



• GATEWAY TO THE REST OF AFRICA •

# 2017/2018 ANNUAL REPORT



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# **PART A:**

# **GENERAL INFORMATION**

## 1.1 PUBLIC ENTITY GENERAL INFORMATION

**REGISTERED NAME:** Gateway Airports Authority (SOC) Limited

**DIRECTORS:**

**26 Jan 2017- 31 May 2017**

Mr MS Mahada

Mr N Mangena

Mr TA Matsila

Mr NF Mphahlele

**01 June 2017 to date:**

Mr TM Nkoana

Princess T Nkambule

Dr G Nethengwe

Chief L Matsila

Mr S Maphutha

Mr M Teffo

Mr P Ndlala

Mr J Luthuli

Mr D Kharidza

**REGISTRATION NUMBER:** 1995/002792/06

**PHYSICAL ADDRESS:** N1 NORTH TO MAKHADO  
GATEWAY DRIVE, POLOKWANE, 0700

**TELEPHONE NUMBERS:** 015 288 0122

**WEBSITE ADDRESS:** [www.gaal.co.za](http://www.gaal.co.za)

**EXTERNAL AUDITORS:** AUDITOR GENERAL OF SOUTH AFRICA

**BANKERS:** ABSA BANK LIMITED

**COMPANY SECRETARY:** Advocate S Ledwaba

## 1.2 LIST OF ABBREVIATIONS

ACI:	Airports Council International
ACSA:	Airports Company South Africa
ATNS:	Air Services Navigation Services
GAAL:	Gateway Airports Authority (SOC) Limited
LDoT:	Limpopo Department of Transport
LEDA:	Limpopo Economic Development Agency
PFMA	Public Finance Management Act
PIA:	Polokwane International Airport
SMME:	Small, Medium and Micro Enterprises



## FOREWORD BY

### THE MEMBER OF EXECUTIVE COUNCIL OF TRANSPORT AND COMMUNITY SAFETY



Outcome 6 of the Medium Term Strategic Framework (MTSF 2015-2019) requires Limpopo to invest in a network of economic infrastructure designed to support medium and long term economic and social objectives. This is a precondition for providing basic services such as water, sanitation, telecommunications and public transport. Limpopo Department of Transport made a commitment in its strategic plan that it will contribute towards the objectives of the National Development Plan (NDP) by continuously bridging geographic distances to enable all South Africans to access previously inaccessible economic opportunities, social spaces and services. This has to be done affordably, reliably and safely through rail, land and air transportation. In our endeavour to facilitate tourism, domestic, regional and international trade, we are striving to promote a low carbon economy by offering transport alternatives that minimise environmental harm. Airports are alternative transport modes that play a key role in the transportation of people and goods. They connect with other modes of transportation to ensure that people reach their destinations quicker and goods are safely delivered to places where they are ultimately consumed. An increase in the number of airport users will ensure that more visitors come to our province, and this in turn, will enable more money and opportunities to flow into the provincial economy.

In the year 2017/18 financial year, GAAL as an entity was faced with numerous challenges and therefore received a qualified audit opinion. They, however, and to a large extent met the targets they set for themselves in the Annual Performance Plan (APP). I'm cognisant that the Board is fairly new, having started in the middle of the last financial year. Notwithstanding this, we are emboldened by the fact that they are the first Board to be appointed on a term of three years. This will hopefully bring to GAAL much-needed stability that should catapult the organisation to greater heights. The 2018/19 financial year will no doubt require resilience and steadfastness from the Board to management if we have to do our part to steer GAAL to calmer waters.

My most sincere gratitude goes to the Board, Acting Chief Executive Officer and staff for the supportive role they have been playing to ensure that we experience an improved aviation industry in Limpopo. As a Member of the Executive Council for Transport and Community Safety, it is my pleasure to present the Annual Report of Gateway Airports Authority (SOC) Limited for the 2017/18 Financial Year to the honourable members of the Limpopo Provincial Legislature as well as to the people of the province.

In conclusion, I would like to dedicate this Annual Report to the legendary Dr Nelson Rolihlahla Mandela and the iconic Mme Nontsikelelo Albertina Sisulu on their centenary celebration for their generosity and immense contribution to the world in general and South Africa in particular.

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**HONOURABLE M MAKHURUPETJE**

**MEMBER OF EXECUTIVE COUNCIL: TRANSPORT AND COMMUNITY SAFETY**

# STATEMENT BY

## THE CHAIRPERSON OF THE BOARD



**CHAIRPERSON OF THE BOARD: MR TM NKOANA**

As the Board of Directors, we fully embrace the view that creating a safe and secure aviation environment by efficiently managing airport operations, is our core business. We have also come to realise that our top priority is not only to manage Polokwane International Airport but all non-private Airports in Limpopo and make them sustainable. We understand that this task can never be fully achieved without the unwavering support of our Shareholder and trusted Stakeholders in the Province.

The 2017/18 financial year has seen positive and negative milestones to reflect upon, but the net effect has been one of growth and added push to our continuous evolution as an Entity. Although we have not made a breakthrough with regards to the recruitment of a Chief Executive Officer, we have managed to take off against a history of poor audit results. GAAL also received a qualified audit opinion expressed by the Auditor- General and this symbolises the enormous task that still lies ahead of us.

Towards the end of the financial year, we welcomed the new MEC for Transport and Community Safety, Ms Makoma Makhurupetje to the Department. We continue to look forward to her support and leadership regarding growth and transformation opportunities for the Entity.

Our commitment as a Board to steering and supporting the Entity is a responsibility we regard seriously. Our approach will take a significant step once a Turn- Around Strategy is developed and implemented in the new financial year of 2018/19. This Strategy will outline the Entity's plans to reach self-sustainability levels and to maintain a strong operational position. The Board continuously supports the Executive Team in ensuring relevance and effectiveness of the Entity.

The Entity's performance was made possible because of the people who actively participate in our value creation process and who believe in our vision as a business. I wish to, on behalf of the Board, thank the Shareholder, MEC Ms Makoma Makhurupetje for the leadership role and guidance she has provided to ensure that we carry out our mandate despite all the financial constraints and challenges we faced.

I also wish to show appreciation to the Stakeholders of GAAL, in particular, the Honourable Members of the Standing Committee on Public Accounts (SCOPA), the Limpopo Transport Portfolio Committee as well as the Auditor- General. We thank you for your support, guidance and space provided for GAAL Board to fulfil its mandate.

In conclusion, it is with appreciation that I note the contributions of Board Members and their respective committees, who have stepped up to the challenges that laid before them. Also, the commitment of our Management and employees cannot go unnoticed; the 2017/18 financial year has been a year of great learning and we believe that the years ahead will see us reaching greater heights and eventually making GAAL the employer of choice. It is achievable.



# OVERVIEW BY

## THE ACTING CHIEF EXECUTIVE OFFICER



**Mr S Mahada**  
**Acting CEO: GAAL**

It is an honour for me, on behalf of GAAL Management and staff to present the 2017/18 Financial Year Annual Performance Report. Part of our responsibility to the Board and the Shareholder, is to ensure maximum accountability in the execution of the mandate bestowed on us. As a result, we wish to, as part of the fulfilment of this responsibility, submit our full account of the activities of Gateway Airports Authority (SOC) Limited.

It must be reported that 2017/18 was another challenging Financial Year. The Entity went through serious financial constraints as well as challenges regarding the filling of a permanent CEO's position. The matter is being processed by the board and will be brought to finality soon. We commend the Board and Executive Management for putting their shoulders to the wheel and ensuring that, turbulent as it was, we landed safely into 2018/19.

GAAL received a Government grant of R51 055 million in the financial year under review. Aeronautical and non-aeronautical Revenue amounting to R16.7 million was generated.

With regards to future plans, the Entity will continue to ensure that it complies with all Treasury regulations and directives. However, with current budgetary constraints and accruals, the entity will still struggle to stabilise its finances. However, measures are being put in place to increase own revenue, reduce expenditure including on COE and to improve efficiency and effectiveness in procurement. The rental of available space, aeronautical revenue generating streams as well as potential opportunities for revenue generation are high on the card for the Entity to turn around.

The filling in of funded critical vacancies in the 2017/18 financial year has been one of the Entity's focal points. The positions filled included that of the Company Secretary, Business Development and Marketing Manager, ICT Manager and Risk and Compliance Manager. The Supply Chain Manager post was also filled but the incumbent resigned soon thereafter. The entity is in the process of ensuring that the position is filled to ensure stability and much needed compliance in procurement. The focus of management was to provide decisive and strategic leadership, enhance financial management, putting internal controls in place, organisational stability and performance.

The entity is hard at work to ensure that it retains the PIA airport license, improve on airport safety and security measures as well as to continuously improve in the operational capacity and efficiency.

In conclusion, I wish to express my profound gratitude to the Members of the Board for the unwavering support and direction they gave to us in the period where I have been Acting Chief Executive Officer. Furthermore, I thank most sincerely, the Shareholder, MEC Ms Makoma Makhurupetje for her strategic support and guidance throughout.

Thank you

## 2. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

The Annual Report has been prepared in accordance with the Guidelines on Annual Reporting issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with South African Generally Accepted Accounting Principles.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made with respect 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 were engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the Performance Information, and the Human Resources information and the financial affairs of the Entity for the financial year ended 31 March 2018.

**Yours Sincerely**

\_\_\_\_\_  
**Mr S Mahada**

Acting Chief Executive Officer

Date \_\_\_\_\_

\_\_\_\_\_  
**Mr TM Nkoana**

Chairperson: GAAL Board

Date: \_\_\_\_\_



### 3. STRATEGIC OVERVIEW

#### Vision

To be an optimally functioning airports authority and centre of excellence for aviation services in the region.

#### Mission

To utilise our strategic location as a gateway, we will provide world class airport facilities that stimulate job creation, skills development, trade and tourism within the region.

#### Values

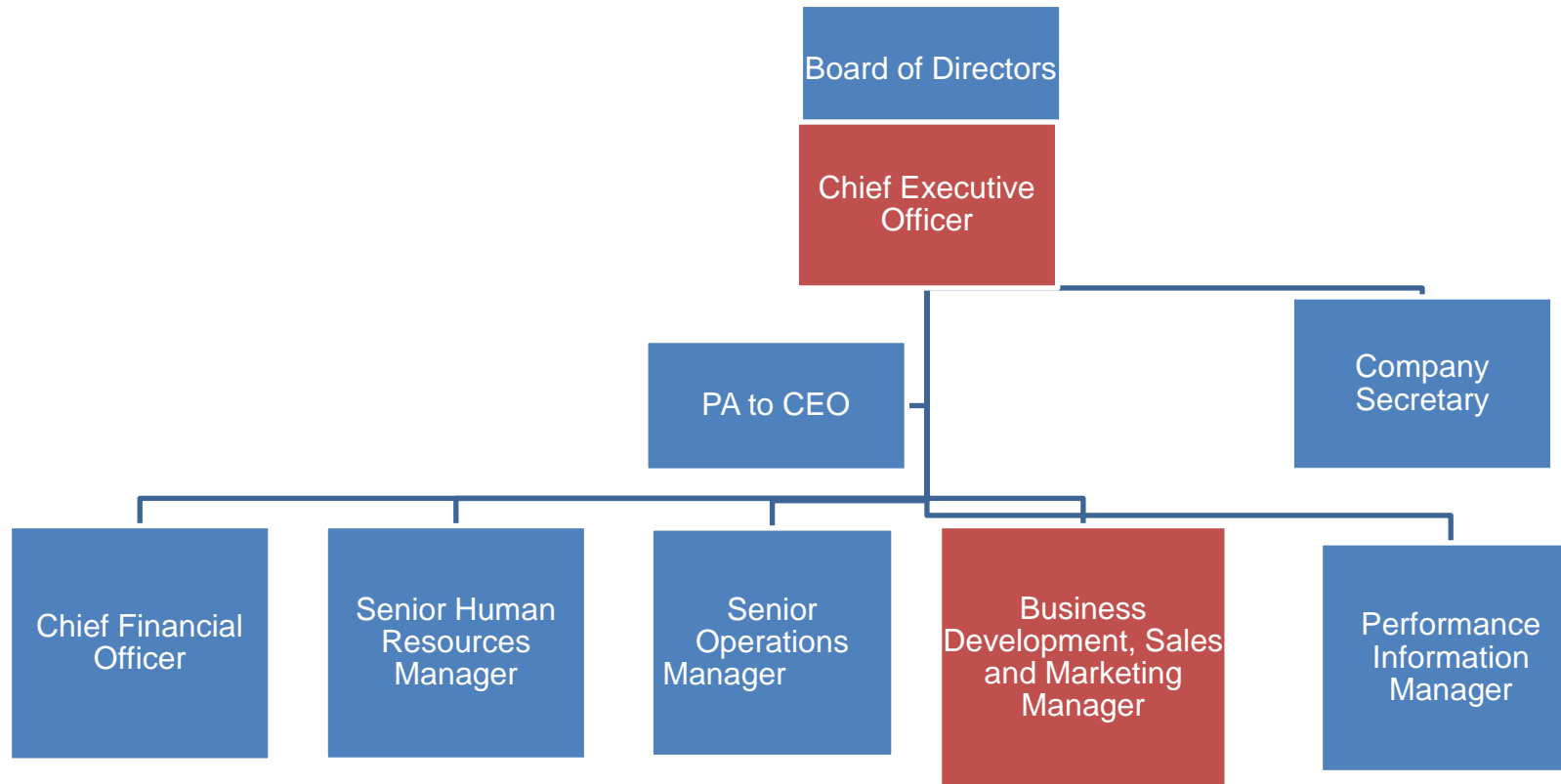
- *Passionate*  
Passionately living our values and pursuing our goals, shared vision and commitment to our vision and mission.
- *Responsive*  
Proactive response to demographic, social, developmental and environmental challenges and the opportunities and be socially responsive
- *Integrity*  
Enabling trust and respect in all our actions by doing the right actions all the time and being accountable
- *Dedication*  
Dedicated to good governance, compliance to legislation, adhering to aviation regulations and good corporate citizenship
- *Excellence*  
Continuously improving and innovating our business and delighting our stakeholders by providing unsurpassed service excellence.

### 3. LEGISLATIVE AND OTHER MANDATES

GAAL operates in a highly regulated industry. The main legislations governing the Airport include:

- Public Finance Management Act No. 1 of 1999, as amended by Act 29 of 1999 and Treasury Regulations
- Companies Act, 2008, as amended
- Civil Aviation Authority Act, act No.38 as amended
- Labour Relations Act No. 66 of 1995, as amended
- Occupational Health and Safety Act, Act No.85 of 1993
- Preferential Procurement Policy Framework Act, Act No.5 of 2000
- Memorandum of Incorporation
- King iv
- Framework for Strategic performance plan and annual performance plan (Issued by National Treasury 2009)
- Framework for managing Performance Information (Issued by National Treasury 2009)

# APPROVED ORGANISATIONAL STRUCTURE





**I BELONG IN THE AIR.**

# BOARD MEMBERS



**Chairperson of the Board  
Mr. Tom Nkoana**



**Deputy Chairperson  
Princess Tsakani Nkambule**



**Audit Committee Chairperson  
Mr. Sepheu Maphutha**



**RHEMCO Chairperson  
Chief Livhuwani Matsila**



**BROC Chairperson  
Mr. Justice Luthuli**



**Director  
Mr. Kharidza Dzuguda**



**Director  
Mr. Peter Ndlala**



**Director  
Dr. Gladys Nethengwe**



**Director**

**Mr. Madumetja Teffo**

# EXECUTIVE MANAGEMENT



**Company Secretary**  
**Adv. S Ledwaba**



**Chief Financial Officer**  
**Mrs T . Mathabtha**



**Senior HR Manager**  
**Mrs M. Matli**



**Senior Operations Manager**  
**Mr MW Mathonsi**







## **PART B:**

# **PERFORMANCE INFORMATION**

## 1. SITUATIONAL ANALYSIS

Gateway Airports Authority (SOC) Limited is a schedule 3D provincial state-owned enterprise. The mandate of GAAL is to manage all non-private airports including Polokwane International Airport in compliance with various legislative and administrative acts, including the Civil Aviation Authority (CAA) Act no 38 of 2009. GAAL receives a grant from the Department of Transport and Community Safety.

### **Polokwane International Airport**

Polokwane International Airport (PIA) is the only international airport in the Province. The airport is located at an elevation of 1 242 m and has two surfaced runways i.e.

- Runway 01/19: Dimensions: 2 500 m x 45 m
- Runway 05/23: Dimensions: 2 340 m x 45 m

The Airport also boasts of the following features:

- Polokwane International Airport (PIA) holds a category 7 international License
- 67 000 Passengers movements and 6500 aircraft movements occur in the 2017/18 Financial year
- Four aprons with a parking capacity of 74,800square meters are available
- The airport has 18 hangers

## 2. SERVICE DELIVERY ENVIRONMENT

Global and economic challenges are the main reasons for the decrease in aircraft and passenger movement in the aviation industry. The fuel price remains one of the costs that drive the aviation industry profitability. The unstable price impacts on the profitability and stability of our aircraft and passenger movement.

In order to minimize this negative impact on Polokwane International Airport, the Entity is revising its strategic direction to focus on development, by ensuring that the land around the airport is utilized to its maximum potential and the Entity, is self-sustainable. The major focus for the 2017/2018 financial year was to increase the non-aeronautical revenue and engage low cost airlines that would operate from the Airport. Although the goal has not been achieved yet, the Management of GAAL continue to engage various Airline companies.

The Entity is also strengthening its strategic partnership with other stakeholders with a view to align and partner with them in order to maximize its value in Limpopo. The possibility of increasing the competitiveness of Polokwane International Airport through developing small regional airports as feeders also needs to be investigated. Below, is a history of aircraft and passenger movements in the last five (5) years.

### AIRCRAFT AND PASSENGER MOVEMENT: 2013 – 2018

Figure 1: The history of aircrafts' movements is tabled below:

TYPE	2012/2013	2013/2014	2014/2015	2015/16	2016/17	2017/18
Domestic Schedule	2787	2448	2425	2222	1810	2220
Domestic non-scheduled	4221	4524	3312	3818	3703	2900
Regional non-scheduled	590	551	562	562	338	475
International non-scheduled	992	1010	898	898	950	900
<b>TOTAL</b>	<b>13290</b>	<b>8533</b>	<b>7197</b>	<b>7500</b>	<b>6601</b>	<b>6495</b>

Figure 2: The history of passengers' movements:

TYPE	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Domestic Schedule	52 965	58 988	57879	42963	56 671	50 412
Domestic non-scheduled	7554	6916	4771	5010	4451	4296
Regional non-scheduled	1166	1183	1183	1080	1329	1294
International non-scheduled	1513	1671	1671	1505	1184	1380
<b>TOTAL</b>	<b>63198</b>	<b>68758</b>	<b>65504</b>	<b>50558</b>	<b>63635</b>	<b>57 382</b>

### 3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE AND OTHER MANDATES

There has been no significant changes to GAAL's legislative and other mandates in the financial year under review except for the introduction of the King iv recommendations on the Board Committees.

#### 4. STRATEGIC OUTCOME ORIENTED GOALS

##### 4.1 ADMINISTRATION

The programme is responsible for the development and execution of the organization’s strategy. The primary deliverable is the achievement of the organization’s key performance targets aligned with good corporate governance

Strategic Objective	Audited/Actual performance			Actual performance 2017/18	Medium-term targets		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Improved institutional capacity and accountability	Disclaimer	Qualified	Unqualified	Qualified	Unqualified	Clean Audit Report	Clean Audit Report

##### 4.2 BUSINESS DEVELOPMENT

The programme is responsible for business development, marketing and stakeholder relationships.

Strategic Objective	Audited/Actual performance			Actual performance 2017/18	Medium-term targets		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Introduction of new projects that leads to increased revenue streams	-	-	-	New	25% Increase in revenue	10% Increase in revenue	10% Increase in revenue

### 4.3 OPERATIONS

To focus on the operations and infrastructure management at PIA. The sub-programmes include Airside Operations and Landside Operations.

Strategic Objective	Audited/Actual performance			Actual performance 2017/18	Medium-term targets		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
<b>Continuous improvements in airport safety and security by complying with aviation regulatory frameworks</b>							
Continuous improvements in Airport safety and Security by complying with aviation regulatory frameworks	-	-	-	Safe, secured and environmentally friendly Airport services provided	Safe, secured and environmentally friendly Airport services provided	Safe, secured and environmentally friendly Airport services provided	Safe, secured and environmentally friendly Airport services provided

## 5. KEY INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

### 5.1 PROGRAMME 1: ADMINISTRATION

Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned Target to Actual Achievement	Comment on Deviations
	2016/17	2017/18	2017/18		
Number of Training interventions implemented	New	16	12	4	4 Training interventions not achieved due to Cashflow challenges
Number of Internship programmes implemented	New	13	13	None	None
Amount of revenue generated	New	R16m	R16.9m	R0.9m	Increase in Advertising revenue

### 5.2 PROGRAMME 2: BUSINESS DEVELOPMENT

Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned Target to Actual Achievement	Comment on Deviations
	2016/17	2017/18	2017/18		
Number of new lease contracts entered into	New	10	4	6	Available office space and hangars not fully occupied
Number of revenue generating projects established	New	4	0	4	Projects could not be established due to Cashflow challenges in the Entity

### 5.3 PROGRAMME 3: OPERATIONS

Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned Target to Actual Achievement	Comment on Deviations
	2016/17	2017/18	2017/18		
Airport operating licence retained	New	1	1	None	None



## 6. BUDGET ESTIMATES

BUDGET ELEMENTS	Baseline			MTEF		
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	R'000	R'000	R'000	R'000	R'000	R'000
<b>REVENUE</b>						
<b>Income</b>	<b>8.382</b>	<b>20.380</b>	<b>16.000</b>	<b>24.194</b>	<b>25.476</b>	<b>26.878</b>
-Aeronautical Income	4.911	5.077	5.500	13.185	13.884	14.648
- Non-Aeronautical Income	3.471	15.303	10.500	11.009	11.592	12.230
<b>Govt. Grant</b>	<b>45.300</b>	<b>59.838</b>	<b>47.573</b>	<b>53.380</b>	<b>56.476</b>	<b>59.582</b>
<b>TOTAL REVENUE</b>	<b>57.509</b>	<b>80.218</b>	<b>63.573</b>	<b>77.574</b>	<b>81.952</b>	<b>86.460</b>
<b>EXPENDITURE</b>						
<b>Accounting Authority</b>	<b>657</b>	<b>1.156</b>	<b>1.200</b>	<b>1.950</b>	<b>2.053</b>	<b>2.166</b>
<b>Board costs</b>	<b>657</b>	<b>1.156</b>	<b>1.200</b>	<b>1.950</b>	<b>2.053</b>	<b>2.166</b>
<b>Company secretary</b>	<b>1.882</b>	<b>2.749</b>	<b>1.000</b>	<b>5.830</b>	<b>5.185</b>	<b>5.361</b>
<b>Legal fees</b>	<b>1.882</b>	<b>2.749</b>	<b>1.000</b>	<b>5.830</b>	<b>5.185</b>	<b>5.361</b>
<b>Compensation to employees</b>	<b>23.453</b>	<b>30.004</b>	<b>33.585</b>	<b>35.936</b>	<b>37.841</b>	<b>39.922</b>
<b>Goods and Services</b>	<b>23.895</b>	<b>24.136</b>	<b>12.289</b>	<b>33.808</b>	<b>33.521</b>	<b>32.757</b>
<b>CAPEX</b>	<b>-</b>	<b>22.108</b>	<b>13.000</b>	<b>3.000</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE</b>	<b>49.887</b>	<b>80.153</b>	<b>61.074</b>	<b>77.524</b>	<b>78.600</b>	<b>80.206</b>

## 7. REVENUE COLLECTION

SOURCES OF REVENUE	2016/2017			2017/2018		
	BUDGET	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	BUDGET	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION
Aeronautical	R5.077	R10.378	R5.301	R5.500	R9.663	R4.163
Non – Aeronautical	R11.351	R4.903	R6.448	R10.500	R7.057	(R3.443)
<b>Total</b>	<b>R16.428</b>	<b>R15.281</b>	<b>R11. 749</b>	<b>R16.000</b>	<b>R16.720</b>	<b>R720</b>

## **PART C:**

# **GOVERNANCE**

## 1. CORPORATE GOVERNANCE

The Board of Directors, with the assistance of the Company Secretary is responsible for setting the right ethical tone conducive to corporate governance

## 2. THE ACCOUNTING AUTHORITY/ BOARD

The Board is accountable and responsible within the powers conferred upon the Board by the MOI, the Companies Act and the PFMA. The Board's main functions and responsibilities are:

- 2.1. Providing Strategic direction of the Company
- 2.2. Providing effective leadership based on ethical foundation
- 2.3. Approval of business plans
- 2.4. Setting performance criteria before commencement of the financial year
- 2.5. Evaluating actual performance against performance targets
- 2.6. Ensure preparation and approval of annual Financial statements
- 2.7. Develop clear levels of materiality
- 2.8. The review and management of risk
- 2.9. Appraisal of the performance of the Chairperson
- 2.10 Communication with the Shareholder
- 2.11 To act as the focal point for and custodian of the GAAL corporate governance
- 2.12 To ensure that GAAL complies with applicable laws, rules, codes and regulations
- 2.13 To ensure the effectiveness of GAAL's internal controls.
- 2.14 To consider business rescue proceedings or other turnaround mechanisms as soon as GAAL is financially distressed
- 2.15 To ensure effective IT governance

### 3. COMPOSITION OF THE BOARD

GAAL had 2 different Boards in the 2017/18 financial year. The interim Board was appointed in January for the purpose of bringing leadership and stability while the MEC appointed a new Board for a term of three years.

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES
Mr MS Mahada	Chairperson	26 Jan 2017	31 May 2017	National Dip: HR Advanced Dip: Management	Operations	GAAL	None
Mr TA Matsila	Deputy Chair	26 Jan 2017	31 May 2017	BA Juris (Hons) Criminalis	Audit and Risk	GAAL	Operation & Business
Mr NF Mphahlele	Member	26 Jan 2017	31 May 2017	B Tech: Public Administration Certificate: Road Transports Certificate: Labour Relations	Audit and Risk	GAAL	Audit & Risk
Mr N Mangena	Member	26 Jan 2017	31 May 2017	BA (Hons): Administration	Human Resources	GAAL	HR & Ethics

The 2<sup>nd</sup> Board of Directors was appointed on the 01<sup>st</sup> June 2017. They have been 3<sup>rd</sup> and appointed for a term of three years.

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED
Mr TM Nkoana	Chairperson	01 June 2017	N/A	Diploma: Management Certificate: Strategic Marketing Management Certificate: Programme and Project Management	Transport Management	GAAL LEDA	None	10
Princess BT Nkambule	Deputy Chairperson	01 June 2017	N/A	B.SC H. Diploma: Education B. Education Certificate: Women in Business Leadership, a Global Perspective	Project (Business) Management	Greensweep Sizisa Quintax Greys Endoni	Board Risk and Opportunities	8

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED
Chief L Matsila	Independent Director	01 June 2017	N/A	B.SC: Botany and Zoology B.SC Honours: Botany M. SC: Zoology	Community Development	GAAL	HR and Social Ethics	8
Dr TG Nethengwe	Independent Director	19 June 2017	N/A	Certificate: Primary Teaching BA: Educational Management BA.Honours: Drama & Literature M.A: Female Linguistics Etiquette with reference to MuVenda woman PHD: The study of Chieftaincy	Education	GAAL	HR and Social Ethics	10
Mr PBJ Luthuli	Independent Director	01 June 2017	N/A	B.SC: Mechanical Engineering B. Com Honours: Transport Economics Post Grad Diploma: Air Cargo M.A: Business Administration	Aviation	UCT Association of Black Alumni The Health Village Intra 2 Inter Holding Intra to Inter Transport Logistics Solutions	Audit and Risk  Board Risk and Opportunities	6
Mr DR Kharidzha	Independent Director	01 June 2017	N/A	Cert: Public Management Cert: Public Relations Dip: Business Management Dip: Municipal Governance BA: Social Work BA. Honours: Social Work M.A: Development	Social Work and Education	Central Lake Trading	Audit and Risk	9
Mr SA Maphutha	Independent Director	01 June 2017	N/A	Dip: Public Finance B.Com: HR Management B.Com. Honours: HR Management Dip: Labour Law Post Grad: Energy Law	Human Resources	GAAL	HR and Social Ethics  Audit and Risk	9

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES	NO. OF MEETINGS ATTENDED
Mr MB Teffo	Independent Director	01 June 2017	N/A	National Dip: Public Management and Administration B.Tech: Business Administration National Higher Cert: ABET B.Tech: Management	Local Government	GAAL	Board Risk and Opportunities	10
Mr PK Ndlala	Shareholder Rep	01 December 2017	N/A	B.A: Education B.A: Honours: Geography	Local Government	GAAL	N/A	7
Ms FK Mashiane	Shareholder Rep	01 June 2017	30 November 2017	National Dip: Security Risk Management B.Tech: Security Risk Management	Local Government	GAAL	N/A	0

#### 4. REMUNERATION OF THE BOARD

NAMES	REMUNERATION	OTHER ALLOWANCES	TOTAL
Mr TM Nkoana	R32 985	R84 991	R117 976
Princess BT Nkambule	R27 244	R29 096	R56 340
Chief L Matsila	R26 236	R20 608	R46 844
Dr TG Nethengwe	R32 828	R45 253	R78 081
Mr PBJ Luthuli	-	R14 841	R14 841
Mr DR Kharidzha	R26 054	R22 901	R48 955
Mr SA Maphutha	R42 898	R43 270	R86 168
Mr MB Teffo	R6 096	R16 184	R22 280
Mr PK Ndlala	-	-	-
Ms FK Mashiane	-	-	-

## 5. COMMITTEES OF THE BOARD

During the year under review, the Board established three committees:

Committee	No. of meetings held	No. of Members	Committee Members
Audit Committee	4	3	Mr PBJ. Luthuli Mr SA Maphutha Mr DR Kharidzha
Board Risk and Opportunities	3	3	Princess BT Nkambule Mr M Teffo Mr J Luthuli
Remuneration, HR and Social Ethics Committee	3	3	Chief L Matsila Mr S Maphutha Dr G Nethengwe
Nominations Committee	1	4	Mr TM Nkoana Princess BT Nkambule Mr P Ndlala Mr SM Mahada

## 6. RISK MANAGEMENT

The Board of Directors, as the Authority accountable to the Shareholder for the affairs of GAAL concerns itself with Risk Management. Institutions are required by the Public Finance Management Act Chapter 6, Part 2, s51 (1) (a) "An Accounting Authority for a public Entity must ensure that public Entity has and maintains effective, efficient and transparent systems of Financial and Risk Management and internal controls.

In this regard, the application of Risk management system is emphasised by the Treasury regulations, Risk Management framework and King iv report on corporate governance.

GAAL's risk assessment has been conducted using the facilitation session whereby members identified organisational risks and controls collectively at strategic and at an operational level based on the set objectives. For the Financial Year under review, seven (7) strategic risks were identified and one (1) was fully mitigated while the other six (6) remained high and have been migrated to the next Financial year.

## 7. AUDIT COMMITTEE

The Audit Committee exercised an oversight and monitoring function, as required by its Terms and References. The Committee held its quarterly sittings for the purpose of considering all statutory submissions to the Shareholder and to the Limpopo Provincial Treasury.



## 7.1 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

NAME	DESIGNATION	NO. OF MEETINGS ATTENDED	DATE APPOINTED
Mr S.A Maphutha	Chairperson	4	01 June 2017
Mr PBJ Luthuli	Member	3	01 June 2017
Mr DR Kharidzha	Member	3	01 June 2017

## 8. FRAUD AND CORRUPTION

GAAL makes use of the Premier's hotline telephone number which is a platform on which concerns relating to fraud and breaches of ethical codes can be reported. On a Quarterly basis, the Risk and Compliance unit liaises with the Department of Transport where complaints and concerns are referred to. In 2017/18 financial year, GAAL did not receive any complaints through that number.

## 9. MINIMISING CONFLICT OF INTEREST

The Board of Directors complete the annual declaration of interest to disclose all their financial interests, disclose any conflicts, the nature and extent of actual or potential conflict of interest.

## 10. COMPANY SECRETARY

Advocate S Ledwaba is the appointed Company Secretary of Gateway Airports Authority (SOC) Limited.

**PART D:**

# **HUMAN RESOURCES MANAGEMENT**

## 1. OVERVIEW

The strategic purpose of the Human Resource Department is to partner with other divisions and provide support on matters relating to human capital, with the aim to maximise efficiency and embed the culture of high performance.

The focus of HR for the year under review was to attract and recruit skilled, capable workforce to fill critical vacant posts. Fifteen (15) critical positions were funded and eleven (11) were filled.

Thirteen (13) interns were appointed in the field of HR, Finance, ICT, Electrical, Risk and Compliance as part of contributing to skills development of the province.

HR policies were reviewed in order to keep abreast with updates and changes in various legislations and new trends.

GAAL ensures that employees are engaged in wellness programmes every year through awareness campaigns, educational workshops, wellness events and employee assistance programmes.

### *Challenges*

- The Supply Chain Department remains understaffed, which puts the department under pressure and creates challenges with segregation of duties.
- Due to budgetary constraints, skills development plans for employees were not achieved.

## 2. HUMAN RESOURCES OVERSIGHT STATISTICS

PROGRAMME	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	12 706 177.34	39.2%	31	409 876.69
Business Development	1 982 300.10	6.1%	6	330 383.35
Operations	17 698 575.70	54.7%	47	376 565.44
<b>TOTAL</b>	<b>32 387 053.14</b>	<b>100%</b>	<b>84</b>	<b>R1116 825.48</b>

### 3. LEVELS

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Senior Management	R4 695 483.92	14.3%	4	R1 173 870.98
Professionally Qualified	R3 516 892.31	10.7%	6	R502 413.20
Skilled	R6 856 493.61	20.9%	14	R489 749.56
Semi-Skilled	R17 270 458.66	52.8%	58	R218 613.40
Unskilled	R386 620.26	1.2%	2	R193 310.13
<b>TOTAL</b>	<b>R32 734 948.76</b>	<b>100%</b>	<b>84</b>	<b>R389 701.77</b>

### 4. EMPLOYMENT AND VACANCIES

PROGRAMME	VACANCIES	APPOINTMENTS	TERMINATIONS
Administration	10	9	3
Business Development	1	1	0
Operations	4	1	2
<b>Total</b>	<b>15</b>	<b>11</b>	<b>5</b>

## 5. EMPLOYMENT CHANGES

### Reasons for employees leaving

REASON	NUMBER	Percentage
Resignation	3	60%
Retirement	2	40%
<b>Total</b>	<b>5</b>	<b>100%</b>

## 6. LABOUR RELATIONS, MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	1
Written Warning	2
Final Written Warning	0
Dismissal	0
<b>Total</b>	<b>3</b>

## 7. EMPLOYMENT EQUITY

LEVEL	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Top Management	0	0	0	0	0
Senior Management	4	0	0	0	4
Professionally Qualified	6	0	0	0	6
Skilled	14	0	0	0	14
Semi-Skilled	57	0	0	1	57
Unskilled	2	0	0	0	3
<b>Total</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>84</b>



**PART E:**

# **FINANCIAL INFORMATION**