

REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT AND COMMUNITY SAFETY ON THE 2024/2025 ANNUAL REPORT OF THE GATEWAY AIRPORT AUTHORITY LIMITED (GAAL)



1. INTRODUCTION

Section 114(2) of the Constitution mandates the Provincial Legislature to conduct oversight on the Provincial Executive Authority including any organs of state. The Legislature should also ensure that all Provincial Executive Organs of the state are accountable to it. It is in this context that the Committees of this House are explicitly obliged to act in the best interest of the public in the exercise of their work as instructed by s114 of the Constitution of the Republic read with Rule 81 sub-rule (1) (b) – (d) of the Standing Rules and Orders of the Limpopo Legislature.

Practically, these provisions require the Committee of the House to monitor, enquire and make necessary recommendations relating to Departmental budgets, strategic plans, restructuring and rationalization amongst others. In this way, the Departments are held accountable and ensure that they spent voted amounts accordingly.

2. BACKGROUND

Gateway Airports Authority Limited (GAAL) is a state-owned entity under the Limpopo Department of Transport and Community Safety, mandated to develop, operate, and maintain airport infrastructure in the province, primarily at Polokwane International Airport and other designated aviation assets.

The Portfolio Committee on Transport and Community Safety was briefed on this report on 19 September 2025. The briefing was therefore centred on the 2024/2025 Annual Report of the Gateway Airport Authority Limited.

3. PREVIOUS RESOLUTIONS

After the committee's interaction with the entity in the previous year of the 2024/2025 financial year, when discussing the entity's APP, the following resolutions were taken:

- 3.1 That the entity should expedite processes to appoint, and fill remaining vacant posts and further ensure that all appointments are completed in the first quarter of the financial year 2024/25.*
- 3.2 The entity should review its performance targets on revenue collection to be in line with the envisaged Revenue Collection Strategy.*
- 3.3 The entity's board should continue to pursue the PPP option in terms of the administration and management of Polokwane International Airport.*
- 3.4 The entity should work towards diversifying its energy supply to ensure continued operations at the airport with minimal disruptions.*
- 3.5 The entity should strengthen its safety and security measures at the airport, including the installation of the perimeter fence.*
- 3.6 The entity should upgrade the landscaping and improve the cleanliness of the airport's surroundings, including the visibility of the Airport during the day and night.*

4. BUDGET

Table 1: Entity budget and expenditure budget for the 2024/2025 financial year

Programme	Original Allocated Budget 2024/2025 R'000	Actual Expenditure R'000	% Expenditure	Total Budget R'000	Remaining Over (Under)
Administration	R50 011	R33 840	67%	R16 171	
Business Development	R3 417	R3 437	101%	R20	
Business Operations	R60 842	R60 986	100%	R144	
Total	R114 270	R98 263		R16 007	

The table above illustrates the actual expenditure of the entity during the 2024/2025 financial year. The table outlines original programme allocations, actual programme expenditures, and the estimated balance. GAAL is funded from both the government grant and the revenue it generates. It is largely on the government's grant, which is allocated annually as its revenue. The Limpopo Provincial Department of Transport and Community Safety has transferred an amount of R89 415million to GAAL for the 2024/2025 financial year, as an annual conditional grant.

It planned to raise revenue of R13 556 00.00 through its aeronautical services, such as flight tickets and non-aeronautical services, including renting office space, retail, parking and conferencing. The funds are mainly for the maintenance and management of Polokwane International Airport operation.

5. PROGRAMME PERFORMANCE

5.1. ADMINISTRATION

The Administration Programme is responsible for developing and executing the organization's strategy. Its primary goal is to achieve the organization's key performance targets in line with good corporate governance.

The administration programme has six (6) annual indicators. The entity achieved only two (2) on the number of HR initiatives conducted having annual planned targets of four (4) and the entity achieved them all. Number of compliance training courses completed had planned annual targets of twelve (12) and the entity achieved them all annually. The Committee noted that the entity had the planned annual target of R24 854 000.00 on the amount of own revenue collected. The entity underperformed by R23 243 000.00 with the variance of R1 611 000.00. This was due to the lower revenue realised for dispensing of fuel than budgeted for, as well as non revenue realised from advertising income due to billboards that still need to be refurbished before engagement with potential advertisers can be secured. Lower traffic numbers also contributed to less revenue collected.

The amount spent on CAPEX and assets maintenance had the planned targets of R74 011 000.00. The entity underspent with R17 744 000.00 which made the variance of R56 267 000.00. The underspending was caused by delays in drafting of tender specifications due to capacity challenges in Supply Chain Management, which led to majority of the projects being deferred to the next financial year. The number of the ICT projects implemented had five (5) annual targets. The entity achieved three (3) and two (2) targets were not achieved. It was reported to the Committee that tenders for the projects were advertised according to the procurement plan, however bid processes were not finalised.

The Committee identified underspending as a key factor contributing to the entity's underperformance and urged GAAL to address this issue by improving its expenditure efficiency to meet its targets. The Committee raised a concern that GAAL should not prioritize engaging with foreign airlines while overlooking local airlines that may also be capable of operating the proposed routes. The Committee emphasized the importance of first exploring partnerships with local operators before seeking international options.

5.2. BUSINESS DEVELOPMENT

The programme is responsible for new business development and marketing. It is also responsible for maintaining existing business and stakeholder relationships whilst developing and formalising partnerships with other stakeholders.

The recording of aircraft movement within the Polokwane International Airport is done under this programme. The programme has seven (7) annual output indicators. GAAL achieved only one (1) indicator which is the number of marketing initiatives conducted. The annual target was at twelve (12), the entity achieved seventeen (17) targets with overachievement of five (5) targets. This was brought by the additional marketing opportunities that GAAL participated in to increase brand awareness as part of the Turnaround Strategy.

The number of new routes introduced was planned at an annual target of one (1). The entity did not perform in the financial year under review. GAAL reported the reason for underperformance that new airlines/operators have been engaged and although they are showing interest, they have also outlined challenges related to lack of fleet, low confidence in the feasibility of the new route due to and requested financial guarantee from the Province. It was reported that a letter of intent has been received from FLYNIA. The number of aircraft movements recorded was 4 532 per annual target. GAAL had the actual achievement of 3 691 that left with the variation of 841 unachieved target. The entity reported the unachieved target due to the reduced flights to the festive season and cancellation of flights during the winter months because of poor weather conditions.

Number of units leased as a percentage of units available (Occupancy Rate) had annual plan target at 70%. The entity underperformed by 54% with the variation of 16 %. Reason for variation is a number of enquiries were received, and quotations have been issued to potential tenants, however there has not been commitment in terms of occupancy. The entity did not achieve the planned Aerotropolis plan/Airport Master plan developed at an annual target of one (1). It was indicated that this is caused by the delayed appointment of the

Masterplan Service Provider through MOU partnership. The project is scheduled for completion in September 2025. The Cargo Plan for PIA was also not achieved with the annual target set at one (1). The project was advertised in Quarter 3, however there was no response from the market.

The Committee indicated that GAAL should conduct route viability studies, passenger demand analysis, and airport incentive packages.

The Committee expressed dissatisfaction with GAAL's overall performance in the 2024/25 financial year, noting significant underperformance in key areas including operations, finance, and supply chain management. The performance was deemed unsatisfactory and not aligned with the entity's strategic objectives.

5.3. BUSINESS OPERATIONS

This programme focuses on operations and infrastructure management at the airport. It ensures the airport's operational readiness, reliability, compliance with aviation regulations, and its ability to serve passengers, airlines, tenants, and other stakeholders efficiently.

The programme has five (5) performance indicators for the year 2024/25. The programme uses more funds than other programmes due to aerodrome infrastructure maintenance and calibration. The programme achieved only one (1) annual planned indicator out of five indicators. That is on the maintenance plan reviewed with the actual achievement of one (1) target. The number of months the Aerodrome Category 7 license is maintained on an annual target of twelve (12) months. The actual annual target under achieved by eleven (11) months. There was deviation of one (1) month which was the downgrade of the Aerodrome AFFS due to unserviceable firefighting vehicle. The Infrastructure Maintenance Plan Implemented is set on planned annual target of 100%. The entity underperformed by 85% with the variation of 15%. It was reported to the Committee that this was caused by the delay in the internal approval processes and supplier capacity challenges. Fire detection units have not been serviced

as they are linked to the chiller plant. During the time of reporting was reported to be placed. The plumbing contract had expired which causes delayed work. Number of Aerodrome units calibrated (frequency) were planned at an annual target of thirteen (13) The entity underachieved by ten (10) with the deviation of three (3) targets. The entity reported that challenges with bid specifications were identified at adjudication stage.

This programme has the Perimeter Intruder Detection System installation which was not installed. The project was carried over to the next quarter for the appointment of service provider. The Committee noted that GAAL has been forever reporting on a runway that is not operational. It is recommended that, in the next quarter, the entity ensures the reported runway is fully functional and operational. The entity should address on the projects that are not attended to rather than being deferred to the next financial year. The Committee was concerned about the overspending of the R10 million by GAAL which was raised in the SCOPA resolutions for the financial year ending of March 2024.

6. RECOMMENDATIONS

Having made the above observations and assessments, the Committee would like to submit the following recommendations for consideration and adoption by the House:

- 6.1.** The Committee resolved that GAAL should provide detailed clarification regarding the matter raised in the SCOPA resolutions concerning the alleged over-expenditure and/or fruitless expenditure amounting to R10 billion and respond not later than 23 September 2025.
- 6.2.** The entity should put measures in place to ensure an improvement in their planned target delivery and 100% expenditure in the financial year 2025/26.
- 6.3.** GAAL must at quarterly basis generate maximum profit that will sustain itself and not rely on government grant support.

- 6.4.** The entity should, on a quarterly basis, prioritise addressing the rollover of unachieved projects that are being deferred to subsequent quarters.
- 6.5.** GAAL should prioritize completing these projects and improve overall performance to meet its output targets in the second quarter.
- 6.6.** The entity must captivate a marketing strategy that will bring affirmative results and ensure sustained growth, profitability, and competitiveness.
- 6.7.** The department should assist and infuse additional capacity on the GAAL supply chain and overall entity performance to avoid recurring underspending and failure to meet their planned quarterly targets. This will be an ongoing process until the entity improves its status of non-performance.
- 6.8.** Maintenance of critical equipment inside and outside the aerodrome to meet SACAA standards is encouraged and should be the norm at all times in all quarters.
- 6.9.** The entity must take urgent and drastic measures to strengthen and enhance its finance division to ensure proper financial management and compliance. This should be reported in the next quarter.

7. CONCLUSION

Honourable Speaker, we therefore as the Portfolio Committee on Transport and Community Safety table this report in this House for deliberation and adoption.

Finally, we accordingly request the House to support the report as presented reflecting the department's performance plan during the quarter under review. I, therefore, move that the report be adopted as a report of this House, and I move accordingly.


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HON LEBEA K.

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
TRANSPORT & COMMUNITY SAFETY**

02.10.2025
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DATE