DUBE TRADEPORT CORPORATION

ANNUAL PERFORMANCE PLAN

For
2023/24

KwaZulu-Natal
January 2023

EXECUTIVE AUTHORITY STATEMENT

Dube TradePort Corporation's (DTPC) mandate is to develop the Dube TradePort (DTP) to attract investment to KwaZulu-Natal (KZN) thereby facilitating exports and job creation, which will result in economic growth for the benefit of all people in KZN. Over the past few years, following the outbreak of the COVID-19 pandemic, the civil unrest experienced in the province, as well as the devastating floods in April and May of 2022, the economic outlook declined.

However, a recovery is now in progress and demand for DTPC's offerings is expected to increase, with renewed interest from investors and other customers expected to positively impact on economic growth going forward.

As a driver of economic growth in KZN, DTPC's activities are well-aligned to the priorities of the National and Provincial government. The Medium Term Strategic Framework (MTSF) and KZN's Provincial Growth and Development Strategy (PGDS) are geared towards achieving a solid and inclusive economy, while DTPC's parent Department of Economic Development, Tourism and Environmental Affairs (EDTEA) aims to bring about inclusive and transformed economic growth.

In alignment with this, DTPC's five-year Strategic Plan sets out a desired impact of '*Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort Special Economic Zone, associated commercial zones and air logistics platform*'. The outputs contained in this Annual Performance Plan (APP) aim to bring this about.

In 2022/23, DTPC completed the provision of bulk infrastructure for TradeZone 2, resulting in an additional 44 hectares of serviced land becoming available for development by private sector investors. DTPC intends to develop some of this land itself, to diversify the offerings available to manufacturers by providing additional facilities for lease, for those investors unwilling or unable to construct such facilities themselves. Construction of two warehouses is in progress, with another facility, offering flexible medium-sized spaces, expected to start construction during the 2023/24 financial year. Detailed design of Ushukela TradeZone 3 is also expected to commence in this year.

In addition, the delivery of bulk earthworks and infrastructure for AgriZone 2 will be completed early in 2023/24, enabling the release of further land suitable for agricultural production and agri-processing. Construction of a multi-purpose commercial building on Block D at Dube City will also continue, and a water network analysis will be conducted to identify suitable interventions to mitigate the impact of any possible future disruptions to water supply, such as those experienced after the flooding, on investors and tenants operating at DTP.

The focus on attracting new airlines and relevant customers in the Air Cargo value chain, such as freight forwarders, airlines and manufacturers, will continue as the airline industry continues to recover from the devastating effects of COVID-19. This includes working with existing airlines to expedite their return to King Shaka International Airport (KSIA), as well as seeking to attract new air routes which will assist in increasing cargo volumes and will add to the existing value proposition offered to investors by DTPC and the KZN Province.

Development of the detailed implementation plan for the Durban Aerotropolis Master Plan will continue, as will the detailed design for the Automotive Supplier Park (ASP) (Illovo) and a feasibility study for the ASP at the Durban Logistics Hub (DLH) will also commence.

As the MEC for Economic Development, Tourism and Environmental Affairs, and on behalf of the Government of KZN, I fully endorse DTPC's strategy, programmes and targets as contained in this Annual Performance Plan, and am confident that they fully reflect the policies, strategies and goals of the province.

____

Mr. Siboniso Duma, MPL
MEC for Economic Development, Tourism and Environmental Affairs

ACCOUNTING AUTHORITY STATEMENT

Over the past year, the South African economy has started to recover, albeit slowly, from the devastating impact of the COVID-19 pandemic. As a KwaZulu-Natal (KZN) Provincial public entity, focused on facilitating inclusive economic growth and job creation, this is good news for Dube TradePort Corporation (DTPC) as demand for land and buildings at the precinct has increased. TradeZone 2 was released for private sector development in 2022/23, providing prime industrial land within the Dube TradePort Special Economic Zone (DTP SEZ), while AgriZone 2 is expected to be ready for development shortly after the start of the 2023/24 financial year.

DTPC aims to stimulate economic growth through the development of the Dube TradePort, thereby attracting private sector investors who will invest in buildings and capital equipment and create jobs. Following the difficult economic conditions experienced over the past few years, many potential investors have struggled to raise sufficient funding to be able to invest in large capital projects. DTPC has therefore undertaken to develop additional warehouses within the TradeZones to ensure that as many investors as possible are able to be accommodated. The new buildings being developed will provide for a range of different sized facilities to cater for different manufacturer's needs, ranging from small operations being housed in the Mini-Factories or TradeHouse, to larger operations in dedicated facilities.

To further stimulate economic growth, DTPC will also focus on attracting new airlines to King Shaka International Airport (KSIA), as this will assist in rebuilding air cargo volumes and growing exports. Increasing direct air connectivity from Durban acts as an additional incentive for export-orientated businesses to locate at DTP and therefore creates a more attractive proposition for investors.

In April and May 2022, KZN experienced devastating floods. Although DTP was largely unaffected, with minimal damage to buildings and infrastructure, interruptions to the municipal water supply could have had a significant impact on tenants' operations. However, DTPC was able to assist its tenants by providing non-potable water to them during this time, which enabled their operations to continue. As a result, and to prevent further possible disruptions in the future, DTPC intends to investigate feasible back-up water supply solutions which will be implemented at the precinct thereafter.

On behalf of the Board, the Accounting Authority for DTPC, I reaffirm our commitment to providing oversight and leadership to DTPC, with the firm intention of making sure that the entity delivers on the outputs set out in this Annual Performance Plan, with the knowledge that these will lead to the outcomes and impacts that DTPC aims to achieve, as set out in its five-year Strategic Plan.

Mr. Mpumelelo Zikalala
Chairperson: Dube TradePort Corporation
On behalf of the Accounting Authority

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of Dube TradePort Corporation under the guidance of both the Dube TradePort Corporation Board and Mr. Siboniso Duma (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority;
- Takes into account all the relevant policies, legislation and other mandates for which Dube TradePort Corporation is responsible; and
- Accurately reflects the outcomes and outputs that Dube TradePort Corporation will endeavour to achieve over the 2023/24 financial year, given the resources made available in the budget and within the constraints and opportunities of the market conditions.

____

Ms. N. Ali
Corporate Services Executive
Programme 1

____

Mr. M. Bantwini
Cargo and AgriZone Executive
Programme 2, 4 and 5

____

Mr. A. Mnguni
Acting Chief Operating Officer
Programme 3

____

Mr. O. Mungwe
DPI Executive
Programme 6

____

Ms. A.B. Swalah
Chief Financial Officer (CFO)

____

Mr. H. Erskine
Chief Executive Officer (CEO)

____

Mr. M. Zikalala
On behalf of the Accounting Authority

Approved by:

Mr. Siboniso Duma, MPL
Executive Authority (MEC)

Signature: ________________________________

Contents

PART A: OUR MANDATE

1. OVERVIEW

Dube TradePort Corporation (DTPC) is a Schedule 3C public entity, established by the KwaZulu-Natal (KZN) government for the development of the Dube TradePort (DTP). Schedule 3C public entities are created as specific strategic, economic or social interventions of the State or to address strategic risks or dangers that the State or society faces to its security, health, prosperity or wellbeing. Such entities are usually created as an extension of a department which shares a similar mandate and, while these entities are often reliant on government funding to achieve their objectives, they may also achieve service delivery through the adoption of commercial and business principles.

DTPC was formed under the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), as its mandate speaks primarily to facilitating economic growth and attracting long term investment to the Province. The entity is the operator of the Dube TradePort Special Economic Zone (SEZ) and is responsible for the development of the Dube TradePort, which is a 3 527 hectare[1] greenfield development centered around the King Shaka International Airport (KSIA), in close proximity to two of the largest sea ports in Southern Africa – Durban and Richards Bay. DTPC acts as the master developer for the precinct, guiding and facilitating the appropriate use of land for property development, light manufacturing and agricultural production, while also acting as an investor, providing enabling infrastructure to attract private sector investment that supports economic growth and enhances the competitive position of the provincial economy.

2. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES

There have not been any changes to DTPC's legislative and policy mandates, since the 2020/21 – 2024/25 Strategic Plan was tabled. The following is a summary of our Mandate:

KwaZulu-Natal Dube TradePort Corporation Act No. 2 of 2010

DTPC's legislative mandate is set out in the KZN Dube TradePort Corporation Act No. 2 of 2010. This enabling legislation, defines the objects of DTPC as:

- To develop the Dube TradePort;
- To undertake or invest in projects associated with the Dube TradePort;
- To facilitate economic growth in the Province through the Dube TradePort;
- To attract long term investment to the Province;
- To facilitate export and import through the Dube TradePort; and
- Through the Board, to perform the following powers, duties and functions:
  - Ensure the strategic planning, establishment, design, construction, operation, management and control of the Dube TradePort;

[1] This excludes 91.42 hectares which are currently leased from ACSA, and includes land owned by DTPC's subsidiary, La Mercy JV Property Investments (Pty) Ltd. The lease with ACSA has a 30-year lease term and comes to an end on 28 October 2038. An extension of the lease term is currently under negotiation.

- Implement and give effect to the Master Plan for the economic growth of the Dube TradePort region and the Province;
- Manage and utilise its resources in accordance with its objects and the requirements of the Master Plan;
- Identify, develop, market and promote investment opportunities in the Dube TradePort; and
- Develop an investment plan for the Dube TradePort.

Since the above Act was promulgated, DTP has been designated as an SEZ, in terms of the Special Economic Zones Act No. 16 of 2014, and additional mandates, such as the implementation of the Durban Aerotropolis and development of the Automotive Supplier Park (ASP), have been allocated to DTPC.

Special Economic Zone

In July 2014, DTPC was granted an operator license for the DTP Industrial Development Zone (IDZ). In February 2016, when the SEZ regulations were adopted, bringing the Special Economic Zones Act No. 16 of 2014 into operation, DTP transitioned to an SEZ and, in December 2016, was formally gazetted as such.

The intention of an SEZ is to create an industrial complex which provides a strategic economic advantage to the businesses locating within it. Access to any SEZ is limited to new businesses or the expansion of existing businesses for manufacturing activities, the provision of internationally tradable services, or providing warehousing, distribution and logistics solutions, with the ultimate objective of facilitating the attraction of relevant foreign and domestic direct investment and to accelerate exports and economic growth for the creation of decent work and other economic and social benefits in the region, including the broadening of economic participation by promoting small, medium and micro-sized enterprises (SMMEs), and promoting skills and technology transfer[2].

The following zones within DTP have been designated as part of the DTP SEZ, and the specifically targeted economic activities identified for these zones are:

- Dube AgriZone phase 1: high-value, niche agricultural and horticultural products; and
- Dube TradeZone phases 1 and 2 (including the DTP Airside and Cargo Terminal): manufacturing and value-addition primarily for automotive, electronics and fashion garments[3].

DTPC has further submitted an application for the following zones to be included in the DTP SEZ:

- Dube TradeZone 3; and
- Dube City (portion owned by DTPC only).

This application was supported by the SEZ Advisory Board and recommended to the Minister of Trade, Industry and Competition for approval.

Further requests may be made in the future for additional areas to be included in the DTP SEZ.

[2] Section 4 of the Special Economic Zones Act no.16 of 2014
[3] Government Gazette No. 37793, July 2014

The following incentives may be available to companies locating within the DTP SEZ:

- Preferential 15% Corporate Tax rate;
- Accelerated building allowances;
- Employment incentives; and
- VAT and customs duty relief for enterprises locating in a Customs Controlled Area (CCA).

(See the SARS website for more information – www.sars.gov.za)

Automotive Supplier Park

During the 2014/15 financial year, EDTEA, together with the eThekwini Municipality, undertook a pre-feasibility study for a KZN Automotive Supplier Park to be established in Durban. Automotive Supplier Parks around the world enable the creation of centralised production, assembly, sequencing, and warehousing facilities, which are in close proximity to the Original Equipment Manufacturers (OEM). Supplier Parks are a strategic imperative to reduce logistical costs and create an enabling environment for the automotive sector. The location of a park is critical and must meet global best practice of being within 32kms of the OEM being served. The main objective of the KZN ASP is to initially support Toyota SA Motors, who is the only OEM currently based in KZN, and then to further attract other OEMs.

In June 2016, DTPC and EDTEA entered into a Memorandum of Understanding (MOU) whereby DTPC agreed to undertake the next phase of technical work required for the establishment of the KZN ASP. DTPC's obligations in terms of the MOU include preliminary activities, master-planning, land development applications, engineering, design and construction oversight for the construction of bulk works, and intergovernmental liaison and collaboration. This is considered a funded mandate, subject to suitable financial resources being provided by provincial government.

The success of the project will depend on successfully obtaining environmental authorisation and town planning approvals, and the commitment of private sector investment. Development of an investment and tenant strategy will require close collaboration with all relevant stakeholders, and DTPC will operationalise and commercialise the ASP with the intention of designating a portion of the 1 000-hectare site as part of the DTP SEZ.

Durban Aerotropolis

The Durban Aerotropolis Master Plan (DURAMP) was approved by KZN Provincial Cabinet in November 2017, and by the eThekwini Municipality in September 2019, along with the recommendations of the implementation framework. The master plan covers three different study areas: the Regional Zone, Satellite Zones and the Airport City. Detailed studies were undertaken on the Airport City, which is an area located within the boundaries of Umhlanga to the south, Ballito to the north, and Ndwedwe to the west of DTP. The implementation framework includes both the strategic and tactical interventions needed to implement the plan. DTPC is responsible for the implementation of the master plan, as well as the management and oversight of the program on behalf of EDTEA. A detailed implementation plan, drawn from the framework, was initiated in the 2022/23 financial year, and this will cover the phasing strategy and set out a clear roll-out plan for the lead initiatives identified by the Durban Aerotropolis Master Plan. Simultaneously, stakeholder mapping and collaboration to prepare for the DURAMP implementation plan will be undertaken, and 2023/24 will see the continuation of the implementation of some of the lead initiatives, like the regional treatment works, cooperation on some of the road infrastructure, implementation of alternative energy sources, etc.

3. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

In formulating this Annual Performance Plan (APP), DTPC has taken into consideration relevant national and provincial plans and priorities in an effort to ensure that its own plans and priorities are suitably aligned, so as to contribute towards the greater achievement of KwaZulu-Natal and South Africa's developmental goals.

National Development Plan

The primary plan for the country's development is the 2030 National Development Plan (NDP), which sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- **Bringing about faster economic growth, higher investment and greater labour absorption**;
- Focusing on key capabilities of people and the state;
- Building a capable and developmental state; and
- Encouraging strong leadership throughout society to work together to solve problems.

While some of these priorities are applicable to all government entities (such as Building a capable and developmental state), DTPC's mandate is most closely linked to the third of these priorities, as the intention of developing the Dube TradePort is to facilitate economic growth by attracting foreign and domestic direct investment by the private sector.

Medium Term Strategic Framework

The priorities of the NDP are further elaborated in the Revised Medium Term Strategic Framework (MTSF) 2019-2024, which is built on three foundational pillars:

- **Driving a strong and inclusive economy**;
- Building and strengthening the capabilities of South Africans; and
- Achieving a more capable state.

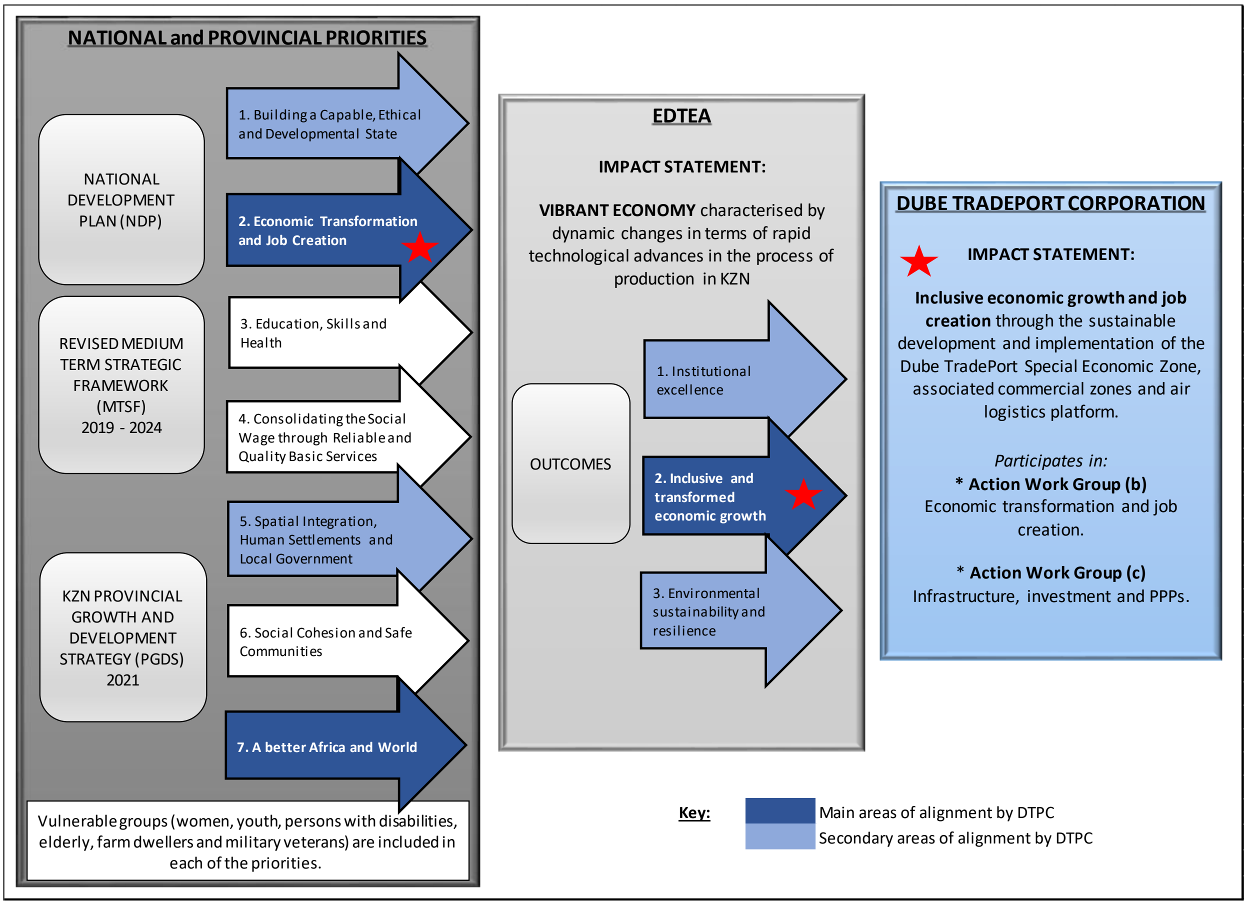
It also includes cross-cutting focus areas, related to women, youth and people with disabilities, which must be mainstreamed into all programmes of government.

As the implementation plan for the NDP, the MTSF focuses on seven priorities, each of which includes related outcomes, interventions and performance indicators, which spell out how these priorities will be addressed. KZN has further developed its own implementation plan, which details the province-specific interventions that will be undertaken in contribution to the larger, national outcomes of the MTSF. Details of DTPC's alignment to the KZN Implementation Plan, and to the priorities of the National MTSF, is shown in Annexure E (2).

Provincial Growth and Development Strategy

KZN's 2030 vision remains to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world. The Provincial Growth and Development Strategy (PGDS) was updated in 2021, and its seven goals are fully aligned to the seven priorities of the MTSF.

Figure 1*: Policy imperatives which have informed DTPC's Strategic Plan and Annual Performance Plan*



- <u>Economic transformation and job creation:</u>

  This priority is the main area in which DTPC aligns to the national and provincial plans, as it is directly linked to DTPC's mandate to attract investment for accelerated and inclusive growth. The development of the Dube TradePort is further designed to facilitate exports and job creation through the investors that it attracts.

- <u>A better Africa and World:</u>

  As an SEZ, and through its location close to KSIA, DTPC targets foreign investors, as well as those looking to export into Africa and to International markets. This contributes to increased foreign direct investment for the provincial economy, as well as growing an export-orientated economy.

- <u>Building a capable, ethical and developmental state:</u>

  DTPC aims to continually improve its financial management and has received a clean audit in each of the past 10 years. Controls are in place to reduce and ultimately eliminate fruitless and wasteful expenditure and irregular expenditure. In addition, DTPC is working towards becoming financially self-sustaining, thereby reducing reliance on government funding over time.

- Spatial integration, human settlements and local government:

  Two aspects of this priority are relevant to DTPC. The first relates to spatial integration – the Dube TradePort precinct is located to the north of Durban, within the eThekwini Municipality, and DTPC's efforts to promote economic development are therefore focused in that area, with the exception of its landholdings to the south of Durban, which are intended for the development of the Automotive Supplier Park.

  The second area of alignment for DTPC under this priority relates to environmental management. The development of the Dube TradePort is intended to be done in an environmentally sustainable manner, and rehabilitation and restoration activities are carried out to off-set the environmental impact of its development. In addition, DTPC aims to reduce its carbon emissions and measures the extent to which this is achieved annually.

State of the Nation and State of the Province Addresses (2022)

In the 2022 State of the Nation Address, President Cyril Ramaphosa said, "*The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more employees.*"[4] This was reiterated in the KZN State of the Province Address, where the then KZN Premier, Sihle Zikalala, emphasized the urgency of addressing unemployment and the role that the provincial SEZs (including the DTP SEZ) play in facilitating the creation of jobs. This imperative, as mentioned above, forms part of DTPC's mandate and, as such, DTPC will continue to attract investors who will create jobs.

As an SEZ, one of the key target sectors for investment promotion and attraction is manufacturing and, in particular, those businesses who aim to export their products to other countries. This was identified as part of the Economic Reconstruction and Recovery Plan, mentioned in the State of the Nation Address, along with infrastructure development, which is a key focus for DTPC as the master developer of the Dube TradePort.

The KZN State of the Province Address further stated that the Durban Aerotropolis Strategy, for which DTPC is the implementing agent, would enable eThekwini to become a premier business and trade hub in Sub-Saharan Africa.[5] DTP is at the centre of the Durban Aerotropolis and, as such, will play a vital role in ensuring its success.

Alignment to EDTEA's Plans

DTPC's parent department, EDTEA, plays a pivotal role in the province's efforts to bring about economic transformation and job creation. EDTEA's vision is for the *attainment of a radically transformed, growing, inclusive, innovative and sustainable economy, thereby optimising employment in KZN*. The department has undertaken a number of catalytic projects in pursuit of this goal, and DTPC is actively involved in the implementation of three of these projects:

- Durban Aerotropolis, which forms part of DTPC's expanded mandate as the implementing agent for the project;

[4] State of the Nation Address, 10 February 2022.
[5] State of the Province Address, 24 February 2022.

- Automotive Supplier Park, which is one of the Industrial Economic Hubs being developed by EDTEA, also forms part of DTPC's expanded mandate to undertake the development of this park; and
- Dube TradePort itself, which is one of the technology hubs listed as being developed under EDTEA.

DTPC's mandate, and the plans contained in this APP, are therefore aligned with National and Provincial strategies, as they are aimed at providing an enabling environment to attract new private sector investment, both foreign and domestic, and to facilitate growth in air cargo volumes and the production of sustainable volumes of perishables in support of an integrated air logistics platform, all of which will contribute to economic growth that will benefit all South Africans.

Contribution towards empowerment of vulnerable groups

The mid-year population estimates for 2022, released by Statistics South Africa (Stats SA), estimates South Africa's total population at 60.60 million people, approximately 51.1% (30.98 million) of which are female[6]. It is therefore imperative that DTPC's plans are gender-responsive to ensure that economic growth benefits all. This requires DTPC to ensure that its plans include initiatives that will benefit women, youth and people with disabilities, and are aligned to the Framework on gender responsive planning, budgeting, monitoring, evaluation and auditing.

The following gender priorities emanate from the MTSF:

- Mainstreaming of gender, youth and persons with disabilities, empowerment and development institutionalised.
- **Increase economic participation, ownership and access for women, youth and persons with disabilities.**
- Improved educational and health outcomes and skills development for all women, girls, youth and persons with disabilities.
- Increased access to development opportunities for children, youth and parents / guardians including access to menstrual health and hygiene for all women and girls.
- Equitable access to land reform, housing, safe living environment, universal access and design and safe and affordable transport and ICT services.
- Reduced levels of marginalisation, stigmatisation and discrimination and violence against women, girls and persons with disabilities.
- Gender equality, youth and disability agenda strengthened within multilateral institutions.

DTPC's main contribution to gender priorities centres around increasing economic participation of women, youth and people with disabilities. This is done primarily through **preferential procurement**; whereby specific goals, accompanied by preference points, are allocated for procurements planned for the next financial year. The specific goals used must comply with DTPC's SCM Policy, which is aligned to the Preferential Procurement Policy Framework Act, 2000, and its regulations.

[6] Statistics South Africa's Mid-year population estimates, 2022.

In addition, all construction contracts signed by DTPC include Contract Participation Goals (CPGs) to ensure the inclusion of Enterprise Development (ED) partners. DTPC's procurement strategy also targets vulnerable groups, in line with the priorities of Operation Vula, and assists to create more opportunities for SMMEs, in line with resolution 3.1.33 from the February 22 Cabinet Lekgotla.

As a result of the above interventions, in 2021/22, approximately 42% of DTPC's procurement spend was paid to companies that are at least 30% owned by black women, 12% was spent on EMEs and 17% on QSEs.

During DTPC's annual planning process, interventions aligned to the mandate were identified for the promotion of women, youth and people with disabilities. The majority of these interventions have been included in DTPC's Operational Plan, and the most significant of these priorities are explained under the relevant programmes in Part C.

In addition, DTPC contributes towards the Radical Agrarian Socio-Economic Transformation (RASET) programme through the implementation of a horticultural project on behalf of EDTEA. This project will be completed in the first half of 2023/24, following delays in the procurement of a contractor to provide the necessary infrastructure. AgriZone 2 will also provide opportunities for emerging agricultural producers, including those who are part of RASET, to access space for production, processing and distribution facilities.

4. UPDATES TO RELEVANT COURT RULINGS

The Constitutional Court judgement, issued on 16 February 2022, on the matter between the Minister of Finance and Afribusiness regarding the validity of the 2017 Preferential Procurement Regulations, had an impact on the procurement process in 2022/23. The judgement was subsequently suspended for 12 months, meaning that the Preferential Procurement Regulations remained valid until 15 February 2023. Regulations, to replace those that were found to be invalid, were published and became effective on 16 January 2023.

Other than the above, there have not been any court rulings that have had a significant and on-going impact on DTPC's operations or service delivery obligations.

PART B: OUR STRATEGIC FOCUS

5. VISION

To be the leading global innovative manufacturing and air logistics platform in Southern Africa with seamless connectivity in a smart city environment.

6. MISSION

To stimulate inclusive economic growth through:

- Enabling the development of an aerotropolis by providing leading edge spatial planning and infrastructure;
- Attracting and sustaining investment through the creation and operation of a Special Economic Zone and related commercial zones; and
- Growing business and trade through enhanced logistics and new regional and international air services connectivity.

7. IMPACT STATEMENT

Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort Special Economic Zone, associated commercial zones and air logistics platform.

8. KEY DELIVERY AREAS

The table below provides a synopsis of the broader key areas that DTPC focuses on, aligned to the provincial mandate:

MTSF Priority	**Economic transformation and job creation**						
			Actual Performance		**Annual targets**		
Key Delivery Areas	**Indicator**	**5 Year Target**	**Year 1 2020/21**	**Year 2 2021/22**	**Year 3 2022/23**	**Year 4 2023/24**	**Year 5 2024/25**
DTPC Performance	% of APP targets achieved	**85%**	63%	53%	80%	85%	85%
Increased investment and export potential	Total value of new private sector investment in buildings and equipment	**R10.7 billion**	R76.72 million	R134.75 million	R2.45 billion	R2.75 billion	R3.25 billion
	Value of exports by DTPC tenants	**R11.5 billion**	R727.97 million	R485 million	R2.3 billion	R3.5 billion	R4 billion
	% Increase in regional and international passengers through KSIA	**16.8%**	(94.4%)	176.1%	2.56%	5.94%	4.90%

			Actual Performance		Annual targets		
Key Delivery Areas	Indicator	5 Year Target	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Year 5 2024/25
Increased investment and export potential	Total tonnage throughput from Dube Cargo Terminal	**86 714 tonnes**	7 258 tonnes	10 368 tonnes	18 757 tonnes	23 695 tonnes	24 690 tonnes
Increased active participation by black people in the economy	Total number of new permanent direct jobs created	**3 020**	400	268	600	700	1 000
	Total number of new temporary direct jobs created	**4 625**	206	428	1 225	1 023	923
	Investment to facilitate increased economic participation by black people	**R2.1 billion**[7]	R255 million	R472.5 million	R540 million	R421 million[8]	R411.5 million[9]
Sustainable development and operation of the Dube TradePort	Year in which operational break-even (incl. depreciation) will be achieved	**2035**	2037	2034	2037	2036	2035
	% Reduction of negative impact on the environment as per the EMS	**6%**	n/a (Procurement in progress)	n/a (Procurement in progress)	2%	2%	2%

[7] The 5-year target for "Investment to facilitate increased economic participation by black people" has been reduced from R2.573 billion, as reflected in the 2022/23 APP, to R2.1 billion. This reduction is as a result of lower investment expected by black-owned companies in buildings and equipment. The longer than expected impact of the COVID-19 pandemic, followed by civil unrest and then severe floods in KZN has impacted the view of potential investors. See Annexure A: Amendments to Strategic Plan, for details.

[8] The target for 2023/24 has been reduced from R611 million, as reflected in the 2022/23 APP, to R421 million. This reduction is as a result of lower investment expected by black-owned companies in buildings and equipment. The longer than expected impact of the COVID-19 pandemic, followed by civil unrest and then severe floods has impacted the view of potential investors. In addition, new investors often struggle to obtain the funding needed for new developments, which has further hampered the value of investment to facilitate economic participation by black people.

[9] The target for 2024/25 has been reduced from R650 million, as reflected in the 2022/23 APP, to R411.5 million. See note 8 above for details.

9. UPDATED SITUATIONAL ANALYSIS

As part of its annual planning process, DTPC considered the external environment in which it operates, in particular the economic factors that impact on its core business operations, the opportunities and threats that these present, as well as the main stakeholders. This was done through the use of PESTEL, TOWS and Stakeholder Analysis. DTPC further reviewed its internal environment and the resources available to achieve its mandate, as well as the outputs required to achieve the outcomes identified in the Strategic Plan. The results of this planning process are presented below.

9.1. EXTERNAL ENVIRONMENT ANALYSIS

As DTPC's mandate is primarily to facilitate economic growth and attract investment, the state of the global and local economy has a direct impact on DTPC's ability to achieve its mandate. The economy is therefore an important factor to consider when analyzing the environment in which DTPC operates.

9.1.1.ECONOMIC OUTLOOK

Following a tentative global recovery in 2021 which saw growth of 6.1%, developments in 2022 have been increasingly gloomy. Global growth in 2022 is forecast, by the International Monetary Fund (IMF), at 3.2%, following several shocks to the already weakened world economy. These shocks include higher than expected inflation worldwide, a worse than anticipated slowdown in China after further COVID-19 outbreaks and lockdowns, and further negative implications from the war in Ukraine. Risks to this outlook are overwhelmingly negative, with alternative scenarios suggesting that global growth could be as low as 2.6% in 2022 and 2% in 2023[10].

In emerging market and developing economies, inflation for the second quarter of 2022 is estimated at 9.8%. Higher food and energy prices, supply constraints in many sectors and a rebalancing of demand back towards services has driven up headline inflation in most economies[11]. In South Africa, annual consumer price inflation was 7.4% in June 2022, the highest this has been since May 2009.[12] In response to rising inflation, central banks in several emerging market and developing economies, including South Africa, have raised interest rates more aggressively than in the past, and the associated rise in long-term borrowing costs has led to declines in equity prices and constrained growth.

On average, wage growth has not kept up with inflation, eroding household purchasing power, while at the same time, public COVID-19 support packages have been wound down. The war in Ukraine has caused widespread hardship, most notably through surging oil and food prices, which has increased food security concerns in many countries. This situation poses a threat not only to economic, but also to social, stability, as higher food and energy prices are strong predictors of unrest. Unrest worldwide has been rising since the end of the severe phases of the pandemic and, if it materializes, as it did in KZN in July 2021, will cause further barriers to trade[13].

---

[10] International Monetary Fund's World Economic Outlook Update: Gloomy and More Uncertain, July 2022.

[11] International Monetary Fund's World Economic Outlook Update: Gloomy and More Uncertain, July 2022.

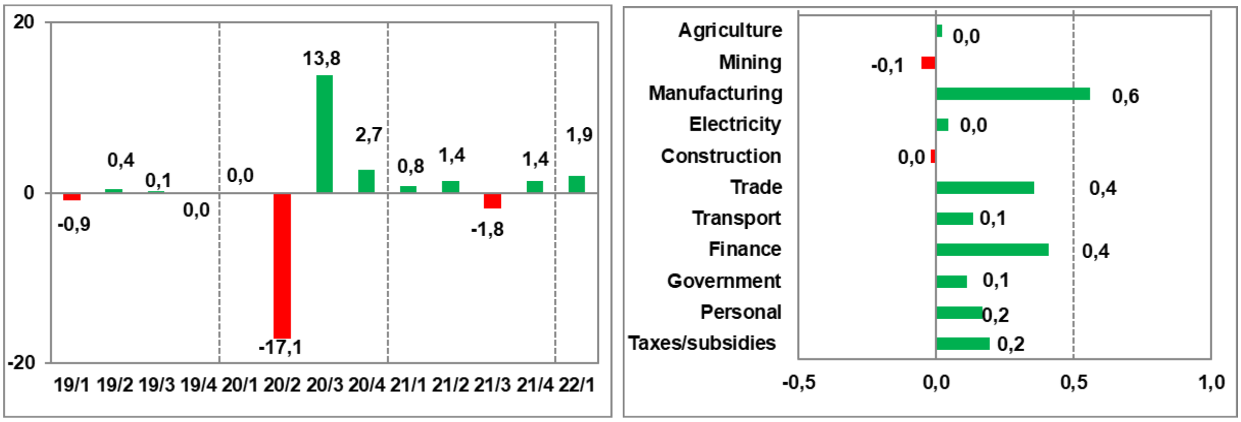
[12] Statistics South Africa: Consumer Price Index, June 2022.

[13] International Monetary Fund's World Economic Outlook Update: Gloomy and More Uncertain, July 2022.

Economic activity in Sub-Saharan Africa is expected to expand by 3.8% in 2022, accelerating in 2023, with growth of 4% predicted over the medium term[14].

In South Africa, growth of 4.9% was achieved in 2021, with growth of 2.3% and 1.4% predicted by the IMF in 2022 and 2023 respectively[15]. Real Gross Domestic Product (GDP) increased by 1.9% quarter-on-quarter in the first quarter of 2022, following an increase of 1.4% in the fourth quarter of 2021[16].

***Figure 2**: South Africa's growth in GDP (%); and Contribution to growth in GDP, Q1 2022 (% points)*



<u>Source</u>: Stats SA, Statistical release P0441: Gross Domestic Product, first quarter 2022

The manufacturing industry increased by 4.9%, contributing 0.6% to GDP growth, the most by any one sector in the first quarter of 2022[17]. Growth in the manufacturing sector bodes well for development at DTP as the primary target market for investors and tenants are businesses operating in the manufacturing industry. In particular, due to the strategic location of the DTP SEZ, in close proximity to KSIA, manufacturers looking to export their products are most likely to benefit from investing at DTP, and this will also contribute towards improving the country's net exports, which contributed negatively to total growth in the first quarter of 2022, with imports increasing by 4.9%, and exports by only 3.9%[18].

Following the growth experienced in the first quarter of 2022, the size of the South African economy returned to its pre-pandemic size, although many industries are still lagging behind the overall national recovery. In particular, the construction industry remains far behind due to weak levels of investment spending[19]. DTPC's own plans to continue spending on the development of the Dube TradePort, as well as the attraction of private sector investors to do the same, will assist in the further recovery of the local construction industry.

[14] International Monetary Fund's Regional Economic Outlook: Sub-Saharan Africa – A New Shock and Little Room to Manoeuvre, April 2022.

[15] International Monetary Fund's World Economic Outlook Update: Gloomy and More Uncertain, July 2022.

[16] Statistics South Africa's Statistical release P0441: Gross Domestic Product, First quarter 2022.

[17] Statistics South Africa's Statistical release P0441: Gross Domestic Product, First quarter 2022.

[18] Statistics South Africa's Statistical release P0441: Gross Domestic Product, First quarter 2022.

[19] PWC's South African Economic Outlook: Updated macro scenarios for 2022-23, June 2022.

The table below, taken from PWC's June 2022 South African Economic Outlook, shows industry-level indices tracking the size of the ten main sectors across quarters, as compared to a pre-COVID-19 benchmark of quarter 4 in 2019.

Figure 3: *GDP Indices (base = 2019Q4)*

	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
Agriculture, forestry and fishing	100.0	110.4	106.3	106.8	114.4	121.3	135.0	101.7	118.4	119.3
Mining and quarrying	100.0	95.5	65.9	95.7	94.4	98.3	100.3	99.1	95.9	94.9
Manufacturing	100.0	98.7	67.6	92.0	97.1	97.5	95.8	91.6	93.8	98.4
Electricity, gas and water	100.0	99.4	87.2	98.3	98.8	98.2	98.8	99.1	96.0	97.9
Construction	100.0	97.4	70.7	81.1	83.0	83.2	81.8	81.0	78.9	78.3
Trade, catering and accommodation	100.0	98.6	71.9	90.8	92.1	93.0	96.0	91.7	95.3	98.2
Transport, storage and communication	100.0	97.4	75.2	85.2	89.1	86.5	92.3	90.8	93.4	95.1
Finance, real estate and business services	100.0	102.6	91.7	97.7	100.4	101.4	100.8	102.0	101.3	103.0
General government services	100.0	100.3	100.0	100.3	100.6	100.8	100.3	100.6	100.2	101.6
Personal services	100.0	100.3	93.5	97.8	99.3	100.3	103.0	103.4	105.9	107.1
Total economy	100.0	100.0	82.9	94.3	96.9	97.7	99.0	97.2	98.6	100.5

Source: PWC calculations based on Stats SA data

Dube TradePort is being developed with the intention of creating an environment in which private sector investors and manufacturers are able to create jobs. According to Stats SA, in the second quarter of 2022, South Africa's total labour force comprised of 23.556 million people, 15.562 million of which were employed. The unemployment rate in June 2022 was therefore 33.9%. The unemployment rate of women was 35.5%, while in KZN, the total unemployment rate was 32.7%[20].

An estimated two million jobs were lost nationally from 2019 to 2021 due to the impact of COVID-19 lockdowns, load-shedding, and the generally unfavourable economic conditions. However, in the first quarter of 2022, Pnet's Job Market Trend Report noted that the number of vacancies in the local job market were at a record high, reflecting increased demand for workers, which in turn, indicates an improvement in overall business confidence. The RMB/BER Business Confidence index, however, remained below the neutral level of 50 points at 42 points in the second quarter of 2022 and, despite this improvement over the business confidence levels measured during the height of the pandemic, PWC predicts a rise in the unemployment rate to 35.6% by the close of 2022 and 36.0% by the end of 2023[21]. To combat this, DTPC needs to take advantage of improved business confidence levels and the slight economic recovery to secure new investors who will create jobs.

Property and Investment market

The severe economic downturn, brought about by the COVID-19 pandemic, has negatively affected all sectors of the local property market. However, the impact of the pandemic has been less evident in the industrial property market as rentals remained positive, vacancies minimal and investment demand remained favourable at the start of 2022. The primary drivers in this segment of the market are logistics and distribution and warehouse space, where the rapid uptake of e-commerce and global supply chain disruptions have accelerated demand and up-

[20] Statistics South Africa's Statistical release P0211: Quarterly Labour Force Survey, Second quarter 2022.

[21] PWC's South African Economic Outlook: Updated macro scenarios for 2022-23, June 2022.

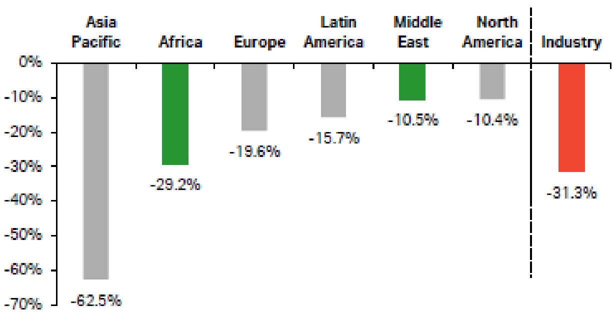
take of well-located property stock. The relative affordability and the adaptability of accommodation such as warehouses has also influenced the performance of the industrial property market. National average vacancies across the industrial sector are lower than other commercial property sectors, and demand for smaller units and space suitable for last-mile logistics users has increased over the first quarter of 2022[22]. As the majority of the land and buildings available for lease at DTP is industrial property (such as Dube TradeZone 2 and the mini-factories in TradeZone 1), the demand in the market should be sufficient to enable DTPC to attract new tenants. It also suggests that sourcing investors to develop industrial properties in the TradeZones will be an easier task than sourcing investors for the commercial Support Zones. This has been evident in the enquiries received by DTPC in recent years, and has resulted in development of the TradeZones being prioritized over the Support Zones.

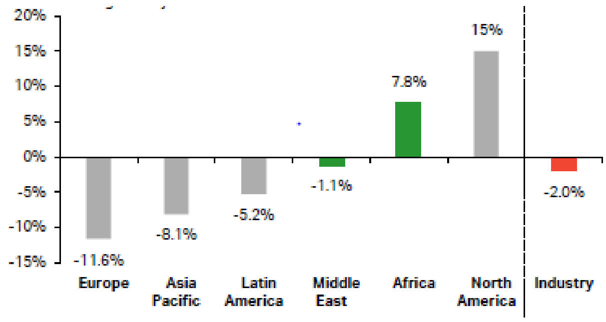
By contrast, the office sector continued to struggle in the first quarter of 2022, due to supply and demand disequilibrium. Demand has been influenced by trends such as the preference for work-from-home arrangements, repurposing and renovation of offices, corporate consolidations or downscaling, and changes to the way people work. Confined business confidence, high unemployment, and deflated economic growth levels have also limited the recovery in this sector. Traditional five- to ten-year lease terms have shortened over the past two years, with new leases looking to include flexibility, and lease escalations are declining. Occupancy levels are improving, where precincts or properties offer direct benefits to the tenant, and occupying or investing in green buildings represents a critical opportunity[23]. It is therefore crucial that any new commercial office buildings developed by DTPC (e.g. the development on Block D at Dube City) provides benefits for tenants and follows green building principles to attract new tenants, as the office property market is expected to continue to underperform over the next couple years.

Air cargo market

Recovery in the airline industry is well underway, with airlines showing resilience and adaptability in the post-pandemic context in both passenger and cargo markets. A growing number of people are starting to travel again and the International Air Transport Association (IATA) predicts that by the end of 2023, most regions will be at, or exceeding, pre-pandemic levels of demand.

Figure 4: *Growth in RPKs by region; and Growth in CTKs by region (% change in May 2022 vs 2019)*





Source: IATA Monthly Statistics

International air travel was adversely affected by travel restrictions, with travelers preferring less-restricted domestic trips, but these trends reversed around mid-2021, as governments started to

[22] JLL's South Africa 2022 Q1 snapshots, May 2022.

[23] JLL's South Africa 2022 Q1 snapshots, May 2022.

lift restrictions and strong demand for international travel resumed[24]. This has continued into 2022, with industry-wide Revenue Passenger-Kilometers (RPKs) increasing by 76% over the year to June 2022. This left overall RPKs around 30% below pre-pandemic levels[25].

Air cargo played an important role during the COVID-19 pandemic in delivering vaccines and medical supplies, and Cargo Tonne-Kilometers (CTKs) travelled for the industry remained above pre-pandemic levels throughout 2021. Air cargo traffic continues to grow year-on-year, but growth weakened in the second half of 2021 and is expected to weaken further in 2022[26].

While air cargo tonnages for the industry have returned to pre-pandemic levels, cargo tonnage throughput at KSIA will take longer to fully recover, as not all routes that were flying into Durban in 2019 have resumed. Most notably, British Airways has not yet returned to Durban, although Turkish Airlines resumed in June 2022, and the routes operated by other airline (Emirates and Qatar Airways) have not yet returned to the same frequencies as were being flown pre-COVID-19.

9.1.2. OPPORTUNITIES FOR DTPC IN 2023/24

Growth in local manufacturing

As the economy starts to recover, the manufacturing industry is also showing signs of growth. This represents an opportunity for all aspects of DTPC's business. Manufacturers are the main target segment for DTPC when seeking new private sector investors and tenants for the TradeZones, and they also increase the business potential of the Dube Cargo Terminal as increased manufacturing, whether on-site or off-site, creates the potential for increased exports and imports, which increases cargo volumes through KSIA.

To take advantage of this growing sector of the economy, DTPC is investing in new warehouses in TradeZone 2 (in addition to the warehouse on ERF 650 in TradeZone 1, which is nearing completion). These will provide ready-to-occupy space for manufacturers, thus accelerating the economic impact of the new or expanding businesses locating at DTP, as the lead time between signing the lease and starting operations will be reduced, as compared to tenants leasing land from DTPC where development of the facility would still need to take place first. Availability of completed buildings will also assist smaller or start-up enterprises who often face difficulties in securing funding. In addition, stakeholder networking sessions will be held, along with face-to-face meetings with potential customers, to increase DTPC's customer base and the up-take of DTPC's available services, across all areas of the business.

Development of new services and products

The Dube Cargo Terminal has the opportunity to develop and offer additional value-added services, outside of the traditional offering, such as IATA accredited training, stuffing / de-stuffing, warehousing, SAPS / Customs stop checks, cargo labelling, etc. This could increase DTPC's revenue streams, which would contribute to accelerating DTPC's journey towards financial self-sustainability. To take advantage of this opportunity, DTPC intends to obtain the relevant accreditation for the training facility at the Dube Cargo Terminal, and to package and advertise the various additional value-added services that could be provided.

[24] IATA Annual Review 2022.

[25] IATA Economics' Chart of the Week: The recovery in global air traffic continues, 5 August 2022.

[26] IATA Annual Review 2022.

In addition, new emerging Agri-business sub-sectors (e.g. cannabis / hemp) also provide an opportunity to increase DTPC's own revenue through increasing the products provided by the Dube AgriLab. To do this, research and development will need to take place to develop new protocols for new products, which would then need to be marketed to the targeted customer base. This opportunity will need to be carefully evaluated, however, as producing certain products could result in increased costs, as changes to DTPC's existing infrastructure (e.g. lighting) or licenses may be required.

9.1.3.THREATS TO DTPC IN 2023/24

Natural disasters (floods)

In April and May 2022, KZN experienced severe floods, and the possibility of this reoccurring in the future remains. These events have had a negative impact on infrastructure, causing disruptions to clean water, electricity supply, transport and communications. While the damage at DTP from the recent flooding was minimal, and steps were taken to assist tenants and to ensure continuity of DTPC's own services during disruptions to municipal services, particularly the supply of water, recurrent flooding in the area is likely to discourage long-term private investment, which will have a negative effect on the region's economic growth, as well as DTPC's ability to deliver on its mandate.

To mitigate this threat, DTPC intends to reduce its reliance on municipal water and electricity supply over time. DTPC's water strategy, which includes the development of boreholes and a water reservoir, will be updated in 2023/24, with a view to implementing the most suitable solutions. In the medium term, feasibility plans for the development of an energy centre to supply sustainable energy to tenants in TradeZones 1 and 2 are being finalized, with construction expected to take place over the MTEF.

Stringent environmental conditions

Much of DTP is located on environmentally sensitive land and the environmental off-set requirements for development are therefore particularly stringent. This impacts on the pace of development, and also has financial implications, as the cost to rehabilitate land impacts on the return on DTPC's investment. Buying off-set land can also be very expensive, particularly due to land speculation taking place in the area, and alternative means to meet the off-set obligations (e.g. environmental stewardship and leasing) need to be explored.

Cyber-crime

This remains a key threat for all organisations that have data and, as DTPC provides ICT services to external customers through Dube iConnect, it is of particular concern to DTPC. Cyber-crime could result in the loss of DTPC's own information, as well that of its clients, and could impact on the services provided to clients. To mitigate this threat, Dube iConnect has outsourced its Security Operations Centre to an external company. Anti-virus software has been procured for its internal servers, Veeam has been migrated to an immutable system, and annual penetration and vulnerability testing is performed. The Master Service Agreements (MSA) that all Dube iConnect customers sign with DTPC will be strengthened to enable client services to be terminated, if the recommendations from the vulnerability reports are not implemented. This will assist to protect DTPC's core network and other customers' data from risks created by vulnerabilities in the client's environment.

9.1.4.OTHER CONSIDERATIONS

Changes in legislation:

The following new legislation has been identified, which give rise to additional compliance requirements:

- National Energy Act no. 34 of 2008: Regulations 2020: From 2022 onwards, it became mandatory for all buildings of 1 000m^2 or more to display and submit energy performance certificates. In order to comply with this, DTPC will need to procure the services of an accredited service provider to conduct an assessment and provide an energy performance certificate for all buildings owned and used by DTPC.
- Section 12R and 12S of the Income Tax Act, 1962, has been amended as follows:
    - Section 12R ceases to apply in respect of any year of assessment commencing on or after 1 January 2031; and
    - Section 12S ceases to apply in respect of expenditure incurred during any year of assessment commencing on or after 1 January 2031.

The following legislation has been withdrawn:

- Disaster Management Act Regulations: In March 2020, a State of National Disaster was declared in South Africa, and Regulations were issued in terms of the Disaster Management Act, 2002, to manage the spread of COVID-19. In April 2022, the State of National Disaster was terminated and in June 2022, the remaining Regulations related to the control of COVID-19 were repealed. This means that working conditions have returned to normal and there are no longer any restrictions in place limiting economic activities.

9.1.5.MAIN STAKEHOLDERS

The following are some of the key stakeholders that have an impact on DTPC's ability to deliver on its mandate:

- **EDTEA**: As DTPC's parent department, EDTEA provides funding to DTPC for its operations and capital projects. DTPC is accountable to EDTEA for the use of those funds to achieve its mandate, and DTPC's objectives are aligned with those of EDTEA.
- **Current and prospective investors, tenants and customers:** These stakeholders are the reason why DTPC exists. Attracting new investors and tenants is key to facilitating economic development, as these businesses invest in the province, export their products and create jobs. DTPC therefore aims to nurture and support all existing investors and tenants, while creating a suitable, enabling environment that is attractive to new investors. This is done through the development of the DTP precinct itself, as well as by providing security and maintenance services. Additional services (e.g. Dube iConnect services, AiRoad trucking services, and Dube AgriLab tissue culture products), provided to on-site tenants, as well as off-site customers, further adds to the value proposition offered by DTPC. By prioritising the needs of these stakeholders, DTPC delivers on its mandate, while also maximising its own revenue generated, which will, over time, reduce DTPC's reliance of government funding.
- **eThekwini Municipality:** Dube TradePort is situated within the eThekwini Municipality and DTPC's service delivery is therefore focused within that area. This stakeholder provides

DTPC and its tenants with utilities (water, electricity, etc.), while charging property rates. eThekwini Municipality is also required to approve building plans and provide occupation certificates for new buildings completed. Following the recent floods in KZN, the vulnerability of the municipal infrastructure in place was highlighted, as well as DTPC and its tenants' reliance thereon. This has led DTPC to investigate plans to reduce this reliance. In addition, the property rates paid by DTPC to eThekwini Municipality on its land holdings, particularly the vacant land held for future development, makes up a sizable portion of DTPC's operational costs and potentially makes developments by private sector investors at DTP unaffordable. Engagement with this stakeholder is therefore necessary to negotiate possible rates rebates, particularly on vacant land, to rectify this situation.

- **Regulatory authorities:** DTPC complies with the regulatory requirements of a wide number of authorities for activities ranging from township establishment, rezoning and environmental approvals, to provision of ICT services requiring ICASA licenses and the operation of the Cargo Terminal, subject to a license from the SACAA. This requires DTPC to perform various compliance, monitoring and reporting activities, which are built into each programme's daily operations.
- **Airlines:** These stakeholders wield a high level of power, as the decision to operate routes via KSIA and whether or not to utilise DTPC's cargo handling services lies entirely within their control. The connectivity of DTP affects its attractiveness to potential investors and tenants, and is reliant on the airlines choosing to fly into KSIA. As the airline industry recovers, following the impact of COVID-19, engagement with new airlines, and those who previously operated routes into KSIA, becomes increasing important, to grow the revenue earned by DTPC's Cargo Terminal, as well as to attract new investors.

9.2. INTERNAL ENVIRONMENT ANALYSIS

DTPC's core value proposition centres around its location adjacent to KSIA, an international port of entry, and in close proximity to the sea ports of Durban and Richard's Bay. As a greenfield site, DTP is less constrained by existing built infrastructure; it is also a secure location, which has become increasingly important in KZN, following the civil unrest in July 2021; and parts of the DTP precinct are designated as an SEZ, with tax and other incentives therefore available to qualifying investors locating in these areas. In addition, DTPC's infrastructure was largely unaffected by the floods in April and May 2022, adding to the attractiveness of the location. DTPC has a strong and well-developed brand that it is able to leverage to attract new investors, tenants and customers.

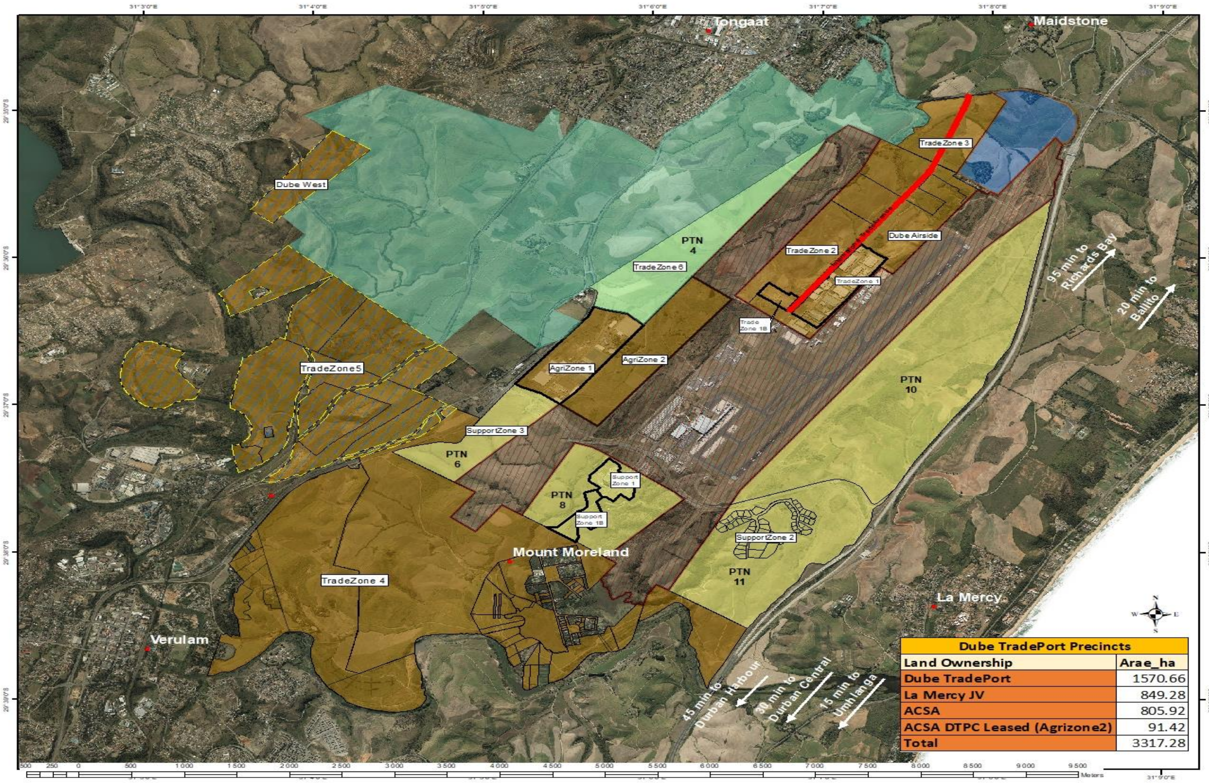
DTP also includes greenhouse growing facilities that accommodate year-round agricultural production, supported by a Tissue Culture Lab and an in-house technical support team, providing tenant after-care services. These climate-controlled facilities help tenants or investors to mitigate against the growing threat of climate change, which is likely to become increasingly relevant to the future of those operating in the agricultural sector.

All tenants at DTP also have access the the services of Dube iConnect, a world-class ICT and telecommunications platform. This means that, not only is broadband readily available to all serviced areas of the precinct, but technical expertise are also available in-house to assist with resolving ICT-related issues.

DTPC has a 50-year Master Plan, aimed at driving the development of air logistics businesses and attracting investment to the Province, using its strengths, which are detailed above. The core bulk infrastructure already in place provides a platform for further development within the Durban

Aerotropolis, by DTPC and its investors, as well as third party developers looking to develop land adjacent to the DTP precinct.

Figure 5*: 2060 Master Plan of Dube TradePort*



As the master developer of the Dube TradePort, DTPC's service delivery primarily takes place within the DTP precinct (as shown in Figure 5 above) and on the land parcels owned by DTPC, all of which falls entirely within the eThekwini Municipality. Private sector investors or tenants who locate at DTP, and more specifically, those who locate within the DTP SEZ, are generally start-up entities or expansion projects, as the intention is to increase economic development in KZN, and it is these entities that show the benefits of DTPC's facilitation role, by creating jobs and increasing exports from the precinct. Most expansion projects are from within KZN, with a few originating in Gauteng and other provinces. Although almost all exports originate from within the province, the exact location within KZN from which these are sourced is not known at this stage.

Phase 1 of the Master Plan has been completed. This consists of four main development zones, which are:

- **Dube TradeZone 1**: This 26 hectare fully-serviced site accommodates a wide range of tenants from various economic sectors, including logistics, warehousing, manufacturing and distribution, assembly, freight forwarding, high-tech industries and electronics. This zone is fully occupied, with all sites either let, under construction or fully completed and operational.

  Dube TradeHouse, adjacent to the Dube Cargo Terminal, is located in this zone and primarily houses logistics companies and freight forwarders who are ideally placed to take advantage of the direct connection to the Dube Cargo Terminal offered by way of an overhead cargo conveyor air bridge system.

  Also included in this zone, are **mini-factory units**, which provide a platform for Small, Medium and Micro-sized Enterprises (SMMEs) looking for smaller manufacturing facilities with integrated office space. This complex comprises 18 units of 260m² each, the majority of which are currently let.

- **Dube TradeZone 2**: This second phase of Dube TradeZone, includes an additional 44 hectares of land available for private sector development. This site, located parallel to Dube TradeZone 1, is within the area designated as an SEZ and is therefore ideal for manufacturing companies looking to benefit from SEZ incentives. Bulk infrastructure is now in place and the first sites within this zone have been let.

  A portion of this zone is intended to house a pharmaceutical cluster, which will have access to a common utilities zone, currently being designed, with the intention of enabling tenants to leverage off the synergies created by sharing services such as electricity, plant heating and cooling, water purification, steam, solid waste management and effluent treatment.

  As demand for ready-built facilities in Dube TradeZone has been high, DTPC is currently constructing a 9,500m² facility in TradeZone 1, which has been leased. In addition, procurement has commenced for the construction of a further **two large warehouses** in TradeZone 2. Furthermore, plans are being developed for the construction of **medium-sized factories** to cater for manufacturers requiring facilities that are larger than the mini-factories in Dube TradeZone 1, but who are not yet ready to develop their own larger facilities on the serviced land available in Dube TradeZone 2.

- **Support Zone 1a (Dube City)**: The first phase of Dube City, comprising of 12 hectares of level, fully-serviced stands, offers premium office, retail and hospitality space. This development follows sustainable development principles, creating an urban "green" hub with proposed land uses including hotel, conference, entertainment, retail and knowledge-intensive activities.

  45% of the sites within Dube City are owned by the Airport Company South Africa SOC (ACSA), while the roads and other common areas are owned by DTPC's subsidiary[27], La Mercy JV Property Investments Pty Ltd (LMJV).

  The remaining 55% of the sites in this zone are owned by DTPC and have been or will be developed as follows:

  - DTPC's building, 29° South, situated on **Block F** at Dube City, is fully occupied, and plans for further expansion of this block are being considered.
  - Construction of a double underground basement on **Block D** has been completed. DTPC has commenced construction of a multi-purpose office building on a section of Block D, above the underground basement, to accommodate the demand for such needs within Dube City. An office complex, called 31° East, will further be built by a private sector investor.

    Although demand for formal office space has reduced since the outbreak of COVID-19 as more and more businesses embrace alternative working arrangements, DTPC anticipates being able to source sufficient new tenants to fill the building planned on Block D, as approximately half of the total area available is expected to be leased to the Moses Kotane Institute (MKI) to house their planned

[27] La Mercy JV Property Investments Pty Ltd is a private company, jointly owned by DTPC and ACSA. DTPC owns 60% of the company's shares, while ACSA owns the remaining 40%.

Innovation Hub. The building is currently at the design phase and practical completion for construction is expected to be achieved in May 2024.

- Design of a Multi-Storey Parkade (MSP) on **Blocks A and B** has been completed. Construction, however, has been put on hold in favour of developing industrial facilities which are in more demand and will generate higher levels of income. Construction is only likely to commence once various triggers have been met that indicate that the parkade is necessary for further development of Dube City. This parkade will consist of five storeys and has been designed in such a way as to allow for an additional three storeys to be added, if required, at a later stage. It will include street-facing retail facilities and will provide parking, required for the full development of Block D, to the extent that they cannot be accommodated in the double underground basement parkade.
- **Block C** and **Block E** remain open for proposals.

Phase 1b of the Support Zone will see the initial phase of Dube City being expanded by an additional 12 hectares to a total of 24 hectares. This land, for which all development rights are in place, is owned by LMJV and will be developed by LMJV.

- **Dube Cargo Terminal**: This 14 000m^2 state-of-the-art cargo facility is owned and partially occupied by DTPC. The Dube Cargo Terminal provides a 24/7 cargo handling solution, capable of handling 100 000 tonnes of cargo annually and boasts ultra-modern facilities including digital tracking and secure cargo flow through six on-site statutory bodies. With an impressive security record of 0% cargo loss since inception, it is one of the most secure cargo facilities in Africa.

  However, the lack of a national presence is a limiting factor for the attraction of new clients for DTPC as a cargo handler. In addition, the close proximity of Johannesburg's OR Tambo International Airport (ORTIA) to Durban, makes it easy for companies to truck cargo between Durban and Johannesburg, making KSIA a less attractive option for airlines and, in particular, cargo freighters. This makes it difficult to secure new air routes flying into KSIA, which in turn reduces the volumes of international cargo being handled by the Dube Cargo Terminal, which reduces the revenue that DTPC can earn from this. It is therefore important that DTPC continue to target export-oriented manufacturers to DTP's TradeZones, particularly those who are likely to utilise airfreight, as this will assist to increase the demand for airlines carrying cargo out of KSIA, especially as the availability of supplementary cargo volumes tends to feature prominently in airlines' decision-making, when deciding on new routes.

- **Dube AgriZone 1**: With 16 hectares of greenhouses, Dube AgriZone is Africa's largest climate-controlled growing area under glass. Designated as part of the DTP SEZ, Dube AgriZone provides world-class facilities and technical support for propagating, growing, packing and distributing high-value perishables and horticultural products. This facility is particularly well-positioned for products requiring immediate post-harvest air-lifting, thereby creating Africa's first integrated perishables supply chain. Dube AgriZone also includes a distribution centre, a nursery and **Dube AgriLab**, the only commercial tissue culture laboratory in KZN.

A range of "green" initiatives are available at Dube AgriZone. These include rainwater harvesting, solar energy usage, on-site waste management, and indigenous plant production for rehabilitation purposes.

The first phase of Dube AgriZone is fully occupied.

Zones currently being developed, or to be developed in the future include:

- **Dube TradeZone 3**: This zone will be jointly developed by DTPC and Tongaat Hulett and/or any other private developer who is likely to acquire the land parcel currently owned by Tongaat Hulett. The site has a footprint of 135 hectares, of which DTPC owns approximately 51.8 hectares, and the entire site has an estimated bulk of 431 000m^2. Dube TradeZone 3 will provide for integration between the Watson Highway, Tongaat and the DTP precinct and is planned to accommodate a business park comprising office complexes and commercial facilities, including retail amenities, warehousing, and showrooms, as well as a range of light manufacturing and service enterprises. The SPLUMA application for this zone is currently being finalised and approval is expected in April 2023. The detailed design phase is expected to start in November 2022.

- **Dube TradeZone 4 and 5**: These future planned developments are located to the southwest, close to the Cornubia and Umhlanga developments, and northwest of KSIA respectively. This zone is likely to include industrial developments from various sectors including international companies, logistics and distribution, high-tech and automotive industries, medical and pharmaceutical production and distribution, electronics manufacturing, clothing and textiles, and aerospace and aviation-linked manufacturing services.

- **Dube AgriZone 2**: Phase 2 of the Dube AgriZone consists of approximately 35 hectares and is located adjacent to phase 1. This zone will accommodate the development of additional greenhouses and related agricultural uses. Agricultural industries tend to be labour-intensive, so the attraction of tenants for this zone will be beneficial in terms of increasing the number of jobs created at the DTP precinct. To date, interest by farmers has been strong, however, the long timeframes to evaluate proposals and the fact that this plot of land is not yet ready for occupation, has caused some of this interest to be lost. The provision of bulk infrastructure for this zone began in 2021/22, and is expected to be completed in May 2023.

- **Automotive Supplier Park**: A site to the south of Durban was identified by EDTEA and acquired by DTPC in 2015/16. A project steering committee including DTPC, EDTEA, eThekwini Municipality and Toyota SA Motors was formed to fast-track the development of Phase 1, which includes township establishment and other associated specialist studies. Phase 1 commenced in 2018, however, the start of construction of the platform for private sector investment is subject to funding being made available. An application for infrastructure funding may only be submitted to National Treasury once the detailed design has been completed and the Environmental Authorisation (EA), Water Use License (WULA) and SPLUMA is in place. This is expected to be completed by August 2025. Construction of phase 1 is expected to take approximately 18 months to complete.

A pre-feasibility assessment has also been concluded on the Durban Logistics hub site (old Durban Airport site) in collaboration with Transnet. The feasibility assessment to accommodate a 60 - 90ha ASP on this site is being explored.

- **Canelands:** This future planned development is located to the southwest of KSIA. This site is zoned General Industrial, as per the eThekwini North scheme, and has approximately 1.87ha of developable land available. The subject site has all statutory approvals in place (EA, WULA and SPLUMA) and is ready for development, subject to the necessary infrastructure upgrades.

In line with its constitutional mandate to provide economic development that is ecologically sustainable, DTPC is committed to the **rehabilitation and restoration** of the environment. Following the development of Phase 1 of DTP and KSIA, and in compliance with the Environmental Impact Assessment (EIA) concluded in 2007 and Record of Decision (ROD) issued in 2008, DTPC aims to off-set the environmental impacts of this development through alien clearing, fauna and flora species rescue and planting or recreation, thus creating an environment in which nature and industry can co-exist.

Other services available at DTP, servicing both on-site tenants and off-site customers, include:

- **Dube iConnect**: This is a world-class ICT infrastructure and telecommunications platform which digitally links precinct-based businesses with each other and the world. Dube iConnect's main focus is the provision of a secure cloud hosting environment and superior telecommunications solutions, including virtual computing platforms, secure storage infrastructure, back-up solutions, disaster recovery services, co-location, network solutions, dark fibre, voice services, broadband and related hardware equipment rentals.

- **Dube AiRoad**: provides a seamless air-to-road and road-to-air logistics solution for time-sensitive deliveries. This secure and flexible trucking fleet delivers cargo directly to Dube Cargo Terminal and prides itself on its continuous quest for improved airfreight transport solutions, effectively fulfilling customer needs in an ever-changing airfreight environment.

- **Dube TradePort One Stop Shop**: The services offered by this facility are only available to businesses operating or planning to operate within the DTP SEZ. This facility is a satellite office of the Provincial One Stop Shop operated by Trade and Investment KZN and was developed to provide support to tenants and potential investors. The One Stop Shop is intended to minimise red tape in handling investments and it therefore assists with processes such as DTP investor applications, municipal building plan approvals, SEZ tax incentive applications, Customs Controlled Area applications and other related business processes, as well as offering investor after-care services.

9.2.1. ORGANISATIONAL STRUCTURE

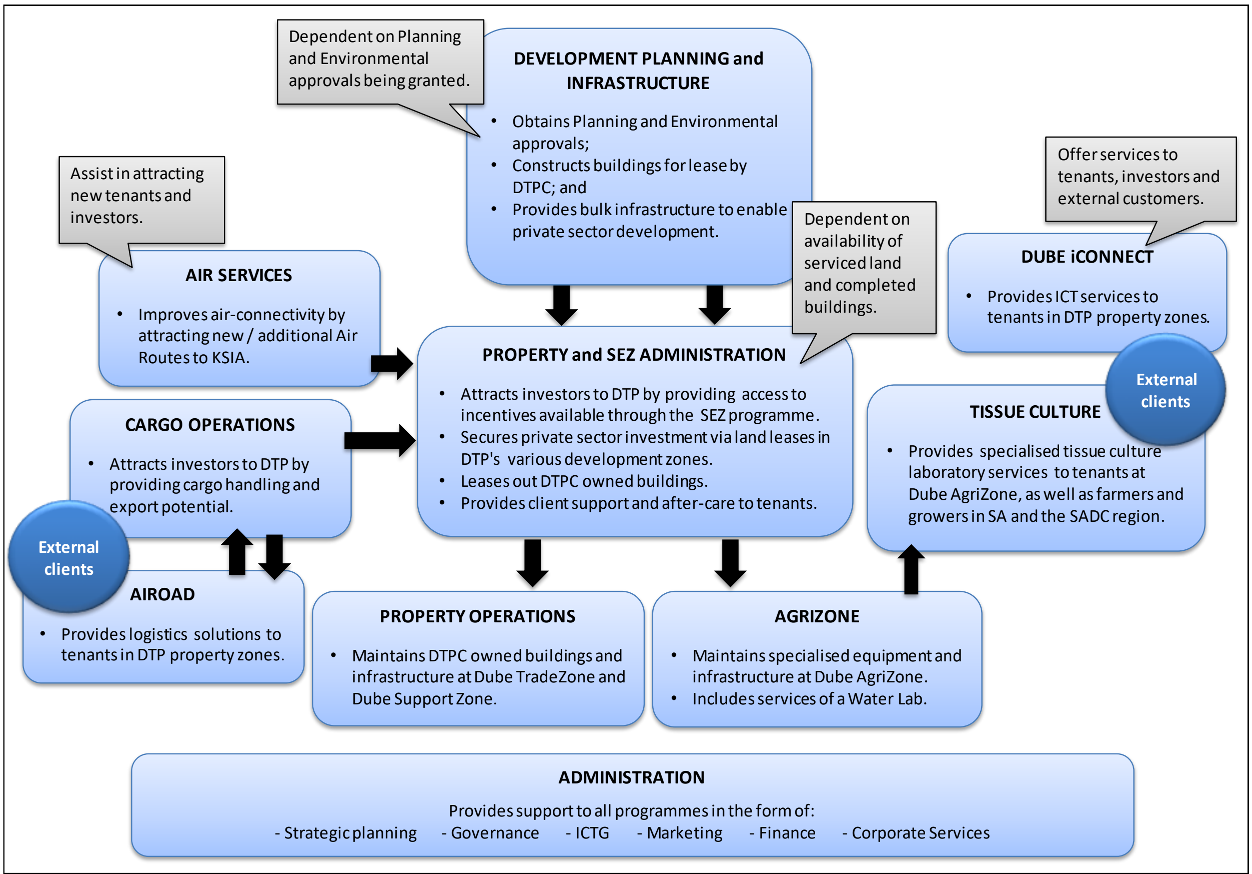
As a Schedule 3C public entity, DTPC is governed by the Public Finance Management Act (PFMA) and its related Treasury Regulations, as well as any National and Provincial guidelines. The entity is controlled by its Board, which serves as the Accounting Authority, and is accountable to the

MEC for the KZN Department of Economic Development, Tourism and Environmental Affairs, in his capacity as the Executive Authority. DTPC's Board consists of one executive member (DTPC's Chief Executive Officer) and eight independent non-executive members, appointed by the MEC, one of whom was appointed by the Minister of Trade Industry and Competition, as mandated by the Special Economic Zones Act.

The Board is specifically structured to provide a diverse mix of skills and experience relevant to DTPC's operations and the diverse environment in which it operates. A number of Committees of the Board assist the Board in fulfilling its objectives and responsibilities. These committees include the Audit and Risk Committee, Remuneration and Human Resources Committee, and Investment Committee.

An overview of DTPC's internal operating structure is shown below.

***Figure 6**: High-level overview of DTPC's operational structure and its various programmes' inter-dependencies*



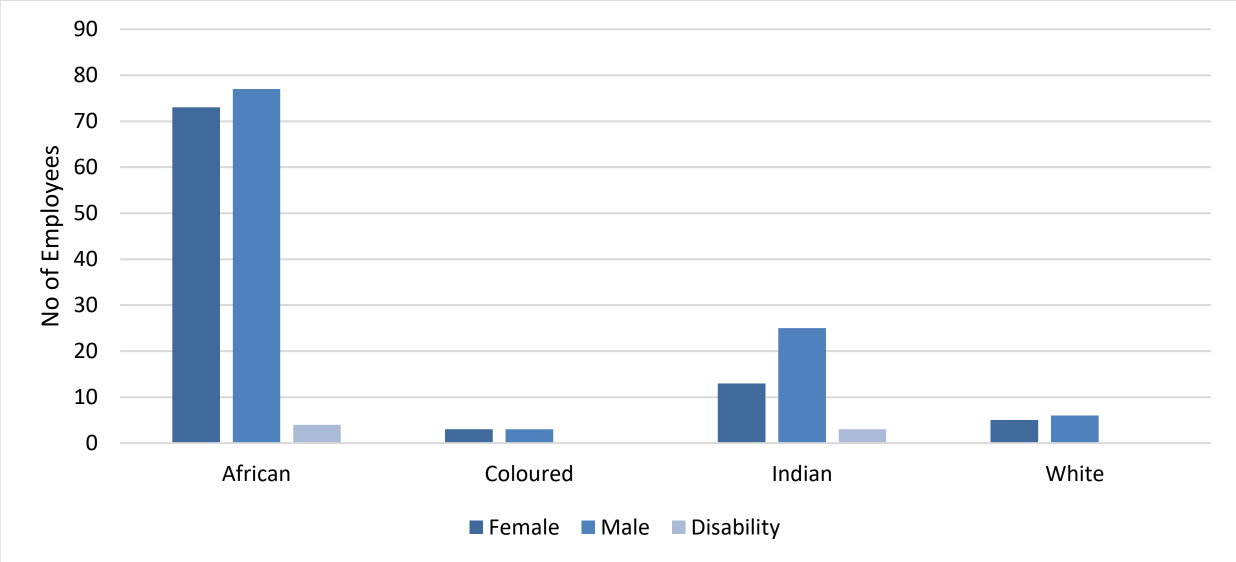
During the 2022/23 financial year, DTPC's internal operating structure within Programme 1: Administration was amended such that ICTG, which provides for DTPC's internal IT needs, and Marketing now report into the Corporate Services Executive. Previously, these sections reported to DTPC's Chief Executive Officer (CEO). This change affects internal operations only, and does not impact on DTPC's existing budget Programme and Sub-programme structure.

9.2.2. HUMAN RESOURCES

Organisational structure

As at 1 January 2023, DTPC's staff complement was 208, and all approved vacancies had been filled. The organisational design process, which was undertaken during the previous years and was intended to assess, review and redesign the current structure so that it supports efficient and effective operations, was completed in 2022/23. The revised structure, which includes a total of 333 posts[28], was approved in January 2023 and will be implemented over a 10-year period starting in the 2023/24 financial year. This phased approach will limit the financial impact of the new structure on DTPC's annual budget allocation and its progress towards sustainability.

***Figure 7**: Demographics of DTPC's workforce at 1 November 2022*



The new structure is geared towards increasing capacity in areas where specialist and hard core skills are required in order to deliver key value and revenue for DTPC. It will also address capability and capacity requirements, which have arisen either due to current under-resourcing, where new projects have commenced, or to enable currently-outsourced services to be brought in-house to reduce costs and increase efficiencies. Although the implementation plan will propose a number of positions to be filled in a particular year over a 10-year period and beyond, the actual implementation of the proposed structure and filling of new positions will be reviewed each year. The filling of new positions will only be undertaken where the performance in the previous year and the predicted operational requirements for the future year justify filling the specific positions. Metrics recording the revenue per employee and the operational costs per employee will also be established to determine how efficiency will be impacted by the attraction of new skilled personnel.

Employee engagement

The annual Employee Engagement Survey conducted by DTPC in 2021/22 revealed that 63% of DTPC's employees are engaged. This is a 4% reduction from the 67% measured in 2020/21. Whilst it is DTPC's intention to keep all employees engaged by creating a conducive working environment, this is adversely affected by various factors, including national restrictions on salary increases, the moratorium on filling of vacancies and the lack of performance rewards due to poor organizational performance in the prior year.

[28] The previous structure, which had been in place since 2015, included 270 posts.

9.2.3. B-BBEE COMPLIANCE

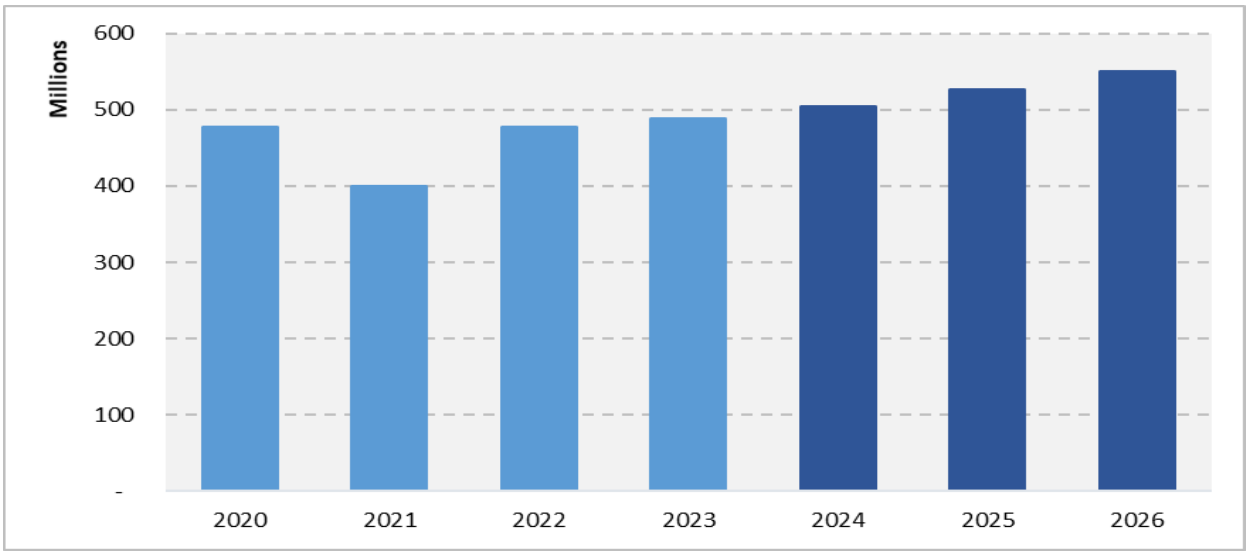
DTPC's latest B-BBEE scorecard, completed in October 2022, was assessed at Level 2. This scorecard was based on the 2021/22 financial information.

In an effort to embed B-BBEE across all areas of DTPC's operations, the achievement on the B-BBEE scorecard has been retained in the personal performance agreements of all managers. This is expected to assist in ensuring that all DTPC staff members take responsibility for implementing B-BBEE initiatives within their areas of operation, as well as for measuring and reporting on these, with the ultimate goal of improving DTPC's B-BBEE score to Level 1.

9.2.4. FINANCIAL RESOURCES

As a Schedule 3C public entity, DTPC is reliant on government funding, provided through MTEF grants received via its parent department, EDTEA, to finance its operations. Over the 2021/22 MTEF, KZN lost a substantial proportion of its funding as a result of massive cuts made to provinces as a result of National Treasury's strategy to reduce expenditure, in order to stabilise the growing fiscal debt, as well as the annual updates to the Provincial Equitable Share formula. These cuts filtered down to all departments and entities within the province, and DTPC's budget for 2023/24 was cut by R52.876 million.

***Figure 8**: Grant funding received by DTPC from 2020 to 2023, and expected to be received over the MTEF*



The COVID-19 pandemic caused a significant decrease in DTPC's own revenue, as the suspension of international flights resulted in a reduction in the cargo handling services provided. In addition, some tenants were forced to cease operations due to the difficult economic conditions, while many of the remaining tenants required assistance to recover from the impact of the lockdown. The anticipated recovery has been slow, but picked up after the COVID-19 restrictions were lifted, and DTPC's own revenue is now budgeted to return to 2019/20 levels in 2023/24.

At 31 March 2022, DTPC owned assets to the value of R4.01 billion[29]. Of this, 76.9% (R3.08 billion) was invested in assets which, over time, are expected to generate revenue. In 2021/22, the return earned on investment property was 2.4%, a decline from the 3.7% earned in 2019/20, pre-COVID-19. This is well below market averages as not all assets are, as yet, generating revenue to their full

[29] Non-current assets only.

potential. Development of additional revenue generating assets is planned over the MTEF, as this will ultimately increase the revenue earned by DTPC. However, as reducing reliance on government funding remains a long term goal, DTPC will continue to require assistance beyond the next 5 years.

Audit Outcomes

DTPC has achieved a clean audit every year for the past ten years. During the audit of the 2021/22 Annual Financial Statements, the Auditor General raised four audit findings related to internal control deficiencies. These are expected to be resolved before the end of the 2022/23 financial year. All external audit findings raised in previous financial years were resolved prior to the start of the 2021/22 audit, and the auditors' recommendations were implemented. This is aligned to the Cabinet Lekgotla Resolution to ensure implementation of audit improvement plans towards clean audit.

In addition, a material irregularity related to penalties and interest incurred on VAT, was reported by the Auditor General. This matter did not affect the audit opinion, and DTPC is in the process of trying to recover the amounts from SARS, in addition to enhancing the internal controls in this area to ensure that the conditions that lead to the irregularity do not reoccur.

The recent expansion in the Auditor General's mandate, particularly relating to the rules regarding what constitutes a clean audit, means that DTPC's exemplary record in this regard could be under threat. The incurrence of any irregular or fruitless and wasteful expenditure could result in DTPC losing its clean audit and consequently, workshops are planned to ensure that all officials throughout the entity understand the seriousness and potential consequences of this.

9.2.5. 2023/24 BUDGET AND MTEF ESTIMATES

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Administration	55 566 124	74 769 482	89 646 901	71 762 051	113 634 646	115 202 963	119 129 442
Cargo	8 878 172	31 545 143	31 264 603	43 223 326	46 936 499	46 757 344	42 761 629
Property and SEZ Administration	39 279 026	13 215 088	29 048 164	81 314 150	85 238 146	86 745 445	85 148 578
AgriZone	20 316 014	23 800 635	30 070 864	46 518 825	65 029 964	55 181 754	46 191 242
Dube iConnect	13 505 457	23 029 184	14 476 157	20 547 093	25 860 974	19 830 454	24 540 299
Development Planning & Infrastructure	359 445 441	222 215 953	100 166 611	225 625 555	167 830 771	203 517 040	233 083 811
TOTAL	**496 990 234**	**388 575 486**	**294 673 300**	**488 991 000**	**504 531 000**	**527 235 000**	**550 855 000**
Revenue	**164 960 296**	**106 079 592**	**101 101 725**	**154 338 537**	**173 874 747**	**190 955 978**	**202 584 191**
Current payments	**308 734 810**	**282 558 520**	**294 034 799**	**420 682 560**	**471 234 928**	**498 638 247**	**531 070 554**
Compensation of employees	100 344 892	105 683 445	113 070 464	147 664 068	173 753 682	195 227 567	206 941 221
Goods and services of which:							
Communication	623 735	495 580	676 895	1 843 360	1 274 828	1 429 420	1 565 850
Computer services	8 094 506	11 209 809	8 394 460	13 921 387	17 579 566	15 913 788	20 339 234
Consultants, contractors and special services	42 379 501	32 198 229	30 089 044	57 149 701	56 590 667	51 756 290	49 827 564
Maintenance Repairs and running costs	130 583 035	123 841 846	133 485 488	182 945 603	200 416 831	210 084 956	225 844 769
Operating Leases	989 324	391 586	1 283 414	1 699 050	2 579 530	4 015 430	4 434 402
Travel and subsistence	2 347 462	204 136	195 378	1 766 624	3 310 566	3 382 691	3 675 457
Advertising	20 687 400	6 590 636	5 126 403	9 809 864	10 437 604	11 457 204	12 710 948
Training	2 684 954	1 943 253	1 713 252	3 882 903	5 291 653	5 370 902	5 731 109
PAYMENT FOR CAPITAL ASSETS	**353 215 719**	**212 096 558**	**101 740 227**	**222 646 977**	**207 170 819**	**219 552 731**	**222 368 638**
Building and other fixed structures	298 380 587	195 498 465	81 234 685	190 113 320	130 273 130	163 904 318	194 030 006
Machinery and equipment	17 118 146	16 025 676	19 203 370	29 133 657	70 989 537	55 167 933	27 810 104
Software and other intangible assets	3 780 149	572 417	1 302 171	3 400 000	5 908 151	480 480	528 528
Land and subsoil assets	33 936 837	-	-	-	-	-	-
TOTAL	**496 990 234**	**388 575 486**	**294 673 300**	**488 991 000**	**504 531 000**	**527 235 000**	**550 855 000**

9.2.6. CONTRIBUTION OF FINANCIAL RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

- Since DTPC's primary mandate is to develop the Dube TradePort, approximately 30% of DTPC's total budget has been allocated for capital assets to provide the enabling infrastructure that will attract investment and facilitate an increase in exports and job creation.
- In general, the budget allocated to DTPC's revenue generating programmes (Cargo, Property and SEZ Administration, AgriZone and Dube iConnect) decreases over the MTEF, as these programmes are expected to grow their revenue at a faster rate than the rate at which their operating costs increase.
- DTPC's own revenue fell by 35.7% from 2019/20 to 2020/21, following the outbreak of the COVID-19 pandemic, and further decreased by 4.7% in 2021/22. Revenue is, however, expected to recover to pre-COVID-19 levels in 2023/24, as operations at the Dube Cargo Terminal have improved and new investors have been signed.
- 25.1% of DTPC's 2023/24 budget has been allocated to Compensation of Employees. This represents a 17.7% increase over the 2022/23 amount, as the number of posts included in the budget has increased, following the approval of the revised organisational structure, as these posts can ultimately only be approved to be filled if adequate budget has been allocated for them. The majority of the posts earmarked to be filled in 2023/24 relate to areas that are currently under-resourced, despite all existing posts in the previous structure being filled (e.g. SCM and Asset Management). Posts that will assist to increase revenue, or result in decreased costs or improvements in compliance have been prioritised.

PART C: MEASURING OUR PERFORMANCE

Programme structure

Programmes	Sub-programmes
1. Administration	1.1. Office of the CEO
	1.2. Finance
	1.3. Corporate Services
	1.4. Marketing
2. Cargo	2.1. Cargo Operations
	2.2. Cargo Compliance
	2.3. Air Cargo Business Development
3. Property and SEZ Administration	3.1. Business Development
	3.2. Property and SEZ Commercial
	3.3. Property Operations
	3.4. SEZ Compliance
4. AgriZone	4.1. AgriZone Services
	4.2. Tissue Culture Facility
	4.3. Landscaping and Rehabilitation
5. Dube iConnect	5.1. Commercial and Operations
6. Development Planning and Infrastructure	6.1. Planning
	6.2. Environment
	6.3. Infrastructure and Development

10. PROGRAMME 1: ADMINISTRATION

10.1. PURPOSE

The Administration programme provides an enabling support environment to the organisation, which is characterised by integrated, solution-focused and agile practices. Due to the transversal nature of this programme, effective and efficient operation thereof is critical to ensure that DTPC's strategic plans remain relevant, are well-implemented and effectively monitored.

10.2. SUB-PROGRAMME 1.1: OFFICE OF THE CEO

The Office of the CEO consists of Governance, Risk and Compliance, internal ICTG, Monitoring and Evaluation, Legal Services and Air Services and is responsible for providing strategic direction and leadership to DTPC, ensuring alignment across all operational programmes. This sub-programme is responsible for the effective management of DTPC, the implementation of strategy, policy and directives of the Board and facilitates the implementation of DTPC's Broad-Based Black Economic Empowerment (B-BBEE) Strategy. The strategic initiatives are constantly reviewed to ensure that our investors, tenants, suppliers and staff benefit from meaningful economic transformative support.

It also takes responsibility for increasing air connectivity between KZN, the region and the world by identifying regional and global commercial points of origin or destination based on DTPC's Air Services Strategy, with the ultimate goal of securing new routes flying into and out of KSIA.

10.3. SUB-PROGRAMME 1.2: FINANCE

This sub-programme provides supply-chain management, contract management, financial management, entity performance monitoring, reporting and budgetary support to all programmes within DTPC in a transparent, accountable manner, as envisaged by the PFMA. It is also responsible for the development of internal controls to ensure sound financial processes and compliance with the PFMA and Treasury Regulations, thus ensuring that all management and financial reporting is valid, accurate and complete.

10.4. SUB-PROGRAMME 1.3: CORPORATE SERVICES

Corporate Services is responsible for providing enabling support services to the organisation, through the provision of activities which combine certain organizational-wide support services, based on specialized knowledge, best practices and technology to serve internal customers. Corporate Services functions include Human Resources, and Corporate Social Investment (CSI), Health and Safety, Information Management and Fleet, Travel and Office Management.

10.5. SUB-PROGRAMME 1.4: MARKETING

This sub-programme is responsible for increasing brand awareness and building confidence in all of DTPC's offerings within targeted audiences. Marketing focuses on promoting project awareness through specific marketing initiatives and building the Dube TradePort SEZ brand, and other associated brands. It is effectively the "face" of DTPC to the stakeholders and the larger community.

10.6. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

This programme's outcomes are aligned to EDTEA's outcome of "*Institutional excellence*".

Sub-programme	Outcomes	Outputs	No.	Output Indicators
Office of the CEO	Increased active participation by black people in the economy	Inclusion of all targeted groups in DTPC's operations, development and learning activities	**1.1**	DTPC's B-BBEE level
	Sustainable development and operation of the Dube TradePort	Effective ICT governance and IT performance	**1.2**	% of ICT objectives achieved
	Sustainable development and operation of the Dube TradePort	Own revenue growing at a faster rate than growth in operational costs	**1.3**	% of operational costs covered by own revenue earned
Finance	Sustainable development and operation of the Dube TradePort	Reliable financial information, resulting in stakeholder confidence[30]	**1.4**	External audit opinion
	Sustainable development and operation of the Dube TradePort	Efficient utilization of funds received	**1.5**	% MTEF allocation utilized
Corporate Services	Sustainable development and operation of the Dube TradePort	Effective management of talent and employee engagement, to build a high performance culture	**1.6**	Increase in employee engagement survey score
	Sustainable development and operation of the Dube TradePort	DTPC adequately capacitated through the timeous filling of approved vacancies	**1.7**	Average time taken to fill vacancies from receipt of approval to acceptance of offer
Marketing	Increased investment and export potential	Marketing and communication activities that have a targeted reach[30]	**1.8**	Cumulative reach of marketing and communication activities

[30] Output has been summarised. In addition, where this output previously referred to a "wide" reach, this has been amended to a "targeted" reach, as the marketing strategy has changed from mass marketing to targeted marketing.

10.7. OUTPUT INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1.1	DTPC's B-BBEE level	Level 7	Level 3	Level 3	Level 2	Level 2	Level 1	Level 1
1.2	% of ICT objectives achieved	97.2%	80%	85.4%	90%	90%	90%	90%
1.3	% of operational costs covered by own revenue earned	New indicator	30.9%	26.2%	34.5%	29.3%[31]	40.7%[32]	52.4%
1.4	External audit opinion	Clean audit	Clean audit	Clean audit	Clean audit	Clean audit	Clean audit	Clean audit
1.5	% MTEF allocation utilized	100%	100%	100%	100%	100%	100%	100%
1.6	Increase in employee engagement survey score	New indicator	Employee engagement survey implemented Baseline = 67%	5.97% decrease	3%	1%[33]	2%[34]	3%

[31] The target for 2023/24 has been reduced from 36%, as reflected in the 2022/23 APP, to 29.3%. This target is based on the forecasts contained in DTPC's sustainability model, which projects when DTPC is likely to become financially self-sustaining. During 2021/22, the model was updated to include the latest audited financial results and updated forecasts, post-COVID-19, which included the planned implementation of the revised organisational structure, as well as revised revenue forecasts for the rental of serviced land in TradeZone 2, which was previously delayed by appeals against the SCM process. These changes resulted in increased operational costs in the short term, while increases in revenue are expected only in the latter part of the MTEF. This means that the proportion of DTPC's operational costs that are covered by own revenue is expected to be lower in 2023/24 than previously forecast.

[32] The target for 2024/25 has been reduced from 45%, as reflected in the 2022/23 APP, to 40.7% as the proportion of DTPC's operational costs projected to be covered by own revenue in 2024/25 is lower than previously forecast. See note 31 above for more details.

[33] The target for 2023/24 has been reduced from 3%, as reflected in the 2022/23 APP, to 1% as the current environment is not conducive to improving the employee engagement score. The norm for employee engagement tends to be between 70% and 75%, and DTPC therefore aims to increase this score to 70% over the next three years.

[34] The target for 2024/25 has been reduced from 3%, as reflected in the 2022/23 APP, to 2%. Many of the interventions planned to improve employee engagement, such as the development of a Talent Management Strategy and Employee Value Proposition, and the implementation of the revised organisational structure, are long term in nature and therefore will only have an impact in the latter part of the MTEF. See note 33 above for details.

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1.7	Average time taken to fill vacancies from receipt of approval to acceptance of offer	New indicator		5.7 months	4 months	5 months[35]	4 months[36]	3 months
1.8	Cumulative reach of marketing and communication activities	New indicator	52.72 million people	6.6 million people	39 million people	7 million people[37]	7.5 million people[38]	8 million people

[35] The target for 2023/24 has been increased from 4 months, as reflected in the 2022/23 APP, to 5 months, to better reflect the actual average time that it takes to fill vacancies at DTPC. The time frames for filling vacancies is affected by the following factors: (1) Approval for vacancies is usually obtained in batches, meaning that the gap between obtaining approval and starting recruitment may be longer for some posts as not all vacancies can be filled simultaneously due to limited human resources to conduct interviews etc.; (2) The recruitment process is currently a manual process, which increases the time required to complete the process; and (3) The availability of the required skills in the market, particularly for specialised positions, affects the time required to source suitable candidates.

[36] The target for 2024/25 has been increased from 3 months, as reflected in the 2022/23 APP, to 4 months. DTPC is investigating the implementation of an automated recruitment system. Once this is successfully implemented, the time frames for filling vacancies is expected to improve.

[37] The target for 2023/24 has been reduced from 43million people, as reflected in the 2022/23 APP, to 7million people as a result of the change in approach from mass marketing to targeted marketing. The mass marketing approach aims to reach as many people as possible which gives high visibility but is unlikely to produce targeted leads. This approach will continue to be used for high profile activities, such as airline launches and new investments to increase our brand visibility. These are, by their nature, ad hoc opportunities where for example: we hit 43million because we launched an airline which is a global brand and that press release went viral. Targeted marketing will still maintain high visibility but attempt to reach a specifically defined and profiled audience, which has proven to attract quality leads and ultimate investment conversion and business uptake. Through the targeted approach, DTPC will ensure that it has a presence at specific industry events such as SAPOA, SAIBPP, Air Cargo Africa and Undercover Farming to reach the target audience for our various product offerings. Similarly, specialist sector specific publications will be used to reach the Cargo, AgriZone and Investors audiences. The targeted approach is more suited to an environment where budget is limited and is therefore better aligned with DTPC's financial sustainability goals.

[38] The target for 2024/25 has been reduced from 47million people, as reflected in the 2022/23 APP, to 7.5million people. See note 37 above for details.

10.8. OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
1.1	DTPC's B-BBEE level	**Annual** / Non-cumulative	Level 2	n/a	n/a	n/a	Level 2
1.2	% of ICT objectives achieved	**Quarterly** / Cumulative (year-to-date)	90%	25%	45%	65%	90%
1.3	% of operational costs covered by own revenue earned	**Quarterly** / Cumulative (year-to-date)	29.3%	29.3%	29.3%	29.3%	29.3%
1.4	External audit opinion	**Annual** / Non-cumulative	Clean audit	n/a	Clean audit	n/a	n/a
1.5	% MTEF allocation utilized	**Quarterly** / Cumulative (year-to-date)	100%	12.5%	30%	55%	100%
1.6	Increase in employee engagement survey score	**Annual** / Non-cumulative	1%	n/a	n/a	n/a	1%
1.7	Average time taken to fill vacancies from receipt of approval to acceptance of offer	**Annual** / Non-cumulative	5 months	n/a	n/a	n/a	5 months
1.8	Cumulative reach of marketing and communication activities	**Quarterly** / Cumulative (year-to-date)	7 million people	2 million	4 million	5 million	7 million

10.9. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

As this programme provides support to the various service delivery programmes of DTPC, many of its outputs are transversal in nature, either drawing together the various contributions of the other programmes or contributing to the activities of the other programmes through its support offerings. Because of this, Administration contributes towards many of the outcomes that DTPC aims to achieve.

10.9.1. INCREASED ACTIVE PARTICIPATION BY BLACK PEOPLE IN THE ECONOMY

DTPC's impact statement reflects inclusive economic growth. To facilitate inclusive economic growth, DTPC intends to continue implementing its B-BBEE Strategy, to guide the entity in contributing to the radical economic transformation of the people of KZN and South Africa. This strategy is aligned to the Broad-Based Black Economic Empowerment Codes of Good Practice, but also contains additional initiatives to enable DTPC to facilitate transformation in areas associated with DTPC, in addition to those measured in the B-BBEE scorecard, which will ultimately lead to increased active participation by black people in the economy. This will be achieved by:

- Employing a skilled and diverse workforce which mirrors the economically active population of KZN;
- Training and developing, not only its employees and interns, but also other young black people, via bursaries, in-service training opportunities and internships, increasing the number of qualified black people in KZN and assisting to create a capable pool of labour which is able to contribute to the economy via skilled jobs;
- Continuing to transform the economy by undertaking targeted procurement, and where appropriate, implementing supplier development initiatives in under-capacitated organisations to assist and improve resources, skills and sustainable participation of smaller enterprises which are competing against established and better resourced companies in the economy;
- Implementing enterprise development to assist under-resourced enterprises with additional skills to facilitate their successful and sustainable participation in the economy and provide black-owned tenants and developers with enhanced incentives which will assist the financial sustainability of their organisations; and
- Undertaking social responsibility initiatives to ensure the social upliftment of surrounding schools and communities to facilitate the empowerment of people living within a 50km radius of DTPC.

10.9.2. SUSTAINABLE DEVELOPMENT AND OPERATION OF THE DUBE TRADEPORT

The sustainable operation of DTPC requires divisions to increase revenue at a faster rate than the growth in operational costs. If this is achieved, DTPC will progress on its journey to financial self-sustainability. As all programmes contribute towards this aim, the overall progress of the entity will be measured by the Office of the CEO sub-programme, while individual programmes will measure their contributions towards this, based on the activities that they perform which are most crucial to its achievement, either increasing revenue, or decreasing or maintaining operational costs.

Good financial management, by providing reliable financial information to stakeholders and ensuring good governance, illustrates that DTPC is able to manage its resources responsibly and is accountable for the funding it receives. This assists to ensure the financial sustainability of DTPC, and the external audit opinion provides an independent measure of the extent to which this has been achieved. This output is also aligned to the MTSF priority of a Capable, Ethical and Developmental State, as DTPC aims to achieve a clean audit. Clean audits have been received by DTPC in each of the last ten years.

In addition, the efficient usage of the funds allocated to DTPC ensures that all funds received are utilized timeously and appropriately, thus maximizing DTPC's investment in and maintenance of revenue-generating assets, which will ultimately contribute towards DTPC's financial sustainability.

To implement good internal controls and to operate optimally and sustainably, it is imperative that DTPC is properly resourced through well-maintained and secure technological resources, and through effective employees. In an increasingly digitalized world, the role of ICT is of growing importance. By providing for DTPC's internal ICT requirements in an effective and secure manner, this programme contributes towards ensuring that all information produced by DTPC is reliable, timeous, accurate and complete. It does this through good ICT governance and by ensuring that the IT systems used by DTPC are secure and performing optimally.

Similarly, effective employees contribute to the optimal and sustainable operation of DTPC. By developing a high performance culture with engaged employees, implementing effective people practices and creating a conducive working environment, DTPC will ensure that its employees perform at a high level and are retained over long periods of time, thus enabling DTPC to operate sustainably, as institutional knowledge is retained and vacancies arising through natural attrition are reduced. This is aligned to the Cabinet Lekgotla resolutions regarding the urgent filling of critical and funded posts, as well as encouraging the retention of skilled and competent employees. In addition, by filling all approved positions timeously, DTPC ensures that the right people are in the right place at the right time and at the right price, which will also contribute towards the sustainable operation of DTPC. As staff shortages are currently a particular concern for the entity, it is important that all approved vacancies are filled as quickly as possible, and the turn-around times to achieve this are therefore considered critical.

10.9.3. INCREASED INVESTMENT AND EXPORT POTENTIAL

The implementation of marketing and communications activities with a wide reach is directly linked to DTPC's ability to attract increased investment. Achieving this outcome requires strategic and targeted marketing as a stimulus to drive awareness and interest in DTPC's service offerings. The current business environment calls for a solid understanding of the needs and requirements of DTPC's existing and potential tenants, clients and stakeholders, as this will inform the market engagement approach taken, which should be strategic, research informed and appropriately timed. The successful implementation of marketing campaigns will have a direct and positive impact on the demand for property rentals, as well as passenger and cargo volumes, leading to increased investment and export by stakeholders. A focused approach to marketing and communication will be implemented, to ensure that DTPC's messaging reaches the intended market segments through targeted and appropriate communication channels.

10.9.4. PRIORITIES FOR WOMEN, YOUTH AND PEOPLE WITH DISABILITIES

DTPC has identified the following specific interventions, conducted by this programme, which promote vulnerable groups:

- Employment Equity (EE): DTPC has an Employment Equity Plan, which aims to ensure that the demographics of its employees are aligned to the KZN provincial demographics as it aligns to the Economically Active Population. Barriers identified are set to be eliminated through affirmative action measures. DTPC's Employment Equity and Skills Development Committee continues to supplement, support, advise and provide guidance to the organisation on the implementation of its Employment Equity Plan. DTPC's policies and procedures represent the intentions of the Employment Equity Act as it applies to all facets of the people strategy.

  A key focus area of the Employment Equity Plan has been to create a work environment that supports people with disabilities. During the 2022/23 financial year, disability awareness and sensitivity workshops were held for all staff as a form of enhancing readiness and creating a conducive and welcoming environment for people with disabilities. DTPC is also in the process of conducting a Universal Access Audit in order to address any workplace barriers/limitations so as to accommodate the needs of people with disabilities.

- Corporate Social Investment (CSI): DTPC's CSI programme focuses on projects external to normal business activities and are intended to improve the social, environment-related and economic wellbeing of the surrounding communities and the KZN society at large. These include youth development programs such as Internships, In-service training, Apprenticeships, Bursaries and Learnerships. In addition, DTPC provides school uniforms to female scholars in schools within the surrounding communities.

  Women empowerment initiatives include the support of female small farmers in the surrounding communities where, amongst other forms of support, training, tools, seedlings and installation of boreholes, where there is a scarcity of water, is provided.

  DTPC's CSI proarammes are also geared towards assisting and empowering people with disabilities including bursaries, internships and the provision of assistive devices, such as wheel chairs, to enable them to play a meaningful role in the economy.

  DTPC has further implemented a bursary scheme for children of DTPC employees, and in 2023/24 a scholarship scheme for employee's children will also be initiated, to support youth development.
- Women's Forum: A women's forum was inaugurated during the 2022/23 financial year with the intention of addressing empowerment and development of DTPC's female employees. This forum also serves as a "*leading platform to assist with transformation and being forward-thinking regarding DTPC's economic and social wellbeing of women*". Amongst other initiatives, the forum will focus on:
  - Developing and reviewing women-friendly policy initiatives;
  - Research and recommend policies that will provide for the needs of all women across the generations as DTPC employs women of all ages amongst the Economic Active Population;
  - Enhancing the wellbeing of female employees through encouraging them to participate in workplace sport;
  - Encouraging women to make recommendations in terms of necessary improvements to facilities and working conditions;
  - Employment Equity Plan: to be intentional in as far as attraction of women is concerned; and
  - Workplace Harassment Policy is in the process of being developed.

10.9.5. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

Office of the CEO:

- Ensure that expenditure on skills development, supplier and enterprise development and community projects result in meaningful transformation, especially for black youth and black women;
- Improve monitoring and reporting of operational risks and planned initiatives aimed at reducing risks;

- Improve monitoring and evaluation of key strategic initiatives; and
- Develop a Digital Transformation Strategy to ensure integrated and agile business processes across the organisation.

Finance:

- Assess the viability of implementing automated invoice processing;
- Complete activity based costing exercise to identify areas of potential cost reduction across all programmes; and
- Assess the impact of the 2022 PPPFA Regulations and explore legislatively compliant mechanisms to incorporate some of the effective transformation tools provided in the previous version of the PPPFA Regulations.

Corporate Services:

- Implement the approved new organisational structure; and
- Commence with an Organisational Culture Alignment project.

Marketing:

- Develop a brand strategy that responds to the needs of the DTPC brand and that is relevant to the target audiences; and
- Implement marketing campaigns and develop marketing collateral to ensure that the brand remains relevant to its various target audiences.

10.10. PROGRAMME RESOURCE CONSIDERATIONS

10.10.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Administration							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Office of the CEO	34 799 728	27 319 678	32 552 171	36 667 555	63 844 722	56 413 095	53 406 332
Finance	(25 653 477)	19 967 203	25 857 036	(3 274 911)	1 161 721	5 132 184	7 920 952
Corporate Services	17 979 293	14 305 009	20 065 895	23 686 933	31 824 126	35 737 422	38 616 187
Marketing	28 440 580	13 177 592	11 171 799	14 682 474	16 804 077	17 920 263	19 185 971
SUBTOTAL	**55 566 124**	**74 769 482**	**89 646 901**	**71 762 051**	**113 634 646**	**115 202 963**	**119 129 442**
Revenue	53 286 501	8 462 256	3 994 226	46 799 400	41 420 175	42 194 768	42 536 030
Current payments	**98 727 981**	**82 835 182**	**88 578 748**	**115 961 451**	**130 847 853**	**144 185 318**	**151 555 011**
Compensation of employees	38 263 032	41 076 128	41 695 458	50 139 642	62 085 308	71 540 009	75 832 410
Goods and services of which:							
Communication	623 735	495 580	676 895	1 571 560	1 007 988	1 148 506	1 269 817
Computer services	4 586 205	8 313 242	6 369 411	9 123 500	10 536 981	11 795 165	11 928 812
Consultants, contractors and special services	22 986 422	18 195 658	19 507 237	29 684 087	30 373 058	28 904 440	29 671 179
Maintenance Repairs and running costs	9 064 864	7 445 079	13 485 455	14 907 243	15 258 248	17 573 162	18 334 053
Operating Leases	976 741	352 032	1 035 325	1 444 081	2 312 445	3 732 319	4 134 305
Travel and subsistence	1 400 341	98 098	152 561	950 400	1 448 280	1 380 136	1 516 519
Advertising	19 772 477	6 476 647	5 125 332	6 877 564	6 022 633	6 502 546	7 169 251
Training	1 054 164	382 718	531 074	1 263 374	1 802 912	1 609 034	1 698 664
PAYMENT FOR CAPITAL ASSETS	**10 124 644**	**396 555**	**5 062 379**	**2 600 000**	**24 206 967**	**13 212 413**	**10 110 461**
Building and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	9 731 200	396 555	4 363 405	1 800 000	18 298 816	12 731 933	9 581 933
Software and other intangible assets	393 444	-	698 974	800 000	5 908 151	480 480	528 528
Land and subsoil assets	-	-	-	-	-	-	-
TOTAL	**55 566 124**	**74 769 482**	**89 646 901**	**71 762 051**	**113 634 646**	**115 202 963**	**119 129 442**

10.10.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- 40.0% of this programme's budget has been allocated to Compensation of Employees, as the nature of Administration's activities, such as HR, Finance and Marketing, is human capital intensive. This increases to 46.9% by 2025/26 as a result of the implementation of the revised organisational structure, while the budget for consultants decreases over the MTEF.
- Capital expenditure planned for 2023/24 includes CCTV, access control and visitor management IT infrastructure and software, as well as an electronic content management system.

Human Resources

- The Administration programme's human resources consist of administrative staff and professionals at various levels.
- The current approved structure includes 69 posts for this programme. At 30 September 2022, 57 of these were filled, with a further 2 approved to be filled. Recruitment for these positions is underway and is expected to be completed in 2022/23. Approval for the remaining 10 posts has not yet been requested.

- The current structure does not provide for a dedicated demand management function, and the resources provided for acquisition management are also insufficient. This has resulted in delays in the SCM process, which has had a negative impact on the overall performance of the organisation, despite additional resources being procured to cover the gaps, as an interim measure. These gaps have been addressed in the revised organisational structure and should be corrected once approval is received to fill the new posts identified.

IT Resources

- In an attempt to modernize, transform and quickly realize the full value of the technology investments and also to ensure an ongoing service that is focused on needs and desired outcomes, DTPC is embarking on a digital transformation journey, which will include, amongst others, an Electronic Content Management system.

11. PROGRAMME 2: CARGO

11.1. PURPOSE

The Cargo programme supports the provision of services for import and export industries for high value and time sensitive air cargo. This service is provided through a state-of-the-art cargo handling facility with automated handling, digital tracking and secure cargo flow. The Dube Cargo Terminal provides cargo handling and logistics services across the air cargo value chain and is supported by trained and experienced personnel and on-site statutory bodies, providing a key advantage to manufacturers and logistics companies seeking efficiency and speed to the market. Operating as one of the country's ports of entry, the Dube Cargo Terminal team works tirelessly to remain the preferred operator for cargo volumes through KSIA thereby providing a vital service to stakeholders through global connectivity for the facilitation of international trade.

A key focus of the terminal in the next year will be to contribute to the implementation of the Africa Continental Free Trade Area regionally, and promote international trade linkages with SA's other key trading partners. This will contribute to the recovery of the economy following the negative impact of the halting of international services over the past two financial years.

11.2. SUB-PROGRAMME 2.1: CARGO OPERATIONS

This sub-programme primarily focuses on maintenance of service-level agreements (SLA) of operating standards with airlines in line with national (South African Civil Aviation Authority (SACAA)) and international (International Air Transport Association (IATA)) standards. This includes various variables across the handling spectrum and requires highly skilled staff, good IT infrastructure and a good working relationship with regulatory agencies. This sub-programme is also responsible for the operation of the Dube AiRoad trucking service, which delivers cargo to and from the Dube Cargo Terminal, thus providing convenient last-mile services to customers.

11.3. SUB-PROGRAMME 2.2: CARGO COMPLIANCE

This sub-programme supports the requirements and licensing by the SACAA. In order to certify and operate as a regulated agent, Dube Cargo Terminal is required by law to comply with all measures applicable in handling air cargo to ensure aviation safety and security standards are adhered to. These standards include national and international aviation standards, as set out by regulatory bodies like the SACAA, IATA and the International Civil Aviation Organisation (ICAO).

11.4. SUB-PROGRAMME 2.3: AIR CARGO BUSINESS DEVELOPMENT

Air Cargo Business Development works to grow cargo volumes through the cargo terminal and AiRoad operations. This sub-programme focuses on increasing the customer base through expanding service offerings to current customers, forming strategic partnerships for future opportunities, marketing the facilities and developing tailor-made solutions for identified shippers and forwarders. The underlying goal of this programme is to promote the region as a gateway to KZN and build relationships with key role players in the logistics supply chain, including shippers, agents, air cargo charter operators and logistics service providers

Dube Cargo Terminal also works on supporting the provision of adequate air capacity. In developing the air cargo business, connectivity is one of the most important factors for air cargo operators within the end-to-end supply chain. Dube Cargo Terminal is working towards securing a wide network covering cargo markets of interest and a range of operators and routes. This includes cargo airlines, integrators and belly cargo, thereby providing connectivity with multiple routing options – both direct and transit routes, as well as multimodal routes, leveraging the ground distribution network using AirRoad, depending on the market context.

11.5. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

Sub-programme	Outcomes	Outputs	No.	Output Indicators
Cargo Operations	Increased investment and export potential	Effective and efficient cargo handling services[39]	**2.1**	% of SLA conditions met
Cargo Compliance	Increased investment and export potential	Compliance with national and international air cargo standards	**2.2**	Valid Regulated Agent certificate
Air Cargo Business Development	Sustainable development and operation of the Dube TradePort	Increased revenue from cargo handling and AiRoad operations	**2.3**	Total revenue generated from cargo terminal services

11.6. OUTPUT INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
2.1	% of SLA conditions met	99.9%	100%	100%	95%	95%	95%	95%
2.2	Valid Regulated Agent certificate	Part 108 Certifica-tion received	SACAA license in place	SACAA license in place	SACAA license in place	SACAA license in place	SACAA license in place	SACAA license in place
2.3	Total revenue generated from cargo terminal services	R21.6 million	R3.83 million	R7.216 million	R6.44 million	R13.2 million[40]	R14.5 million[41]	R15.97 million

[39] Output has been summarised.

[40] The target for 2023/24 has been increased from R7.4 million, as reflected in the 2022/23 APP, to R13.2 million. This increase is based on 10% growth on the revenue expected to be earned from cargo terminal services in 2022/23 of R12 million. International cargo tonnages through the Dube Cargo Terminal have increased at a faster pace than previously expected and, together with the resumption of flights via KSIA by Turkish Airlines, has led to higher than expected revenue earned. In addition, the Dube Cargo Terminal has started handling domestic cargo, which has had a further positive impact on revenue generation.

[41] The target for 2024/25 has been increased from R9.25 million, as reflected in the 2022/23 APP, to R14.5 million. This increase is based on 10% growth from 2023/24 to 2024/25. See note 40 above.

11.7. OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
2.1	% of SLA conditions met	**Annual** / Non-cumulative	95%	95%	95%	95%	95%
2.2	Valid Regulated Agent certificate	**Quarterly** / Non-cumulative	SACAA license in place	SACAA license in place	SACAA license in place	SACAA license in place	SACAA license in place
2.3	Total revenue generated from cargo terminal services	**Quarterly** / Cumulative (year-end)	R13.2 million	R3.20 million	R3.22 million	R3.58 million	R3.20 million

11.8. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM

A cargo handling service that is secure, efficient, cost-effective and competitive is an important consideration for airlines operating an international route. Following the damage done to the cargo industry by the COVID-19 pandemic, it is imperative that the Dube Cargo Terminal maintains its excellent service levels, as this, together with increasing DTPC's marketing communications reach, will assist in enticing airlines back to KSIA, as well as attracting new airlines and customers, thereby increasing cargo volumes. By increasing connectivity out of KSIA, which facilitates increased export volumes and assists to attract investors to the precinct, the export and investment potential of the precinct will increase.

In addition, operating licenses are required to operate the Dube Cargo Terminal, thereby sustaining current international operations. This too facilitates cargo volumes through the terminal, which has a positive impact on economic growth in KZN, in line with DTPC's mandate, and increases DTPC's revenue from cargo handling services, which has a positive impact on DTPC's financial sustainability.

Due to the nature of this programme's activities, the only areas where it is practical to prioritise women, youth or people with disabilities are through preferential procurement and the employees recruited.

11.8.1. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

- Conduct a number of training interventions in line with IATA Pharma CEIV requirements;
- Maintain high performance against Service Level Agreement (SLA) requirements through utilising the best Warehouse Management System in line with International standards;
- Training interventions to continue in the area of ISO;
- Larger focus on business development to attract new airlines, and relevant customers in the Air Cargo value chain (Freight Forwarders, Airlines and manufacturers);
- Renewal of cargo handling equipment to meet customer and SLA requirements; and

- Greater collaboration with domestic and regional airports to explore opportunities for collaboration to build cargo opportunities.

11.9. PROGRAMME RESOURCE CONSIDERATIONS

11.9.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Cargo							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cargo Operations	8 878 172	31 545 143	31 264 603	42 056 226	44 970 704	44 663 827	40 531 588
Cargo Compliance							
Air Cargo Business Development				1 167 100	1 965 795	2 093 516	2 230 042
SUBTOTAL	**8 878 172**	**31 545 143**	**31 264 603**	**43 223 326**	**46 936 499**	**46 757 344**	**42 761 629**
Revenue	31 863 738	10 816 405	11 596 241	19 214 955	23 929 736	28 479 268	32 206 931
Current payments	**40 688 745**	**42 008 633**	**42 651 600**	**58 638 281**	**62 582 236**	**62 736 612**	**66 968 561**
Compensation of employees	22 667 984	20 146 153	21 993 381	26 742 552	26 996 298	28 488 727	30 198 051
Goods and services of which:					-	-	-
Communication	-	-	-	105 000	109 200	115 752	122 697
Computer services	337 395	274 044	590 606	704 017	1 108 959	1 344 913	1 521 607
Consultants, contractors and special services	81 171	58 219	1 236 645	2 220 000	2 896 800	973 100	1 073 760
Maintenance Repairs and running costs	16 325 218	20 635 595	18 106 689	26 543 512	28 133 979	28 260 630	30 268 337
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	78 373	5 044	-	304 200	283 000	299 980	317 979
Advertising	328 017	504	-	1 000 000	1 627 000	1 740 890	1 862 752
Training	870 588	889 073	724 280	1 019 000	1 427 000	1 512 620	1 603 377
PAYMENT FOR CAPITAL ASSETS	**53 165**	**352 916**	**209 243**	**3 800 000**	**8 284 000**	**12 500 000**	**8 000 000**
Building and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	53 165	352 916	209 243	1 200 000	8 284 000	12 500 000	8 000 000
Software and other intangible assets	-	-	-	2 600 000	-	-	-
Land and subsoil assets	-	-	-	-	-	-	
TOTAL	**8 878 172**	**31 545 143**	**31 264 603**	**43 223 326**	**46 936 499**	**46 757 344**	**42 761 629**

11.9.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- This programme aims to provide effective and efficient cargo handling services to clients, that comply with national and international standards. It is therefore vital that all equipment and processes operate optimally, and 39.7% of Cargo's 2023/24 budget has been allocated for maintenance, repairs and running costs.
- The revenue earned by this programme was significantly impacted by the COVID-19 pandemic, as it relies on cargo volumes moving through the Dube Cargo Terminal. As a result, revenue in 2020/21 fell to about one third of that earned in 2019/20. The revenue expected to be collected in 2023/24, however, shows a marked improvement over the prior year, as the aviation industry recovers from the effects of the pandemic, and Cargo's revenue is expected to exceed pre-pandemic levels by 2025/26.
- The capital budget allocated for 2023/24 will be used to replace the forklift fleet at the Cargo Terminal, as these have reached the end of their useful lives, and an additional refrigerated truck will be added to the Airoad fleet, which will be cheaper to run than the existing larger trucks, and will assist to increase revenue.

Human Resources

- This programme's staff compliment consists of operations staff, such as clerical agents and warehouse agents, as well as shift controllers, maintenance technicians and cargo terminal managers.
- The current approved structure includes 68 posts for the Cargo programme. At 30 September 2022, 54 of these were filled, with a candidate for 1 further post due to start on 1 November 2022. Approval has not yet been requested to fill the remaining 13 posts.

IT Resources

- A Warehouse Management System that is globally functional in the air cargo environment, is required to enable DTPC to remain current with the latest developments and changes in the aviation industry, and its customer Airlines and Freight Forwarders.
- Air cargo market intelligence tools that will assist DTPC in air cargo traffic development efforts will also be procured in 2023/24.

12. PROGRAMME 3: PROPERTY AND SEZ ADMINISTRATION

12.1. PURPOSE

The purpose of the Property and SEZ Administration programme is to attract both foreign and domestic long term investment to KZN, by providing an attractive platform for companies to establish manufacturing and value-addition operations. Its main aim is to enhance manufacturing by leveraging investment in export-oriented industries and to promote competitiveness of South African enterprises through export and value-added manufacturing products.

12.2. SUB-PROGRAMME 3.1: BUSINESS DEVELOPMENT

The Business Development sub-programme focuses on sector analysis, investment strategy development and promotion, stakeholder management and pre-investor support. It aims to attract targeted investment by focusing on the marketing and leasing of DTPC land to potential investors, tenants and developers.

The targeted sectors for the DTP SEZ are:

- Aerospace and aviation-linked manufacturing and related services;
- Agriculture and agro-processing, inclusive of horticulture, aquaculture and floriculture;
- Electronics manufacturing and assembly;
- Automotive;
- Medical and pharmaceutical production and distribution; and
- Clothing and textiles.

This sub-programme's activities end once the lease has been signed and handed over to the Property and SEZ Commercial team.

12.3. SUB-PROGRAMME 3.2: PROPERTY AND SEZ COMMERCIAL

The purpose of this sub-programme includes tenant and lease administration and debtors' management for all property zones, as well as zone management which includes the management of all leviable services within the common use areas of Dube City and Dube TradeZone. This sub-programme is responsible for maintaining occupancy levels within DTPC's property zones and buildings by supporting and retaining existing tenants through competitive and market-related rentals, as well as providing high levels of service to tenants and developers.

12.4. SUB-PROGRAMME 3.3: PROPERTY OPERATIONS

The Property Operations sub-programme operates, secures and maintains DTPC's assets, including infrastructure, buildings and facilities, by focusing on the optimization of operational efficiencies to minimize its costs. A mix of DTPC's own staff and service providers, with the appropriate skills and capacity, are used to provide the best level of facilities' support to ensure that all assets are maintained to a high standard. Service level agreements are signed with all service providers and managing these contracts is a key requirement in ensuring the best levels of service are provided to tenants and end users. Preserving DTPC's property zones and ensuring that they are secure, well managed and maintained is critical.

12.5. SUB-PROGRAMME 3.4: SEZ COMPLIANCE

The purpose of the SEZ Compliance sub-programme is to facilitate SEZ designation for additional DTPC land parcels, designate strategic areas such as Customs Controlled Areas (CCA), monitor the implementation of compliance within the CCA legislative framework, as well as the SEZ legislative frameworks, provide SEZ performance reports to relevant stakeholders, and to operate the DTP One Stop Shop platform as a single point of contact for DTPC's clients, acting as an interface with various government agencies and departments. This sub-programme aims to create a standardised compliance platform from which the DTP SEZ can operate in line with the SEZ objectives.

12.6. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

This programme's outcomes are aligned to EDTEA's outcome of "*Inclusive and transformed economic growth*".

Sub-programme	Outcomes	Outputs	No.	Output Indicators
Business Development	Increased investment and export potential	Increased up-take of DTPC serviced land for private sector investment	**3.1**	Number of new square meters of serviced land and bulk leased in Dube TradePort property zones
	Increased investment and export potential	New leases signed with targeted investors for private sector investment	**3.2**	Total value of new investment (capital equipment) by black-owned companies
			3.3	Total value of new investment (buildings) by black-owned companies
Property and SEZ Commercial	Increased investment and export potential	Occupancy levels maximized by signing new leases and retaining existing tenants	**3.4**	% Occupancy of DTPC owned buildings
	Sustainable development and operation of the Dube TradePort	Increased revenue from rental of DTPC's land and buildings	**3.5**	Total revenue from all DTPC properties
Property Operations	Sustainable development and operation of the Dube TradePort	Operating efficiencies optimized	**3.6**	Number of utility cost reduction measures implemented
			3.7	Number of cost optimization initiatives implemented

12.7. OUTPUT INDICATORS AND ANNUAL TARGETS

<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Output Indicators</th><th colspan="3">Audited / Actual Performance</th><th>Estimated</th><th colspan="3">Medium-term Targets</th></tr>
<tr><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th></tr>
<tr><td>3.1</td><td>Number of new square meters of serviced land and bulk leased in Dube TradePort property zones[42]</td><td>$0m^2$ [43]</td><td>6 460m^2</td><td>10 973.86 m^2</td><td>100 000m^2</td><td>60 000 m^2 [44]</td><td>80 000 m^2 [45]</td><td>80 000 m^2</td></tr>
<tr><td>3.2</td><td>Total value of new investment (capital equipment) by black-owned companies</td><td rowspan="2">R14.7 million[46]</td><td>R1.45 million</td><td>R3.7 million</td><td>R150 million</td><td>R5 million[47]</td><td>R10 million[48]</td><td rowspan="2">R250 million[49]</td></tr>
<tr><td>3.3</td><td>Total value of new investment (buildings) by black-owned companies</td><td>R0 million</td><td>R93.8 million</td><td>R75 million</td><td>R75 million[50]</td><td>R80 million[51]</td></tr>
</table>

[42] This indicator's title has been modified to include the word "new", to clarify that only new areas that become available and are leased for the first time are measured in this output.

[43] This target was previously measured under two separate indicators – No. of square metres of land leased in Dube TradeZone, and No. of bulk square metres let in Dube City, both of which were measured as cumulative (i.e. the total area leased at that point in time). The value reflected here is the increase in the number of square metres leased during that year.

[44] The target for 2023/24 has been reduced from 110 000m^2, as reflected in the 2022/23 APP, to 60 000m^2, based on the current sites available for lease in TradeZone 2, the pipeline of prospective investors, and the progress made to date in discussions with these investors.

[45] The target for 2024/25 has been reduced from 115 000m^2, as reflected in the 2022/23 APP, to 80 000m^2. See note 44 above.

[46] Indicators 3.2 and 3.3 were previously measured together as the total value of new investment (buildings and capital equipment) by black-owned companies. These have now been split into 2 indicators to distinguish between investment by black developers (in buildings) and other black investors (in capital equipment) operating in DTPC's land zones.

[47] The target for 2023/24 has been reduced from R195 million, as reflected in the 2022/23 APP, to R5 million, based on the previous investment in capital equipment made by black-owned investors, and the projected investment values on leases expected to be signed. All investments are subject to funding being secured by the investor and many new businesses struggle to provide the high collateral required by the banks as security for the funding requested.

[48] The target for 2024/25 has been reduced from R200 million, as reflected in the 2022/23 APP, to R10 million. See note 47 above.

[49] Indicators 3.2 and 3.3 will be combined from the 2025/26 year to simplify reporting on investment by black-owned companies.

[50] The target for 2023/24 has been reduced from R85 million, as reflected in the 2022/23 APP, to R75 million, based in the investment in buildings projected by black-owned investors currently interested in locating at DTP. Due to the poor economic conditions experienced over the past years due to COVID-19 and other factors, such as the looting in KZN, many black investors have been holding back on committing to investments in buildings, until the market improves.

[51] The target for 2024/25 has been reduced from R150 million, as reflected in the 2022/23 APP, to R80 million. See note 50 above.

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
3.4	% Occupancy of DTPC owned buildings	96.9%	86.2%	70.8%	80%	75%[52]	80%[53]	80%
3.5	Total revenue from all DTPC properties	R46.5 million	R47.12 million	R52.6 million	R46.5 million	R50 million[54]	R55 million[55]	R60 million
3.6	Number of utility cost reduction measures implemented	New indicator			2	2	2	2
3.7	Number of cost optimization initiatives implemented	New indicator			3	3	3	3

12.8. OUTCOME INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
3.1	Number of new square meters of serviced land and bulk leased in Dube TradePort property zones	**Quarterly** / Cumulative (year-end)	60 000m²	10 000m²	20 000m²	20 000m²	10 000m²
3.2	Total value of new investment (**capital equipment**) by black-owned companies	**Quarterly** / Cumulative (year-end)	R5 million	R500 000	R2 million	R2 million	R500 000
3.3	Total value of new investment (**buildings**) by black-owned companies	**Quarterly** / Cumulative (year-end)	R75 million	R7.5 million	R30 million	R30 million	R7.5 million
3.4	% Occupancy of DTPC owned buildings	**Quarterly** / Cumulative (year-to-date)	75%	75%	75%	75%	75%

[52] The target for 2023/24 has been reduced from 93.5%, as reflected in the 2022/23 APP, to 75%. Based on the current economic conditions, post-COVID-19, more businesses are allowing employees to work from home, where practical, and therefore either no longer require office space, or require smaller premises. This has reduced demand for DTPC's buildings, particularly offices (such as at 29° South).

[53] The target for 2024/25 has been reduced from 93.5%, as reflected in the 2022/23 APP, to 80%. See note 52 above.

[54] The target for 2023/24 has been increased from R48.5 million, as reflected in the 2022/23 APP, to R50 million, based on the current leases in place and new land and buildings available for lease.

[55] The target for 2024/25 has been increased from R49 million, as reflected in the 2022/23 APP, to R55 million. See note 54 above.

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
3.5	Total revenue from all DTPC properties	**Quarterly** / Cumulative (year-end)	R50 million	R12.5 million	R12.5 million	R12.5 million	R12.5 million
3.6	Number of utility cost reduction measures implemented	**Annual** / Non-cumulative	2	n/a	n/a	n/a	2
3.7	Number of cost optimization initiatives implemented	**Annual** / Non-cumulative	3	n/a	n/a	n/a	3

12.9. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

One of the primary outcomes that DTPC aims to achieve is to increase investment, as this will have a direct impact on economic growth in KZN. This programme is particularly concerned with the fulfilment of that objective and it therefore measures the area of land and total bulk that it leases to the private sector, as well as the value invested by black-owned businesses, as the economic growth DTPC aims to achieve must be inclusive, so as to contribute towards economic transformation in the province. The achievement of the target set for the number of new square meters of land and bulk leased is dependent on the availability of land and completed buildings to offer to the market. This is dependent on the work done by Programme 6: Development Planning and Infrastructure, as that programme is responsible for providing for the infrastructure and development needs of DTP.

168 506m^2 of land is currently leased by DTPC to companies that are between 30% and 100% owned by black women, and 4 036m^2 in DTPC-owned buildings is leased to companies with between 25% and 100% black women ownership. All potential new investors are assessed by DTPC's Investment and Property Development Committee (IPDC) prior to recommendation to the ultimate decision-makers (either DTPC's Executive Committee, Investment Committee or Board) and ownership is taken into account during the assessment and approval processes with the intention of increasing the proportion of space leased to black people and to women over time.

To facilitate the increase in investment that this programme aims to achieve, Property and SEZ Administration will build focused and market-responsive business cases to strengthen the drive for targeted marketing in the DTP SEZ's priority sectors. In addition, particular focus is given to attracting black-owned businesses through relevant engagement and relationship-building activities, designed to increase the number of black-owned investors locating in DTP zones.

DTPC is reviewing the current policies that may be limiting the ongoing participation and further support to black-owned entities who are experiencing financial challenges, in particular those under stress to pay monthly rentals or deposits. In addition to this and as advised, management is also preparing a motivation that will be tabled with Provincial Treasury to give standard concessions which allow for acceptance of below market rental rates to qualifying entities within specific developments targeted for SMMEs. DTPC will also be engaging EDTEA and other government entities to provide financial or other support for SMMEs that require funding or other interventions to sustain their businesses. The aftercare programme will be introduced to monitor the daily business operations of those supported entities to make sure that interventions are designed and implemented for DTPC to support businesses under stress. Relaxation of some upfront costs to SMMEs like DTPC plan submission fees, are also under review.

This programme also aims to increase occupancy levels and the revenue earned through property rentals, as this will assist with the sustainable development and operation of DTP. DTPC's success over the next year in this regard will depend on the speed and extent to which the South African and global economies continue to recover from the impact of COVID-19.

The DTP precinct is continuously expanding, which increases energy use and other operating costs, and initiatives to optimise operating efficiencies and reduce these costs are gradually being rolled out. The implementation of these measures will further contribute towards DTPC's journey to financial self-sustainability. Where possible, based on analysis of the market, procurements in this area will be aimed at youth and women-owned companies.

12.9.1. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

- Development of the Commercial Strategy for TradeZone 3;
- Finalisation of procurement for Automated Smart Meter Reading and Building Automation System;
- Internal engagements with DPI for consideration of construction of a buffer water reservoir;
- Engagements with eThekwini Municipality for exemption from water rationing schedules;
- Investment in security technologies; and
- Participation in the airport security forums.

12.10. PROGRAMME RESOURCE CONSIDERATIONS

12.10.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Property and SEZ Administration							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Business Development	1 086 833	716 761	3 896 992	11 420 707	15 067 803	15 761 304	17 047 659
Property and SEZ Commercial	(3 910 942)	(23 174 399)	(19 960 706)	314 697	(541 235)	(5 058 448)	(4 540 531)
Operations	42 103 135	35 672 726	45 111 877	69 578 746	66 800 018	75 310 037	71 885 817
SEZ Compliance				-	3 911 560	732 552	755 632
SUBTOTAL	**39 279 026**	**13 215 088**	**29 048 164**	**81 314 150**	**85 238 146**	**86 745 445**	**85 148 578**
Revenue	54 983 026	62 282 659	64 107 811	65 180 149	83 219 572	93 157 369	98 775 468
Current payments	**92 747 725**	**75 197 042**	**90 804 267**	**142 010 643**	**162 535 193**	**171 302 815**	**182 324 046**
Compensation of employees	10 054 781	10 048 844	14 456 728	25 900 659	30 878 109	36 964 057	39 181 901
Goods and services of which:							
Communication	-	-	-	44 000	28 860	30 880	33 042
Computer services	61 535	67 520	77 821	433 169	2 558 678	429 636	120 000
Consultants, contractors and special services	4 714 492	1 601 778	2 213 979	9 982 348	7 739 342	5 023 539	4 650 796
Maintenance Repairs and running costs	76 896 822	63 240 246	73 697 151	103 449 981	117 447 085	124 353 993	133 248 423
Operating Leases	2 622	27 600	248 090	254 969	267 085	283 110	300 097
Travel and subsistence	411 569	14 455	1 461	63 704	760 500	836 550	920 205
Advertising	300 283	102 457	-	1 363 800	2 237 971	2 641 768	3 085 944
Training	305 621	94 143	109 037	518 013	617 562	739 281	783 638
PAYMENT FOR CAPITAL ASSETS	**1 514 327**	**300 705**	**2 351 708**	**4 483 656**	**5 922 525**	**8 600 000**	**1 600 000**
Building and other fixed structures	-	29 115	-	-	-	-	-
Machinery and equipment	1 514 327	271 590	2 351 708	4 483 656	5 922 525	8 600 000	1 600 000
Software and other intangible assets	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	
TOTAL	**39 279 026**	**13 215 088**	**29 048 164**	**81 314 150**	**85 238 146**	**86 745 445**	**85 148 578**

12.10.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- Property and SEZ Administration is responsible for identifying and attracting new investors, signing leases with them, and providing after-care support to assist them to grow and sustain their businesses. To do this, DTPC must ensure that the facilities provided are well-maintained and 69.7% of this programme's budget for 2023/24 has accordingly been allocated for maintenance, repairs and running costs.
- The revenue earned by this programme relates mainly to leasing activities, which remained static between 2020/21 and 2022/23 as a result of COVID-19 when escalation rates in the property market were low and some tenants required assistance (e.g. rental holidays, reduced escalations etc.) to remain in business. As economic conditions have started to recover, the revenue expected in the 2023/24 year represents a 27.7% increase over 2022/23. Further increases are expected over the MTEF, with a 11.9% increase budgeted for 2024/25 and 6% in 2025/26.
- The budget allocated for capital assets under this programme include provision for equipment to operationalise a bonded warehouse within the DTP SEZ. A feasibility study is currently being completed, and it is expected that the implementation of a bonded warehouse will increase the value proposition offered to customers and tenants, resulting in increased revenue over time.

Human Resources

- This programme's staff complement includes a variety of skills, from engineers, maintenance technicians and security co-ordinators, to property administrators and sector specialists.
- The current approved structure includes 42 posts for this programme. At 30 September 2022, 27 of these posts were filled, while approval had not yet been requested to fill the remaining 15 posts.

IT Resources

- Property Operations makes use of a computerised maintenance management system (CMMS) which is hosted in DTPC's IT environment.
- Property Commercial makes use of MDA, which is a property management tool, used to manage tenant leases.

13. PROGRAMME 4: AGRIZONE

13.1. PURPOSE

The purpose of this programme is to develop and operate a cluster of facilities to support the stimulation of the agribusiness sector in KZN. This is important to DTPC as agribusiness is a labour intensive sector, which has been identified in the KZN Poverty Eradication Master Plan (PEMP) as the most critical sector of the economy. The AgriZone is a potential catalyst for the development of a perishables sector in the province which serves to boost air cargo exports and contributes to the development of a more efficient supply chain for perishables. Wherever possible, this programme seeks to align its activities with the priorities of the Radical Agrarian Socio-Economic Transformation (RASET) programme, which aims to improve the value chain of food production and supply for underprivileged farmers and emerging agro-businesses. This programme consists of the following:

- Greenhouses and packhouses, leased to the private sector with support provided to these facilities by DTPC;
- A tissue culture facility operated and managed by DTPC;
- An indigenous plants nursery operated by DTPC, which is used to support site rehabilitation;
- Management of operational systems, such as water for irrigation, energy, including renewable energy, greenhouse and packhouse equipment, etc.;
- Management of green / organic waste from the zone through ensuring reuse and sustainable disposal;
- Maintenance of common facilities and infrastructure through Programme 3: Property and SEZ Administration, and specialized services by AgriZone personnel and contractors;
- Administration of AgriZone activities;
- Assistance in linking up facilities on-site to other farmers in the region;
- Development of an information portal for prospective investors and interested companies in agro-processing and key sub-sectors e.g. medicinal cannabis;
- Implementation of an incentive scheme geared towards supporting new entrants and new investors; and
- Contribution to developing standardised spec builds for greenhouses, packhouses and processing facilities for Phase 2 of Dube AgriZone.

13.2. SUB-PROGRAMME 4.1: AGRIZONE SERVICES

This sub-programme is aimed at providing reliable, effective and efficient services (water, electricity, fuel, waste management, maintenance, etc.) to AgriZone tenants and operators to enable their businesses to function well and to grow, thereby generating revenue and potentially increasing cargo volumes through the Dube Cargo Terminal.

13.3. SUB-PROGRAMME 4.2: TISSUE CULTURE FACILITY

The main intention of this sub-programme is to deliver good quality, true-to-type plant material mainly to the KZN agricultural sector and growers elsewhere in the SADC region.

13.4. SUB-PROGRAMME 4.3: LANDSCAPING AND REHABILITATION

This sub-programme operates the nursery, aimed at enabling DTPC to fulfill its rehabilitation and restoration obligations through indigenous species' propagation, planting and maintaining the rehabilitated areas. This will be achieved through maintenance of the open space system with emphasis on quality rather than size. The sub-programme also supports the site-wide landscaping component through propagation of landscaping plants and management of an outsourced landscaping service provider.

13.5. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

This programme's outcomes are aligned to EDTEA's outcome of "*Inclusive and transformed economic growth*".

Sub-programme	Outcomes	Outputs	No.	Output Indicators
AgriZone Services	Increased investment and export potential	Reliable, effective and efficient AgriZone services provided to customers and tenants	**4.1**	% Effectiveness of service level standards
	Increased investment and export potential	Occupancy levels maximized by signing new leases and retaining existing tenants	**4.2**	% Occupancy of AgriZone facilities
Tissue Culture Facility	Sustainable development and operation of the Dube TradePort	Production capabilities of the Tissue Culture Facility increased through research and development activities	**4.3**	Number of R&D projects / protocols developed
			4.4	% increase in number of plants delivered to clients
	Sustainable development and operation of the Dube TradePort	Increased revenue from tissue culture plant sales	**4.5**	Total revenue generated from tissue culture plant sales
Landscaping and Rehabilitation	Sustainable development and operation of the Dube TradePort	Land rehabilitated in compliance with ROD requirements	**4.6**	Number of hectares rehabilitated or maintained

13.6. OUTPUT INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
4.1	% Effectiveness of service level standards	New indicator	84.9%	80.1%	80%	80%	80%	80%
4.2	% Occupancy of AgriZone facilities	99.7%	99.8%	100%	90%	85%[56]	90%	90%
4.3	Number of R&D projects / protocols developed	3	2	3	2	2	2	2
4.4	% increase in number of plants delivered to clients	New indicator				15%	15%	15%
4.5	Total revenue generated from tissue culture plant sales	R255 438	R310 386	R253 051	R1.3 million	R339 000 [57]	R423 800 [58]	R529 800
4.6	Number of hectares rehabilitated or maintained	37.4 ha	210.65 ha	255.19 ha	200 ha	200 ha	200 ha	200 ha

13.7. OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
4.1	% Effectiveness of service level standards	**Bi-annual** / Non-cumulative	80%	n/a	80%	n/a	80%
4.2	% Occupancy of AgriZone facilities	**Quarterly** / Cumulative (year-to-date)	85%	85%	85%	85%	85%

[56] The target for 2023/24 has been reduced from 90%, as reflected in the 2022/23 APP, to 85%, as one of the tenants at the AgriZone is currently undergoing business rescue, which could result in the facility being vacant for part of the year.

[57] The target for 2023/24 has been reduced from R1.5 million, as reflected in the 2022/23 APP, to R339 000, based on the revenue trends in tissue culture plant sales over the past years, orders at hand and possible new sales agreements expected to be signed during 2022/23.

[58] The target for 2024/25 has been reduced from R1.7 million, as reflected in the 2022/23 APP, to R423 800, based on a 25% increase in production over the prior year. The percentage increase is based on the capabilities of the Tissue Culture Lab and its potential to obtain long term orders. See note 57 above.

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
4.3	Number of R&D projects / protocols developed	**Annual** / Non-cumulative	2	n/a	n/a	n/a	2
4.4	% increase in number of plants delivered to clients	**Annual** / Non-cumulative	15%	n/a	n/a	n/a	15%
4.5	Total revenue generated from tissue culture plant sales	**Quarterly** / Cumulative (year-end)	R339 000	R26 000	R59 000	R168 000	R86 000
4.6	Number of hectares rehabilitated or maintained	**Quarterly** / Cumulative (year-end)	200 ha	60	60	40	40

13.8. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

By providing reliable, effective and efficient services to tenants operating greenhouses and packhouses, DTPC will enable growers to focus on their core business, which is farming. This assists with tenant retention, which translates to a high level of occupancy in the AgriZone and provides an indication of whether or not the infrastructure provided by DTPC at the AgriZone is an enabler to the tenants' businesses. The provision of these services contributes towards an increase in investment at DTP by businesses operating in the agricultural sector, and has the potential to increase cargo volumes via the Dube Cargo Terminal, thereby increasing the export potential of DTP.

Increasing the revenue earned by the Tissue Culture Facility contributes to DTPC's financial sustainability. By conducting research and developing new protocols, the Tissue Culture Facility is able to increase its plant product offerings, which further enhances its ability to attract new customers and to generate revenue. The majority of the employees working at the Tissue Culture Lab are women.

Rehabilitation of land, and maintenance of previously rehabilitated areas is an environmental obligation with which DTPC must comply, and this contributes towards the entity obtaining further environmental approvals, which will open up more land for investment. This will assist to achieve increased levels of investment, which will have a direct impact on economic growth in KZN and will also ensure that the development of DTP is environmentally sustainable. The landscaping component of this programme plays an integral part in keeping the precinct in an aesthetically pleasing condition for investor attraction and retention of tenants, which contributes to the sustainable development and operation of DTP.

This programme also contributes to the RASET programme by assisting the agri-business component of EDTEA through the provision of technical support for the development of horticultural projects in various areas in KZN. These projects are women-owned and their success will help to unlock one of EDTEA's goals of using agri-business as a driver for sustainable and inclusive economic growth and job creation in KZN. The current horticultural project being implemented by DTPC on behalf of EDTEA involves the design and construction of tunnels and pack houses for four identified farms in KZN (Dumeya, Khonamanje, Asembo and Adel Bleu Co-operatives). This project will be completed in the first half of 2023/24, following delays in the procurement[59] of a contractor to provide the necessary infrastructure, and provides support to the KZN RASET programme. AgriZone 2 will also provide opportunities for emerging agricultural producers, including those who are part of RASET, to access space for production, processing and distribution facilities.

13.8.1. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

AgriZone Services:

- Continue providing mandatory services to greenhouse and pack house operators including facilities maintenance and water, waste and energy management. Focus will be on the replacement of greenhouse climate control features that have reached its end of useful life;
- Continue with initiation of the SANAS accreditation process for the AgriZone water lab to ensure that most water quality analysis is done in-house;
- Continue working with Programme 6 for completion of the AgriZone phase 2 bulk infrastructure project and possible top structures that could be leased out to private agribusinesses. This process is run in parallel with the assessment process of potential tenants' proposals via DTPC's Investment and Property Development Committee; and
- Continue supporting EDTEA on the implementation of the identified horticulture projects for emerging farmers in the region.

Tissue Culture Facility:

- Continue conducting research on development of micro propagation protocols to ensure a broad product offering to both farmers and seed growers, and protocols for slow growth storage aimed at preserving mother stock for AgriLab commercially produced crops;
- Supply DTPC tenants, emerging and commercial farmers and growers with good quality, true-to-type planting materials, including supplies made for enterprise development purposes;
- Initiate and implement certificate/accreditation to ensure that AgriLab complies with international tissue culture laboratory operating standards, enhance processes and systems and enhance confidence by customers in Dube AgriLab's services; and
- Market AgriLab products through online listing and engaging with current and potential clients to identify areas of demand.

Landscape and Rehabilitation:

- Continue with nursery and rehabilitation activities to ensure compliance with ROD and environmental authorisation requirements; and
- Explore opportunities for collaborating with other programmes undertaking rehabilitation work in order to align activities and resources for maximum impact where possible.

[59] All bids received in response to the Request for Proposals (RFP) issued were found to be non-responsive and the procurement process therefore needed to be restarted.

13.9. PROGRAMME RESOURCE CONSIDERATIONS

13.9.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
AgriZone							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
AgriZone Services	9 487 533	13 192 105	19 057 169	23 048 975	37 953 514	30 767 682	20 298 491
Tissue Culture Facility	6 191 742	7 009 066	7 553 078	17 790 845	19 051 431	15 900 526	16 795 459
Landscaping and Rehabilitation (Nursery)	4 636 739	3 599 464	3 460 617	5 679 005	8 025 019	8 513 546	9 097 292
SUBTOTAL	**20 316 014**	**23 800 635**	**30 070 864**	**46 518 825**	**65 029 964**	**55 181 754**	**46 191 242**
Revenue	12 548 088	12 032 520	10 375 693	11 523 151	11 941 248	12 921 298	14 000 348
Current payments	**31 926 814**	**32 944 699**	**36 158 527**	**49 141 975**	**54 961 212**	**55 307 051**	**60 191 590**
Compensation of employees	10 580 125	12 800 474	13 755 744	16 547 468	22 115 190	23 827 941	25 257 618
Goods and services of which:					-	-	-
Communication	-	-	-	37 800	41 580	45 738	50 312
Computer services	53 356	57 977	720	231 681	110 560	110 560	110 560
Consultants, contractors and special services	220 556	300 759	137 351	1 333 368	965 444	554 886	602 882
Maintenance Repairs and running costs	20 650 603	19 721 854	22 178 679	30 260 296	30 699 375	29 633 958	32 894 428
Operating Leases	9 961	11 953	-	-	-	-	-
Travel and subsistence	109 348	30 986	-	179 926	259 232	285 156	317 504
Advertising	121 272	5 010	1 070	195 500	200 000	222 000	243 000
Training	181 593	15 687	84 963	355 936	569 830	626 813	715 287
PAYMENT FOR CAPITAL ASSETS	**937 287**	**2 888 456**	**4 288 030**	**8 900 001**	**22 010 000**	**12 796 000**	**-**
Building and other fixed structures	403 931	1 593 491	3 148 614	-	-	-	-
Machinery and equipment	533 356	1 294 965	1 139 415	8 900 001	22 010 000	12 796 000	-
Software and other intangible assets	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	
TOTAL	**20 316 013**	**23 800 635**	**30 070 864**	**46 518 825**	**65 029 964**	**55 181 754**	**46 191 242**

13.9.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- 39.9% of this programme's budget has been allocated for maintenance, repairs and running costs. This will ensure that AgriZone is able to provide reliable, effective and efficient services to customers and tenants, thereby maximising occupancy levels and ensuring customer satisfaction.
- To ensure that Dube AgriZone's facilities provide a conducive growing climate for farmers, some of the greenhouse components, that have reached the end of their useful lives, will require replacement. As a result, budget has been allocated to replace greenhouse horizontal screens and gutters to enable farmers to optimise their production and have an all-year round operation.
- Over the years, the programme has been depending on external accredited laboratories for water quality analysis. In 2019, after having completed the Dube AgriZone water testing lab, the process to get the lab SANAS accredited was initiated, however this was halted pending recruitment of a Water Quality Technician. Budget has therefore been allocated to commence with this process in 2023/24.
- 12.3% of this programme's budget for 2023/24 has been allocated to the Landscaping and Rehabilitation sub-programme to enable the clearing of alien species and the maintenance of previously cleared areas. This contributes to ensuring that all land owned by DTPC is rehabilitated in compliance with ROD requirements.

Human Resources

- This programme employs a wide range of skills, from blue collar employees such as site rehabilitation workers, to more specialised workers such as plant propagators, specialised maintenance technicians and engineers.
- The current approved structure includes 58 posts for this programme. At 30 September 2022, 43 of these had been filled, with a candidate due to start on 1 November 2022 for 1 other position. Approval has not yet been requested to fill the remaining 14 posts.
- In 2022/23, DTPC was able to fill critical positions that directly support the tenants such as a water quality technician, agricultural engineer and landscape and rehabilitation officer. Due to the demanding nature of AgriZone support services, other vacant positions such as the AgriZone Administration Officer, which is a client-facing resource for onsite tenants and for AgriLab operations administration, will need to be filled whilst retaining the current staff compliment.

IT Resources

- Budget has been allocated for the upgrade of the Priva greenhouse management system for 50% of the greenhouses. This will be carried out within an existing contract.

14. PROGRAMME 5: DUBE iCONNECT

14.1. PURPOSE

Dube iConnect focuses on providing sustainable, high quality commercial ICT services in line with DTPC's property and business growth, ensuring ongoing capacity planning and technological advancement. The programme develops and provisions commercial ICT services to DTPC customers including on-site tenants, developers, investors, off-site resellers and related government institutions, and within the framework of the broader Aerotropolis Master Plan.

Dube iConnect has made the strategic decision to focus a large part of its business on offering ICT services in the cloud, in addition to offering supporting telecommunications services and hardware infrastructure rentals. Recent years of operations have continued to demonstrate and support this decision, and Dube iConnect has a solid product base including:

- Infrastructure and software services;
- Backup services;
- Disaster recovery services;
- Hosting services for public and private cloud business applications;
- Internet and fixed line access;
- Aggregation and leased cost routing of voice services; and
- Rental of supporting telecommunications hardware.

14.2. SUB-PROGRAMME 5.1: COMMERCIAL AND OPERATIONS

The commercial component of this sub-programme focuses on the development of Dube iConnect's strategy and the planning of new commercial services, generating revenue from the sale of commercial ICT services, ensuring compliance with ICASA and other regulatory bodies and policies, and working with marketing to identify, plan and implement campaigns, sales plans and marketing collateral.

The operations function includes operational planning, ICT maintenance, management of voice and wireless services, managing uptime of systems, on-going evaluation of the existing environment, capacity building and overseeing the procurement of services, upgrades and new products.

14.3. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

Sub-programme	Outcomes	Outputs	No.	Output Indicators
Commercial and Operations	Sustainable development and operation of the Dube TradePort	Increased revenue from Dube iConnect services	**5.1**	Total revenue generated from Dube iConnect services
	Sustainable development and operation of the Dube TradePort	Fibre network implemented in new Dube TradePort precincts	**5.2**	% Uptime of core network environment

14.4. OUTPUT INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
5.1	Total revenue generated from Dube iConnect services	R10.9 million	R10.83 million	R9.49 million	R12.24 million	R11.62 million[60]	R12.35 million[61]	R13.1 million
5.2	% Uptime of core network environment	99.9%	99.7%	99.98%	99%	99%	99%	99%

14.5. OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
5.1	Total revenue generated from Dube iConnect services	**Quarterly** / Cumulative (year-end)	R11.62 million	R2.85 million	R2.93 million	R2.79 million	R3.05 million
5.2	% Uptime of core network environment	**Quarterly** / Non-cumulative	99%	99%	99%	99%	99%

14.6. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

Dube iConnect revenues contribute to the total entity's revenues and thus to the sustainability of DTPC as a whole. The 2023/24 revenue target has been set at a 15% increase over the revenue projected for collection during the 2022/23 financial year, with increases of between 6% and 6.3% targeted annually thereafter. There has been an increase in uptake interest in Backup services and Disaster Recovery services and plans have therefore been put in place to develop these products further.

Dube iConnect products provide for service levels of between 93% and 99% in the contracted service schedules. Dube iConnect has built a high-availability network, which means that the network design includes redundancy in order to assist with eliminating single points of failure. An uptime requirement of 99% equates to a potential 7.31 hours' downtime in a month. By providing high levels of network availability, Dube iConnect adds to the overall value proposition provided to investors, tenants and other customers both on-site and further afield. The improved value proposition assists in improving the revenue generated by DTPC and thus positively influences the sustainability of DTPC's operations.

[60] The target for 2023/24 has been reduced from R13.01 million, as reflected in the 2022/23 APP, to R11.62 million, as revenue from Dube iConnect services has decreased over the past 2 years as a result of reduced usage of services, such as broadband and voice, by on-site tenants as more businesses have been working from home due to COVID-19, and have continued to do so, to save costs. In addition, customers were lost as a result of the looting in KZN, as some businesses chose to move their data out of the province as it was perceived as less secure in KZN.

[61] The target for 2024/25 has been reduced from R13.83 million, as reflected in the 2022/23 APP, to R12.35 million. This represents a 6.3% increase over the previous year. See note 60 above.

Due to the nature of this programme's activities, the only areas where it is practical to prioritise women, youth or people with disabilities are through preferential procurement and the employees recruited. Targets related to this are included in DTPC's Operational Plan.

14.6.1. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

Projects:

- The fibre network will continue to be expanded in line with DTPC's land holding and zone expansion plans. This will include the rollout of fibre to new buildings within the precinct and to the adjacent precincts as part of the Aerotropolis Master Plan roll-out, as they are implemented; and
- Investigate and explore opportunities for expansion by developing business cases in line with DTPC's product offering in order to maximise impact in the ICT sector.

Commercial:

- Monitor Dube iConnect commercial growth against the medium term commercial growth strategy and implementation plan;
- Identify and facilitate marketing events for current and future clients. As part of the customer relationship role, the commercial team will facilitate sales, and support the pre-sales component of any opportunities identified for resellers and by on-site and off-site clients. In line with the 4th Industrial Revolution, the team will continue to target hybrid virtual and physical in-person events as these have become more popular in the ICT sector;
- Intensify relationships with stakeholders, both domestically and abroad, including government institutions, business associations and others, and participate in conference opportunities where they are presented; and
- Monitor compliance with ICASA license conditions and submit all required reporting to ICASA, along with all requested information.

Operations:

- Dube iConnect's service level agreements require compliance to service uptime and incident resolution times. The operational team will ensure that the environment is up to date with the latest, tested firmware and that all support service levels are effectively managed and monitored; and
- Due to the nature of ICT, it is a requirement that the team remain abreast of ICT trends and ensure that they are properly trained and certified on all of the equipment that falls under their areas of responsibility. The team will continue to attend relevant training and certification courses as well as supplier and vendor information events. Where possible, in line with the 4th Industrial Revolution, the team will be targeting virtual events as opposed to physical in-person events in order to continue to benefit from the reduction in the cost of travel.

14.7. PROGRAMME RESOURCE CONSIDERATIONS

14.7.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Dube iConnect							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Commercial and Operations	13 505 457	23 029 184	14 476 157	20 547 093	25 860 974	19 830 454	24 540 299
SUBTOTAL	**13 505 457**	**23 029 184**	**14 476 157**	**20 547 093**	**25 860 974**	**19 830 454**	**24 540 299**
Revenue	12 278 943	12 485 751	11 027 754	11 620 882	13 364 015	14 203 276	15 065 414
Current payments	**17 111 597**	**21 232 867**	**14 364 313**	**19 617 975**	**20 900 793**	**23 443 730**	**28 927 542**
Compensation of employees	6 428 514	6 434 338	6 216 866	7 091 796	8 077 347	9 501 687	10 071 788
Goods and services of which:				-	-	-	-
Communication	-	-	-	68 000	68 000	68 000	68 000
Computer services	2 764 420	1 834 677	1 355 901	3 191 687	2 472 989	2 149 753	6 569 563
Consultants, contractors and special services	-	-	822 023	835 974	729 037	746 548	390 940
Maintenance Repairs and running costs	7 580 558	12 747 996	5 869 877	7 734 570	8 827 845	10 209 438	11 041 844
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	187 232	13 733	-	133 194	133 254	133 254	133 254
Advertising	18 654	3 244	-	350 000	350 000	350 000	350 000
Training	132 218	198 878	99 645	212 754	242 320	285 051	302 154
PAYMENT FOR CAPITAL ASSETS	**8 672 803**	**14 282 068**	**11 139 599**	**12 550 000**	**18 324 196**	**10 590 000**	**10 678 171**
Building and other fixed structures	-	-	-	-	2 050 000	2 050 000	2 050 000
Machinery and equipment	5 286 098	13 709 651	11 139 599	12 550 000	16 274 196	8 540 000	8 628 171
Software and other intangible assets	3 386 705	572 417	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	
TOTAL	**13 505 457**	**23 029 184**	**14 476 157**	**20 547 093**	**25 860 974**	**19 830 454**	**24 540 299**

14.7.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- 22.5% of Dube iConnect's 2023/24 budget has been allocated for maintenance, repairs and running costs, to ensure that all equipment is well maintained and faults are timeously resolved. This will assist to ensure that the uptime of core network equipment remains high.
- This programme's revenue declined in 2021/22 as a result of the unrest experienced in KZN in July 2021, and was further impacted by downtime caused by loadshedding. The power issues have since been rectified through the implementation of new UPS devises, and revenue has been budgeted to grow by an average of 9.1% over the MTEF. As more leases are signed for tenants at DTP, this revenue could increase further, depending on the extent to which the new tenants utilise Dube iConnect's services.
- Dube iConnect has initiated the expansion of the data centre capacity to include an offsite Disaster Recovery option for resale. However, to continue the upward revenue trajectory, the physical capacity will also need to be expanded, and this includes plans to build a new Data Centre at Dube City.

Human Resources

- This programme's staff compliment includes highly skilled data centre and network engineers, an operations manager, sales manager, project manager and senior manager overseeing the programme's operations.

- The current approved structure includes 13 posts for this programme. At 30 September 2022, 7 of these were filled, with a candidate due to start on 1 November 2022 in 1 further post. Approval has not yet been requested to fill the remaining 5 posts.
- Over the past years, Dube iConnect has focused on scaling the business and on reducing costs. To continue to grow its revenue, focus will need to shift towards increasing the number for personnel within the programme. The result of the Organisational Design process has highlighted a requirement for additional commercial staff in the short term, additional technical support staff with entry level skills, as well as help desk operators to assist in monitoring and addressing customers' queries, in the medium term, and project managers, to assist with management of both internal and client focused project implementations.

IT Resources

- Expansion of the physical capacity of the data centres will be required over the short to medium term. The virtual capacity has been increased and a project for the expansion of the Data Centre capacity to include an offsite Disaster Recovery facility has been initiated. This will continue to be scaled to the business requirements.

15. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

15.1. PURPOSE

Development Planning and Infrastructure (DPI) is pivotal to DTPC's ability to deliver on its mandate as it provides for the infrastructure and development needs of DTP. The overarching objective of this programme is to deliver and improve infrastructural facilities, to create a durable public asset and quality-oriented service through the roll-out of the DTP development, as guided by DTPC's 10-year Infrastructure Plan, which is based on the 2060 Master Plan, and influenced by various studies undertaken relating to DTP's establishment. The overall purpose of this programme is to plan for and create an enabling environment for the vision of the aerotropolis region. The KZN integrated Aerotropolis Strategy, as approved by provincial cabinet, mandates DTPC as an implementing agent for the aerotropolis on behalf of the KZN government.

15.2. SUB-PROGRAMME 6.1: PLANNING

This sub-programme focuses on the establishment and implementation of an aerotropolis as a strategic spatial planning tool in order to guide development within the region well into the future. The concept of an aerotropolis argues that a city can benefit substantially through structuring the use of land surrounding an airport in such a manner that the efficiency of the spatial dynamics of the area is increased. An airport presents obvious opportunities for businesses to tie into global markets, particularly where ease of accessibility to and from the airport for business and passengers is of critical importance. In addition, an airport also acts as an attractor for a range of aviation and non-aviation related activities, including offices, retail, leisure and service industries, which offer opportunities that can stimulate economic growth. Embracing the concept of the aerotropolis has meant that the current DTP footprint is viewed as the core Airport City and development pulse for the northern region.

Key to the development of the Airport City, this sub-programme also focuses on securing land use rights, land use management in line with all applicable legal statutory legislation relating to land, and the preparation of precinct plans and development manuals for each distinct development zone within the precinct. It is also responsible for the planning for the Automotive Supplier Park, which will entail the development of a framework plan with key stakeholders, with the aim of guiding the land preparation process currently underway for phase 1 of this development. It is also responsible for developing an implementation plan for the Durban Aerotropolis Master Plan.

15.3. SUB-PROGRAMME 6.2: ENVIRONMENT

This sub-programme is aimed at ensuring that all development planning practices are environmentally sustainable through minimizing and preventing environmental impacts by setting policy-related objectives and targets. This sub-programme is also responsible for all the environmental regulatory approvals and authorisations, as well as environmental compliance during and after the construction phase. It also recognizes the benefits and importance of developing innovative measures to ensure the long term protection of the environment. It gives the operations and products of companies located at DTP a competitive advantage and production efficiency in the modern and global economy through benchmarking international best practice as well as developing climate resilience strategies.

15.4. SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT

This sub-programme provides a service to other DTPC programmes through the provision of infrastructure required to enable the DTP precinct to operate efficiently and effectively. The following four categories define its main strategic roles and responsibilities:

- The planning and implementation of public infrastructure – roads, water, energy, sewer systems, public transport infrastructure, etc.;
- Implementation of DTPC's own property developments – ranging from DTPC's own building construction as master developer on-site, to properties built for rental by third parties;
- Monitoring the construction of third party owned buildings constructed on DTPC's landholdings; and
- Contributing to the planning, implementation and construction of energy efficiency solutions and green projects site-wide, in collaboration with the Environment sub-programme.

15.5. OUTCOMES, OUTPUTS AND OUTPUT INDICATORS

This programme's outcomes are aligned to EDTEA's outcome of "*Inclusive and transformed economic growth*".

Sub-programme	Outcomes	Outputs	No.	Output Indicators
Planning	Increased investment and export potential	Statutory authorizations and permits received, increasing the area of land available for development	**6.1**	Number of statutory authorisations, permits or approvals secured[62]
Environment	Sustainable development and operation of the Dube TradePort	Carbon emissions reduced	**6.2**	% Carbon reduction annually
Infrastructure and Development	Increased investment and export potential	Increased serviced land and buildings available for investment[63]	**6.3**	Number of completed projects delivered
			6.4	Total capital expenditure on infrastructure projects
	Increased active participation by black people in the economy	Increased construction work done by EMEs and QSEs	**6.5**	Construction expenditure on EMEs and QSEs

[62] The title of this indicator has been amended to state "or" rather than "and" to clarify that only one variable is being measured. This variable could, however, take various forms.

[63] Output has been summarised.

15.6. OUTPUT INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
6.1	Number of statutory authorisations, permits or approvals secured	New indicator	3	2	2	2	2	2
6.2	% Carbon reduction annually	13.6% increase from baseline	29% reduction from baseline	121% increase from baseline	3.5% reduction from baseline	3.5% reduction from baseline	3.5% reduction from baseline	3.5% reduction from baseline
6.3	Number of completed projects delivered	5 (top structures)	0	2	2	2	3[64]	3
6.4	Total capital expenditure on infrastructure projects	R290.6 million	R23.5 million	R167.49 million	R310 million	R320 million	R330 million	R340 million
6.5	Construction expenditure on EMEs and QSEs	R86.4 million	R5.3 million	R46.07 million	R93 million	R64 million[65]	R33 million[66]	R34 million

[64] The target for 2024/25 has been increased from 2, as reflected in the 2022/23 APP, to 3, as two warehouses are now planned for construction at TradeZone 2, in addition to the multi-purpose building being constructed on Block D at Dube City. All three of these projects are expected to reach practical completion in 2024/25.

[65] The target for 2023/24 has been reduced from R112million, as reflected in the 2022/23 APP, to R64million. The revised Preferential Procurement Regulations, 2022, which came into effect on 16 January 2023, allow for specific goals to be stipulated in the invitation for submission of tenders. However, it is not currently clear to what extent this will enable DTPC to require contractors to include an element of sub-contracting to EMEs and QSEs in construction projects. This will affect the amount of construction expenditure on EMEs and QSEs which is possible within the regulations.

[66] The target for 2024/25 has been reduced from R115million, as reflected in the 2022/23 APP, to R33million. See note 65 above.

15.7. OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Reporting Cycle / Calculation type	Annual Target 2023/24	Q1	Q2	Q3	Q4
6.1	Number of statutory authorisations, permits or approvals secured	**Annual** / Non-cumulative	2	n/a	n/a	n/a	2
6.2	% Carbon reduction annually	**Annual** / Non-cumulative	3.5% reduction from baseline	n/a	n/a	n/a	3.5% reduction from baseline
6.3	Number of completed projects delivered	**Annual** / Non-cumulative	2	n/a	n/a	n/a	2
6.4	Total capital expenditure on infrastructure projects	**Quarterly** / Cumulative (year-end)	R320 million	R68 million	R112 million	R80 million	R60 million
6.5	Construction expenditure on EMEs and QSEs	**Quarterly** / Cumulative (year-end)	R64 million	R14 million	R22 million	R16 million	R12 million

15.8. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

This programme is responsible for obtaining planning and environmental authorisations necessary to release land for development. Once the required rights are in place, the provision of bulk infrastructure can start and, once completed, the serviced land will then be available for development, either by private sector investors or for DTPC to invest in top structures of its own. All of these activities provide enabling infrastructure, which culminates in the outcome of increasing investment and, to the extent that the infrastructure provided is revenue-generating, also contributes towards the financial sustainability of the DTP development.

In providing enabling infrastructure, DTPC also aims to ensure that its construction activities contribute positively to an inclusive economy. To this end, this programme measures the value of construction spend on EMEs and QSEs to ensure that smaller businesses also benefit from its construction activities. Many of DTPC's small construction projects are targeted for women, youth and people with disabilities, while larger capital projects include 30% allocated to CPG partners, with a CIDB grading of 1 – 6.

Ultimately, the development of the Dube TradePort and the greater aerotropolis, of which it is a significant part, is intended to be a sustainable development. This means that the infrastructure and top structures provided should be built in such a manner so that they do not negatively impact on the environment. It is therefore important that DTPC measures the extent of its carbon emissions, with the intention of continually reducing these. In so doing, DTPC is able to provide enabling infrastructure that is not only geared towards attracting investment, but that has a positive impact on the environment. By providing environmentally sustainable precincts, a growing number of businesses will view DTP as a desirable investment destination, which will ultimately have a longer lasting impact on the KZN economy.

15.8.1. KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

- Provide support towards the formulation of the Commercial Strategy for Tradezone 3;
- Obtain Tradezone 3 rezoning and Precinct Plan approval;
- Undertake the framework planning for TradeZone 5;
- Continue with the construction of Block D at Dube City, as well as Warehouses 1 and 2 at TradeZone 2;
- Complete provision of bulk infrastructure for AgriZone 2, Skyy Aviation building, and road rehabilitation projects;
- Conduct water network analysis design;
- Commence with detailed design of Ushukela TradeZone 3 project, Aviation project, and medium-sized factories building on Erf 771 in TradeZone 2;
- Outline design and regulatory submissions for Common Utilities construction project;
- Conduct detailed design for the ASP: Illovo, and feasibility study for the ASP: DLH;
- Continue engagements with COGTA, EDTEA and DTPC regarding traditional authorities in ASP: Illovo; and
- Further investigate the accessibility of the roof-tops in TradeZone 2 for solar installation.

15.9. PROGRAMME RESOURCE CONSIDERATIONS

15.9.1. BUDGET ALLOCATION

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Development Planning & Infrastructure							
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Planning	42 692 314	7 150 150	4 265 206	7 440 162	11 814 718	12 535 725	10 179 380
Environment	7 795 864	5 143 100	4 638 505	8 411 307	10 626 770	11 362 740	12 247 668
Infrastructure & Development	308 957 263	209 922 705	91 262 900	209 774 085	145 389 283	179 618 575	210 656 763
SUBTOTAL	**359 445 441**	**222 215 955**	**100 166 611**	**225 625 554**	**167 830 771**	**203 517 040**	**233 083 811**
Current payments	**27 531 948**	**28 340 096**	**21 477 343**	**35 312 234**	**39 407 641**	**41 662 722**	**41 103 804**
Compensation of employees	12 350 457	15 177 508	14 952 287	21 241 951	23 601 429	24 905 145	26 399 454
Goods and services of which:							
Communication	-	-	-	17 000	19 200	20 544	21 982
Computer services	291 595	662 349	-	237 333	791 399	83 762	88 692
Consultants, contractors and special services	14 376 859	12 041 815	6 171 809	13 093 924	13 886 986	15 553 777	13 438 007
Maintenance Repairs and running costs	64 971	51 077	147 637	50 000	50 298	53 776	57 684
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	160 600	41 819	41 356	135 200	426 300	447 615	469 996
Advertising	146 696	2 774	-	23 000	-	-	-
Training	140 769	362 754	164 254	513 826	632 029	598 103	627 989
PAYMENT FOR CAPITAL ASSETS	**331 913 493**	**193 875 859**	**78 689 268**	**190 313 320**	**128 423 130**	**161 854 318**	**191 980 006**
Building and other fixed structures	297 976 656	193 875 859	78 086 071	190 113 320	128 223 130	161 854 318	191 980 006
Machinery and equipment	-	-	-	200 000	200 000	-	-
Software and other intangible assets	-	-	603 198	-	-	-	
Land and subsoil assets	33 936 837	-	-	-	-	-	
TOTAL	**359 445 441**	**222 215 955**	**100 166 611**	**225 625 554**	**167 830 771**	**203 517 040**	**233 083 811**

15.9.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

- The Development Planning and Infrastructure programme is responsible for providing enabling infrastructure, which increases the land available for development by private sector investors. As a result, 76.5% of this programme's budget for 2023/24 has been allocated for capital assets, and a further 8.3% for consultant and contractor payments for planning approvals, environmental compliance audits and the rehabilitation of environmental off-set land.
- The capital projects planned to start in 2023/24 include the construction of medium-sized factories on Erf 771 in TradeZone 2, construction of the Automotive Supplier Park at the Durban Logistics Hub, and various small works projects. Budget has further been provided for an analysis of the water network, which will lead to the construction of backup water infrastructure (e.g. water reservoir) to mitigate the effects of possible future floods, similar to those experienced in April 2022, which affected the supply of water to the precinct.
- Additional funding has been committed by EDTEA for the professional fees for the ASP: Illovo project (see **Annexure F**).

Human Resources

- The skills employed by this programme include town planners, spatial planners, environmental specialists, architects, quantity surveyors, civil engineers and construction project managers.
- The current approved structure includes 20 posts for this programme. At 30 September 2022, 18 of these had been filled, a candidate was due to start on 1 November 2022 for 1 further post, while recruitment was underway for the remaining post. It is expected that all of this programme's posts will be filled before the start of the 2023/24 financial year.

IT Resources

- Procurement of an integrated management system failed in 2022/23 as the bids received far exceeded the budget allocated for this system. The specifications for the system and the budget required for this will be reassessed before the procurement process is restarted.

16. UPDATED KEY RISKS AND MITIGATIONS

Many of the risks listed below, were included in DTPC's 5-year Strategic Plan for 2020/21 to 2024/25. These risks remain relevant and could have a material impact on DTPC's ability to deliver its targeted outcomes.

Outcomes	Key Risks	Risk Mitigation
Increased investment and export potential	Unpredictable airline connectivity	• KZN Route Development Committee has developed a revised airline engagement strategy to target both existing and new airlines and present business cases for direct routes to KSIA. • Incentives offered for new air services. • Post COVID-19 air services strategy developed. • Activation of destination and marketing plan.
	Delays in provision of enabling infrastructure (such as serviced land, public transport, and residential options)	• Develop and maintain key relationships with municipal and provincial entities. • Develop and maintain relationships with local forums and communities.
	Inability to attract and retain tenants and investors	• Create a high quality, well-functioning investment destination to capitalise on locational advantages. • Release more land parcels as quickly as possible to maintain the momentum created by the good infrastructure already in place at DTP and surrounding areas. • Increase the SEZ-designated area. • Work with relevant government institutions to ensure that all incentives are made available to investors timeously. • Provide input on relevant draft bills and white papers as released for public comment. • Offer incentivised rental rebates to qualifying investors and developers. • Develop focussed online and digital marketing campaigns to increase awareness of the opportunities available at DTPC.
	Delays in service delivery	• Improve planning to ensure that funds are allocated to highest priority areas first and to ensure that all funds are utilised effectively. • Increased resources to be employed in SCM unit to shorten the duration of the procurement process.

Outcomes	Key Risks	Risk Mitigation
Increased active participation by black people in the economy	Failure to meet transformation objectives	• Specific goals in procurements undertaken to ensure increased participation in the economy by black people. • Focused training and development initiatives undertaken to ensure appropriate skills are transferred to historically disadvantaged companies. • Focused skills development to ensure appropriate skills are transferred to historically disadvantaged employees. • Collaborate with funding institutions to facilitate accessibility to black investors and developers. • Incentivised lease and rental options to assist black investors and developers.
Sustainable development and operation of the Dube TradePort	Inability to balance economic development mandate against financial sustainability	• Zero-based budgeting introduced. • Prioritise expenditure to focus on revenue generating projects or those which aid economic development. • Motivate for additional funding, when required. • Improve planning to ensure that funds are allocated to highest priority areas first and to ensure that all funds are utilised effectively. • Review operating expenditure to effect savings where possible.
	Inability to attract and retain customers	• Operations team formed to focus on new revenue opportunities/identify opportunities for multi-revenue opportunities and retention of clients, customers and tenants. • Focused marketing strategy using online platforms to increase awareness of products and advantages of locating at DTPC.
	Disruption to business caused by external events	• Business Continuity Plans drafted and tested. • Post COVID-19 air services strategy developed. • Operations team formed to focus on new revenue opportunities and retention of clients, customers and tenants.

Outcomes	Key Risks	Risk Mitigation
Sustainable development and operation of the Dube TradePort	Vulnerability to security threats	• Robust ICT Governance in place. • Disaster recovery process. • Appropriate software employed and tested. • Update of an integrated security strategy. • Review of CCTV infrastructure.
	Inability to expand institutional capacity	• Organisational design project to be completed in 2022/23 financial year. • Motivation for approval for new organisational design to be submitted to enable DTPC to be resourced to fulfil mandate. • Undertake skills audit once the Organisational Design project is completed.
	Breach in Corporate Governance	• Combined assurance model updated and reported on regularly. • Oversight by various bodies (e.g. Audit and Risk Committee; Board etc.). • Internal audit and internal testing of compliance with new legislation. • Fraud hotline in place to enable anonymous reporting of potential fraud and non-compliance. • Conduct independent Board evaluation process.
	Inability to create climate resilient precincts	• Use of solar panels in AgriZone and other areas of DTPC. • Construction of common utilities facility within TradeZone, using clean energy.

The above risks are strategic in nature and are formally reviewed annually. However, if a material, strategic, emerging risk arises during the year, the risk and/or action plans to address it are tabled before DTPC's Board.

The management of operational risk is guided by the principles contained in DTPC's Enterprise Risk Framework. This framework is reviewed and updated biennially. Operational risk registers for each programme are maintained and updated on a regular basis, and include action plans to mitigate the risks identified. Material risks and progress on action plans are reported to the Audit and Risk Committee on a quarterly basis.

17. PUBLIC ENTITIES

DTPC does not have any Public Entities.

18. INFRASTRUCTURE PROJECTS

No.	Project name	Prog.	Project description	Outcomes / Outputs	Estimated project start date	Estimated project completion date	Total estimated cost	Estimated current year expenditure
1	AgriZone 2 bulk infrastructure	6	Bulk infrastructure	Outcome: Increased investment and export potential Output: Construction projects delivered, increasing the serviced land and buildings available for investment	June 2021	May 2023	R226 million	R20 million
2	Erf 650 Warehouse	6	Warehouse		November 2021	March 2023	R142 million	R8 million
3	Block D at Dube City	6	Multi-purpose office building		August 2022	February 2024	R239 million	R138 million
4	TradeZone 2 warehouses	6	12 000m² warehouse and 5 000m² warehouse		April 2023	May 2024	R200 million	R180 million
5	Erf 771 Warehouses	6	Medium-sized warehouses		October 2023	December 2024	R284 million	R77 million

19. PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

DTPC does not have any Public-Private Partnerships.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

20. PROGRAMME 1: ADMINISTRATION

20.1. OUTPUT INDICATOR 1.1

INDICATOR TITLE	DTPC's B-BBEE level
Definition	This indicator demonstrates DTPC's contribution to Broad-Based Black Economic Empowerment.
Source of data	B-BBEE verification report and certificate.
Method of calculation / assessment	Various B-BBEE elements measured and verified by an independent B-BBEE agency, as reflected on DTPC's latest valid B-BBEE certificate.
Means of verification	Valid B-BBEE scorecard as issued by a SANAS approved verification agency.
Assumptions	• Budget for B-BBEE initiatives will remain in place. • No changes will be made to B-BBEE legislation.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: Targets as per B-BBEE scorecard: 12% procurement spend from 30% black women-owned companies; Management Control targets for black female Board members and management. • **Target for Youth**: Targets as per B-BBEE scorecard: 2% of procurement spend from companies that are 51% owned by black youth. • **Target for People with Disabilities**: Targets as per B-BBEE scorecard: Employment of 2% of black employees who are disabled. Training for black disabled employees as per scorecard.
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	The targeted level should be achieved.
Indicator responsibility	Chief Executive Officer

20.2. OUTPUT INDICATOR 1.2

INDICATOR TITLE	% of ICT objectives achieved
Definition	This indicator measures the achievement of ICTG's objectives related to its effectiveness, productivity, risk and security, and demonstrates ICT's contribution to ensuring: • Strategic alignment; • Risk management; and • Performance management.
Source of data	ICTG Framework implementation matrix, supported by Minutes and Systems Reports.

Method of calculation / assessment	Percentage of total objectives measured that have been achieved.
Means of verification	ICTG Framework implementation matrix, supported by minutes and systems reports.
Assumptions	• Availability of budget. • Sufficient human resources in the form of employees or service providers will be available.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target.
Indicator responsibility	Executive Corporate Services

20.3. OUTPUT INDICATOR 1.3

INDICATOR TITLE	% of operational costs covered by own revenue earned
Definition	Break-even is measured as the point at which total revenue equals total expenditure. For DTPC to become financially self-sustaining, the first step is to generate sufficient revenue (excluding grant income) to cover all operational costs, including depreciation. This indicator is intended to measure DTPC's progress towards that first step in its journey towards becoming financially self-sustaining. Once DTPC is able to break-even without relying on grant income, the entity may be able to request conversion from a Schedule 3C entity to a 3D.
Source of data	Monthly management accounts and/or Annual Financial Statements at year end.
Method of calculation / assessment	To be measured on an accrual basis: Total own revenue earned, excluding grant income and including interest / Total expenditure, including depreciation and excluding capitalised costs. This target will be measured on a year-to-date basis each quarter. The annual achievement will therefore equal the Q4 score.
Means of verification	Monthly management accounts and Annual Financial Statements at year end.
Assumptions	Occupancy of land and buildings will remain at current levels, or, as new zones come on line, revenue and operating costs will increase in proportion to one another.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a

	• **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Executive Officer

20.4. OUTPUT INDICATOR 1.4

INDICATOR TITLE	**External audit opinion**
Definition	There are three aspects the external auditor (Auditor General) will base the audit opinion on: 1. The audit of financial statements; 2. The audit of reporting on predetermined objectives; 3. The audit of compliance with legislation. The audit report from the Auditor General (AG) should be unqualified and clean. This means that the financial statements should be free from material misstatements and there are no material findings on reporting of performance objectives or non-compliance with legislation.
Source of data	The auditor's report contained in the annual report for the previous financial year (i.e. relating to the audit completed during the current reporting period).
Method of calculation / assessment	The AG assesses how DTPC has managed its finances and whether it has recorded all its transactions in its financial statements such that they accurately reflect its financial position, and are in accordance with the relevant legislation, such as the PFMA. Upon concluding the audit, the AG issues an audit report, which describes how well the entity has fared in this regard. If the audit report is unqualified, with no findings on reported performance objectives nor non-compliance with legislation, the audit is considered to be clean.
Means of verification	Signed audit report or management report.
Assumptions	Adequate resources are available across all divisions to implement and maintain internal controls, thereby ensuring that all information submitted is accurate and complete.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative

Reporting cycle	Annual
Desired performance	Actual performance equal to the target.
Indicator responsibility	Chief Financial Officer

20.5. OUTPUT INDICATOR 1.5

INDICATOR TITLE	**% MTEF allocation utilized**
Definition	This measures the percentage of funding received by DTPC in terms of its MTEF allocation, through EDTEA, that is utilised over the financial year.
Source of data	EDTEA cash management report; roll-over and retention of surplus requests submitted.
Method of calculation / assessment	Quarterly, this will be measured as: Actual expenditure, as per the EDTEA Cash Flow Report / Total revised budget for the year (i.e. MTEF allocation as per the APP including any budget adjustments made during the year plus approved roll-over and surplus from the previous year). At year-end, this will be measured as: Actual expenditure less internally generated revenue + Total value of roll-over request + Total value of retention of surplus request / Total revised budget for the year. The total revised budget for the year is inclusive of any funds rolled over or surplus retained from the prior year and includes any budget adjustments made during the year.
Means of verification	EDTEA Cash Management Report.
Assumptions	• Funds will be received timeously, in line with the tranches agreed in the annual Funding Agreement signed between DTPC and EDTEA. • All programmes budget accurately and submit procurements to SCM as planned.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to the target.
Indicator responsibility	Chief Financial Officer

20.6. OUTPUT INDICATOR 1.6

INDICATOR TITLE	Increase in employee engagement survey score
Definition	This indicator measures the improvement in the level of engagement and satisfaction that employees are experiencing at DTPC.
Source of data	Report on the results of the Employee Engagement Survey undertaken at DTPC.
Method of calculation / assessment	Survey employees, using a 4 or 5-point scale rating of questions. A percentage will then be calculated based on how many employees scored what rating for each question. The increase will be calculated as the difference between the current year score and the previous year score.
Means of verification	Survey will be outsourced to a service provider, who will verify and validate the correctness of the scores.
Assumptions	• All employees are able to actively participate and complete the survey. • All employees are able to answer the survey truthfully. • Line managers practise effective people management and employee engagement. • Divisional and organisational action plans are in place. • Action plans to address challenges address the root causes and are implemented effectively. • Sufficient budget available to implement action plans. • All funded positions within the micro structure are resourced, with the right skilled resources. • All policies are consistently applied across the organisation. • Market-related remuneration and annual performance awards are awarded.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: All women employees in DTPC to complete survey. • **Target for Youth**: All youth employees in DTPC to complete survey. • **Target for People with Disabilities**: All employees with disabilities in DTPC to complete survey.
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Improvement of the annual score by an amount equal to or higher than the target.
Indicator responsibility	Executive Corporate Services

20.7. OUTPUT INDICATOR 1.7

INDICATOR TITLE	**Average time taken to fill vacancies from receipt of approval to acceptance of offer**
Definition	This indicator measures the turnaround time to fill vacancies. Human resource constraints have been identified as a significant impacting factor in whether the entity is able to achieve its desired outcomes. It is therefore important that vacancies are filled as quickly as possible, once approval to fill the posts has been obtained.

Source of data	Internal records:
	• Date that DTPC receives the approval from the Office of the Premier to fill the vacancy. This will be counted from the next working day after the day that the approval is received by HR.
	• Date that DTPC receives the acceptance of offer from the successful candidate, in the form of either:
	  o a signed and dated Letter of Offer, or
	  o an email confirming acceptance, as received by DTPC.

Method of calculation / assessment	Only vacancies approved and filled within the current financial year will be included in the calculation. Sum of the total number of working days to fill each vacancy, calculated from the date of receipt of the approval to fill the vacancy to the date that the offer is accepted by the candidate, divided by the number of vacancies filled since the start of the financial year, divided by total number of working days in a month. If the initial accepted offer is subsequently declined (i.e. the candidate does not assume duties after signing the offer), the time taken to fill that vacancy will restart from the date that the candidate should have started, until the date when a new offer is accepted. NB: In instances where there is backlog of vacancies not filled during the previous financial year, these shall not form part of the calculation during the year under review (current year), but filling of such vacancies shall be reported and monitored on a quarterly basis through the Remuneration and HR Committee including the Board.
Means of verification	Corporate Services Report as tabled at the Remuneration and HR Committee. Signed approval for filling of vacancies memo. Signed acceptance of offer. E-mail confirming acceptance of offer.
Assumptions	• Line Managers shall complete and sign off authorisation to recruit forms prior to receipt of approval. • Line Managers shall agree and sign off the advertisements prior to receipt of the approval.

	• Line Managers shall commit their diaries to tentative dates for shortlisting and interviews. • Able to fill vacancies within budget or quick turnaround time on vacancy approvals. • All stakeholders play their part in the recruitment process and adhere to procedures (finalise job descriptions timeously, shortlist timeously, make themselves available, etc.). • Offers accepted 1st time: minimal renegotiations and recommencement of recruitment process required. • Candidates actually commence employment as agreed. • Number of channels available to advertise, search, assess and vet for appropriate placement of candidates. • Flexibility in DTPC's remuneration policy for scarce/high level/critical skills. • Talent management strategy and culture that attracts candidates.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: As per DTPC's approved Employment Equity Plan and B-BBEE Implementation Plan for each year. • **Target for Youth**: As per DTPC's approved Employment Equity Plan and B-BBEE Implementation Plan for each year. • **Target for People with Disabilities**: As per DTPC's approved Employment Equity Plan and B-BBEE Implementation Plan for each year.
Spatial transformation (where applicable)	Candidates recruited from within KZN preferred, however candidates can be recruited from all provinces, especially if critical and scarce skills.
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance as targeted or quicker.
Indicator responsibility	Executive Corporate Services

20.8. OUTPUT INDICATOR 1.8

INDICATOR TITLE	Cumulative reach of marketing and communication activities
Definition	Market reach is the estimated number of potential customers it is possible to reach through marketing and communication activities. These activities include digital media (advertising), earned communication, physical and virtual events as well as stakeholder and community engagements.
Source of data	**Public Relations:** data sets include circulation figures provided by publications.

	Broadcast: data sets include radio or television audience measurements. **Online**: data sets include social media analytics as well as online reach data statistics. **Events, stakeholder and community engagements**: Attendance registers and event reports.
Method of calculation / assessment	Measurement of each activity: **Advertising** – media owners will have verified/estimated figures of the reach of the platforms they provide. **Digital and Social Media** – Platforms will have reach figures of each communication. **Online events, stakeholder management and community engagements** – organizers of these activities will have reach figures for each of these. Site tours and other stakeholder engagements have a register that tracks attendance and therefore market reach. **Communications and public relations** – media monitoring reports are compiled by an independent service provider that tracks the reach using circulation figures for of each item of news.
Means of verification	Quarterly reports from an independent media monitoring service provider and advertising agency. Attendance registers and event reports from event planners, partners and divisions hosting stakeholder and community engagements.
Assumptions	Availability of adequate financial resources to procure media monitoring services and online data analytics.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target.
Indicator responsibility	Executive Corporate Services

21. PROGRAMME 2: CARGO

21.1. OUTPUT INDICATOR 2.1

INDICATOR TITLE	% of SLA conditions met
Definition	The indicator is a mutually agreed standard, which is measured by the cargo operator on each flight and is supported with a specific measurement system in the form of the "Flight Check List" (Inbound/Outbound). The cargo operator may present periodic reports (flight by flight) exhibiting the attainment of service standards against the target. The indicator is intended to show what level of service is provided to the cargo terminal customers.
Source of data	Reports obtained by Dube Cargo Terminal manager providing an assessment of airline satisfaction levels. If no assessment is provided by the airline, then quarterly internal scorecards and annual scorecard will be prepared and reviewed by Cargo Management. At year-end an email will be obtained from the airline confirming that service was satisfactory.
Method of calculation / assessment	Each airline's satisfaction levels will be measured individually and a weighted average (based on tonnages handled per airline) of all scores taken.
Means of verification	Reports or written confirmation from the airlines or internal scorecards prepared and reviewed by Cargo Management, confirming performance airline satisfaction levels.
Assumptions	Resourcing from a staffing, equipment, technology, and infrastructure perspective will be sufficient.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**Dube Cargo Terminal:** 29 35'57.854''S and 31 6'55.568''E
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

21.2. OUTPUT INDICATOR 2.2

INDICATOR TITLE	Valid Regulated Agent certificate
Definition	The indicator measures compliance with existing legislative standards for licensing of aerodromes, promulgated by the International Civil Aviation Organisation and South African Civil Aviation Authority. The licensing of the cargo facility is dependent on meeting these standards.
Source of data	The SACAA certificate of approval – Regulated Agent certificate. A printout from the SACAA website of the regulated agent listing will also be acceptable.
Method of calculation / assessment	The indicator is calculated by inspection of a valid annual licence obtained from the SACAA. The licence must remain valid for the entire year.
Means of verification	SACAA certificate or SACAA website printout.
Assumptions	None.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**Dube Cargo Terminal:** 29 35'57.854''S and 31 6'55.568''E
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Actual performance equal to the target.
Indicator responsibility	AgriZone & Cargo Executive

21.3. OUTPUT INDICATOR 2.3

INDICATOR TITLE	Total revenue generated from cargo terminal services
Definition	To monitor the amount of revenue earned from Cargo Operations and the AiRoad trucking business. Continuous monitoring of the revenue generated by these activities will assist in improving the profitability and financial sustainability of these operations.
Source of data	Management accounts, Evolution trial balance or general ledger report.
Method of calculation / assessment	Total revenue, excluding VAT, earned by Cargo Terminal and AiRoad operations, as recorded in the accounting records (including any credit notes or other adjustments made to revenue billed). This excludes any revenue and service charges related to rental of office / warehouse space at the Cargo Terminal.
Means of verification	Management accounts, Evolution trial balance or general ledger report.
Assumptions	None

Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

22. PROGRAMME 3: PROPERTY AND SEZ ADMINISTRATION

22.1. OUTPUT INDICATOR 3.1

INDICATOR TITLE	Number of new square meters of serviced land and bulk leased in Dube TradePort property zones
Definition	This indicator measures the take-up of available land for lease or development within any one of the TradeZones or AgriZone, as well as the bulk square metres let by DTPC in Dube City.
Source of data	For industrial land: Lease agreements indicating the area in square meters of the site(s) leased. For commercial developments: Lease agreements indicating the bulk square meter area of the site(s) leased.
Method of calculation / assessment	For industrial land: Add the cumulative site area (square meters) of the land leased/utilised as indicated in the signed land lease agreements. For commercial leases: Add the cumulative bulk (FAR) (square meters) of the land leased/utilised as indicated in the signed lease agreements. Total area reported will be the area leased in terms of industrial land leases plus the bulk leased in terms of commercial leases. Each portion of land or building will only be calculated once.
Means of verification	Signed lease agreement and spreadsheet showing square meters leased.
Assumptions	• Availability of developable land. • Political stability and policy certainty. • Adequate resources (financial and human) in place.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E **TradeZone 2**: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E **AgriZone 1:** 29 36' 28.81" S and 31 05' 37.3" E **AgriZone 2**: 29 36' 18.1" S and 31 06' 13.03" E
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.2. OUTPUT INDICATOR 3.2

INDICATOR TITLE	**Total value of new investment (capital equipment) by black-owned companies**
Definition	This measures the total value of new investment in capital equipment committed by companies with black ownership, as defined in the B-BBEE Codes of Good Practice.
Source of data	In the case of companies investing in operations/capital equipment, the amount invested will be as indicated in one or more of the following: Signed lease agreements, SARS declarations, copies of invoices, bank or financial documents, dtic incentive approvals, signed confirmations and audited financial statements. Details of the company's ownership will be indicated on its B-BBEE certificate, shareholders agreement, share certificates, certified affidavit, trust documents identifying the beneficiaries, dtic incentive approvals, or company registration documents and IDs of owners.
Method of calculation / assessment	Add the value of all investment in capital equipment made by black-owned companies. For the purposes of this indicator, "Black" includes Coloured, Indian and Chinese, and "Black-owned" is >= 51% black ownership, as defined in the B-BBEE codes.
Means of verification	Signed lease agreements, quarterly or annual confirmations of new equipment from investors, and B-BBEE certificates.
Assumptions	• Availability of developable land. • Political stability and policy certainty. • Adequate resources (financial and human) in place.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E **TradeZone 2**: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.3. OUTPUT INDICATOR 3.3

INDICATOR TITLE	**Total value of new investment (buildings) by black-owned companies**
Definition	This measures the total value of new investment in buildings committed by companies with black ownership, as defined in the B-BBEE Codes of Good Practice.

Source of data	For each land and/or building lease concluded, investors indicate the value of their investment in the chosen site(s). The amount invested will be as indicated in one or more of the following: lease agreement, SARS declarations, copies of invoices, bank or financial documents, dtic incentive approvals, signed confirmations and audited financial statements. Details of the company's ownership will be indicated on its B-BBEE certificate, shareholders agreement, share certificates, certified affidavit, trust documents identifying the beneficiaries, dtic incentive approvals, or company registration documents and IDs of owners.
Method of calculation / assessment	Add the value of all investment in property development (buildings) made or committed (in terms of a legally binding document, such as a lease agreement) by black-owned companies. For the purposes of this indicator, "Black" includes Coloured, Indian and Chinese, and "Black-owned" is >= 51% black ownership, as defined in the B-BBEE codes.
Means of verification	Quarterly or annual confirmations of new buildings, lease agreements and B-BBEE certificates.
Assumptions	• Availability of developable land. • Political stability and policy certainty. • Adequate resources (financial and human) in place.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E **TradeZone 2**: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.4. OUTPUT INDICATOR 3.4

INDICATOR TITLE	**% Occupancy of DTPC owned buildings**
Definition	The percentage of DTPC building space leased to tenants (currently TradeHouse, Lunch Zone Canteen, TradeZone Developments by DTPC, VCB, TCB, 29° South, Dube City Developments, SCB, Mini-factories and Cargo Terminal are applicable along with any new areas or buildings acquired or constructed).
Source of data	Excel spreadsheet showing the available lettable space and based on the Gross Lettable Area (GLA) of each floor

	of the DTPC buildings, supported by signed lease agreements and floor plans. Available lettable space (snags resolved, conditions for permission to occupy met and final valid occupation certificate has been received) is based on units that are able to be occupied and where remedial work has been completed and any Call for Proposals (if applicable) has been finalised.
Method of calculation / assessment	The actual space leased in m^2 is divided by the total amount available for lease to third parties to derive a percentage of the total. The total area for all available DTPC buildings will be added together and the percentage calculated based on total area occupied (based on lease start date). Occupancy will be measured at the end of each month. The quarterly score will be calculated as the average of the months for the year-to-date, and the annual score will be the average of the 12 months from April to March. Occupancy will be rounded to one decimal point.
Means of verification	Property Administration spreadsheet showing available and occupied areas as a percentage of total area.
Assumptions	• Availability of developable land. • Political stability and policy certainty. • Adequate resources (financial and human) in place.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36’7.467’’S and 31 6’51.411’’E **TradeZone 2**: 29 35’57.854’’S and 31 6’55.568’’E **Dube City**: 29 37’31.943’’S and 31 5’44.862’’E
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.5. OUTPUT INDICATOR 3.5

INDICATOR TITLE	Total revenue from all DTPC properties
Definition	Value (Rands) of revenue earned from all DTPC properties.
Source of data	Excel schedule prepared by Property Administration, Evolution reports generated by Finance and supported by the signed Lease agreements, recording all income earned on all DTPC land and properties.
Method of calculation / assessment	Add total value of all income accrued from tenants, excluding VAT and metered charges and re-imbursements.

	The income accrued includes rental (including when rental payable is equal to municipal rates), levies, penalties, service charges, operating costs, parking, development fees, administration and lease fees, cancellation fees, penalties and interest charged on late payments on all land and properties owned by DTPC.
Means of verification	Property administration spreadsheets, lease agreements and general ledger.
Assumptions	• Availability of developable land. • Political stability and policy certainty. • Adequate resources (financial and human) in place.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.6. OUTPUT INDICATOR 3.6

INDICATOR TITLE	Number of utility cost reduction measures implemented
Definition	Utility cost refers to costs associated with the use of electricity and water. Although utilities form a significant portion of DTPC's monthly municipal bill and varies from month to month, depending on the actual usage, the disruption of utilities also has a direct impact on the revenue and operations of DTPC. Cost reduction measures refer to a variety of initiatives that can be implemented to monitor and control the usage of utilities, and the impact of utilities on business operations, with the aim of improving efficiencies, reducing costs and maximizing revenue.
Source of data	Project reports, demonstrating the cost reduction, savings, improvements or increase in revenue that the initiative has yielded.
Method of calculation / assessment	Count the number of cost reduction initiatives that have been successfully implemented and that have shown a cost reduction, saving, improvement in efficiencies or increase in revenue during the year. Initiatives may not be counted in multiple years and will only be counted in the first year that the evidence of a saving or cost reduction is seen.
Means of verification	Project Implementation report or completion report that demonstrates that a cost reduction, saving, improvement or increase in revenue has been made.

Assumptions	• Load profile does not change between periods of measurement (i.e. there is no addition or significant new users of energy). • Interventions are funded and implemented. • In some cases, it may take a long time to realise the impact of the measures implemented, and therefore the impact may not be seen immediately.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Annual
Reporting cycle	Non-cumulative
Desired performance	Actual performance equal to or higher than targeted.
Indicator responsibility	Chief Operating Officer / Executive Investments

22.7. OUTPUT INDICATOR 3.7

INDICATOR TITLE	Number of cost optimization initiatives implemented
Definition	Operations costs which will be optimized through projects, ideas, initiatives, technology and reliability improvements etc., which are implemented to control or minimize inefficiencies and loss, and result in reduced costs. This excludes initiatives that are counted in 3.6. above related to utilities costs.
Source of data	Project progress or completion reports for optimization activities done.
Method of calculation / assessment	Count the number of cost optimization initiatives implemented and that have shown a cost reduction or saving during the year. Initiatives may not be counted in multiple years and will only be counted in the first year that the evidence of a saving or cost reduction is seen.
Means of verification	Evidence (e.g. reports, CFMTs, etc.) of optimization of cost driver/s with quantifiable savings.
Assumptions	• Interventions are funded and implemented to optimize costs. • New buildings are included. • In some cases, it may take a long time to realise the impact of the measures implemented, and therefore the impact may not be seen immediately.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a

Calculation type	Annual
Reporting cycle	Non-cumulative
Desired performance	Actual performance equal to or higher than targeted.
Indicator responsibility	Chief Operating Officer / Executive Investments

23. PROGRAMME 4: AGRIZONE

23.1. OUTPUT INDICATOR 4.1

INDICATOR TITLE	% Effectiveness of service level standards
Definition	This indicator measures the level of effectiveness for services provided to AgriZone tenants by DTPC's AgriZone team.
Source of data	Half-yearly service level effectiveness rating from AgriZone tenants.
Method of calculation / assessment	Tenants will rate the level of effectiveness, on a service-rating sheet, for services provided to them. Services will include maintenance, provision of irrigation water, management of waste and general admin. The annual % will be an average calculation for the year.
Means of verification	Service rating sheet/survey completed by AgriZone tenants.
Assumptions	• The AgriZone Services portfolio is fully resourced as per responsibility matrix. • All maintenance, water testing and waste management contracts outsourced to external service providers are in place. • Responses will be received from tenants timeously.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**AgriZone 1:** 29 36' 28.81" S and 31 05' 37.3" E
Calculation type	Non-cumulative
Reporting cycle	Bi-annual
Desired performance	Actual performance that is higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

23.2. OUTPUT INDICATOR 4.2

INDICATOR TITLE	% Occupancy of AgriZone facilities
Definition	The percentage of Dube AgriZone 1 facilities leased to tenants.
Source of data	Calculation showing the unoccupied lettable facilities and the percentage of the total area that has signed lease agreements in place. (Areas will be counted as occupied from lease commencement date, which includes any beneficial occupancy period).
Method of calculation / assessment	The actual space leased in m^2 is divided by the total amount available for lease to third parties to arrive at a percentage of the total. Occupancy will be measured at the end of each month. The quarterly score will be calculated as the average of the

	months for the year-to-date, and the annual score will be the average of the 12 months from April to March. The same principle will apply for any future AgriZone buildings.
Means of verification	Occupancy calculation, lease agreements.
Assumptions	The indicator only looks at DTPC-owned facilities in the AgriZone, and excludes land for AgriZone 1B and 2.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: 30% of AgriZone facilities occupied by companies that are owned by women. • **Target for Youth**: 25% of AgriZone facilities occupied by companies that are owned by youth. • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**AgriZone 1:** 29 36' 28.81" S and 31 05' 37.3" E
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

23.3. OUTPUT INDICATOR 4.3

INDICATOR TITLE	**Number of R&D projects / protocols developed**
Definition	Measures the number of research projects or protocols completed, or commercialized or implemented, with demonstrable value to AgriLab or its clients.
Source of data	Completed research reports / agreements with clients including value proposition, hypothesis, methods, results and conclusions.
Method of calculation / assessment	Count the number of reports completed within the financial year.
Means of verification	Research reports or agreements with clients.
Assumptions	The team is sufficiently resourced with fully functional equipment, infrastructure and plant propagators to undertake lab trials.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

23.4. OUTPUT INDICATOR 4.4

INDICATOR TITLE	% increase in number of plants delivered to clients
Definition	Production capabilities measured through percentage increase in number of plants produced and sold or donated or provided as incentives to clients.
Source of data	Lab and Greenhouse production sheets. Valid delivery notes and/or invoices sent to clients. Cash sales receipts. Online sales receipts. Evolution reports generated by finance.
Method of calculation / assessment	The total number of plants per crop type recorded on each delivery note, online and cash sales receipts.
Means of verification	Signed delivery notes (including plants delivered but not billed for) or signed cash or online receipts and valid consolidated sales data recorded on excel sheets.
Assumptions	Both the lab and greenhouse are sufficiently resourced. All production data captured accurately and timeously.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

23.5. OUTPUT INDICATOR 4.5

INDICATOR TITLE	Total revenue generated from tissue culture plant sales
Definition	Amount of revenue generated through sales of plant tissue culture material and seedlings from the hardening facility.
Source of data	Valid invoices sent to clients. Cash sales receipts. Online sales receipts. Evolution reports generated by finance.
Method of calculation / assessment	The value of each invoice, after deducting any relevant incentives and credit notes, will be added, excluding VAT.
Means of verification	Invoices, Management accounts or Evolution trial balance or general ledger report.
Assumptions	Both the lab and hardening greenhouse are sufficiently resourced. All revenue generated is invoiced accurately and timeously.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a

Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

23.6. OUTPUT INDICATOR 4.6

INDICATOR TITLE	**Number of hectares rehabilitated or maintained**
Definition	Measures the area either cleared, or planted or maintained as part of rehabilitation to meet environmental authorization obligations.
Source of data	Physical measurements or GIS data of areas cleared or maintained, as approved by the person responsible for Landscaping and Rehab. Alien Vegetation Control report showing summary of rehabilitation activities (clearing or planting or maintenance). This excludes grass cutting activities (grounds maintenance). At year end, full report including maps of rehabilitated land is compiled detailing actual area rehabilitated or planted or maintained, and this is reviewed by the AgriZone & Cargo Executive.
Method of calculation / assessment	Each hectare of initial clearing, or planting or each hectare maintained thereafter, is counted.
Means of verification	Alien Vegetation Control report and maps.
Assumptions	The sub-programme has full staff complement and the staff is adequately resourced with equipment, PPE, consumables, etc.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	Rehabilitation and maintenance will take place in the following areas: • **AgriZone 1:** 29 36' 28.81" S and 31 05' 37.3" E • **AgriZone 2**: 29 36' 18.1" S and 31 06' 13.03" E • **Mount Moreland:** 29 38' 29.65" S and 31 05' 34.79" E • **Canelands:** 29 36' 51.32" S and 31 02' 56.21" E • **Cottonlands:** 29 36' 52.56" S and 31 02' 57.77" E • **Ushukela**: 29 35' 01" S and 31 07' 46.96" E • **Portion 7**: 29 35' 32.52" S and 31 07' 02.45" E • **Dube West**: 29 35' 27.6" S and 31 04' 07.36" E • Any other areas allocated by the DPI Environment team.
Calculation type	Cumulative (year-end)

Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone & Cargo Executive

24. PROGRAMME 5: DUBE iCONNECT

24.1. OUTPUT INDICATOR 5.1

INDICATOR TITLE	Total revenue generated from Dube iConnect services
Definition	Measures the total revenue generated from Dube iConnect services.
Source of data	Monthly invoices to customers for Dube iConnect services based on Evolution report of revenue and approved invoices and credit notes submitted to finance.
Method of calculation / assessment	Total value of Dube iConnect services invoiced on a monthly basis, excluding VAT and excluding any revenue billed in advance and excluding any incentives applied.
Means of verification	Evolution report of revenue.
Assumptions	All revenue is invoiced accurately and timeously.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: R204 000 revenue (excl. VAT) generated from women-owned businesses. • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than targeted.
Indicator responsibility	Chief Executive Officer

24.2. OUTPUT INDICATOR 5.2

INDICATOR TITLE	% Uptime of core network environment
Definition	Measures the network uptime to ensure that the Dube iConnect network is stable and achieves the highest levels of availability within service level commitments.
Source of data	Monthly generated reports of system mean uptime/downtime
Method of calculation / assessment	% of system mean time measured quarterly. The annual score will calculate the % of system mean time for the whole year.
Means of verification	Monthly generated reports of network core mean uptime/downtime.
Assumptions	None
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation	n/a

Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Actual performance higher than targeted.
Indicator responsibility	Chief Executive Officer

25. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

25.1. OUTPUT INDICATOR 6.1

INDICATOR TITLE	Number of statutory authorisations, permits or approvals secured
Definition	This indicator addresses whether progress has been made on statutory authorisations (both planning and environmental), permits or approvals required for development and ancillary infrastructure.
Source of data	Authorisations, permits or approvals secured from the local authority, Department of Environment, Forestry and Fisheries (DEFF), Department of Water and Sanitation (DWS), or any other competent authority.
Method of calculation / assessment	Count the number of statutory authorisations, EA amendments, permits or approvals secured.
Means of verification	Authorisations, EA amendments, permits or approvals.
Assumptions	Competent authorities will comply with the required timelines for granting approvals, authorisations or permits.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-Cumulative
Reporting cycle	Annual
Desired performance	Actual performance higher than the target.
Indicator responsibility	Executive: Development Planning & Infrastructure

25.2. OUTPUT INDICATOR 6.2

INDICATOR TITLE	% Carbon reduction annually
Definition	Carbon offset is a reduction in carbon dioxide or greenhouse gas emissions made by organisations and governments in order to compensate for, or to offset, an emission made elsewhere.
Source of data	DTPC Carbon calculator (that quantifies the carbon footprint for the period January to December), supported by records including employee business travel, company fleet, eThekwini greenhouse gas inventories as well as monthly energy and waste data from DTPC reports. For purposes of the calculation, a reduction in scope 1 and 2 will be included in the calculation. Scope 3 will be reported but not included in the calculation. • Scope 1: Direct emissions associated with diesel, petrol, oils and lubricants and refrigerants.

	• Scope 2: Indirect emissions associated with purchased electricity. • Scope 3: Indirect (value chain) emissions not controlled by DTPC. The calculation will also include carbon equivalents from afforestation or reforestation of DTPC natural land (for new acquired land).
Method of calculation / assessment	Intensity ratio utilised to express GHG impacts per square metre of development. This will include any carbon offsets from net carbon sequestration calculated or carbon credits purchased. Decrease in carbon footprint will be calculated as a percentage of the prior period's intensity ratio.
Means of verification	Carbon footprint calculator results.
Assumptions	None
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual reduction higher than the target.
Indicator responsibility	Executive: Development Planning & Infrastructure

25.3. OUTPUT INDICATOR 6.3

INDICATOR TITLE	Number of completed projects delivered
Definition	Measures the number of construction projects (both top structures and infrastructure) completed during the financial year.
Source of data	Practical completion certificates certified by the employer's agent and/or DPI project manager (where no agent is utilised) for construction projects.
Method of calculation / assessment	Count the number of construction projects completed. Repairs to an existing structure will not constitute a new project.
Means of verification	Practical completion certificates.
Assumptions	None
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: 100% of buildings constructed by DTPC are accessible to people with disabilities.

Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target.
Indicator responsibility	Executive: Development Planning & Infrastructure

25.4. OUTPUT INDICATOR 6.4

INDICATOR TITLE	Total capital expenditure on infrastructure projects
Definition	This indicator measures the total spend by DTPC on infrastructure. Infrastructure investment by the public sector stimulates economic development and employment creation, which ultimately alleviates poverty and unemployment.
Source of data	Cumulative spend quarterly spreadsheet. Contract Finance Management Tool (CFMT) after review by contracts, or processed invoices, based on certified value including retention. Evolution general ledger reports.
Method of calculation / assessment	Total spend (incl. VAT) by DTPC on buildings and other fixed structures over the year. This does NOT include expenditure on land purchases or equipment, but may include expenditure on SEZ-funded projects, if applicable. This comprises of all construction costs that are capitalised (i.e. consultant costs can be included if they are capitalised in the GL).
Means of verification	Capital spend spreadsheet; invoices and/or Evolution general ledger reports.
Assumptions	Budget will be available as required.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: 12% of capital expenditure on infrastructure projects to be spent on women-owned companies. • **Target for Youth**: 10% of capital expenditure on infrastructure projects to be spent on youth-owned companies. • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target.
Indicator responsibility	Executive: Development Planning & Infrastructure

25.5. OUTPUT INDICATOR 6.5

INDICATOR TITLE	Construction expenditure on EMEs and QSEs
Definition	Tracks the total amount spent on construction projects during the year on EMEs and QSEs. The intention is to support small businesses by ensuring that a greater proportion of the total amount spent on construction projects is allocated to EMEs and QSEs.
Source of data	Construction / Work in Progress GL accounts on Evolution will be used to identify the total capitalised construction expenditure (incl. capitalised professional fees). This spend will then be analysed to determine whether the main contractor or any subcontractors on the project qualify as an EME or QSE. EME / QSE spend report (supported by invoices). Contract Finance Management Tool (CFMT) or the contract register will be used to determine and record the actual amount spent on EMEs and QSEs. B-BBEE certificates and/or CSD, to establish EME/QSE status.
Method of calculation / assessment	Add total spend (incl. VAT) on construction projects where the main contractor, or sub-contractor is an EME or QSE. This comprises of all construction costs that are capitalised (i.e. consultant costs can be included only if they are capitalised in the GL).
Means of verification	EME / QSE spend reports (supported by invoices); invoices and/or Evolution general ledger reports
Assumptions	• All required documentation will be submitted by contractors or sub-contractors to enable DTPC to identify which are EMEs or QSEs. • Companies will continue to submit EME or QSE affidavits following the revision of the PPPFA Regulations.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: 30% of construction expenditure on EMEs and QSEs that are owned by women. • **Target for Youth**: 30% of construction expenditure on EMEs and QSEs that are owned by youth. • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target.
Indicator responsibility	Executive: Development Planning & Infrastructure

ANNEXURES

26. ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

26.1. AMENDMENTS MADE TO PART C: MEASURING OUR PERFORMANCE

The 5-year target for the following Outcome Indicator, included in the 2020/21 – 2024/25 Strategic Plan, has been amended.

Original version:

	Outcome		Outcome Indicator	Baseline	5 Year Target
2.	Increased active participation by black people in the economy	**2.3**	Investment to facilitate increased economic participation by black people	**R272 million** invested in the 2018/19 year	**R4.5 billion**

This was amended in the **2022/23 financial year** as follows:

Revised version:

	Outcome		Outcome Indicator	Baseline	5 Year Target
2.	Increased active participation by black people in the economy	**2.3**	Investment to facilitate increased economic participation by black people	**R272 million** invested in the 2018/19 year	**R2.573 billion**

Reason for the change:

The COVID-19 pandemic has had a prolonged, devastating impact on the KZN and South African economies. In addition, the unrest experienced in KZN in July 2021 had a further negative impact as it severely damaged the Province's reputation with investors. This necessitated a reduction in the targeted levels of investment expected by black-owned companies at DTP, particularly in buildings (see output indictor 3.3), which often requires investors to secure loan funding, which is less readily available to new businesses under difficult economic conditions.

The target for the Outcome Indicator measuring investment to facilitate increased economic participation by black people is made up of DTPC's procurement spend on black-owned companies, enterprise development and supplier development activities, investment made by black investors in capital equipment and buildings at DTP, as well as skills development and salaries paid to black employees. Therefore, the reduction in the projected investment to be made by black investors in buildings at DTP over the remainder of the 5 years, necessitated a reduction in the target for this outcome indicator as well. The actual levels of achievement against this indicator for the 2021/22 year and 2022/23 year, were further factored into the revised target.

This was further amended in the **2023/24 financial year** as follows:

Revised version:

	Outcome		Outcome Indicator	Baseline	5 Year Target
2.	Increased active participation by black people in the economy	**2.3**	Investment to facilitate increased economic participation by black people	**R272 million** invested in the 2018/19 year	**R2.1 billion**

Reason for the change:

The further reduction in the 5-year target for this Outcome indicator is as a result of lower investment expected by black-owned companies in buildings and equipment (see output indictors 3.2. and 3.3.), based on the previous investment in capital equipment made by black-owned investors, and the projected investment values on leases expected to be signed in the remainder of the 5-year period. The longer than expected impact of the COVID-19 pandemic, followed by civil unrest and then severe floods in KZN has impacted the view of potential investors. In addition, new investors often struggle to obtain the funding needed for new developments, which has further hampered the value of investment to facilitate economic participation by black people.

27. ANNEXURE B: CONDITIONAL GRANTS

DTPC has not received any conditional grants.

28. ANNEXURE C: CONSOLIDATED INDICATORS

There are no consolidated indicators applicable to DTPC.

29. ANNEXURE D: DISTRICT DELIVERY MODEL

Area of intervention	Medium Term (3 years – MTEF)				
	Project description	**District Municipality**	**Location: GPS co-ordinates**	**Project leader**	**Social partners**
Catalytic projects	Plan 2: Develop a prosperous, diverse economy and employment creation Programme 2.6: Support and facilitate investment into catalytic projects, such as Dube TradePort, Automotive Supplier Park and the Aerotropolis	eThekwini Municipality	Location: Dube TradePort and Aerotropolis region, and South Illovo	Dube TradePort Corporation	n/a
Public transport	Plan 3: Creating a quality living environment Programme 3.12: Implement an effective public transport plan for the Municipality – Corridor C8 planned to be operational by 2035.	eThekwini Municipality	Location: Tongaat and Airport to Umhlanga and Warwick	eThekwini Municipality	n/a

30. ANNEXURE E (1): DTPC ALIGNMENT WITH PGDS

PGDS[67]			DTPC			
Priority	**Intervention**	**Indicator**	**Impact Statement**	**Outcome Statement**	**Outcome Indicator**	**Output Indicator**
1. A capable, ethical and developmental state	Build government capacity	Percentage of vacant funded posts in provincial departments, municipalities and public entities. Number of municipalities, provincial departments, public entities achieving clean audits	Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort Special Economic Zone, associated commercial zones and air logistics platform	Sustainable development and operation of the Dube TradePort	Year in which operational break-even (incl. depreciation) will be achieved	• Average time taken to fill vacancies from receipt of approval to acceptance of offer • External audit opinion
2. Economic transformation and job creation	Develop and promote the agricultural potential of KZN	Increase employment within the agricultural sector		Increased active participation by black people in the economy	Total number of new permanent direct jobs created Total number of new temporary direct jobs created	

[67] Based on KZN PGDS 2021

PGDS			DTPC			
Priority	**Intervention**	**Indicator**	**Impact Statement**	**Outcome Statement**	**Outcome Indicator**	**Output Indicator**
2. Economic transformation and job creation	Enhance sectoral development through trade investment and business retention	Absolute growth in provincial exports Absolute growth in provincial investment Growth in employment in key manufacturing and service sectors	Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort Special Economic Zone, associated commercial zones and air logistics platform	Increased investment and export potential	Value of exports by DTPC tenants Total tonnage throughput from Dube Cargo Terminal Total value of new private sector investment in buildings and equipment	• Total value of new investment (capital equipment) by black-owned companies • Total value of new investment (buildings) by black-owned companies
	Enhance spatial economic development	Government and private sector capital investment in both brownfield and greenfield economic projects Extent (m²) of appropriately zoned and serviced industrial and commercial land available Rand value of private sector investment in the Durban Aerotropolis and Richards Bay SEZ		Increased investment and export potential	Total value of new private sector investment in buildings and equipment	• Total capital expenditure on infrastructure projects • Number of statutory authorisations, permits or approvals secured • Number of completed projects delivered

PGDS			DTPC			
Priority	**Intervention**	**Indicator**	**Impact Statement**	**Outcome Statement**	**Outcome Indicator**	**Output Indicator**
2. Economic transformation and job creation	Promote SMME and entrepreneurial development		Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort Special Economic Zone, associated commercial zones and air logistics platform	Increased active participation by black people in the economy	Investment to facilitate increased economic participation by black people	• DTPC's B-BBEE level • Construction expenditure on EMEs and QSEs
5. Spatial integration, human settlements and local government	Promote sustainable land practices	Hectares of land rehabilitated annually		Sustainable development and operation of the Dube TradePort		• Number of hectares rehabilitated or maintained
	Promote the green and blue economies as well as sustainable practices	GHG emissions inventory developed and maintained			% Reduction of negative impact on the environment as per the EMS	• % Carbon reduction annually

31. ANNEXURE E (2): DTPC ALIGNMENT WITH MTSF AND KZN MTSF IMPLEMENTATION PLAN

MTSF			KZN MTSF IMPLEMENTATION PLAN	DTPC			
2024 Impact	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**	**Output**	**Output Indicator**
MTEF Priority 1: Capable, Ethical and Developmental State							
Public value and trust; active citizenry and partnerships in society	Functional, efficient and integrated government	Percentage of qualified audits in national, provincial, local government and public entities	At least 75% reduction of qualified audits in the public sector by 2024. Baseline: 6 Departments qualified as at 2019, of these 1 per year improved from qualified, 0 new qualifications.			Reliable financial information, resulting in stakeholder confidence	• External audit opinion
MTEF Priority 2. Economic Transformation and Job Creation							
Unemployment reduced to 20%-24% with 2 million new jobs especially for youth; Economic growth of 2%-3% and growth in levels of investment to 23% of GDP	More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Unemployment rate	75 000 jobs by 2024 through: - TIKZN & Investment Projects (booklet) - KZN Growth Fund - Ithala Development Finance - **DTP** and RBIDZ - Industrial Parks	Increased active participation by black people in the economy	• Total number of new permanent direct jobs created • Total number of new temporary direct jobs created		

MTSF			KZN MTSF IMPLEMENTATION PLAN	DTPC			
2024 Impact	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**	**Output**	**Output Indicator**
MTEF Priority 2. Economic Transformation and Job Creation							
Unemployment reduced to 20%-24% with 2 million new jobs especially for youth; Economic growth of 2%-3% and growth in levels of investment to 23% of GDP	Quality and quantum of investment to support growth and job creation improved	Investment in infrastructure secured and implemented	Investment drive focusing on **Dube Trade Port Special Economic Zone** and Richards Bay Industrial Development Zone as well as industrial parks such as KwaSithebe, eZakheni and Newcastle.	Increased investment and export potential	• Total value of new private sector investment in buildings and equipment	Increased serviced land and buildings available for investment	• Total capital expenditure on infrastructure projects
MTEF Priority 5: Spatial Integration, Human Settlements and Local Government							
Natural resources are managed and sectors and municipalities are able to respond to the impact of climate change	State of ecological infrastructure improved	Percentage increase in ecological infrastructure restoration and rehabilitation by province and districts	Hectares of land rehabilitated: 2024 target 120 000 ha			Land rehabilitated in compliance with ROD requirements	• Number of hectares rehabilitated or maintained
MTEF Priority 7. A Better Africa and World							
A better South Africa	Increased and diversified exports resulted / contributed to an export orientated economy	Percentage increase of exports in identified sectors	Focus on industrialization programmes and expanding investment ready projects in the SEZs	Increased investment and export potential	• Value of exports by DTPC tenants • Total tonnage throughput from Dube Cargo Terminal		

MTSF			KZN MTSF IMPLEMENTATION PLAN	DTPC			
2024 Impact	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**	**Output**	**Output Indicator**
MTEF Priority 7. A Better Africa and World							
A better South Africa	Growth in tourism sector resulting in economic growth	Percentage increase in the value of international tourist spend	Regional airport linkage to increase connectivity to KZN tourism sites - Addressing Public Transport connecting King Shaka and the city of Durban and other cities in the vicinity including spatially links to areas such as KwaMashu, Inanda, Ndwedwe and other districts for economic inclusion.	Increased investment and export potential	• % Increase in regional and international passengers through KSIA		

32. ANNEXURE F: RING-FENCED FUNDING

Included in the MTEF allocation received by DTPC from EDTEA, are amounts, which have been ring-fenced for the following specific purposes:

Automotive Supplier Park

In June 2016, DTPC entered into a Memorandum of Understanding with EDTEA, whereby DTPC agreed to undertake master-planning, engineering, design and construction oversight for the Automotive Supplier Park to be developed in the south of Durban.

EDTEA initially committed to provide R19 million, based on 2017 rand values and subject to review, over 3 years to fund the initial phase of the project. DTPC entered into a contract with a service provider, with a current total contract value of R16.7 million. EDTEA has transferred R21.59 million to DTPC for this project to date, and committed to provide a further R34 019 459 over a 4-year period, from 2021/22 to 2024/25 for professional fees for the ASP.

The next phase of the project, which includes detailed design and an EPCM contract, is estimated to cost around R50 million, while the provision of bulk earthworks and services is expected to cost a further R2.6 billion over an 18-month period. Funding for this phase of the project has not yet been approved.

KZN Horticultural Project

In 2016, DTPC entered into an agreement with EDTEA to conduct a market and infrastructure analysis of the horticulture industry in KZN, with particular focus on four areas identified by EDTEA in an earlier feasibility study conducted in 2004. This project has a role to play in the growth and development of small businesses within the province and will contribute to job creation.

As this project is being undertaken on behalf of EDTEA, the funding made available for its completion has been ring-fenced specifically for this. R1million was transferred to DTPC in March 2017 and has been fully utilized for a market study. A further R7million was received in 2018/19, for the implementation of interventions identified by the study.

DTPC has entered into a contract for technical services for the implementation of greenhouse tunnels on the four farms identified, and approximately R432 000 has been spent on this contract to date, with a further R225 000 still to be utilized. The procurement of a contractor to undertake the development of the tunnels was initiated in 2021/22, but failed as no responsive bids were received. This procurement will be restarted in 2022/23. The project is now expected to be completed in the first half of the 2023/24 financial year.

APPENDICES

33. APPENDIX A: LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACSA	Airports Company South Africa SOC
AG	Auditor General
APP	Annual Performance Plan
ASP	Automotive Supplier Park
B-BBEE	Broad-Based Black Economic Empowerment
CCA	Customs Controlled Area
CCTV	Closed-Circuit Television
CEIV	Centre of Excellence for Independent Validators
CEO	Chief Executive Officer
CFMT	Contract Finance Management Tool
CFO	Chief Financial Officer
CMMS	Computerised Maintenance Management System
COGTA	Cooperative Governance and Traditional Affairs
CPG	Contract Participation Goals
CSD	Central Supplier Database
CSI	Corporate Social Investment
CTK	Cargo Tonne-kilometers
DEFF	Department of Environment, Forestry and Fisheries
DPI	Development Planning and Infrastructure
DTIC	Department of Trade Industry and Competition
DTP	Dube TradePort
DTPC	Dube TradePort Corporation
DURAMP	Durban Aerotropolis Master Plan
DWS	Department of Water and Sanitation
EA	Environmental Authorisation
ED	Enterprise Development
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EME	Exempt Micro Entity
EMS	Environmental Management System
EPCM	Engineering, Procurement and Construction Management

ABBREVIATION	DESCRIPTION
FAR	Floor Area Ratio
GDP	Gross Domestic Product
GHG	Greenhouse gas
GIS	Geographic Information System
GL	General Ledger
GLA	Gross Lettable Area
GPS	Global Positioning System
HR	Human Resources
IATA	International Air Transport Association
ICASA	Independent Communications Authority South Africa
ICAO	International Civil Aviation Organisation
ICT	Information and Communications Technology
ICTG	Information and Communications Technology Governance
IDZ	Industrial Development Zone
IMF	International Monetary Fund
IPDC	Investment Property Development Committee
ISO	International Standards Organisation
IT	Information Technology
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
LMJV	La Mercy JV Property Investments Pty Ltd
MEC	Member of the Executive Committee
MKI	Moses Kotane Institute
MOU	Memorandum of Understanding
MSA	Master Services Agreement
MSP	Multi-Storey Parkade
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
OEM	Original Equipment Manufacturer
ORTIA	OR Tambo International Airport
PEMP	Poverty Eradication Master Plan
PESTEL	Planning tool that analyses Political, Economic, Social, Technological, Environmental and Legal factors
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy

ABBREVIATION	DESCRIPTION
PPE	Personal Protective Equipment
PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act, 2000
QSE	Qualifying Small Enterprise
R&D	Research and Development
RASET	Radical Agrarian Socio-Economic Transformation
RBIDZ	Richards Bay Industrial Development Zone
ROD	Record of Decision
RPK	Revenue Passenger-kilometers
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SAIBPP	South African Institute of Black Property Practitioners
SANAS	South African National Accreditation System
SAPOA	South African Property Owners Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCB	Support Zone Communications Building
SCM	Supply Chain Management
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMME	Small, Medium and Micro-sized Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
TCB	TradeZone Communications Building
TIKZN	Trade and Investment KwaZulu-Natal
TOWS	Planning tool that analyses Threats, Opportunities, Weaknesses and Strengths
UPS	Uninterrupted Power Supply
VAT	Value-added Tax
VCB	Valuable Cargo Building
WULA	Water Use License Application

LA MERCY JV PROPERTY INVESTMENTS PTY LTD

ANNUAL PERFORMANCE PLAN

For

2023/24

KwaZulu-Natal

January 2023

EXECUTIVE AUTHORITY STATEMENT

La Mercy JV Property Investments Proprietary Limited (the JV Company) was incorporated on 8 April 2008 as a private company in terms of a co-operation agreement between Airports Company South Africa (SOC) Limited (ACSA) and Dube TradePort Corporation (DTPC) to lead the developments of the airport city and in so doing support the broader objectives of its major shareholder, DTPC, through the creation of high quality precincts and property developments on the land surrounding the airport. In this respect, the parties have a joint interest in and responsibility for the furtherance of KwaZulu-Natal's status as a strategically important business and leisure region of South Africa.

In line with its mandate, the JV Company contributes towards the priorities of the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF), as well as the KwaZulu-Natal (KZN) Provincial Growth and Development Strategy and Plan. All of these plans aim to bring about faster economic growth and higher investment. Through the outputs targeted in this Annual Performance Plan, the JV Company will do its part towards achieving this in its local setting.

This Annual Performance Plan represents the fourth year of the five-year strategic planning period.

In 2023/24 the focus will be on the following:

- Implementation of wetland interventions which are in line with the Environmental Authorisation (EA) and Water Use License.;
- Screening and Implementation of the outcomes of the feasibility study to consider eco-tourism and other potential commercial opportunities that can be undertaken with low environmental impact on land that has been delineated for conservation;
- Implementation of the LMJV Business Plan; and
- Implementation of the LMJV DFP and Master Plan
- Conclusion of the procurement of offset land for Support Zone 2
- Commence with updating and drafting of specialist studies for Support Zone 1B.
- Submission of LMJV DFP and Master Plan for municipal approval.
- Advertising masterplan and approvals.
- Planning and detailed design of Support Zone 2 enabling infrastructure

The JV Company will continue its work in rehabilitating new sites taken over, while maintaining those areas already rehabilitated. The bulk of the work relates to invasive alien clearing and the acquisition of necessary permits prior to interventions being undertaken.

As MEC of Economic Development, Tourism and Environmental Affairs and on behalf of the Government of KwaZulu-Natal, I fully endorse the strategy, programmes and targets of La Mercy JV Property Investments Proprietary Limited as contained in this Annual Performance Plan and have no doubt that they reflect our policies, strategies and goals of the province.

Mr. Siboniso Duma, MPL

MEC for Economic Development, Tourism and Environmental Affairs

CHAIRPERSON OF THE BOARD STATEMENT

The JV company is wholly dependent on the shareholders for continued funding of its operations. As both shareholders have been affected by significant budget cuts since 2020/21 due to the effects of Covid-19, this will have an impact on the ability of the shareholders to make capital contributions to the JV Company.

Implementation of the ten-year business Plan and implementation of the LMJV DFP and Master Plan is dependent on the adoption of the commercial strategy and the availability of shareholder funding.

Despite the difficult economic conditions, the JV Company remains committed to delivering on its mandate of facilitating economic growth, and intends to do its part to support a full economic recovery in the province. There were delays in obtaining rezoning rights for Support Zone 2. Following the rezoning approval, the precinct plan process as well as detailed design can commence, culminating in the release of serviced land available for take-up either by private sector investors or for the JV Company to invest in top structures of its own.

Despite a significant portion of the land holding held under conservation, the JV Company will continue to look into alternate opportunities to carry out its mandate. The natural capital the JV Company owns in form of the conservation land provides huge potential for innovative business opportunities that might lead to income generating opportunities. The outcome of feasibility studies will inform revenue creation opportunities that can enable the development of a viable green operating model. The JV Company will strive to look into opportunities to partner with other entities.

As the Chairperson of the JV Company, and on behalf of the Directors, I confirm that despite the challenging economic conditions with which we are now faced and the significant uncertainty with regard to when and to what extent a recovery will take place, the JV Company remains committed to achieving its vision, which is aligned to that of provincial government, and that it will endeavor to achieve the outputs detailed in this Annual Performance Plan, with the intention that these will lead to the outcomes and impact that the JV Company aims to achieve, as detailed in company's five-year Strategic Plan.

Mr. Hamish Erskine

Chairperson: La Mercy JV Property Investments Pty Ltd

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of La Mercy JV Property Investments Pty Ltd under the guidance of both the La Mercy JV Property Investments Pty Ltd Board and Mr. Siboniso Duma (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority;
- Takes into account all the relevant policies, legislation and other mandates for which La Mercy JV Property Investments Pty Ltd is responsible; and
- Accurately reflects the impact, outcomes and outputs that La Mercy JV Property Investments Pty Ltd will endeavor to achieve over the 2023/24 financial year, given the resources made available in the budget and within the constraints and opportunities of the market conditions.

Mr. A. Mnguni

Acting DTPC Chief Operating Officer

Programme 2

Mr. O. Mungwe

DTPC DPI Executive

Programme 2

Ms. A.B. Swalah

Director

Mr. H. Erskine

Chairperson

Contents

PART A: OUR MANDATE

1. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES

There has been no significant change to La Mercy JV Property Investments Proprietary Limited's legislative and other mandates. As per Schedule 3 of the Public Finance Management Act (Act No.1 of 1999) (PFMA) any subsidiary or entity under the ownership control of public entities listed under Schedule 3 are deemed public entities. Dube TradePort is listed as a Schedule 3C public entity and therefore, the JV Company became a deemed schedule 3C public entity upon deregistration and transfer of the shares from Dube TradePort Company to Dube TradePort Corporation (DTPC). The Dube TradePort Company, a Section 21 Company, was deregistered on 31 August 2013 and the Schedule 3C public entity commenced operations on 1 September 2013.

Airports Company South Africa was formed under the AIRPORTS COMPANY ACT NO. 44 OF 1993 [DATE OF COMMENCEMENT: 9 APRIL, 1993]; with the intent "To provide for the transfer of certain assets and functions of the State to a public company to be established and for matters connected therewith." The Airports Company is a Schedule 2 Company under the Public Finance Management Act (Act No.1 of 1999) (PFMA), and operates as a state-owned company within the legal framework outlined in the Companies Act, No 71 of 2008.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

As a deemed Schedule 3C public entity, the JV Company seeks to align its strategic objectives with those of its shareholders, DTPC and ACSA, as well as the relevant policies and strategies of national and provincial government. These include the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF), KZN Provincial Growth and Development Strategy (PGDS), Provincial Growth and Development Plan (PGDP), the New Growth Path, the Industrial Policy Action Plan (IPAP) and KZN Poverty Eradication Master Plan (PEMP).

As a state-owned company, Airports Company South Africa is mandated to advance South Africa's national agenda of economic growth and development while delivering a sustainably profitable business.

In formulating this Annual Performance Plan, the JV Company has taken into consideration relevant national and provincial plans and priorities in an effort to ensure that its own plans and priorities are suitably aligned, so as to contribute towards the greater achievement of KwaZulu-Natal and South Africa's developmental goals.

The primary plan in this regard is the 2030 National Development Plan (NDP), which sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- **Bringing about faster economic growth, higher investment and greater labour absorption**;
- Focusing on key capabilities of people and the state;
- Building a capable and developmental state; and
- Encouraging strong leadership throughout society to work together to solve problems.

The mandate of the JV Company is closely aligned to the third of these priorities, as the intention of developing the Dube TradePort is to facilitate economic growth by attracting investment by the private sector.

The priorities of the NDP are further elaborated in the Medium Term Strategic Framework (MTSF) 2019-2024, which is built on three foundational pillars:

- **Driving a strong and inclusive economy**;
- Building and strengthening the capabilities of South Africans; and
- Achieving a more capable state.

It also includes cross-cutting focus areas, relating to women, youth and people with disabilities, which must be mainstreamed into all programmes of government.

The MTSF outlines the 7 main priorities of the sixth administration. Of the 7 main priorities, the three most relevant to the JV Company are:

- **Economic Transformation and Job Creation** (priority 2)
- **Spatial integration, human settlements and local government** (priority 5)
- **A better Africa and World** (priority 7)

KZN's 2030 vision remains to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world. In the 2021 update to the Provincial Growth and Development Strategy (PGDS), the seven provincial goals have been replaced by the seven priorities of the MTSF. As the two plans were already fully aligned, this is not a significant change, and the JV Company's contribution towards the achievement of these plans remains the same.

The JV Company's contribution to achieving the objectives of the NDP, MTSF and PGDP lies in its mandate to provide an enabling environment to attract new private sector investment, both foreign and domestic, by providing commercially and environmentally sustainable property developments. This will contribute to economic growth that will benefit all South Africans, in line with one of the Department of Economic Development, Tourism and Environmental Affairs (EDTEA)'s targeted outcomes of ensuring "*Inclusive and transformed economic growth*" in KZN.

Key to ensuring that economic growth benefits all, is ensuring that the JV Company's plans are gender-responsive, such that they include initiatives that will benefit women, youth and people with disabilities, and are aligned to the Framework on gender responsive planning, budgeting, monitoring, evaluation and auditing.

At an operational level, the JV Company has implemented the following activities, which aligns to initiatives mentioned in the State of the Province address (SOPA) and contributes towards increasing the economic participation of vulnerable groups, such as women, youth and people with disabilities:

- Preferential procurement: As part of the budgeting process, pre-qualifying criteria are identified for procurements planned for the next financial year. The pre-qualifying criteria used must comply with the Preferential Procurement Policy Framework Act, 2000: Regulations, 2017, which allow entities to specify that bidders must subcontract at least 30%

of the tendered amount to various groups, including companies that are at least 51% owned by black women, black youth, or black people living with disabilities. In addition, the JV Company's procurement strategy targets vulnerable groups, in line with the priorities of Operation Vula.

- Radical Agrarian Socio-Economic Transformation (RASET): The JV Company further supports the KZN programme of Radical Agrarian Socio-Economic Transformation (RASET) through sub-letting agricultural land portions to Uzinzo, a small scale black owned sugarcane farming enterprise and emerging agro-business.

The JV Company continues to strive in maintaining its clean audit opinion status in order to contribute to the MTSF intervention of 100% unqualified audits in national, provincial, local government levels and public entities by 2024, to the Cabinet Lekgotla Resolution of Operation Clean Audit and in rebuilding the state and restoring trust and pride in public institutions as stated in the 2022 State of the Nation Address (SONA).

The JV Company will continue to rehabilitate and restore land to contribute to the MTSF intervention of rehabilitation of land and to the PGDS target of rehabilitating 120 000 hectares of land in 2024.

3. UPDATES TO RELEVANT COURT RULINGS

In the court case between the National Director of Public Prosecution and Thaba Chweu, the Local Municipality was fined R10 million in June 2022 for unauthorized disposal of wastes, unlawful water use, unlawful negligent disposition and distribution of raw untreated sewage, failure to comply with the conditions of a Water Use License and failure to comply with a directive in terms of Section 19 and 53 of the National Water Act 36 of 1998. There are potential water use triggers on JV Company land and we need to ensure that our tenants do not contravene the National Water Act i.e. the JV Company is to monitor land that has been leased for farming. The JV Company must prepare for compliance to the December 2020 regulations of the National Energy Act 34 of 2008, for mandatory display from 2022 onwards of energy performance certificate at the entrance of all non-residential buildings and building occupied by organs of state.

There are no other court rulings that have had a significant and on-going impact on the JV Company's operations or service delivery obligations.

PART B: OUR STRATEGIC FOCUS

4. UPDATED SITUATIONAL ANALYSIS

4.1. EXTERNAL ENVIRONMENT ANALYSIS

Economic outlook

South Africa's Real gross domestic product, GDP, (measured by production) increased by 1,9%1 in the first quarter of 2022, following an increase of 1,4% in the fourth quarter of 2021. The manufacturing industry increased by 4,9% in the first quarter, contributing 0,6 of a percentage point to GDP growth. Seven of the ten manufacturing divisions reported positive growth rates in the first quarter. The petroleum, chemical products, rubber and plastic products division made the largest contribution to the increase in the first quarter. The food and beverages division; basic iron and steel, non-ferrous metal products, metal products and machinery division; and motor vehicles, parts and accessories and other transport equipment division also made significant contributions to growth. The finance, real estate and business services industry increased by 1,7%, contributing 0,4 of a percentage point to GDP growth. Increased economic activities were reported for insurance and pension funding, auxiliary activities, real estate and business services. [68]

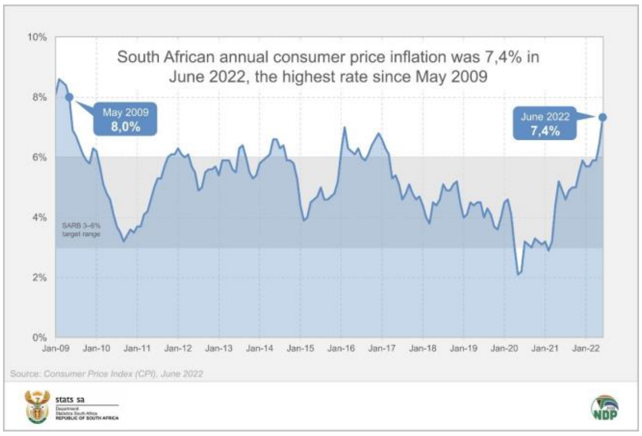


Diagram 1: GDP- Q1 2022

Diagram 2: CPI Inflation – June 2022

Consumer inflation surged to a 13-year high. Annual consumer inflation jumped to 7,4% in June from 6,5% in May, mainly driven by rising transport and food prices. The June rate is the highest reading since May 2009 (8,0%) when the economy was facing the headwind of currency depreciation during the global financial crisis.

The Consumer Price Index (CPI) increased by 1,1% between May and June. The annual rate rose during 2021, and continued its upward trajectory in the first half of 2022. Many countries around the globe have experienced rising inflation in recent months, making it a hot topic for debate particularly in the area of monetary policy. The June CPI incorporates the most recent results of Stats SA's rental survey that is used to calculate changes in actual and imputed rental indices. Actual rentals increased by 0,8% and imputed rentals by 1,0% in the second quarter of 2022 compared with the first quarter of 2022. These increases are the highest for these categories since June 2019 when

[68] Stats SA statistical data- GDP release GDP PO441 2022 Q1

actual rentals increased by 0,9% and imputed rentals by 1,1% between the first and second quarters.[69]

The KZN economy closely matches that of South Africa, although it is fortunate to be one of the most diversified provincial economies in the country, shielding it from sector-specific shocks. The contraction of the KZN economy looks set to intensify as the full impact of COVID-19 unfolds. As the JV Company's future operations center around leasing land or structures to the private sector, the state of the local property market is likely to a have an impact on both the JV Company and its future tenants.

In terms of office space, the national office vacancy rate in the second quarter of 2021, was 15%, matching the all-time high recorded in March 2003, as the fallout from the COVID-19 pandemic continues to filter through the real economy. The curve has steepened dramatically since March as tenants' financial position has come under pressure, forcing occupiers to reconsider the extent of their physical office presence, and there is much uncertainty about what shape the recovery might take. The weak economic environment and improved technology may be a catalyst for more companies to cut overheads through higher 'work from home' adoption. All metro areas reported increased vacancy during the quarter ending June 2021. Increasing vacancy appears likely and the fact that South Africa entered the COVID era with an oversupply of office space exasperates the situation. The collapse in financial and business services investment (a key leading indicator of office vacancy rates), raises the probability of further short to medium deterioration in the vacancy rate but any forward looking view is clouded by significant uncertainty.[70]

This will have a negative impact on demand for office space and will affect occupancy rates, particularly in the JV Company's Support Zones, once developed.

According to the South African Property Owners Association (SAPOA), 2021 Quarter 4 report, the office vacancy rate reached new all-time high of 16%. This high vacancy rate has impacted on the asking rentals which have been under increased strain since mid-2020. The hardest hit were the A & B Grade office segments. The Grade A vacancy rate reached an all-time high of 14.3%. in the short-term, all indicators re that overall office vacancy rate will remain on high. The 2022 Quarter 1 report shows that the office market continues to struggle in light of the work-from-home situation. Most lease tenures have been changed to much shorter lease periods. The industry has also seen a decline of 6% - 7%, in lease escalation rates.

The industrial property market remained the best performing of the three primary commercial property classes at the start of 2022. Technological advancements have worked in favour of newer industrial stock, with demand in many cases outstripping supply. Positive performance within this sector is boosted by sub-sectors such as logistics and distribution centres, data centres, and storage. The 'disruption' caused by the pandemic was less evident within the industrial segment, as rental growth remained positive (albeit slowing), vacancies minimal, and investment demand remained favourable.[71].

---

[69] Stats SA release- July 2022 Consumer Price Index (CPI) statistical release
[70] Q2 Office Vacancy Report, SAPOA, June 2021 and Q1, 2022

[71] Office Vacancy Report, SAPOA, December 2021.

While the full impact of the pandemic remains uncertain, the JV Company expects to see a decline in new investment as businesses look to consolidate their positions.

Due to the COVID-19 pandemic, foreign direct investment is expected to be significantly lower than previously forecast. Emerging and developing economies are likely to be more seriously impacted as they attract a higher share of the primary sector and manufacturing investors. Supply disruptions, demand contractions, and the pessimistic outlook of economic factors, as a result of COVID-19, means that investment attraction is likely to be much lower than previously expected. Investment opportunities are also limited by the unavailability of commercially viable (serviced) JV land to developers.

There is uncertainty in the natural capital environment. Investors are looking at portfolios that generate high returns. There is limited appetite for potential investors to invest in new projects i.e. companies are maintaining core services and not investing in new projects. JV Company's focus is on legal compliance-related projects unless there are projects that are generating high revenue.

Other opportunities and threats

The continued support of political principals in order to progress developments in the long term remain critical. It is imperative that the plans of ACSA, DTPC, the JV Company, eThekwini Municipality, and other local and provincial entities align so as to ensure the success of the JV Company's projects. This involves working with other government institutions to ensure that infrastructure, outside of the JV Company's mandate, is provided in a timely manner, and includes services such as providing the necessary road linkages to connect newly developed zones, and ensuring that adjacent waste water treatment plants are licensed so as to enable the JV Company's developments to connect to these. In addition, the delay in obtaining statutory approvals (from either the National Departments of Environmental Affairs or Water Affairs; relevant municipality, etc.) poses a significant challenge to the projects envisaged by the JV Company.

The National lockdown and restrictions have had the effect of causing delays in procurements and operations. Further Covid 19 negative economic impacts are seen in the short or medium term in the aviation industry. This negatively affects the ability to maintain existing and generate new revenues. The JV Company should establish/ develop stronger partnerships models (PPP) with private sector developers to address financial constraints which present themselves as inhibitors to development projects.

The unavailability of potable water as a result of the April/May 2022 KZN floods impacted operations of the JV partners indirectly. JV shall put in place viable contingency plans to cater for impacts of natural disasters and ensure business continuity.

Potential threat of civil unrest is ongoing, however the JV Company is located in a secure site, both because of its proximity to KSIA, a National Key Point, and the presence of the precinct's security services, as well as the South African Police Services (SAPS) on-site. Following the 2021 unrest, security has become more important than ever for businesses locating in the province. This has made the JV Company sites a more attractive prospect for those investors committed to locating in KZN.

New land use trends and patterns emerging out of the pandemic must be utilized as an indicator of where the LMJV will need to make changes to its strategy going forward. There is an opportunity to develop LMJV brand and marketing strategy that will be informed by the current situation and outcomes of the business plan. In order for the LMJV to keep up with the pace of development, new construction methodologies will have to be considered and adopted. From a land management and spatial analysis point of view, the use of technology such as drones and GIS will be utilized in order to manage the risk of land invasion. With increased electricity challenges and pressure in the country, alternative energy solutions will be considered for on-site implementation in order to ensure security of supply as a value proposition to tenants.

The high rate of unemployment in the country has led to an increased risk of land claims, particularly in the less developed areas of the JV Company's land holdings. With increased electricity challenges and pressure in the country, alternative energy solutions will be considered for on-site implementation in order to ensure security of supply as a value proposition to tenants. Damage of municipal bulk water infrastructure as a result of the KZN floods in April 2022 has affected supply of water to the precinct and has necessitated a buffer water reservoir be constructed in mitigation.

The high rate of unemployment in the country and the displacement of a number of people due to the recent floods has led to an increased risk of land invasions, particularly in the undeveloped areas of the JV Company's land holdings. Increased security measures will be considered to avoid land invasion.

Local construction business forums and other community groups could pose a threat if tenants and service providers under-utilize the labour available in the surrounding communities. It is therefore important that the JV Company work with the local community groups to ensure that they benefit from the development of the area.

DTPC operates in a SEZ environment. Investors locating in the DTP SEZ may qualify to receive tax incentives. These are administered by SARS and the availability of tax incentives in the SEZ is critical to attracting and retaining investors. The JV Company will explore applying for an SEZ designation.

Main stakeholders:

The following are some of the key stakeholders that have an impact on JV Company's ability to deliver on its mandate:

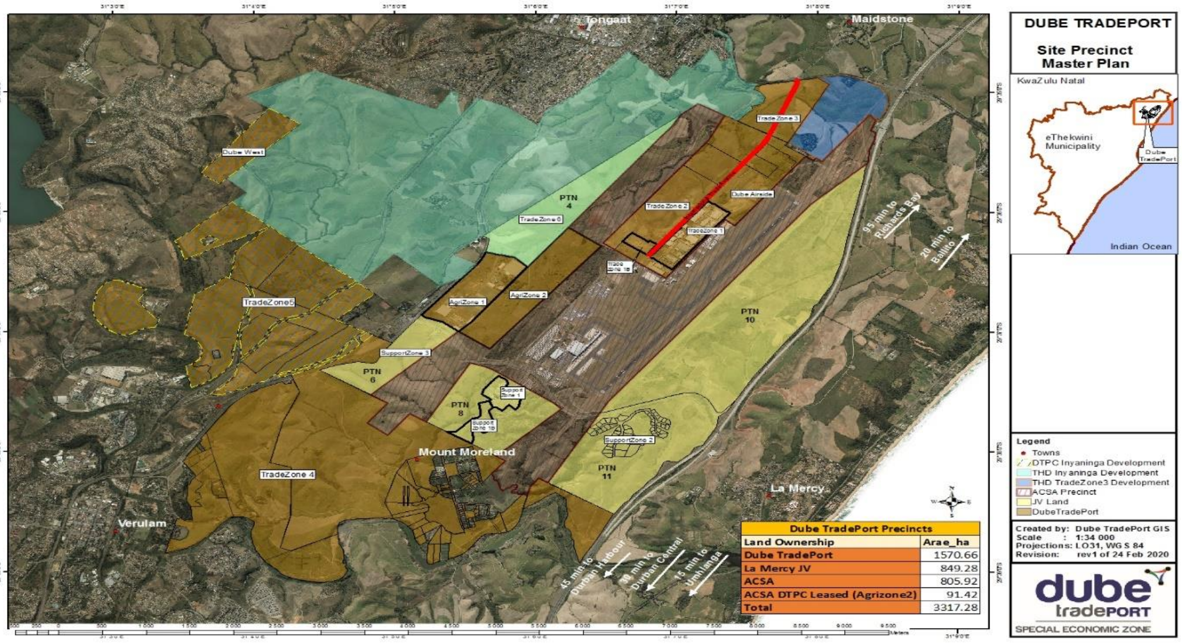
- **Shareholders:** The shareholders, ACSA and DTPC, provide funding to the company for its operations and capital projects. As both shareholders have been affected by significant budget cuts due to Covid-19, this will have an impact on the ability of the shareholders to make capital contributions to the JV Company.
- **EDTEA:** As the main parent company, DTPC is funded by EDTEA. DTPC and LMJV are accountable to EDTEA for the use of funds to achieve its mandate, and DTPC's and LMJV's objectives are aligned with those of EDTEA.
- **eThekwini Municipality:** This stakeholder facilitates statutory approvals and provides input into infrastructure and environmental obligations for DTPC's developments. They are also critical for the provision of utilities (water, waste removal and electricity) to the precinct. The municipality therefore has the power the stall or accelerate LMJV's development, and it is critical that LMJV maintains a good working relationship with eThekwini Municipality, to ensure integration and alignment of plans and objectives, so that these can be of mutual benefit
- **Prospective tenants:** The JV Company is located in a secure site and will attract prospective tenants, particularly those starting up new businesses.

4.2. INTERNAL ENVIRONMENT ANALYSIS

Internal performance and Challenges

The activities of the JV Company are largely split into two areas. The Finance and administration section essentially provides support to the main operations of the JV Company. The main operations range from statutory planning, provisioning and construction of infrastructure, environmental management, maintenance of infrastructure and effective zone management.

The development of Dube TradePort was the catalyst for the development of the aerotropolis concept with Dube TradePort (DTP) and the King Shaka International Airport (KSIA) infrastructure as the core. JV Company has acquired land that has been incorporated in the planning for the land around the airport. With the introduction of the Aerotropolis concept, several sector studies having been completed, and several iterations of plans have been prepared that need to be taken account of and integrated into the revised Development Framework Plan (DFP) and master plan. The purpose of this DFP is to set out a 20-year vision for the Farm La Mercy Airport No. 15 124: i.e. the Dube TradePort (DTP) site, to guide and co-ordinate land use and development. The implementation of the development of the DTP site will be achieved through the Development Framework Plan as well as a suite of Precinct Plans and Development Manuals. The site will be developed by the three different land owners (ACSA, DTPC and JV Company) and their tenants over a long period of time. The map below illustrates the landholdings of the JV Company.



Organisational Structure

The oversight function of the JV Company vests in the Board. The Board comprises representatives from both ACSA and DTPC and is chaired by the CEO of DTPC. The Board is specifically structured to provide a diverse mix of skills and expertise relevant to the JV Company's operations and the diverse environment in which it operates.

The Audit and Risk Committee, with representation from both shareholders, is a sub-committee of the Board. The role of this Committee is to assist the Board of the JV Company in discharging its responsibilities to safeguard the company's assets, maintain adequate accounting records and to develop and maintain an effective system of internal control and risk management.

One of the main challenges facing the JV Company is the lack of dedicated human resources. With no staff in the JV Company, all operational activities are executed by officials employed either by DTPC or ACSA. This lack of dedicated resources often results in delays in execution of operational activities. The following working groups were formed to give effect to the day-to-day operations of the JV Company:

- Commercial Forum: The objective of the forum is to co-ordinate commercial property matters and to ensure compliance with applicable legislation, regulations and policies. The commercial forum includes representatives from both ACSA and DTPC statutory planning teams.

- Environmental Joint Working Group (EJWG): The EJWG was formed to administer the rehabilitation of the JV land and to monitor and oversee implementation of the conditions of the EA (EIA ref.:12/12/20/686/3/AM2) for the phase 1 site development. The EJWG now oversees site wide environmental management and sustainability.

- Joint Operational Working Group: To address operational issues within the precinct.

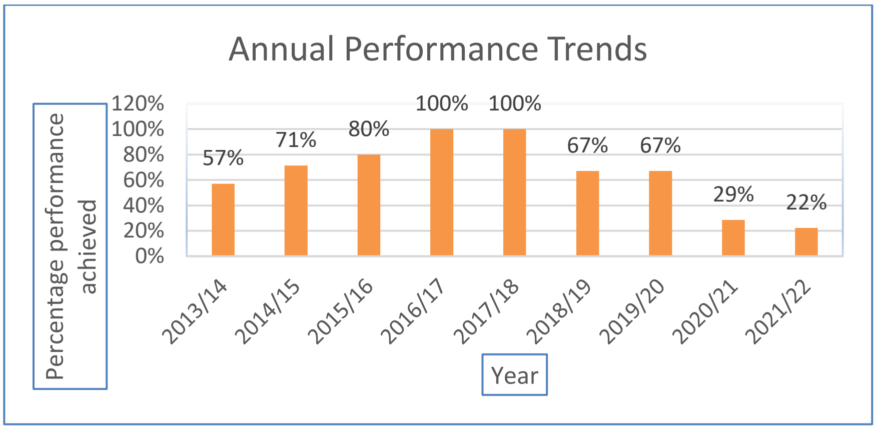
- Design and Review Panel (DRP): The DRP was formed pursuant to the requirements of Clause 2 of Special Zone 10 of the North Scheme of the eThekwini Municipality which required that "A Dube TradePort Design and Review Panel comprising of Dube TradePort Corporation (DTP Co), Airports Company South Africa SOC Ltd (ACSA), the eThekwini Municipality and any other relevant role players, as determined by these three parties, shall be established to review and make recommendations to the relevant approving authority on all plans and developments within the Zone as per the provisions of the approved Development Framework Plan.

Each of the above groups comprise officials from both ACSA and DTPC. The finance and administration functions are executed by DTPC. Verification of inter-company transactions are performed by officials from both ACSA and DTPC.

LMJV Internal Performance

Over the past MTEF cycle, the JV Company has achieved the majority of its planned targets. Its activities are currently limited to regulatory planning and compliance, with a number of administrative indicators also measured. As the necessary statutory approvals are obtained there is expected to be a shift towards including more indicators that measure core business outputs.

An analysis of the comparative achievement of APP targets per year is shown below. Inactivity at the airport due to lockdown and delays in procuring services were some of the reasons for non-achievement of certain targets in 2020/21 and 2021/22.



The JV Company maintained its clean audit opinion. There is one external audit finding on Performance Information in the current year.

Financial Resources

The company sold part of its land holdings in Dube City to its shareholders in 2015. The proceeds from the sale of land enabled the JV Company to fund its short term operating activities without any cash injections from the shareholders. Expenditure has been funded via equity funding with effect from 01 September 2013. The current asset base of the JV Company is approximately R147 million.

With no developable land currently available, the JV Company will accelerate the implementation of its ten-year business plan and carry out feasibility studies to increase and possibly diversify its revenue streams in order to overcome some of the challenges faced.

In response to the COVID-19 pandemic, all departments and public entities' budgets since the 2020/21 year and MTEF period have been cut. DTPC's budget for this year has been reduced substantially.

The negative impact of COVID-19 has also been severe on ACSA, as a result of the aviation industry being one of the hardest hit. ACSA has revised their financial and business models to focus on business sustainability. Their recovery period is medium term, resulting in major operational and capital expenditure reductions over the next 3 to 5 years. The financial recovery of ACSA is heavily dependent on how quickly the airline industry returns to normal operations. ACSA is continually reviewing its capital expenditure programme and other investment decisions. This will have an impact on ACSA's ability to make future contributions to the JV Company in the short to medium term, and possibly longer. However, ACSA has developed a national aerotropolis strategy which will guide and further mitigate any negative impacts to the JV Company.

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
	R000's						
NET FUNDING REQUIRED	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Administration	-3,542	-2,043	-1,652	-3,899	-3,924	-3,014	-4,019
Development, Planning, Infrastructure and Operations	1,712	1,800	3,159	24,201	16,225	29,194	34,545
Total	**-1,830**	**-243**	**1,507**	**20,302**	**12,301**	**26,180**	**30,526**
Revenue	7,010	4,302	3,500	6,603	8,892	7,159	8,660
Economic Classification							
Current payments	**5,180**	**4,059**	**5,007**	**15,905**	**13,861**	**9,473**	**6,580**
Goods & services of which:							
Consultants, contractors, special services	2,331	2,124	2,500	13,469	9,467	6,410	3,142
Tax payable	1,047	767	217	500	500	750	1,000
Finance costs	4	-	75	-	-	-	-
Communication	18	3	-	100	100	100	100
management association costs	1,026	524	1,542	1,125	3,019	1,398	1,482
Other: Rates and municipal charges	754	641	673	711	776	815	856
Payments for Capital assets	-	-	-	11,000	7,332	23,866	32,607
Land and subsoil assets	-	-	-	9,000	-	-	-
Buildings and other fixed structures	-	-	-	2,000	7,332	23,866	32,607
Total	**-1,830**	**-243**	**1,507**	**20,302**	**12,301**	**26,180**	**30,526**

B-BBEE Compliance

As the annual total revenue of the JV Company is less than R10million, the company is a Level Four (100% B-BBEE procurement recognition) B-BBEE contributor.

The JV Company intends to continue aligning to DTPC's B-BBEE Strategy which guides the entity in contributing to the radical economic transformation of the people of KZN and South Africa. This strategy is aligned to the Broad-Based Black Economic Empowerment Codes of Good Practice, but also contains additional initiatives which facilitate transformation by carrying out targeted procurement.

Environmental Sustainability

The JV Company will strive to ensure that proper measures are in place to protect its environmental resources by adopting the Integrated Environmental Management (IEM) principles and ensuring all environmental management plans are formulated and implemented, i.e. integrated storm water, waste, water consumption, wastewater management plans etc.

The JV Company will continue to maintain rehabilitated land on an ongoing basis. The rehabilitation plan for the delineated conservation area has been approved and the company has commenced with the implementation of prescribed rehabilitation activities. Rehabilitation has commenced and will continue in perpetuity in order to comply with the EA requirements as well as applicable environmental permits.

Due to the size of the rehabilitation area, and the fact that the airport was a greenfield development, there is a high interest from the authorities in ensuring that the EA conditions/ rehabilitation requirements are fully implemented. This can be attested by the role the advisory forum (DFFE, EDTEA, Ezemvelo, DWS, EThekwini municipality) had in the development of the rehabilitation plan. This then emphasizes the importance of the authorities to the JV's environmental management as well as its adherence to the regulatory requirements.

The company will identify opportunities to generate revenue from the natural capital to enable the green initiatives to be self-sustaining.

The obligations for rehabilitation of the delineated conservation area stems from the Environmental Authorization (EA) of the phase 1 build (special zone 10). The LMJV is developing site specific environmental plans in order to adhere to the conditions of the EA for the phase 1 build. Various measures of improving the carbon footprint will be implemented viz. planting trees and grasslands as well as maintaining wetlands.

For the obligations relating to Phase 1, a 'user and owner-benefit' approach was adopted to determine the split of the rehabilitation costs. The cost split process will determine the rehabilitation obligation for DTPC, LMJV and ACSA. The cost splitting process will be reviewed annually. The cost split will be reviewed by an independent specialist once appointed.

The impact of Covid-19 has contributed to the delay in the execution of the critical environmental programmes linked to the rehabilitation plan. This exposes the JV company to potential litigation or directives.

PART C: MEASURING OUR PERFORMANCE

Programme structure

Programmes
Administration
Development, Planning, Infrastructure and Operations

The current programme structure within the JV Company is indicative of the nature and level of operational activity. This is likely to be enhanced during the next 5-year strategic planning cycle.

5. PROGRAMME 1: ADMINISTRATION

5.1. PURPOSE

The support offered by the Administration programme includes strategic planning, financial management (including Supply Chain Management, contract management, financial reporting) and performance monitoring and evaluation. These functions are conducted in a transparent, accountable manner as envisaged by the PFMA and Treasury Regulations thus ensuring that all management and financial reports produced are valid, accurate and complete. The Board of Directors provide strategic direction and is responsible for the effective management of the Company including Risk and Governance.

5.2. OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

				Audited / Actual Performance			Estimated	Medium-term Targets		
No.	**Outcomes**	**Outputs**	**Output Indicators**	**2019/ 20**	**2020/ 21**	**2021/2 2**	**2022/ 23**	**2023/ 24**	**2024/ 25**	**2025/ 26**
1	Increased Revenue from property development, natural capital and associated commercial opportunities.	Reliable and accurate financial information	External audit opinion	Clean	Clean	Clean	Clean	Clean	Clean	Clean

5.3. INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Annual Target 2023/24	Indicator type	Q1	Q2	Q3	Q4
1	External audit opinion	Clean audit opinion	Annual Non-cumulative	n/a	Clean audit opinion	n/a	n/a

5.4. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM TERM

The Administration programme provides support to the service delivery programme of the JV Company thus contributing towards many of the outcomes that the JV Company aims to achieve. By providing reliable financial information to stakeholders and ensuring good governance, the JV Company illustrates that it is able to manage its resources responsibly and is accountable to its stakeholders.

The external audit is an independent measure of the extent to which this has been achieved and therefore indicates whether or not the Administration programme is providing an effective contribution towards the company's outcomes. Investor confidence is increased though clean audit and would ultimately result in increased investment in the company

5.4.1.KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

- Conduct ongoing legislative compliance reviews.
- Ongoing update of the operational risk register.
- Integration with Central Supplier Database (CSD).

5.5. PROGRAMME RESOURCE CONSIDERATIONS

5.5.1. BUDGET ALLOCATION

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
				R000's			
NET FUNDING REQUIRED	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Administration	-3 542	-2 043	-1 652	-3 899	-3 924	-3 014	-4 019
Total	**-3 542**	**-2 043**	**-1 652**	**-3 899**	**-3 924**	**-3 014**	**-4 019**
Revenue	4 863	3 071	2 227	4 919	4 944	4 380	5 716
Economic Classification							
Current payments	**1 321**	**1 028**	**575**	**1 020**	**1 020**	**1 365**	**1 697**
Goods & services of which:							
Consultants, contractors, special services	270	261	283	520	520	615	697
Tax payable	1 047	767	217	500	500	750	1 000
Finance costs	4	-	75	-	-	-	-
Total	**-3 542**	**-2 043**	**-1 652**	**-3 899**	**-3 924**	**-3 014**	**-4 019**
Negative amounts relected under the Administration Programme are due to interest income and net vat claims receivable on projected expenditure							

5.5.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

Financial Resources

The proceeds from the sale of Dube City in 2015 enabled the JV Company to fund its short term operating activities without any cash injections from the shareholders. A significant portion of the budget for the Administration Programme is used for the statutory audit. The main source of income is levies earned from the two land owners within Dube City and some interest income.

Human Resources

The company does not have any employees. The administration, finance and compliance functions are mostly performed by DTPC on behalf of the JV Company. All intercompany transactions are verified by officials from both ACSA and DTPC.

6. PROGRAMME 2: DEVELOPMENT, PLANNING, INFRASTRUCTURE AND OPERATIONS

6.1. PURPOSE

The overall purpose of this programme is to plan and create an enabling environment for the vision of the Dube TradePort to be realised, and to implement construction projects in line with this vision. Expansion of the Dube TradePort site is governed by the "Dube TradePort: King Shaka International Airport Master Plan". As per the co-operation agreement with ACSA, this needs to be reviewed on a 5-yearly basis. The review of the plan commenced in October 2010 and was adopted on 13 March 2013. The process commenced with a review of the "as built" first phase of the DTP, against the approved Master Plan. In addition, problem areas were identified and a full assessment of the bulk infrastructure took place. In order to update the Master Plan, a demand and capacity analysis was concluded, and finally the plans for further expansion were updated.

The assessment of the bulk infrastructure is continually being reviewed, as the post-2010 demand and capacity assessment may have run its course. The JV Company is completing the review of the JV masterplan (2013) and the Development Framework Plan, (2008) which will be pivotal in the manner in which JV land parcels are developed going forth. Work has also commenced on the LMJV Business Plan with its conclusion scheduled for this financial year. Submission of the Support Zone 2 Precinct Plan is planned to enable the release of land for detail design and ultimately construction. The JV Company aims to ensure that all development planning practices are environmentally sustainable through minimizing and preventing environmental impacts by setting policy-related objectives and targets. It must also be noted that the output indicator for planning was amended to measure the 'Number of applications submitted for approval' as opposed to the 'Number of statutory approvals submitted'. The change was effected to make the indicator clearer and furthermore the submissions are in the sphere of control of the JV Company.

In addition, the JV Company will continue with the implementation of the Rehabilitation and Restoration Plan. The JV Company seeks to obtain the Environmental Authorisation for wetland interventions within the delineated area and the Water Use License Application (WULA) for the rehabilitation project. The outcome of feasibility studies will inform the revenue creation opportunities that can enable the development of a viable green operating model. Both on-site and off-site specific environmental management plans will be developed in order to adhere to the conditions of all the EA's issued to the company for Support Zone 2 and the Phase 1 Build.

6.2. OUTCOMES, OUTPUTS AND PERFORMANCE INDICATORS

This programme's outcomes are aligned to DTPC's outcome of 'Increased Investment and Export potential' and EDTEA's outcome of "Inclusive and transformed economic growth".

Outcomes	Outputs	No.	Output Indicators
Increased revenue from property development, natural capital and associated commercial opportunities	Increased property revenue	**1.**	Total value of revenue generated from Property Investments
Increased revenue from property development, natural capital and associated commercial opportunities	Operating/ financial models developed (for revenue generation)	**2.**	No. of operating models developed

Outcomes	Outputs	No.	Output Indicators
Increased revenue from property development, natural capital and associated commercial opportunities	Cost effective zone management	**3.**	% of operating costs recovered by levies
Creating development ready precincts	Investments in construction projects delivered (increasing the serviced land and buildings available for investment)	**4.**	Value of Investments in infrastructure projects
Creating development ready precincts	Efficient operations	**5.**	% availability of existing key infrastructure
Creating development ready precincts	Well maintained and rehabilitated land	**6.**	No. of hectares of rehabilitated land maintained
Creating development ready precincts	Increased functional wetlands	**7.**	No. of hectares of functional wetland assessed
Creating development ready precincts	Statutory applications submitted	**8.**	No. of statutory applications submitted to relevant authorities

The output indicator "No. of operating models developed" is a new project/initiative. Once the model has been developed and approved, implementation will be monitored in the operational plan.

The rationale for measuring output Indicator "% of operating costs recovered by levies" is that the JV Company has no significant source of revenue. For the JV Company to break even in terms of its costs, it is important to measure and monitor relevant costs and avoid allocating dumping costs into the company.

The rationale for measuring output indicator "% availability of existing key infrastructure" is that in terms of management association, the LMJV needs to breakeven. Therefore, in order for it to justify payment of services to its shareholders, it needs to ensure that infrastructure is working and cost incurred is justified.

6.3. PERFORMANCE INDICATORS AND ANNUAL TARGETS

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1.	Total value of revenue generated from Property Investments	New indicator	R146 514	R366 021	R418 980	R771 060	R819 118	R868 265[72]

[72] The projected revenue might change based on the outcome of the 10-year business plan

No.	Output Indicators	Audited / Actual Performance			Estimated	Medium-term Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
2.	No. of operating models developed	New indicator	New indicator	0	1	0	0	0
3.	% of operating costs recovered by levies	100%	100%	75%	95%	95%	95%	95%
4.	Value of Investments in infrastructure projects	New indicator	New indicator	0	R2m	R2.2m[73]	R23.8m[74]	R32.6m[75]
5.	% availability of existing key infrastructure	New indicator	76%	85%	80%	80%	80%	80%
6.	No. of hectares of rehabilitated land maintained	473 ha	0 ha	0 ha	680 ha	680 ha	680 ha	680 ha
7.	No. of hectares of functional wetland assessed	New indicator	0 ha	0 ha	48 ha	48 ha	48 ha	48 ha
8.	No. of statutory applications submitted to relevant authorities	1	0	0	2	2[76]0	1[77]0	2[78]

6.4. INDICATORS: ANNUAL AND QUARTERLY TARGETS

No.	Output Indicators	Annual Target 2023/24	Indicator Type	Q1	Q2	Q3	Q4
1	Total value of revenue generated from property Investments	R 771 060	Quarterly Cumulative (year-end)	R147 809.22	R147 809.22	R147 893.49	R327 548.40

[73] The budget has been adjusted based on the following reasons: delay of the business case finalization, the suspension of procurement by national treasury for a period of 4 months which had an effect on the panel engineering services that LMJV will piggyback to, the timeline for procurement for construction phase. Revised budget in 2023/24 for procurement year & finalization of business case

[74] Revised budget of R23.8m for construction of platforms and infrastructure of SZ2. A phased approach has been taken to develop SZ 2 taking into consideration the financial constraints experienced by the company.

[75] Revised budget of R32.6m for construction of platforms and infrastructure of SZ2. A phased approach has been taken to develop SZ 2 taking into consideration the financial constraints experienced by the company.

[76] Submission of reviewed masterplan and DFP (planning submission) and Submission of Support Zone 2 WULA (environmental submission)

[77] Submission of the Support Zone 1B Basic Assessment/EIA

[78] Submission of the Support Zone 1B SPLUMA and Precinct Plan. Submission of the Support Zone 1B WULA

2	No. of operating models developed	0	Annual Non-cumulative	0	0	0	0
3	% of operating costs recovered by levies	95%	Quarterly Cumulative (YTD)	95%	95%	95%	95%
4	Value of Investments in infrastructure projects	R2.2m	Annual cumulative	0	0	R1.1m	R1.1m
5	% availability of existing key infrastructure	80%	Quarterly Non-Cumulative	80%	80%	80%	80%
6	No. of hectares of rehabilitated land maintained	680 Ha	Quarterly Cumulative (Year-end)	170 ha	170 ha	170 ha	170 ha
7	No. of hectares of functional wetlands assessed.	48 Ha	Annual Non-Cumulative	n/a	Season Assessment	n/a	48 ha (Full Assessment)
8	No. of statutory applications submitted to relevant authorities	2	Annual Non-cumulative	0	0	0	2

6.5. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM TERM

The JV Company's revenue base arises primarily from the land that it holds. A significant portion of this land is included in the environmentally sensitive delineated area. In order to mitigate against this loss of income, the JV Company has embarked on a strategy to utilize the natural capital asset it possesses to generate revenue. Consequently, the development of operating models (utilizing the natural capital) would, over the five-year period, result in increased revenue once these models become operational. Similarly, the focus on cost reduction and enhanced revenue generation from property operations directly correlates with the outcome of increased revenue.

One of the key responsibilities of this programme is to obtain planning and environmental authorisations necessary to release land for development. Once the required rights are in place, the provision of bulk infrastructure commences, ultimately culminating in serviced land ready for investment. All of these activities provide enabling infrastructure, which culminates in the outcome of creating development ready precincts and, to the extent that the infrastructure provided is revenue-generating, also contributes towards increased revenue generation for the JV Company.

The development of the precincts is intended to be a sustainable development. This means that the infrastructure and top structures provided should be built in such a manner so that they do not negatively impact on the environment. The JV Company provides environmentally sustainable precincts by maintaining functional wetlands and ongoing rehabilitation.

6.5.1.KEY ACTIVITIES

To achieve the outputs targeted by this programme, the following key activities will be undertaken during the 2023/24 financial year:

Environmental activities:

- Screening and implementation of a model for a natural capital
- Obtain the Environmental Authorisation (EA) for wetland intervention in the delineated conservation area. Thus, enabling the resumption of the Wetland rehabilitation
- Submission of support zone 2 WULA
- Ongoing alien clearing to rehabilitate and maintain delineated conservation area and open spaces.
- Undertake WET-Health Assessment and Baseline Studies (Wetland & Amphibian Monitoring) to assist in increasing functionality of wetlands
- Rehabilitation Plan for Support Zone 2 – align with the purchase of offset land timelines

Planning activities:

- Submission of the LMJV Development Framework Plan to the municipality for approval.
- On- going facilitation of land acquisition for the required offsets for SZ2.
- Review business plan and master plan for implementation
- Undertake specialist studies for Support Zone 1B
- Conclusion of the Procurement of offset land for Support Zone 2

Commercial activities:

- Implementing the 10-year Business Plan including:
- Identifying areas of opportunities involving private sector developers
- Conclusion of the brand manual for the LMJV
- Enablement of the Advertising Masterplan (Municipal approvals and Site enablement in readiness of the tender)

Operational and Infrastructure activities:

- Undertake detailed design for Support Zone 2 (for required bulk and internal infrastructure).
- Rehabilitate road infrastructure
- Continue to monitor and guide activities that support the handover of M65 to eThekwini Municipality, the handover is subject to Support Zone 2 interchange and other issues (billboards, etc.) being resolved
- Handover of engineering service that belong to the municipality:

  Implement final phase of the project is to consolidate DTPC spatial data with GIS assets data. The project will assist in identifying assets as per stakeholder including that which are required to be handed over to the municipality. The GIS data, we will be able to determine ownership of assets.
- Cost recovery for levies
- Partnerships and integration with the activities of the SEZ activities as the site is in close proximity
- Finalise the installation of Security Lighting in support zone

- Alternative sources of energy activities: Intensify efforts with respective stakeholders for energy stability in the precinct
- Leverage off opportunities post unrest - increase in investments i.e. safe zone for tenants: Collaboration with ACSA, DTPC Security and law enforcement to beef up security in the airport precinct
- Improve reliability and efficiency of security measures by incorporating integration and smart security technologies
- Shareholders of the LMJV to consider construction of a buffer water reservoir
- Engagements with EThekwini Municipality for exemption from water rationing schedules

6.6. PROGRAMME RESOURCE CONSIDERATIONS

6.6.1. BUDGET ALLOCATION

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
				R000's			
NET FUNDING REQUIRED	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Development Planning, Infrastructure	1,712	1,800	3,159	24,201	16,225	29,194	34,545
Total	**1,712**	**1,800**	**3,159**	**24,201**	**16,225**	**29,194**	**34,545**
Revenue	2,147	1,231	1,273	1,684	3,949	2,779	2,945
Economic Classification							
Current payments	**3,859**	**3,031**	**4,432**	**14,885**	**12,842**	**8,107**	**4,883**
Goods & services of which:							
Communication	18	3	-	100	100	100	100
management association costs	1,026	524	1,542	1,125	3,019	1,398	1,482
Consultants, contractors, special services	2,061	1,863	2,217	12,949	8,947	5,795	2,445
Other: Rates and municipal charges	754	641	673	711	776	815	856
Payments for Capital assets	-	-	-	11,000	7,332	23,866	32,607
Land and subsoil assets				9,000	-	-	-
Buildings and other fixed structures	-	-	-	2,000	7,332	23,866	32,607
Total	**1,712**	**1,800**	**3,159**	**24,201**	**16,225**	**29,194**	**34,545**

6.6.2. CONTRIBUTION OF RESOURCES TOWARDS ACHIEVEMENT OF OUTPUTS

A significant portion of the budget for the Development, Planning and Infrastructure Programme is used for costs related to professional fees incurred for environmental compliance, advisory services, specialist studies, statutory planning applications, carrying out feasibility studies and zone management.

The aim of this programme is to increase targeted investment. A 10-year business plan and the updated LMJV master plan will assist in identifying property zones that are feasible for development, or eco-parks that could generate revenue. The commercial programme's focus in this financial year will be on the finalization of the business plan, as the resources (service providers) required have been appointed.

As statutory approvals are obtained, there will be increased budgetary requirements and a need for capital contributions from the shareholders to fund capital projects. For the 2022/23 financial year, budget requirements for achieving the set planning target includes administrative as well as professional fee costs towards the approval of the Precinct Plan for Support Zone 2, as well as undertaking preliminary (high level) assessments/studies for Support Zone 1B.

There are no human resources employed within the JV Company. This often results in delays in execution of operational activities. The formalization of the joint operations group has resulted in some improvements in addressing challenges. As a start, the JV Company needs to employ a dedicated project manager to co-ordinate the various projects and ensure timely delivery of projects planned for this financial period.

The budget planning has been compiled for executing the outputs as listed in this strategic document. The budget includes the feasibility assessment for revenue generating opportunities, environmental management plans, rehabilitation initiatives and compliance management.

The capital expenditure budget includes professional fees for the design of support infrastructure for Support Zone 2, which can be capitalized. Rehabilitation of all of the JV Company roads will be undertaken.

7. UPDATED KEY RISKS AND MITIGATIONS

Many of the risks listed below were included in the JV Company's five year strategic plan and remain relevant and could have a material impact on the JV Company's ability to deliver its targeted outcomes.

Outcome	Key Risk	Risk Mitigation
Increased revenue from property development, natural capital and associated commercial opportunities.	LMJV land holdings are not currently commercially sustainable.	Explore options for alternate sources of revenue that will not require authorization, and develop partnership models with private sector developer (i.e. PPP). Development of the business plan.
	Inability to find investors/partners of the natural capital model due to economic sustainability.	Enable the portioning of activities within the model. Development of the business plan, including eco-tourism options.
	Differing commercial mandates of shareholders.	Participation of relevant representatives from both entities in strategy formulation. The effective implementation of Business Plan, & Evaluation matrix by the commercial forum to ensure alignment of the differing commercial mandates. The business plan recommends a business model that defines the LMJV operating model and mandate. Brand manual – aligns LMJV position. Clearly articulate the vision for the LMJV, informed by the business plan.

Outcome	Key Risk	Risk Mitigation
Creating development ready precincts.	Delays in Environmental authorisations and other statutory approvals.	Constant engagement with municipal departments to efficiently unlock any blockages/issues.
	Delays in implementation of the Wetland Rehabilitation and alien clearing plans leading to increased cost in implementing the plan as well as penalties and fines.	Finalizing the cost split. Conclusion of appointment of PSP for alien clearing.
	Lack of availability of sustained funding, particularly as a result of budget cuts or other financial difficulties experienced by shareholders.	Explore options for alternative sources of revenue. Appointment of service providers with the lowest price who has passed functional evaluation.
	Alignment with municipal planning (priorities) i.e. difference in priorities for infrastructure roll out between LMJV and the municipality.	Prior engagements with municipality/municipal departments to ensure alignment of planned infrastructural roll out.
	Disruption to business activities as a result of external events.	Business Continuity Plan and Disaster Recovery Plans of the shareholders will be implemented.
	Lack of regional Infrastructure (transport and service infrastructure).	Utilize Master Plan outcomes as an engagement tool to influence infrastructure timing and spend by regulatory authorities.
	Stringent Environmental conditions negatively impact the JVs ability to deliver on development ready precincts	Detailed plan of action on how the required offsets will be procured
	Economic downturn and investor sentiment	Align our developments with local and regional economy (in terms of market trends to enable stable take up of land) and allow for timeous responses by the JV Company to such changes.
	Constraints in delivering operational activities due to human resource limitations.	Secure dedicated resources for the LMJV.

8. INFRASTRUCTURE PROJECTS

No	Project name	Programme	Project description	Outputs	Project start date	Project completion date	Total estimated cost	Current year expenditur
1	Enabling Infrastructure	2	Support Zone 2 development	Outcome: Creating development ready precincts Output: Construction projects delivered (increasing the serviced land and buildings available for investment)	2023	2028	R110m[79]	R2.2m

9. PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

LMJV does not have any Public-Private Partnerships.

[79] The total estimated cost of Infrastructure projects has been adjusted downwards from R165m to R110m, as capital expenditure projects have been deferred due to budget cuts.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

10. PROGRAMME 1:

10.1. OUTPUT INDICATOR 1

INDICATOR TITLE	External audit opinion
Definition	There are three aspects the external auditor will base the audit opinion on: 1. The audit of financial statements; 2. The audit of reporting on predetermined objectives; 3. The audit of compliance with legislation. The audit report from the External Auditor should be clean. This means that the financial statements should be free from material misstatements and there are no material findings on reporting on performance objectives or non-compliance with legislation.
Source of data	The auditor's report contained in the annual report for the previous financial year (i.e. relating to the audit completed during the current reporting period).
Method of calculation / assessment	The external auditor assesses how LMJV has managed its finances and whether it has recorded all its transactions in its financial statements such that they accurately reflect its financial position, and are in accordance with the relevant legislation, such as the Public Finance Management Act (PFMA). Upon concluding the audit, the external auditor issues an audit report, which describes how well the entity has fared in this regard. If the audit report is unqualified, with no findings on reported performance objectives nor non-compliance with legislation, the audit is considered to be clean.
Means of verification	Signed audit report
Assumptions	No negative political pressure is exerted on the entity. Adequate resources are available across all divisions to implement and maintain internal controls thereby ensuring that all information submitted is accurate and complete.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to the target
Indicator responsibility	Chief Financial Officer

11. PROGRAMME 2:

11.1. OUTPUT INDICATOR 1

INDICATOR TITLE	Total value of revenue generated from property Investments
Definition	This is the total value of revenue generated by Property activities [marketing (net of agency commissions), agricultural and land/building leases] on LMJV Properties and advertising.
Source of data	As indicated in the signed lease agreements, marketing agreements and MOUS and Heads of Agreements. Lease agreement indicating the investment value.
Method of calculation / assessment	25% of Rental for 4 billboard escalated by 6% in April of each year for Site 1-3, and December of each year for site 4. For agricultural leases: Percentage of Annual Turnover proceeds from sugarcane farming – annual turnover rental 5% proceeds for 154 Hectares of land under cane- R 167 744 (sugar cane rental escalated at 7%)
Means of verification	Lease Agreements Heads of agreements Proceeds statements from the Mill
Assumptions	• Reduced demand and unfavourable economic climate • Annual contractual escalation of 6% Only Portion 4 & 10 are available for agricultural leases - Sugarcane areas have decreased as at 2020/2021 because of the 10-year conservation roll-out plan. Platforming on SP2 will only commence in 2022, thereby availing the 28 Ha development footprint for sugar leases
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: >51% • **Target for Youth**: >51% • **Target for People with Disabilities**: >51% o BBBEE to be included as a prequalification criterion in the tenders (Preferred BBBEE Level to be stated) o Bidders to comply to the BBBEE Property sector code o 30% subcontract to an EME / QSE with at least 51% owned by Black people, Black women, Black youth, Black people with disabilities.
Spatial transformation (where applicable)	LMJV Precinct Support Zone 5 (Portion 4) Support Zone 2 development footprint – 28 Ha (Portion 11)

INDICATOR TITLE	Total value of revenue generated from property Investments
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance higher than the target
Indicator responsibility	Chair – Commercial forum

11.2. OUTPUT INDICATOR 2

INDICATOR TITLE	Number of operating models developed
Definition	This indicator addresses the most viable operational model options available for LMJV business sustainability
Source of data	Leases signed with interested parties Request for information (RFI)
Method of calculation / assessment	Model approved by the Board
Means of verification	Year revenue generated from lease of green spaces or natural capital
Assumptions	Business plan for green projects/ eco-parks completed. Market appetite for climate resilience projects. Positive response to the Request for Information Compatibility with KSIA BOMP and offset plans
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Executive: Development Planning & Infrastructure (DTPC)

INDICATOR TITLE	Number of operating models developed
Definition	This indicator addresses the most viable operational model options available for LMJV business sustainability
Source of data	Leases signed with interested parties Request for information (RFI)
Method of calculation / assessment	Model approved by the Board
Means of verification	Year revenue generated from lease of green spaces or natural capital
Assumptions	Business plan for green projects/ eco-parks completed. Market appetite for climate resilience projects. Positive response to the Request for Information Compatibility with KSIA BOMP and offset plans
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Executive: Development Planning & Infrastructure (DTPC)

11.3. OUTPUT INDICATOR 3

INDICATOR TITLE	% of operating costs recovered by levies
Definition	Levies will be charged on all Erfs within Dube City and the JV's operating costs for Dube City will be recovered from the registered owners.
Source of data	Invoices / Levy statements
Method of calculation / assessment	Levy's (including over-recoveries) calculated and billed to registered owners of Erfs within Dube City divided by the JV's total operating cost of Dube City. This is cumulative (not averaged) and is the year to date percentage measured.
Means of verification	Total costs incurred vs the recovered costs
Assumptions	Where there is an over recovery, the net amount is recovered in the following year.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (YTD)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Chair – Operations Committee

11.4. OUTPUT INDICATOR 4

INDICATOR TITLE	Value of investments in Infrastructure projects
Definition	Measures the value invested in infrastructure projects (both top structures and infrastructure) completed during the financial year. Enabling infrastructure; classified into: • Roads, • Electrical, • Water & Sanitation
Source of data	Invoices from service providers.
Method of calculation / assessment	Value invested in detailed design and construction in Rands
Means of verification	Invoices paid on completed works
Assumptions	Rezoning of SZ2, Commercial strategy alignment with Infrastructure plans.
Disaggregation of beneficiaries (where applicable)	**30% of the value of the project will target QSEs and EMEs of the following:** • **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	cumulative
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Executive: Development Planning & Infrastructure (DTPC)

11.5. OUTPUT INDICATOR 5

INDICATOR TITLE	% availability of existing key Infrastructure
Definition	Existing infrastructure is specified as: • Roads • Street lights • Road furniture and road signage • Road surface (including road markings and speed calming)
Source of data	Inspection records
Method of calculation / assessment	Current Maintenance methodology of infrastructure availability calculation. The average availability of each of the infrastructure assets defined above is calculated on a daily/ weekly/quarterly basis from the inspection reports. This calculation is performed for each quarter. The annual calculation is performed using the average availability for 12 months.
Means of verification	Inspection and check sheet records
Assumptions	None
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a 30% subcontract to an EME / QSE with at least 51% owned by Black people, Black women, Black youth, Black people with disabilities
Spatial transformation (where applicable)	n/a
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Chair – Operations Committee

11.6. OUTPUT INDICATOR 6

INDICATOR TITLE	Hectares of rehabilitated land maintained
Definition	Hectares of rehabilitated land maintained based on the Rehabilitation and Restoration and enviro-legal targets.
Source of data	Progress reports and shapefiles from Ecologist and Project Coordinator and/or monthly invoices and/or any other internal documentation
Method of calculation / assessment	Areas in hectares of rehabilitated land and maintained land
Means of verification	GIS verification of shapefiles of the transact rehabilitated and maintained as submitted by the professional service provider
Assumptions	Shapefiles are accurate and a true reflection of the transact worked to indicate the size (hectares) worked.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Cumulative (Year-end)
Reporting cycle	Quarterly
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Chair – Environmental Joint working group

11.7. OUTPUT INDICATOR 7

INDICATOR TITLE	No. of Hectares of functional wetlands assessed
Definition	The number (totaling 48Ha) and ability of rehabilitated wetlands to provide their ecosystem functions including but not limited to flood attenuation, nutrient cycling and purification. The functionality of the wetlands will be assessed.
Source of data	Wetland Rehabilitation and WetHealth Assessment Reports
Method of calculation / assessment	WET-Health and WET-Eco services assessments
Means of verification	Sampling of various Hydro geomorphic Units (HGM) identified within the Conservation Zone (15 in total). The assessments will be done between winter and summer, (late October/ November and April/May season).
Assumptions	KSIA Phase 1 Build Wetland Rehabilitation and Monitoring Plan is completed within 3 years. A suitable service provider will be identified.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-Cumulative Two assessments will be done annually. One seasonal and one full assessment.
Reporting cycle	Annual
Desired performance	Actual performance equal to or higher than the target
Indicator responsibility	Chair – Environmental Joint working group

11.8. OUTPUT INDICATOR 8

INDICATOR TITLE	No. of statutory applications submitted to relevant municipality/ authorities
Definition	Measures the number of town planning and environmental applications submitted
Source of data	Proof of submission received from the municipality (for town planning applications) or competent authority (for environmental applications).
Method of calculation / assessment	Number of town planning and environmental applications submitted.
Means of verification	Proof of submission of relevant development / environmental applications.
Assumptions	Complete buy in and the will to fast track applications from the relevant municipality/ competent authority
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Actual performance higher than the target
Indicator responsibility	Executive: Development Planning & Infrastructure (DTPC) (for town planning applications) / Chairperson of EJWG (for environmental applications)

ANNEXURES

12. ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

No changes have been made to LMJV’s 2020/21 – 2024/25 Strategic Plan.

13. ANNEXURE B: LMJV ALIGNMENT WITH PGDS AND PGDP

PGDP			LMJV			
Goal	**Objective**	**Indicator**	**Impact Statement**	**Outcome Statement**	**Outcome Indicator**	**Output Indicator**
1. Inclusive economic growth	Enhance spatial economic development	Extent (m^2) of appropriately zoned and serviced industrial and commercial land available (gross leasable area: DTP and RBIDZ)	Commercially and environmentally sustainable property development	Increased Revenue from property development, natural capital and associated commercial opportunities.	No. of Square meters of land taken up	• Total revenue generated from property developments
	Enhance spatial economic development	Extent (m^2) of appropriately zoned and serviced industrial and commercial land available (gross leasable area: DTP and RBIDZ) Rand value of private sector investment in the Durban Aerotropolis and Richards Bay SEZ		Creating development ready precincts.	No. of statutory approvals obtained to secure development ready precincts Number of enabling infrastructure projects delivered	• Number of statutory applications submitted to relevant authorities • Value of Investments in Infrastructure projects
2. Governance and policy	Build government capacity	Number of municipalities, provincial departments, public entities achieving clean audits		Increased Revenue from property development, natural capital and associated commercial opportunities		• External audit opinion

14. ANNEXURE C: LMJV ALIGNMENT WITH MTSF AND KZN MTSF IMPLEMENTATION PLAN

MTSF			KZN MTSF IMPLEMENTATION PLAN	LMJV			
2024 Impact	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**	**Output**	**Output Indicator**
MTEF Priority 1: Capable, Ethical and Developmental State							
Public value and trust; active citizenry and partnerships in society	Functional, efficient and integrated government	Percentage of qualified audits in national, provincial, local government and public entities	At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2019, of these 1 per year improved from qualified, 0 new qualifications.			Reliable and accurate financial information	• External audit opinion
MTEF Priority 2. Economic Transformation and Job Creation							
Unemployment reduced to 20%-24% with 2 million new jobs especially for youth; *Economic growth of 2%-3% and growth in levels of investment to 23% of GDP	Quality and quantum of investment to support growth and job creation improved	Investment in infrastructure secured and implemented	Investment drive focusing on **Dube Trade Port Special Economic Zone** and Richards Bay Industrial Development Zone as well as industrial parks such as KwaSithebe, eZakheni and Newcastle.	Increased investment	No. of enabling infrastructure projects delivered	Construction projects delivered (increasing the serviced land and buildings available for investment)	• Value of investments in infrastructure projects

MTSF			KZN MTSF IMPLEMENTATION PLAN	LMJV			
2024 Impact	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**	**Output**	**Output Indicator**
MTEF Priority 5: Spatial Integration, Human Settlements and Local Government							
Natural resources are managed and sectors and municipalities are able to respond to the impact of climate change	State of ecological infrastructure improved	Percentage increase in ecological infrastructure restoration and rehabilitation by province and districts	Hectares of land rehabilitated: 2024 target 120 000 ha			Well maintained and rehabilitated land	• Number of hectares rehabilitated and maintained