects. Many clients cut back on project budgets for many minor works projects in response to the austerity measures introduced during the Fourth quarter of the previous financial year. Delays in the transfer of project funds by clients also contributed to the lower performance against the target.

2 This figure is a weighted rand value in terms of designated groups shareholding in the entity awarded a contract

3 Designated group refers to Black People as defined in the Broad-Based Black Economic Empowerment Act, 2003; Youth as defined in the National Youth Commission Act of 1996; Women, and People with Disabilities

- By the end of March 2025, 3 552–work opportunities were created through the IDT programmes against a target of 3 887 work opportunities, which equates to a 91% performance level.

- A total of 56 091[4] work opportunities were created through the EPWP NSS Programme against an annual target of 80 000 work opportunities. The underperformance on this target is the result of programme budget reduction.

- A total of 56 091 work opportunities were created through the EPWP NSS Programme against an annual target of 80 000 work opportunities. The underperformance on this target is the result of programme budget reduction.

[4] At the time of submitting the Annual Performance Report, the entity was still engaging with respective parties (NPOs and Data capturers) to resolve a matter related to duplicate where participants appear in more than one NPO during the same period (months). It is anticipated that the results of this process will inform the final number to be presented in the final version of the 2024/25 Annual Performance Report.

Table 4: Programme 1 Performance Summary

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2022/23	2023/24	Planned Annual Targets 2024/25	Actual Achievement 2024/25	Variance	Performance level	
Outcome#1: Increased Access to Quality Social Infrastructure								
1.1 Completed Projects (Practical completion)	1.1.1 Number of projects completed (Practical Completion)	49	129	248	315	67	**127%**	A significant number of minor works projects (more than what was planned) were completed in the Kwa-Zulu-Natal Region.
1.2 Projects completed on time	1.2.1 Percentage of projects completed on time	18%	44%	60%	47%	(13%)	**78%**	Delayed funds transfer by client departments affected project payments negatively from reaching practical completion and completion on time. Delays in confirmation of budgets and late transfer of funds affected project delivery timelines.
1.3 Projects completed within budget	1.3.1 Percentage of projects completed within budget	75%	95%	80%	98%	18%	**122%**	Target achieved due to additional final accounts submitted and approved in the current financial year as well as adjustment to the indicator measure (Final Accounts are reported once approved by IDT instead of the client approval)
Outcomes #2: A transformed built environment								
2.1 Contracts awarded to Designated groups	2.1.1 Percentage of programme contracts value (weighted rand value) allocated to designated groups	N/A	34%	40%	97%	57%	**242%**	The majority of suppliers awarded programme contracts qualified for inclusion as designated groups.
2.2 Programme Expenditure on Designated Groups	2.2.1 Percentage of weighted programme expenditure on designated groups (based on total programme spend)	N/A	50%	70%	93%	23%	**133%**	More programme expenditure qualified for designated group classification than targeted.

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2022/23	2023/24	Planned Annual Targets 2024/25	Actual Achievement 2024/25	Variance	Performance level	
2.3 Projects Allocated to the CDP	2.3.1 Number of construction projects tender awards within the IDT Contractor Development Programme	N/A	55	168	87	(81)	**52%**	Delayed project budget allocation by the clients Non-responsive RFQ for CDP contractors experienced in Mpumalanga & KZN Regions.
	2.3.2 Percentage of construction projects tender awarded to women contractors participating in the IDT CDP	N/A	31%	40%	39%	(1)	**97%**	Target substantially achieved. The non-responsive bids received during the tendering process negatively affected performance against the target.
	2.3.3 Percentage of construction projects tender awarded to youth contractors participating in the IDT CDP	N/A	64%	30%	40%	10%	**133%**	Target overachieved. A high number of responsive bids received from youth contractors during the tendering process positively affected performance against the target.
	2.3.4 Percentage of construction projects tender awarded to persons with disability contractors participating in the IDT CDP	N/A	0%	2%	0%	(2%)	**0%**	Lack of people with disabilities enrolled on the CDP (Nonresponse from entities owned by people living with disability to the RFP).
2.4 CDP Contractors graduated from the CDP (CIDB higher grades designation)	2.4.1 Number of CDP contractors who graduate[d] from the IDT CDP	N/A	0	0	0	0	**N/A**	N/A
	2.4.2 Percentage of women contractors who graduate[d] from the IDT CDP	N/A	0%	0%	0%	0%	**N/A**	N/A
	2.4.3 Percentage of youth contractors who graduate[d] from the IDT CDP	N/A	0%	0%	0%	0%	**N/A**	N/A
	2.4.4 Percentage of people with disabilities who graduate[d] from the IDT CDP	N/A	0%	0%	0%	0%	**N/A**	N/A

<table>
<tr><th rowspan="2">OUTPUTS</th><th rowspan="2">OUTPUT INDICATORS</th><th colspan="2">AUDITED ACTUAL PERFORMANCE</th><th colspan="4">ANNUAL TARGETS PERFORMANCE</th><th rowspan="2">REASON FOR VARIANCE</th></tr>
<tr><th>2022/23</th><th>2023/24</th><th>Planned Annual Targets 2024/25</th><th>Actual Achievement 2024/25</th><th>Variance</th><th>Performance level</th></tr>
<tr><td colspan="9">Outcomes #3: Optimised Job Opportunities (through public employment programmes)</td></tr>
<tr><td>3.1 Construction work opportunities created</td><td>3.1.1 Number of construction work opportunities created (IDT Portfolio)</td><td>3 187</td><td>4 420</td><td>3 877</td><td>3 552</td><td>(325)</td><td>92%</td><td>Delays in the confirmation of the budget for projects which were at an advanced stage (construction) as well as the termination of some contractors.
Non-payment of contractors resulting in slow progress affecting projects' completion.</td></tr>
<tr><td>3.2 EPWP Work Opportunities created</td><td>3.2.1 Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)</td><td>109 871</td><td>77 235</td><td>80 000</td><td>56 091</td><td>(23 909)</td><td>70%</td><td>The programme budget was reduced from R1.1 billion to R750 million with 42 000 work opportunities as a target for the programme.
The APP target was based on the 2023/24 financial year MOA which set the work opportunity target at 80 000.</td></tr>
<tr><td colspan="9">Strategies to overcome under-performance</td></tr>
<tr><td colspan="2">Target</td><td colspan="7">Corrective actions</td></tr>
<tr><td colspan="2" rowspan="2">Percentage of projects completed on time</td><td colspan="7">The capacity of most regions at the Programme Management Tech level has been enhanced and will assist in fast-tracking, increasing its visibility on site, and swiftly addressing challenges. Most projects are nearing completion and will continuously be monitored and enforced contractual provisions without creating delays, especially where Contractors and Consultants are not performing. In addition, Client Departments will be encouraged to transfer funds following the latest arrangements, i.e., Tranche Payments. The poor performance by consultants to finalize Final Accounts will be dealt with in terms of the contract and their future engagements with the IDT reviewed.</td></tr>
<tr><td colspan="7">Project planning and approval processes review (client's timeous approval & response)
Improve on-site monitoring and reporting.
Monitor the application of project contract provisions.</td></tr>
<tr><td colspan="2">Percentage of People with Disability Participating in the IDT Contractor Development Programme</td><td colspan="7" rowspan="2">Explore other mechanisms to recruit PwD into the CDP programme – localised project implementation panel, etc.
Review the target during the 2024/25 planning cycle. Engage the relevant associations to establish the status of PwD-owned entities' registration and participation in the construction sector.
Expedite the finalisation of project procurement (CDP allocation).</td></tr>
<tr><td colspan="2">Percentage of construction projects awarded to people with disabilities participating in the IDT CDP</td></tr>
</table>

4.1.2 Programme 2: Administration

The entity has maintained its performance concerning the value of the business portfolio. It achieved R9.080 billion in the total value of programme portfolio for the 2024/25 financial year.

The following are performance under Programme 2: Administration, achieved during the period under review as presented in Table 5: -

- The total value of the business portfolio (confirmed programmes) achieved by the end of the fourth quarter was R5.613 billion against a target of R5.854 billion. This represents a 96% achievement level.
- The value of new business generated [total value of new programme portfolio] stood at R3. 467 billion. of during the period under review. The new business portfolio achieved exceeds the annual target for new business generation (R 2, 428bn) by 43%.
- The total programme expenditure achieved by the end of the 2024/25 financial year is R3.619 billion against an expenditure target of R 6.252 billion. The expenditure target included a contribution from the new programme portfolio (additional) that had to be secured during the 2024/2025 financial year.

  The following are among the factors that contributed to underperformance against the quarterly target: -

  - Delays in the confirmation of the project budget and the signing of the Infrastructure Project Implementation Plans (IPIP) by clients affected progress with the implementation of subsequent stages of projects that would have contributed to expenditure (including management fee billing)
  - Delays in approval of stage gate reviews and concurrence letters by the client department post conclusion of procurement processes by IDT affected the period of site handover to contractors. It negatively impacted the planned programme expenditure as well as projected management fee billing and collection.
  - Delays in the implementation of the Department of Higher Education and Training (DHET) and National Department of Health (NDOH) Programmes which had significant expenditure projections in some regions.
  - Late transfer of tranche payments by the client departments contributed to delaying payment of service providers and progress on construction sites.
- The management fee collection ratio stood at 77% against a target of 90% collection ratio which equates to an 85% performance level.

- The entity set a target of a 10% vacancy rate to measure the level of corporate occupancy for funded positions as per the approved interim organisational structure. With 268 positions filled out of 320 approved posts, the occupancy rate at the end of the reporting period was 83.8%. This is equivalent to a 16.3% vacancy rate against a 10% annual performance target.
- Seventy-two per cent (72%) of all compliant overhead invoices were paid within 30 days of receipt against a target of 100 per cent.
- Sixty-three per cent (63%) of all compliant programme invoices were paid within 30 days against a target of 100 per cent. Failure to pay compliant programme invoices within 30 days is attributable to insufficient programme funds or delays in the transfer of funds by clients.

The implementation of the new programme contracting (upfront tranche payments) can significantly improve programme invoice payment turnaround time.

Table 6 presents a summary of the payment of suppliers for the period under review.

Table 5: Programme 2 (Administration) Performance Summary

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2022/23	2023/24	Annual Targets 2024/25	Actual Achievement 2024/25	Variance	Performance Level	
Outcome# 4: A Compliant, Fit for Purpose Entity								
4.1 Business generated	4.1.1 Value of business portfolio (confirmed programmes)	R 4.316bn	R 4. 984bn	R 5.854bn	R 5.613bn	R 283.125m	**97%**	Withdrawal of confirmed business after the first quarter of the financial year reduced performance on this target.
	4.1.2 Value of new business generated	R 802.103m	R 4. 066bn	R 2.428bn	R 3.467bn	R 1.039bn	**143%**	New allocations for the EPWP NSS Phase 5 programme resulted in overachievement of the target.
4.2 Operating Surplus	4.2.1 Value of programme spend	R 3.319bn	R 4.132bn	R 6. 252 bn	R3.619 bn	R 2.633 bn	58%	Delays in the implementation of DHET and NDOH Programmes which had significant expenditure projections. Late transfer of tranche payments by the client departments Delays in approval of stage gate reviews and concurrence letters by the client Austerity measures affected the confirmation of infrastructure budgets and expenditures. Community disruptions delayed project handover and caused stoppages for projects under construction.

OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE		ANNUAL TARGETS PERFORMANCE				REASON FOR VARIANCE
		2022/23	2023/24	Annual Targets 2024/25	Actual Achievement 2024/25	Variance	Performance Level	
	4.2.2 Management fee collection ratio	76%	83%	90 % annual management fee collection ratio	77%	(13%)	**85%**	Insufficient programme funds were available for management fee collection as a result of a lack/delay in fund transfers from client departments.
4.3 Human capital strategy implemented	4.3.1 Vacancy rate	N/A	25%	10%	16%	(6%)	**(60%)**	Budget constraints The advertised positions are not yet filled
4.4 Compliance with legislative requirements	4.4.1 Percentage of compliant programme invoices paid within 30 days of receipt	85%	88%	100% compliant programme invoices paid within 30 days	63%	(37%)	**63%**	Insufficient programme funds as a result of lack/ delay in fund transfers from client departments.
	4.4.2 Percentage of compliant overhead invoices paid within 30 days of receipt	63%	54%[5]	100% compliant overhead invoices paid within 30 days	72%	(28%)	**72%**	Cash flow problems - payment of admin invoices is dependent on the availability of cash in the bank.
Strategies to overcome under-performance								
Target			**Corrective actions**					

[5] Although the percentage of total number of invoices paid within 30 days is 54%, this equates to 85% in terms percentage value of invoices paid within 30 days.

<table>
<tr><th rowspan="2">OUTPUTS</th><th rowspan="2">OUTPUT INDICATORS</th><th colspan="2">AUDITED ACTUAL PERFORMANCE</th><th colspan="4">ANNUAL TARGETS PERFORMANCE</th><th rowspan="2">REASON FOR VARIANCE</th></tr>
<tr><th>2022/23</th><th>2023/24</th><th>Annual Targets 2024/25</th><th>Actual Achievement 2024/25</th><th>Variance</th><th>Performance Level</th></tr>
<tr><td colspan="2">Value of programme spend</td><td colspan="7">Implement regional-specific plans which include Increased SCM capacity to expedite the turnaround time.
Engage clients on various matters including tranche payment and fast-tracking the approval invoices.
Expedite approval of EoTs/Vos/PO adjustments.
Accelerate project site handover to the contractor and the implementation of minor works projects.
Expedite the finalisation of project procurement processes.</td></tr>
<tr><td colspan="2">Management fee collection ratio</td><td colspan="7">The entity continues to engage client departments on trade debt collection terms.</td></tr>
<tr><td colspan="2">Vacancy rate</td><td colspan="7">Filling of vacant positions will be reprioritised in terms of determined priority, urgency, business impact and budget availability.</td></tr>
<tr><td colspan="2">Percentage of compliant programme invoices paid within 30 days of receipt</td><td colspan="7">Review delivery agreements with clients to expedite tranche payments.</td></tr>
<tr><td colspan="2">Percentage of compliant overhead invoices paid within 30 days of receipt</td><td colspan="7">Continuous engagement with clients to address delays in the transfer of funds
Monitor cash flow trends and debtors’ management process.</td></tr>
</table>

Table 6: Payment of suppliers

Description	Number of invoices	Consolidated value R'000
Overhead budget		
Valid invoices received	2 282	**88 019**
Invoices paid **within** 30 days or the agreed period	935	**52 254**
Invoices paid **after** 30 days or the agreed period	1 085	**20 454**
Invoices older than 30 days or the agreed period (unpaid and without dispute)	262	**15 311**
Invoices older than 30 days or the agreed period (unpaid and with dispute)	0	**0**
Programme Budget		
Valid invoices received	13 068	**6 038 459**
Invoices paid **within** 30 days or the agreed period	4 812	**2 881 417**
Invoices paid **after** 30 days or the agreed period	2 880	**1 200 550**
Invoices older than 30 days or the agreed period (unpaid and without dispute)	5 376	**1 956 492**
Invoices older than 30 days or the agreed period (unpaid and with dispute)	0	**0**

4.2 Programme Performance Analysis

Growth in both business portfolio and programme expenditure is critical for the financial viability and sustainability of the entity.

The business portfolio growth achieved during the period under review suggests that the organisation is maintaining its business portfolio growth trajectory. The value of the confirmed programme portfolio and available for expenditure increased by 12.6% year-on-year from R4.984 billion (March 2024) to R5.613 billion in the period under review. The confirmed portfolio is 10% below programme expenditure targets (R 6.252bn) for the 2024/25 financial year, suggesting that this target remained out of reach in the absence of new programme portfolio values being available for expenditure during the financial year. The value of new business decreased by 14.7% (R599 million)6 on a year-on-year basis (2024: R 4.984bn). The overall value of the business portfolio (portfolio pipeline) grew by 0,3% from R9.050 billion in the previous financial year to R9.080 billion at the end of the fourth quarter of the 2024/25 financial year.

The total programme expenditure achieved by the end of the financial year is R3.619 billion against an expenditure target of R6. 252 108 billion. This represents a 10.8% decrease in annual cumulative expenditure compared to the programme expenditure achieved at the end of the fourth quarter of the 2023/24 financial year (2024: R4.055bn). The annual programme

6 This figure represents the difference between the value of new business achieved by March 2024 (R 4.066bn) compared to R 3.467 billion achieved by the end of March 2025.

expenditure target remained out of reach owing to delays in project completion and the impact of austerity measures which changed the condition of the operating environment. These figures demonstrate that although the portfolio value has reached a potential break-even point based on the 2022/23 financial modelling assumptions, the timing of concluding programme delivery agreements, allocation and approval of programme expenditure plans has a direct impact on the likelihood of deriving expenditure contribution from new programmes.

Figure 5 below shows expenditure trends for the past five financial years. It presents Programme Expenditure for the 2024/25 financial year compared to the past four financial years.

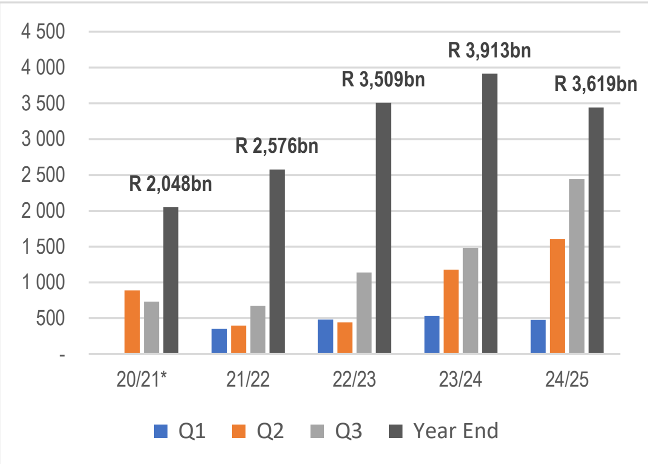


Figure 5: Expenditure Trends

The expenditure over the past three financial years indicates a positive trend. The usual annual expenditure trend has been that the fourth quarter returns the highest programme expenditure compared to other quarters. However, the 2024/25 programme expenditure represents a departure from the trend established in previous financial years. The underlying causes of the significant under-expenditure during the fourth quarter range from various programmes (NDOH PSA, DPWI, etc.) which did not progress to implementation stages; some projects suffered delayed approval of budget and others withdrew or deferred due to clients experiencing budget constraints while other projects were delayed as a result of challenges experienced by clients concerning land release as well as site identification and handovers. The entity should develop strategies to mitigate potential withdrawal and deferral of project implementation aligned with the infrastructure delivery management.

The growth in both programme portfolio and programme expenditure indicates a positive trend moving in the direction of financial sustainability. The rate of converting the programme portfolio to realised expenditure remains a challenge. The level of programme portfolio available to expenditure and expenditure realised over the period remains lower than what is required to attain the financial breakeven.

Growth in the programme portfolio and expenditure trends require continuous monitoring. Underspending on a confirmed programme portfolio has negative effects on the state in terms of increasing the cost of infrastructure delivery. It also has reputational risks to the entity regarding completing infrastructure projects on time and within budget. More significantly, underspending on the approved programme budget significantly undercut efforts towards growing the portfolio and addressing delivery capacity constraints geared towards the entity's financial sustainability

Some of the plans to mitigate against the risk of performance significantly below the target during the 2024/25 financial year include the following:

- Concerted business development initiatives,
- engaging clients to adopt and embed programme tranche payments instead of progressive payment certificates.
- Fast-tracking infrastructure project procurement to ensure commitment to delivery by clients.
- Unlocking existing project contract management bottlenecks.
- Identifying and fast-tracking the implementation of "quick win" projects.
- engaging the entity's delivery intermediaries to accelerate the delivery of identified projects, unlocking procurement bottlenecks; and
- processing variation orders and extension of times and purchase order approvals.

Other measures include the implementation of the updated Delegation of Authority Framework to expedite decisions on programme expenditure and revising the old MoAs/SDAs with various client departments to include time-barred provisions and payment clauses (tranche payments).

4.3 Linking Performance with Budgets

In assessing the achievement of the outputs in comparison to the planned targets, the public entity must consider the linkages between its performance and the financial resources available or utilised during the reporting period. The table hereunder links performance with the budget and reported expenditure.

Table 7: Linking performance with budgets

Programmed/ activity/ objective	2024/25			2023/24		
	Budget R'000	Actual Expenditure R'000	Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	Under Expenditure R'000
Administration	581 372	402 905	178 467	455 193	376 573	78 620
Programme Expenditure	8 987 433	3 618 841	5 368 592	6 751 999	4 132 437	2 619 562

5. Revenue collection

The table hereunder presents the entity's revenue collection performance for the period under review.

Table 8: Revenue collection

Source of revenue	2024/25			2023/24		
	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
Management Fee Revenue	598 101	248 121	(349 980)	370 639	281 373	(89 266)

Under collection of management fee revenue is primarily due to insufficient programme bank balances held in trust on behalf of client departments. The client's delay/slowness in transferring funds to the IDT negatively impacts the efficient revenue collection.

Uncollected revenue places severe pressure on the organisation's bank balance and liquidity levels, affecting its ability to pay its staff and suppliers. The entity has a revenue collection methodology/procedure, ranging from the responsible programme manager to the PMSU Executive and CEO. The final resolution step is inter-ministerial intervention and invoking related intergovernmental relations framework.

Part C: Governance

1. Introduction

Corporate governance is a critical element of all organisations as it also, among others, assures stakeholders that the organisation is well-managed and functioning with integrity and accountability.

The Board of Trustees is the Accounting Authority, providing leadership, oversight, and promoting accountability. The IDT has well-established governance structures with clearly approved mandates. Delegated powers were delegated to the Committees of the Board of Trustees and the Chief Executive Officer.

The Board of Trustees ensures that it complies with good corporate governance practices by subscribing to relevant legislative prescripts. The two most important are the Public Finance Management Act and [the principles contained in the] King Report IV on Corporate Governance.

2. Portfolio Committee

During the reporting period, the entity participated in several scheduled sessions of the Department of Public Works and Infrastructure. The IDT participated in the following Portfolio Committee meetings:

- 10 October 2024: Portfolio Committee on Public Works and Infrastructure - Introduction of the IDT to Portfolio Committee members and Presentation of the 2023/24 IDT Annual Report
- January 2025: Presentation of IDT turnaround Plan to the Portfolio Committee on Public Works and Infrastructure.
- 06 November 2024: Oversight visit by Portfolio Committee

3. Executive Authority

The Minister of Public Works and Infrastructure is the Executive Authority (EA) of the IDT. The Minister holds the Accounting Authority accountable for delivering the entity's mandate through the Shareholder's Compact. During the reporting period, the accounting authority not only submitted the necessary statutory reports and corporate plans as detailed herein, but it also held meetings to discuss the performance and challenges of the entity as of the Ministry's quarterly performance review sessions with all entities. The following table provides a record of the interactions between the entity and the Executive Authority and the reports that were submitted to the Department for the attention of the Executive Authority. Table 9 presents a summary of statutory events and meetings of the board and board committees.

Table 9: Record of Interactions between the Entity and the Executive Authority

Event / Occasion	Date
Submitted 2023/24 4th Quarter Report to National Department and National Treasury	30 April 2024
Submitted the 2023/24 Annual Report to the National Treasury, DPWI, and Auditor General South Africa (AGSA)	31 May 2024
Introductory meeting between DPWI entities and the Minister	09 April 2025
2024/25 First Quarter Report /submitted to DPWI, National Treasury	31 July 2024
Public Entities' Performance Review meeting for the First Quarter Report 2021/22 (chaired by the Deputy Minister of DPWI)	4 August 2024
Portfolio Committee Briefing	04 October 2024
Submitted First Draft of 2025/26 APP and 2024/25 Second Quarter Report to DPWI and National Treasury	31 October 2024
Presentation of the IDT second quarter / midterm performance report to DPWI and Minister	14 November 2024
Plans to ensure the financial viability of the IDT	29 January 2025
Submitted 3rd Quarter (2024/25) Performance Report and Second Draft of the 2025/26 APP to DPWI and National Treasury	31 January 2025 and 28 February 2025
DPWI Performance Review of 2024/25 Q2 and Q3 Quarterly Reports with Public Entities	08 March 2025
Meeting with the Deputy Minister: IDT Board appointment process, IDT sustainability, and the reconfiguration process.	19 March 2025

4. The Accounting Authority

As the accounting authority, the Board of Trustees ensures that it complies with its fiduciary duties as required by the Public Finance Management Act. It acts with fidelity, honesty, integrity, and in the best interest(s) of the IDT in managing the financial affairs of the IDT. The Board of Trustees also discloses, on request from the Department of Public Works and Infrastructure, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Department.

Three (3) Trustees left the Board during the reporting period, bringing to seven the number of vacancies on the 12-member Board. Towards the end of the fourth quarter, the Minister appointed new Trustees to fill the vacancies created by the departure of the seven Trustees. The 12-member Board of Trustees was scheduled to hold its first meeting at the beginning of the 2025/26 financial year. The Board of Trustees must be impartial and perform its function without fear, favour, or prejudice.

The Board of Trustees is the highest decision-making body and is accountable and responsible for the performance and affairs of the IDT. The Board of Trustees may appoint such persons as it considers necessary to perform the functions of the IDT. The determination of the remuneration and other conditions of service of Trustees is as determined by the Minister of Finance.

As the accounting authority, the Board of Trustees has responsibility in the following areas:

- Providing Strategic leadership to the IDT.
- Determination of Policy and Procedures and Levels of Materiality to ensure the Integrity of the IDT.
- Approval of IDT policies of a strategic/governance nature
- Approval of Strategic Plan, Annual Performance Plan, and Annual Budget
- The appointment of the Chief Executive Officer in terms of Clause 7.2 of the Trust Deed.
- Approval of the Enterprise Risk Management Framework, Policy, and Strategy.

4.1 Board Charter

The Board of Trustees is committed to upholding good corporate governance in all business dealings with the shareholder, regulatory authorities, and other stakeholders. To this end, the Board adopted the Board Charter and Code of Conduct to regulate how business is conducted in line with the principles of good corporate governance. The Board Charter sets out the individual and collective responsibilities of the Trustees. The Board Charter and Code of Conduct are guided by the King IV Report and established standards of best governance practice and address the role of the Board of Trustees, meetings, Committees, Terms of Reference of Committees, and Code of Conduct.

4.2 Delegation of Authority (DoA)

It is the responsibility of the Board to ensure the Delegation of Authority (DOA) framework is in place and updated. The IDT DoA is updated and in force. The framework outlines:

- The powers and functions of the Board of Trustees in terms of Section 7 of the IDT Deed of Trust (Trust Deed Number 669/91) and Sections 49 and 56 of the Public Finance Management Act.
- The functions delegated by the Board to the Chief Executive Officer of the IDT.
- The functions delegated by the Chief Executive Officer to other officials and structures of the IDT.
- How the IDT manages delegation of the authority of the Board from the Accounting Authority (the Board of Trustees) to various governance structures, organisational positions, and operational structures of the entity.

Table 10: Composition of the Board of Trustees

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
Ms. K Siyila	Chairperson of Audit, Risk, and Compliance	6 July 2021	N/A	• Doctor of Philosophy in Accounting Sciences: University of South Africa (2020 – 2023 - expected). • MCOM in Accounting Sciences: University of Pretoria (2015 - 2016). • Professional Practice Exam (PPE) (2010). • Accounting Professional Training Certificate (ATP) (2010) • Qualifying Exams (QE) (2009) • BCOM Honours (CTA) University of Johannesburg • (2008).	• Development and implementation of accounting policies. • . Reviewing external financial reports for compliance with IFRS for consistency and accuracy.	• Head of Department: Auditing: University of South Africa (1 January 2021 to date). • Deputy Chairperson of Research Ethics Committee: University of South Africa (February 2018 to date). • Chairperson of Audit and Risk Committee: Sedibeng Water Board (29 May 2020 to date) • Member of the Finance and IT Committee: Sedibeng • Water Board (29 May 2020 to date).	• Audit, Risk, and Compliance Committee • HR, Nominations and Remuneration Committee • Board Executive Committee	**17**
Ms. N Mkhwanazi	Chairperson of Human Resources, Nomination, and Remuneration	6 July 2021	N/A	• Professional Directors PD (SA): Directors Association (In process). • MBA: Wits Business School (March 2018). • Postgraduate Diploma in Management: Wits Business School (July 2011). • BSC in Microbiology: University of the Witwatersrand (November 2005)	• Strategy Development. • Partnership Monitoring. • Sales Tracking. • Margin Monitoring.	• Director: Esihlahleni Women Empowerment NPC (October 2017 to date).	• Board Executive Committee • Social and Ethics Committee • HR, Nominations and Remuneration Committee	**13**

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
Ms. R Parker	Board Member	6 July 2021	01 November 2024	• B. Proc: University of South Africa (1989). • Certificate in Labour Law: University of Cape Town (12 January 2000). • Arbitrator: Arbitration Forum (2000). • Certificate in Disability Medicine: Marshall University (July 2009). • Mediation Training Land Rights (2009). • National Land Mediation Training (2009).	• Legal expertise, Commercial, Heritage, labour law, arbitration	• Director: Rehana Khan Parker & Associate (1993 to date). • Advisory Board Member for the Unit of Applied Law: Cape Peninsula University Technikon (2017 to date). • Director: Woza Awards (Pty) Ltd (a for-profit Awards Company). • Director: Women in Law and Leadership Academy NPC (an NGO providing leadership training). • Director: Women Vuka Foundation (Pty) Ltd (a for-profit company for women entrepreneurs). • Current Councillor: Legal Practice Council Western Cape Council. • Chairperson of the Professional Ethics Committee: Legal Practice Council Western Cape Council. • Founder and Chairperson: SA Lawyers 4 Change NGO (2015 to date) • Founder and Chairperson:	• Audit, Risk, and Compliance Committee	**2**

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
						Treasured GEMS NGO (Awareness of Cancer) (2015 • Trustee: SAKHROL Bursary Trust (2015 to date).		
Adv T Nevondwe	Board Member	6 July 2021	N/A	• Bachelor of Laws (LLB): University of Venda (2004). • Bachelor of Laws (LLM) in Human Rights Law: University of Venda (2005).	• Legal and Regulatory Compliance. • Governance. • Audit and Risk Management.	• Board Chairperson and Independent Trustee: National Lotteries Participants Trust (NLPT), 01 April 2016 to date. • Deputy Chairperson Nelson Mandela Museum Council (NMM) Chairperson of Audit and Risk Committee, 01 November 2016 to date • Board Member (Interim), Agrement South Africa, 30 April 2019 to date.	• Social and Ethics Committee • HR, Nominations and Remuneration Committee • Reconfiguration and Transformation Committee • Board Executive Committee	**14**
Adv. K Mshengu	Board Chairperson	07 September 2023	03 February 2025 Removed as a Trustee by Minister of DPWI	• Master of Law: University of KwaZulu Natal (2017). • Bachelor of Social Science (Honours): University of • KwaZulu Natal (2007).	• Public Policy Analysis and Development • Political Leadership • Strategic Planning and Execution • Monitoring and Evaluation • Legal Advisory • Project and Stakeholder Management • Media Liaison and Public Relations • Research		• Board Executive Committee	**5**

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
					• Reports and Speech Writing • Corporate Law and Governance			
Ms. L Dlamini	Chairperson of Core Business, Programmes and Financial Sustainability	07 September 2023	03 February 2025 Removed as a Trustee by the Minister of DPWI	• Master of Science Degree in Environmental Management: University of Johannesburg (2022) • Bachelor of Science in Environmental and Water Science (Honours Degree): University of Western Cape (2007) • Bachelor of Science Degree in Environmental Science: University of Western Cape (2006)	• Environmental Management • Compliance Management • Audit Processes • Report Writing • Strategy Development and Implementation • Policy Development and Implementation • Environmental Sustainability	• Founder and Managing Director: Ramini Works, South Africa (March 2020 to current).	• Audit, Risk and Compliance Committee • Board Executive Committee • Core Business Programmes and Financial Sustainability Committee	**14**
Mr. K Sukdev	Chairperson of Social and Ethics	6 July 2021	N/A	• Bachelor of Business Science (Honours): University of Cape Town (1991). • Fellow of the Faculty of Actuaries: Faculty of Actuaries (2004). • Fellow of the Actuarial Society of South Africa (2005). • CPF (Pensions Fellowship): Financial Planning Institute (2004). • MBA: Heriot-Watt University (2016).	• Actuarial sciences	• Independent Actuary: Key protect Cell, Captive Insurance Entity of the Key mix Group (Part-time), (1 August 2020 to date). • Non-Executive Director: Landbank Insurance Entities (1 August 2020 to date). • Member of the Rustenburg Economic Advisory Council (1 August 2020 to date). • Trustee: Ensimini Umbrella Fund (1 August 2020 to date). • Independent Trustee:	• Core Business, Programmes and Financial Sustainability Committee • Board Executive Committee • Social and Ethics Committee • Reconfiguration and Transformation Committee	**12**

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
						NEHAWU National Provident Fund (1 August 2020 to date). • Chairperson: Risk Committee of Mpumalanga Department of Public Works and Roads (1 August 2020 to date). • Non-Executive Director: Land Bank Life Insurance Company (LBLIC) (Current). • Non-Executive Director: Land Bank Insurance Company (LBIC LBIC) (Current). • Chairperson: Actuarial and Investment Committee (LBIC and LBLIC) (Current		
Mr. M Mbambisa	Board Member	6 July 2021	N/A	• Bachelor of Science in Chemistry and Mathematics): University of Transkei (1987). • Bachelor of Science in Engineering: University of Natal (1994). • Certificate of Management Studies: Reading University, UK (1996). • Certificate in Project Management: University of Fort Hare (1998). • Construction Management Programme: University of Stellenbosch (1999).	• Built Environment Professional. • Construction Sector. • Development Management. • Human Resources.	•	• Core Business Programmes, and Financial Sustainability Committee • Audit, Risk and Compliance Committee • Reconfiguration and Transformation Committee	14

Name	Designation (in terms of the Board Structure)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorship (list of the entities)	Other Committees or Task Team	No of meetings attended
				• Post Graduate Diploma in Business Management: Graduate School of Business (University of Natal) (2003). • Executive Management Development Programme: University of Stellenbosch (2004)				
Mr. Derek Naidoo	Chairperson of Human Resources, Nomination, and Remuneration	12 February 2025	N/A	• BA LLB: University of Durban Westville 1991 • Diploma: Project Management and Microsoft Project: Varsity College 2011 • Certificate in Strategic Business Management: University of Cape Town 2020 • Certificate in Advanced Trade, Investment Promotion and Economic Development 2024	• Corporate Governance • Municipal Project Management	• Board Member: Trade and Investment KwaZulu Natal (TIKZN) • Deputy Chairperson: Key Health Medical Scheme	• HR, Nominations and Remuneration Committee • Reconfiguration and Transformation Committee • Chairpersons Committee • •	
Mr. Matodzi Ratshimbilani	Board Member	12 February 2025	N/A	• B Proc: University of North (now University of Limpopo) 1994 • Certificate in Business Management: University of Johannesburg 1996 • Certificate in Prospecting and Mining Law: University of Witwatersrand 2004	• Media Liaison • Corporate Law and Governance • Corporate and Commercial Law • Legal and Regulatory Law	• Kouga Windfarm (RF) Ltd (Project Company) 2021 to date • Kouga Wind Farm Community Development Trust 2018 to date • Chairperson Legal and Governance Committee: Gauteng Cricket Board: 2016 to date	• Audit, Risk and Compliance Committee • Social and Ethics Committee •	

Table 11: Committee meetings for the period 01 April 2024 to 31 March 2025

Committee	No. of Meetings held	No of members	Name of members
Audit, Risk, and Compliance Committee	3	4	Dr. K Siyila Ms. L Dlamini Ms. R Parker Mr. M Mbambisa Ms. B Mokgatle (Independent member)
Core Business, Programmes, and Financial Sustainability Committee	3	3	Ms. L Dlamini Mr. M Mbambisa Mr. K Sukdev
Board Executive Committee	0	6	Adv. K Mshengu Adv. T Nevodwe Ms. L Dlamini Dr. K Siyila Mr. K Sukdev Ms. N Mkhwanazi
Social and Ethics Committee	2	4	Adv. T Nevodwe Mr. K Sukdev Ms. N Mkhwanazi Ms. R Parker
HR, Nominations, and Remuneration Committee	3	4	Ms. N Mkhwanazi Adv. T Nevodwe Dr. K Siyila Ms. Y Mbane (Independent member)

4.3 Remuneration of Trustees

The Board was remunerated in line with applicable National Treasury rates. All Trustees are remunerated as none are Employees of Government, Provincial or Local Government. Travel expenses are paid according to the Department of Transport Rates. The table below reflects the remuneration paid to Trustees during the reporting period.

Table 12: Trustees' Remuneration for the period 01 April 2024 to 31 March 2025

Member	Remuneration (R'000)	Other Allowance (R'000)	Total (R'000)
Adv. K Mshengu	115	15	130
Dr. K Siyila	196	18	214
Ms. L Dlamini	145	29	174
Ms. N Mkhwanazi	127	17	144
Mr. K Sukdev	119	18	137
Mr. M Mbambisa	150	18	168
Ms. R Parker	20	11	31

Member	Remuneration (R'000)	Other Allowance (R'000)	Total (R'000)
Adv. T Nevondwe	137	18	155
Ms. Y Mbane	41	18	59
Ms. B Mokgatle	28	14	42
Mr D Naidoo	1	3	4
Mr M Ratshimbilani	-	-	-
TOTAL	**1 079**	**179**	**1 258**

5. Risk Management

Enterprise Risk Management is the application of risk management throughout the IDT. The IDT, in line with the PFMA, King Code on Corporate Governance, maintains an Enterprise Risk Management Policy and Framework which directs the organisation concerning the structures, processes, and standards that must be implemented to identify, analyse, evaluate, and manage risks in the organisation. The Audit and Risk Committee of the Board, through its delegated responsibility, ensured that the organisation had identified the key risks and strategies and that mitigation actions were developed and implemented to manage those risks. The organisation has an approved strategic risk register detailing key risks faced by the entity. The risk assessment outcome (strategic risk register) informed the internal audit plan [that is] approved and monitored by the Audit and Risk Committee. The following governing documents and structure were put in place during the 2024/2025 financial year.

- Enterprise Risk Management Policy and Framework.
- Risk management strategy and plan.
- Implementation and monitoring of strategic and operational registers.
- Appointment of risk champions; and
- Risk management awareness.

The entity's risk maturity has improved with time. Risk culture is gradually improving through the continuous implementation of highlighted interventions and strategies.

6. Internal Audit and Audit Committees

The IDT has an Internal Audit Business Unit responsible for providing independent, objective assurance and advisory services designed to add value and improve the organisation's operations. Internal Audit's purpose, authority, and responsibility are formally defined in the Internal Audit Charter, aligned with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

Internal Audit executes a Board-approved Annual Audit Plan and performs the following core functions in line with its strategic intent:

- Verifies the existence of assets and recommends safeguards for their protection.
- Evaluates the adequacy and effectiveness of internal control systems.
- Recommends improvements to enhance the control environment.
- Assesses compliance with internal policies, procedures, and applicable business practices.
- Reviews compliance with applicable laws, regulations, and contractual obligations.
- Evaluates whether operations and programs are being conducted as intended and producing expected results.

The Internal Audit unit performed the following audits during the 2024/2025 financial year.

- Annual Report Review (AFS and AoPO)
- Review of the Draft Annual Report 2023/2024
- Projects Procurement – MP, NW, NC, FS, KZN, EC
- Project Management – MP, NW, NC, FS, KZN, EC
- Projects Finance – MP, NW, NC, FS, KZN, EC
- SCM – Overheads
- Financial Discipline Review – Head Office
- Draft Annual Performance Plan (APP) Review – 2024/2025
- AoPO Q2 – 2024/2025
- AoPO Q3 – 2024/2025
- Payroll Review
- Human Resource Management Review
- Occupational Health and Safety (OHS)
- Asset Management
- Corporate Governance Review
- ICT Governance
- Risk Management Maturity Review
- Follow-up Review: AGSA Action Plan
- Social Program – NSS EPWP: MP, NC, FS, NW, KZN, EC, GP, WC

These audits were completed in accordance with the Annual Audit Plan and formed part of the Internal Audit's contribution to strengthening internal controls, governance, and risk management across the organisation.

7. Audit and Risk Committee

In terms of the Public Finance Management Act, the Board of Trustees has to comply with the compulsory establishment of an effective Internal Audit function and an Audit Committee to monitor the scope and effectiveness of the Internal Audit function in an entity.

The purpose of the Committee is to assist Management in fulfilling its oversight responsibilities for internal control and risk management systems, the audit process, and the IDT's process for monitoring compliance with all applicable legal requirements and accounting standards. As indicated, the audit function is performed by internal auditors to maintain the independence of the audit function.

The functions of the Audit, Risk, and Compliance Committee are, among other things, as follows:

- Systems of internal control.
- Compliance with laws and regulations.
- Oversight over the Internal Audit Function.
- Performance and Risk Management.
- Annual Financial Statements

Table 13: Audit Committee Members – April 2024 to 31 March 2025

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
Dr. Karabo Siyila	Doctor of Philosophy in Accounting Sciences: University of South Africa MCOM in Accounting Sciences: University of Pretoria (2015 - 2016). Professional Practice Exam (PPE) (2010). Accounting Professional Training Certificate (ATP) (2010) Qualifying Exams (QE) (2009) BCOM Honours (CTA) University of Johannesburg (2008).	Internal	N/A	6 July 2021	N/A	3
Ms. Rehana Parker	B. Proc: University of South Africa (1989). Certificate in Labour Law: University of Cape Town (12 January 2000). Arbitrator: Arbitration Forum (2000). Diploma in Disability Medicine: Marshall University (July 2009). Mediation Training Land Rights (2009). National Land Mediation Training (2009). Incomplete Masters in Oral History: University of Cape Town (2011).	Internal	N/A	6 July 2021	01 November 2024	3
Ms. Lindelwa Dlamini	Master of Science Degree in Environmental Management: University of Johannesburg (2022)	Internal	N/A	07/09/2023	03/02/2025 Removed as a Trustee by	3

Name	Qualifications	External or Internal	If the internal position in the public entity	Date Appointed	Date resigned	No of meetings attended
	Bachelor of Science in Environmental and Water Science (Honours Degree): University of Western Cape (2007) Bachelor of Science Degree in Environmental Science: University of Western Cape (2006)				Minister of DPWI	
Mr. Mpilo Mbambisa	Bachelor of Science in Chemistry and Mathematics): University of Transkei (1987). Bachelor of Science in Engineering: University of Natal (1994). Certificate of Management Studies: Reading University, UK (1996). Certificate in Project Management: University of Fort Hare (1998). Construction Management Programme: University of Stellenbosch (1999). Post Graduate Diploma in Business Management: Graduate School of Business (University of Natal) (2003). Executive Management Development Programme: University of Stellenbosch (2004)	Internal	N/A	06/07/2021	N/A	3
Ms Boitumelo Mokgatle (appointed as an independent member on 25 July 2024)	Bachelor of Commerce Accounting: University of Western Cape 1998 Master of Business Administration: GIBS Business School (University of Pretoria) 2014	External	N/A	25/07/2024	N/A	2

8. Compliance with laws and regulations

The IDT must comply with legislation as failure can result in litigation and reputational damage. During the reporting period, several policies remained in force to ensure that the entity complied with relevant laws and regulations. The most notable policy in this respect was the Compliance Management policy, which sets out the principles for and commitment to managing compliance risk in the organisation. The policy also complements other internal controls, processes, and procedures.

9. Fraud and Corruption

The IDT has zero tolerance for fraud and corruption. To this end, the entity's Fraud Prevention Policy and Whistleblowing Policy remained in force during the reporting period. It is the responsibility of all employees to report all allegations or incidents of fraud and corruption immediately. All managers are responsible for preventing and detecting fraud and corruption. IDT staff is charged through the Fraud Prevention Policy with the responsibility to report all incidents and allegations of fraud and corruption. Incidents and allegations of fraud and corruption are investigated by the Risk and Compliance Unit.

10. Minimising Conflict of Interest

The Code of Ethics and Business Conduct Policy and the Gift Policy are in place and regulate conflict of interest. Each trustee and employee of the IDT is required, among others, to:

- Annually declare direct or indirect business interests that they or a family member may have in any matter relevant to the IDT.
- Declare, by way of a notice in writing, direct or indirect business interests that they or a family member may have in any contract/tender or proposed /tender which has been or is to be entered into by the IDT or who so becomes interested in any such contract/tender after it has been entered into.
- Before every Board Committee and Management meeting, a Declaration of Interest Register is signed, and should any Member declare any interest, they will be recused from the meeting.

The declared interests are confirmed through the Companies and Intellectual Property Commission (CIPC) verification process. This is done annually.

11. Code of Conduct

The Code of Conduct, which also includes the Code of Ethics, is included in the Board Charter. The Code of Conduct is based on principles of honesty and integrity. It guides the Trustees and employees on aspects such as protecting the organisation’s assets and information and conflicts of interest. The IDT must ensure that official relationships reflect integrity, respect for human dignity, the rights of others, honesty, and commitment to do what is right, fair, legal, and just. Employees of the IDT must at all times comply with the following values in the execution of their tasks and official interactions:

- Honesty/Integrity.
- Respect.
- Commitment.
- Professionalism.
- Equity; and
- Openness

12. Health, Safety, and Environmental Issues

The entity has an approved Occupational Health and Safety Policy, which remains in force to ensure that it complies with health, safety, and environmental requirements. The IDT is committed to ensuring that its activities do not compromise environmental, health, and safety legislation. Although its major activities do not pose a significant threat to the environment, the organisation's management activities focus on compliance with the key elements of existing regulations.

13. Company Secretary

The Company Secretary is appointed by the Board of Trustees and is tasked with supporting the Board of Trustees and the organisation to maximise its efficiency and ensure that it conducts its business according to good corporate governance and practices. The Company Secretary is located within the Trust Secretariat and is responsible for the operations of the Board of Trustees, including secretariat and administrative support. In compliance with good corporate governance, the Company Secretary also facilitates self-assessment of the Board of Trustees and its Committees and financial disclosures by the Trustees. The responsibilities are strategic and incorporate all matters on corporate governance and compliance with King IV Report.

The role and responsibilities of the Company Secretary are:

- To ensure compliance and good corporate governance throughout the institution by providing legal guidance and support to the Board of Trustees, management, and employees to discharge their fiduciary and other responsibilities effectively.
- To provide guidance and advice within the institution on ethics, good governance, compliance, and legal matters to ensure compliance and good governance.
- To promote compliance and good corporate governance within the institution by training, advising, and providing guidance.
- To provide effective and efficient support to the Board of Trustees, management, and staff by, amongst others, effective minute-taking, coordination of statutory meetings, and distributing relevant information.
- To ensure the effective, efficient, and economical implementation of institutional strategies and policies per relevant legislation and policies.

14. Social Responsibility

Although the IDT does not have a separate social responsibility function and resources to fund such activities, it regards the implementation of corporate social responsibility as a sign of good corporate citizenship and subscribes to its core principles.

15. Report of the Audit Committee

Refer to item 2 under Section F

16. BBBEE Compliance Performance Information

Table 14 presents the BBBEE compliance-related information.

Table 14: BBBEE Compliance Performance

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8)		
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 licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable as IDT does not engage in Licenses, concessions, and other authorisations in respect of economic activities.
Developing and implementing a preferential procurement policy?	Yes	The elements of empowerment are incorporated in the SCM Policies as "Specific Goals" and SCM reports on progress every quarter – Specific Goals are broken down in this manner: **Group** **90/10** **80/20** Women 3 6 Youth 3 6 People with Disabilities 2 4 Black people 2 4
Determining qualification criteria for the sale of state-owned enterprises?	No	That does not apply to our environment as we are dealing with social infrastructure development
Developing criteria for entering into partnerships with the private sector?	No	The IDT, in particular, SCM is engaging with the private sector through the procurement of goods and services, and that process is handled in terms of SCM Policies and prescripts.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The IDT as an entity does not have a criterion for awarding incentives, grants, and investment schemes in the form of supporting Broad-Based Black Economic Empowerment. The only target for BBBEE empowerment is as per Specific Goals contained in the SCM Policies and provided for in the Preferential Procurement Regulations, 2022

Part D: Human Resource Management

1. Introduction

During the period under review, the entity implemented the outcomes of the skills audit by delivering 70% of the 75% approved Annual Training Plan. This contributed to the learning, development and upskilling of staff. The IDT recorded a vacancy rate of 16% by the close of the financial year, from 25% at the beginning of the year. Despite ongoing financial constraints, the resourcing of the entity continued with a strong focus on capacitating the core business areas and addressing scarce skills essential to the organisation's strategic objectives.

2. Overview of Human Resources matters.

The entity embarked on a process to professionalise its core business through Candidacy Programmes aimed at enhancing capacity for, inter alia, the Core Business. 126 employees under the core business were supported through the Programme with 21 employees registered with their respective Professional Councils, progressing to become fully recognised professions. In line with this development, job profiles are being reviewed to make professional registration a requirement for specific technical roles.

The following are some of the highlights of the period under review:

- Appointment of a Wellness Service Provider to support employee wellbeing and enhance productivity.
- Review of Human Resources Management policies to align with the entity's outcomes, ensure compliance with the regulatory environment as well and support productivity and effective operations in line with the entity's business processes and operating procedures.

The following are some of the plans in respect of human capital management matters:

- Accelerating professional registration for core business employees.
- The entity will continue with the recruitment efforts to ensure the organisation maintains a skilled and capable workforce aligned to deliver on its mandate.

3. Human Resources Oversight Statistics

The tables under this section highlight personnel costs, human resource development interventions, employee relations matters, changes in the entity's staff complement, employment equity targets and employees living with disability.

Table 15 hereunder indicates the entity's total personnel cost per functional category. Table 16 presents personnel cost per occupational level.

Table 15: Personnel Cost by Functional Category (Programme)

Programme /activity / objective	Total Expenditure for the entity R'000	Personnel Expenditure R'000	Personnel Expenditure as a % of total Expenditure	No of employees	Average personnel cost per employee. R'000
Core Business	**403 548**	142 194	35,24%	187	760
Support		75 804	18,78%	81	936
Graduate Trainees and Interns		21 961	5,44%	125	176
Cuban Technical Advisors		3 983	0,99%	4	996
Short Term Contracts		2 501	0,62%	9	278
Programme Support (NDoH)		1 435	0,36%	3	478
TOTAL		**247 878**	**61,42%**	**409**[7]	**606**

Table 16 indicates that the highest expenditure for the period under review for personnel costs was allocated to professionally qualified staff, followed by skilled staff, semi-skilled senior management, top management, and unskilled employees.

Table 16: Personnel Cost by Occupational Level

Level	Personnel Expenditure R'000	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee. R'000
Top Management	9 466[8]	4%	3	3 155
Senior Management	42 277	17%	23	1 838
Professional qualified	89 525	36%	83	1 079
Skilled	62 169	25%	95[9]	654
Semi-Skilled	41 952	17%	198	212
Unskilled	2 488	1%	7	355
TOTAL	**247 878**	**100%**	**409**	**606**

There were no performance rewards during the reporting period, as indicated in Table 17 below.

7 This number includes four (4) Technical Advisors [Cuban], twenty-two (22) Graduate Trainees, fifty-eight (58) interns under the CETA programme, forty-five (45) Interns under the FWTC programme and nine (9) short-term contract employees. These positions do not form part of the approved interim organisational structure.

8 This amount is inclusive of remuneration for executives appointed on acting capacity and those who left the entity during the reporting period.

9 Skilled personnel include Graduate Trainees and employees under a learnership contract.

Table 17: Performance rewards

Programme/ activity/ objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	n/a	n/a	n/a
Senior Management	n/a	n/a	n/a
Professional qualified	n/a	n/a	n/a
Skilled	n/a	n/a	n/a
Semi-skilled	n/a	n/a	n/a
Unskilled	n/a	n/a	n/a
TOTAL	**0**	**0**	**0**

Table 18 below presents the total training cost for the reporting period. The entity's expenditure on training and development for the period under review is equivalent to 1.39% of its expenditure on personnel. A total of R3.443 million was spent on training and development 42% percent of training and development expenditure was on internal bursary payments, while 46% was spent on short courses with the remaining 12% spent on professional registration and other related training and development activities.

Table 18: Training costs

Programme / Activity / Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of Employees Trained	Average Training Cost Per Employee (R'000)
Internal bursary payment	**247 878**	1 457	0.59%	28	52
External bursary payment		0	0%	0	0
Other (professional registration)		398	0.16%	152	3
Short Courses		1 588	0.64%	309	5
TOTAL	**247 878**	**3 443**	**1.41%**	**489**	**7**

Table 19 below presents the total employment figures for the period under review in line with the approved organisational structure.

Table 19: Employment and Vacancies

Programme / Activity / Objective	2023/24 No. of Employees	2024/25 Financial Year			
		Approved Posts	No. of Employees	Vacancies	% of vacancies
Core Business (**Programme Management Services**)	122	224	187	37	11.56%
Support **(Administration)**	117	96	81	13	4.06%
TOTAL	**239**	**320**	**268**	**52**	**16.25%**

LEVEL	2023/24 No. of Employees	2024/25 Financial Year			
		Approved Posts	No. of Employees	Vacancies	% of vacancies
Top Management	2	4	3	1	0.31%
Senior Management	22	26	23	3	0.94%
Professional qualified	67	99	78	21	6.56%
Skilled	67	94	73	21	6.56%
Semi-Skilled	73	89	84	5	1.56%
Unskilled	8	8	7	1	0.31%
TOTAL	**239**	**320**	**268**	**52**	**16.25%**

Tables 20 and 21 below present employment changes recorded during the period under review. Forty-four (44) new employees were appointed during the period under review. Twenty-two (22) terminations were recorded during the 2024/25 financial year.

Table 20: Employment Changes (approved structure)

Salary Band	Employment at the beginning	Appointments	Termination s	Employment at the end of the period
Top Management	2	2	1	3
Senior Management	22	3	4	23
Professional qualified	67[10]	16	7	76
Skilled	74[11]	6	3	77
Semi-Skilled	73	17	6	84
Unskilled	8	0	1	7
TOTAL	**246**	**44**	**22**	**268**

10 This number excludes four (4) Technical Advisors (Cuban) included in the table of employee cost.

11 The closing balance the previous year was 239. Eight (8) graduate trainees appointed into client-funded trainee progrmme were excluded during the calculation of new appointment in 2023/24. One trainee (Mr. Kruger) left the organisation in March 2024. The remining seven employees ceased to be programme funded and were integrated into the IDT (main pay roll)

Table 21: Employment Changes (Others)

Salary Band	Employment at the beginning	Appointments	Terminations	Employment at the end of the period
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	4[12]	0	0	4
Skilled	25[13]	2	5	22
Semi-Skilled	16[14]	1	8	9
Unskilled	-	-	-	-
TOTAL	**45**	**3**	**13**	**35**

Table 22 below presents the numbers and a summary of reasons for employment terminations with the IDT.

Table 22: Reasons for staff leaving.

Terminations	Total	% of the total number of staff leaving
Contract Expired	0	0%
Death	0	0%
Dismissed	2	9.09%
Resignation	15	68.18%
Early Retirement		0%
Incapacity		0%
Retirement	3	13.63%
Ill Health	2	9.09%
Mutual separation	0	0%
TOTAL	**22**	**100%**

Table 23 below reflects a summary of the number of disciplinary cases finalised during the 2024/25 financial year.

Table 23: Labour Relations: Misconduct and Disciplinary Action

Disciplinary Action	Number
Verbal Warning	0
Written Warning	5
Final Written Warning	1
Dismissal	2

12 This number refers to the Technical Advisors (Cuban) supporting the IDT

13 This number refers to graduate trainees engaged by the IDT during the period under review

14 This number refers to short-term contract employment entered into during the period under review.

Disciplinary Action	Number
Non-renewal of contracts	0
Disciplinary Hearing	11
Precautionary suspension	0
CCMA cases	4
Cases at the Labour Court	3
Grievances cases	0

Table 24 reflects a summary of employment equity status [number of male and female employees] per occupational level.

Table 24: Equity Target and: Employment Equity Status

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	1	0	0	0	2	0	0	0	**3**
Senior management	17	0	0	0	6	0	0	0	**23**
Professionally qualified and experienced specialists and mid-management	36	0	1	1	37	1	0	2	**78**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	41	1	0	0	31	0	0	0	**73**
Semi-skilled and discretionary decision-making	26	1	0	0	56	0	1	0	**84**
Unskilled and defined decision-making	0	0	0	0	7	0	0	0	**7**
GRAND TOTAL	**121**	**2**	**1**	**1**	**139**	**1**	**1**	**2**	**268**

Table 25 below presents the number of personnel living with disability.

Table 25: Staff living with a disability.

LEVEL	STAFF LIVING WITH DISABILITY			
	MALE		FEMALE	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	1
Professional qualified	0	1	0	0

LEVEL	STAFF LIVING WITH DISABILITY			
	MALE		FEMALE	
	Current	Target	Current	Target
Skilled	0	0	0	0
Semi-skilled	0	0	1	0
Unskilled	0	0	0	0
TOTAL	**0**	**1**	**1**	**1**

Part E: Public Finance Management Act Compliance Report

1. Introduction

This section provides information relating to the Public Finance Management Act (PFMA) compliance requirements. It specifically provides information on irregular, fruitless and wasteful expenditure and material losses as disclosed in the annual financial statements. Details of the recognition and recording of irregular, fruitless and wasteful expenditure are disclosed in the financial statement contained in accounting policy items 1.17 and 1.18

2. Irregular, Fruitless and Wasteful Expenditure and Material Losses

Details of the recognition and recording of irregular, fruitless and wasteful expenditure are disclosed in the financial statement contained in the accounting policy items 1.17 and 1.18

2.1 Irregular Expenditure

Table 26 hereunder presents the irregular expenditure as recorded in the annual financial statement.

Table 26: Irregular expenditure reported in the Annual Financial Statement

Reconciliation of irregular expenditure		
Description	**2024/2025**	**2023/2024**
Opening balance	773 725 495	623 396 002
Add: Irregular expenditure confirmed	40 041 928	150 329 493
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recovered	-	-
Less: irregular expenditure not recovered and written off	-	-
Closing balance	**813 767 423**	**773 725 495**
Reconciling notes to the annual financial statements		
Description	**2024/2025**	**2023/2024**
Irregular expenditure that was under assessment in 2024/2025	844 614 408	-
Irregular expenditure that was under assessment in 2023/2024		62 355 811
Irregular expenditure that relates to 2022/23 (and prior years) identified in 2023/24	-	-
Irregular expenditure for the current year	40 041 928	150 329 493
Total	**884 656 336**	**212 685 304**
Details of current and previous year's irregular expenditure under investigation		
Description	**2024/2025**	**2023/2024**
Irregular expenditure under investigation	-	94 044 856
Total	**-**	**94 044 856**

Details of current and previous year irregular expenditure condoned		
Description	**2024/2025**	**2023/2024**
Irregular expenditure condoned	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure removed (not condoned)		
Description	**2024/2025**	**2023/2024**
Irregular expenditure under removed (not condoned)	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure recovered		
Description	**2024/2025**	**2023/2024**
Irregular expenditure recovered	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure written off(irrecoverable)		
Description	**2024/2025**	**2023/2024**
Irregular expenditure written off.	-	-
Total	**-**	**-**

Additional disclosure relating to inter-institutional arrangement. Details of noncompliance where an institution is involved in an inter-institutional arrangement		
Description	**2024/2025**	**2023/2024**
IDT procured services for another organ of the state as part of its mandate. It was found that in the procurement process, non-compliance to PFMA and its regulations was contravened.	11 376 546	112 148 172
Total	**11 376 546**	**112 148 172**

2.2 Fruitless and Wasteful Expenditure

Table 27 hereunder presents the fruitless and wasteful expenditure as recorded in the annual financial statement.

Table 27: Reconciliation of Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure		
Description	**2024/2025**	**2023/2024**
Opening balance	85 705	66 486
Add: Fruitless and wasteful expenditure confirmed	3 949	19 219
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(347)	-
Closing balance	**89 307**	**85 705**

Reconciling notes to the annual financial statements		
Description	**2024/2025**	**2023/2024**
Fruitless and wasteful expenditure that was under assessment in 2022/23		-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24		-
Fruitless and wasteful expenditure for the current year	3 949	19 219
Total	**3 949**	**19 219**

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

Description	2024/2025	2023/2024
Fruitless and wasteful expenditure under investigation	3 949	19 219
Total	**3 949**	**19 219**
Details of current and previous year Fruitless and wasteful expenditure recovered.		
Description	**2024/2025**	**2023/2024**
Fruitless and wasteful expenditure recovered	347	9
Total	**347**	**9**
Details of current and previous year Fruitless and wasteful expenditure not recovered and written off		
Description	**2024/2025**	**2023/2024**
Fruitless and wasteful expenditure written off.	-	-
Total	-	-
Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure		
Disciplinary steps taken		
There were no disciplinary or criminal steps taken as a result of Fruitless and wasteful expenditure.		

3. Information on Late and/or non-payment of suppliers

Table 28 hereunder presents a summary of the total number and value of valid programme and non-programme invoices received and paid within 30 days or an agreed period; invoices received and paid after 30 days or an agreed period as well as unpaid invoices older than 30 days.

Table 28: Summary of information on payment of suppliers

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	15 350	6 126 478
Invoices paid within 30 days or the agreed period	5 747	2 933 671
Invoices paid after 30 days or the agreed period	3 965	1 221 004
Invoices older than 30 days or the agreed period (unpaid and without dispute)	5 638	1 971 803
Invoices older than 30 days or the agreed period (unpaid and in dispute)	0	0

As indicated in Table 5 (output 4.4) the entity achieved a 63% and 72% compliance rate of paying compliant invoices received within 30 days for programme invoices and overheads (operations) invoices respectively. The total number of invoices received includes some from the prior year, especially those received in March 2024. Overall, of all the invoices paid during the period under review, the entity paid 71% of all valid invoices received within 30 days. Insufficient programme funds, delays in fund transfers from client departments and cash flow changes are amongst contributing factors towards non-compliance with the 30-day payment turn-around time. Transfers take on average, longer than 30 days to reach the programme bank account for payments to be affected.

Part F: Financial Information

1. Statement of Responsibility and Confirmation of Accuracy

To the best of our knowledge, 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.

The annual report is complete and free from omissions.

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

All Annual Financial Statements (Part F) have been prepared under the Generally Accepted Accounting Principles standards applicable to the entity.

The accounting authority is responsible for the preparation of annual financial statements and the judgements made on this information.

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

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

In our opinion, the annual report fairly reflects the operations, performance information, human resources information, and financial affairs of the entity for the financial year ended 31 March 2025.

Yours faithfully

Acting Chief Executive Officer
Ms. Carmen-Joy Abrahams

Ms Zimbini Hill
Chairperson of the Board of Trustees

2. Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2025.

1.1 Committee Members and Attendance

The Board of Trustees did not quorate from 1st November 2024 to 2nd April 2025. The Minister of Public Works and Infrastructure (the "Minister") appointed an interim Board of Trustees on 3rd April 2025, which then appointed the interim Audit, Risk and Compliance on 9th April 2025. The Minister subsequently appointed a new Board of Trustees on 4th July 2025, which appointed the new Audit, Risk and Compliance Committee members on 21st July 2025.

The Committee, in terms of its Charter, is required to meet at least six times a year (four quarterly meetings and two additional meetings). Due to the factors outlined above, the Committee did not meet these requirements for the financial year under review. The Committee comprised the following members for the financial year ending 31st March 2025:

Committee Member	Meeting Dates		
	24th April 2024	26th July 2024	22nd October 2024
Dr. K. Siyila (Chairperson)	Yes	Yes	Yes
Mr. M. Mbambisa	Yes	Yes	Yes
Ms. L. Dlamini	Yes	Yes	Yes
Ms. R Parker	Yes	Yes	Yes
Ms. B. Mokgatle*	n/a	Yes	Yes

* Independent member appointed on 25th July 2024

In addition, the Committee also convened joint meetings with the Core Committee on 24th May 2024 and 7th October 2024.

The members of the new Audit, Risk and Compliance Committee, comprise:

- Mr. Wayne Manthe (Chairperson)
- Dr. Deenadayalen Konar
- Professor Stella Bvuma
- Ms. Bongekile Zulu
- Ms. Thobile Maloka
- Ms. Boitumelo Mokgatle (Independent, non-board Member)

1.2 Committee Responsibility

The Committee confirms that it has fulfilled, except for those areas highlighted in this report, its responsibilities as outlined in Section 51 (1)(a)(ii) of the Public Finance Management Act, Treasury Regulation 27.1, and its approved Charter.

1.3 The Effectiveness of Internal Control

The Committee reviewed the entity's implementation plan for addressing audit findings raised in the prior year. While some matters have been adequately resolved, several significant concerns still remain unresolved. The Committee concurs with the conclusions of the Office of the Auditor-General and acknowledges the need for immediate corrective actions.

The Committee reviewed and approved the risk-based Internal Audit Plan and the Internal Audit Charter. The Internal Audit function executed the plan accordingly, and the Committee is satisfied with the content and quality of reports received for the year under review. The Committee is satisfied that the Internal Audit function operated effectively in terms of its approved Charter.

The Committee considered the content and quality of monthly and quarterly reports prepared and issued by management and the Internal Audit function during the year under review and requested certain amendments and improvements. The Committee will continue to oversee and monitor the implementation of recommendations aimed at strengthening the systems of internal control.

Despite these efforts, material deficiencies in internal control were identified through various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General South Africa. Management is actively developing and implementing plans to address these deficiencies, and the Committee will maintain oversight of this process to ensure improvements in operational efficiency and internal control effectiveness.

1.4 Evaluation of Annual Financial Statements

During the 2024/2025 financial year, the Committee provided financial oversight, contributing to improved reporting. The Committee has:

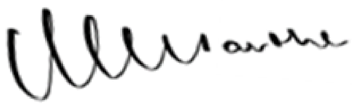
- reviewed and discussed the Annual Financial Statements audited by the Office of the Auditor-General.
- reviewed changes to accounting policies and practices; and
- reviewed the institution's compliance with legal and regulatory provisions.

In alignment with PFMA and King IV principles, Internal Audit provided assurance on the adequacy and effectiveness of internal controls to the Committee and management. This was achieved through the risk management process, as well as the identification of corrective actions and recommended enhancements to the controls and processes. Internal Audit reviews identified areas of weakness and made suggestions for improvements. These were accepted and most were addressed by management.

The Committee expressed concerns regarding the entity's ability to continue as a going concern, noting the operating deficit and the erosion of its net asset position. This situation was further exacerbated by the non-receipt of an anticipated grant for the financial year under review. The Committee recommends submission of the Annual Financial Statements to the Office of the Honourable Minister.

1.5 Annual Performance Information

The Committee exercised oversight over performance reporting during the year under review. Internal Audit reviews identified areas of improvement and correction, most of which were subsequently addressed by management. The Committee notes the outcome of the submission of the Annual Performance Report to the Office of the Auditor-General of South Africa.



Mr. Wayne Manthe
Chairperson of the Audit Committee
Date: 30 September 2025

3. Report of the Auditor General

Report of the auditor-general to Parliament on the Independent Development Trust

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Independent Development Trust set out on pages xx to xx, 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 information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditors report, the financial statements present fairly, in all material respects, the financial position of the Independent Development Trust as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Programme reserves and liabilities - Programme trade and other payables

3. Outstanding amounts meeting the definition of a liability were not recognised at the correct amount in accordance with GRAP 1, presentation of financial statements. Adequate controls for goods and services received but not yet paid at year-end were not maintained, this has resulted in programme trade and other payables and programme trade and other receivables in note 5 being understated by R152 002 366 (2024: R47 619 436). Additionally, programme trade and other payables was not recognised at the correct amounts as there were duplications, and there was no evidence of when the service was rendered, which resulted in programme trade and other payables and programme trade and other receivables in note 5 being overstated by R130 615 070. Furthermore, I was unable to obtain appropriate sufficient audit evidence whether journals processed for programme trade and other payables were valid. Consequently, I was unable to determine whether any adjustment was necessary to programme trade and other payables.

Programme expenditure

4. Programme expenditure transactions relating to previous financial period(s) have been recorded in the current year. Consequently, this has resulted in note 5 being overstated by R120 323 589 (2024: R26 779 274). This also has an impact on the surplus for the

period and on the programme payments net movement. Additionally, programme expenditure was not recognised at the correct amount, adjustments to the prior year were incorrectly processed, and there were transactions not recorded, which resulted in programme expenditure in note 5 being understated by R194 155 273 (2024: R200 072 728).

Programme cash disbursement

5. Programme cash payments disbursed on behalf of the client department as described in note 5 were not recognised at the correct amount in accordance with GRAP 1, Presentation of financial statements, and GRAP 109, Accounting by Principals and Agents. This has resulted in cash disbursements being overstated by R288 942 617 (2024: R101 702 262).

Irregular expenditure

6. The irregular expenditure incurred during the current and prior financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

Revenue from exchange transactions – Management fees and other Income

7. Revenue from exchange transactions is overstated by R30 529 345 in accordance with GRAP 9 and GRAP 1, due to management fees that are recognised by applying the incorrect billing method and incorrect rates used to calculate and other income – unallocated funds which were recorded in the incorrect accounting period. Consequently, receivables from exchange transactions being overstated by R12 371 809 and accumulated surplus overstated by R18 157 537.

Context for opinion

8. 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.

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

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

Material uncertainty relating to going concern

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

12. I draw attention to note 26 to the financial statements, which indicates that the cash flow forecast for the year ending 31 March 2026 indicated a net cash outflow resulting in a significant decline in available resources. Some of the factors that are indicative of the uncertainty on the going concern assessment include; an increase in the deficit incurred for the year, an increase of contingencies due to the number of pending litigation cases, the ability of the entity to continue as a going concern is dependent on the shareholder for funding of operations for the period ending 31 March 2026, challenges that resulted in an increase of the number of days for the debtor's collection period and creditor's payment period. As stated in note 26, these events or conditions, along with the other matters, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

14. As disclosed in note 24 and note 5 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 public entity, and for the year ended, 31 March 2025.

Future outcomes of litigation

15. With reference to note 22 to the financial statements, the entity is the defendant in a number of legal cases in which the entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Material impairments

16. As disclosed in note 3 to the financial statements, material allowance for impairment of R56 297 000 was provided for irrecoverable debtors.

Responsibilities of the accounting authority for the financial statements

17. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the PFMA; and 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.

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

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

19. 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.

20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 14, forms part of our auditor's report.

Report on the audit of the annual performance report

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

22. I selected the following programme presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected a programme that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Integrated service delivery	23 -28	The purpose of the programme is to provide efficient, effective and integrated public social infrastructure delivery and management services. This programme ensures that the entity delivers on its core mandate and contributes to the reduction of infrastructure backlogs through construction of public infrastructure, creating work opportunities through public employment schemes and transforming the built environment.

23. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the selected programme are as follows:

Integrated service delivery

Various indicators

27. Based on the audit evidence, the actual achievements for 2 indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the achievements against the targets were lower than reported and the under achievements on the targets were more than reported.

Indicator	Target	Reported achievement
Indicator 1.1.1 Number of projects completed (Practical Completion)	248	315
Indicator 1.2.1 Percentage of projects completed on time	60%	47%

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievement's. This information should be considered in the context of the material findings on the reported performance information.

30. The table that follows provide information on the achievement of planned targets and list of the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Integrated service delivery

Targets achieved: 45% *Budget spent 40%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Indicator 1.2.1 Percentage of projects completed on time	60%	47%
Indicator 2.3.1 Number of construction projects tender awards within the IDT Contractor Development Programme	168	87
Indicator 2.3.2 Percentage of construction projects tender awarded to women contractors participating in the IDT CDP	40%	39%
Indicator 2.3.4 Percentage of construction projects tender awarded to persons with disability contractors participating in the IDT CDP	2%	0%
Indicator 3.1.1 Number of construction work opportunities created (IDT Portfolio)	3877	3552

Targets achieved: 45% Budget spent 40%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Indicator 3.2.1 Number of work opportunities created through EPWP (EPWP-NSS excluding IDT programme portfolio)	8 0000	56091

Material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for integrated service delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

32. 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 public entity's compliance with legislation.

33. 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.

34. 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 public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement, performance and annual report

36. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

37. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and

supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

38. Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. This non-compliance was identified in the procurement processes for the participation in the EPWP non-state sector programme and installation of oxygen plants project.

39. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A). This non-compliance was identified in the procurement processes for the Installation of oxygen plants project.

Expenditure management

40. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the value disclosed in note 29 of the financial statements the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non- compliance with supply chain management prescripts.

Revenue management

41. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Consequence management

42. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

43. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

44. Investigations were not conducted into all allegations of financial misconduct committed by some of the officials, as required by treasury regulation 33.1.1.

Other information in the annual report

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

46. My opinion on the financial statements, and my reports on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

48. The other information I obtained prior to the date of this auditor's report is irregular, fruitless and wasteful expenditure and material losses registers. The general, governance and human resource information is expected to be made available to us after 10 October 2025.

49. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

50. I have concluded as follows regarding other information:

    - The irregular expenditure recorded in the annual report is materially misstated due to the material misstatement of irregular expenditure that has been identified in paragraph 5.
    - In addition, I am unable to conclude whether the current year and opening balance of the irregular expenditure in the annual report is materially misstated due to the fact that I was unable to obtain sufficient appropriate audit evidence on the completeness of the irregular expenditure.

51. When I do receive and read the general, governance and human resource 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

52. 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.

53. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

54. Leadership did not sufficiently execute its oversight responsibility in the preparation of the financial statements, the annual performance report and the compliance with legislation to prevent the recurrence of material misstatements and material non-compliance. An action plan was implemented in the prior period but was not adequate to ensure that the matters do not recur.

55. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance, which resulted in a breakdown of controls.

56. Leadership did not take appropriate steps to ensure that there is appropriate steps to ensure that there is effective consequence management.

57. Management had not implemented adequate controls to ensure that monthly reconciliations of transactions and validation of information were performed to support valid, accurate and complete financial reporting.

58. Management did not implement adequate internal controls and review of the annual financial statements and annual performance report as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.

Other reports

59. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

60. The board has resolved to commission an investigation on the procurement of the Installation oxygen plants projects. The investigation was finalised on 29 July 2025 and was shared with the Minister.

Auditor-General

Pretoria

09 October 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the 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 public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Sections 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulations 29.1.1; 29.1.1(a); 29.1.1(c;); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); 33.1.1; 33.1.3
Companies Act No.71 of 2008	Sections 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); 86(4); 88(2)(d); 112(2)(a); 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Companies Regulations	Regulations 30(2); 43(2)(a)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Sections 18(1); 22(3)
Construction Industry Development Board Regulations	CIDB regulations 17; 18(1A)1; 25(1); 25(5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2005 (PPPFA)	Sections 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations 2017 (PPR)	Paragraphs 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations 2022 (PPR)	Paragraphs 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021/22	Paragraphs 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4 (c); 4.4(d); 4.6; 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraphs 5.5.1(iv); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraphs 3.1; 3.4 (a); 3.4(b); 3.9; 6.1; 6.2; 6.7
PFMA SCM instruction 08 of 2022/23	Paragraphs 3.2; 4.3.2; 4.3.3
Competition Act No. 89 of 1998	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
NT instruction note 5 of 2020/21	Paragraphs 5.1 and 5.3

4. Annual Financial Statements

INDEPENDENT DEVELOPMENT TRUST
(Registration number P00021) Annual
Financial Statements
for the year ended 31 March 2025

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 2
Nature of business and principal activities	We are responsible for delivering social infrastructure and social development programme management services on behalf of government. The social infrastructure programmes we deliver include public schools, clinics, community centers, government offices and these are predominantly in rural communities in the nine provinces of South Africa.
Registered office	Glenwood Office Park Corner Oberon and Sprite Street Faerie Glen 0043
Business address	Glenwood Office Park Corner Oberon and Sprite Street Faerie Glen 0043
Postal address	P O Box 73000 Lynnwood Ridge 0040
Accounting authority	Department of Public Works and Infrastructure
Bankers	ABSA
Auditors	Auditor General of South Africa Registered Auditors

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

Trustees' Responsibilities and Approval

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

The members 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 members have reviewed the entity's cash flow forecast for the next 12 months 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 annual financial statements set out on page 84 to 150, which have been prepared on the going concern basis, were approved by the members on 31 May 2025 and were signed on its behalf by:

Ms Zimbini Hill
Chairperson

Statement of Financial Position as at 31 March 2025

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	170,208	108,463
VAT receivable	4	-	8,208
Programme assets	5	2,568,708	2,301,647
Cash and cash equivalents	6	70,830	53,419
		2,809,746	**2,471,737**
Non-Current Assets			
Property, plant and equipment	7	22,939	21,376
Intangible assets	8	5,867	28
		28,806	**21,404**
Total Assets		**2,838,552**	**2,493,141**
Liabilities			
Current Liabilities			
Finance lease obligation	9	-	414
Payables from exchange transactions	10	151,839	43,732
VAT payable	11	4,020	-
Programme liabilities	5	2,568,708	2,301,647
		2,724,567	**2,345,793**
Total Liabilities		**2,724,567**	**2,345,793**
Net Assets		**113,985**	**147,348**
Reserves			
Initial funding		2,025,000	2,025,000
Accumulated surplus		(1,911,015)	(1,877,652)
Total Net Assets		**113,985**	**147,348**

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Management fees		315,588	289,940
Interest received		4,366	2,933
Other income	13	50,233	2,965
Total revenue from exchange transactions		**370,187**	**295,838**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies		-	81,800
Total revenue	12	**370,187**	**377,638**
Expenditure			
Employee related costs	14	(247,878)	(190,203)
Depreciation and amortisation	15	(4,106)	(5,328)
Impairment of non-current assets		(33)	-
Finance costs	16	(573)	(247)
Lease rentals on operating lease		(8,934)	(7,302)
(Impairment)/Impairment reversal of receivables		(1,750)	(39,612)
Loss on disposal of assets and liabilities		(643)	(280)
General Expenses	18	(139,631)	(135,910)
Total expenditure		**(403,548)**	**(378,882)**
Deficit for the year		**(33,361)**	**(1,244)**

Statement of Changes in Net Assets

Figures in Rand thousand	Initial Funding	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2,025,000	(1,876,355)	148,645
Adjustments			
Prior period errors 24		(53)	(53)
Balance at 01 April 2023 as restated*	**2,025,000**	**(1,876,408)**	**148,592**
Changes in net assets			
Surplus for the year		(1,244)	(1,244)
Total changes		(1,244)	(1,244)
Opening balance as previously reported	2,025,000	(1,884,364)	140,636
Adjustments			
Prior period errors 24		6,710	6,710
Restated* Balance at 01 April 2024 as restated*	**2,025,000**	**(1,877,654)**	**147,346**
Changes in net assets			
Surplus for the year		(33,361)	(33,361)
Total changes		(33,361)	(33,361)
Balance at 31 March 2025	**2,025,000**	**(1,911,015)**	**113,985**

Note(s)

Cash Flow Statement

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		248,121	245,943
Grants		-	81,800
Interest income		4,548	3,042
Other receipts		50,234	2,965
		302,903	333,750
Payments			
Employee costs		(241,814)	(190,333)
Suppliers		(34,353)	(230,130)
Finance costs		(573)	(247)
		(276,740)	(420,710)
Net cash flows from operating activities	19	**26,163**	**(86,960)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(6,353)	(2,243)
Proceeds from sale of property, plant and equipment	7	15	-
Purchase of other intangible assets	8	(2,000)	(24)
Net cash flows from investing activities		**(8,338)**	**(2,267)**
Cash flows from financing activities			
Finance lease payments		(414)	(527)
Net increase/(decrease) in cash and cash equivalents		**17,411**	**(89,754)**
Cash and cash equivalents at the beginning of the year		53,419	143,173
Cash and cash equivalents at the end of the year	6	**70,830**	**53,419**

The accounting policies on pages 89 to 101 and the notes on pages 102 to 151 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Management fees	598,101	-	**598,101**	315,588	**(282,513)**	30
Interest received	-	-	**-**	4,366	**4,366**	
Other income	34,944	-	**34,944**	50,233	**15,289**	30
Total revenue from exchange transactions	**633,045**	**-**	**633,045**	**370,187**	**(262,858)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	-	-	**-**	-	**-**	
Expenditure						
Employee related costs	(244,742)	-	**(244,742)**	(247,878)	**(3,136)**	30
Depreciation and amortisation	(6,478)	-	**(6,478)**	(4,106)	**2,372**	30
Impairment loss/ Reversal of impairments	-	-	**-**	(33)	**(33)**	
Finance costs	-	-	**-**	(573)	**(573)**	
Operating lease expense	(57,869)	-	**(57,869)**	(8,934)	**48,935**	30
Debt Impairment	-	-	**-**	(1,750)	**(1,750)**	
General Expenses	(272,283)	-	**(272,283)**	(139,631)	**132,652**	30
Total expenditure	**(581,372)**	**-**	**(581,372)**	**(402,905)**	**178,467**	
Operating deficit	**51,673**	**-**	**51,673**	**(32,718)**	**(84,391)**	
Loss on disposal of assets and liabilities	-	-	**-**	(643)	**(643)**	
Deficit before taxation	**51,673**	**-**	**51,673**	**(33,361)**	**(85,034)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**51,673**	**-**	**51,673**	**(33,361)**	**(85,034)**	

Significant Accounting Policies

Figures in Rand thousand	Note(s)	2025	2024

1. Significant accounting policies

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

1.1 Basis of preparation

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. They are presented in South African Rand.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards 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, 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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

The impairment for receivables is calculated on an individual basis, based on historical payment data and client specific information. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher 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 key assumptions used in the judgements relating to possible impairment of receivables may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives, related depreciation charges and residual values for its property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinite
Buildings	Straight-line	50
Furniture and fixtures	Straight-line	10 - 31
Motor vehicles	Straight-line	14 - 24
Office equipment	Straight-line	10 - 26
IT equipment	Straight-line	5 - 22
Canteen Equipment	Straight-line	10 - 24
Leased office equipment	Straight-line	5 - 10

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Mechanical equipment	Straight-line	20 - 25

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.

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

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

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

1.7 Intangible assets

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.

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	Straight-line	6-12

Computer Software under construction/in-progress

Other intangible assets acquired by IDT are recognized at cost (purchase price plus all directly attributable costs) less accumulated amortisation and accumulated impairment losses.

All costs directly incurred in the purchase or development of computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalized as Intangible assets.

Costs incurred on computer software maintenance or during planning phase are expensed as incurred.

Computer software is amortized over the period of time during which the benefits are expected to arise on a straight line basis. The assets residual values and useful lives are reviewed annually and adjusted if appropriate.

Computer software developments costs that generate economic benefits beyond one year are capitalised as Intangible assets. Assets under construction are not amortised but instead tested for impairment annually.

1.8 Financial instruments

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

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

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.

Significant Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Significant Accounting Policies

1.8 Financial instruments (continued)

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

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

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables- programme payroll	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.9 Statutory receivables

Identification

Statutory receivables comprise VAT receivable. The entity is registered with the South African Revenue Services (SARS) for VAT on the accrual basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.10 Leases

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

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

Significant Accounting Policies

1.10 Leases (continued)

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

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

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

Any contingent rents are expensed in the period in which they are incurred.

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.12 Employee benefits

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset. The

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

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

1.13 Provisions and contingencies

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

Contingent assets and contingent liabilities are not recognised because the existence thereof will only be confirmed by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the IDT. Contingencies are disclosed at the best estimate of the settlement or receivable amount at reporting date. Contingencies are not disclosed If the possibility of an outflow or inflow of economic resources or service potential is remote.

1.14 Commitments

Lease Commitments

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

Significant Accounting Policies

1.14 Commitments (continued)

Operating lease commitments are recognized as liabilities when the contractual agreement creates an obligation to make fixed lease payments in exchange for the use of property, equipment, or other assets. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The operating lease commitments are recorded in the Notes to the Financial Statements. Refer to Note 16 for Operating lease commitments.

Refer to note 9 for further details regarding the commitments for finance leased assets.

1.15 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.

Rendering of services

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed. Management fees are charged as a percentage based on value of work completed as at reporting date.

All contracts signed with client departments prior to 31 January 2022, established that IDT revenues should be claimed on a monthly basis and on actual project expenditure, in line with the National Treasury Instruction note 04 of 2014/2015. A revised billing method is implemented for contracts signed with client departments from 1 April 2022. The applicable management fee rate varies and is guided by the relevant signed contract (Memorandum of Agreement (MOA), Service Delivery Agreement (SDA) or Service Level Agreement (SLA). The revised billing method is payable to the IDT at completion of each project stage, after approval by the client department. The applicable % apportionment per project stage can differ and is subject to the respective contract signed with the client. The IDT recognises revenue at the completion of each stage by applying the below percentages (or those negotiated per MoA) to the client approved budget (stages 1 to 4) AND the actual project expenditure (stages 5 to 6):

Project stage	Description	Fee % Apportionment
1	Initiation/ client brief	5%
1a	Procurement of consultants	15%
2	Concept and viability	5%
3	Design development	20%
4	Documentation and procurement	10%
5	Construction	40%
6	Closeout	5%

Interest

Interest is recognised on a time-proportion basis using the effective interest rate method.

Unallocated/Unclaimed Programme Funds

Programme deposits received in the entity Main account that are not claimed within a period of three years after the initial deposit date will be regarded as other income in accordance with the Prescription Act. Programme funds in Trust accounts for Programmes with termination date or programme closure dates of more than three (3) years ago are regarded as other income in accordance with the Prescription Act.

Costs recovery

Salaries and Other expenditure recoveries are recognized when services are performed and are recorded at actual cost.

Significant Accounting Policies

1.16 Revenue from non-exchange transactions

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.

1.17 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statement's disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year

Fruitless and wasteful expenditure must be recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of fruitless and wasteful expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

For fruitless and wasteful expenditure disclosure in the financial statements refer to note 27.

1.18 Irregular expenditure

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

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

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and

Significant Accounting Policies

1.18 Irregular expenditure (continued)

- irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of irregular expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

Irregular and fruitless and wasteful expenditure for the current financial year include:

- amounts incurred and confirmed in that financial year; and/or
- payments made as it relates to multi-year contracts.

Irregular and fruitless and wasteful expenditure for the previous financial year include:

- amounts confirmed in that financial year;
- amounts that were under assessment in that financial year and confirmed in the current financial year.
- Amounts that were not identified and are identified and confirmed in the current financial year.

For irregular expenditure disclosure in the financial statements refer to note 28.

1.19 Segment information

A segment is an activity of an entity:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.20 Budget information

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 annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 Accounting by principals and agents

Identification

Significant Accounting Policies

1.21 Accounting by principals and agents (continued)

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

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

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

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.

1.22 Programme expenditure, assets and liabilities

The Entity implements social infrastructure and non-infrastructure programmes and project management services on behalf of all three spheres of government through client-specific service level agreements. The Entity enters into Programme Implementation Agreements (PIAs) with our client departments in terms of standard project contract engagements.

Significant Accounting Policies

1.22 Programme expenditure, assets and liabilities (continued)

Programme expenditure is comprised as construction costs incurred based upon the date of valuation of the progress certificate and Professional Services Provider costs and fees for infrastructure related programmes and projects. This is inclusive of retention fees and interest charged by contractors which is directly attributable to the Client Department defaulting on timeous transfer of funds. Programme expenditure is reduced by penalties charged by the employer, advance payments not recouped and negative progress work certified. Materials on and off site are not disclosed separately as it is considered as inclusive in value of work executed. Project expenditure relating to Professional Service Providers is recognised at the stage of completion as at reporting date. Work in progress is excluded based upon the generally accepted guideline tariff of professional fees for built environment professionals which provides for invoicing upon successful completion of each stage.

The programme expenditure relating to non-infrastructure programmes is recognised at regular intervals as contractually agreed during the financial reporting period. Funds received from Client Departments are accounted for when the project enters a stage of active implementation. Programme assets are recognised in the financial statements as at reporting date as receivables due to the programmes by the Client Departments for project services rendered and programme cash and cash equivalents at hand at year-end.

Funds held without programme commitments are recognised as a liability as it belongs to the Client Departments and the Entity has an obligation to return these funds upon project completion. Programme construction and Professional Service Provider expenditure incurred but not yet paid at year end are recognised as a programme liability based on the certified stage of completion at reporting date.

The IDT charges management fees on programme expenditure incurred for the reporting period as stipulated by the National Treasury Instruction note 4 of 2014/15. All amounts disclosed in the programme assets and liabilities note are VAT inclusive.

The following principles are applied in the recording of construction programme expenditure stemming from construction contracts:

- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contactor” thus includes a general prime contractor, a sub-contractor to a general contractor, or a construction manager.
- The IDT enters into fixed price contracts, which is a contract in which the contractor agrees to a fixed contract price to which the variation order process and escalations may apply.
- The fees relating to Professional Service Providers are estimates based on the construction contract value and rates per Professional Discipline guided by the fees published in the Government Gazette from time to time.
- Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with Client Department.

1.23 Related parties

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

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

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

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

A related party transaction is a transfer of resources services or obligations between the reporting entity and a related party. Related party transactions within the Minister’s portfolio are recorded in the notes to the financial statements when the transaction is not at arm’s length.

Significant Accounting Policies

1.23 Related parties (continued)

Key management personnel are those persons having the authority and responsibility 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. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

The number of individuals and their full compensation is recorded in the notes to the financial statements.

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 favorable 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.

Related party transactions within the Minister/MEC’s portfolio are recorded in the notes to the financial statements when the transaction is not at arm’s length.

1.24 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.

Figures in Rand thousand 2025 2024

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standard and Interpretation effective and adopted in the current year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

The IDT has not early adopted standards and interpretations as there are no mandatory changes on the standard.

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: Years beginning on or after	Expected impact:
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2026	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2026	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2026	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2026	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2026	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

3. Receivables from exchange transactions

Prepayments	725	4,436
Receivables - Management fees	165,807	119,131
Sundry receivables	59,644	39,095
Staff debtors	85	21
Travel cost recovery receivable	170	222
Salary control accounts	74	106
Allowance for impairment	(56,297)	(54,548)
	170,208	**108,463**
Total receivables from exchange transactions	170,208	108,463

Ageing of receivables from exchange transactions

0 - 30 Days	158,544	81,091
31 - 60 Days	10,202	17,473
61 - 90 Days	7,195	-
+ 90 Days	50,627	42,122
	226,568	**140,686**

Trade and other receivables pledged as security

IDT did not pledge any of its Receivables as security for borrowing purposes.

Credit quality of trade and other receivables

All trade receivables for management fees are government entities (departments) for which external credit ratings are not available, the entity assesses the credit quality of those departments that are neither past due nor impaired with reference to the historical payment rates, as follows:

1. Good paying client with debt 60 days and less, or
2. Slow paying client with debt older than 60 days and less than a year.

Fair value of trade and other receivables

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between IDT and Receivables as well as the current payment ratios of IDT's Receivables.

Trade and other receivables impaired

As of 31 March 2025, trade and other receivables of R 68,062,580 (2024: R 73,379,070) were impaired and provided for.

The amount of the provision was R 56,297,388 as of 31 March 2025 (2024: R 55,920,178).

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

31 - 60 Days	-	8,790
61-90 days	-	-
+ 90 Days	95	8,642

Reconciliation of provision for impairment of trade and other receivables

Opening balance	54,548	28,391
Provision for impairment	1,750	31,348
Amounts written off as uncollectible	-	(5,191)
	56,298	**54,548**

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.

4. VAT receivable

VAT	-	8,208

VAT Receivable arise where the entity has a claim from the South African Revenue Service where the VAT Inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

5. Programme assets and Programme liabilities

The IDT has entered into binding arrangements with various client departments wherein it acts on behalf and for the benefit of the client departments in delivering programmes committed in their various votes. Such arrangements require the IDT to undertake transactions with third parties.

5.1 Consolidated programme assest and liabilities
The movement in the funds held for the delivery of client programmes can be stated as follows:

Total Income (A)		
Opening Bank Balance	939,037	1,266,251
Funds received from client departments	3,483,075	3,838,470
Interest received	69,672	93,973
	4,491,784	5,198,694
Programme Expenditure		
Social Infrastructure	2,880,634	3,031,363
Social Development	726,229	1,068,959
Interest and penalties	11,977	5,911
	3,618,840	4,106,233
Management fees		
Management fees - Social Infrastructure	303,129	226,032
Management fees - Social Development	60,444	95,744
	363,573	321,776
Total Expenditure (B)	3,982,414	4,428,010
Programme balance (A-B)	509,370	770,684
Prior-year funds surrendered during the current financial year	(18,570)	(12,391)
Current year funds surrendered during the current financial year	(13,431)	(23,270)
Interest paid to clients	(29,153)	(13,587)
Programme payments net movement	427,677	217,602
Closing bank balance	875,893	939,038
Programme assets		
Programme trade and other receivables	1,684,175	1,351,015
Programme debtors write-off	-	-
Programme debtors	3,315	4,925
Programme cash and cash equivalents	881,218	945,707
	2,568,708	2,301,647
Programme reserves and liabilities		
Funds held in trust	(567,013)	(807,962)
Programme trade and other payables	(1,729,881)	(1,285,321)
Programme retention liability	(271,814)	(208,364)
	(2,568,708)	(2,301,647)

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The programmes implemented on behalf of client Departments are predominantly material in terms of their quantitative impact, and as a result, they have been aggregated and presented as Programme assets and Programme liabilities.

The programme cash payments disbursed on behalf of client departments in the implementation of the various projects was for 2025 R3,640,151,158.53 (2024: R4,297,773,137.46). The management fees collected paid to the IDT amounted to R363,573,731 for 2025 (2024: R321,776,485).

Significant risks (including risk mitigation strategies) and associated benefits associated with the principal agency relationship with client departments as required by GRAP109.62(d).

There is a risk that communication breakdowns between the IDT (principal) and client departments (agents) could lead to inefficiencies, misalignment with objectives, and inadequate monitoring.

To mitigate the risk, the IDT has established clear communication channels and reporting mechanisms. Regular meetings have convened to discuss objectives, progress, challenges, and resource needs. Reports are periodically submitted to client departments when on a defined schedule and as the need arises, detailing their activities, achievements, and financial performance.

Risks that are transferred from the principals (client departments) to the agent (IDT), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of the principals (client departments) as required by GRAP109.63(a)(ii).

Client departments transfer operational risks, such as procurement and inventory management, to the IDT. These risks involve supply chain disruptions, quality control issues, and inefficiencies in procurement processes.

The IDT, as custodian of resources held on behalf of client departments, faces risks related to resource protection and potential misuse, including theft, unauthorized use, or misallocation of resources.

The IDT establishes robust procurement processes, monitors inventory levels, and implements quality control measures. It maintains effective relationships with suppliers, ensures timely deliveries, and manages inventory efficiently to minimize disruptions.

The IDT implements strict access controls, security measures, and regular audits to safeguard resources. It maintains detailed records of resources received, used, and disbursed on behalf of client departments, ensuring transparency and accountability.

Prior year restatement

The comparative amounts pertaining to programme expenditure have been restated as a result of a prior period misstatement.

The comparative amounts have been revised to account for transactions from the 2024 financial period, which were recorded as expenditure in the incorrect financial year and the income funds and programme funds . The adjustments are as follows:

Programme Income and expenditure:	As previously reported	Correction of error	Restated
Social infrastructure	(3,057,567)	26,204	(3,031,363)
Programme funds surrendered	-	(35,662)	(35,662)
Funds received from client departments	3,802,808	35,662	3,838,470
Programme Expenditure	745,241	26,204	771,445

	As previously reported	Correction of error	Restated
Programme liabilities:			
Funds held in trust	(807,962)	-	(807,962)
Programme trade and other payables	(1,299,712)	14,391	(1,285,321)
Programme retention liabilities	(208,364)	-	(208,364)
	(2,316,038)	14,391	(2,301,647)

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Programme assets:	As previously reported	Correction of error	Total
Programme trade and other receivables	1,365,406	(14,391)	1,351,015
Programme debtors	4,925	-	4,925
Programme Cash and Cash Equivalents	945,707	-	945,707
	2,316,038	(14,391)	2,301,647

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	30	22
Bank balances	70,800	53,397
	70,830	**53,419**

Included in the bank balance above is an amount of R63,944,455 (2024: R14,714,781) which is held on behalf of client departments. Refer to note 10 Trade and other payables: Programme funds held on behalf of clients.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

7. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	4,000	-	4,000	4,000	-	4,000
Buildings	16,400	(8,175)	8,225	16,400	(7,847)	8,553
Furniture and fixtures	12,294	(9,418)	2,876	12,972	(9,370)	3,602
Motor vehicles	227	(90)	137	227	(45)	182
Office equipment	4,373	(4,051)	322	4,713	(4,181)	532
IT equipment	14,836	(7,570)	7,266	10,673	(6,661)	4,012
Office equipment - Leased	1,505	(1,505)	-	1,557	(1,164)	393
Canteen equipment	402	(289)	113	372	(270)	102
Total	**54,037**	**(31,098)**	**22,939**	**50,914**	**(29,538)**	**21,376**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	4,000	-	-	-	-	4,000
Buildings	8,553	-	-	(328)	-	8,225
Furniture and fixtures	3,602	950	(290)	(1,355)	(31)	2,876
Motor vehicles	182	-	-	(45)	-	137
Office equipment	532	15	(14)	(209)	(2)	322
IT equipment	4,012	5,351	(355)	(1,742)	-	7,266
Office equipment - Leased	393	-	-	(393)	-	-
Canteen equipment	102	37	-	(26)	-	113
	21,376	**6,353**	**(659)**	**(4,098)**	**(33)**	**22,939**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	4,000	-	-	-	4,000
Buildings	8,881	-	-	(328)	8,553
Furniture and fixtures	5,061	64	(42)	(1,481)	3,602
Motor vehicles	-	227	-	(45)	182
Office equipment	1,242	138	(216)	(632)	532
IT equipment	4,297	2,026	(21)	(2,290)	4,012
Office equipment - Leased	912	-	-	(519)	393
Canteen equipment	113	14	-	(25)	102
	24,506	**2,469**	**(279)**	**(5,320)**	**21,376**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2025	2024
Repairs and maintainance	(2,247)	(1,943)

Figures in Rand thousand 2025 2024

Notes to the Annual Financial Statements

8. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	91	(69)	22	91	(63)	28
Intangible assets under development	5,845	-	5,845	-	-	-
Total	**5,936**	**(69)**	**5,867**	**91**	**(63)**	**28**

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	28	-	(6)	22
Intangible assets under development	-	5,845	-	5,845
	28	**5,845**	**(6)**	**5,867**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	11	24	(7)	28

Intangible assets in the process of being constructed or developed

	2025	2024
Cumulative expenditure recognised in the carrying value of Intangible assets		
Intangible assets under development	5,845	-

Assets in the course of construction included in intangible assets at the end of the year total R5,844,820 (2024: R -). No amortisation is charged on these assets.

The IDT is in the process of developing and implementing an AI-Ready Electronic Portfolio Project Management Information System (E-PPMIS) through a 3rd party (not internally generated). Elements of the system are not yet available for use and are therefore not being amortized.

Amortization begins when the software is available for use using the straight line basis. The E-PPMIS is expected to be available for use in the 2026 financial period.

Where intangible assets are not being amortised management have tested the system for impairment. No indications of impairment existed at year-end of the E-PPMIS.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

9. Finance lease obligation

Minimum lease payments due		
- within one year	-	427
	-	427
less: future finance charges	-	(13)
Present value of minimum lease payments	**-**	**414**
Present value of minimum lease payments due		
- within one year	-	414
Non-current liabilities	-	-
Current liabilities	-	414
	-	**414**

It is entity policy to lease certain equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 11.48% (2024: 11.75%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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

10. Payables from exchange transactions

Trade payables	47,941	11,057
Programme funds held on behalf of clients	63,944	14,715
Debtors with credit balances	349	459
Accrued leave pay	12,305	9,781
Accrual - 13th cheque	1,887	1,827
Other accrued expenses	16,887	231
Operating lease provision	536	396
Sundry Creditors	1,395	2,856
Payroll control accounts	6,595	2,410
Total Payables from exchange transactions	**151,839**	**43,732**

11. VAT payable

Tax refunds payables	4,020	-

12. Revenue

Rendering of services	315,588	289,940
Interest received	4,366	2,933
Other income	50,233	2,965
Government grants & subsidies	-	81,800
	370,187	**377,638**

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024
The amount included in revenue arising from exchanges of goods or services are as follows:		
Management fees	315,588	289,940
Interest received	4,366	2,933
Other income	50,233	2,965
	370,187	**295,838**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	-	81,800

13. Other income

Unallocated Programme Funds	19,131	-
Other recoveries	298	847
Salary Recoveries	13,113	261
Tender deposits	804	1,499
Legal cost recovery	16,301	21
Travel Cost Recovery	586	337
	50,233	**2,965**

14. Employee related costs

Basic	243,365	189,375
WCA	236	242
Leave pay provision charge	4,271	479
Ex Gratia	6	3
Termination benefits	-	104
	247,878	**190,203**

15. Depreciation and amortisation

Property, plant and equipment	4,099	5,321
Intangible assets	7	7
	4,106	**5,328**

16. Finance costs

Finance leases	13	52
Bank	560	195
	573	**247**

17. Auditors' remuneration

Fees	12,303	11,055

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

18. General expenses

Accounting fees	476	-
Auditors remuneration	12,303	11,055
Bank charges	330	387
Cleaning	1,514	1,334
Catering, meals and entertainment	759	773
Document storage	12,620	1,183
Consulting and professional fees	4,196	4,452
Fines and penalties	1,419	-
Insurance	1,527	954
Legal fees	22,420	47,850
Conferences and seminars	1,045	1,455
IT expenses	23,264	9,627
Media communication	2,539	1,128
Medical expenses	-	1
Motor vehicle expenses	166	310
Recruitment and placement fees	1,969	1,122
Postage and courier	156	64
Printing and stationery	2,076	2,123
Repairs and maintenance	648	2,001
Security	3,387	2,890
Staff welfare	679	-
Subscriptions and membership fees	515	292
Telephone and fax	6,021	5,049
Training	3,443	3,579
Travel - local	28,667	20,336
Travel - overseas	-	130
Water, rates and electricity	4,674	4,541
Uniforms	1	-
Stipends	983	9,654
Property management fees	449	423
Trustees remuneration	1,066	2,129
Other expenses	288	588
Job grading	31	480
	139,631	**135,910**

19. Cash generated from (used in) operations

Deficit **Adjustments for:**	(33,361)	(1,244)
Depreciation and amortisation	4,106	5,328
Loss on sale of assets and liabilities	643	280
Impairment deficit	33	-
Debt impairment	1,750	39,612
Changes in working capital:		
Receivables from exchange transactions	(63,495)	(44,713)
Receivables - Programme payroll	-	492
Payables from exchange transactions	104,259	(82,853)
VAT	12,228	(3,862)
	26,163	**(86,960)**

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

20. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	170,208	170,208
Cash and cash equivalents	70,830	70,830
	241,038	**241,038**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	151,839	151,839

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	108,463	108,463
Cash and cash equivalents	53,419	53,419
	161,882	**161,882**

Financial liabilities

	At amortised cost	Total
Finance lease liabilities	414	414
Trade and other payables from exchange transactions	43,732	43,732
	44,146	**44,146**

Reclassification

Maturity analysis

2025

	Within 1 year	Total
Payables from exchange transactions	151,839	151,839

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

2024

	Within 1 year	Total
Finance lease obligation	414	414
Payables from exchange transactions	43,732	43,732
	44,146	**44,146**

21. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	8,215	6,202
- in second to fifth year inclusive	15,520	3,979
	23,735	**10,181**

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Rental expenses relating to operating leases		
Actual expenditure	9,041	7,368
Provisions	536	396
	9,577	**7,764**

The commitments provisions amount has been restated to reflect the correct Lease provisions amount of prior year as per Note 10 and Note 23.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

22. Contingencies

22.1 Contingent liabilities

22.1.1 Summons against the entity by Msunduzi Local Municipality	108,837	34,115

The IDT was previously appointed by Msunduzi Local Municipality (“the Municipality”) as an implementing agent for certain projects on behalf the Municipality. Subsequent to the conclusion of the Agreement between the parties, the Municipality transferred to the IDT the project budget of over R 290 million. The contractual relationship between the IDT and the Municipality was terminated in June 2014 and incomplete projects were ceded back to the Municipality in terms of a cession agreement. The IDT further transferred an uncommitted sum of R2,981,589.26 and delivered files to the municipality.

The region has had two meetings with the Municipal Manager ; Internal Control Unit and Senior Management of the Municipality. The discussions centred on the entire portfolio and the framework of the Cession Agreement. The resolutions taken included 1) Municipality to provide the IDT with the breakdown of the amount claimed against the IDT. 2) The IDT was to provide supporting documents to assist Municpality with the Audit. 3) Files ; Records; Reports and the Reconciliations were prepared and submitted by IDT to Msunduzi Municiplaity in an attempt to get the matters resolved.

The IDT has now instructed its attorneys to proceed with the matter in court.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R34,115,286 to Msunduzi Local Municipality.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.2 Summons against the entity by Nomandla Roads & Civils	869	869

The contractor claimed for amount certified and the IDT is awaiting the transfer of the funds from the client's department. The amount claimed is due and payable to the contractor.

The attempts by the region to resolve the dispute prior to litigation included the GM Regional Operations attending numerous meetings with the Department of Water Affairs and Environment after they took over the Household Sanitation responsibility from the Department of Human Settlement. It was explained to the contractor that his claim was submitted to the IDT during the period of transition to the new department and this created delays. The noncommittal of DWE made it difficult for the IDT to guarantee payment to the contractor on a particular date. The contractor was kept abreast on developments and he resorted to litigation. Efforts continued to get funds from the department as value was created on the ground but in vain.

The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R868,933 to Nomandla Roads & Civils.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.3 Notice of motion against the entity by Basil Read (Pty) Ltd	15,860	15,860

Following the appointment of the IDT by the National Department of Arts and Culture, as an Implementing Agent for the implementation of various projects, the IDT appointed Basil Read (Pty) Ltd (the "Contractor") to construct Enyokeni Cultural Precinct in Kwa-Zulu Natal. Initially, the IDT was sued for non-payment of certificate 1 to 10, in the amount of R39,691,614. 30, which claim has been settled by the IDT. Now the contractor is suing the IDT in respect of certificate 11 to 14 in the total amount of R15,859,888.37, plus interest calculated from March 2015.

The IDT forwarded numerous correspondence appealing to the DAC to transfer funds without any success. Several meetings were also held with DAC but instead DAC decided to investigate the IDT. The outcome of the investigation was not in favour of the IDT and it was used to justify why funds will not be transferred. Further meetings were held with the current DAC DG to resolve these matters but with little or no cooperation from his subordinates.

The matter is ripe for hearing but has been dormant since Basil Read was placed under business rescue. The IDT has offered a proposal that the matter be withdrawn with each party to pay its own costs.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R15,859,888 to Basil Read (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.4 Summons against the entity by Royal Haskonong DHV (Pty) Ltd	2,631	2,631

The Plaintiff is claiming a sum of R2,631,126,84 together with interest against the IDT for professional services rendered in respect of the Enyokeni Cultural Precinct - Nongoma Project.

The IDT has sought an opinion from the DPWI High Performance Centre (HPC). The HPC was of opinion that the completion documentation forwarded by Royal Haskoning were not only complete but could not be accepted. The IDT tried to communicate with Royal Haskoning to set up a meeting to resolve these matters but with no success. The matter was left with legal to respond to the litigation.

The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,631,127 to Royal Haskonong DHV (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

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Figures in Rand thousand	2025	2024

The entity will not be reimbursed by any party should it make settlement.

22.1.5 Summons against the entity by Tauris Garden Trading 500 CC	3,000	3,000

The IDT appointed Tauris Garden Trading 500 CC ("Contractor") for the construction of the new Daniel Mzamo/Malezulu LSEN for an amount of R86,365,150.62 on 03 May 2011. A variation order of R15,897,245,11 was approved bringing the contract amount to R102,262,395.11. The expenditure to date stands at R94,494,557.38. The contractor moved off-site without the appropriate notice period and was instructed to return back to site. After refusing to return to site, the Contractor was terminated. The contractor has now issued summons against the IDT for payment or certification of payment certificate for work done prior to termination. The Contractor is suing the IDT for work done and not previously certified by the principal agent.

Prior to termination, attempts were made to negotiate with the contractor to return to site after extension of time was granted. The IDT further got the KZN Department of Education to issue a letter assuring the contractor of availability of budget and timeous payments going forward. It was evident that the contractor projected a loss if he was to continue with completion of the project and elected to re-invoke his termination. This was after he did some work after his first termination notice. The IDT engaged the contractor to point to the flaws of his termination and later presented a final account which indicated that he was not owed. The region invited to contractor to sit with the project QS and go through the final account to agree on a solution. The contractor was only interested in a figure that he demanded including loss of profit and interest. Further engagements were made with the contractor to resolve the matter despite the legal route he chose.

The IDT has filed a notice of intention to defend whilst negotiating settlement of the matter. The plaintiff has amended its papers and offered that it be paid a sum of R 3,000,000.00 in full and final settlement of the dispute. The IDT has counter offered R 1 000000.00 in full and final settlement as per the Department's commitment. We awaiting the plaintiff's response to the counter offer. The matter has become dormant.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R3,000,000 to Tauris Garden Trading 500 CC.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.6 Summons against the entity by Royal Haskonong DHV (Pty) Ltd	-	1,000

The Consultant is suing the IDT for alleged services rendered. The Consultant was terminated due to non-performance and a replacement Consultant was appointed to complete the works.

The Service Provider is suing the IDT for a sum of R1,000,137.60 for Services Rendered. The amount is made up of fees, disbursement and additional fees for variation orders. The IDT dispute that there was ever a variation order that entitles the Service Provider to claim additional fees and the disbursement claims is not supported by documents evidence.

The service Provider was requested to provide a fee breakdown and support documents for the disbursement claims. The Service Provider did not submit the information requested, he instead issued arbitration notice. Parties have agreed to a settlement of the matter.

Estimated financial effect

The IDT is defending the matter whilst negotiating a possible settlement of the matter. According to the Region, the IDT owes the Service Provider a sum of R300,000.

The uncertainties relating to the amount or timing of any outflow

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Figures in Rand thousand	2025	2024

As the possibility of the claim by the counterparty being successful has been assessed as being 50%, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

The matter was settled during the 2025 financial period.

	2025	2024
22.1.7 Notice of against the entity by GVK Siyazama Building Contractors (Cape) (Pty) Ltd	26,698	26,698

GVK's claims comprise certain interim payment certificates that were issued in its favour by the principal agent, based upon the monthly claims that were filed by GVK for payment of its preliminaries and general ("P&G") costs. The IDT contends that the principal agent has mala fide and unlawfully been colluding with the GVK, and that the relevant interim payment certificates that were issued as from August 2015 to date are void.

Several meetings were held between the IDT, GVK and the Principal Agent for P &G's to be charged or claimed in relation to the uncompleted portion of the works to no success.

The parties have exchanged pleadings, and we are now at discovery stage. The have agreed to suspend the litigation pending settlement negotiations between the parties. The IDT obtained legal opinion advising it to settle and the opinion was communicated to the DOJ & CD. Following, the DOJ & CD's responsive conduct to the IDT's proposed settlement, the IDT terminated the MoA between it and DOJ & CD and formally declared a dispute and indicated that it would now refer the matter to the Minister of DPWI in order to initiate and kickstart the intergovernmental dispute resolution process.

Following the declaration of dispute, DOJ & CD requested the IDT to suspend the intergovernmental dispute resolution process and the termination of the IDT's services pending settlement negotiation between the parties. As part of the settlement the IDT and DOJ & CD agreed to jointly appoint an independent QS to look into the merits of the claims by the contractor. The IDT has suspended its termination letter and declaration of Dispute. The terms of reference for an independent QS have been concluded and the RFQ was sent out. The appointment will be made soon.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R26 697 867 to GVK Siyazama Building Contractors (Cape) (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.8 Summons by the Dept of Transport, EC Provincial Government	17,106	17,106

The EC Department of Transport is suing the IDT for utilising funds earmarked to benefit certain disadvantaged persons to implement projects for the EC Department of Education.

Various engagements were conducted between the IDT, the ECDoE and the EC DoT aiming to resolve the challenges encountered and have the ECDoE to repay the funds to ECDoT.

The Parties resolved to refer the matter to Intergovernmental Dispute Resolution Process. The Department of Transport, through State Attorneys, has until recently been slow in responding to the process and IDT is considering to withdraw from the intergovernmental process. Due to the lack of speedy progress by our current attorneys of record, we have decided to terminate their mandate and appoint new attorneys of record to move with the matter.

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Figures in Rand thousand	2025	2024

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R17,105,824 to the Dept of Transport, EC Provincial Government.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.9 Summons by Amahle Quantity Surveyors (Pty) Ltd	2,309	2,309

Following the appointment of the IDT as an Agent by the NCDoE for the construction of Magojaneng Primary School, the IDT appointed the Plaintiff to render Quantity Surveying services. The Plaintiff rendered the services from Stage 1 up to Stage 4.1. After estimates were submitted to the Client for approval, the Client withdrew the project from IDT. The Client kept on asking for the reduction of the estimate to cater for the budget.

The IDT has been in constant communication with the client for payment of the stages completed by the Plaintiff . The Client kept on asking for the reduction of the estimate to cater for the budget but the Plaintiff kept on basing his claim on the initial estimates which the client maintained was way above their budget.

The IDT has filed a Notice of Intention to Defend, a Special Plea and a Third Party Joinder to include the NCDoE in the litigation. The original claim was in the sum of R5,5 million but NCDoE have since settled part of the debt and we are left with the debt for the NCDoH.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,308,540 to Amahle Quantity Surveyors (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.10 Summons against the entity by MG Architects and Project Management	5,452	5,452

The service provider is suing the IDT for payment, for alleged services rendered.

Several meetings were held between the IDT and service provider regarding the incorrect calculations of the fees and disbursement.

The IDT has lost the arbitration and is now appealing the arbitration ruling.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,452,055 to MG Architects and Project Management.

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Figures in Rand thousand	2025	2024

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.11 Notice of motion by Krishna Ruben Vengadensan & Aqua Mile Works	5,864	5,864

The Service Provider, through the liquidators, is suing the IDT for a sum of R5,863,560,86 for Services Rendered.

The IDT admits liability for 2.4 million and has offered to settle the debt by the same amount of R2.4 million but the settlement amount was rejected by the liquidators.

This matter is reffered for oral evidence. Parties are awaiting a hearing date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,863,561 to Krishna Ruben Vengadensan & Aqua Mile Works.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.12 Summons by PHG Group (Pty) Ltd	6,001	6,001

The Service Provider is suing the IDT for the pre-mature termination of the lease agreement in the Free State at the time when the IDT was in the process of being dissolved and there were no funds to pay rental.

Meetings were held between the Regional Office in the Free State Province soon after the termination of the lease. The Landlord Disputed the termination but however agreed to advertise the premises for new tenants in order to minimise any possible damages. Instead of advertising, the landlord attended to the renovations of the building thus failing to minimise his damages.

The IDT is defending the matter whilst negotiating a possible settlement of the matter. The matter is now going for a pre-trial conference.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6,000,670 to PHG Group (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The entity will not be reimbursed by any party should it make settlement.

22.1.13 Arbitration by Department of Basic Education	41,093	41,093

During 2016, it was alleged by an unknown person (s) that major irregularities had occurred and breached of the contract between the DBE and the IDT had occurred during the execution of the contract between the IDT and DBE in the Free State, which caused massive fruitless and wasteful expenditure. As result of these allegations, the President of the Republic of South Africa Caused a proclamation to be issued during May 2016, in terms of which the Special Investigation Unit ("SIU") was instructed to investigate the affairs of the IDT, the DBE and the provincial Department of Education of the Free State Province in respect of the aforesaid allegations. The SIU duly investigated the matter and on 12 August 2019, in writing referred the DBE to the breaches of the contract between the DBE and the IDT, and wherein the DBE was instructed /advised to institute legal proceedings against the IDT to recover from the IDT the fruitless and wasteful expenditure brought about by the IDT in breach of the contract, which caused the DBE to suffer damages. The details of the breaches of contract and the damages suffered by the DBE relates to the IDT's failure to levy penalties against non-performing contractors, failure to recover penalties where penalties have been levied, failure to recover project escalation costs from terminated service providers and failure to recover monies from poor, defective workmanship from contractors.

The parties have agreed to refer the matter to an inter governmental dispute resolution process and Advocate Phillip Mokoena is appointed as the arbitrator.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R41,093,177 by the Department of Basic Education.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being good the chance of being successful. The possibility of any outflow in settlement is not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.14 Claim by Navigant Consulting CC	1,257	1,257

The IDT terminated the contract and at the time of termination, certain works was not yet completed. However, the Service Provider filed a counter-claim alleging that it has discharged all its obligation in terms of the contract and that it must be paid for work done.

The IDT has lost the appeal against Navigant in the amount of R1,256,668.00. The then Board Litigation Task team resolved that the Arbitrator's decision be reviewed. An application for review has been filed and Navigant has filed an application to oppose the review. Navigant is yet to file an opposing affidavit on the basis that the parties have agreed to stay the proceedings pending the criminal case by the Hawks against the directors of Navigant.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,256,668 to Navigant Consulting CC.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

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Figures in Rand thousand	2025	2024
22.1.15 Summons against the entity by Tupac Business Enterprise CC	-	834

The Landlord is suing the IDT for alleg arrear rental. The IDT records shows that the IDT has paid all its rental prior to vacating the leased premises. The Landlord first brought an urgent application to interdict the IDT from vacating the leased premises on the basis that it was unfairly not awarded the tender and the application was dismissed with costs for lack of urgency. When the interdict application failed, he issued automatic rent interdict in order to prevent the IDT from vacating the premises

Attempts made to resolve the dispute prior to Litigation failed.The IDT is defending the matter. The pleadings are closed and IDT is awaiting a hearing date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R833,921 to Tupac Business Enterprise CC.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

The matter was settled during the 2025 financial period.

22.1.16 Summons against the entity by Crossroads Distributors	56	56

The Plaintiff was appointed the department of Public Works, as a structural engineer. The appointment was then transferred to the IDT. The Plaintiff's Claim is for service allegedly rendered.

All proceedings are held in abeyance pending a possible settlement. Vuselela was to settle their outstanding amount with plaintiff.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R55,710 to Crossroads Distributors.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.17 Labour Dispute: Phanda Personnel CC	5,323	5,323

The IDT is currently involved in a legal dispute with a former employee who has filed a claim and is seeking compensation f The claimant is seeking R5,323,123 in damages. Management believes that the claim is without merit and intends to vigorously defend the IDT's position. However, legal proceedings are inherently uncertain, and the ultimate outcome cannot be predicted with certainty.

Figures in Rand thousand

The IDT will continue to monitor the progress of the legal proceedings and will provide updates as necessary. The ultimate resolution of this matter could have a material impact on the Company's financial position and results of operations.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,323,123 to Phanda Personnel CC

The uncertainties relating to the amount or timing of any outflow

As of the reporting date, the IDT's legal advisors have evaluated the claim and provided an assessment of the likelihood of an unfavorable outcome.

Based on this assessment, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.18 Notice of motion by Nuel & Neo Syabonga Construction JV	-	1,885

The Applicant was appointed by the IDT for the ASIDI Water & Sanitation Programme – Water Supply Projects – Cluster 4B for a sum of R4,715,568.56 plus VAT. The Applicant alleges to have complied with all its obligations in terms of its contract with the IDT and further alleges that the IDT is in breach of the contract in that the IDT has failed to pay all outstanding invoices issued to it. The Region has calculated penalties in the amount of R1,517,963, 98 against the Applicant.

The contractor was terminated due to poor performance and refused to accept negative F/A due to penalties and opted for litigation.

A final account has since been approved by the client department and it shows a positive amount due to the contractor. The IDT has since offered this amount as settlement, however, the contractor is insisting on payment of interest.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,844,723 to Nuel & Neo Syabonga Construction JV.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim by the counterparty being successful has been assessed as being good. Therefore, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

The matter was settled during the 2025 financial period.

	2025	2024
22.1.19 Summons against the entity by Mariswe	-	1,485

The service provider is suing the IDT for work done. The IDT admits liability for R484,595.05.

The IDT proposed a settlement which was rejected by the Service Provider.

Pleadings are closed - Parties are now awaiting a hearing date. The IDT will make a tender of the amount it admits liability for in terms of the court process.

Estimated financial effect

Figures in Rand thousand	2025	2024

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,484,595 to Mariswe.

The uncertainties relating to the amount or timing of any outflow:

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement:

The entity will not be reimbursed by any party should it make settlement.

The matter was settled during the 2025 financial period.

	2025	2024
22.1.20 Summons against the entity by Redinare	7,500	7,500

The Service Provider is suing the IDT for settlements of its claim. This matter was previously settled and final account was signed and accepted by the contractor and IDT paid.

The pleadings have been closed and parties will be applying for a trial date.

Estimated financial effect:

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R7,500,000 to Redinare.

The uncertainties relating to the amount or timing of any outflow:

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of reimbursement:

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.21 Summons against the entity by WSP Group Africa	4,701	4,701

The Service Provider is suing the IDT for alleged work done and plus disbursement.

Attempt to have the matter resolved were previously rejected by the service provider.

The IDT is defending the matter whilst negotiating a possible settlement of the matter.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R4,701,426 to WSP Group Africa.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. The possibility of any outflow in settlement is not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

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Figures in Rand thousand	2025	2024
22.1.22 Summons against the entity by Moepathutse Property Investments	13,746	13,746

The service provider is suing the IDT for outstanding rental on the basis of the lease agreement which was not honoured by the IDT.

The IDT has filed a notice of intention to defend and a plea and has now brought an application to have the lease agreement reviewed and set aside.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R13,746,474 to Moepathutse Property Investments.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. The possibility of any outflow in settlement is not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.23 Summons against the entity by Azcon Projects CC//Independent Development Trust	4,814	4,814

Azcon approached court to make an arbitration award an order of court.

In its papers, Azcon is claiming the following:
a) R1,534,049.51, being the interest on the capital claim calculated at 15.5% per annum from 14 December 2012, having reached in duplum;
b) The sum of R373,635.61, being interest on the judgment debt calculated at the rate of 7% per annum from 11 September 2020 to 08 June 2022;
c) Interest on the balance of the judgment debt being the sum of R1,534,049.51 calculated at the rate of 7% per annum from 08 June 2022 to date of final payment;
d) R2,678,358.71 in respect of taxed costs of arbitration;
e) Interest on the sum of R2,678,358.71 calculated at the rate of 11.25% per annum;
f) The sum of R209,070.00 being an amount which Azcon became obliged to pay on behalf of the IDT to the arbitration appeal tribunal in respect of fees due by the IDT to the arbitration appeal tribunal.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting in the region of R4,814,113.83 and interest therein calculated at the various rates until payment of the debt.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.24 Summons against the entity by Makole Civils CC	1,566	1,566

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Figures in Rand thousand	2025	2024

The IDT issued summons against Makole Civils for the recovery of an amount of R1,088,395 for Makole's repudiation of the agreement and failure to carry out works in terms of same. Defendants (Makole Civils CC) then counterclaimed an amount of R1,566,295.

Estimated financial effect

Should Makole raise a successful defence and counterclaim, the IDT will be liable for an amount of R1,566,295.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.25 Summons against the entity by Ntanga Nkulu Incorporated	1,545	1,545

Ntanga Nkulu Inc is suing the IDT on the basis of a cession concluded between the firm and a third party. The IDT does not owe the third party and has got no contractual relationship with Ntanga Nkulu Inc.

The region did not enter in any cession agreement with the 3rd party (Ntanga Nkuhlu Inc(). Correspondence was sent to the 3rd informing them that there was not agreement between them and the IDT and the 3rd party issued Summons against the IDT.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,544,982.20.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.26 Summons against the entity by Motse-LMI Architects CC	2,487	2,487

Motse has obtained an order against the IDT and has been paid an amount of R19,491,834.31. Motse has attached a further amount of R2,486,994.67 indicating that it is interest on the judgment debt. The IDT disputes that Motse is entitled to the interest as the judgment debt together with interest had been satisfied on or about May/June 2023.

IDT obtained an order uplifting the attachment on 25 April 2024 and was given 14 days thereafter to file its papers should it proceed to dispute the amount attached as interest.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,486,994.67.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

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Figures in Rand thousand	2025	2024

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.27 Summons against the entity by Rods Construction (Pty) LTD	3,530	-

The contractor was appointed for upgrades and additions at Cosmo Primary School-Umgeni. The IDT does not dispute the work done or completion thereof. The Contractor submitted all relevant information pertaining to payment. However, The QS and Principal Agent failed to submit the supporting documents in order for IDT to process the invoices.

Attempts to have the matter settled out of court or litigation process were rejected by the contractor.

The matter was set down for the 31 of March 2025 but was postponed Sine die.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R3,530,276.30.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.28 Summons against the entity by Rabana Architects (Pty)LTD	13,674	-

The Service Provider is suing the IDT for the sum of R13,673,985.73. The Service Provider was appointed to do infrastructure upgrades to various schools in Limpopo. The work has been completed, however the IDT has not paid the contractor for services rendered due to delays in obtaining stage gate approvals by the Limpopo DoE. The service provider is also claiming for stages not yet done. We are engaging with the Service Provider’s attorneys for them to suspend their legal claims pending the approval of the stages by the Department and for them to also revise their invoices.

Attempts to have the matter settled out of court or litigation process were rejected by the service provider.

The IDT opposing the matter to avoid judgment being taken against whilst negotiating settlement.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R13,673,985.73.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.29 Summons against the entity by EVN Consulting Services (Pty)Ltd	7,347	-

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The Service Provider issuing the IDT for an amount of R7 347 434.86. The Service Provider was appointed on 06th September 2013 to provide rehabilitation, upgrades, refurbishments and maintenance to various schools in Limpopo. The Service Provider alleges that engineering and architectural services were provided as per the mandate but upon invoices being presented for payment, no payment has been made to date. The matter is set down for hearing as per the Notice of Motion, on the 15th June 2025 and Legal Services is awaiting a memo to from the region as to the reasons for the non-payment.

Attempts to have the matter settled out of court or litigation process were rejected by the Service Provider.

We have requested a meeting with the contractor's attorneys to discuss a possible settlement of the matter. The IDT intends to oppose the matter to avoid judgment being taken against whilst negotiating settlement.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R7,347,434.86.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.30 Summons against the entity by Vuka Belele Trading CC	5,347	-

The service provider is suing IDT for the sum of R5,346,993.08. The Service Provider was appointed to supply and install 1500 wash hand basin station at various schools in KwaZulu- Natal. The Service Provider installed the wash hand basin and submitted invoices three years later. The claim has prescribed, however, the service provider has applied to court for the condonation of the late filing of the summons as he alleges that the reason the late submission of the invoices was due to ill health as the he was the sole director of the company. The IDT has since submitted invoices to the Department and are awaiting a for the transfer of funds.

Attempts to have the matter settled out of court or litigation process were rejected by the contractor.

The IDT opposing the matter to avoid judgment being taken against whilst negotiating settlement.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,346,993.08.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.31 Summons against the entity by Roodt Architects	10,475	-

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The service provider is suing the IDT for a sum of R10,475,422.16. The IDT was served with summons on 27 March 2025. The contractor was appointed in October 2017 for the refurbishment off facilities and civil services at Bloemspruit Airforce Base. Due to non-payment the project was placed on hold in June 2022. The IDT submitted a payment pack to the DPWI, however the Department has not transferred the funds to the IDT in order to pay the contractor.

Attempts to have the matter settled out of court or litigation process were rejected by the service provider.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R10,475,422.16.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.32 Summons against the entity by Botong Civils (Pty) LTD	6,129	-

The contractor is suing the IDT for a final account amount it alleges it is entitled to. The IDT is opposing this claim and according to the record available, the contractor was overpaid and has also incurred a nnumber ofpenalties due to its failure to comply with the construction program.

The contractor was terminated due to poor performance and refused to accept negative F/A due to penalties and opted for litigation.

The Contractor's claim was dismissed by the Adjudicator with costs. The Contractor refer the matter to arbitration. The parties held a pre-arbitration meeting. The parties agreed on the dates to serve and file paper.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6,128,603.07

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.33 Summons against the entity by Tshepa Consulting (Pty) LTD	14,159	-

The service provider is suing the IDT for a surcharge fee after DCS resolved to not continue with the project. In terms of the contract and the government gazette discontinuation of a project would result in the incurrence of a surcharge fee or damages fee.

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Figures in Rand thousand	2025	2024

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R14,158,982.91.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.34 Summons against the entity by Bakone Pride (Pty)LTD & Other	2,309	-

The service provider is suing the IDT for a final account amount. The department is refusing to pay as they allege that the final account is inclusive of variations orders that were not approved by them.

The matter was heard on the 26th of September 2024 and judgment is reserved. The IDT has pleaded non-joinder of the department in its defence against the service provider.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,309,113.16.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.35 Summons against the entity by United Africa Civils and Construction (Pty) Ltd	568	-

The service provider is suing the IDT for a sum of R567,749.77 plus damages it suffered as a result of the termination of the contract due to non-payment.

The IDT has since paid the capital amount after it received funds from the department and we now negotiating with the contractor to withdraw its claim for damages. The matter is set down for default interest on the 17 March 2025 and United Africa referred the matter to adjudication for damages.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R567,749.77.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

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Figures in Rand thousand	2025	2024

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.36 Summons against the entity by Sharpshop Architects	222	-

Service provider was appointed to provide infrastructure upgrades at various schools in Limpopo. The IDT is being sued for failure to pay for services rendered.

No settlement negotiations as yet, the IDT is defending the matter. Sharpshop served the IDT with Summary Judgement proceedings.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R221,643.78.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.37 Summons against the entity by Allenby Housing CC	828	-

The service provider is suing the IDT for a sum of R828,000.00 for services rendered. The IDT appointed the service provider to install three (3) mobile classrooms at Isangonyana Primary school, KZN.

The matter was set down for hearing on the 10th of March 2025. The IDT is in the process of negotiating settlement with the service provider.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R828,000.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.38 Summons against the entity by Lilithalethu Trading 41	4,265	-

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The contractor is suing the IDT for the sum of R4,264,998.00. The IDT was served with a Notice of Motion. The contractor was appointed by the IDT on the 17th August 2015 to provide infrastructural upgrades of schools in Limpopo. The amount claimed by the contractor is the balance owing, as the IDT has previously made payments to the contractor as and when invoices were presented. The contractor's appeal in the Notice of Motion, is for the Court to make an Order to declare the decision by the IDT to withhold or suspend payment unlawful and be set aside; and subsequent to the decision being set aside, to order the IDT to make payment of the claimed amount, plus interest.

The matter was set down on the 13 of March 2025 and it was removed from roll,costs to be argued at a later stage.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R4,264,998.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.39 Summons against the entity by IDC Architects	2,895	-

The IDC has served us with the Notice of Motion in which they are praying for the Court to make the arbitration award an Order of Court, despite us having paid them the monies owed to them in respect of the settlement agreement that was concluded with the IDC.

The IDT has filed its answering affidavit and the time period for the Applicant to serve and file its reply to the affidavit has since lapsed. Parties will now be preparing for a hearing date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2,894,569.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

	2025	2024
22.1.40 Summons against the entity by Malome Business Enterprise CC	5,168	5,168

The Contractor is suing the IDT for termination of its services in the construction of Intlangano SPS and Damane SPS. For Intlangano, the contractor was terminated for failure to proceed with due skill, diligence, regularity and expedition to bring the works to practical completion. For Damane, the client reduced the scope based on low learner enrolment figures. The Contractor was told to suspend works until the full rationalization process was completed. Once the rationalization was completed the contractor was instructed to proceed with the reduced scope of work to cater for the low learner enrolment number. The scope reduction was 8% of the original scope of work to which the contractor refused to proceed with the works.

Notes to the Annual Financial Statements

Figures in Rand thousand			2025	2024

The IDT has filed an Intention to Defend and a Plea and Special Plea. The parties have agreed to suspend the litigation pending settlement discussion. Negotiations are still ongoing. The IDT is awaiting one final account in order to conclude the settlement. A further consultation is planned to take place with our attorneys in order to determine the best speedy way to dispose of the matter. The attorneys resorted to refer to arbitration as per JBCC process. The Pre-Arbitration meeting was held on the 11 March 2025 and the parties agreed that the Arbitration will be held from 07 to 11 July 2025 and 14 to 15 July 2025.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5,167,511.32.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

The prior year amount of this Contingent liability has been restated as this case also relates to prior year.

22.1.41 Summons against the entity by Bakhi Design Studio CC	-	-	42,050	-

The Service Provider is suing the IDT for alleged professional services rendered in respect of a number of projects.The claims against the IDT are frivolous as they are not having any serious purpose or value. In fact, the IDT had before this claim was instituted, issued summons against the Service Provider for a sum of R 1 800 000.00.

After receipt of invoices from the PSPs, the IDT conducted a three day (5-8 December) workshop with the PSP's addressing some of the concerns raised by DCS. The outcome of the workshop was that the PSP's had to submit amended project reports and amended calculation of professional fees by end of January 2018. The PSP decided to proceed with the litigation.

The IDT has iniated a review process to have the contracts awarded to Bakhi Designs declared unlawful. The IDT has supplemented its affidavit and the respondent filed its answering affidavit during september 2024. The IDT is in the process of filing its replying affidavit and will also apply for a hearing date.Bakhi Design proposed a meeting to settle the matter. The parties met on the 17th of February 2025 to discuss settlement.Bakhi forwaded a settlement proposal. The IDT is of the view the proposal is not acceptable. The IDT will proceed with matter in court

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R42,049,821.88.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.42 Summons against the entity by Rapid Builders and Contractors (Pty) Ltd	-	-	1,001	-

This is an application to seek payment arising from non-payment of interim certificates and default payment on the unpaid interim payment certificates.

Figures in Rand thousand 2025 2024

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1,00,973.43 to Rapid Builders and Contractors (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

			2025	2024
22.1.43 Summons against the entity by Rapid Builders and Contractors (Pty) Ltd	-	-	3,533	-

This is an application to seek payment arising from non-payment of interim certificates and default payment on the unpaid interim payment certificates. The matter has not been set down for court.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R3,533,330.43 to Rapid Builders and Contractors (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

			2025	2024
22.1.44 Summons against the entity by United Africa Civils and Construction (Pty) Ltd	-	-	17,218	-

This is an arbitration claim against the IDT, wherein the claimant terminated the contract between itself and IDT and is now seeking to enforce contractual rights to damages as a result of the termination of the contract.

Currently waiting for the Adjudicator’s Determination for submission on 23rd April 2025 and 01st of April 2025 we served our rejoinder to the Adjudicator and the claimant.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R17,217,984.44 to United Africa Civils and Construction (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.1.45 Summons against the entity by Sambumbu & Associates CC …………… …………16, 777

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

The Service Provider is suing the IDT for alleged professional services rendered in respect of Toli SSS. The claim against the IDT IS frivolous as there is no indication of any approval of both the budget and scope by the Client Department in the claim that can substantiate any service rendered. The briefing meeting of the 23 November 2015 stated that the consultants should not commence the job or move to the next stage without written approval.

The consultant was engaged on risk to do assessment for budgeting purposes by the DoE, with no appointment letter. The project was later put out on tender, and the consultant didn't tender and later issued summons against the IDT. Efforts were made to engage the consultant, and he refused and opted for litigation.

The matter was set down for hearing during August but could not proceed due to the request for postponement made by the plaintiff. The matter was again set down for hearing on 02 December 2024. The trial hearing has commenced, and the Plaintiff has presented its first witness but is not yet concluded. The matter is part-heard and has been postponed sine dies. Hearing of the trial resumed from 11 to 14 March 2025 and the matter is now concluded and Counsels to file heads of argument.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R16,776,771.89 to Sambumbu & Associates CC.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

22.2.1 Summons by the IDT against MBK Mogotsi Construction SA (Pty) LTD	4,837	4,837

The IDT is suing the contractor for damages suffered by the IDT as a result of the contractor's defective works. The IDT had to use its reserves in order to rectify the defective works.

The Contractor was engaged with regards to the weak compaction of the foundation and poor workmanship on the school. Despite several meetings, the contractor failed to remedy the defects. The IDT terminated the contractor on 10 May 2010 and appointed a replacement contractor prior to issuing Summons against the main contractor.

The parties were previously engaged in settlement negotiations, however, the settlement negotiations between the parties have failed and the IDT is now proceeding to apply for trial date.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R4,836,588 from MBK Mogotsi Construction SA (Pty) Ltd.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

22.2.2 Summons by the entity against Makole Properties	1,288	1,288

IDT's claim is for refund of the advance payment made to the service provider, for which the Service Provider failed to perform. The contract/appointment has been terminated.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Several letters have been sent to the Human Settlement to honour the outstanding payments. The department has started taking the IDT serious after issuing summons. The Department has acceded to settling the payments during the payment run of the 25 March 2021.

Applied for trial date and awaiting allocation from court.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R1,288,395 from Makole Properties.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

	2025	2024
22.2.3 Summons by the entity against 3ME Management	2,581	2,581

The Principal Agent mismanaged the project and later cancelled the contract citing personal reasons. The IDT instituted legal action against the indemnity insurance of the Principal Agent.

Attempts to engage the PA regarding the performance were futile until the contract was cancelled.

The IDT has applied for default judgment and it has been referred to an open court. The court also instructed the IDT to serve the court papers on the directors of the company. The IDT is struggling to locate the whereabouts of the directors.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R2,580,606 from 3ME Management.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

	2025	2024
22.2.4 Summons by the entity against Bakhi Designs Studio	800	800

The IDT is suing the Service Provider for overpayment that was made.

Discussions regarding possible settlement of the matter were unsuccessful.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R800,000 from Bakhi Designs Studio.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

	2025	2024
22.2.5 Summons by the entity against Smale & Partners and Demo Construction	6,430	6,430

The IDT is suing the Principal Agent and the Contractor for defective works on Mcheni JSS.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

IDT appointed an independent team of Structural Engineers to investigate root causes of sagging foundations and floors, thus cracking walls at Mcheni JSS. A report was presented by Engineers to IDT Executives, DoE Chief Director and DoE CFO. The report pointed faults at both Contractor and Civil/Structural Engineer and recommended that IDT takes a Legal rout to recoup the losses. Upon acceptance of recommendations by Executives, IDT implemented litigation.

The defendant has pleaded to the claim is disputing liability.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R6,429,747 from Smale & Partners and Demo Construction.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

	2025	2024
22.2.6 Summons by the entity against Ventana Trading (Pty) Ltd	3,224	3,224

The IDT is suing the Principal Agent for damages due to wrongful, unlawful, alternatively negligent acts and omissions for the Development of the maternity and theatre complex at George Masebe Hospital, Limpopo.

IDT appointed Ventana Trading (Pty) Ltd as a Principal Agent for the Development of the maternity and theatre complex at George Masebe Hospital, in Limpopo. The defendant failed failed to exercise the required skill and diligence by inter alia: failing to issue a written interim payment certificate to the contractor on a monthly basis, issuing payment certificate 18 for work not done by the contractor and failing to terminate the JBCC agreement on time, when it ought to, on default by the contractor, for failure to act in terms of its obligations as stated in the JBCC agreement.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R3,228,663.89 from Ventana Trading (Pty) Ltd t/a Metric Project Managers.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

	2025	2024
22.2.7 Counterclaim by the IDT against Class A Trading 253 (Pty) Ltd T/A Focus Project Management	6,007	6,007

The IDT has issued a counterclaim against Class A Trading 253 (Pty) Ltd T/A Focus Project Management for overpayment of Invoices amounting to R6 007 400.30. Class A Trading 253 (Pty) Ltd T/A Focus Project Management was appointed by the IDT for the role of Principal Agent.

As calculated therein, the total estimated amount of fees that were over-claimed by Class A Trading 253 (Pty) Ltd T/A Focus Project Management amounts to R6,007,400.

The IDT reserves the right to amend the quantum of its counterclaim upon the expert summary of a quantity surveyor becoming available.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R6,007,400 from Class A Trading 253 (Pty) Ltd T/A Focus Project Management, plus interest and the costs of the counter claims.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

Figures in Rand thousand 2025 2024

The Contingent assets have been restated to record the claim against Class A Trading 253 (Pty) Ltd T/A Focus Project Management by the IDT.

23. Related parties

Relationships	
Members	Refer to members' report note
Controlling entity	National Department of Public Works and Infrastructure (DPWI)
Public Entities under Executive Authority	Construction Industry Development Board(CIDB) Council for the Built Environment (CBE) Agrément South Africa (ASA) Engineering Council of South Africa (ECSA) Property Management Trading Entity (PMTE)

Independent Development Trust is one of the 21 Schedule 2 public entities in terms of the Public Finance Management Act (Act 1 of 1999 as amended) and reports to the Department of Public Works and Infrastructure (DPWI). The IDT is a national public entity controlled by National Government under the Executive Authority, the Minister of the DPWI. Any other entity of the National Government is a related party including other state-owned entities, government departments and all other entities within the national sphere of government. By virture of the IDT being a national public entity, it is presumed that all other government entities within the national sphere are related to it. However, only transactions that occurred outside the normal terms available to the broader public are disclosed in accordance with GRAP 20: Related Party Disclosures. All other entities in the National Sphere of Government are considered to be related, but have not been disclosed unless transactions with those entities took place on terms that were not on ordinary terms or not course of business. All transactions with such entities are at arm’s length and on normal commercial terms. In addition, IDT has a related party relationship with its directors and executive officers (key management). Unless specifically disclosed, these transactions are concluded on an arm’s length basis.

By virtue of the IDT being a national public entity under control of DPWI, it is considered to be connected to all entities under control of the DPWI.

The IDT operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional interdependence of the three spheres of government in South Africa, only public entities with the ability to control or jointly control the IDT or exercise significant influence over the IDT, or vice versa or entities that are subject to common control, or joint control within the national sphere of government are considered to be related parties.

All related party transactions other than the ones disclosed in this note occurred during the financial year were in the normal course of business, in accordance with the mandate of IDT. Management fees charged by the IDT to client Departments as disclosed in Revenue from exchange transactions and Receivables from exchange transactions are charged at market related rates/at arm’s length or are incurred in the ordinary business.

Transactions and other engagements with the Department of Public Works:

The IDT has implemented the Non-State Sector programme on behalf of the Department of Public Works and Infrastructure, and the expenditure relating to the programme was R726,228,978 (2024: R1,068,958,933), and the IDT generated R52,794,978 (2024: R79,078,669) in revenue from this programme. All transactions within this programme were at arm's length.

The IDT receives a grant from Department of Public Works and Infrastructure for purposes of paying salaries and overhead expenses. The total received amounted to R81,800,000 in 2024. No grant was received in 2025.

The following are entities that are commonly controlled by the Department of Public Works, however, the IDT has not conducted business with any of the entities in the year under review.

- Construction Industry Development Board (CIDB)
- Council for the Built Environment (CBE)
- Agrément South Africa (ASA)
- Engineering Council of South Africa (ECSA)
- Property Management Trading Entity (PMTE)

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Figures in Rand thousand	2025	2024

The IDT is being accommodated by the regional DPWI in the Western Cape Province offices at no cost to the IDT. Due to the insignificance of the services in-kind on the entity's operations and/or service delivery objectives, the entity did not recognise this services in-kind as revenue.

Key management personnel has been defined as Independent Development Trusts board of Trustees and prescribed officers effective for 2025 and 2024.

In terms of persons with significant influence (prescribed officers), the Entity has identified officials from Level 1 - 3 as key management as well as seconded key officials if applicable.

Related party balances

Receivables from exchange transactions: Management fees

The below table shows the total outstanding debt per client department as well as the cumulative impairment recognised.

2025

Client Department	Gross Receivable	Impairment Provision	Net Receivable
Airports Company South Africa	526	-	526
Department of Correctional Services	6,199	(2,428)	3,771
Department of Health	11,245	(3,350)	7,895
Department of Justice - Courts	11,014	(2,399)	8,615
Department of Public Works	5,361	(1,139)	4,222
	34,345	(9,316)	25,029

2024

Client Department	Gross Receivable	Impairment Provision	Net Receivable
Department of Correctional Services	5,605	(3,024)	2,581
Department of Health	176	(39)	137
Department of Higher Education and Training	2,517	(1,760)	757
Department of Justice - Courts	851	(851)	-
Department of Public Works	22,980	(13)	22,967
	32,129	(5,687)	26,442

Included in Note 5, below are the transactions and balances with National Departments that are related to the IDT at national sphere of government.

Bank Balances	2025	2024
Department of Rural Development	946	885
Department of Correctional Services	16,463	18,622
Department of Health	21,861	30,669
Department of Justice - Courts	28,143	26,204
Department of Public Works	127,131	46,853
Department of Higher Education and Training	4,296	42,464
Department of Water and Sanitation	-	2,061
Department of Arts & Culture	2,665	5,884
Department of Forestry, Fisheries and Environmental Affairs	58	208
Department of Human Settlement	62	66
Department of Environmental Affairs	20	19
Department of Corporate Governance	1,251	785
	202,896	174,720

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024
Funds received from client departments		
Department of Correctional Services	128,589	126,194
Department of Health	85,860	-
Department of Justice - Courts	-	696
Department of Public Works	781,877	1,229,901
Department of Higher Education and Training	35,000	50,850
	1,031,326	1,407,641
Interest received		
Department of Rural Development	69	65
Department of Correctional Services	1,615	1,590
Department of Health	2,290	2,500
Department of Justice - Courts	2,053	1,919
Department of Public Works	10,591	9,090
Department of Higher Education and Training	1,298	1,349
Department of Water and Sanitation	30	32
Department of Arts & Culture	205	183
Department of Forestry, Fisheries and Environmental Affairs	14	4
Department of Human Settlement	5	5
Department of Environmental Affairs	2	1
Department of Corporate Governance	61	57
	18,233	16,795
Programme Expenditure		
Department of Rural Development	-	-
Department of Correctional Services	161,434	154,236
Department of Health	93,943	37,912
Department of Justice - Courts	622	1,035
Department of Public Works	755,865	1,126,004
Department of Higher Education and Training	38,313	4,445
Department of Water and Sanitation	-	-
Department of Arts & Culture	-	-
Department of Forestry, Fisheries and Environmental Affairs	-	-
Department of Human Settlement	-	-
Department of Environmental Affairs	-	-
Department of Corporate Governance	-	-
	1,050,177	1,323,632
Programme trade and other receivables		
Department of Rural Development	(1,049)	(1,009)
Department of Correctional Services	(98,527)	(75,616)
Department of Health	(31,302)	-
Department of Justice - Courts	(204,799)	(38,936)
Department of Public Works	(133,397)	(79,632)
Department of Higher Education and Training	(856)	(3,760)
Department of Water and Sanitation	(9)	-
Department of Arts & Culture	(1,918)	(1,396)
Department of Corporate Governance	(266)	-
	(472,123)	(200,349)

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024
Funds held in trust		
Department of Rural Development	952	937
Department of Correctional Services	11,044	13,556
Department of Health	18,304	27,413
Department of Justice - Courts	28,304	26,196
Department of Public Works	8,949	9,668
Department of Higher Education and Training	4,300	40,051
Department of Water and Sanitation	-	2,061
Department of Arts & Culture	2,665	6,016
Department of Forestry, Fisheries and Environmental Affairs	58	229
Department of Human Settlement	643	115
Department of Environmental Affairs	21	37
Department of Corporate Governance	859	785
	76,099	127,064
Programme trade and other payables		
Department of Rural Development	1,050	1,050
Department of Correctional Services	103,790	79,283
Department of Health	2,782	3,064
Department of Justice - Courts	204,774	38,800
Department of Public Works	252,759	116,584
Department of Higher Education and Training	873	6,176
Department of Arts & Culture	1,918	1,396
Department of Human Settlement	(581)	-
Department of Corporate Governance	665	-
	568,030	246,353
Programme retention liability		
Department of Correctional Services	444	999
Department of Health	1,456	201
Department of Justice - Courts	31	-
	1,931	1,200

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Related party transactions

Membership fees paid by IDT		
Executive Head - PMSU - Mr T Makofane	-	5
Chief Financial Officer -Mr L. Songwevu	9	-
	9	**5**

Full subsidation of the annual fees of registered persons who are related parties.

The IDT recognises the management fees revenue based on the agreed rates as per the Memorandums of Agreements signed with Client Departments.

The full amount of the revenue transaction is disclosed in the income statement. The related receivables (Receivables from exchange transactions - Management fees) is disclosed in Note 3.

Revenue from exchange transactions: Management Fees

Revenue from exchange transactions: Management Fees		
Airports Company South Africa	526	-
Department of Basic Education	1,071	(2,005)
Department of Correctional Services	9,554	(9,010)
Department of Health	10,352	3,872
Department of Higher Education and Training	23,160	(6,621)
Department of Justice - Courts	8,853	23
Department of Public Works	61,545	(84,741)
	115,061	**(98,482)**
Expenditure: (Impairment)/Impairment reversal of receivables		
Department of Basic Education	(15)	(1,537)
Department of Correctional Services	(596)	2,976
Department of Health	3,310	39
Department of Higher Education and Training	(1,760)	1,760
Department of Justice - Courts	1,548	(61)
Department of Public Works	1,126	(134)
	3,613	**3,043**

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Remuneration of management

Board of Trustees

2025

Name	Attendance Fees	Other	Total
Adv. KI Mshengu (Resigned on 03 February 2025)	115	15	130
Mrs KJ Siyila	196	18	214
Ms LN Dlamini (Resigned on 03 February 2025)	145	29	174
Mrs PN Mkhwanazi	127	17	144
Mr KG Sukdev	119	18	137
Mr MS Mbambisa	150	18	168
Ms RK Parker (Resigned on 01 November 2024)	20	11	31
Mr LT Nevondwe	137	18	155
Ms YD Mbane (Independent)	41	18	59
Ms EB Mokgatle (Independent Member) (appointed July 2024)	28	14	42
Mr D Naidoo (appointed Feb 2025)	1	3	4
Mr Matodzi Ratshimbilani (appointed February 2025)	-	-	-
	1,079	**179**	**1,258**

2024

Name	Attendance Fees	Other	Total
Adv. KI Mshengu (Appointed November 2023) - Chairperson	56	8	64
Mrs KJ Siyila - Deputy Chairperson	257	18	275
Ms LN Dlamini (Appointed November 2023)	97	11	108
Mrs PN Mkhwanazi	212	18	230
Mr KG Sukdev	215	18	233
Mr MS Mbambisa	205	18	223
Ms RK Parker	171	18	189
Mr LT Nevondwe	211	21	232
Ms YD Mbane (Independent)	37	18	55
Ms PN Sibiya (Independent)	9	3	12
Mrs Z Hill (Resigned October 2023)	178	11	189
Prof. RN Nkado (Resigned October 2023)	141	11	152
Mrs LM Kumalo (Resigned October 2023)	172	11	183
Dr MO Sutcliffe (Resigned July 2023)	94	15	109
Mr MT Sukazi (Resigned July 2023)	76	6	82
	2,131	**205**	**2,336**

The remuneration of key management disclosed exclude reimbursed travel expenses and subsistence costs.

The following trustees were also appointed during the financial year and after year-end:
Ms Zimbini Hill - Chairperson - appointed 03 April 2025;
Prof. Raymond Nkado - Deputy Chairperson - appointed 03 April 2025;
Ms Nangomso Matebese - appointed 03 April 2025;
Prof. Jeffrey Mahachi - appointed 03 April 2025;
Ms Bella Mnanzana - appointed 03 April 2025.

Figures in Rand thousand | 2025 | 2024

Notes to the Annual Financial Statements

Management class: Executive management

2025

Name	Basic salary	Allowances	Total
Mrs MET Malaka - CEO (appointed June 2024)	2,844	1,035	3,879
Mr J Reddy - Acting CFO - (August 2023 to April 2024)	104	19	123
Ms VP Nene - Executive Head - CSU	2,222	338	2,560
Ms SN Sebitlo - Acting Executive Head - PMSU	500	59	559
Mr L Songwevu - CFO (appointed May 2024)	2,325	20	2,345
	7,995	**1,471**	**9,466**

2024

Name	Basic salary	Allowances	Total
Mrs MET Malaka - Acting CEO	2,714	105	2,819
Mr J Reddy - Acting CFO - (August 2023 to April 2024)	1,201	215	1,416
Ms VP Nene - Executive Head - CSU (Appointed November 2023)	968	40	1,008
Mr T Makofane - Executive Head - PMSU	2,090	620	2,710
Ms SN Sebitlo - Acting Executive Head - PMSU	1,365	86	1,451
Mr M Basitere - Acting Executive Head - CSU	1,357	233	1,590
Ms CE Simpson - CFO (Resigned 31 December 2023)	1,712	1,043	2,755
Ms N Modibedi - Executive Head - CSU - (Resigned April 2023)	144	145	289
	11,551	**2,487**	**14,038**

The remuneration of key management disclosed exclude reimbursed travel expenses and subsistence costs.

Party - Secondment

During March 2024, Ms. Sibulele N. Diko was seconded to the IDT from MISA (Municipal Infrastructure Support Agency) to carry out the function of Executive Head: PMSU in an acting capacity. Ms. Diko acted in this capacity until November 2024.

The secondee receives her salary from MISA inclusive of all other payments/allowance offered by the IDT. MISA then bills for the recovery of the allowances related to the secondment of Ms. Diko to IDT.

For the period ending 31 March 2025, total employee costs incurred by the IDT from the secondment for the same period is R179,347.18.

24. Prior period errors

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

Administration Expenses and Trade Creditors
Administration expenses and trade creditors were adjusted due to prior year invoices received in the 2025 financial period.

VAT
Adjustments to administration costs attracted VAT and the VAT adjustment is the net of the transactions above.

Finance Costs
Interest paid adjusted due to an invoice with interest relating to prior year received in current financial period.

Operating Lease Provision
The adjustment due to a correction in the calculation of the rental operating lease provision.

Staff Debtors
To adjust the staff debtors with prior year transactions identified in the current financial period.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Receivables from exchange transactions and Management fees
Management fees were incorrectly calculated and billed in the previous financial periods. Adjustments were done in the 2024 financial period to correct the error on the receivables from exchange transactions and revenue (management fees).

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		(126,076)	(61)	(126,137)
VAT receivable		4,339	8	4,347
Accumulated surplus		(1,876,357)	53	(1,876,304)
		(1,998,094)	**-**	**(1,998,094)**

2024

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		(41,386)	(2,089)	(43,475)
VAT receivable		7,941	234	8,175
Receivables from exchange transactions		99,898	8,565	108,463
Accumulated surplus		(1,884,138)	(6,710)	(1,890,848)
		(1,817,685)	**-**	**(1,817,685)**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
General Expenses		(133,887)	(1,799)	(135,686)
Lease rentals on operating lease		(7,296)	(6)	(7,302)
Revenue from exchange transactions		287,271	8,567	295,838
Surplus for the year		**146,088**	**6,762**	**152,850**

Figures in Rand thousand 2025 2024

Notes to the Annual Financial Statements

25. Risk management

Financial risk management

The IDT is exposed to the following risks: The Board of Trustees is responsible for strategic risk-management within the IDT and has tasked the Audit and Risk Committee to ensure effective risk-management. The purpose of the IDT risk management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed. 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 IDT risk policy sets out the minimum standards of risk-management to be adopted and adhered to by all units within the IDT. The risk policy is established to identify and analyse the risks faced by the IDT, 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 IDT activities. The risk-management strategy, which has been reviewed and updated in the current year, contains processes for identifying both the impact and likelihood of such risk occurring.

Management is responsible for the identification, assessment and control of all key risks facing the IDT, functions and processes under their control. In addition, management is required to manage all risks under their control that contribute to the IDT's risk profile. A documented formal policy framework has been put in place in order to achieve the following:

- Place accountability on Management for designing, implementing and monitoring the process of risk management.
- Place responsibility on Management for integrating the risk management process into the day to day activities and operations of the IDT.
- Ensure that the risk strategy is communicated to all stakeholders.

Liquidity risk

The entity’s risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk is the risk of financial loss to the IDT if a customer or counterparty defaults on its contractual obligations to the IDT. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The carrying value for receivables from exchange transactions, net of impairment amount to R86,139,000 (2024: R86,139,000). The IDT only transacts with various Government Institutions who have no independent rating. The IDT does not have any significant credit risk exposure to any single counterparty having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Government departments have no independent rating.

IDT 's key areas of exposure to credit risk in the current financial year include:

Financial instrument	2025	2024
Cash and Cash equivalents	82,497	53,419
Receivables from exchange transactions	30,859	86,139

The nature of IDT's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Cash and cash equivalents held with reputable financial institutions are used for investing and cash handling purposes.

Market risk

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

Interest rate risk

The IDT's activities expose it primarily to the financial risk of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, receivables, other debtors, bank and cash balances.

The IDT limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.

The IDT is not exposed to credit interest rate risk as the entity has no borrowings.

Programme assets and programme liabilities

Management has specifically excluded the risk assessment of financial assets and financial liabilities from the program assets as they do not have a direct impact on the organisation.

26. Going concern

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

The ability of the entity to continue as a going concern is dependent on the shareholder for funding of operations for the period ending 31 March 2026, and the shareholder is in the process of identifying budget savings from their Departmental units.

The cash flow forecast for the year ending 31 March 2026 indicated a net cash outflow, resulting in a significant decline in available cash resources.

The entity has noted the following factors which are indicative of an uncertainty in respect to the assessment of going concern: The entity has generated the deficit of R33,361,000 which is an increase from the deficit of R1,224,000 realized in 2023-24 financial year. There is a possible outflow of resources, pending the outcome of legal cases the entity is currently being litigated against amounting to R436,210,000 (2024: R209,196,103) which represents an increase of 106% compared to the prior year. The entity does not have available resources to fund these possible outflows. The creditor payment period shows the average number of days taken for creditors to be paid. The payment period has significantly increased from 28.2 to 117.7 days, compared to the previous year. The real root cause is the unavailability of cash in the bank account to settle the debtors. The debtor's collection period has increased from 128, 2 to 167.1 days, compared to the previous year. This is mainly due to client departments having insufficient funds to pay management fee invoices due to IDT. The 2025 current ratio is 1.55. This ratio is below the acceptable industry standard of 2.1. The ratio, however, still reflects the organization's ability to meet its short-term liabilities. The level of reserves has reduced significantly over the years. The 2025 ratio, however, indicates that the reserves are not sufficient to cover total liabilities of the organization. The 2025 solvency ratio is 1.73, indicative that total liabilities will be covered by the assets of the organisation.

27. Events after the reporting date

The Trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

28. Fruitless and wasteful expenditure

	2025	2024
Fruitless and wasteful expenditure	3,949	19,219

During the 2025 Financial period, the entity recovered R346,840 Fruitless and wasteful expenditure relating to prior year Fruitless and Wasteful expenditure and incurred Fruitless and wasteful expenditure of R3,949,266.

The Fruitless and wasteful expenditure of prior year was restated by R15,747,588.

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

29. Irregular expenditure

Add: Irregular Expenditure - current	40,042	150,329

IDT acts as an agent in the procurement process for various departments projects. The irregular expenditure was not disclosed in prior years as no agreement with departments was concluded on.

The opening balances were restated as IDT has now disclosed irregular expenditure relating to programme expenditure as IDT is the procuring agent and non-compliance took place during procurement process.

This disclosure is made in accordance with the Generally Recognized Accounting Practice (GRAP) standards, underscoring the entity's commitment to transparency and accountability in its financial reporting.

Irregular expenditure and fruitless and wasteful expenditure

The comparative year has been restated from R46.7m to R150.3m due to cut off and completeness issues being resolved from the prior year audit. The entity has Irregular expenditure under assessment that are disclosed in the Annual report. The prior year assessment resulted in R31.4m being assessed as regular expenditure and R31.0m being irregular expenditure in the opening balance for the prior year.

30. Budget differences

Material differences between budget and actual amounts

30.1 Management fees

30.1.1 Revenue is based directly on programme expenditure delivery. The organisation has not achieved programme expenditure targets in the year under review. The revenue line item was therefore negatively impacted.

30.2 Other income

30.2.1 These amounts are recoveries of legal fees from litigation matters. No recovery was made from client departments as budgeted for.

30.2.2Travel costs recovery are recoveries from Programme related costs. Only EPWP related travel was recovered from Programmes.

30.2.3 Actual Other Income in line with the budgeted Other income.

30.3 Interest

30.3.1Interest earned from positive bank balances. No interest was budgeted for.

30.4 Employee related costs

30.4.1 This expenditure line item is under budget as the organisation slowed down recruitment in line with austerity measures implemented by the organisation.

30.5 Travel and Subsistence

30.5.1 This expenditure line item is under budget as the organisation slowed down non-project related travel and utilized virtual meeting platforms in line with austerity measures implemented by the organisation.

30.6 Depreciation and amortisation

30.6.1Depreciation cost is based the useful life of actual assets owned by the IDT. There increase is due to new assets additions.

30.7 Reversal of impairment / (Debt impairment)

Notes to the Annual Financial Statements

30.7.1The impairment was not budgeted for.

30.8 Litigation Fees

30.8.1 Legal Settlement costs were not budgeted for.

30.9 IT Costs

30.9.1 In line with the IT plan to modernize the IT environment, server hosting and network data services were improved. The organisation also embarked on the design and implementation of the Project Management System, certain licences related to this system have not yet been procured in the 2024/25 financial period.

30.10 Communications

30.10.1 This expenditure line item is under budget as the organisation slowed down its spending related to Communications functional area in line with austerity measures implemented by the organisation.

30.11 Facilities Costs

30.11.1 This expenditure line item is under budget as the organisation slowed down its spending related to Facilities management which includes spending on Occupational Health and Safety, Improvements on Leased property, Repairs and Maintenance in line with austerity measures implemented by the organisation.

30.12 General expenses

30.12.1 This expenditure line item is under budget as the organisation slowed down its spending related to in line with austerity measures implemented by the organisation.

30.13 Taxation

30.13.1 No provision has been made for income tax as the entity has no taxable income as the IDT was exempted from income tax in terms of S10(1)(cN) of the Income Tax Act, 1962 as amended. The IDT has been approved as a Public Benefit Organisation in terms of S30 of the Act.

Notes to the Annual Financial Statements

31. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of 10 provinces or regions for performance of each region. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

Aggregated segments

The entity operates throughout the ten provinces in the country. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the country were sufficiently similar to warrant aggregation.

Information about segments

The table below indicates the relevant segments:

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

2025

	Eastern Cape	Free State Natal	Gauteng	KwaZulu	Limpopo Cape	Mpumalanga	National	Northern	North West Cape	Western	Total
Revenue from exchange transactions	36,643	8,217	17,343	77,168	71,734	13,163	87,286	14,844	34,573	4,850	365,821
Interest revenue	69	24	70	167	48	32	3,806	31	102	17	4,366
Total segment revenue	36,712	8,241	17,413	77,335	71,782	13,195	91,092	14,875	34,675	4,867	370,187
Operating lease expense	(1,675)	(974)	-	(2,423)	(1,982)	(813)	22	(548)	(540)	-	(8,933)
Employee Costs	(20,158)	(8,458)	(7,346)	(33,723)	(21,590)	(12,364)	(121,877)	(5,966)	(10,731)	(6,285)	(248,498)
Depreciation and Impairment of property, plant and equipment	(264)	(158)	(53)	(670)	(245)	(176)	(2,088)	(179)	(238)	(67)	(4,138)
Loss on disposal of assets	-	-	-	-	-	14	(485)	-	-	-	(471)
Impairment of receivables	-	-	-	-	-	-	(1,750)	-	-	-	(1,750)
Administration and finance costs	(4,410)	(1,504)	(328)	(7,915)	(3,182)	(1,481)	(117,177)	(900)	(1,166)	(1,697)	(139,760)
Total segment Expense	(26,507)	(11,094)	(7,727)	(44,731)	(26,999)	(14,820)	(243,355)	(7,593)	(12,675)	(8,049)	(403,550)
Segmental (deficit)/surplus	**10,205**	**(2,853)**	**9,686**	**32,604**	**44,783**	**(1,625)**	**(152,263)**	**7,282**	**22,000**	**(3,182)**	**(33,363)**

Notes to the Annual Financial Statements

Figures in Rand thousand	2025	2024

2024

	Eastern Cape	Free State	Gauteng	KwaZulu Natal	Limpopo	Mpumalanga	National	Northern Cape	North West	Western Cape	Total
Revenue from non-exchange transactions	-	-	-	-	-	-	81,800	-	-	-	81,800
Revenue from exchange transactions	30,084	1,676	2,419	90,810	19,290	16,556	80,547	7,916	28,002	7,036	284,336
Interest revenue	139	19	172	386	107	58	1,993	40	59	(40)	2,933
Total segment revenue	30,223	1,695	2,591	91,196	19,397	16,614	164,340	7,956	28,061	6,996	369,069
Operating lease expense	(1,591)	-	-	(2,411)	(1,960)	(762)	(11)	-	(560)	-	(7,295)
Employee Costs	(17,003)	(6,027)	(7,808)	(31,564)	(20,654)	(9,819)	(78,971)	(5,435)	(8,629)	(4,294)	(190,204)
Depreciation and Impairment of property, plant and equipment	(197)	(97)	(76)	(441)	(224)	(115)	(3,649)	(186)	(300)	(41)	(5,326)
Impairment reversal of receivables	(1,177)	-	(1,313)	-	(405)	-	(35,610)	-	-	(2,479)	(40,984)
Administration and finance costs	(3,714)	(1,014)	(520)	(6,687)	(2,673)	(1,729)	(114,889)	(726)	(950)	(1,233)	(134,135)
Loss on disposal of assets	-	-	-	-	-	-	(280)	-	-	-	(280)
Total segment Expense	(23,682)	(7,138)	(9,717)	(41,103)	(25,916)	(12,425)	(233,410)	(6,347)	(10,439)	(8,047)	(378,224)
Segmental (deficit)/surplus	**6,541**	**(5,443)**	**(7,126)**	**50,093**	**(6,519)**	**4,189**	**(69,070)**	**1,609**	**17,622**	**(1,051)**	**(9,155)**