# DUBE TRADEPORT CORPORATION
## ANNUAL REPORT
# 2021/22

dube tradePORT
SPECIAL ECONOMIC ZONE

# NAVIGATING THIS REPORT

## 6 PROGRAMMES

- Administration
- Cargo Development
- Property and SEZ Administration
- Dube AgriZone
- Dube iConnect
- Development Planning and Infrastructure

## 6 CAPITALS

- Financial Capital
- Manufactured Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

### DEFINITION OF CAPITALS

- **Financial Capital:** Grant funding allocated to Dube TradePort Corporation;
- **Human Capital:** The knowledge, skill, motivation and experience of the leadership and employees;
- **Intellectual Capital:** Knowledge-based intangible intellectual property belonging to Dube TradePort Corporation, including systems, procedures, rights and licences;
- **Manufactured Capital:** Man-made physical infrastructure, buildings and equipment used in the production of goods or provision of services;
- **Natural Capital:** All renewable and non-renewable environmental resources that support the current, past or future prosperity of Dube TradePort Corporation; and
- **Social and Relationship Capital:** The relationships between Dube TradePort Corporation, communities and other stakeholders.

### OTHER ICONS

- Dube TradeZone/Special Economic Zone
- Strategic Goals
- Dube Cargo Terminal
- Code of Conduct
- Dube City
- Values
- Broad-Based Black Economic Empowerment
- COVID-19

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**Links:**
- Dube TradePort Corporation Annual Performance Plan 2021/22
- Dube TradePort Corporation Five-year Strategic Plan 2020-2025
- Dube TradePort Corporation Board Charter
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- Terms of Reference of the Audit and Risk Committee
- Terms of Reference of the Remuneration and Human Resources Committee
- Dube TradePort Corporation Remuneration Policy

01

# FOREWORD

Mr Ravi Pillay

## MR RAVI PILLAY
## MEC: KWAZULU-NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

Dube TradePort Corporation made encouraging progress in delivering against its mandate during the course of the 2021/22 financial year, in spite of a constrained economy – the consequence of the ongoing COVID-19 pandemic and resultant restrictions – and the domestic challenges centred around the shocking and harmful social unrest of July 2021.

This was especially important in view of the critical need to give much-needed impetus to economic growth in KwaZulu-Natal, a region which has become a key hub for industrial development in sub-Saharan Africa.

Dube TradePort Special Economic Zone, a flagship development of the KwaZulu-Natal Provincial Government, has rapidly emerged as a world-class development capable of offering globally-integrated logistics and manufacturing infrastructure in support of a wide and diverse range of airport-related activities, such as cargo operations, and industrial, warehousing, agricultural and commercial undertakings.

In just 12 years of operation, this more than 3 800ha purpose-planned 'Greenfield' development has become a noteworthy and impactful player in transforming KwaZulu-Natal into an outstanding participant within the global supply chain, and most certainly forms an integral part of our economic growth plans for the province.

In this regard, KwaZulu-Natal most assuredly plays a considerable role in promoting, developing and expanding the South African economy. Our province is, today, the second largest contributor to the national economy and has the country's second highest propensity for export.

The diverse nature of the provincial economy is a crucial strength; one which has enabled a resilient response to the economic uncertainty we have experienced in recent years, the unfortunate consequence - to a large extent - of the devastating and ongoing health pandemic and disturbing and damaging social unrest.

The province's primary economic sectors include industrial development and manufacturing, finance, real estate and business services, infrastructure development and construction, storage, transport and communications, tourism, mining and beneficiation, together with wholesale and retail trade.

To this end, Dube TradePort Corporation's responsibilities go well beyond the provision of an integrated manufacturing base for the attraction of investment. It also sets out to stimulate the production of the high-value perishables sector, to drive the growth of a world-class local cloud computing business and, additionally – and most importantly – to play a leading role in attracting new international air services to Durban in the quest to expand the city's direct air connectivity with international destinations, thus linking business, people and goods to global markets. Dube TradePort Corporation has successfully given effect to the provision of exceptionally efficient infrastructure, seamless support services provision and available incentives, affording business enterprises located here an appreciable competitive edge.

The precinct, which is home to King Shaka International Airport, is strategically positioned at the intersection of local and global intermodal transport routes. Dube TradePort Special Economic Zone, which forms the heart of Durban Aerotropolis – an airport city – is seamlessly integrated with road, rail and port infrastructure and offers exceptional supply chain efficiencies and enhanced market access.

The direct benefits associated with operating within Dube TradePort Special Economic Zone are aimed at promoting increased business growth, improved revenue generation, greater levels of employment creation, the export of value-added commodities and the active attraction of both foreign and local investment, so enhancing South Africa's manufacturing and export capabilities.

With the advent of Special Economic Zone status, conferred on two zones within the precinct in late 2016, even greater impetus was added to investor interest in the rapidly expanding Dube TradePort. The decision has greatly enhanced the industrial development agenda, radically augmenting Dube TradePort Corporation's ability to attract both domestic and foreign direct investment capable of promoting strong local business production capabilities within specifically targeted focus sectors.

With the achievement, since inception in 2010, of such significant ground-work, it is regrettable that after more than two years, the COVID-19 pandemic remains an ever-present danger. However, it must be said that whilst economic growth forecasts remain understandably conservative, there is room for optimism.

The 2021/22 financial year witnessed a laudable focus shift for Dube TradePort Corporation, moving to support clients affected by pandemic-related restrictions, so as to ensure client business survival and retention.

Equally, the organisation utilised this time to create a new air

**DURBAN AEROTROPOLIS**
- an airport city - is seamlessly integrated with road, rail and port infrastructure and offers exceptional supply chain efficiencies and enhanced market access.

**R2.9 BILLION**
Dube TradePort Corporation and private sector investment

route development strategy and also undertook a comprehensive cargo study, geared to improving cargo volume throughput.

The implementation of both these initiatives will give air services in Durban a major lift, particularly in terms of encouraging increasing numbers of international airlines to include Durban in their route development plans.

Such efforts, coupled with continued business community interest in and active support for Dube TradePort Special Economic Zone has enabled joint Dube TradePort Corporation and private sector investment of R2.9 billion, post-construction of King Shaka International Airport, the attraction to the precinct of some 40 major business clients and the facilitation of 11 185 permanent and construction employment opportunities.

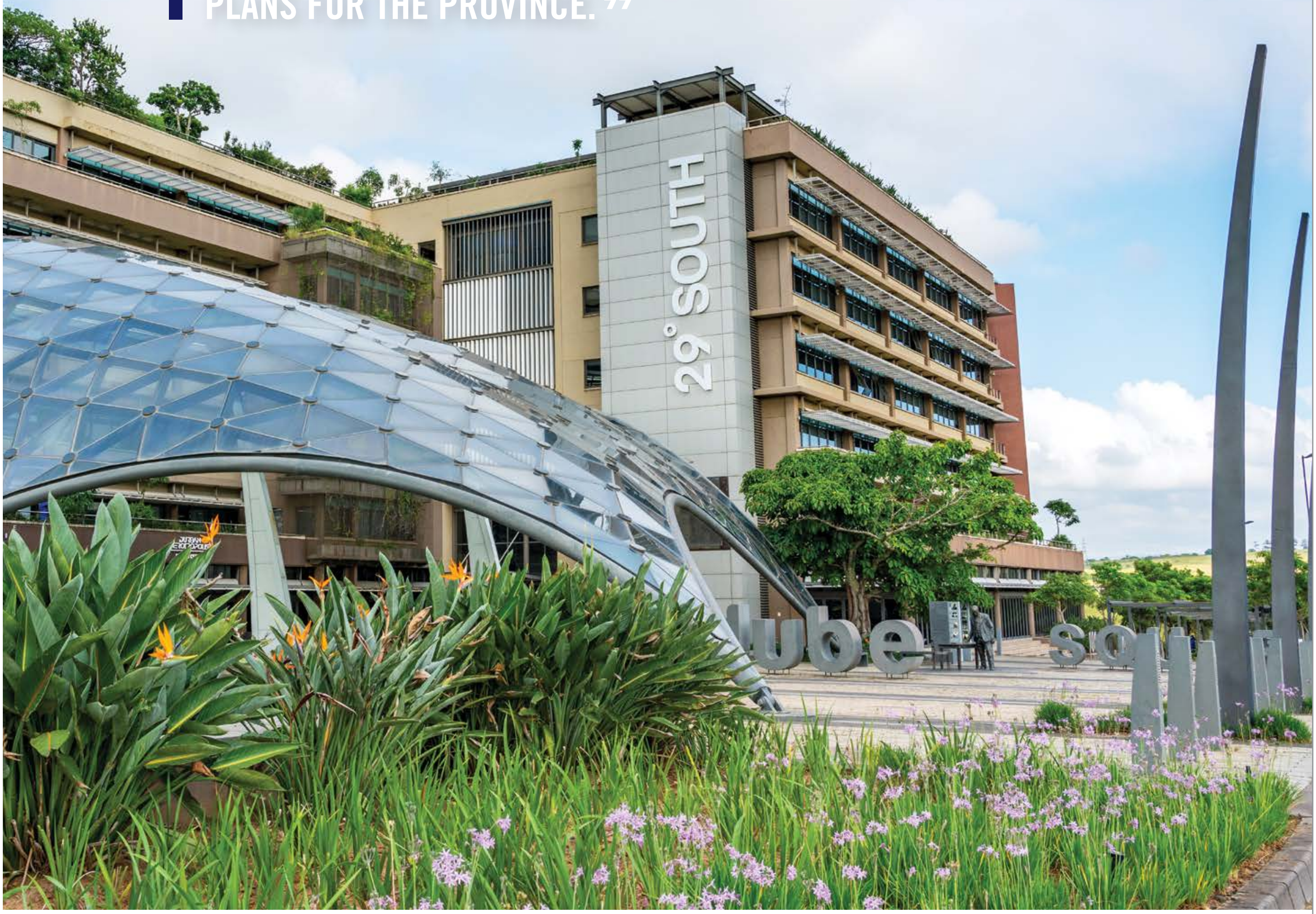
This must be regarded as a most positive trend and one which offers promise and potential in the face of an otherwise beleaguered economy and which has given effect to a renewed sense of business confidence on the back of the serious economic challenges we have been forced to face and overcome.

With Dube TradePort Special Economic Zone and two of Africa's primary seaports, Durban and Richards Bay, located in the strategically located province of KwaZulu-Natal, our province boasts a key competitive advantage; one which ensures the province's undeniable importance for economic growth and contribution towards effectively repositioning South Africa to increase its share of the global market.

Dube TradePort Corporation has not, since its commencement of activities in 2010, enjoyed the benefit of operating in a growing economy and as we continue the task of rebuilding and developing the economy in the aftermath of the health pandemic, I have every confidence that the organisation will take business development here to a new level, turning pipeline prospects into active investments going forward.

**Mr Ravi Pillay**
MEC: Economic Development,
Tourism and Environmental Affairs

> “TRANSFORMING KWAZULU-NATAL INTO AN OUTSTANDING PARTICIPANT WITHIN THE GLOBAL SUPPLY CHAIN, AND MOST CERTAINLY FORMS AN INTEGRAL PART OF OUR ECONOMIC GROWTH PLANS FOR THE PROVINCE.”



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# PROFILE

## DUBE TRADEPORT CORPORATION

### VISION

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

### 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.

### VALUES

The day-to-day business of Dube TradePort Corporation is conducted with honesty, integrity and in accordance with professional values, as set out below:

- Professional Excellence: Being passionate about value-adding professionalism;
- Ubuntu: Creating open, honest relationships which are built on trust, mutual respect, dignity and fairness;
- Empowerment: Actively embracing the economic, transformational and developmental agendas of stakeholders;
- Innovation and Creativity: Succeeding through innovative, creative and adaptable teams; and
- Service Excellence: Providing unsurpassed service excellence of which our clients may be proud.

### 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.

### STRATEGIC OUTCOMES

The key delivery areas upon which Dube TradePort Corporation focuses and which are aligned to the provincial mandate of economic transformation and job creation include:

- Increased investment and export potential;
- Increased active participation by black people in the economy; and
- Sustainable development and operation of Dube TradePort Special Economic Zone.

### CODE OF BUSINESS CONDUCT

A Code of Business Conduct underpins Dube TradePort Corporation's business culture and that of its staff members.

Principles contained in the organisation's Code of Business Conduct include:

- Upholding the values of the organisation in all dealings with customers, suppliers and stakeholders;
- Treating all people with respect and dignity, while fostering a productive environment free of harassment, intimidation and discrimination;
- Being professional at all times;
- Refraining from using any position of power afforded by the organisation for the furtherance of self-interest or the interests of family or friends;
- Avoiding being compromised by allowing personal interests to influence business decisions, or by any conflict of interest;
- Honouring the content and spirit of any and all business transactions and agreements;
- Addressing any and all instances of crime, bribery, corruption or inducements by adopting a policy of zero tolerance against offenders;
- Displaying the highest levels of confidentiality;
- Maintaining records in an appropriate manner and complying with all policies, procedures and internal control systems; and
- Embracing a culture of tolerance regarding diversity, especially as it applies to culture, religion and sexual orientation.

# 03 CORPORATION STRUCTURE

## ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT

**Provincial Government of KwaZulu-Natal**

**Department of Economic Development, Tourism and Environmental Affairs**

**Accounting Authority (Board)**

**Chief Executive Officer**

**Executive Management**

| PROGRAMME 1 | | | PROGRAMME 2 | PROGRAMME 3 | PROGRAMME 4 | PROGRAMME 5 | PROGRAMME 6 |
|---|---|---|---|---|---|---|---|
| Administration | | | | | | | |
| Office of the CEO | Corporate Services | Finance | Cargo Development | Property and SEZ Administration | Dube AgriZone | Dube iConnect | Development Planning and Infrastructure |
| Executive<br>Hamish Erskine<br>CEO | Executive<br>Nolufefe Ali | Executive<br>Ayesha Swalah<br>CFO | Executive<br>Mlibo Bantwini | Executive<br>Kayalethu Ngqaka<br>COO | Executive<br>Mlibo Bantwini | Executive<br>Mlibo Bantwini | Executive<br>Owen Mungwe |

# 04 OVERVIEW

### DUBE TRADEPORT SPECIAL ECONOMIC ZONE

Dube TradePort Corporation is a business entity of the KwaZulu-Natal Provincial Government and is tasked with development of Dube TradePort Special Economic Zone, a highly competitive business operating environment and home to King Shaka International Airport.

In so doing, it strives to meet the primary objectives of the National Development Plan, the Medium-Term Strategic Framework and the Provincial Growth and Development Plan by providing an enabling environment to attract new private sector investment and to facilitate an integrated logistics platform.

Strategically located on South Africa's east coast between the key seaports of Durban and Richards Bay and some 30km from the Durban city centre, Dube TradePort Special Economic Zone is a 'Greenfield' development of more than 3 800ha. Dube TradePort Special Economic Zone comprises:

### DUBE TRADEZONE

Dube TradeZone is a designated Special Economic Zone and comprises fully-serviced industrial real estate for, especially, manufacturing, assembling, air-related cargo distribution, high-tech aerospace services, electronics and pharmaceuticals production, automotive, clothing, textiles, cold-storage, warehousing, distribution and logistics.

Dube TradeHouse is located within this precinct and provides a single, dedicated facility for the benefit of freight forwarders and shippers. It's position adjacent to Dube Cargo Terminal, affords the facility airside access, via an elevated cargo conveyor air bridge connection directly to Dube Cargo Terminal.

### DUBE CARGO TERMINAL

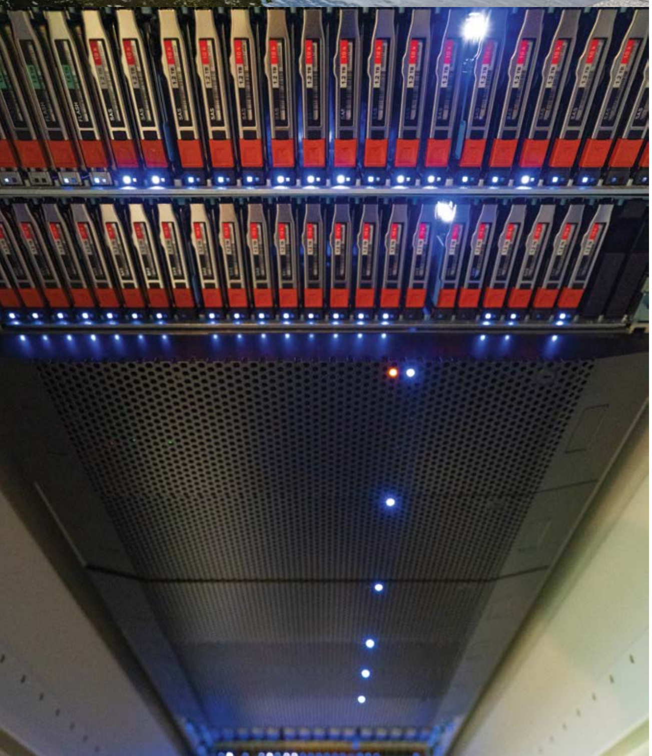
Dube Cargo Terminal is a state-of-the-art facility, purpose-built to be the most secure in Africa. Digital tracking, secure cargo and the on-site location of a full suite of the requisite statutory bodies ensures the quick turn-around and exceptionally efficient processing of cargo.

**3 800ha**

GREENFIELD DEVELOPMENT

**STRATEGICALLY LOCATED ON SOUTH AFRICA'S EAST COAST**

*between the key seaports of Durban and Richards Bay*

## DUBE AGRIZONE

Dube AgriZone is a designated Special Economic Zone and offers world-class agricultural facilities and technical support for the propagation, growth, packing and distribution of a wide range of high-value perishables and horticultural products by way of a thoroughly efficient supply chain, which displays the necessary agility required to ensure delivery to local, regional and international markets. The facility comprises 16 hectares of glass greenhouses, a plant nursery and Dube AgriLab, which is a sophisticated, state-of-the-art tissue culture laboratory designed for the propagation of improved plant stock, as well as Dube AgriHouse office space.

Individual growers active within this facility operate four dedicated Packhouses, one for each greenhouse. Said infrastructure is designed to handle all post-harvest requirements, such as pre-cooling, washing, grading, sorting and packaging. The Packhouses play a key role in ensuring shelf-readiness immediately upon departure from Dube AgriZone.

## DUBE CITY

Dube City is a premium 12-hectare office, retail and hospitality precinct located in an urban 'green' hub immediately adjacent to King Shaka International Airport. The evolving Dube City, a three-minute drive from the airport's passenger terminal, is home to Dube TradePort Corporation's head office, 29° South, with additional developments currently under construction.

## DUBE ICONNECT

Dube Trade Port Special Economic Zone has in place a dedicated Information Technology and Telecommunications provider, Dube iConnect. This facility delivers Infrastructure-as-a-Service, inclusive of regional disaster recovery.

**0% CARGO LOSS**

**12 HECTARE**
*office, retail and hospitality precinct*

# 05 BOARD STRUCTURE AND RESPONSIBILITIES

DUBE TRADEPORT CORPORATION'S BOARD IS STRUCTURED SO AS TO PROVIDE A DIVERSITY OF SKILLS AND EXPERIENCE RELEVANT TO THE ORGANISATION'S BUSINESS OPERATIONS AND THE DISPARATE ENVIRONMENTS IN WHICH IT IS ACTIVE, WHILST CONCURRENTLY ENSURING EFFECTIVE INTER-GOVERNMENTAL CO-OPERATION AND COLLABORATION.

As at 31 March 2022, the Board of Dube TradePort Corporation comprised seven non-executive members and one executive member, namely the Chief Executive Officer.

### BOARD RESPONSIBILITIES AS PER THE BOARD CHARTER

In line with Dube TradePort Corporation's annually reviewed Board Charter, the Board is responsible for:

- Ensuring that the strategic planning, establishment, design, construction, operation, management and control of Dube TradePort is effectively performed by management;
- Implementing and activating the master plan for the economic growth of Dube TradePort and KwaZulu-Natal;
- Managing and utilising resources in accordance with the objects and requirements of the master plan;
- Ensuring that risks associated with the strategy have been thoroughly assessed by management, and that effective risk management and internal control exists;
- Providing effective leadership on an ethical foundation and ensuring that Dube TradePort Corporation's ethics are effectively managed;
- Ensuring that Dube TradePort Corporation is, and is seen to be, a good corporate citizen;
- Assuming responsibility for IT governance;
- Ensuring that an effective risk-based internal audit is in place;
- Ensuring that Dube TradePort Corporation complies with all laws and regulations; and
- Ensuring stakeholder communication through the integrity of the Annual Report.

### DETAILS OF INDEPENDENT NON-EXECUTIVE BOARD AND COMMITTEE MEMBERS

| NAME | GENDER AND RACE | DESIGNATION | AGE | QUALIFICATIONS | OTHER MEMBERSHIPS/ DIRECTORSHIPS |
|---|---|---|---|---|---|
| Prof Zanele Bridgette Gasa-Toboti | African Female | Board Chairperson | 45 | • B. Building Arts in Architecture<br>• M. Comm (Project Management)<br>• PhD in Construction Management<br>• Adjunct Professorship of the Built Environment and the Construction Industry | • The Elilox Group Pty Ltd<br>• Chairperson: Allan Gray Orbis Foundation<br>• Nelson Mandela University Investment Company<br>• Chairperson: Meridian Foundation NPC |
| Paulos Ngcobo | African Male | Board Deputy Chairperson Investment Committee membe | 59 | • Dip. Special Human Resources<br>• Dip. Labour Economics | • BEIER Group of companies<br>• Abandoawonye Trading cc<br>• Transman SA Pty Ltd<br>• Cornubia Square Pty Ltd<br>• Uniplate Pty Ltd<br>• Liberty Lane Trading 379 Pty Ltd<br>• Use It Waste Beneficiation<br>• E-Vend Pty Ltd<br>• Aldabri 29 Pty Ltd<br>• Owen Adendorff and Associates Pty Ltd<br>• Westmead Oil Pty Ltd<br>• Upper Highway Investments Pty Ltd<br>• Gap Plastics Pty Ltd<br>• Dormatorque Pty Ltd<br>• Aktiv Property Development Pty Ltd<br>• Etapicname Pty Ltd<br>• Fulele Investments Pty Ltd<br>• Isibaya Strategic Investments Pty Ltd |

| NAME | GENDER AND RACE | DESIGNATION | AGE | QUALIFICATIONS | OTHER MEMBERSHIPS/ DIRECTORSHIPS |
|---|---|---|---|---|---|
| Mpumeleo Gift Mahlase Zikalala | African Male | Board member | 36 | • Bachelor of Law (LLB) | • Zikalala Attorneys<br>• Zikalala Corporation Pty Ltd<br>• Ezimoti Agricultural Primary Co-Op Limited<br>• Wakili Pty Ltd<br>• Zikalala Pty Ltd |
| Nokhana Moerane | African Female | Board member | 62 | • B. Comm<br>• B. Law<br>• B. Laws | • MTK Moerane Investments Pty Ltd<br>• Nestlife Assurance Corporation RF<br>• Endla Ecumenical Development Services of Africa<br>• CBD Biotechnologies Pty Ltd |
| Themba David Ndhlovu | African Male | Board member | 62 | • M. Ed. IEDP | • Mfundi Project and Development cc<br>• SBD Group of companies<br>• Cubana Maritzburg Pty Ltd<br>• Genius Management Solutions Pty Ltd<br>• Isibuko Holdings Pty Ltd<br>• Arfralink Trading Pty Ltd<br>• Chairperson: Board CATHSSETA |
| Richard Vallihu | Indian Male | Board member | 56 | • MBA<br>• Fin Man (Diploma)<br>• B. Sc (Hons) | |
| Siyabonga Goodfrieda Nene | African Male | Board member | 41 | • B.Soc. Sci (Hons)<br>• B.Sc (Agric) | • PQ Insights Technologies Pty Ltd<br>• LAAA Holdings Pty Ltd<br>• Sthengwa Agricultural Solutions Pty Ltd |
| Velenkosini Lindokuhle Mtshali | African Male | Audit and Risk Committee member (Independent) | 44 | • CA (SA)<br>• Registered Auditor<br>• B. Comm (Hons) (Accounting) | • Bonakude Consulting Pty Ltd<br>• Bonakude Investments KZN Pty Ltd<br>• Bonakude Gauteng Pty Ltd<br>• Foresight Innovation Pty Ltd<br>• Bonakude Assurance Pty Ltd |
| Hlengiwe Makhathini | African Female | Investment Committee Chairperson (Independent) | 42 | • CA (SA)<br>• B. Comm (Hons) (Accounting)<br>• B. Comm (Accounting) | • Karsten Group Holdings Pty Ltd |
| Zahid Fakey | Indian Male | Audit and Risk Committee Chairperson (Independent) | 47 | • CA (SA)<br>• Registered Auditor<br>• B. Comm (Hons) (Accounting)<br>• CISA | • National Bioproducts Pty Ltd<br>• Albaraka Bank Limited<br>• Unplugged Enterprises Pty Ltd |

06

# CHAIRPERSON'S STATEMENT

AS WE ENTER THE THIRD YEAR OF THE COVID-19 HEALTH CRISIS – ALBEIT WITH RELAXED RESTRICTIONS – THERE EXISTS A CLEAR NEED FOR THE CONTINUANCE OF JUDICIOUS BUSINESS PRACTICE TO ENSURE THE ONGOING SUSTAINABILITY OF DUBE TRADEPORT CORPORATION, WHILST APPLYING A ROBUST PHILOSOPHY AS REGARDS THE ORGANISATION'S INVESTMENT ATTRACTION APPETITE.

Prof Zanele Bridgette Gasa-Toboti

The pragmatic approach we applied to our business journey during the 2021/22 financial year paid dividends, enabling us to continue showing active support for clients negatively impacted by the effects of the ongoing pandemic and the social unrest the province experienced during July 2021, whilst simultaneously assuring the broader business community – nationally and internationally – that Dube TradePort Corporation was open for business, regardless of the prevailing health and social challenges, thus stimulating investor confidence in both the precinct and the province.

This two-pronged business approach was further augmented by our strict adherence to good governance principles, best evidenced by the organisation's achievement of its ninth consecutive clean audit in the 2020/21 review period, further enhancing our continued status as a credible business partner to both existing and prospective private sector investors, developers and tenants.

The realisation of the organisation's development mandate rests on its ability to rapidly rebuild the business and investment momentum of the ten years before the onset of the health pandemic. By re-engineering the organisation to better understand and grow the market it serves going forward, it racked up a number of key achievements during the review period in spite of the prevailing economic challenges.

A newly-developed air route strategy formed the foundation for revised efforts to attract additional airlines to make King Shaka International Airport a part of their international route strategies, a move which is poised to bear fruit in the forthcoming financial year. In addition, and with the resumption of increased local and reintroduction of international flights in the latter stages of the review period, a satisfying increase in cargo volumes from 7 257 tonnes in the 2020/21 financial year to 10 366 tonnes in the review period was recorded. This fell well short of the 23 725 tonnes cargo throughput in the pre-COVID-19 2019/20 period. However, in light of a revised cargo study undertaken in 2021, renewed efforts will be made to take cargo throughput at King Shaka International Airport to altogether new levels going forward. Passenger numbers increased impressively as travellers again took to the skies.

On the ground at Dube TradePort Special Economic Zone, intensive work was undertaken on a basement parking facility in Dube City, enabling the development of facilities above it. In addition, plans were at an advanced stage for the organisation's investment of R200 million in a multi-purpose office facility. This was regarded as a high-priority, fast-track project and one set to bring innovative, young people to Dube City.

The review period saw the completion of Dube TradeZone 1, with a single factory yet to be filled, whilst significant progress was made with the development of Dube TradeZone 2, totalling 38ha in extent, leaving it ready for occupation. Critically, the organisation's combined infrastructure investment in phases 1 and 2 of these light industrial zones amounted to R1.138 billion. Dube TradeZone 1 attracted R2 billion in private sector investment, whilst it is confidently anticipated that Dube TradeZone 2 will draw investment totaling a further R5 billion. Bulk earthworks were completed and the construction of municipal infrastructure commenced during the review period. This period also saw a decision by Dube TradePort Corporation to itself construct two investment-ready buildings in Dube TradeZone 2. Further, work was initiated with Tongaat-Hulett to facilitate Dube TradeZone 3, comprising a 135ha site, with some 536 000 square metres available bulk.

The organisation's adjacent mini-factory complex, comprising 18 units for SMMEs, was also completed during the review period, bringing about immediate uptake by two manufacturing enterprises, one dealing in agricultural equipment and the other in healthcare products.

With the 16ha first phase of Dube AgriZone – comprising six greenhouses – fully operational, construction commenced on Dube AgriZone 2 during the 2021/22 financial year, creating exceptional opportunities for small-scale farmers.

Working with the provincial Department of Economic Development, Tourism and Environmental Affairs and other key stakeholders, the review period also witnessed Dube TradePort

**DUBE CITY**
**R200 MILLION**
Investment in Block D

**16ha**
Dube AgriZone
**30ha**
Dube AgriZone 2

> **“ DUBE TRADEZONE 1 ATTRACTED R2 BILLION IN PRIVATE SECTOR INVESTMENT, WHILST IT IS CONFIDENTLY ANTICIPATED THAT DUBE TRADEZONE 2 WILL DRAW INVESTMENT TOTALING A FURTHER R5 BILLION. ”**

Corporation’s fast-track pursuit of having a proposed off-site Automotive Supplier Park designated a Special Economic Zone. A deal to develop a site at the old Durban airport was being finalised with the intention of having the new facility operational by 2024. This would give effect to better unlocking automotive component manufacturing in the Durban area, regarded as important for the localisation of automotive manufacturing in this country.

Although 2021/22 activity by the private sector was constrained, our organisation was successful in achieving investment amounting to R127 million in the period, against just R77 million during the previous financial year, allowing us to again begin building momentum as we work towards the introduction of new phases of development. New investments in the review period brought to 40 the number of operational investments and led to the facilitation of 693 direct new employment opportunities and a cumulative figure, since 2012, of 11 185.

Crucially for the future, we have in place an investment pipeline valued at almost R12 billion, affording us the opportunity to commence with the process of developing both pharmaceutical and electronic clusters in the newly-developed Dube TradeZone 2.

The concerted development efforts of the 2021/22 financial year provided the footing for the organisation’s continued growth trajectory into the future, especially as we begin shaking off the debilitating economic effects of the COVID-19 pandemic.

In closing, I extend my heartfelt appreciation to my fellow Board members and to our Chief Executive Officer, Mr Hamish Erskine, and members of his executive team, as well as our members of staff for their unstinting efforts in taking Dube TradePort Corporation forward during a particularly trying time for us all.

I would also thank, most sincerely, the Provincial Government of KwaZulu-Natal and especially the MEC for the Department of Economic Development, Tourism and Environmental Affairs, Mr Ravi Pillay and his departmental staff for their continued support and guidance afforded our organiation. This has, in no small measure, contributed to the growth, development and success of Dube TradePort Special Economic Zone to date.

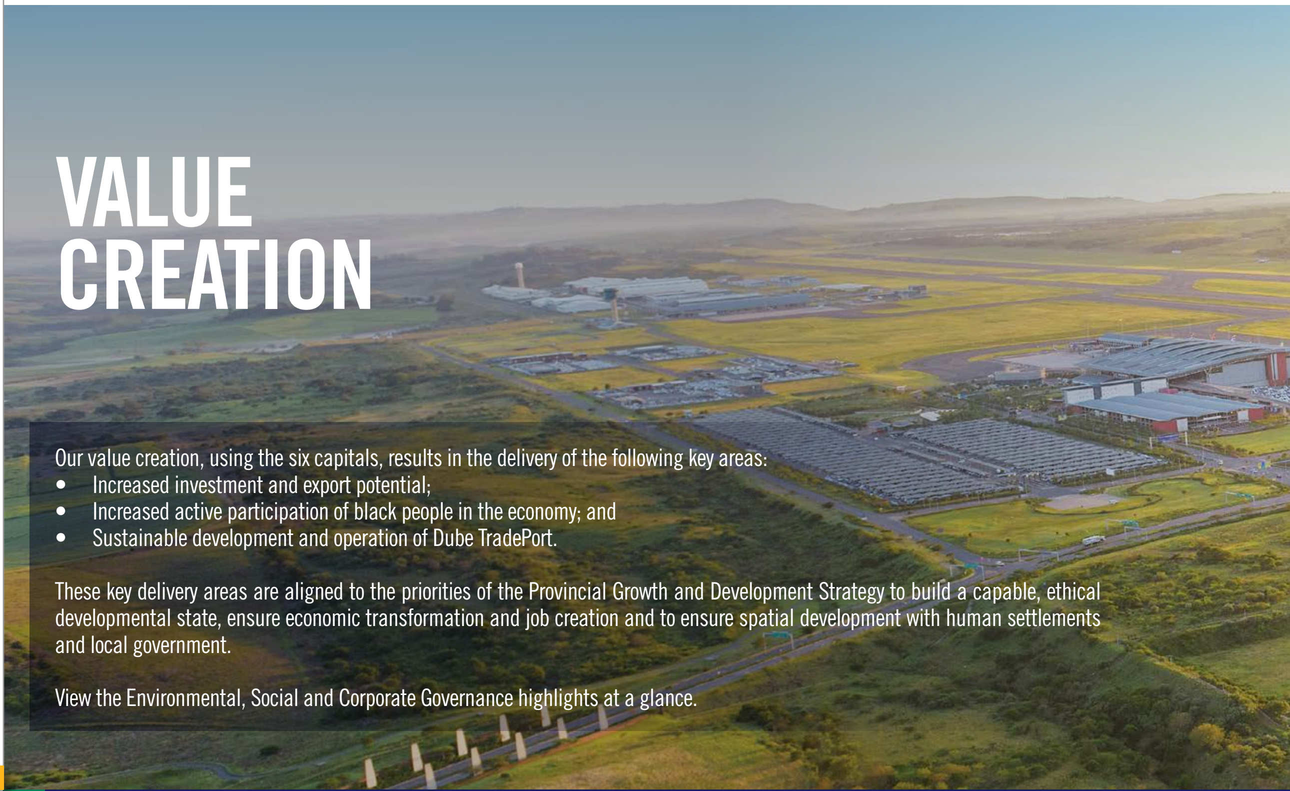
Finally, and as the economy recovers and begins to grow, the prospects for infrastructure development at and investment in Dube TradePort Special Economic Zone are immense.

I would, therefore, stress that our organisation’s priority is to ensure ‘business as usual’ in spite of the setbacks of the past two years and would, accordingly, re-affirm our commitment to transforming Dube TradePort Special Economic Zone into the leading global manufacturing and air logistics platform in Southern Africa.

Prof Zanele Bridgette Gasa-Toboti
Chairperson
Dube TradePort Corporation

07

# VALUE CREATION



Our value creation, using the six capitals, results in the delivery of the following key areas:
- Increased investment and export potential;
- Increased active participation of black people in the economy; and
- Sustainable development and operation of Dube TradePort.

These key delivery areas are aligned to the priorities of the Provincial Growth and Development Strategy to build a capable, ethical developmental state, ensure economic transformation and job creation and to ensure spatial development with human settlements and local government.

View the Environmental, Social and Corporate Governance highlights at a glance.

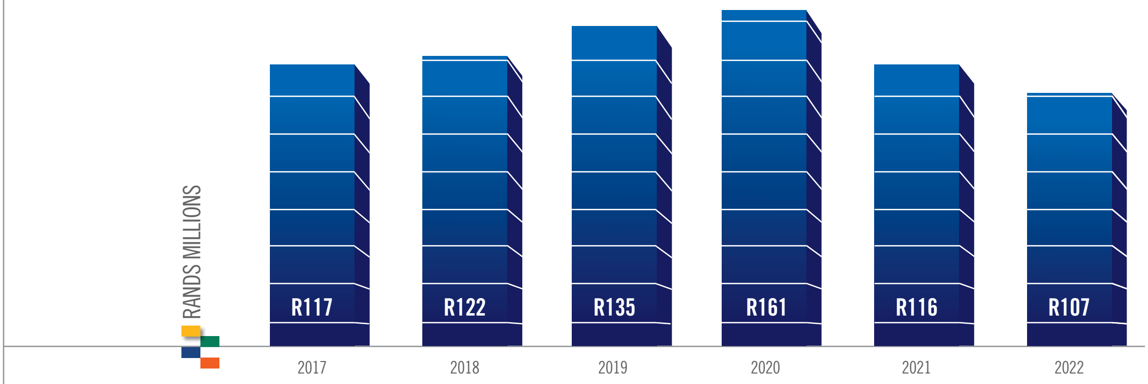
| CAPITALS | CAPITALS | VALUE ADDING ACTIVITIES |
|---|---|---|
| **FINANCIAL CAPITAL**<br><br>**Funding received from Provincial Government.** | • R422 million funding received in the form of Government grants;<br>• Designated Special Economic Zone; and<br>• Tenant and investor confidence. | • Air services strategy and route development;<br>• Focus on financial sustainability and update of financial sustainability model; and<br>• Construction of both revenue-generating and enabling infrastructure projects. |
| **MANUFACTURED CAPITAL**<br><br>**R5.20 billion in assets constructed.** | Assets include:<br>• Bulk infrastructure;<br>• Dube Cargo Terminal;<br>• 16ha of greenhouses;<br>• Dube iConnect equipment; and<br>• Buildings, plant and equipment. | • Development of Dube TradeZone 2 and Dube AgriZone 2;<br>• 348 576$m^2$ leased in Dube TradeZone and Dube City;<br>• Careful scheduling of work and resources in Dube Cargo Terminal and Dube AgriZone; and<br>• Execution of planned maintenance programmes. |
| **HUMAN CAPITAL**<br><br>**Our 194 skilled and experienced employees enable us to meet our mandate and our stakeholders' requirements.** | • Positive employee relations with a diverse and representative workforce; and<br>• Skilled employees. | • Regular meetings with shop stewards and representatives of Trade Unions;<br>• Supplier and enterprise development;<br>• Granting bursaries;<br>• Implementation of the Employment Equity Plan;<br>• Approval and review of various Human Resources policies; and<br>• Review of results of the Employee Engagement Survey to continuously improve the work environment. |
| **SOCIAL AND RESPONSIBILITY CAPITAL**<br><br>**Close integration with our tenants, suppliers and the community around us.** | • Empowerment of suppliers and members of the wider community;<br>• Engagement with communities;<br>• Collaborative partnerships; and<br>• Special Economic Zone incentives. | • Timely reporting to regulators, as per the PFMA and other requirements;<br>• Approval of Special Economic Zone Enterprises by the Board;<br>• Implementation of Corporate Social Investment initiatives;<br>• Customer survey undertaken;<br>• Execution of approved B-BBEE strategy and implementation plan;<br>• Pre-determined criteria included in procurements focused on empowering previously disadvantaged service providers; and<br>• Implementation of enterprise and supplier development initiatives. |
| **INTELLECTUAL CAPITAL**<br><br>**Policies, systems and procedures drafted, reviewed for relevance and implemented.** | • Strong governance and compliance culture;<br>• Appropriately skilled employees;<br>• Robust supply chain process; and<br>• Well-regarded brand and reputation. | • Regular Board meetings attended by representatives of the Department of Economic Development, Tourism and Environmental Affairs;<br>• Employee Engagement Survey undertaken; and<br>• Marketing campaigns completed during the year. |
| **NATURAL CAPITAL**<br><br>**The natural resources located on our landholdings are managed in a responsible and compliant manner.** | • 3 526ha of land managed; and<br>• Energy, water and natural eco-systems. | • Air and water quality monitored throughout the precinct;<br>• 8 662$m^2$ of solar panels in Dube AgriZone; and<br>• Energy management project underway. |

| VALUE CREATED | FUTURE VALUE CREATION |
|---|---|
| • Direct international flights landing in Durban;<br>• R107 million own revenue generated including:<br>  • R52.6 million of revenue earned from all properties leased;<br>  • R9.49 million of revenue earned by Dube iConnect;<br>• 26.2% costs covered by own revenue; and<br>• R203.5 million capital expenditure on infrastructure projects during the year. | • Identification of new revenue creation opportunities and introduction of considered cost reduction initiatives. |
| • 10 366 tonnes of cargo processed through Dube Cargo Terminal;<br>• R78.9 million of produce was grown and/or handled in Dube AgriZone; and<br>• 70.8% occupancy of all buildings owned by Dube TradePort Corporation. | • Construction of quality and fit-for-purpose assets with proactive asset management to attract investors;<br>• Planning and development of the Durban Aerotropolis Master Plan continues; and<br>• Implementation of phase 2 of the master plan, including construction of the Automotive Supplier Park and other strategic projects. |
| • 97% achievement of employment equity targets;<br>• 86% of employees took part in the Employee Engagement Survey<br>• Partnership with ICAS;<br>• R2.66 million spent on training employees;<br>• 57 interns spent part or all of the year with Dube TradePort Corporation;<br>• 94% black employees; and<br>• 44% female representation. | • Continuation of the journey as to become 'employer of choice' with engaged and fulfilled employees; and.<br>• Finalisation of the organisational structure fit for a world-class entity. |
| • Level 3 B-BBEE scorecard maintained;<br>• 71.07% of procurement expenditure undertaken with 51% black-owned and 31% black women-owned companies;<br>• R1.4 million spent on training activities provided for suppliers and would-be suppliers, aimed at improving the business skills of black-owned SMMEs:<br>• R1.34 million spent on external bursaries; and<br>• R46.07 million spent on construction with EMEs and QSEs. | • Continuation as an agent of transformational change in the community, resulting in increased active participation in the economy by black people. |
| • 6.6 million people reached through digital marketing and communication;<br>• Clean audit opinion; and<br>• 85.4% implementation of ICT governance framework and policies. | • Creation of robust business continuity plans to withstand disruption to business caused by external events. |
| • 255.19ha of land rehabilitated or maintained;<br>• 20% of energy used in the greenhouses obtained from renewable sources; and<br>• 44.4 million litres of water able to be stored in our ponds. | • Construction of common utilities facility in Dube TradeZone 2, using sustainable clean energy from gas and solar power.<br>• Ongoing rehabilitation of land as required by the Environmental Authorisation to offset damage caused to the natural resources by construction projects. |

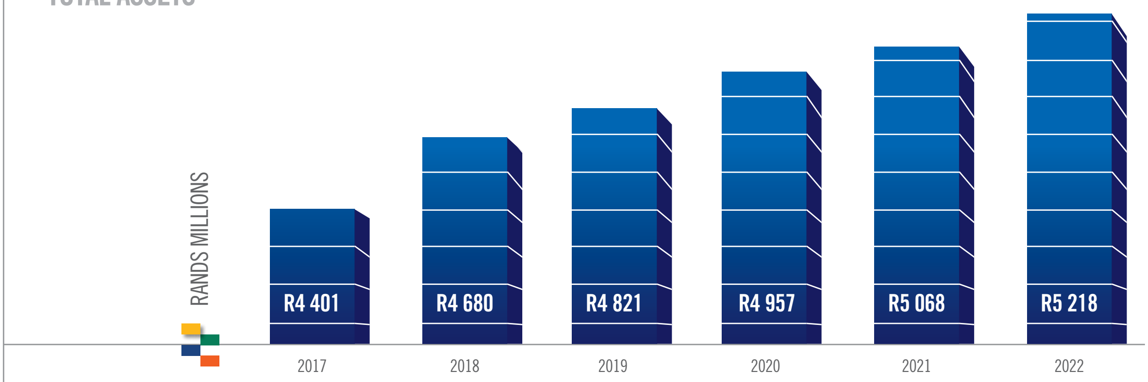
08

# FINANCIAL INDICATORS

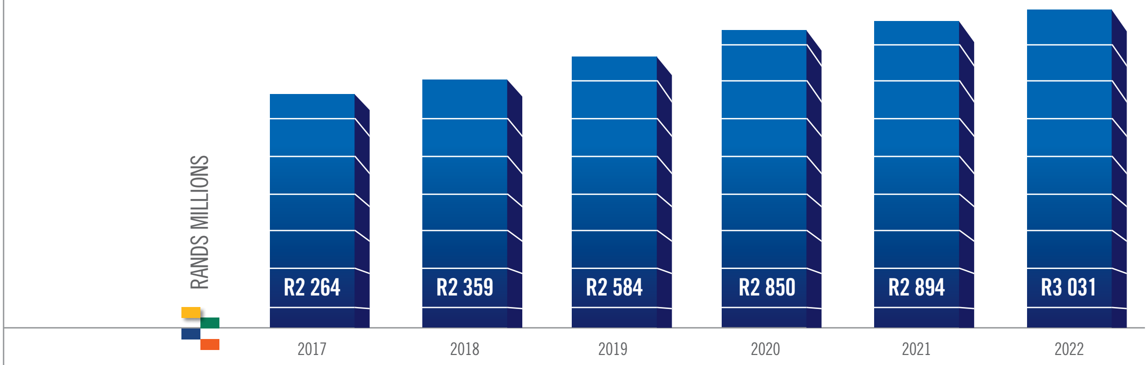
## OWN REVENUE



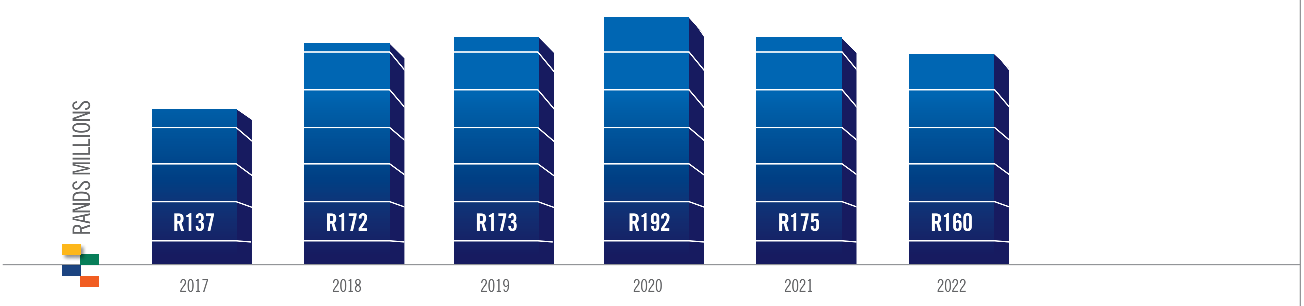

## TOTAL ASSETS



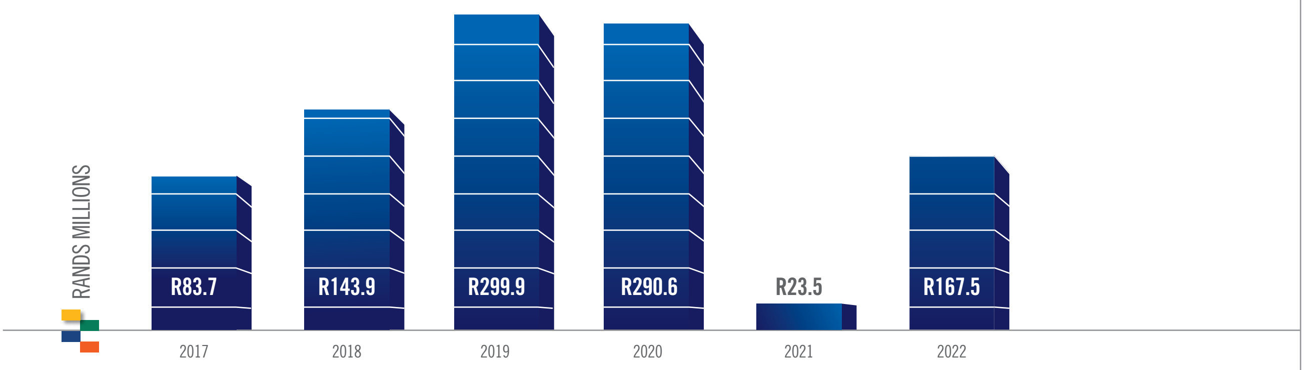

## INVESTMENT PROPERTY OWNED BY DUBE TRADEPORT CORPORATION



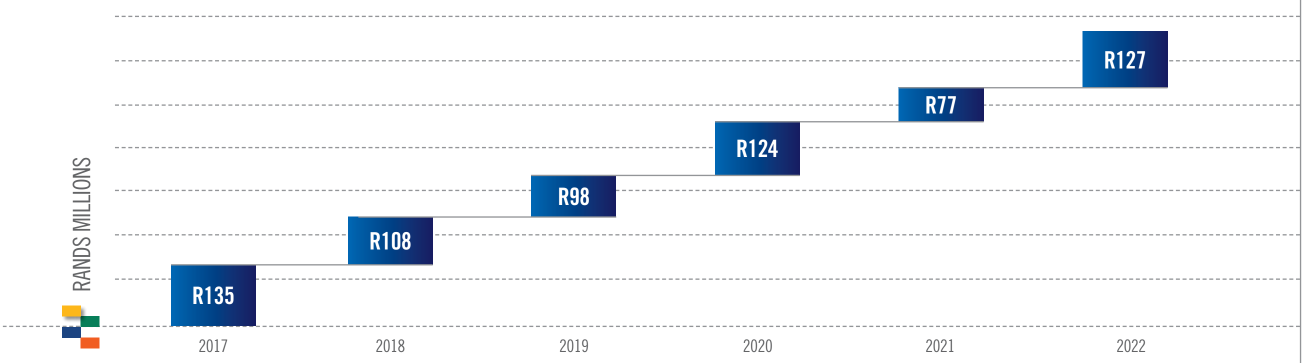
## OPERATIONAL EXPENDITURE



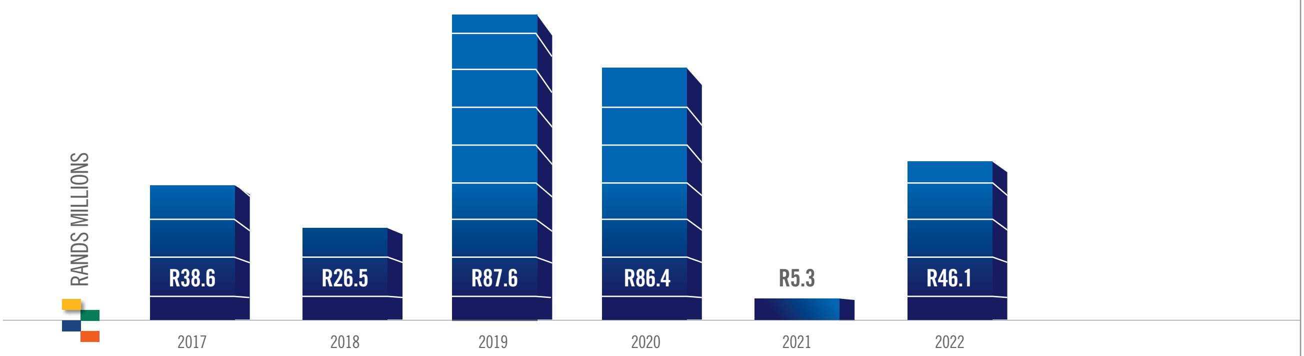

## CAPITAL EXPENDITURE




## PRIVATE SECTOR INVESTMENT




## CAPITAL SPEND ON EME/QSE



09

# CHIEF EXECUTIVE OFFICER'S REVIEW

Mr Hamish Erskine

## IN MY REVIEW LAST YEAR, I REFLECTED THAT FEW PEOPLE COULD HAVE ANTICIPATED OR IMAGINED THE ECONOMIC AND SOCIAL IMPACT OF THE PROLONGED EFFECTS OF THE COVID-19 PANDEMIC AND THE SOCIAL UNREST EXPERIENCED IN JULY 2021.

This year, just as KwaZulu-Natal was stabilising and rebuilding its economy following those devastating events, the Province was recently overwhelmed by severe floods. Now, more than ever, we need to recover and rebuild for the betterment of our organisation, our province, our country and, crucially, our people

Fortunately, the damage to infrastructure at Dube TradePort was limited and we managed to ensure business continuity under difficult circumstances. Dube TradePort Corporation sought to assist in relief efforts wherever possible, including offering vacant facilities for temporary storage of flood aid and providing ongoing non-potable water delivery to tenants in order to maintain production and cooling systems so ensuring businesses and jobs were retained. Looking forward we expect ongoing challenges with potable water supply to the precinct, due to extensive repair work required at the Tongaat Water Works, and plans are now well advanced to construct a dedicated reservoir which will provide long-term stability of water supply.

Furthermore, detailed design work was due to begin on the Automotive Supplier Park at the site of the old Durban International Airport. This work will focus on creating climate-resilient infrastructure at project level, as well as through a multi-stakeholder process in the Southern Industrial Basin as a whole.

I remain confident that we will find lasting solutions to each of the challenges we face, whilst maintaining the long-term growth trajectory and developmental mandate of Dube TradePort. Our intent now is to build back better, ensuring that resilience and sustainability remain our business priorities.

**Overall Performance:**
The ongoing and persistent impacts of these various events and resultant tough economic environment is reflected in the organisation's performance against targets set in the Annual Performance Plan.

Where we have been able to achieve, and even exceed targets, we are greatly encouraged by the determination and resilience of our staff in meeting the expectations of all our stakeholders, inclusive of our investors, tenants and our Board. Where we were unable to achieve targets, we have assessed whether non-achievement was due to an under-estimation of the economic effect of the global pandemic or where achievement was in our control. Prioritised plans of action to address areas of focus and improvement are being formalised. These include investment growth, operational efficiency and excellence and cargo development.

**Finance:**
A short-term 8% decrease in our revenue reflects the difficult revenue conditions experienced during the 2021/22 financial year across the four commercial divisions. As noted last year, prior to 2020, our revenue had steadily increased each year and we expect to return to stronger growth in the 2022/23 financial year.

Assets grew by 3.0% to R5.2 billion. The increase in assets was substantially due to the 4.7% growth in investment property (mainly Dube TradeZone 2) and indicates that we have a growing revenue-producing asset base and will, therefore, be poised to take advantage of the economic recovery – however slow – to continue our journey to sustainability. Management is carefully monitoring planned projects and is prioritising income-producing opportunities.

As a result of the impact of delays associated with the COVID-19 pandemic and a commitment to the reduction of operating costs, the organisation experienced a reduction in general expenses of R160 076 888 (2021: R174 525 309).

**Supply Chain Management:**
We are pleased to report that we have robust and resilient supply chain management processes in place. During the year under review, we continued with a project to automate more of our supply chain processes, with a view to increasing efficiency in the process. We did not receive any unsolicited bid proposals during the review period.

**Roll-over Funds:**
All surplus funds remaining from the prior year were approved for utilisation in the 2021/22 financial year. The majority of funds rolled-over related to accrued expenses and were spent during the year.

**R5.2 BILLION**
3.0% Assets Growth

**4.7%**
Growth in Investment Property

**Broad-Based Black Economic Empowerment:**
Dube TradePort Corporation remains committed to achieving economic transformation in all our activities.

During the past year we were pleased to have maintained our Broad-Based Black Economic Empowerment score of Level 3. This score still falls far short of the aspirational target in our Annual Performance Plan, which is Level 1. Management continues to work on those areas in which we have scored lower than desired points, with the intention of not only improving our scorecard, but also being the agent of meaningful economic empowerment within our community.

Dube TradePort Corporation achieved 97% of its overall Employment Equity target, included in the Employment Equity Plan, inclusive of the 98% achievement of our disability target. We also increased the number of employees who live with disabilities from five to six during the year under review, which now accounts for 3.1% of the workforce. Females account for 44% of the entire workforce and 94% of the female workforce is black.

Each year, Dube TradePort Corporation provides temporary employment to young graduates, in the form of learnerships and internships. We are continually impressed by the high calibre of these graduates and, where possible, we set out to employ the highest performers, thus providing meaningful employment to these young people who are at the beginning of their careers.

We are pleased to report that 71.7% of our procurement expenditure is conducted with targeted companies, including 51% black-owned enterprises, qualifying small enterprises, exempt micro-enterprises and 30% black-women-owned businesses.

**Property and Investment:**

Revenue earned from properties increased by **11.6%**


Revenue earned from properties increased by 11.6%, from R47.12 million earned in the 2019/20 financial year to R52.6 million earned in the year under review. The revenue target of R44.3 million was exceeded by 18%. In the current constrained economy, this proved a most pleasing achievement.

However, the overall occupancy of Dube TradePort Corporation-owned buildings declined to 71%, due to:

- The ongoing prolonged impact of the COVID-19 pandemic on businesses, both within the precinct and those located externally;
- Restrictions on international airfreight impacting tenant operations, particularly in Dube Cargo Terminal and Dube TradeHouse;
- Vacant facilities as a result of tenants vacating or leases not being renewed on expiry; and
- A decline in enquiries for office space as a result of companies opting to work from home.

To address this situation, the Property and Investment teams set about focusing on expediting mini-factory applications. This initiative has borne fruit, with five mini-factory leases being concluded between October 2021 and March 2022.

A focused and targeted marketing campaign for vacant buildings, including the mini-factories and 29° South also commenced.

During the 2021/22 financial year, 134 investment proposals were received, across various sectors and trades, including manufacturing, cannabis (growing and extraction), agriculture, food processing, pharmaceuticals, warehousing and logistics.

Of this number, 44 investment projects proceeded through the various stages of the investment application process. A total of eight investments were approved by various committees of Dube TradePort Corporation. These included two land leases for Dube Trade Zone 2 and six rental leases for the mini factories and Dube TradeHouse.

Some 90% of the new projects emanated from black-owned companies, contributing meaningfully to Dube TradePort Corporation's enterprise development programme.

It is encouraging that investors' interest in the mini factories and activity in the food processing, electronics, pharma and professional consulting sectors are increasing after a period of sluggish transactions. There was also visible growth in Dube AgriZone enquiries, with the main focus of interest being in the cannabis sector. However, challenges associated with obtaining growing and extraction licences affected the conversion of leads into actual projects.

A steady interest in Dube TradeZone 2 was noted, mainly in the general manufacturing and cold storage sectors. The challenge for most domestic direct investment remains the securing of funding.

The impact of the COVID-19 pandemic on investor confidence and travel, resulted in limited engagements from businesses outside of KwaZulu-Natal and South Africa.

The Investment Promotion Strategy and Implementation Plan was reviewed. Trends in investor appeal and demand for space and buildings formed the fundamental basis upon which the strategy was to be revised, supporting economic recovery and focusing on initiatives to harness and facilitate investor interest across the approved Special Economic Zone sectors for Dube TradePort Corporation.

The growing interest in the cannabis sector and sustained interest in the pharmaceutical sector are key focus areas to look out for. The cold storage sector also garnered appeal and was to be addressed in the strategy.

Further trends identified included the need to cater to smaller businesses seeking accommodation (under roof) with short lead times. This motivated the planning, design and proposed development of two facilities in Dube TradeZone 2. Both will be ready for occupation in 2025.

It is anticipated that the forthcoming year may be equally challenging, especially with the increase in utility and fuel prices and prices of imported raw materials and commodities.

Confirmed funding is vital to securing quality investments. Investor feedback has indicated that tapping into Government funding structures remains challenging.

# CHIEF EXECUTIVE OFFICER'S REVIEW
Continued...

For its part, Dube TradePort Corporation is focused on identifying new investments and emerging opportunities through:

- Understanding the needs of investors and facilitating engagements with sister Government entities with regard to securing investments and assisting investors with funding;
- Focusing on investment promotion, facilitation and the after-care of investors;
- Developing investment opportunity profiles and building a viable and quality pipeline of bankable investment projects;
- Finalising a three-year investment promotion implementation plan aligned to the revised investment promotion strategy;
- Facilitating the 'ease of doing business,' including an online application process, streamlined access to information and planning webinars;
- Collaborating with Chambers, Trade Agencies and Embassies; and
- Soliciting lead generation facilitators in international countries, via ongoing engagements with various Chambers and Embassies.

## DUBE CARGO TERMINAL

**10 366**
**TONNES OF CARGO PROCESSED**

**R7.2 MILLION**
**REVENUE GENERATED**

Dube Cargo Terminal saw a steady recovery in cargo volumes and revenues during the review period, although the effects of the COVID-19 virus variants and subsequent infection waves did have an impact on the number and frequency of flights operated globally.

Border closures and travel restrictions resulted in lower available belly capacity for the air cargo market, contributing to a higher demand for ad hoc freighter and charter flights being operated into the airport.

Dube Cargo Terminal was able to fully meet and exceed all service level agreements with airline customers and processed 10 366 tonnes of cargo, whilst generating revenue of R7.2 million.

Dube Cargo Terminal was also able to work closely with airline partners to meet all regulatory standards and, additionally, underwent international audits during the period, which were successfully passed.

Dube AiRoad obtained a Customs Licence for the transport of bonded goods, enabling the operation to provide customers with the additional service offering of transporting bonded goods.

The Cargo Development Strategy was fully developed and finalised, thereby setting the course for air cargo development in the coming years. A strong focus on route and cargo development, working collaboratively with partners on the Route Development Committee, airline partners and the freight forwarding community, is intended to yield results in the recovery of air cargo markets.

## DUBE ICONNECT

**FIBRE NETWORK**
EXPANSION PLANS TO IMPLEMENT FIBRE TO ALL LANDHOLDINGS AND NEW ZONES

**ROLL-OUT OF FIBRE**
INTO SUCH PRECINCTS AS PART OF THE DURBAN AEROTROPOLIS MASTER PLAN

Whilst the first half of the financial year was positive in terms of revised annual revenue targets, with revenues increasing, the economic impact of trade disruptions experienced in July 2021 and again in November 2021 caused a significant decrease in revenues, thus impacting on Dube iConnect's ability to achieve its revenue target.

The primary impact of this was due to a mass migration of data storage clients from KwaZulu-Natal in July 2021, in combination with an increased debt load relating to some of our client's, which caused them to close their operations.

As global supply chains and the availability of certain ICT materials continued to affect the ICT sector, so have delays in critical projects continued to result in unplanned downtime. This was partially mitigated by the migration of resources from other divisions within Dube TradePort Corporation and these critical projects were finally completed at the beginning of April 2022.

The Dube iConnect team continued the close monitoring of the net impact on financial sustainability and replaced operationally-inefficient or cost-inefficient resources where such opportunities arose. This monitoring and adjustment forms part of an ongoing operational efficiency project.

Dube iConnect also initiated discussions with developers of adjacent precincts in a bid to expand the roll-out of fibre into such precincts, as part of the Durban Aerotropolis master plan. This was in line with Dube TradePort Corporation's fibre network expansion plans to implement fibre to all landholdings and new zones, as they are implemented.

## DUBE AGRIZONE

# R78.9 MILLION

APPROXIMATE FRESH PRODUCE VALUE

In spite of these setbacks, fresh produce valued at approximately R78.9 million was produced and handled at Dube AgriZone as all leasable facilities were maintained at a 100% occupancy level.

Dube TradePort Corporation's operational activities regarding water, waste and energy management and the maintenance of facilities in support of growers improved as most staff returned to work full-time. In spite of a reduction in the staff complement, the Nursery and Rehabilitation Sub-programme achieved 210.65 hectares of rehabilitated and maintained land.

Although the sub-programme was impacted by the unavailability and high cost of herbicides, the target for initial invasive alien plant-clearing in the Annual Performance Plan was successfully met.

DUBE


# CHIEF EXECUTIVE OFFICER'S REVIEW
Continued...

## DUBE AGRILAB

A Memorandum of Understanding was entered into for a period of five years with the South African Sugar Research Institute (SASRI), allowing Dube TradePort Corporation to multiply and commercialise selected sugarcane varieties, which will assist in increasing future sales to local and international customers. SASRI also appointed Dube AgriLab as its service provider for the hardening of a newly released N78 sugarcane variety, which is a high cane-yielding, disease-resistant variety that is targeted at high altitude and dryland areas.

The success of this partnership has the potential to open up new export markets for Dube AgriLab in Tanzania, Malawi, Zambia and, possibly, Kenya.

Dube AgriLab maintained its Research and Development performance by meeting its 2021/22 target of completing three research projects on three species, being:

- Crassula capitella (common name Campfire) - a native perennial succulent species;
- Graptopetalum paraguayense (common name Ghost plant) - a species of succulent plant in the jade plant family; and
- Pelargonium graveolens (common name Rose Geranium) - a native perennial medicinal species.

Unfortunately, revenue earned by tissue culture activities decreased by 4% compared against the previous year. Reduced sales were the result of challenges experienced in terms of the limited availability of mother stock, cancelled orders, difficulties with the rooting of some new varieties and compromised product quality, due to delays in procurement and maintenance. These challenges are being addressed through focused action plans.

## MARKETING

During the review period, some 6.6 million people were reached through marketing-related activities.

Such activities primarily included a series of endorsement stories, advertorials and media releases.

Digital media platforms, such as social media and paid media, were also strategically utilised to achieve still wider market reach. Furthermore, the organisation hosted two on-site, physical events, being the Annual Stakeholder Event and a Tenant Exhibition, as well as participating in several industry conferences and exhibitions.

In addition, a number of speaker and panelist opportunities were secured at strategic events through which members of senior management were able to create awareness of the Dube TradePort brand. Further, some 26 site visits were hosted, resulting in 292 visitors being exposed to Dube TradePort.

The forthcoming year will see a new and improved Dube TradePort Corporation website launched and with the easing of lockdown regulations, the organisation anticipates hosting and participating in more physical events, as well as reconnecting with investors and stakeholders and showcasing new developments and investment opportunities within the precinct.

## DURBAN DIRECT

The Durban Direct Route Development Committee has undertaken a full review of the Provincial Route Development Strategy in response to the devastating impact of the COVID-19 pandemic on air travel and airlines.

The immediate priority was to restore the domestic route network and then work towards restoring and attracting new regional and international direct route networks. The revised strategy was poised to utilise technical and marketing support mechanisms to restore, retain and attract qualifying direct air service routes for King Shaka International Airport. In the wake of the challenging COVID-19 period, notable progress was made during the past financial year to restore King Shaka International Airport's pre-COVID-19 route networks.

King Shaka International Airport is currently the second fastest recovering international airport within ACSA's network, recovering 50.7% of its pre-COVID passenger throughput during the 2021/22 financial year. This accelerated recovery was attributed to the domestic market segment, which accounted for 91.3% of King Shaka International Airport's total traffic in the 2020/21 financial year, a 3.7% increase from the previous financial year.

The increase in flight frequencies by FlySAfair and the restoration of the South African Airways' flights three times a day, seven days a week service in March 2022 contributed significantly to the airport's recovery. It was projected that King Shaka International Airport's domestic route network would be fully-restored by the first half of the 2022/23 financial year. Qatar Airways and Emirates services were also restored, whilst Turkish Airlines was expected to resume its Durban service by mid-2022.

## CORPORATE SERVICES

The organisation embarked on an organisational design project, 'Evolution 2020 and Beyond' in September 2020, providing an opportunity for Dube TradePort Corporation to align its structure with an expanded mandate, whilst continuing to deliver against its mandate effectively and efficiently, through filling positions based on revenue generated at a point in time.

The culmination of the project is imminent and the organisation looks forward to functioning with a revised organogram designed to take Dube TradePort Corporation into the future. During the previous financial year, the annual Employee Engagement Survey was conducted, with the aim of increasing employee engagement and improving satisfaction levels.

It was deemed vital to gauge engagement levels and monitor employee satisfaction on a regular basis, communicating results and putting in place plans to address issues highlighted through the results. Action plans were being developed to address issues brought to the fore in the most recent survey in an effort to see Dube TradePort Corporation emerge as an Employer of Choice.

We also continued prioritising the enhancement of relations with employees through a series of employee engagement sessions, together with ongoing efforts to foster sound relations between management and organised labour through a monthly Management and Shop Steward Forum. The shop stewards are engaged and participate in Dube TradePort Corporation's Human Resources projects and committees.


## DEVELOPMENT, PLANNING AND INFRASTRUCTURE

The Development, Planning and Infrastructure Division, as with others within Dube TradePort Corporation, was negatively impacted by the COVID-19 pandemic, albeit to a lesser degree, experiencing only limited lockdown constraints during the period under review.

Two construction projects commenced during the review period, namely Dube AgriZone 2 municipal infrastructure and the Erf 650 warehouse project. The team also completed Dube TradeZone 2 municipal infrastructure, which provides approximately 40 hectares of industrial sites.

The Durban Aerotropolis Master Plan continued receiving keen focus and gathered momentum, with Dube TradePort Corporation's ongoing exploration of various infrastructure interventions. Engagements with a number of government institutions were ongoing, with plans to develop additional bulk infrastructure provisioning, which will further increase economic development initiatives.

In addition, the planning unit continued reviewing the Dube TradePort Corporation/Airports Company South Africa Development Framework (DFP) and Master Plan. The review was geared towards positioning developments within the Dube TradePort Corporation/Airports Company South Africa precinct area for further development through alignment of the approved DFP and Master Plan with changes in the economy, updated municipal policies and market needs for a revised implementation strategy going forward.

The launch of phase 2 of Dube TradePort development has brought a considerable offering to the market, given that the last site in Dube TradeZone 1 was under construction. Other significant milestones for the organisation were the successful approval of the Dube TradeZone 2 Precinct Plan by eThekwini Municipality and the approval of the Dube AgriZone 1 Water Use License by the Department of Water and Sanitation.

The rezoning approval of Dube TradeZone 2 led to the commencement of the construction of municipal infrastructure within the zone. This precinct comprises approximately 40 hectares of industrial land and a contract was concluded between Dube TradePort Corporation and a construction company to develop infrastructure and deliver serviced sites for the Dube AgriZone 2 precinct.

Dube TradePort Corporation's implementation of phase 2 of the original master plan, will result in the delivery of several zones, inclusive of an Automotive Supplier Park to the south of Durban, the relocation of the SANDF air force wing from the site of the old Durban International Airport, Dube TradeZone 3 and a number of additional strategic projects. The environmental unit continued supporting the development of the Automotive Supplier Park and Automotive Supplier Park Sewer Line by ensuring environmental applications and ancillary professional studies were expedited to meet the project timelines.

In addition, a new and ground-breaking Strategic Environmental Assessment was initiated, aimed at streamlining both the medium to long-term planning and land acquisition strategy for Dube TradePort Corporation's 50-year master plan.

## CONCLUSION

In conclusion and on behalf of my executive colleagues, I take this opportunity to extend my grateful thanks to Mr Ravi Pillay, the MEC for Economic Development, Tourism and Environmental Affairs, for the invaluable support he has afforded Dube TradePort Corporation.

I would also extend my deepest thanks to the Chairperson and members of the Board for the inspirational leadership they have brought to our organisation and for the commitment they have demonstrated in driving Dube TradePort Corporation through these uncertain times. We take up the challenge now to steer the business into the future, seeking new opportunities and continually determining more efficient and effective ways of working.

Finally, I would like to express my sincere gratitude to the executive team and all our members of staff for the sterling performance they have collectively delivered in taking our organisation forward. Whilst we have not achieved all our goals during the past 12 months, I am mindful of the incredible efforts and consistent hard work put in by the various teams. Our achievements are a product of the expertise and incredible dedication our staff deliver in striving to realise our vision.

We recognise that Dube TradePort Special Economic Zone is a bridge to encourage and accelerate development and we have identified the need to foster innovation and creativity in the quest to hardwire change and drive a strong and inclusive economy going forward.

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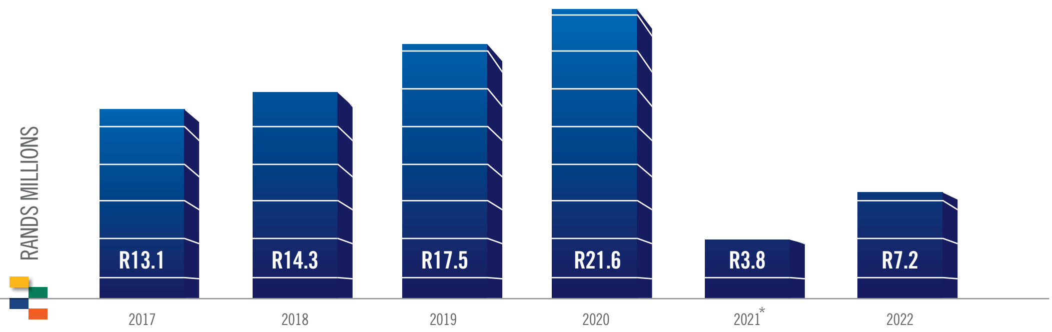
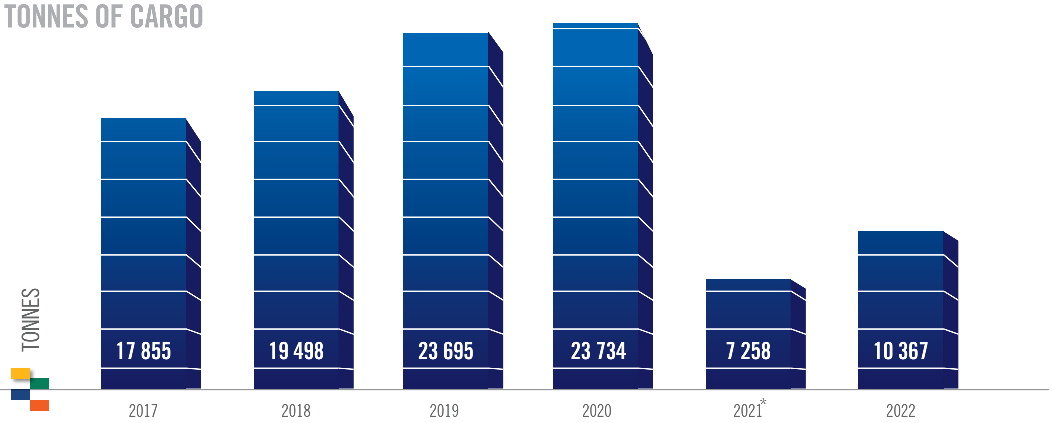
**Mr Hamish Erskine**
Chief Executive Officer
Dube TradePort Corporation

# CHIEF EXECUTIVE OFFICER'S REVIEW
Continued...

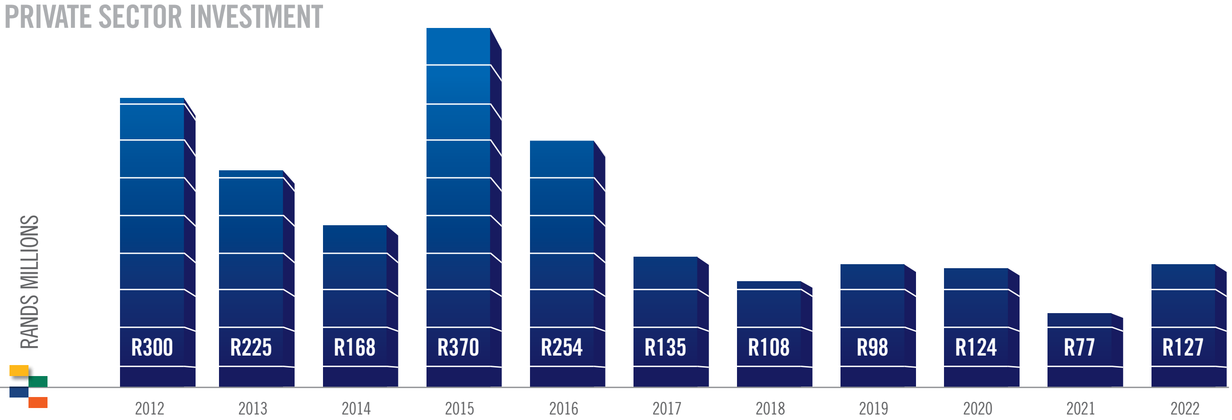
## REVENUE GENERATED FROM CARGO SERVICES




## TONNES OF CARGO



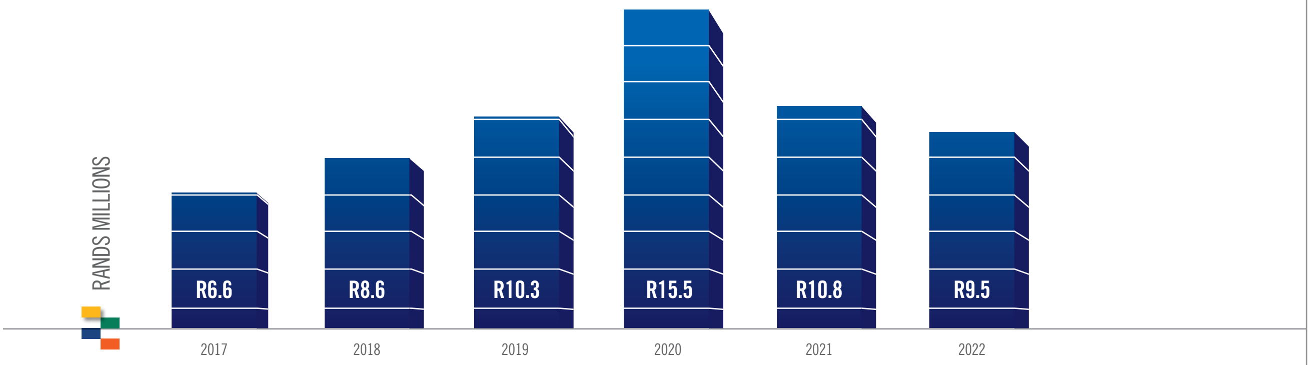

## PRIVATE SECTOR INVESTMENT



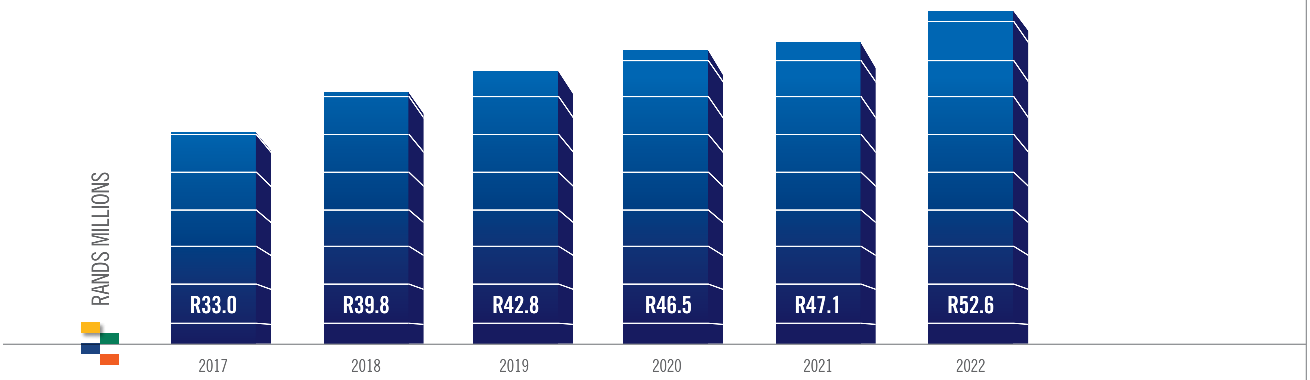



* COVID-19 Global Pandemic

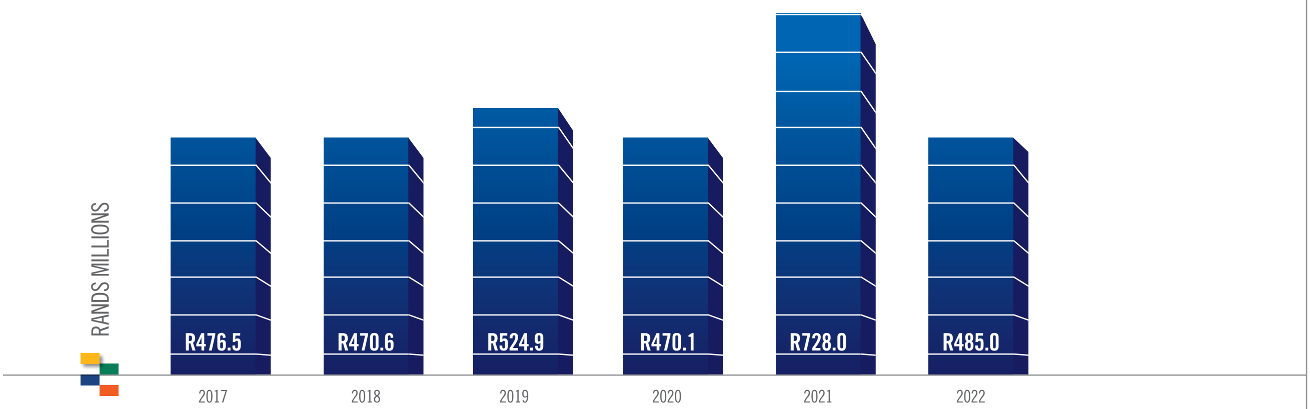
## REVENUE FROM DUBE ICONNECT




## REVENUE FROM PROPERTIES




## EXPORTS BY TENANTS



# 10 CORPORATE SERVICES REPORT

Corporate Services provides the following support services to Dube TradePort Corporation:

- Human Resources Management;
- Employee Wellness;
- Health and Safety Management (SHEQ);
- Corporate Social Investment;
- Information and Records Management; and
- Other Office Support.

## HUMAN RESOURCES MANAGEMENT

Our human resource priorities for the 2021/22 financial year included:

- Evolution 2020 and Beyond, a planned Organisational Design Project;
- The review of Dube TradePort Corporation's Remuneration Strategy, Structure and Pay Scale Design;
- Implementation of an Employee Engagement Survey;
- Recruitment and selection to fill 22 vacancies, approved in the 2021/22 financial year;
- Implementation of Dube TradePort Corporation's Employment Equity Plan and Broad-Based Black Economic Empowerment Implementation Plan;
- Staff Development Programmes targeted at enhancing the competencies required to meet Dube TradePort Corporation's Employment Equity and Broad-Based Black Economic Empowerment priorities;
- The review of the Performance Management Policy and Procedures to include shared Key Performance Indicators to necessitate alignment between organisational, divisional and individual performance;
- Adopting a developmental approach regarding employee relations within Dube TradePort Corporation;
- Intensifying efforts to maintain the current human resource compliance, governance and controls status; and
- An Integrated Employee Wellness Programme to increase our impact and support for the overall well-being of our people.

## EVOLUTION 2020 AND BEYOND

The organisation embarked on an Organisational Design Project, Evolution 2020 and Beyond, which was launched on 01 September 2020. The purpose of the project was to review the organisational structure of Dube TradePort Corporation to ensure that it was fit for purpose and aligned to its new five-year strategy and expanded mandate. This organisational structure will provide an opportunity for the organisation to deliver against its mandate effectively and efficiently, whilst the filling of the positions will be based on revenue generated at a point in time. The revenue measure is in keeping with the norm of ensuring that remuneration costs do not exceed between 23% and 25% of operating costs and are kept within the acceptable level at any point in time.

## EMPLOYEE ENGAGEMENT SURVEY

One of Dube TradePort Corporation's strategic objectives is to create a high-performance culture, through highly engaged employees, who will drive the delivery of the organisation's strategy and the achievement of targets.

We strongly believe that highly engaged employees, are satisfied employees and that this will result in positive individual and organisational outcomes.

As an organisation, it is important to gauge engagement and employee satisfaction levels on a regular basis, communicate those results and put plans in place to address any issues brought to light through the results.

In order to meet our strategic objective, Dube TradePort Corporation embarked on the implementation of an Employee Engagement Survey for execution during the next five years and our target is to increase employee engagement and satisfaction levels each year.

Through the Employee Engagement Survey, we seek to gain a thorough understanding of the manner in which our employees perceive certain management and human resource practices and processes within Dube TradePort Corporation.

## RECRUITMENT AND SELECTION

During the 2021/22 financial year, 22 vacancies were approved by the Premier of KwaZulu-Natal and Human Resources embarked upon a focused recruitment drive to fill these positions.

A successful recruitment drive resulted in 18 (including three positions filled internally) of the 22 approved vacancies successfully being filled, with an additional four positions at offer stage. Internal promotions for the year totalled two and we absorbed two interns into permanent positions.

All 18 appointments were made in line with our employment equity priorities.

## CHANGES IN THE WORKFORCE DURING THE YEAR

The following tables provide a summary of staff movements during the year under review and offer a synopsis of approved posts which exist within the organogram.

| CATEGORY | NUMBER OF EMPLOYEES AT 31 MARCH 2021 | APPOINTMENTS AND INTERNAL PROMOTIONS | TERMINATIONS AND INTERNAL PROMOTIONS | NUMBER OF EMPLOYEES AT 31 MARCH 2022 | APPROVED POSTS AS AT 31 MARCH 2022 |
|---|---|---|---|---|---|
| Top Management | 5 | 1 | 0 | 6 | 6 |
| Senior Management | 18 | 1 | 1 | 18 | 20 |
| Middle Management | 40 | 2 | 2 | 40 | 44 |
| Junior Management | 47 | 2 | 2 | 47 | 56 |
| Semi-skilled | 68 | 3 | 3 | 68 | 70 |
| Unskilled | 16 | 0 | 1 | 15 | 15 |
| **Total** | **194** | **9** | **9** | **194** | **211** |

## PERSONNEL COSTS BY PROGRAMME

| PROGRAMME/ACTIVITY/ OBJECTIVE | TOTAL OPERATING EXPENDITURE FOR THE ENTITY | PERSONNEL EXPENDITURE* | PERSONNEL EXPENDITURE AS A % OF TOTAL EXP. | NUMBER OF EMPLOYEES** | AVERAGE PERSONNEL COST PER EMPLOYEE |
|---|---|---|---|---|---|
| Administration | R89 450 124 | R45 669 471 | 51.1% | 54 | R845 731 |
| Cargo Development | R65 252 476 | R21 782 370 | 33.4% | 54 | R403 377 |
| Property and SEZ Administration | R139 461 600 | R15 344 288 | 11.0% | 22 | R697 468 |
| AgriZone | R64 694 679 | R11 135 262 | 17.2% | 41 | R271 592 |
| Dube iConnect | R18 434 770 | R6 206 801 | 33.7% | 8 | R775 850 |
| DPI | R23 337 128 | R13 048 136 | 55.9% | 15 | R869 876 |
| **Total** | **R400 630 777** | **R113 186 328** | **28.3%** | **194** | **R583 435** |

* Personnel expenditure excludes Board and Interns ** Permanent employees as at 31 March 2022

### EMPLOYEE RELATIONS

Dube TradePort Corporation continued to prioritise the enhancement of its relations with employees through employee engagement sessions and the fostering of improved relations between management and organised labour, through our monthly Management and Shop Steward Forum.

The shop stewards are engaged and participate in Dube TradePort Corporation's Human Resources projects and committees.

### MISCONDUCT AND DISCIPLINARY ACTION

Regrettably, the following actions took place during the 2021/22 financial year:

| NATURE OF DISCIPLINARY ACTION | NUMBER |
|---|---|
| Verbal Warning | 6 |
| Written Warning | 5 |
| Final Written Warning | 0 |
| Dismissal | 1 |

| NATURE OF ACTION | NUMBER |
|---|---|
| Formal grievance proceedings | 0 |

### IMPLEMENTATION OF EMPLOYMENT EQUITY PLAN AND B-BBEE PLAN.

Dube TradePort Corporation continues striving to create an environment of equality, inclusivity and empowerment, through the implementation of its Employment Equity Plan and Broad-Based Black Economic Empowerment Plan.

All new appointments made during this period were in line with the spirit of Dube TradePort Corporation's Employment Equity Plan and Broad-Based Black Economic Empowerment Plan. A Workplace Skills Plan was also developed and implemented to ensure that skills development interventions resonated with the development and advancement of employees, aligned to its Employment Equity Plan and Broad-Based Black Economic Empowerment Plan. Two internal promotions were made and two interns were absorbed into permanent positions during the financial period under review, all of whom were black.

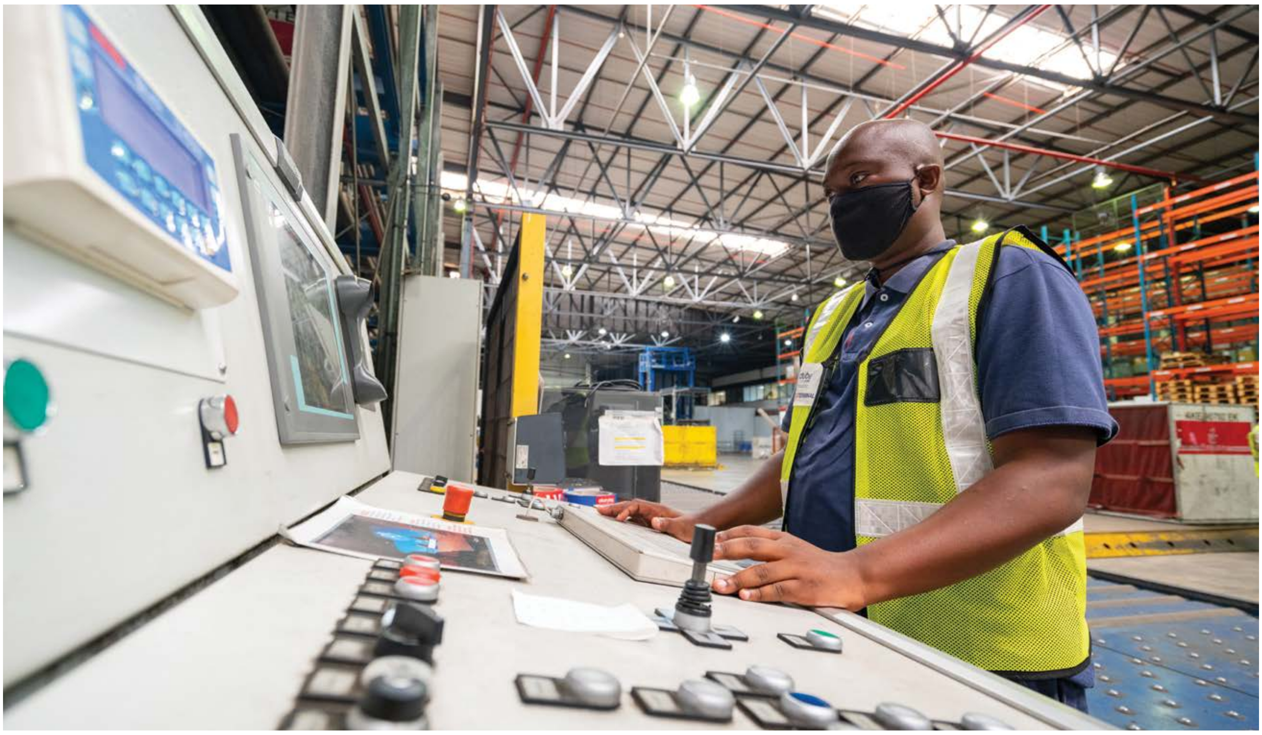
Dube TradePort Corporation achieved 97% of its overall Employment Equity target, included in the Employment Equity Plan, inclusive of the 98% achievement of its disability target. The organisation also increased its number of employees who live with disabilities from five to six during the financial year under review, which now accounts for 3.09% of the workforce.

Females account for 44% of the entire workforce and 94% of the female workforce is black. The tables below reflect Employment Equity Plan achievements versus targets in all occupational and gender categories, as at 31 March 2022:

# CORPORATE SERVICES REPORT
Continued...

| LEVEL | MALE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AFRICAN | | | COLOURED | | | INDIAN | | | WHITE | | |
| | A | T | % ACHIEVED | A | T | % ACHIEVED | A | T | % ACHIEVED | A | T | % ACHIEVED |
| Top Management | 3 | 3 | 100% | 0 | 0 | 100% | 0 | 0 | 100% | 1 | 1 | 100% |
| Senior Management | 8 | 7 | 114% | 0 | 0 | 100% | 1 | 1 | 100% | 1 | 1 | 100% |
| Professionally Qualified | 6 | 11 | 55% | 2 | 2 | 100% | 5 | 5 | 100% | 2 | 2 | 100% |
| Skilled | 17 | 18 | 94% | 0 | 0 | 100% | 10 | 11 | 91% | 2 | 2 | 100% |
| Semi-skilled | 30 | 30 | 100% | 1 | 1 | 100% | 9 | 9 | 100% | 1 | 1 | 100% |
| Unskilled | 10 | 14 | 71% | 0 | 0 | 100% | 0 | 0 | 100% | 0 | 0 | 100% |
| **Total** | **74** | **83** | **89%** | **3** | **3** | **100%** | **25** | **26** | **96%** | **7** | **7** | **100%** |

A = Actual T = Target



| LEVEL | FEMALE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AFRICAN | | | COLOURED | | | INDIAN | | | WHITE | | |
| | A | T | % ACHIEVED | A | T | % ACHIEVED | A | T | % ACHIEVED | A | T | % ACHIEVED |
| Top Management | 1 | 1 | 100% | 0 | 0 | 100% | 1 | 1 | 100% | 0 | 0 | 100% |
| Senior Management | 4 | 6 | 67% | 1 | 1 | 100% | 0 | 0 | 100% | 3 | 3 | 100% |
| Professionally Qualified | 17 | 18 | 94% | 1 | 1 | 100% | 5 | 6 | 83% | 2 | 2 | 100% |
| Skilled | 15 | 18 | 83% | 1 | 1 | 100% | 2 | 2 | 100% | 0 | 0 | 100% |
| Semi-skilled | 22 | 30 | 73% | 0 | 0 | 100% | 5 | 6 | 83% | 0 | 0 | 100% |
| Unskilled | 5 | 5 | 100% | 0 | 0 | 100% | 0 | 0 | 100% | 0 | 0 | 100% |
| **Total** | **64** | **78** | **82%** | **3** | **3** | **100%** | **13** | **15** | **87%** | **5** | **5** | **100%** |

A = Actual T = Target

## SKILLS DEVELOPMENT

Investment in skills development remained a priority for Dube TradePort Corporation.

A key initiative during the review period was to support our employees who do not have a matric qualification to obtain same, through our Adult Basic Education and Training (ABET) Project.

The organisation partnered with the Department of Education, which assisted with the registration of 14 employees for their Senior Certificate and provided facilitators, at no charge, to hold separate classes of two three-hour sessions per week at Dube TradePort Corporation offices. These employees will write exams in May 2022. The Skills Development Committee reviewed and approved a Workplace Skills Plan for the 2021/22 financial year, together with the Annual Training Report, which was submitted to the ServicesSeta on 30 April 2022.

Due to the COVID-19 pandemic, a decrease in the attendance of in-person training was experienced, while online training became predominant during the year. During the review period, R2 661 060 (excludes cost of intern stipends and external bursaries) was spent on internal learning and development.

This included formal qualifications, certificates, short courses and training for interns. Of the learning and development expenditure, R2 374 873, or 89%, was spent on black employees and R52 178, or 2%, on employees with disabilities.

### TRAINING COSTS

| PROGRAMME/ACTIVITY/OBJECTIVE | PERSONNEL EXPENDITURE* | TRAINING EXPENDITURE (INCLUDING INTERNS)** | TRAINING EXPENDITURE AS A % OF PERSONNEL EXPENDITURE | NUMBER OF EMPLOYEES TRAINED (INCLUDING INTERNS) | AVERAGE TRAINING COST PER EMPLOYEE TRAINED (PER PROGRAMME) |
|---|---|---|---|---|---|
| Administration | R45 669 471 | R747 372 | 1.6% | 76 | R9 834 |
| Cargo Development | R21 782 370 | R956 251 | 4.4% | 76 | R12 582 |
| Property and SEZ Administration | R15 344 288 | R297 742 | 1.9% | 26 | R11 452 |
| Agrizone | R11 135 262 | R247 914 | 2.2% | 40 | R6 198 |
| Dube iConnect | R6 206 801 | R67 506 | 1.1% | 9 | R7 501 |
| DPI | R13 048 136 | R344 276 | 2.6% | 22 | R15 649 |
| **Total** | **R113 186 328** | **R2 661 060** | **2.4%** | **249** | **R10 687** |

* Personnel expenditure excludes Board and Interns        ** Training expenditure inclusive of VAT

## HUMAN RESOURCE COMPLIANCE, GOVERNANCE AND CONTROLS

In advancing a culture of good compliance and governance, the following policies and documents were reviewed and approved during the 2021/22 financial year:

- Remuneration and Benefits Policy;
- Subsistence and Travel Policy;
- Integrated Wellness Policy;
- CSI Policy;
- Data Privacy Policy; and
- Performance Management Policy.

A Payroll Audit was also undertaken during the financial year which indicated that no errors had been made on the payroll during the 2021/22 financial year.

## PERFORMANCE MANAGEMENT AND REWARDS

As Dube TradePort Corporation evolves, what we do and how we do things should also evolve.

A new Performance Management Policy was implemented on 01 April 2021, presenting new opportunities for alignment and a common purpose, which will move the organisation forward in a more progressive manner towards the next phase of its growth.

## EMPLOYEE WELLNESS PROGRAMME

During the period under review, there were no group or face-to-face interventions, due to the effect of the COVID-19 pandemic. Efforts were, therefore, focused on regular electronic communication concerning wellness articles and desktop drops, specifically covering the emotional, mental and physical well-being of employees during the COVID-19 pandemic and the effects of lockdown and working remotely.

The Employee Wellness Programme is accessible to both employees and interns, as well as their immediate family members, 24-hours-a-day. Utilisation numbers decreased during the national lockdown. Quarterly reports regarding the utilisation of the programme indicated that there was an overall decrease in utilisation numbers, although the primary support provided was for stress, information provision and legal matters.

In the spirit of one of Dube TradePort Corporation's values, Ubuntu, we supported ill employees through telephonic support and the provision of advice. Home visits were limited because of the pandemic and the need for social distancing.

### HEALTH AND SAFETY MANAGEMENT (SHEQ)

During the review period, Dube TradePort Corporation continued implementing its SHEQ activities in keeping with the principle of providing a safe working environment for its employees and clients.

The following Injury on Duty (IoD) cases were reported for the period under review:

| CATEGORY | NUMBER |
|---|---|
| Dube TradePort Corporation | 3 |
| Contractors | 0 |
| **Total** | **3** |

The following safety audits were conducted during the period under review:

| CATEGORY | NUMBER |
|---|---|
| Construction Audits | 15 |
| Non-Construction Audits | 30 |
| **Total** | **45** |

The organisation continued the diligent implementation of preventative initiatives to ensure the health and safety of our employees during the continued COVID-19 pandemic during 2021/22

### CORPORATE SOCIAL INVESTMENT

Dube TradePort Corporation ensured its continuance as a responsible corporate citizen, especially in its surrounding communities. In so doing, the entity implemented a number of Corporate Social Investment initiatives aimed at empowering, particularly, women, the youth and people living with disabilities, as well as promoting environmental conservation. Rural regions and other disadvantaged areas were also prioritised when rolling-out such initiatives during the review period.

The continued support of the Board, senior management, members of staff – including interns – and other external stakeholders, made the success of such initiatives possible. They have resulted in a positive and meaningful impact on the lives of numerous people. Dube TradePort Corporation's members of staff, inclusive of interns, played and continues to play a meaningful role in reaching out to the communities surrounding the organisation's area of operations.

**Bursary Scheme** - Dube TradePort Corporation provides financial support to students from disadvantaged backgrounds. Through such financial assistance, many have been able to complete their studies and some are already working and assisting in the upliftment of their own families.

**Internship Programme** - South Africa is confronted with a massive unemployment problem; a problem which particularly affects the youth. Dube TradePort Corporation, through its Internship, In-service Trainee and Apprentice Programmes, provides much-needed work experience to numerous graduates and in-service trainees and apprentices requiring work exposure in order to complete their qualifications.

The organisation is working towards further improving its absorption rate of interns, in-service trainees and apprentices involved in the programme. To date, the organisation has successfully absorbed 12 such individuals, of which two were employed as permanent employees during the year under review.

**Women Empowerment and Emerging Farmers Programme** - Dube TradePort Corporation supports small and emerging farmers who comprise, predominantly, women from surrounding communities. Many of these small-scale farmers were severely affected by the recent drought and, as a result, were unable to grow or reap their produce as normal.

Dube TradePort Corporation provided two borehole facilities to assist small-scale women farmers with water-supplying facilities, an intervention which will prove invaluable in future times of drought. A number of market days were arranged during the reporting period and employees were encouraged to support these farmers by purchasing their produce.

**People Living with Disabilities Programme** - Dube TradePort Corporation made a decision to add value in addressing the needs of people with hearing difficulties and impaired vision. In an effort to fulfill this ambition, the organisation appointed a service provider for a period of three years to provide customised assistance devices for the blind and the hard of hearing. On an annual basis, Dube TradePort Corporation identifies beneficiaries who meet the requirements to receive customised assistance devices.

**Youth and Education Programme** - The organisation supports youth programmes and has provided school uniforms to many young and disadvantaged people in local communities.

### INFORMATION MANAGEMENT

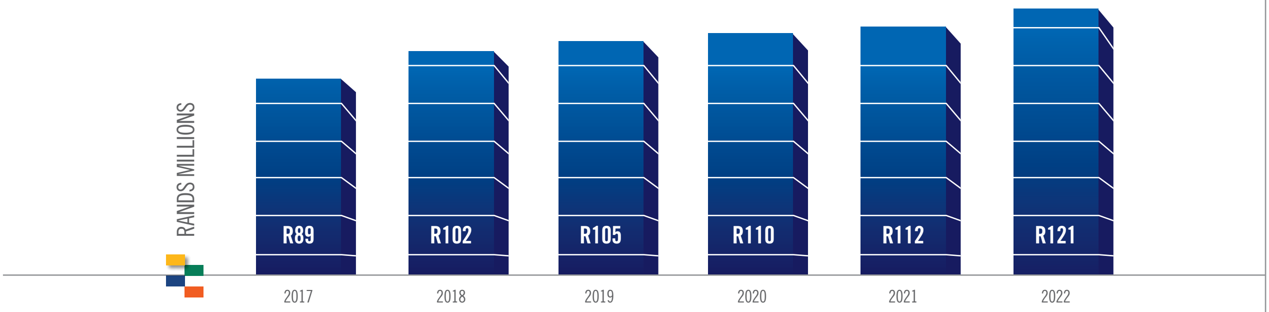
Dube TradePort Corporation places great emphasis on striving for total compliance with all applicable acts, legislation and practices pertaining to the management of information and records.

Information and record management priorities for the year under review included ensuring compliance with the Promotion of Access to Information Act, No. 2 of 2000 and the Protection of Personal Information Act, No. 4 of 2013 (POPIA).

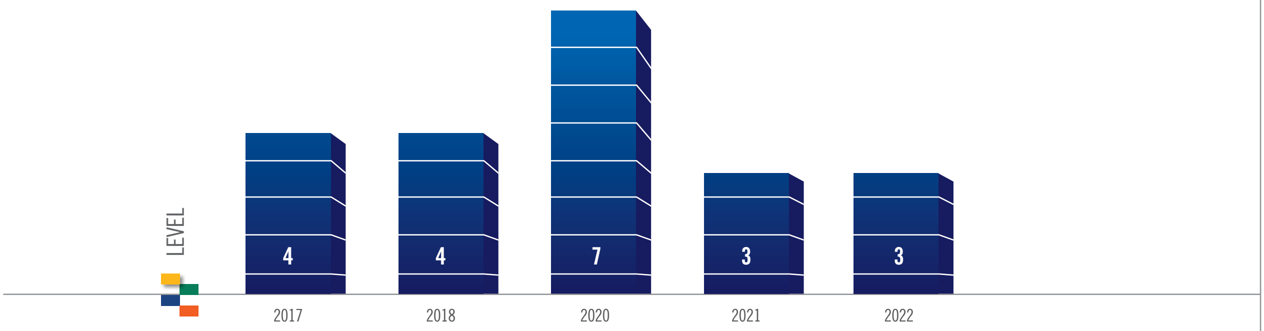
A POPIA compliance project was initiated with the assistance of a service provider. The following was achieved during the 2021/22 financial year:

- A Personal Information Impact Assessment was developed and implementation initiated;
- A Compliance Framework and Plan was developed;
- A proposal regarding the implementation of the Compliance Framework and Plan was generated;
- Training for all staff was conducted;
- A Data Privacy Policy was approved and published for all staff and made available on the Dube TradePort Corporation website for public consumption;
- The registration of the Information and Deputy Information Officers with the Information Regulator was concluded; and
- An Exemption Application Form was submitted to the Information Regulator with regard to Dube iConnect services.

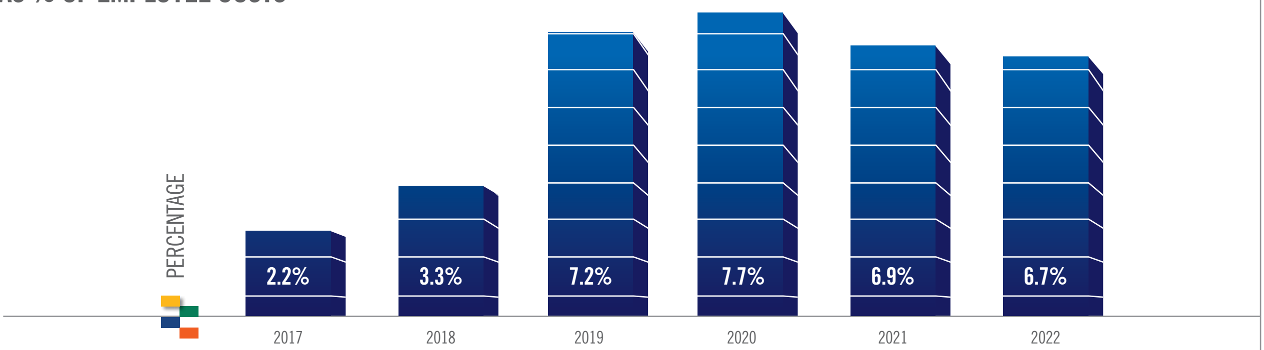
## TOTAL COMPENSATION OF EMPLOYEES




## B-BBEE LEVEL 3




## LEARNING AND DEVELOPMENT SPEND AS % OF EMPLOYEE COSTS



# 11 CORPORATE GOVERNANCE

## APPLYING MEANINGFUL GOVERNANCE PRINCIPLES

### INTRODUCTION

Corporate Governance includes a system of structures, as well as the rights, duties and obligations by which an organisation is controlled. Through such a framework of conventions and practices, a Board is able to ensure accountability, fairness and transparency in terms of an organisation's stakeholder interaction.

Acknowledging this, Dube TradePort Corporation recognises the need to apply meaningful governance principles in the execution of its day-to-day business operations.

Prior to 01 April 2011, Dube TradePort Corporation operated as a Non-Profit Company (formerly known as a Section 21 Company) registered under the Companies Act. However, as from 01 April 2011, Dube TradePort Corporation became a Schedule 3C Provincial Public Entity, formalised in September 2011, in line with the publication of the notice in the Government Gazette.

The KwaZulu-Natal Dube TradePort Corporation Act, No. 2 of 2010, allowed for the establishment, management, staffing and financing of Dube TradePort Corporation as a Public Entity and the winding-up of Dube TradePort Non-Profit Company. The Act provided for Dube TradePort Corporation to be the successor in law of Dube TradePort Non-Profit Company Proprietary Limited. The non-profit company was concluded on 31 August 2013.

The Board Chairperson and KwaZulu-Natal's Member of the Executive Council for Economic Development, Tourism and Environmental Affairs, annually sign a Shareholders Compact, which document comprehensively describes each signatory's responsibilities.

### PUBLIC FINANCE MANAGEMENT ACT

Dube TradePort Corporation's Board is regarded as the Accounting Authority in terms of the Public Finance Management Act (PFMA). This Act also applies to the organisation's subsidiary, La Mercy JV Property Investments Proprietary Limited, held jointly by Dube TradePort Corporation (60%) and Airports Company South Africa SOC Limited (40%) and is deemed to be a Schedule 3C entity.

The PFMA regulates financial management and governance, as well as the responsibilities of the Board. The organisation ensures that its Board members and staff complement are familiar with the provisions of the PFMA by way of induction and other regular training interventions.

### PORTFOLIO COMMITTEE

Budgets are discussed annually with the Finance Portfolio Committee.

### SPECIAL ECONOMIC ZONE ACT

In December 2016, Dube TradePort Corporation was designated as a Special Economic Zone. The areas gazetted included Dube AgriZone 1 and Dube TradeZone 1 and 2. The Minister of Finance is considering the expansion of the Special Economic Zone to include Dube TradeZone 3 and 4, as well as Dube City.

A further application to have the Automotive Supplier Park, located to the South of Durban, designated as a Special Economic Zone has also been submitted.

### FOURTH REPORT ON CORPORATE GOVERNANCE (KING IV)

Dube TradePort Corporation is cognisant of the need to remain constantly committed to the very highest standards of corporate governance and the inculcation of ethical and moral business behaviour amongst all its members of staff.

The organisation also adheres to the principles contained in the King IV Report on Corporate Governance. It is committed to the implementation of the principles espoused in King IV and every endeavour continues being made to effectively implement and to report on areas where improvement is deemed necessary.

Dube TradePort Corporation regularly develops and introduces organisational policies and procedures, given that this is a growing organisation. All existing policies and procedures are reviewed by Committees of the Board. The Board approves any new policies before their implementation.

### THE BOARD AND COMMITTEES

Dube TradePort Corporation employs a unitary Board structure, with a majority of independent, non-executive members. The appointment of Board members is the responsibility of the organisation's shareholder, being KwaZulu-Natal's Member of the Executive Council for Economic Development, Tourism and Environmental Affairs. In addition, the Minister of Trade, Industry and Competition has appointed a Board member, as mandated by the Special Economic Zone Act.

The diversity of the Board members' skills is augmented in the Audit and Risk and Investment Committees. This is achieved through the inclusion of external members whose participation, while not being members of the Board, in such Committees is permissible in terms of the PFMA.

Dube TradePort Corporation's Board members may be appointed for a term of up to five years. This is in terms of the KwaZulu-Natal Dube TradePort Corporation Act, No. 2, of 2010. The organisation's non-executive members of the Board collectively bring a wealth of experience and expertise stemming from their own specialist fields, thus ensuring that discussions revolving around strategy, policy and performance are lively, constructive and robust. The Act requires Board members to be skilled in such areas as financial management, tourism, transport, economic development and any other skill, experience or qualification which is deemed by the Member of the Executive Council for Economic Development, Tourism and Environmental Affairs to be of benefit to Dube TradePort Corporation.

The majority of the organisation's present Board members were appointed with effect from 01 June 2017, for an initial one-year term of office. This term was subsequently extended for a further three years and expired on 31 May 2021. The Member of the Executive Council subsequently extended this term until 31 May 2022. In 2020, Mr Siyabonga Nene was also appointed for a three-year term to the Board. The Board comprises a diverse and transformed group, inclusive of seven black non-executive board members - two of whom are female - and one white executive male member. A number of Committees of the Board assist the Board in fulfilling its stated objectives and responsibilities. Committee roles and responsibilities are detailed in each Committee's formal Terms of Reference. The Audit and Risk Committee is tasked with additional responsibilities, as stated in terms of the PFMA. The Terms of Reference of each Board Committee are reviewed annually, thus ensuring continuous relevance and allowing for the inclusion of legislative changes or best practices.

**“ENSURING CONTINUOUS RELEVANCE AND ALLOWING FOR THE INCLUSION OF LEGISLATIVE CHANGES OR BEST PRACTICES”**

The organisation's Board and Committee meetings are convened by formal notice to the members and meeting packs, containing detailed memoranda and management reports, are distributed by the Company Secretary in advance of scheduled meetings, affording members ample opportunity to study the material presented and to request additional information from management if, and when, necessary. Board and Committee members have unrestricted access to management.

The Board has access to professional services, which - if and when required - are procured through the normal procurement processes.

A primary focus, every two years, is to ensure that the Board Charter and the Terms of Reference for each Committee of the Board are fully and correctly aligned to the principles contained in King IV and completely and accurately describe the duties and responsibilities of the Board and/or its Committees.

**BOARD RESPONSIBILITIES**

The Board is responsible for strong ethical leadership and, as custodian of corporate governance, is further responsible for ensuring that the entity conducts its business in line with ethically sound governance principles, which extend beyond mere legislative and regulatory compliance. In this regard, the Board leads by example, setting the tone for the implementation of and adherence to an ethical organisational culture.

The Board is also responsible for approving and adopting strategic plans and providing management with sound leadership, in line with Dube TradePort Corporation's values, whilst understanding that strategy, risk, performance and sustainability are inseparable. This it achieves by way of an annual review of key policies, thus ensuring the organisation's obligations to all its key stakeholders are satisfactorily met. In addition, the Board Charter is reviewed on an annual basis. For further information pertaining to specific Board responsibilities, please refer to: www.dubetradeport.co.za/Corp_Gov

The Board is provided with feedback from the Audit and Risk Committee and is satisfied that policies have been designed and implemented which satisfactorily underpin an effective system of internal control and internal financial control.

The Board is satisfied that it has carried out all of its responsibilities, as set out in the Board Charter.

# CORPORATE GOVERNANCE
Continued...

**BOARD INDUCTION**
At the beginning of their terms of office, members of the Board, together with the independent Chairpersons of the Committees attend a Board Induction session. During the review period, there were no new appointments to the Board and, accordingly, an induction session was not required.

**STRATEGY SETTING**
The Board set aside a day in June 2021 to meet with executive management and representatives of KwaZulu-Natal's Department of Economic Development, Tourism and Environmental Affairs, to discuss the annual performance plan and future strategy.

The presence of representatives of the Department of Economic Development, Tourism and Environmental Affairs ensures that the strategy of the entity is aligned not only with the Department, but also with the Provincial Growth and Development Plan.

**CHAIRPERSON AND CHIEF EXECUTIVE OFFICER**
The role of the Chairperson of the Board is to assume responsibility, together with members of the Board, for the organisation's strategic direction, its policies and its procedures. Dube TradePort Corporation's Board is presently led by Prof Bridgette Gasa-Toboti.

The role of the Chief Executive Officer is to assume responsibility for the effective management of Dube TradePort Corporation and the implementation of the strategy, policy and directives of the Board.

The roles of the Chairperson of the Board and the Chief Executive Officer are separate and clearly defined, such that no one individual has unfettered powers of decision-making. In any instance where the Chairperson may be conflicted, the Deputy Chairperson shall be available to lead the Board and to assume the role of lead independent Board member.

The Chief Executive Officer is appointed for a five-year term, which was due to end on 31 August 2021. The original term was extended until 30 September 2023. Mr Hamish Erskine has a one-month notice period stipulated in his employment contract. He has no other professional commitments outside Dube TradePort Corporation.

**DELEGATION OF AUTHORITY**
The organisation has in place a comprehensive Delegation of Authority framework. This ensures the timely and effective implementation of the Board's strategy.

Such a framework does not, however, relieve the Board of its responsibilities and the Board retains the prerogative to withdraw any given Delegation of Authority at any time. The Delegation of Authority document is reviewed at least annually, or whenever required.

**BOARD EVALUATION**
The Board undertakes an annual self-assessment of the performance of the Accounting Authority and structure. The assessment is conducted through self-evaluation by each member. The assessment of performance includes the conduct of all members serving on the various Committees of the Board. The combined results of these questionnaires are shared with all participants, thus enabling the identification of areas where challenges are being experienced and to assist in addressing same. A summary report of the performance assessment is shared with the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs. Following the analysis of the annual self-assessment, no material remedial actions have been deemed necessary.

The performance of the Chief Executive Officer is reviewed by the Board of Dube TradePort Corporation.

**DECLARATIONS OF BOARD MEMBERS' INTERESTS**
In line with a requirement applicable to all Dube TradePort Corporation staff members, the organisation's Board members are obliged to complete declaration of interest forms on an annual basis. Further to this, interests are required to be declared prior to any and all meetings of the Board and/or Committees of the Board, where conflicts of interest might potentially arise. As and when a conflict is noted, such conflict is interrogated and, where necessary, the conflicted person is recused from the meeting.

**STANDARDS OF BOARD MEMBERS' CONDUCT**
Board members conduct themselves with the care, skill and diligence, as required by the fiduciary and general duties of the Accounting Authorities, as is stipulated in the PFMA.

**BOARD MEETINGS**
Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation. During the 2021/22 financial year, four ordinary Board meetings, two ad hoc meetings and one strategy planning meeting were held. In common with most organisations, with the onset of the COVID-19 pandemic, the Board used available technology to facilitate holding successful online meetings. The strategy meeting was held in person.

Each Committee comprises at least one Board member, providing for integrated thinking and decision-making, ensuring that deliberations take into account available resources and stakeholder interests.

Committee meeting feedback provided to the Board ensures that critical concerns and issues are communicated directly to the Board. The Chairperson of the Audit and Risk Committee is invited to attend part of each Board meeting, to provide feedback with regard to his committee.

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are also invited to attend Board meetings and Audit and Risk Committee meetings. In addition, the Chief Financial Officer is invited to attend Board meetings, while relevant executives are also invited to attend meetings, as and when matters affecting their areas of responsibility are being discussed, so affording members of the Board the opportunity to interrogate, understand and form an informed view of matters under discussion.

It is recognised that active participation in and attendance at Board and Board Committee meetings is essential for an effective governance structure.

The commitment of the Board is reflected by their attendance record for Board meetings, as is disclosed on page 33 in this document.

The Board is briefed regularly on matters relevant to the business activities of Dube TradePort. During each meeting, detailed quarterly performance reports and operational dashboards are tabled and the Board is provided with copies of all relevant legislation, practice notes and guidelines published since the previous meeting.

These are discussed so as to ensure that all Board members are familiar with changes in laws and regulations which may apply to the business environment in which Dube TradePort Corporation operates.

## SCHEDULE OF ATTENDANCE AT BOARD AND COMMITTEE MEETINGS (INCLUDING SPECIAL MEETINGS)

| BOARD/COMMITTEE MEMBERS | BOARD/COMMITTEE MEMBERSHIP | BOARD | | AUDIT AND RISK COMMITTEE | REMUNERATION AND HR COMMITTEE | INVESTMENT COMMITTEE |
|---|---|---|---|---|---|---|
| NUMBER OF MEETINGS | | 4 ORDINARY MEETINGS PLUS 2 AD HOC MEETINGS | 1 STRATEGY MEETING | 4 ORDINARY MEETINGS | 4 ORDINARY MEETINGS PLUS 3 AD HOC MEETINGS | 3 ORDINARY MEETINGS |
| **MEETINGS ATTENDED BY CURRENT BOARD AND COMMITTEE MEMBERS** | | | | | | |
| Prof Zanele Bridgette Gasa-Toboti | • Chairperson of the Board<br>• Member of Investment Committee | 3 ordinary<br>1 ad hoc | 1 | - | - | - |
| Mr Paulos Ngcobo | • Deputy Chairperson of the Board<br>• Member of Investment Committee | 4 ordinary<br>2 ad hoc | 1 | - | - | 3 ordinary |
| Mr Mpumelelo Zikalala | • Board member<br>• Member of Audit and Risk Committee | 4 ordinary<br>2 ad hoc | 1 | 3 ordinary | - | - |
| Mrs Nokhana Moerane | • Board member<br>• Chairperson of the Remuneration and HR Committee | 4 ordinary<br>2 ad hoc | 1 | - | 4 ordinary<br>3 ad hoc | - |
| Mr Themba Ndhlovu | • Board member<br>• Member of Investment Committee | 3 ordinary<br>2 ad hoc | 1 | - | - | 1 ordinary |
| Mr Richard Vallihu | • Board member | 4 ordinary<br>2 ad hoc | 1 | - | 4 ordinary<br>3 ad hoc | - |
| Mr Siyabonga Nene [a] | • Board member<br>• Member of Investment Committee | 2 ordinary<br>2 ad hoc | 1 | - | - | 1 ordinary |
| Mr Zahid Fakey | • Independent Chairperson of the Audit and Risk Committee | 4 ordinary | - | 4 ordinary | - | - |
| Ms Hlengiwe Makhathini | • Independent member of Investment Committee | - | 1 | - | - | 3 ordinary |
| Mr Vela Mtshali | • Independent Member of the Audit and Risk Committee | - | - | 4 ordinary | - | - |
| **ATTENDANCE AT BOARD AND COMMITTEE MEETINGS BY MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM** | | | | | | |
| Mr Hamish Erskine | • Chief Executive Officer<br>• Member of Board (ex officio)<br>• Member of Remuneration and Human Resources Committee | 4 ordinary<br>2 ad hoc | 1 | 4i ordinary | 4i ordinary<br>3i ad hoc | 3 ordinary |
| Ms Ayesha Swalah | • Chief Financial Officer | 4i ordinary<br>2i ad hoc | 1i | 4i ordinary | - | 2i ordinary |
| Mr Kayalethu Ngqaka | • Chief Operating Officer | - | - | - | - | 3 ordinary |
| Mr Owen Mungwe | • DPI Executive | - | 1i | - | - | 3i ordinary |
| Ms Barbara Bates | • Acting Corporate Services Executive | - | - | - | 1i ordinary | - |
| Mr Mlibo Bantwini | • Cargo and AgriZone Executive | - | 1i | - | - | - |
| Ms Nolufefe Ali | • Corporate Services Executive | - | - | - | 3i ordinary<br>2i ad hoc | - |

a = appointed September 2020

i = attended meeting by invitation

# CORPORATE GOVERNANCE
Continued...

**AUDIT AND RISK COMMITTEE**
The Audit and Risk Committee was established in terms of the PFMA and is responsible for assisting the Board in the discharge of its duties.

Mr Zahid Fakey was appointed Chairperson of the Audit and Risk Committee on 01 September 2018. Mr Fakey is an independent registered chartered accountant and has the requisite knowledge and status this position demands, as well as having the necessary business, financial and leadership skills. He is not a political office-bearer.

The Audit and Risk Committee meets at least four times per annum and is convened in line with formal Terms of Reference, as approved by the Board. Such Terms of Reference were reviewed during the year and include a materiality and significance framework.

For further information about the Committee's specific responsibilities, please refer to: www.dubetradeport.co.za/Corp_Gov

A detailed report of the work of the Audit and Risk Committee is contained in the Annual Financial Statements on page 53 of this document.

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are invited to attend Committee meetings. In addition, the Chief Executive Officer and Chief Financial Officer, together with members of the internal and external audit teams, also attend Audit and Risk Committee meetings by invitation. During the year under review, the Audit and Risk Committee met with the internal and external auditors, without management being present.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date.

The focus for the forthcoming financial year will be to ensure that by improved reporting on action plans risk management is enhanced.

The Chairperson of the Audit and Risk Committee of La Mercy JV Property Investments Proprietary Limited is also invited to attend meetings so as to be in a position to provide feedback on matters discussed by that subsidiary's Audit and Risk Committee.

**INTERNAL CONTROL**
Dube TradePort Corporation's Board is accountable for the organisation's system of internal control and has delegated the implementation and management of this responsibility appropriately.

The organisation's system of internal control ensures that significant risks are appropriately managed and provides reasonable assurance that:

- Policies (including financial policies) have been developed and are reviewed annually/biannually to ensure that the system of internal controls (including internal financial controls) are seamlessly integrated into the processes at Dube TradePort Corporation;
- Business objectives will be achieved;
- Operations are efficient and effective;
- Management of financial information is reliable;
- Dube TradePort Corporation's assets and information are appropriately safe-guarded; and
- There is compliance with applicable laws and regulations.

Based on feedback received from the Committees of the Board, external independent assurance providers and management, the Board considers the system of internal controls and internal financial controls to be effective.

**EXTERNAL AUDIT**
In terms of the PFMA, the Auditor-General audits the Annual Financial Statements of Dube TradePort Corporation.

The Audit and Risk Committee is satisfied that that the Auditor-General is independent of Dube TradePort Corporation.

**INTERNAL AUDIT**
Dube TradePort Corporation's internal audit function provides independent assurance in terms of the adequacy and effectiveness of the system of internal control, in order to manage the significant risks faced by the organisation.

The organisation's internal audit function is conducted by an external service provider, considered to be both objective and independent. This status is further maintained through its reporting functionally to the Audit and Risk Committee.

Dube TradePort Corporation's Internal Audit Charter does not allow a service provider to undertake the internal audit function for more than two consecutive three-year terms, following which the service provider is required to take a mandatory three-year cooling-off period before again becoming eligible to provide such a service to Dube TradePort Corporation. In addition, the firm selected to provide the internal audit function to Dube TradePort Corporation is not permitted to provide any other services to the entity.

Dube TradePort Corporation has not appointed a Chief Audit Executive. However, the partner in charge of the internal audit function assumes many of the duties associated with a Chief Audit Executive.

Key audit findings are reported to the Audit and Risk Committee by internal audit upon the conclusion of each review. The Audit and Risk Committee is satisfied with the effectiveness of both the internal audit and those functions the partner in charge carries out, which might otherwise be undertaken by a Chief Audit Executive.

KPMG Services Proprietary Limited was appointed as the service provider for three years. An annual audit coverage plan is developed through the application of a risk-based approach and is reviewed and approved by the Audit and Risk Committee on an annual basis. The plan includes non-financial reviews in operational areas across the organisation.

The quality of the internal audit services is assured, given that KPMG conducts internal audit peer file reviews on a regular basis, which are independently conducted by internal and external quality teams.

The firm is recognised by relevant associations, inclusive of the South African Institute of Chartered Accountants, the Institute of Internal Auditors of South Africa and the Information Systems Audit and Control Association.

KPMG has in place a Global Code of Conduct which provides an ethical framework and contains guidelines for decision-making and behaviour.

**RISK MANAGEMENT**
Dube TradePort Corporation's Board is held responsible and accountable

for the governance of risk. In this regard, the organasation has ensured the delegation of the implementation and day-to-day management of this responsibility appropriately. Risk management is seen to be a key business discipline which:

- Protects the organisation against uncertainties and hazards which could prevent the achievement of business objectives;
- Considers the exploitation of opportunities which may improve the performance of the organisation; and
- Focuses on strategic, financial, compliance and operational risks.

The Board annually reviews strategic risks, together with executive management, as part of the organisation's annual strategic session. For further information about the critical strategic risks faced by Dube TradePort Corporation, please refer to: www.dubetradeport.co.za

The Board also undertakes an annual review of the risk appetite that it is prepared to accept for the organisation, whilst also providing guidance on risk tolerance. During the financial year under review, management did not exceed the Board's risk appetite or risk tolerance in any of its activities.

- A Risk Management Framework (including a Risk Policy Statement) based on the Committee of Sponsoring Organisations framework;
- A Fraud Prevention Plan; and
- A Fraud Prevention Policy and Response Plan.

All members of the organisation's staff receive training regarding these policies during their induction into the organisation.

Both Dube TradePort Corporation's Board and management regard risk management to be a maturing process. Accordingly, management focuses keenly on the ongoing implementation and bedding-in of its risk management and internal controls system. There exists a risk reporting system and, on a quarterly basis, the Audit and Risk Committee reviews the risks of different operational areas. The Committee monitors the strategic risks on a continuous basis.

The Board, through the Audit and Risk Committee, receives reports on risk profile changes across the entity and is, thus, able to gain assurance of the effectiveness of risk management. The Audit and Risk Committee is also responsible for the review of all legal matters, high-risk contracts and insurance matters.

The current focus area is the updating of risks and controls to take account of operating in a post-COVID-19 scenario, recent local and global events are also being considered when reviewing the strategic risks.

The Audit and Risk Committee receives information on operational risks and details of action plans where the difference between current and desired residual risk is rated moderate or higher.

## FINANCIAL STATEMENTS

The Audit and Risk Committee reviews the financial statements and the appropriate application of significant accounting policies.

## COMBINED ASSURANCE

The Audit and Risk Committee receives assurance that reviews are undertaken by independent, external assurance providers in such operational areas as environmental reviews, health and safety reviews, South African Civil Aviation Authority (SACAA) audits and client and tenant satisfaction surveys.

The final results of reviews, which are conducted by independent, external assurance providers, are shared on at least an annual basis with the Audit and Risk Committee. The Committee is satisfied that the overall assurance received by the entity is effective.

## COMPLIANCE

The Board of Dube TradePort Corporation is charged with responsibility for overseeing the entity's compliance with laws, regulations and standards. It has delegated to management responsibility for the implementation of an effective legislative compliance process.

A number of reviews, conducted by independent, external assurance providers, are necessitated by legislation and include:

- Reviews by internal and external auditors;
- Audits by the Independent Communications Authority of South Africa (ICASA);
- Environmental compliance reviews; and
- Audits by SACAA.

The Board, through the Audit and Risk Committee, is afforded the peace-of-mind that Dube TradePort Corporation is compliant with all statutory and legislative requirements. Dube TradePort Corporation has not breached any material regulatory requirements and has not failed in meeting any statutory obligations of which it is aware.

## INFORMATION AND TECHNOLOGY GOVERNANCE

In view of the importance Dube TradePort Corporation attaches to information and technology, the Audit and Risk Committee considers, with management, matters relating to information and technology, when relevant.

The ICTG Steering Committee operates in line with comprehensive Terms of Reference. This Committee comprises senior managers from divisions across the entity. The Committee meets quarterly.

Dube TradePort Corporation continues to focus on the development and implementation of its Enterprise Architecture capability. The Enterprise Architecture capability under development will consider and address the following key attributes:

- Alignment to the existing Business and Information Communication and Technology Strategy;
- Alignment to proven industry best practice frameworks (including King IV, TOGAF and CoBIT);
- Support for technology growth;
- Addressing skills and competency challenges;
- Consideration of speed of change inherent in the technology environment; and
- Alignment to the Information Communication Technology Risk Management Framework and Security Framework, which are being developed.

## REMUNERATION AND HUMAN RESOURCES COMMITTEE

The organisation's Remuneration and Human Resources Committee meets at least twice annually and is convened in line with formal Terms of Reference, which are reviewed annually and approved by the Board.

For further information about the Committee's specific responsibilities, please refer to: www.dubetradeport.co.za/Corp_Gov

# CORPORATE GOVERNANCE

Continued...

During the 2021/22 financial year, the organisation's Remuneration and Human Resources Committee held four ordinary meetings and also held three ad hoc meetings.

Although King IV recommends that the Chief Executive Officer should not be a member of the Remuneration and Human Resources Committee, the Board feels that the inclusion of Mr Erskine as a member of the Committee ensures that relevant institutional knowledge is available and enhances their deliberations. The Corporate Services Executive/acting Corporate Services Executive attends meetings by invitation. Both the Chief Executive Officer and the Corporate Services Executive/acting Corporate Services Executive recuse themselves during any discussion pertaining to their own performance or remuneration.

During the year under review, the Committee undertook the following activities:

- Approved the performance scores of the non-executive employees;
- Approved 2021/22 salary adjustments, in line with guidelines received from National Treasury;
- Reviewed improvements to the performance management process and approved an overhaul of the relevant policy;
- Received quarterly reports on human resources performance and corporate social activities;
- Reviewed and approved various human resources policies and reviewed and recommended new policies to the Board;
- Received feedback on the results of the employee engagement survey and initiatives to improve employee engagement;
- Received feedback on management's interactions with the National Education Health and Allied Workers' Union (NEHAWU);
- Received feedback on matters referred to the CCMA;
- Monitored the entity's progress on Broad-Based Black Economic Empowerment initiatives and challenges;
- Received feedback on human resources operational risks;
- Received feedback on the strategic risks relating to human resources; and
- Monitored the progress of Evolution 2020 and Beyond, an organisational design project.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date. The focus for the forthcoming year will be to monitor the implementation of the organisation's remuneration philosophy and to design and implement non-financial rewards for employees.

The outcome of Evolution 2020 and Beyond will affect the structure of the organisation and should facilitate the creation of a formalised succession plan. This plan will pave the way for continuity in leadership and succession in both emergency situations and in the long-term. The Committee will review the plan as part of its oversight function.

**REMUNERATION PHILOSOPHY**

**Remuneration of Staff and Executives:**

Dube TradePort Corporation strives always to achieve fair, responsible and transparent remuneration, so as to realise its strategic outcomes, as per the King IV Report on Corporate Governance recommendations. The organisation is of the opinion that its current remuneration practises make certain that it is materially aligned to the principles contained in King IV.

During the 2021/22 financial year, Dube TradePort Corporation finalised a review of the organisation's remuneration philosophy, in line with best practice guidelines. The revised pay-scale was anchored to the national market medians. Currently, the organisation benchmarks the mid-point of the range of each pay grade at the relevant market 50th percentile. Dube TradePort Corporation has utilised the services of independent consultants to conduct benchmarking.

As part of Evolution 2020 and Beyond, all job descriptions have been reviewed and, where required, updated. They will be reviewed by specialist consultants to ensure the grading of each position is relevant, consistent and in line with the Paterson grading system. Remuneration for each such position was benchmarked, so ensuring comparable remuneration with the marketplace. The organisation employs the skills of an independent service provider on an annual basis to develop a better understanding of remuneration trends and practises.

Performance bonuses and annual salary increases are not guaranteed and are subject to organisational performance, market trends and the individual performance of employees and the availability of budget. Performance bonuses are only paid if the organisation achieves in excess of 80% of the targets contained in its Annual Performance Plan. Such bonus payments are calculated in accordance with the scores achieved by individuals on their annual performance assessments. The Board reviews and moderates the bonuses of the Chief Executive Officer, the Executives and the Company Secretary.

In 2021/22 a performance bonus was not paid because, as in 2020/21, Dube TradePort Corporation did not achieve the required threshold of targets.

Salary increases comprise two components, namely a cost-of-living component and a performance-linked component. During the 2021/22 financial year and in line with a directive from National Treasury, a 1.5% cost-of-living increase was provided.

Employees also received a non-pensionable monthly payment, which did not affect the baseline of the employees' compensation. The 2022/23 financial year focus will revolve around the finalisation of the organisational design project. Ensuring that both the planned macro and micro-structure equip the entity to be able to function as a world-class organisation.

During the year under review, the Remuneration Policy did not change with regard to managers within the Patterson Grading System's bands D and E. These employees are paid a cost to company salary within the pay-scales of the job grades.

There is no corporate contribution to provident funds or medical aid schemes. Dube TradePort Corporation contributes to employees' medical aid and employees' provident fund for non-managerial staff within the system's bands A, B and C. The organisation's Remuneration Policy may be found at www.dubetradeport.co.za/Corp_Gov.

**Remuneration of Board Members:**

Fees for members of the Board are set by the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs.

Remuneration for Board and Board Committee members is not dependent on the performance of Dube TradePort Corporation. Full disclosure of amounts paid to staff, Executives and Board members may be found in note 21 in the Annual Financial Statements.

**INVESTMENT COMMITTEE**

The Investment Committee is convened in terms of formal Terms of Reference, which are subject to review on an annual basis and which are approved by the Board. This Committee plays an advisory role to the Board.

The Committee met three times during the year under review. The Chief Executive Officer and Chief Operating Officer attend meetings as members of the Committee, whilst both the Chief Financial Officer and Development

Planning and Infrastructure Executive attend such meetings by invitation. During the review period, the Committee undertook the following activities:

- Monitored the investment pipeline;
- Reviewed and recommended a number of applications from investors to become Special Economic Zone Enterprises for approval by the Board; and
- Reviewed a number of inward investment proposals and advised the Board accordingly.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date.

The focus for the ensuing financial year will be to review inward proposals.

### COMPANY SECRETARY

The Company Secretary plays a key role in the governance of the entity and executes duties relating to the Board and the rest of the entity in such a manner as to ensure comprehensive adherence to Board procedures and relevant regulations. All corporate governance services are provided by the Company Secretary.

However, should the need arise, the advice of other corporate governance professionals may be procured on behalf of the Board. The Board believes the arrangements for accessing corporate governance services to be effective.

The Company Secretary attends all Board and Board Committee meetings. Members of the Board have unlimited access to the services of the Company Secretary.

The performance of the Company Secretary is currently reviewed quarterly by the Chief Executive Officer and, on an annual basis, her performance assessment is reviewed by the Board.

### CODE OF BUSINESS CONDUCT

Dube TradePort Corporation has in place a policy of zero tolerance with regard to unethical activities.

The organisation's Code of Business Conduct governs the behaviour of every member of staff and all receive training with regard to this Code during their induction.

Every member of staff is expected to sign an annual declaration, indicating that they understand the content of the Code and that any contravention of the Code has a consequence, which may include disciplinary action.

The organisation's Code of Business Conduct includes the following areas:

- Values of Dube TradePort Corporation;
- General behaviour at work and tolerance and respect for all;
- Declaration and conflicts of interest;
- Acceptance of gifts and gratuities;
- Zero tolerance of fraud and corruption, sexual harassment and intimidation;
- Politics in the workplace;
- Due care and attention to work undertaken;
- Care and attention of assets; and
- Electronic communication and protection of confidential information.

### SUPPLIERS' CODE OF CONDUCT

Dube TradePort Corporation also has in place a Suppliers' Code of Conduct.All the organisation's suppliers are invited to sign the Suppliers' Code of Conduct and certain key suppliers are required to attend an induction course upon the commencement of their contract period, thus ensuring that Dube TradePort Corporation's standards, both ethical and operational, are fully understood and met.

### GENERAL DECLARATIONS OF INTEREST

As previously indicated, members of Dube TradePort Corporation's staff are obligated to declare their interests. This is in line with the requirements of the PFMA.

In addition, all members of staff involved in the scoping, evaluation or adjudication of the organisation's procurement process are required to declare any interests prior to each engagement in such process.
As an additional control, designed specifically to mitigate against any influence by suppliers, Dube TradePort Corporation has in place a Gift Policy to which all staff members are required to adhere.

### ACCESS TO INFORMATION

Access to information is regarded by the Board as being the cornerstone of good governance. In this regard, the Board ensures access - collectively and individually - to entity information, records, documents and property, so enabling it to effectively carry-out its responsibilities. Provision is made to ensure that access to information is applicable to both the Board and the Committees of the Board.

Board members are, whenever appropriate, able to access external professional service providers at the cost of Dube TradePort Corporation. The provisions of the Supply Chain Management Policy would be followed in order to procure such services.

### RESPONSIBLE CORPORATE CITIZENSHIP AND ETHICAL LEADERSHIP

#### Organisational ethics

As already indicated, Dube TradePort Corporation's Board is responsible for strong ethical leadership and receives reports on social and ethical initiatives.

The organisation's ethics framework comprises the continuous review of policies, the induction of all new staff members, the annual renewal of adherence to the Code of Business Conduct and the Suppliers' Code of Conduct, declarations of interest, the reporting on an anti-fraud tip-offs hotline and the reporting of the number of disciplinary actions to the Remuneration and Human Resources Committee.

The organisation has in place an approved Disciplinary Policy. Breaches of the Code of Business Conduct, or any other ethical standards, are dealt with in terms of this policy. The organisation makes available all its policies by way of the Dube TradePort Corporation intranet, known as DubeWorld. Training interventions dealing with policies are provided at staff induction sessions and also during the year, as and when significant changes are made, or when management deems such refreshers appropriate.

During the year under review all managers attended contract management training to ensure that sustainable practices were put in place to manage service providers and to reduce the incidence of irregular expenditure through poor administration of contracts. Dube TradePort Corporation has not appointed a Social and Ethics Committee. Currently, however, the Board considers that issues which would otherwise be overseen by such a Committee be dealt with by its existing Committees. However, should the workload of its existing Committees so demand, the Board will appoint a separate Social and Ethics Committee.

To date the entity has not undertaken an independent assessment to monitor adherence to organisational ethical standards. Ethical processes are monitored as follows:

The Audit and Risk Committee receives reports on calls made to the Anti-Fraud Hotline. All responses to incidents reported are monitored by this Committee. Since the volume of such calls received is very low, management will conduct an awareness campaign to ensure that best value is obtained from this service.

# CORPORATE GOVERNANCE
Continued...

The Remuneration and Human Resources Committee receives feedback on disciplinary incidents and any health and safety incidents.

During the year under review, the entity did not experience any significant breaches of ethics of which it is aware. Dube TradePort Corporation will, therefore, continue to implement and monitor the current ethics practices.

The focus for the next year remains on ensuring that robust and ethical Supply Chain Management processes are practised by Dube TradePort Corporation.

**Corporate Citizenship**
Many of the targets included in the Annual Performance Plan measure the corporate citizenship initiatives implemented by the entity. The Annual Performance Report found on page 41 records the entity's achievement of targets. Corporate citizenship achievements are also found in the Chief Executive Officer's Review on page 16 of this report.

Each quarter, the Board reviews the progress made towards achieving all targets in the Annual Performance Plan. Each target is considered to be a key area of organisational focus. The quarterly report is submitted to both the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs and the KwaZulu Natal Provincial Treasury as part of required reporting.

The Audit and Risk Committee also receives reports detailing compliance with environmental and other operational audits. This process will receive greater attention in the forthcoming financial year.

**PUBLIC ACCESS TO INFORMATION ACT (PAIA)**
Dube TradePort Corporation has in place the necessary Section 14 PAIA manual. This document is available via the organisation's website. For further information about said manual, please refer to: www.dubetradeport.co.za/Annual_Reports

Between 01 April 2021 and 31 March 2022, Dube TradePort Corporation received three requests for information requiring a specific response. All other requests related to information which was automatically available on the organisation's website or was contained in marketing and promotional materials.

**STAKEHOLDER ENGAGEMENT**
A wide range of stakeholder groups were engaged by Dube TradePort Corporation during the year under review. The Board receives reports on significant stakeholder engagements.

During the year under review, the Board received regular feedback regarding the progress of the Automotive Supplier Park, interacted with the Department of Trade, Industry and Competition on allocations received from the Special Economic Zone Fund and dealt with recommendations from the Durban Direct Route Development Committee, amongst other matters.

The shareholder is represented at Board and Audit and Risk Committee meetings. This provides for a two-way exchange of information. The organisation places great store by its structured engagements and endeavours to promote and cultivate sound relationships through professional, transparent and effective communication.

Stakeholder groups with which Dube TradePort Corporation interacts include:

- Department of Economic Development, Tourism and Environmental Affairs;
- Regulators;
- Business partners;
- Local communities;
- Media;
- Clients;
- Agricultural community;
- Investors, tenants and developers;
- Airlines and the cargo and logistics community; and
- Members of staff.

Dube TradePort Corporation meets with stakeholders via a range of forums.

The relationship with the shareholder is governed by the Shareholder Compact, which is signed annually. Furthermore, representatives of the Department of Economic Development, Tourism and Environmental Affairs attend meetings of the Board and the Audit and Risk Committee.

**CORPORATE CITIZENSHIP**
The Board ensures that Dube TradePort Corporation is - and is seen to be - a responsible corporate citizen. Examples of the achievements of targets set in this regard may be found in the Annual Performance Report, located on page 41 of this document.

**Workplace:**
The organisation's annual Employment Equity Plan, which is reviewed and approved by the Remuneration and Human Resources Committee, aims to ensure that any barriers to equal employment at Dube TradePort Corporation are removed. Further information in this regard may be found in the Corporate Services Report on page 24 of this document.

All positions are formally graded and remunerated at the 50th percentile level.

**Economy:**
The Board approved a Broad-Based Black Economic Empowerment Strategy in 2016, which strategy now guides Dube TradePort Corporation's endeavours to ensure that economic transformation is achieved through its operational activities. This strategy will be revised in 2022/23.

Dube TradePort Corporation is measured on a generic specialised scorecard. The scorecard issued in March 2022 measures Dube TradePort Corporation as a Level 3 contributor.

| B-BBEE SCORE PER ELEMENT | |
|---|---|
| Ownership | Not applicable |
| Management control | 15.13 |
| Skills development | 21.32 |
| Enterprise and supplier development | 50.56 |
| Socio-economic development | 5.00 |
| **Total score** | **92.01** |
| B-BBEE | LEVEL 3 |

An initiative which supports the organisation's Fraud Prevention Plan is the operation of an Anti-Fraud Hotline, through which both internal and external parties are invited to anonymously report fraudulent or corrupt behaviour pertaining to the organisation. The Audit and Risk Committee is informed of any and all activities so reported and is briefed on steps taken to resolve such issues.

All such reports, whether made via the Anti-Fraud Hotline or in person, are treated in absolute confidence, with individuals protected by the organisation's Whistle Blowing Policy, which is itself under-pinned by relevant legislation.

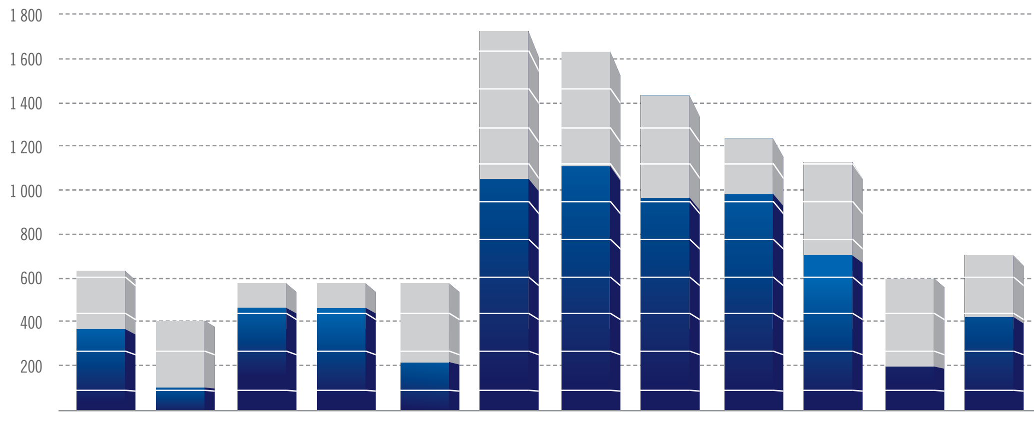
**Society:**
The various types of initiatives supported by Dube TradePort Corporation are more fully described in the Corporate Services Report, which may be found on page 24 of this document.

**Environment:**
Dube TradePort Corporation is cognisant of the need to prevent environmental degradation. Accordingly, all activities within the Dube TradePort precinct are closely monitored to ensure that neither the entity nor developers or tenants harm the environment through pollution or the inappropriate disposal of waste.

The organisation consciously works to rehabilitate land in the precinct and labours to maintain land already rehabilitated.

This stance is in compliance with the Environmental Authorisation and is reported in the Annual Performance Report, which may be found on page 41 of this document.

## TOTAL NUMBER OF JOBS CREATED




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jobs Created Permanent Number | 270 | 295 | 89 | 89 | 357 | 662 | 536 | 438 | 240 | 420 | 400 | 268 |
| Jobs Created Temporary Number | 372 | 114 | 478 | 478 | 220 | 1 052 | 1 106 | 974 | 985 | 708 | 206 | 428 |


cargoTERMINAL
dube


TURKISH AIRLINES

# 12 ANNUAL PERFORMANCE REPORT

## PERFORMANCE DELIVERY IN THE 2021/22 FINANCIAL YEAR

In order to efficiently carry out its mandate, Dube TradePort Corporation operates a six-programme structure. Our six programmes are:

**Programme 1 – Administration**
Sub-programmes
- Office of the Chief Executive Officer;
- Finance;
- Corporate Services;
- Marketing.

**Programme 2 – Cargo Development**
Sub-programmes
- Cargo Operations;
- Cargo Compliance;
- Air Cargo Business Development.

**Programme 3 – Property and SEZ Administration**
Sub-programmes
- Business Development;
- Property and SEZ Commercial;
- Property Operations;

**Programme 4 – Dube AgriZone**
Sub-programmes
- AgriZone Services;
- Tissue Culture Facility (Dube AgriLab);
- Landscaping and Rehabilitation.

**Programme 5 – Dube iConnect**
Sub-programme
- Commercial and Operations.

**Programme 6 – Development Planning and Infrastructure**
Sub-programmes
- Planning;
- Environment;
- Infrastructure and Development.

The following tables highlight the performance of each Programme (and their respective sub-programmes) for the 2021/22 financial year, against targets reflected in the Annual Performance Plan:

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| Overall Dube TradePort Corporation performance | | % of APP targets achieved | 80% | 53% | 17 of the 32 targets measured were met.<br>The provision of municipal infrastructure for Dube TradeZone 2 reached practical completion during the year, and the first land lease in this zone was signed with a private sector investor. However, other construction projects were started later than planned, resulting in lower than targeted capital expenditure on construction projects and, while a recovery from the poor economic conditions created by the COVID-19 pandemic has started, this has been slower than hoped. As a result, occupancy of Dube TradePort Corporation-owned buildings remained below target, revenue in some areas of the business was lower than expected and less investment was secured, particularly with black-owned businesses. |

# ANNUAL PERFORMANCE REPORT

Continued...

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 1: ADMINISTRATION** | | | | | |
| **SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER** | | | | | |
| Increased active participation by black people in the economy | Inclusion of all targeted groups in Dube TradePort Corporation's operations, development and learning activities | Dube TradePort Corporation's B-BBEE level | Level 1 | Level 3 | Dube TradePort Corporation maintained its Level 3 B-BBEE compliance, based on the 2020/21 financial year. The number of black disabled employees is relatively low, resulting in a low score for expenditure on training of these employees. In addition, no points were scored for the criteria related to executive Board members as the Chief Executive Officer is the only executive Board member allowed in terms of the KwaZulu-Natal Dube TradePort Corporation Act |
| Sustainable development and operation of Dube TradePort | Effective ICT governance and IT performance | % of ICT objectives achieved | 90% | 85.4% | Active Directory, Exchange, SQL, SharePoint and the Microsoft Server were upgraded during the year. |
| | Own revenue growing at a faster rate than growth in operational costs | % of operational costs covered by own revenue earned | 33% | 26.2% | Although expenditure ended 18.6% below budget, revenue was also 4.8% below budget, resulting in a lower proportion of operational costs covered by Dube TradePort Corporation's own revenue than was planned. |
| **SUB-PROGRAMME 1.2: FINANCE** | | | | | |
| Sustainable development and operation of Dube TradePort | Reliable financial information, including Annual Financial Statements and other financial reports produced, resulting in stakeholder confidence | External audit opinion | Clean audit | Clean audit | Dube TradePort Corporation received a clean audit of its 2020/21 financial results. This was the ninth consecutive year in which this was achieved. |
| | Efficient utilisation of funds received | % MTEF allocation utilised | 100% | 100% | 61.7% of the 2021/22 MTEF allocation of R477.537 million was spent in the current year. The remainder is reserved for commitments entered into prior to year-end and capital projects to be executed. |
| **SUB-PROGRAMME 1.3: CORPORATE SERVICES** | | | | | |
| Sustainable development and operation of Dube TradePort | Effective management of talent and employee engagement to build a high-performance culture | Increase in employee engagement survey score | 5% increase | 5.97% decrease | 2021/22 was a challenging year, especially with regard to the following dimensions, which were rated as the bottom five by employees:<br>• Performance management, rewards and recognition;<br>• Decision-making;<br>• Systems and procedures;<br>• Communication; and<br>• Ability to manage change.<br>A number of union disputes added to the overall dissatisfaction of bargaining unit employees, who make up the majority of Dube TradePort Corporation's staff compliment. Organisational and divisional action plans are being developed to address challenges raised, with a view to improving engagement going forward. |
| | Dube TradePort Corporation adequately capacitated through the timely filling of approved vacancies | Average time taken to fill vacancies from receipt of approval to acceptance of offer | 4 months | 5.7 months | 10 of the 22 approved posts were filled during 2021/22. Recruitment for the remaining approved posts is at offer stage. |

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **SUB-PROGRAMME 1.3: CORPORATE SERVICES** | | | | | |
| Increased active participation by black people in the economy | Skilled black people who successfully deliver on Dube TradePort Corporation's objectives, and improved employment prospects for black people in KwaZulu-Natal | % of employee costs spent on learning and skills development | 6% | 6.67% | Approximately R7.26 million was spent on training and development during the year. This included spend on bursaries and learnership programmes for interns. |
| | Transformed and diverse workforce that is representative of our people in KwaZulu-Natal | % achievement of the relevant management control criteria of the B-BBEE scorecard | 85% | 89.9% | At the end of March 2022, Dube TradePort Corporation had 182 black employees, as defined by the B-BBEE Codes of Good Practice. |
| **SUB-PROGRAMME 1.4: MARKETING** | | | | | |
| Increased investment and export potential | Promotional marketing and communication activities that have a wide reach | Cumulative reach of marketing and communication activities | 1.05 million people | 6.6 million people | A large share of marketing reach was achieved through media-related activities. These activities included a series of endorsement stories, advertorials and media releases. Digital media platforms, such as social media and paid media, were strategically utilised to achieve greater market reach. Furthermore, Dube TradePort Corporation hosted two physical events (stakeholder event and tenant exhibition), and participated in a number of industry conferences and exhibitions. Various speaker and panellist opportunities were also secured at strategic events to create awareness of the Dube TradePort brand. |

# ANNUAL PERFORMANCE REPORT
Continued...

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 2: CARGO DEVELOPMENT** | | | | | |
| **SUB-PROGRAMME 2.1: CARGO OPERATIONS** | | | | | |
| Increased investment and export potential | Effective and efficient cargo handling services, which satisfy customers' requirements | % of SLA conditions met | 95% | 100% | Two international carriers – Emirates and Qatar Airways – operated via King Shaka International Airport during the year. The service levels provided to these airlines met the required standards. |
| **SUB-PROGRAMME 2.2: CARGO COMPLIANCE** | | | | | |
| Increased investment and export potential | Compliance with national and international air cargo standards | Valid Regulated Agent certificate | SACAA licence in place | SACAA licence in place | Ongoing review of systems and processes ensured that the compliance standards required to maintain the Regulated Agent licence, were met. |
| **SUB-PROGRAMME 2.3: AIR CARGO BUSINESS DEVELOPMENT** | | | | | |
| Sustainable development and operation of Dube TradePort | Increased revenue from cargo handling and Dube AiRoad operations | Total revenue generated from cargo terminal services | R5.15 million | R7.216 million | While cargo volumes and, therefore, revenue from cargo terminal services remained well below pre-COVID-19 levels, 88.4% growth in revenue was achieved, as compared against the 2020/21 financial year. This included a new revenue stream from domestic cargo operations, which was gained in the fourth quarter. |

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 3: PROPERTY AND SEZ ADMINISTRATION** | | | | | |
| **SUB-PROGRAMME 3.1: BUSINESS DEVELOPMENT** | | | | | |
| Increased investment and export potential | Increased up-take of Dube TradePort Corporation serviced land for private sector investment | Number of square metres of land and bulk leased in Dube TradePort property zones | 90 000m² | 10 973.86m² | Leases were signed for two double units and four single units at the mini-factories. In addition, a land lease was signed with Synergy Blenders Pty Ltd for a plot in Dube TradeZone 2. |
| | New leases signed with targeted investors for private sector investment | Total value of new investment (capital equipment) by black-owned companies | R155 million | R3.7 million | Existing tenants made further investments in equipment during the year. Economic conditions remained difficult, in view of the COVID-19 pandemic, resulting in fewer businesses looking to expand. |
| | | Total value of new investment (buildings) by black-owned companies | R53 million | R93.8 million | A lease signed with Synergy Blenders Pty Ltd, a company wholly-owned by a black shareholder, included a commitment to develop a factory in Dube TradeZone 2. |
| **SUB-PROGRAMME 3.2: PROPERTY AND SEZ COMMERCIAL** | | | | | |
| Increased investment and export potential | Occupancy levels maximised by signing new leases and retaining existing tenants | % occupancy of Dube TradePort Corporation-owned buildings | 76% | 70.8% | Although eight of the eighteen mini-factory units were filled by 31 March 2022, there were vacancies at Dube Cargo Terminal, Dube TradeHouse and 29° South, as a decline in the number of enquiries for office space was noted. |
| Sustainable development and operation of Dube TradePort | Increased revenue from rental of Dube TradePort Corporation's land and buildings | Total revenue from all Dube TradePort Corporation properties | R44.3 million | R52.6 million | In spite of lower-than-expected occupancy levels, revenue earned from Dube TradePort Corporation's properties increased by 11.6%, as compared against the previous year. |
| **SUB-PROGRAMME 3.3: PROPERTY OPERATIONS** | | | | | |
| Sustainable development and operation of Dube TradePort | Operating efficiencies optimised | % reduction in energy consumption | 2% | -1.64% (increase) | Energy consumption increased, as compared against the previous year, as on-site economic activity at Dube TradePort increased. |
| | | % reduction in property operations input costs | 2.5% | 1.35% | Savings were realised in CCTV and lift maintenance costs. |

# ANNUAL PERFORMANCE REPORT

Continued...

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 4: DUBE AGRIZONE** | | | | | |
| **SUB-PROGRAMME 4.1: AGRIZONE SERVICES** | | | | | |
| Increased investment and export potential | Reliable, effective and efficient Dube AgriZone services provided to customers and tenants | % effectiveness of service level standards | 75% | 80.1% | Continued support was provided to Dube AgriZone farmers. This included the provision of water, removal of crop waste and the maintenance of facilities. |
| | Occupancy levels maximised by signing new leases and retaining existing tenants | % occupancy of Dube AgriZone facilities | 90% | 100% | All Dube AgriZone leasable facilities remained fully occupied. |
| **SUB-PROGRAMME 4.2: TISSUE CULTURE FACILITY** | | | | | |
| Sustainable development and operation of Dube TradePort | Production capabilities of the Tissue Culture Facility increased through research and development activities | Number of R&D projects and protocols developed, commercialised or implemented | 3 | 3 | Research and development was conducted on the following three species: (1) Crassula capitella, common name Campfire - a native perennial succulent species; (2) Graptopetalum paraguayense, common name Ghost plant - a species of succulent plant in the jade plant family; and (3) Pelargonium graveolens, common name Rose Geranium - a native perennial medicinal species. All were successfully initiated into culture, which is the first phase towards establishing a micropropagation protocol. Multiplication trials were then carried out and future work will optimise the protocols for large-scale production. |
| | Increased revenue from tissue culture plant sales | Total revenue generated from tissue culture plant sales | R600 000 | R253 051 | Revenue was generated from sales of hardened-off in-vitro produced sugarcane, Ecoflora (previously known as megaflora) and sweet potato plants. A Memorandum of Understanding was signed with the South African Sugar Research Institute (SASRI), to allow Dube TradePort Corporation to multiply and commercialise selected sugarcane varieties, which will assist in increasing sales to local and international customers. SASRI has also appointed Dube AgriLab as its service provider for the hardening of a newly released sugarcane variety. |
| **SUB-PROGRAMME 4.3: LANDSCAPING AND REHABILITATION** | | | | | |
| Sustainable development and operation of Dube TradePort | Land rehabilitated in compliance with RoD requirements | Number of hectares rehabilitated and maintained | 245ha | 255.19ha | Most clearing and maintenance occurred in sparsely distributed areas, which enabled a larger area to be covered. |

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 5: DUBE iCONNECT** | | | | | |
| **SUB-PROGRAMME 5.1: COMMERCIAL AND OPERATIONS** | | | | | |
| Sustainable development and operation of Dube TradePort | Increased revenue from Dube iConnect services | Total revenue generated from Dube iConnect services | R10.31 million | R9.49 million | A number of customers were lost as a result of power outages caused by ongoing power issues and delays in the arrival of Uninterrupted Power Supply hardware; the July unrest, which caused customers to move their services out of KwaZulu-Natal; and a number of customers suffering financial constraints due to the ongoing effects of the COVID-19 pandemic. |
| | Fibre network implemented in new Dube TradePort precincts | % uptime of core network environment | 99% | 99.98% | Uptime requirements were maintained in spite of challenges experienced with the Uninterrupted Power Supply hardware, which was installed at the beginning of April 2022. |

# ANNUAL PERFORMANCE REPORT

Continued...

| OUTCOME | OUTPUT | PERFORMANCE INDICATOR | ANNUAL TARGET 2021/22 | ACTUAL PERFORMANCE | COMMENT |
|---|---|---|---|---|---|
| **PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE** | | | | | |
| **SUB-PROGRAMME 6.1: PLANNING** | | | | | |
| Increased investment and export potential | Statutory authorisations and permits received, increasing the area of land available for development | Number of statutory authorisations, permits and approvals secured | 2 | 2 | Approval of the Dube TradeZone 2 precinct plan, and the Water Use Licence for Dube AgriZone 1 were secured. |
| **SUB-PROGRAMME 6.2: ENVIRONMENT** | | | | | |
| Sustainable development and operation of Dube TradePort | Carbon emissions reduced | % carbon reduction annually | 2.5% reduction from baseline | 121% increase from baseline | Scope 1, 2 and 3 carbon emissions increased from 2020/21. The largest portion of Dube TradePort Corporation's carbon footprint results from electricity consumption, and this increased significantly from 2020/21 to 2021/22 as on-site activity increased following the easing of COVID-19 lockdown restrictions. |
| **SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT** | | | | | |
| Increased investment and export potential | Construction projects delivered, increasing the serviced land and buildings available for investment | Number of projects completed and delivered | 2 | 2 | Practical completion was reached in terms of the Dube TradeZone 2 municipal infrastructure project and fencing for the Airchefs building. |
| | | Total capital expenditure on infrastructure projects and developments | R290 million | R167.49 million | Capital expenditure was incurred on the Dube TradeZone 2 municipal infrastructure project, as well as the provision of bulk infrastructure at Dube AgriZone 2, and the construction of a warehouse on ERF650 at Dube TradeZone 1. |
| Increased active participation by black people in the economy | Increased construction work done by EMEs and QSEs | Construction expenditure on EMEs and QSEs | R102 million | R46.07 million | All major construction projects in progress include the requirement to sub-contract between 30% and 35% of the contract value to EMEs and QSEs. |

# 2021/22

# DUBE TRADEPORT CORPORATION
## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

# 13 GENERAL INFORMATION

## DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

**Country of incorporation and domicile**
South Africa

**Form of entity**
Schedule 3C Provincial Public Entity

**Nature of business and principal activities**
Strategic planning, design, construction and operation of the Dube TradePort project, as well as other related projects

**Members**

| | | |
|---|---|---|
| Prof B Gasa-Toboti | - | appointed 01 June 2017 |
| Mr P Ngcobo | - | appointed 01 June 2017 |
| Mrs N Moerane | - | appointed 01 June 2017 |
| Mr T Ndhlovu | - | appointed 01 June 2017 |
| Mr M Zikalala | - | appointed 01 June 2017 |
| Mr R Vallihu | - | appointed 22 August 2018 |
| Mr S Nene | - | appointed 14 October 2020 |
| Mr H Erskine | - | CEO (ex officio) |

**Business and registered office**
29° South, 7 Umsinsi Junction
La Mercy, 4399

**Postal address**
PO Box 57757, King Shaka Airport
4407

**Bankers**
ABSA Business Banking
Public Sector
KwaZulu-Natal

**Auditors**
Office of the Auditor-General

**Company Secretary**
Ms A Easton

# 14 ANNUAL FINANCIAL STATEMENTS

## DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The reports and statements set out herewith comprise the consolidated annual financial statements presented to the Provincial Legislature:

| INDEX | Page |
|---|---|

# ACCOUNTING AUTHORITY'S (BOARD'S) RESPONSIBILITIES AND APPROVAL

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity.

The Board maintained a reporting system that enabled it to monitor changes in the entity's risk profile and gain assurance that risk management was effective. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal controls, including internal financial control, is effective and provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board has reviewed the entity's cash flow forecast for the year ending 31 March 2023 and, in the light of this review and the current financial position, it is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The economic entity is primarily dependent on the Department of Economic Development, Tourism and Environmental Affairs for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the economic entity is a going concern and that the Department of Economic Development, Tourism and Environmental Affairs has neither the intention nor the need to liquidate or curtail materially the scale of the economic entity.

The external auditors are responsible for independently reviewing and reporting on the entity's consolidated annual financial statements. The annual financial statements have been examined by the economic entity's external auditors and their report is presented on page 54.

The consolidated annual financial statements set out on page 58 to 116, which have been prepared on the going concern basis, were approved by the Board on 31 May 2022 and were signed on its behalf by:

**Mr Hamish Erskine**
Chief Executive Officer

**Prof Zanele Bridgette Gasa-Toboti**
Chairperson of the Board

# AUDIT AND RISK COMMITTEE REPORT

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The members of the Audit and Risk Committee are appointed by the Dube TradePort Board. In terms of Treasury Regulations and the King IV Report on Corporate Governance, the Chairperson of the Audit and Risk Committee is independent. During the financial year ended 31 March 2022, the Audit and Risk Committee convened four times to discharge both its regulatory and governance responsibilities.

The primary role of the Audit and Risk Committee is to assist the Board in discharging its responsibilities to safeguard Dube TradePort Corporation's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. In reviewing the findings of internal audit nothing has come to the attention of the Committee to indicate any material breakdown in the internal controls including the internal financial controls of the entity.

As an overview only, and not to be regarded as an exhaustive list, the Committee carried out the following duties:

**Internal Audit Function:**

- Approved Internal Audit Plan and Budget for 2021/22;
- Reviewed the findings of internal audit as presented at the end of each internal audit review; and
- Met with internal audit without the presence of management.

**External Audit Function:**

- Reviewed and approved the Annual Report and Audited Financial Statements for the period ended 31 March 2021 for submission to the Dube TradePort Board;
- Reviewed external audit report tabled for the period ended 31 March 2021;
- Met with the office of the Auditor-General to ensure that there were no unresolved issues of concern;
- Reviewed the quality and effectiveness of the external audit process; and
- Evaluated and were satisfied with the independence of the Auditor-General.

**Risk Management and Fraud Prevention**:

Various financial and IT governance policies were approved;

- Received information on assurance of other independent assurance providers as part of the Combined Assurance Plan;
- Reviewed the Risk Management Framework;
- Reviewed significant risks in the departmental risk registers and the action plans to mitigate the risks;
- Received reports of calls to Anti-Fraud Hotline;
- Reviewed certain long outstanding debts;
- Reviewed the insurance cover; and
- Reviewed the insurance claims and high risk contracts each quarter.

**Performance Information:**

- Reviewed interim financial statements for the six months ended 30 September 2021;
- Reviewed management accounts for the period under review;
- Reviewed quarterly performance reports for the period under review; and
- Reviewed progress on transformational initiatives which were measured in the B-BBEE scorecard.

In undertaking the above-mentioned activities the Audit and Risk Committee fulfilled its mandate as set out in the Committee's Terms of Reference in all material aspects. The Audit and Risk Committee consider the Chief Financial Officer to have the required expertise and capability.

The Audit and Risk Committee is satisfied with the effectiveness of the internal audit and those functions the partner in charge carries out, which might otherwise be undertaken by a Chief Audit Executive. The Board report on the effectiveness of internal controls is included elsewhere in the Annual Report. The Audit and Risk Committee supports the opinion of the Board in this regard.

The Chairperson of the Audit and Risk Committee of the subsidiary, La Mercy JV Property Investments Proprietary Limited, was invited to provide feedback from the meetings of the subsidiary's Audit and Risk Committee. The Chairperson of the Audit and Risk Committee is invited to provide feedback from the Committee meetings at the subsequent meetings of the Board of Dube TradePort Corporation.

I would like to take this opportunity to thank the members of my Committee for their commitment, support and dedication which they have demonstrated during the year.

I would like to thank Mr Vela Mtshali, who will be leaving at the end of May 2022 for his years of work dedicated to this Committee. I look forward to our continuing journey as we work towards full compliance with the PFMA and related regulatory environment that governs a Schedule 3C public entity and the implementation of the relevant recommendations of King IV Report on Corporate Governance.

**Mr Zahid Fakey**
Chairperson: Audit and Risk Committee
Dube TradePort Corporation

# REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON DUBE TRADEPORT CORPORATION

**Report on the audit of the consolidated and separate financial statements**

**Opinion**

1. I have audited the consolidated and separate financial statements of Dube Tradeport Corporation and its subsidiary (the group) set out on pages 58 to 116, which comprise the consolidated and separate statement of financial position as at 31 March 2022, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Management Finance Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

**Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs).

   My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the consolidated and separate financial statements section of my report.

4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa.

   I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

**Responsibilities of the accounting authority for the consolidated and separate financial statements**

6. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor-General's responsibilities for the audit of the consolidated and separate financial statements**

8. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

   Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists.

   Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

.

9. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

**Report on the audit of the annual performance report**

**Introduction and scope**

10. In accordance with the Public Audit Act, 2004, Act no. 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the programme presented in the annual performance report.

    I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents.

    My procedures do not examine whether the actions taken by the group enabled service delivery.

    My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 3: Property and Special Economic Zone (SEZ) Administration presented on page 45 in the annual performance report for the year ended 31 March 2022.

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents.

    I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

**Other matter**

15. I draw attention to the matter below.

**Achievement of planned targets**

16. The annual performance report on pages 41 to 48 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

**Report on the audit of compliance with legislation**

**Introduction and scope**

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the group's compliance with specific matters in key legislation.

    I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not identify any material findings on compliance with specific matters in key legislation set out in the general notice issued in terms of the PAA.

**Other information**

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report.

    The other information does not include the consolidated and separate financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit,or otherwise appears to be materially misstated.

22. The other information I obtained prior to the date of this auditor's report is the chief executive officer's review, corporate governance report, annual performance report and corporate services report.

23. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

24. When I do receive and read the report of the directors, audit and risk committee report and the company secretary certificate, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected.

    If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

**Internal control deficiencies**

25. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

26. I did not identify any significant deficiencies in internal control.

**Material irregularities**

27. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

**Material irregularity in progress**

28. I identified a material irregularity during the audit and notified the accounting authority, as required by material irregularity regulation 3(2).

    By the date of this auditor's report, the response of the accounting authority was not yet due. This material irregularity will be included in the next year's auditor's report.

**Other reports**

29. I draw attention to the following engagement conducted by various parties which had, or could have, an impact on the matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters.

    This report did not form part of my opinion on the financial statements.

# REPORT OF THE AUDITOR-GENERAL

Continued...

30. An agreed upon procedures engagement was performed on compliance with the Electronics Communications Act, 2005 (Act No.36 of 2005) relating to the universal service and access fund. The report covered the period 01 April 2020 to 31 March 2021 and was issued to the Independent Communication Authority of South Africa on 31 July 2021.

Auditor General

Pietermaritzburg
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

**Annexure – Auditor-General's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected programmes and on the group's compliance with respect to the selected subject matters.

**Financial statements**

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

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

**Communication with those charged with governance**

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

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

# REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

**The Accounting Authority ("Board") presents its report on the activities of the entity for the period ended 31 March 2022.**

Dube TradePort Corporation has been created as an implementation vehicle and service delivery company by the Provincial Government of KwaZulu-Natal. It is responsible for the strategic planning, design, construction and operation of the Dube TradePort Project as well as other related projects. Key components of Dube TradePort are the King Shaka International Airport, TradeZone, AgriZone and Dube City.

**1. Legal entity, nature of business and operations**

Dube TradePort Corporation is a listed Provincial Public Entity (Schedule 3C) as contemplated by the Public Finance Management Act (Act No. 1 of 1999) (PFMA). The KwaZulu-Natal Dube TradePort Corporation Act 2010 (Act No. 2 of 2010) was promulgated on 21 October 2010 and subsequently Dube TradePort Corporation was registered as a Schedule 3C Public Entity (in the Government Gazette dated 30 September 2011) with an effective date of 1 April 2011.

The voluntary winding up and deregistration process of the Dube TradePort Non-Profit Company and transition to the public entity was completed on 31 August 2013 when all assets, liabilities, rights, duties and obligations were transferred to, and vested in Dube TradePort Corporation. Prior to this date Dube TradePort conducted its operating activities as a Non-Profit Company (previously known as a Section 21 Company), registered as such in terms of the Companies Act 2008 (Act No. 81 of 2008). The company registration number was 2002/002810/08.

During 2014, the TradeZone and AgriZone were designated as Industrial Development Zones (IDZs); during 2015/2016 the Special Economic Zone Act, No.16 of 2014 and regulations were promulgated. The regulations provided for a three-year transition period for the conversion from IDZ to Special Economic Zone (SEZ). In the Government Gazette dated 23 December 2016, the TradeZone (Portion 8) and AgriZone of Dube TradePort was officially designated as a Special Economic Zone.

**2. Relevant legislation governing Dube TradePort Corporation operations**

Dube TradePort Corporation abides by the obligations of the PFMA and Treasury Regulations as contained within the Grant Funding Agreement with the Department of Economic Development, Tourism and Environmental Affairs.

**3. Appointments and terms of office**

The terms of office of Prof. Gasa-Toboti, Mr. Ngcobo, Mrs. Moerane, Mr. Ndhlovu and Mr. Zikalala ended on 31 May 2021. These terms were extended until 31 May 2022.

**4. Statement of responsibility**

The Board members (in their role as Accounting Authority) acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment.

Dube TradePort Corporation and its subsidiary have maintained satisfactory accounting records and an effective system of internal controls (including internal financial controls) to ensure the integrity of the underlying information.

Appropriate accounting policies, supported by sound material judgements and estimates, have been consistently applied. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

As part of Dube TradePort Corporation's governance process, Board members are required to disclose all interests in all investments approved and contracts awarded by Dube TradePort Corporation and any investments made by Dube TradePort Corporation.

During the year under review, none of the Board members of Dube TradePort Corporation had any interest in contracts awarded by Dube TradePort Corporation.

The Board is also responsible for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements.

The consolidated and separate annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP). This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The opinion of the Board in this regard is reflected in the previous section (Accounting Authority's Responsibilities and Approval).

## 5. Joint venture

In fulfilling one of the requirements of the Co-operation Agreement (signed by Dube TradePort Corporation and the Airports Company South Africa SOC Limited (ACSA), Dube TradePort Corporation entered into a Joint Venture with the ACSA, whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company).

The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary. The main object of the JV Company is that of a property holding development and letting company, with the intention to develop the joint venture area in accordance with the Development Framework and the master plan.

The financial year end of the La Mercy JV Property Investments Proprietary Limited is 31 March and the results of the operations of the JV Company have been included in the consolidated annual financial statements.

## 6. Financial results

The results of operations for the year under review are set out in the annual financial statements which reflect both the consolidated and the entity results.

Dube TradePort Corporation is using the current cost-cutting environment to review all expenditure, (both capital and operational) to ensure that savings are effected wherever possible, without impacting on the quality of service delivery. Dube TradePort Corporation continues to be funded by Provincial Government and remains a going concern.

## 7. Pending SEZ designation

During the year, the Minister of Trade, Industry and Competition indicated his intention to approve the extension of the Special Economic Zone designation to include TradeZone 3 and 4 and Dube City. The publication in the Gazette is still pending.

## 8. Contingent liabilities

During 2019/2020, Dube TradePort Corporation terminated the contract of an employee. The former employee took the matter to the CCMA for arbitration. The CCMA upheld the termination.

The former employee has referred the matter to the Labour Court. Should the Labour Court find against Dube TradePort Corporation, the estimated costs would be R1 647 807. During the financial year ended 31 March 2017, Dube TradePort was a victim of fraud and an amount of R1 272 838 was stolen.

The alleged perpetrator has been charged and the matter will soon be heard in the High Court. Should the Court find against Dube TradePort Corporation, the costs of the opposing side are estimated at R100 000.

## 9. Commitments

Dube TradePort Corporation has entered into a number of commitments ranging from infrastructure development and construction of specialised buildings to the procurement of specialised equipment and plant. Details of these commitments are reflected in note 27 of the consolidated and separate annual financial statements.

## 10. The continued effect of the COVID-19 Pandemic

The COVID-19 pandemic impacted Dube TradePort Corporation in various areas. Revenue from cargo operations was lower as various airlines ceased direct flights to Durban. Rental income was lower than anticipated as rental incentives were granted to tenants to assist them in their recovery from the effects of COVID-19 and the civil unrest which occurred in July 2021.

Many small businesses in Durban were affected by the July unrest and the revenue from Dube iConnect was negatively impacted as several clients were lost.

Certain protective equipment, sanitisers and screens were purchased during the year to ensure compliance with regulations and the safety of employees and visitors to Dube TradePort Corporation. The total cost of these purchases was approximately R87 966 (2021: R201 400).

## 11. Events subsequent to year-end

During April 2022, extreme floods were experienced in KwaZulu-Natal. Fortunately, the infrastructure in the Dube TradePort precinct held up extremely well and only minor damage was suffered.

Dube TradePort Corporation was able to assist in the flood relief efforts by allowing one of the vacant facilities to be used as storage for items being distributed to the victims of the flood.

To date the impact of the ongoing war in Ukraine does not yet seem to have had a direct impact on Dube TradePort Corporation. These events and their impact is being closely monitored.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

| | NOTE(S) | ECONOMIC ENTITY 2022 R | ECONOMIC ENTITY 2021 RESTATED* R | CONTROLLING ENTITY 2022 R | CONTROLLING ENTITY 2021 RESTATED* R |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Inventories | 3 | 352 035 | 359 667 | 352 035 | 359 667 |
| Current tax receivable | 12 | 264 514 | - | - | - |
| Operating lease asset | 4 | 7 532 753 | 8 941 082 | 7 532 753 | 8 941 082 |
| Receivables from exchange transactions | 5 | 72 422 025 | 79 184 300 | 72 658 989 | 79 643 294 |
| Cash and cash equivalents | 6 | 1 104 577 120 | 999 671 418 | 1 043 389 953 | 937 127 170 |
| | | 1 185 148 447 | 1 088 156 467 | 1 123 933 730 | 1 026 071 213 |
| **Non-current assets** | | | | | |
| Investment property | 7 | 3 030 927 022 | 2 893 567 978 | 3 083 891 701 | 2 946 605 038 |
| Property, plant and equipment | 8 | 966 585 641 | 1 039 282 157 | 882 077 940 | 948 499 502 |
| Intangible assets | 9 | 7 082 690 | 8 475 416 | 7 082 690 | 8 475 416 |
| Heritage assets | 10 | 7 654 358 | 7 654 358 | 7 654 358 | 7 654 358 |
| Investments in controlled entities | 11 | - | - | 11 138 893 | 11 138 893 |
| Deferred tax | 15 | 46 346 | 263 681 | - | - |
| Operating lease asset | 4 | 18 616 063 | 30 651 852 | 18 589 802 | 30 651 852 |
| | | 4 030 912 120 | 3 979 895 442 | 4 010 435 384 | 3 953 025 059 |
| **TOTAL ASSETS** | | **5 216 060 567** | **5 068 051 909** | **5 134 369 114** | **4 979 096 272** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Current tax payable | 12 | - | 206 309 | - | - |
| Payables from exchange transactions | 13 | 103 253 063 | 73 148 822 | 102 480 312 | 72 953 548 |
| Unspent conditional grants and receipts | 14 | 14 432 920 | 21 904 940 | 14 432 920 | 21 904 940 |
| | | 117 685 983 | 95 260 071 | 116 913 232 | 94 858 488 |
| **Non-current liabilities** | | | | | |
| Provisions | 16 | 34 086 111 | 26 151 673 | 33 283 851 | 25 496 003 |
| **TOTAL LIABILITIES** | | **151 772 094** | **121 411 744** | **150 197 083** | **120 354 491** |
| **NET ASSETS** | | **5 064 288 473** | **4 946 640 165** | **4 984 172 031** | **4 858 741 781** |
| **RESERVES** | | | | | |
| Owner's contribution | 41 | 7 425 889 | 7 425 889 | - | - |
| Accumulated surplus | | 5 108 456 823 | 4 994 034 610 | 4 984 172 031 | 4 858 741 781 |
| | | 5 115 882 712 | 5 001 460 499 | 4 984 172 031 | 4 858 741 781 |
| Non-controlling interest | | (51 594 239) | (54 820 334) | - | - |
| **TOTAL NET ASSETS** | | **5 064 288 473** | **4 946 640 165** | **4 984 172 031** | **4 858 741 781** |

* See Note 34

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

| | | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|---|
| | NOTE(S) | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **REVENUE** | | | | | |
| **Revenue from exchange transactions** | | | | | |
| Rendering of services | | 16 242 850 | 14 455 677 | 16 242 850 | 14 455 677 |
| Property rental | 17 | 54 511 827 | 57 637 613 | 55 433 566 | 58 951 920 |
| Sundry income | | 2 917 698 | 11 869 338 | 2 877 787 | 11 331 189 |
| Interest received - investments | 18 | 33 008 763 | 32 150 129 | 30 781 490 | 29 102 035 |
| Gain on foreign exchange | | 67 567 | - | 67 567 | - |
| **TOTAL REVENUE FROM EXCHANGE TRANSACTIONS** | | 106 748 705 | 116 112 757 | 105 403 260 | 113 840 821 |
| **REVENUE FROM NON-EXCHANGE TRANSACTIONS** | | | | | |
| **Transfer revenue** | | | | | |
| Government grants | 19 | 422 767 404 | 354 371 487 | 422 767 404 | 354 371 487 |
| **TOTAL REVENUE** | 20 | **529 516 109** | **470 484 244** | **528 170 664** | **468 212 308** |
| **EXPENDITURE** | | | | | |
| Employee-related costs | 21 | 120 756 645 | 112 375 878 | 120 756 645 | 112 375 878 |
| Depreciation, impairments and amortisation | | 124 488 620 | 88 176 727 | 118 213 662 | 81 919 772 |
| Finance costs | 22 | 2 512 944 | 895 652 | 2 438 279 | 895 652 |
| Loss on disposal of assets | | 1 705 732 | 976 892 | 1 705 732 | 976 892 |
| Loss on foreign exchange | | - | 101 933 | - | 101 933 |
| General expenses | 23 | 162 186 526 | 174 525 309 | 159 626 096 | 172 460 298 |
| **TOTAL EXPENDITURE** | | **411 650 467** | **377 052 391** | **402 740 414** | **368 730 425** |
| **SURPLUS BEFORE TAXATION** | | **117 865 642** | **93 431 853** | **125 430 250** | **99 481 883** |
| Taxation | 25 | 217 335 | 542 425 | - | - |
| **SURPLUS FOR THE YEAR** | | **117 648 307** | **92 889 428** | **125 430 250** | **99 481 883** |
| **ATTRIBUTABLE TO:** | | | | | |
| Owners of the controlling entity | | 114 422 212 | 90 134 418 | 125 430 250 | 99 481 883 |
| Non-controlling interest | | 3 226 095 | 2 755 010 | - | - |
| | | **117 648 307** | **92 889 428** | **125 430 250** | **99 481 883** |

* See Note 34

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

| ECONOMIC ENTITY | NOTE(S) | CAPITAL CONTRIBUTION RESERVE<br>R | ACCUMULATED SURPLUS<br>R | TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY/ CONTROLLING ENTITY<br>R | NON-CONTROLLING INTEREST<br>R | TOTAL NET ASSETS<br>R |
|---|---|---|---|---|---|---|
| **OPENING BALANCE AS PREVIOUSLY REPORTED** | | 7 425 889 | 4 893 022 086 | 4 900 447 975 | (57 575 344) | 4 842 872 631 |
| Adjustments | | | | | | |
| Prior period error (refer to note 34) | | - | 10 878 103 | 10 878 103 | - | 10 878 103 |
| **BALANCE AS PER APRIL 2020 AS RESTATED*** | | **7 425 889** | **4 903 900 189** | **4 911 326 078** | **(57 575 344)** | **4 853 750 734** |
| Prior period error (refer to note 34) | | - | (5 542) | (5 542) | 231 265 | 225 723 |
| Surplus for the year as previously reported | | - | 90 139 964 | 90 139 964 | 2 523 745 | 92 663 709 |
| **RESTATED* BALANCE AT 01 APRIL 2021** | | **7 425 889** | **4 994 034 611** | **5 001 460 500** | **(54 820 334)** | **4 946 640 166** |
| **CHANGES IN NET ASSETS** | | | | | | |
| Changes in net assets surplus for the year | | - | 114 422 212 | 114 422 212 | 3 226 095 | 117 648 307 |
| **BALANCE AT 31 MARCH 2022** | 41 | **7 425 889** | **5 108 456 823** | **5 115 882 712** | **(51 594 239)** | **5 064 288 473** |
| **CONTROLLING ENTITY** | | | | | | |
| **OPENING BALANCE AS PREVIOUSLY REPORTED** | | - | 4 748 381 795 | 4 748 381 795 | - | 4 748 381 795 |
| Adjustments | | | | | | |
| Prior period error (refer to note 34) | | - | 10 878 103 | 10 878 103 | - | 10 878 103 |
| **BALANCE AT 01 APRIL 2020 AS RESTATED*** | | **-** | **4 759 259 898** | **4 759 259 898** | **-** | **4 759 259 898** |
| **CHANGES IN NET ASSETS** | | | | | | |
| Prior period error (refer to note 34) | | - | 803 881 | 803 881 | - | 803 881 |
| Surplus for the year as previously reported | | - | 98 678 002 | 98 678 002 | - | 98 678 002 |
| **RESTATED* BALANCE AT 01 APRIL 2021** | | **-** | **4 858 741 781** | **4 858 741 781** | **-** | **4 858 741 781** |
| **CHANGES IN NET ASSETS** | | | | | | |
| Surplus for the year | | - | 125 430 250 | 125 430 250 | - | 125 430 250 |
| **BALANCE AT 31 MARCH 2022** | | **-** | **4 984 172 031** | **4 984 172 031** | **-** | **4 984 172 031** |

* See Note 34

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| | NOTE(S) | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|---|
| | | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| **Receipts** | | | | | |
| Sale of goods and services | | 88 585 994 | 86 551 983 | 86 759 393 | 84 394 162 |
| Grants | | 415 295 384 | 348 276 259 | 415 295 384 | 348 276 259 |
| Interest income | | 32 581 932 | 33 360 616 | 30 304 431 | 30 430 780 |
| Other receipts | | 2 808 252 | 11 331 189 | 2 808 252 | 11 331 189 |
| | | 539 271 562 | 479 520 047 | 535 167 460 | 474 432 390 |
| **Payments** | | | | | |
| Employee costs | | (118 636 909) | (114 469 202) | (118 636 909) | (114 469 202) |
| Suppliers | | (131 226 130) | (159 780 174) | (126 236 226) | (154 245 847) |
| Finance costs | | (80 356) | (429) | (79 900) | (429) |
| Taxes on surpluses | 39 | (470 823) | (484 273) | - | - |
| | | (250 414 218) | (274 734 078) | (244 953 035) | (268 715 478) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | 26 | **288 857 344** | **204 785 969** | **290 214 425** | **205 716 912** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of property, plant and equipment | | (13 889 743) | (19 899 402) | (13 889 743) | (19 899 402) |
| Proceeds on disposal of property, plant and equipment | | 69 535 | - | 69 535 | - |
| Purchase of investment property | | (169 584 798) | (67 656 891) | (169 584 798) | (66 794 757) |
| Purchase of intangible assets | | (546 636) | (794 457) | (546 636) | (794 457) |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | | **(183 951 642)** | **(88 350 750)** | **(183 951 642)** | **(87 488 616)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **104 905 702** | **116 435 219** | **106 262 783** | **118 228 296** |
| Cash and cash equivalents at the beginning of the year | | 999 671 418 | 883 236 199 | 937 127 170 | 818 898 874 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 6 | **1 104 577 120** | **999 671 418** | **1 043 389 953** | **937 127 170** |

* See Note 34

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

| ECONOMIC ENTITY | BUDGET ON CASH BASIS | | | | | |
|---|---|---|---|---|---|---|
| | APPROVED BUDGET | ADJUSTMENTS | FINAL BUDGET | ACTUAL AMOUNT ON COMPARABLE BASIS | DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL | REF |
| **STATEMENT OF FINANCIAL PERFORMANCE** | R | R | R | R | R | |
| **REVENUE** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Rendering of services | 145 100 213 | (18 362 012) | **126 738 201** | 101 101 725 | **(25 636 476)** | 1 |
| **Revenue from non-exchange transactions** | | | | | | |
| **Transfer revenue** | | | | | | |
| Government grants and subsidies | 477 537 000 | - | **477 537 000** | 477 537 000 | - | |
| Roll-over | - | 201 564 647 | **201 564 647** | 201 564 647 | - | |
| **Total revenue from non-exchange transactions** | 477 537 000 | 201 564 647 | **679 101 647** | 679 101 647 | - | |
| **TOTAL REVENUE** | **622 637 213** | **183 202 635** | **805 839 848** | **780 203 372** | (25 636 476) | |
| **EXPENDITURE** | | | | | | |
| Compensation of employees | 129 743 092 | 4 007 021 | **133 750 113** | 113 070 464 | **(20 679 649)** | 2 |
| Computer services | 18 711 126 | (2 173 507) | **16 537 619** | 8 394 459 | **(8 143 160)** | 3 |
| Consultants, contractors and special services | 69 386 410 | 1 098 627 | **70 485 037** | 30 089 044 | **(40 395 993)** | 4 |
| Maintenance, repairs and running costs | 163 014 999 | 11 321 996 | **174 336 995** | 134 162 383 | **(40 174 612)** | 5 |
| Operating leases | 2 374 229 | 219 476 | **2 593 705** | 1 283 414 | **(1 310 291)** | 6 |
| Travel and subsistence | 2 041 744 | (770 662) | **1 271 082** | 195 378 | **(1 075 704)** | 7 |
| Advertising | 13 856 878 | 3 156 387 | **17 013 265** | 5 126 403 | **(11 886 862)** | 8 |
| Training | 3 734 876 | 211 471 | **3 946 347** | 1 713 252 | **(2 233 095)** | 9 |
| Buildings and structures (capital) | 187 996 359 | 142 831 163 | **330 827 522** | 81 234 685 | **(249 592 837)** | 10 |
| Machinery and equipment (capital) | 23 753 557 | 22 450 431 | **46 203 988** | 19 203 370 | **(27 000 618)** | 11 |
| Software and other intangible assets (capital) | 8 024 942 | 850 231 | **8 875 173** | 1 302 171 | **(7 573 002)** | 12 |
| **TOTAL EXPENDITURE** | **622 638 212** | **183 202 634** | **805 840 846** | **395 775 023** | (410 065 823) | |
| **LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED** | | | | | | |
| Total revenue | 5 644 697 | (1 340 906) | **4 303 791** | 4 104 102 | **(199 689)** | 13 |
| Total expenditure | 16 268 673 | (9 935 151) | **6 333 522** | 5 461 182 | **(872 340)** | 14 |
| **NET SURPLUS** | **(10 623 976)** | **8 594 245** | **(2 029 731)** | **383 071 266** | **(385 100 997)** | |

| CONTROLLING ENTITY | BUDGET ON CASH BASIS | | | | | |
|---|---|---|---|---|---|---|
| | APPROVED BUDGET | ADJUSTMENTS | FINAL BUDGET | ACTUAL AMOUNT ON COMPARABLE BASIS | DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL | REF |
| **STATEMENT OF FINANCIAL PERFORMANCE** | R | R | R | R | R | |
| **REVENUE** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Rendering of services | 145 100 213 | (18 362 012) | **126 738 201** | 101 101 725 | **(25 636 476)** | 1 |
| **Revenue from non-exchange transactions** | | | | | | |
| Government grants and subsidies | 477 537 000 | - | **477 537 000** | 477 537 000 | - | |
| Roll-over | - | 201 564 647 | **201 564 647** | 201 564 647 | - | |
| **Total revenue from non-exchange transactions** | 477 537 000 | 201 564 647 | **679 101 647** | 679 101 647 | - | |
| **TOTAL REVENUE** | **622 637 213** | **183 202 635** | **805 839 848** | **780 203 372** | **(25 636 476)** | |
| **EXPENDITURE** | | | | | | |
| Compensation of employees | 129 742 092 | 4 007 021 | **133 749 113** | 113 070 464 | **(20 678 649)** | 2 |
| Computer services | 18 711 126 | (2 173 507) | **16 537 619** | 8 394 459 | **(8 143 160)** | 3 |
| Consultants, contractors and special services | 69 386 410 | 1 098 627 | **70 485 037** | 30 089 044 | **(40 395 993)** | 4 |
| Maintenance, repairs and running costs | 163 014 998 | 11 321 996 | **174 336 994** | 134 162 383 | **(40 174 611)** | 5 |
| Operating leases | 2 374 229 | 219 476 | **2 593 705** | 1 283 414 | **(1 310 291)** | 6 |
| Travel and subsistence | 2 041 744 | (770 662) | **1 271 082** | 195 378 | **(1 075 704)** | 7 |
| Advertising | 13 856 878 | 3 156 387 | **17 013 265** | 5 126 403 | **(11 886 862)** | 8 |
| Training | 3 734 876 | 211 471 | **3 946 347** | 1 713 252 | **(2 233 095)** | 9 |
| Buildings and fixed structures (capital) | 187 996 359 | 142 831 164 | **330 827 523** | 81 234 685 | **(249 592 838)** | 10 |
| Machinery and equipment (capital) | 23 753 557 | 22 450 431 | **46 203 988** | 19 203 370 | **(27 000 618)** | 11 |
| Software and other intangible assets (capital) | 8 024 942 | 850 231 | **8 875 173** | 1 302 171 | **(7 573 002)** | 12 |
| **TOTAL EXPENDITURE** | **622 637 211** | **183 202 635** | **805 839 846** | **395 775 023** | **410 064 823)** | |
| **NET SURPLUS** | - | - | - | **384 428 347** | **384 428 347** | |

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
Continued...

**Material variances (greater than 10%) between budget and actual amounts**

**Dube TradePort Corporation - controlling entity**

1. **Revenue:** A tenant at the Dube AgriZone entered business rescue and was therefore unable to pay their outstanding lease rentals; Dube iConnect lost cutomers following the unrest in July 2021; interest rates were lower than expected; and VAT refunds have not yet been received from SARS.

2. **Compensation of employees:** Approval was received in July 2021 to fill 17 posts, with a further 5 posts approved in November 2021. All of these posts were budgeted to be filled during the year. However, by 31 March 2022, 17 were still to be filled. Resignations during the year also contributed to the underspend.

3. **Computer services**: Some software license costs were lower than expected, fewer computer spares and maintenance were required, and the procurement of a service provider to maintain the CCTV hardware and software and licenses for a new warehouse management system were not completed.

4. **Consultants, contractors and special services:** Many procurements were either not submitted, concluded later than expected, or not completed in time for spending to take place within the financial year. These included consultants for SCM support, ISO development, and website support, among others. Some construction projects were delayed, which resulted in lower consultant costs. Consultant fees for the KZN Horticultural project were not able to be utilised as the procurement for the construction element of the project was not successful. In addition, invoices were outstanding from some suppliers at year end.

5. **Maintenance, repairs and running costs:** Invoices were outstanding from some service providers at year end and therefore will only be paid in the 2022/23 financial year. Lower than anticipated equipment maintenance was required across the precinct, and most notably at the Dube Cargo Terminal where activity levels remain below those prior to the outbreak of COVID-19.

6. **Operating leases:** Invoices were outstanding from service providers for the lease of printer/copier machines and usage of these machines was lower than expected as many employees were still working from home for part of the year.

7. **Travel and subsistence:** Minimal travel was required this year as the use of virtual platforms has become more common since the outbreak of the COVID-19 pandemic.

8. **Advertising:** Fewer events and marketing activities were conducted, as procurement of a new advertising agency was only concluded in the third quarter.

9. **Training:** Some planned training did not take place, or took place virtually at a lower cost than anticipated.

10. **Buildings and other fixed structure:** R143 million of the amount retained from the prior year was not expected to be spent within the year as it was approved for deferment to the 2022/23 financial year. The procurement of a contractor to design and build the multi-use office building on Block D at Dube City, warehouses at Dube TradeZone 2, and some small works projects, were not completed by the end of the financial year.

11. **Machinery and equipment:** Greenhouse screens were in the process of being installed, computer network equipment was ordered but not yet delivered by year-end, procurement of cyber recovery infrastructure was in progress at year end, The Building Management System (BMS) upgrade was postponed while a technical assessment to better define the specifications was conducted, and the planned procurement of bioreactors for the Tissue Culture Lab was deferred.

12. **Software and other intangible assets:** Procurements for software, visitors management system and Integrated Management System, were not concluded by year end.

**La Mercy JV Property Investment Proprietary Limited**

13. The surplus of actual revenue over the final budgeted amount was due to the following:
- There were delays in obtaining the approvals for the design and review panel cost recoveries and the servitude rates recoveries had not been paid before the financial year end.
- There were delays in finalising the 2022 calender year levies resulting in delays in recovering levies due for the financial year.

14. The material difference between actual expenditure and budgeted amounts arose due to the following:
- Higher taxes were payable due to delays in finalising the procurement of the alien clearing services resulting in lower than expected deductible expenditure arising from the delay in finalising the procurement of alien clearing services resulted in higher taxes to be paid.
- There were delays in finalising the 10-year business plan, planning applications for Support Zone 2, procurement of services.

**Material variances (greater than 10%) between approved budget and final budget**

**Dube TradePort Corporation - controlling entity**

**Revenue:** Adjustments were made due to the on-going impact of COVID-19 on cargo revenue, as only one international airline was flying into King Shaka International Airport during the first half of the year. Budget for Dube iConnect revenue was adjusted to take into account the effect that the unrest had on small ICT businesses, which resulted in the loss of some customers in July, and the budget for rental income was adjusted to take into account rental incentives provided to tenants to assist them to recover from the impact of COVID-19 and the unrest.

This reduction in the revenue budget was offset by the amount approved for roll-over/retention from the 2020/21 financial year. This included an amount of R143 million, which was approved for deferment to the 2022/23 financial year.

**Expenditure:** The majority of the adjustments made were to take into account accruals from the previous year which were paid during 2021/22. Funds were rolled-over from 2020/21 for these items. Adjustments were made for items affected by the on-going impact of COVID-19, as well as the level of activity expected to take place over the remainder of the financial year.

**La Mercy JV Property Investment Proprietary Limited**

Budget adjustments approved by the Board of Directors during the 2021/22 financial year in respect of the income budget arose from the following:

- Low interest rates were received in the current year due to the continued effects of the COVID-19 pandemic;
- Delays in spending resulted in reductions in VAT claims; and
- Procurements were delayed resulting in reduced tender income.

Budget adjustments approved by the Board of Directors during the 2021/22 financial year in respect of the expenditure budget arose from the following:

- The delay in the sale of the land in Dube City resulted in lower tax payable;
- Capital expenditure was deferred to the following financial year due to delays in obtaining statutory approvals. The purchase of off-set land has been delayed due to the assessment of identified properties that needs to be conducted before an appropriate recommendation can be made to the Board;
- There were delays in the validation and payment of the management association costs; and
- Professional fees for the alien clearing services and ecologist were delayed due to delays in the the procurement process and the appeal process. There were no legal fees incurred during the year under review. The development of the advertising master plan, specialist environmental studies for Support Zone 1b and the feasibility study on natural capital was deferred to the following year.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 1. ACCOUNTING POLICIES

### PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

Accounting policies apply to both the consolidated and separate financial statements, unless otherwise stated. These accounting policies are consistent with the previous period except as indicated in note 2.1.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated and separate financial statements, are disclosed below.

**Accrual basis**

These consolidated and separate financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and rounded off to the nearest rand.

**Offsetting**

Assets and liabilities, revenue and expenses have not been offset, except where offsetting is required or permitted by GRAP.

**Adoption of IFRS**

In the absence of a standard of GRAP, the accounting policies for taxation and deferred tax were developed in accordance with IAS 12.

### 1.1 GOING CONCERN ASSUMPTION

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

### 1.2 CONSOLIDATION

**Basis of consolidation**

Consolidated and separate financial statements are the financial statements of the economic entity presented as those of a single entity. The consolidated and separate financial statements incorporate the financial statements of the controlling entity and controlled entity.

Consolidated and separate financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The consolidated and separate financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated and separate financial statements are prepared as of the same date. Adjustments are made when necessary to the consolidated and separate financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation. Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

### 1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements. Significant judgements include:

**Receivables from exchange transactions and other receivables**

Management assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

When default judgement is received against a debtor or if the cost incurred to pursue the legal process to recover the debt outweighs the benefit, the entity will then follow the necessary process to write-off the debt.

Management reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Where there is evidence of an impairment loss, the loss is recognised in the surplus or deficit for the year. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at the time of initial recognition.

**Impairment testing**
Management reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

**Provisions**
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

**Review of residual values and useful lives**
Management reviews the useful lives and residual values of all assets on a yearly basis. Management applies judgement in determining if these remain reasonable or need to be reassessed. If reassessment is required, this change is accounted for in the current and future periods and treated as a change in estimate. Refer to note 29.

### 1.4 INVESTMENT PROPERTY

Investment property is cash generating property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- Use in the production or supply of goods or services; or
- Administrative purposes; or
- Sale in the ordinary course of operations.

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

**Initial measurement**
Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

**Environmental rehabilitation costs**
Estimated costs related to environmental rehabilitation are capitalised to the cost of the asset.

Ongoing operational and maintenance costs post-initial rehabilitation are budgeted and expensed as incurred.

**Subsequent measurement**
Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

**Work-in-progress**
Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.
For construction programmes exceeding six months in duration, delays of 20% of the programme of works is considered significant and will be disclosed. Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated on a straight-line basis. Depreciation is provided to write-down the cost, less estimated residual value over the useful life of the property. The useful lives of investment property have been revised during the year and assessed as follows:

| ITEM | USEFUL LIFE |
|---|---|
| **Property - land** | Indefinite |
| **Property - buildings** | 5 - 60 years |

During the current year management revised the average useful lives of the assets as per above.

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

Gains or losses arising from the retirement or disposal of investment property are the differences between the net disposal proceeds and the carrying amounts of the assets and are recognised in surplus or deficit in the period of retirement or disposal.

Management reviews the useful lives and residual values of investment property on an annual basis to determine if any of the following indicators exist (not exhaustive):
- A change in significant components of the asset;
- A change in the use of the asset;
- An intention changed to dispose in the future;
- Technological, environmental, commercial or any other changes that may change the use of the asset;
- Legal or similar limits placed on the asset;
- The asset being idle or retired from use;
- The useful life of the asset expiring;
- Planned repairs, maintenance or refurbishment;
- Environmental factors; or
- Conditional assessment of the asset.

Any change resulting from the above assessment is accounted for as a change in estimate.

### 1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current and non-cash generating assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one year. The cost of an item of property, plant and equipment is recognised as an asset when:
- It is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- The cost of the item can be measured reliably.

**Initial recognition**
Property, plant and equipment is initially measured at cost.

**Initial measurement**
The cost of an item of property, plant and equipment is equal to the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to operate in the manner intended by management.

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

**Subsequent measurement**
Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or service potential associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently, all property plant and equipment is measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

**Work-in-progress**
Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

For construction programmes exceeding six months in duration, delays of 20% of the programme of works is considered significant and will be disclosed.

**Environmental rehabilitation costs**
Estimated costs related to environmental rehabilitation are capitalised to the cost of the asset. Ongoing operational and maintenance costs post-initial rehabilitation are budgeted and expensed as incurred.

**Infrastructure assets**
Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to other items of property, plant and equipment.

**Derecognition of property, plant and equipment**
The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in the surplus or deficit for the year when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds on sale.

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

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|---|---|---|
| **Land** | - | Indefinite |
| **Buildings** | Straight-line | 5 - 60 years |
| **Plant and machinery** | Straight-line | 5 - 20 years |
| **Furniture and fixtures** | Straight-line | 3 - 30 years |
| **Motor vehicles** | Straight-line | 5 - 10 years |
| **Equipment** | Straight-line | 2 - 50 years |
| **IT equipment** | Straight-line | 3 - 30 years |
| **Infrastructure** | Straight-line | 5 - 60 years |
| **Community assets** | Straight-line | 12 - 20 years |

At each reporting date, the residual value and useful lives of each asset are reviewed to assess if expectations have changed since the preceding reporting date. If any such indication exists the expected useful lives and residual values are revised and shall be accounted for as a change in accounting estimates. Property, plant and equipment is depreciated on a straight line basis. The depreciation charge for each period is recognised in surplus or deficit.

Management reviews the useful lives and residual values of property, plant and equipment on an annual basis to determine if any of the following indicators exist (not exhaustive):

- A change in significant components of the asset;
- The change in use of the asset;
- The intention changed to dispose in the future
- Technological, environmental, commercial or any other changes that may change the use of the asset;
- Legal or similar limits placed on the asset;

- The asset being idle or retired from use;
- The useful life of the asset expiring;
- Planned repairs, maintenance or refurbishment;
- Environmental factors; or
- Conditional assessment of the asset.

Any change resulting from the above assessment is accounted for as a change in estimate.

### 1.6 INTANGIBLE ASSETS

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

**Initial recognition**
An intangible asset is recognised when:
- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- The cost or fair value of the asset can be measured reliably.

**Initial measurement**
Intangible assets are initially measured at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

**Subsequent measurement**
Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, however they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at financial year end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Amortisation is provided to write-down the intangible assets, on a straight-line basis, to their residual values.

The useful lives of intangible assets have been revised during the year and assessed as follows:

| ITEM | AMORTISATION METHOD | AVERAGE USEFUL LIFE |
|---|---|---|
| Licences | - | Indefinite |
| Other | Straight-line | 3 - 10 years |

**Derecognition**
Intangible assets are derecognised:
- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and lease-back).

### 1.7 HERITAGE ASSETS

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

**Intial recognition**
The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

**Initial measurement**
Heritage assets are measured at cost.

**Subsequent measurement**
After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

**Impairment**
The economic entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

**Derecognition**
The economic entity derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

### 1.8 INVESTMENTS IN CONTROLLED ENTITIES

**Controlling entity consolidated and separate annual financial statements**
Investments in controlled entities are carried at cost. The entity accounts for contributions by the owner as an investment in the controlled entity. The controlled entity is the La Mercy JV Property Investments Pty Limited. The entity owns a 60% shareholding in the investment and has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities and fulfil its mandate

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### 1.9 FINANCIAL INSTRUMENTS

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. A financial asset is any asset consisting of cash or a contractual right to receive cash or another financial asset. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

# Notes to the Consolidated and Separate Financial Statements

Continued...

for the year ended 31 March 2022

**Classification**

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

| CLASS | CATEGORY |
|---|---|
| Trade and other receivables | Financial asset measured at amortised cost |
| Cash and cash equivalent | Financial asset measured at amortised cost |
| Interest receivable | Financial asset measured at amortised cost |

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

| CLASS | CATEGORY |
|---|---|
| Trade and other payables | Financial liability measured at amortised cost |

Cash and cash equivalents are measured at amortised cost. Bank balances include transactional accounts as well as short-term investment accounts. These are highly liquid investments held with registered banking institutions with maturities between three to six months or less and are subject to an insignificant risk of change in value. Deposits held on behalf of third parties relate to tenant rental deposits and supplier retentions.

Amounts held in trust accounts reflect contractual obligations relating to capital projects and guarantees. Refer to note 5 and 6. Deposits are upfront payments made to municiality for initial connection of sevices such as electricity and water. Deposits are refundable when services are disconnected or applied againt any amounts in arrears.

Prepayments are recorded where an item has been paid in advance and charged to the expense over the usage period. Included in prepayment are software licences.

**Initial recognition**

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review at financial year end.

**Impairment and uncollectibility of financial assets**

At the end of each reporting period the entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

**Derecognition**

**Financial assets**

The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - Derecognises the asset; and
  - Recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

**Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

**1.10 STATUTORY RECEIVABLES**

**Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

**Recognition**

The economic entity recognises statutory receivables as follows:

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

**Initial measurement**

The economic entity initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

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

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

## 1.11 TAX

**Current tax assets and liabilities**

Although the entity is exempt from income tax, it is still subjected to all other indirect taxes such as value added tax (VAT), customs tax, securities transfer tax (STT) and capital gains tax (CGT). The subsidiary, La Mercy JV Property Investments Proprietary Limited is subject to income tax.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax assets and liabilities**

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax losses can be utilised.

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

**Income tax**

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to net assets.

**Value Added Tax**

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

## 1.12 LEASES

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

When a lease includes both land and buildings elements, each element is assessed separately.

**Operating leases - lessor**

Operating lease revenue is recognised on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual amounts receivable over the lease term are recognised as an operating lease asset or liability. Income for leases is disclosed under revenue in the statement of financial performance.

**Operating leases - lessee**

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

## 1.13 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are equal to their fair value as at the date of acquisition. Subsequently, inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

### 1.14 IMPAIRMENT OF CASH-GENERATING ASSETS

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

The main criteria used by the entity to determine cash-generating assets is that the asset should generate rentals and service revenue.

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

**Identification**
At each reporting date the entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

**Value in use**
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

**Recognition and measurement (individual asset)**
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.15 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Non-cash-generating assets are assets other than cash-generating assets.

**Identification**
At each reporting date the entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

**Value in use**
The value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential. The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

**Depreciated replacement cost approach**
The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential.

This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential.

The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

**Restoration cost approach**
Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

**Service units approach**
The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

**Recognition and measurement**
If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## 1.16 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments. Refer to note 27.

## 1.17 EMPLOYEE BENEFITS

**Short-term employee benefits**
Short-term employee benefits are benefits (other than termination benefits) that are settled within twelve months after the end of the period in which the employees render the related service.
Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

**Defined contribution plans**
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

## 1.18 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The economic entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

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

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

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit). If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and liabilities are not recognised, however it is disclosed in the notes to the financial statements. Refer to note 16 and 35.

### 1.19 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax. The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the entity and when specific criteria have been met for each of the entity's activities as described below.

**Rentals**

Revenue from the rental of properties classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span more than one financial year.

**Rendering of revenue-generating services**

Rendering of revenue-generating services include the following:

- Supply of IT services (incudes the rental of telephone handsets within the Dube TradePort precinct); and
- Cargo handling services.

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

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

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

**Sale of plants**

Sale of plants includes the following:

- Sale of propagated plants at the Tissue Culture facility in Dube Agrizone.

Revenue from the sale of plants is recognised when all the following conditions have been satisfied:

- The economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Finance income**

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.20 REVENUE FROM NON-EXCHANGE TRANSACTIONS

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

**Government grants**

Income received from conditional grants and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the funding agreement. A liability (unspent conditional grants and receipts) is recognised to the extent that the criteria, conditions or obligations have not been met.

**Recognition**

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

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

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity, or at the estimated fair value of the services in-kind rendered.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability (unspent conditional grants and receipts).

Where a liability (unspent conditional grants and receipts) is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability (unspent conditional grants and receipts) is subsequently reduced, because a condition is satisfied, the reduction in the liability (unspent conditional grants and receipts) is recognised as revenue.

### 1.21 COST OF SALES

The related cost of providing revenue generating services recognised as revenue in the current period is included in cost of sales.

### 1.22 TRANSLATION OF FOREIGN CURRENCIES

**Foreign currency transactions**
A foreign currency transaction is recorded, on initial recognition in Rands, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is also recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.23 COMPARATIVE FIGURES

Comparative information represents the results of the twelve months ended 31 March 2021 which were presented on the same basis as the previous year. Where necessary, comparative figures have been restated due to prior period adjustments. Refer to note 33.

### 1.24 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Refer to note 31.

### 1.25 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- The PFMA; or
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- Any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements is reflected in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register and the occurance is reflected in the notes to the financial statements. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write-off the amount as debt impairment and disclose such in the relevant note to the financial statements. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the occurrence is reflected in the notes to the financial statements. Refer to note 32.

### 1.26 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

**Measurement**
The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Information relating to segmental assets and liabilities have not been disclosed as this is not regularly provided to management for review. Refer to note 38.

### 1.27 BUDGET INFORMATION

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The budget information prepared in the consolidated and separate annual financial statements relates to both Dube TradePort Corporation and the La Mercy JV Property Investments Proprietary Limited. The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

# Notes to the Consolidated and Separate Financial Statements

Continued...

for the year ended 31 March 2022

The consolidated and separate financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts. Variances between budget and actual amounts greater than 10% are considered to be material and explanations provided for disclosure purposes. Comparative information is not required.

### 1.28 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that entity's management in their dealings with the economic entity. The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

Refer to note 28.

### 1.29 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:
- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements. Refer to note 36.

### 1.30 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation. Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Agricultural activity is the management by an economic entity of the biological transformation and harvest of biological assets for:
- Sale;
- Distribution at no charge or for a nominal charge; or
- Conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

**A bearer plant is a living plant that:**
- Is used in the production or supply of agricultural produce;
- Is expected to bear produce for more than one period; and
- Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource. Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the consolidated and separate financial statements.

The residual value of an asset is the estimated amount that an economic entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an economic entity, or the number of production or similar units expected to be obtained from the asset by an economic entity.

**Recognition**

Non-living resources, other than land, are not recognised as assets. Required information is disclosed in the notes to the consolidated and separate financial statements. A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Where the economic entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information is disclosed in the notes to the consolidated and separate financial statements.

Where the economic entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information is disclosed in the notes to the consolidated and separate financial statements. When the information about the cost or fair value of the living resource becomes available, the economic entity recognises, from that date, the living resource and applies the measurement principles.

**Measurement at recognition**
A living resource that qualifies for recognition as an asset is measured at its cost. Where a living resource is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

### 1.31 GENERAL EXPENSES

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

Only Standards and Interpretations applicable or relevant to the entity are disclosed below:

**GRAP 104: Financial Instruments (revised)**

The effective date of the standard is 1 April 2025.

The entity expects to adopt the standard for the first time when the standard becomes effective.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

**GRAP 25 Employee Benefits (revised)**

The effective date of the standard has not yet been set by the Minister of Finance. The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

**Guideline: Guideline on the Application of Materiality to financial statement**
The effective date of the guideline has not yet been set by the Minister of Finance.

The entity expects to adopt this guideline for the first time when the Minister sets the effective date.

An assessment will be performed to determine the impact on the entity's annual financial statements once the effective date is set by the Minister.

## 3. INVENTORIES

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Finished goods | 352 035 | 359 667 | 352 035 | 359 667 |

Inventories consists of telephone handsets.

## 4. OPERATING LEASE ASSET

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Non-current assets | 18 616 063 | 30 651 852 | 18 589 802 | 30 651 852 |
| Current assets | 7 532 753 | 8 941 082 | 7 532 753 | 8 941 082 |
| **TOTAL** | **26 148 816** | **39 592 934** | **26 122 555** | **39 592 934** |
| | | | | |
| **STRAIGHT-LINING** | | | | |
| Opening balance | 39 592 934 | 42 971 670 | 39 592 934 | 42 971 564 |
| Straight-line for the year | (13 444 118) | (3 378 736) | (13 470 379) | (3 378 630) |
| **TOTAL** | **26 148 816** | **39 592 934** | **26 122 555** | **39 592 934** |

Dube TradePort Corporation has entered into numerous operating lease agreements with tenants to generate rental income. The nature of the assets subject to the operating leases are land and buildings disclosed as Investment Property. The leasing of land includes development leases, sugar cane farming leases and buildings leased out to tenants. (Refer to note 7 for details of land and buildings). Included in the above lease smoothing calculation are 49-year development leases which were straight-lined over a lesser period. The leases have not been straight-lined over the entire lease term due to the review of rentals and escalations occurring at ten-year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals. (Refer to note 27).

## 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Trade and other receivables | 11 944 661 | 11 682 868 | 12 883 941 | 12 629 052 |
| Deposits | 4 386 529 | 4 343 629 | 4 386 529 | 4 343 629 |
| Interest receivable | 3 204 635 | 2 551 025 | 2 780 960 | 2 303 901 |
| Deposit guarantees held by third parties | 5 062 888 | 4 743 280 | 5 062 888 | 4 743 280 |
| Prepaid expenses | 6 828 935 | 7 950 774 | 6 801 237 | 7 950 774 |
| Payroll recoveries | 105 400 | 134 319 | 62 934 | 134 319 |
| VAT receivable (Refer to note 34) | 40 888 977 | 47 778 405 | 40 680 500 | 47 538 339 |
| **TOTAL** | **72 422 025** | **79 184 300** | **72 658 989** | **79 643 294** |
| **TRADE AND OTHER RECEIVABLES** | | | | |
| Trade and other receivables | 23 453 613 | 19 452 691 | 24 392 893 | 20 398 875 |
| Less: allowance for doubtful debts | (11 508 952) | (7 769 823) | (11 508 952) | (7 769 823) |
| | **11 944 661** | **11 682 868** | **12 883 941** | **12 629 052** |
| **ANALYSIS FOR ALLOWANCE OF DOUBTFUL DEBTS** | | | | |
| Opening balance | 7 769 823 | 800 780 | 7 769 823 | 800 780 |
| Add:Allowance increased during the year. (Refer to note 23) | 3 739 129 | 6 969 043 | 3 739 129 | 6 969 043 |
| | **11 508 952** | **7 769 823** | **11 508 952** | **7 769 823** |

* See Note 34

## 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2022, R11 944 661 (2021: R11 682 868) were past due but not impaired.

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

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| 1 month past due | 3 485 223 | 2 492 876 | 4 424 503 | 3 439 060 |
| 2 months past due | 946 834 | 399 330 | 946 834 | 399 330 |
| 3 months past due | 7 512 604 | 8 790 662 | 7 512 604 | 8 790 662 |

**TRADE AND OTHER RECEIVABLES IMPAIRED**

As of 31 March 2022,trade and other receivables of R11 508 952 (2021: R7 769 823) were impaired and provided for.

The ageing of these trade and other receivables is as follows:

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| 3 to 6 months | 2 679 946 | 96 182 | 2 679 946 | 96 182 |
| Over 6 months | 8 829 006 | 7 673 641 | 8 829 006 | 7 673 641 |

The factors used to determine the impairment of trade and other receivables is based on the individual assessment of debtors who have long outstanding debt and have indicated financial difficulties in settling their debt.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Cash on hand | 25 000 | 25 000 | 25 000 | 25 000 |
| Bank balances | 444 239 389 | 272 063 833 | 383 052 222 | 209 519 585 |
| Deposits held on behalf of third parties | 11 542 273 | 14 940 657 | 11 542 273 | 14 940 657 |
| Amounts held in trust accounts | 648 770 458 | 712 641 928 | 648 770 458 | 712 641 928 |
| | **1 104 577 120** | **999 671 418** | **1 043 389 953** | **937 127 170** |

The bank balance figure includes the amount relating to the unspent conditional grants (refer to note 14).

The amounts held in trust accounts reflect contractual obligations relating mainly to the infrastructure and construction projects. These amounts are ringfenced and are committed towards specific projects.

Included in the trust accounts is an amount of R3 000 000, which is held as a SARS guarantee for Dube Cargo Terminal. Deposits held on behalf of third parties relate to tenant deposits and retentions.

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

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for the year ended 31 March 2022

## 7. INVESTMENT PROPERTY

| ECONOMIC ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Investment property | 3 302 817 463 | (271 890 441) | 3 030 927 022 | 3 128 221 747 | (234 653 769) | 2 893 567 978 |

| CONTROLLING ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Investment property | 3 355 782 142 | (271 890 441) | 3 083 891 701 | 3 181 258 807 | (234 653 769) | 2 946 605 038 |

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2022

| | OPENING BALANCE (REFER TO NOTE 34)<br>R | ADDITIONS<br>R | WORK-IN-PROGRESS<br>R | ADDITIONS RESULTING FROM THE REHABILITATION PROVISION<br>R | DISPOSALS<br>R | CHANGE IN ESTIMATE (REFER TO NOTE 29)<br>R | DEPRECIATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|---|---|
| Investment property | 2 893 567 978 | 1 787 281 | 167 797 516 | 5 501 849 | (386 639) | 6 937 | (37 347 900) | 3 030 927 022 |

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2021 RESTATED*

| | OPENING BALANCE<br>R | ADDITIONS<br>R | WORK-IN-PROGRESS<br>R | ADDITIONS RESULTING FROM THE REHABILITATION PROVISION<br>R | DEPRECIATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|
| Investment property | 2 849 652 826 | 46 877 654 | 20 631 903 | 13 410 497 | (37 004 902) | 2 893 567 978 |

### RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2022

| | OPENING BALANCE<br>R | ADDITIONS<br>R | ADDITIONS RESULTING FROM THE REHABILITATION PROVISION<br>R | WORK-IN-PROGRESS<br>R | DISPOSALS<br>R | CHANGE IN ESTIMATE (REFER TO NOTE 29)<br>R | DEPRECIATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|---|---|
| Investment property | 2 946 605 038 | 1 787 282 | 5 429 468 | 167 797 516 | (386 639) | 6 937 | (37 347 901) | 3 083 891 701 |

* See Note 34

## 7. INVESTMENT PROPERTY (continued)

RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2021 RESTATED*

| | OPENING BALANCE R | ADDITIONS R | WORK-IN-PROGRESS R | ADDITIONS RESULTING FROM THE REHABILITATION PROVISION R | DEPRECIATION R | TOTAL R |
|---|---|---|---|---|---|---|
| Investment property | 2 903 404 686 | 46 221 984 | 20 572 773 | 13 410 497 | (37 004 902) | 2 946 605 038 |

### Pledged as security

There were no investment property pledged as security in the current year.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **INVESTMENT PROPERTY IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED** | | | | |
| Opening balance | 34 243 185 | 13 611 282 | 34 037 255 | 13 464 482 |
| Additions | 167 797 516 | 20 631 903 | 167 797 516 | 20 572 773 |
| Transferred to completed items | (96 588 942) | - | (96 588 943) | - |
| | 105 451 759 | 34 243 185 | 105 245 828 | 34 037 255 |

Included in the investment property balances is non-depreciable land valued at R1 609 918 689 (2021: R1 609 918 689).

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **DETAILS OF PROPERTY** | | | | |
| **La Mercy Land (Portion 5 and 9)** | | | | |
| This comprises the purchase of subdivisions 5 and 9 in the extent of 302.9605 hectares, held under Title Deed No. T3842/2010 of the Farm La Mercy Airport No. 15124 | | | | |
| Purchase price | 802 846 008 | 800 682 505 | 802 846 008 | 800 682 505 |
| Subsequent expenditure | 101 915 389 | 2 163 503 | 101 915 389 | 2 163 503 |
| | 904 761 397 | 802 846 008 | 904 761 397 | 802 846 008 |
| **Klipfontein Farm** | | | | |
| Remainder of portion 77 of the Farm Klipfontein, formerly known as portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 56.42 hectares held under Title Deed No. T3464/2010. | | | | |
| Purchase price | 123 733 875 | 123 733 875 | 123 733 875 | 123 733 875 |

* See Note 34

### 7. INVESTMENT PROPERTY (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **Mount Moreland** | | | | |
| Erf 1000 Mt Moreland in the extent of 408.6977 hectares held under Title Deed No. T348/2014. | | | | |
| Purchase price | 360 416 772 | 360 416 772 | 360 416 772 | 360 416 772 |
| **Illovo Farm** | | | | |
| Remainder of Farm Illovo 16946 in the extent of 825.96 hectares held under Title Deed No. T012751/2016. | | | | |
| Purchase price | 178 376 484 | 178 376 484 | 178 376 484 | 178 376 484 |
| **Cottonlands Farm** | | | | |
| Portion 139 of the Farm Cottonlands No. 1575, in extent 40.9745 hectares held under Title Deed No. T30476/2019 | | | | |
| Purchase price | 11 472 860 | 11 472 860 | 11 472 860 | 11 472 860 |
| **Cottonlands Farm** | | | | |
| Portion 1239 (of 1220) of the Farm Cottonlands No. 1575 under Title Deed No. T25701/2020 | | | | |
| Purchase price | 18 591 747 | 18 591 747 | 18 591 747 | 18 591 747 |
| **Cottonlands Farm** | | | | |
| Remainder of Portion 141 of the Farm Cottonlands No. 1575. | | | | |
| Purchase price | 11 454 365 | 11 454 365 | 11 454 365 | 11 454 365 |
| **Cottonlands Farm** | | | | |
| Portion 2026 (of 1240) of the Farm Cottonlands No. 1575 held under Title Deed No. T26176/2020 | | | | |
| Purchase price | 12 114 205 | 12 114 205 | 12 114 205 | 12 114 205 |
| **Cottonlands Farm** | | | | |
| Remainder of Portion 267, 314 (of 272) and 1219 (of 321) of the Farm Cottonlands No. 1575 in extent of 150.419 hectares held under Title Deed No. T38380/2002. | | | | |
| Purchase price | 104 746 158 | 104 746 158 | 104 746 158 | 104 746 158 |
| **Dube City** | | | | |
| Erven 594, 595, 597, 600, 601, 602, 603 and 608, La Mercy, Registration Division FU, KZN | | | | |
| Purchase price | 58 294 105 | 58 294 105 | 58 294 105 | 58 294 105 |

* See Note 34

## 7. INVESTMENT PROPERTY (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **Cottonlands Farm** | | | | |
| Remainder of Portion 1240 of 1220 and Portion 1970 of 1220 of the Farm Cottonlands, in the extent of 156.0474 hectares, held under Title Deed No. T18280/2015. | | | | |
| Purchase price | **135 295 560** | **135 295 560** | **135 295 560** | **135 295 560** |
| **Cottonlands Farm** | | | | |
| Remainder of Portion 1220 of the Farm Cottonlands No. 1575, in the extent of 172.3491 hecatares, held under Title Deed No. T16581/2012. | | | | |
| Purchase price | **90 045 830** | **90 045 830** | **190 045 830** | **90 045 830** |
| **Cottonlands Farm** | | | | |
| Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575, in extent of 109.2539 hectares held under Title Deed No. T8966/2013. | | | | |
| Purchase price | 67 691 763 | 54 281 267 | 67 691 763 | 54 281 267 |
| Subsequent expenditure | - | 13 410 496 | - | 13 410 496 |
| | **67 691 763** | **67 691 763** | **67 691 763** | **67 691 763** |
| **TradeHouse Building** | | | | |
| Construction cost | 132 584 003 | 132 584 003 | 132 584 003 | 132 584 003 |
| Canteen | 5 351 102 | 5 351 102 | 5 351 102 | 5 351 102 |
| | **137 935 105** | **137 935 105** | **137 935 105** | **137 935 105** |
| **Valuable Cargo Building** | | | | |
| Construction cost | **24 213 309** | **24 213 309** | **24 213 309** | **24 213 309** |
| **29º South** | | | | |
| Construction cost | 154 635 305 | 154 609 988 | 154 635 305 | 154 609 988 |
| Subsequent expenditure | - | 25 317 | - | 25 317 |
| | **154 635 305** | **154 635 305** | **154 635 305** | **154 635 305** |

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

Continued...

for the year ended 31 March 2022

## 7. INVESTMENT PROPERTY (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **Dube AgriZone Buildings** | | | | |
| **Construction cost:** | | | | |
| Greenhouse C | 177 804 830 | 178 295 760 | 177 804 830 | 178 295 760 |
| Greenhouse A | 83 585 610 | 83 585 610 | 83 585 610 | 83 585 610 |
| Greenhouse D | 109 427 251 | 109 427 251 | 109 427 251 | 109 427 251 |
| Distribution Centre | 47 326 788 | 47 326 788 | 47 326 788 | 47 326 788 |
| Packhouse A | 6 641 289 | 6 641 289 | 6 641 289 | 6 641 289 |
| Packhouse C | 27 415 455 | 27 094 210 | 27 415 455 | 27 094 210 |
| Packhouse D | 25 455 057 | 25 455 057 | 25 455 057 | 25 455 057 |
| Canteen | 2 623 411 | 2 623 411 | 2 623 411 | 2 623 411 |
| Subsequent expenditure | - | 321 245 | - | 321 245 |
| | 480 279 691 | 480 770 621 | 480 279 691 | 480 770 621 |
| **Airchefs Building** | | | | |
| Construction cost | 29 179 950 | 29 179 950 | 29 179 950 | 29 179 950 |
| Subsequent expenditure | 793 186 | - | 793 186 | - |
| | **29 973 136** | **29 179 950** | **29 973 136** | **29 179 950** |
| **Gift of the Givers Building** | | | | |
| Construction cost | **14 900 128** | **14 900 128** | **14 900 128** | **14 900 128** |
| **TradeZone Guardhouse** | | | | |
| Construction cost | **13 233 116** | **13 233 116** | **13 233 116** | **13 233 116** |
| **Mini Factories** | | | | |
| Construction cost | 101 416 816 | 101 234 389 | 101 416 816 | 101 234 389 |
| Subsequent expenditure | 541 609 | 182 427 | 541 609 | 182 427 |
| | **101 958 425** | **101 416 816** | **101 958 425** | **101 416 816** |
| **Sky Aviation** | | | | |
| Construction cost | 14 089 883 | 13 939 164 | 14 089 883 | 13 939 164 |
| Subsequent expenditure | 58 512 | 150 719 | 58 512 | 150 719 |
| | **14 148 395** | **14 089 883** | **14 148 395** | **14 089 883** |
| **Double Basement** | | | | |
| Construction cost | 201 767 585 | 200 549 129 | 201 767 585 | 200 549 129 |
| Subsequent expenditure | 496 998 | 1 218 456 | 496 998 | 1 218 456 |
| | **202 264 583** | **201 767 585** | **202 264 583** | **201 767 585** |

* See Note 34

## 7. INVESTMENT PROPERTY (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **La Mercy (Portion 4, 6, 8, 10 and 11)** | | | | |
| Construction cost | 5 048 163 | 4 392 494 | - | - |
| Work-in-progress | 205 927 | 205 927 | - | - |
| Subsequent expenditure | 72 381 | 655 669 | - | - |
| | **5 326 471** | **5 254 090** | **-** | **-** |

The Board has approved the sale of 807.8 square metres of land in Dube City and a three-metre servitude of approximately 990.5 square metres in Dube City to Dube TradePort Corporation for R1 260 000 excluding VAT. The properties have been sub-divided and consolidated and registration is in progress.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **The following amounts have been recognised in surplus and deficit for investment properties** | | | | |
| Rental revenue from investment properties | 66 028 367 | 58 219 550 | 65 629 395 | 58 072 368 |
| Repairs and maintenance | (649 131) | (650 202) | (649 131) | (650 202) |
| Direct operating expenses | (29 968 842) | (25 008 685) | (29 296 351) | (24 367 966) |
| | **35 410 394** | **32 560 663** | **35 683 913** | **33 054 200** |

Included in the above figures are expenditure for direct operating costs incurred for the year of R175 090 which relates to property that did not generate revenue. The total contractual obligations relating to investment properties for repairs and maintenance amounts to R52 438 982 (2021: R28 668 075).

## 8. PROPERTY, PLANT AND EQUIPMENT

| ECONOMIC ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Land | 111 253 522 | - | 111 253 522 | 111 253 522 | - | 111 253 522 |
| Buildings | 534 488 097 | (286 023 705) | 248 464 392 | 534 447 838 | (271 068 518) | 263 379 320 |
| Plant and machinery | 23 143 821 | (18 963 287) | 4 180 534 | 24 092 469 | (20 492 807) | 3 599 662 |
| Furniture and fixtures | 28 559 462 | (22 455 018) | 6 104 444 | 28 492 254 | (20 377 026) | 8 115 228 |
| Motor vehicles | 17 007 253 | (14 846 009) | 2 161 244 | 17 726 268 | (15 072 293) | 2 653 975 |
| Equipment | 386 710 999 | (297 336 127) | 89 374 872 | 381 897 679 | (276 927 680) | 104 969 999 |
| IT equipment | 96 978 908 | (57 410 513) | 39 568 395 | 101 721 717 | (61 911 261) | 39 810 456 |
| Infrastructure | 877 915 113 | (413 229 021) | 464 686 092 | 880 181 251 | (375 518 962) | 504 662 289 |
| Community assets | 1 106 280 | (314 134) | 792 146 | 1 106 280 | (268 574) | 837 706 |
| **TOTAL** | **2 077 163 455** | **(1 110 577 814)** | **966 585 641** | **2 080 919 278** | **(1 041 637 121)** | **1 039 282 157** |

* See Note 34

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

| CONTROLLING ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R |
| Land | 111 250 987 | - | 111 250 987 | 111 250 987 | - | 111 250 987 |
| Buildings | 534 488 097 | (286 023 705) | 248 464 392 | 534 447 838 | (271 068 518) | 263 379 320 |
| Plant and machinery | 23 143 821 | (18 963 287) | 4 180 534 | 24 092 469 | (20 492 807) | 3 599 662 |
| Furniture and fixtures | 28 559 462 | (22 455 018) | 6 104 444 | 28 492 254 | (20 377 026) | 8 115 228 |
| Motor vehicles | 17 007 253 | (14 846 009) | 2 161 244 | 17 726 268 | (15 072 293) | 2 653 975 |
| Equipment | 386 710 999 | (297 336 127) | 89 374 872 | 381 897 679 | (276 927 680) | 104 969 999 |
| IT equipment | 96 978 908 | (57 410 513) | 39 568 395 | 101 721 717 | (61 911 261) | 39 810 456 |
| Infrastructure | 736 010 216 | (355 259 287) | 380 750 929 | 738 114 336 | (323 648 572) | 414 465 764 |
| Community assets | 412 506 | (190 363) | 222 143 | 412 506 | (158 395) | 254 111 |
| **TOTAL** | **1 934 562 249** | **(1052 484 309)** | **882 077 940** | **1 938 156 054** | **(989 656 552)** | **948 499 502** |

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2022**

| | OPENING BALANCE<br>R | ADDITIONS<br>R | WORK-IN-PROGRESS<br>R | DISPOSALS<br>R | TRANSFERS BETWEEN CLASSES<br>R | CHANGES IN ESTIMATE (REFER TO NOTE 29)<br>R | DEPRECIATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|---|---|
| Land | 111 253 522 | - | - | - | - | - | - | 111 253 522 |
| Buildings | 263 379 320 | 40 259 | - | - | - | 625 313 | (15 580 500) | 248 464 392 |
| Plant and machinery | 3 599 662 | - | - | - | - | 1 971 872 | (1 391 000) | 4 180 534 |
| Furniture and fixtures | 8 115 228 | 390 598 | - | (22 856) | - | 87 762 | (2 466 288) | 6 104 444 |
| Motor vehicles | 2 653 975 | - | - | (17 476) | - | 1 216 709 | (1 691 964) | 2 161 244 |
| Equipment | 104 969 999 | 4 795 031 | - | (83 545) | 2 026 489 | 2 394 741 | (24 727 843) | 89 374 872 |
| IT equipment | 39 810 456 | 5 038 846 | 3 200 552 | (528 697) | - | 10 243 427 | (18 196 189) | 39 568 395 |
| Infrastructure | 504 662 289 | 251 533 | 172 924 | (186 619) | (2 026 489) | 1 864 289 | (40 051 835) | 464 686 092 |
| Community assets | 837 706 | - | - | - | - | - | (45 560) | 792 146 |
| | **1 039 282 157** | **10 516 267** | **3 373 476** | **(839 193)** | **-** | **18 404 113** | **(104 151 179)** | **966 585 641** |

* See Note 34

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2021 RESTATED*

| | OPENING BALANCE R | ADDITIONS R | WORK-IN-PROGRESS R | DISPOSALS R | TRANSFERS R | CHANGES IN ESTIMATE (REFER TO NOTE 29) R | DEPRECIATION R | TOTAL R |
|---|---|---|---|---|---|---|---|---|
| Land | 111 253 522 | - | - | - | - | - | - | 111 253 522 |
| Buildings | 278 959 947 | - | - | - | - | - | (15 580 627) | 263 379 320 |
| Plant and machinery | 4 743 885 | - | - | - | - | 1 032 719 | (2 176 942) | 3 599 662 |
| Furniture and fixtures | 8 425 221 | 341 512 | - | (920 035) | - | 2 953 311 | (2 684 781) | 8 115 228 |
| Motor vehicles | 1 753 969 | - | - | - | - | 1 783 753 | (883 747) | 2 653 975 |
| Equipment | 102 113 941 | 1 225 624 | - | (249 789) | - | 26 136 870 | (24 256 647) | 104 969 999 |
| IT equipment | 37 185 032 | 17 748 786 | - | - | (86 288) | 1 153 047 | (16 190 121) | 39 810 456 |
| Infrastructure | 525 149 305 | 39 600 | 543 881 | (56 854) | - | 15 328 184 | (36 341 827) | 504 662 289 |
| Community assets | 883 791 | - | - | - | - | - | (46 085) | 837 706 |
| | **1 070 468 613** | **19 355 522** | **543 881** | **(1 226 678)** | **(86 288)** | **48 387 884** | **(98 160 777)** | **1 039 282 157** |

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2022

| | OPENING BALANCE R | ADDITIONS R | WORK-IN-PROGRESS R | DISPOSALS R | TRANSFERS BETWEEN CLASSES R | CHANGES IN ESTIMATE (REFER TO NOTE 29) R | DEPRECIATION R | TOTAL R |
|---|---|---|---|---|---|---|---|---|
| Land | 111 250 987 | - | - | - | - | - | - | 111 250 987 |
| Buildings | 263 379 320 | 40 259 | - | - | - | 625 313 | (15 580 500) | 248 464 392 |
| Plant and machinery | 3 599 662 | - | - | - | - | 1 971 872 | (1 391 000) | 4 180 534 |
| Furniture and fixtures | 8 115 228 | 390 598 | - | (22 856) | - | 87 762 | (2 466 288) | 6 104 444 |
| Motor vehicles | 2 653 975 | - | - | (17 476) | - | 1 216 709 | (1 691 964) | 2 161 244 |
| Equipment | 104 969 999 | 4 795 031 | - | (83 545) | 2 026 489 | 2 394 741 | (24 727 843) | 89 374 872 |
| IT equipment | 39 810 456 | 5 038 846 | 3 200 552 | (528 697) | - | 10 243 427 | (18 196 189) | 39 568 395 |
| Infrastructure | 414 465 764 | 251 533 | 172 924 | (186 619) | (2 026 489) | 1 864 289 | (33 790 473) | 380 750 929 |
| Community assets | 254 111 | - | - | - | - | - | (31 968) | 222 143 |
| | **948 499 502** | **10 516 267** | **3 373 476** | **(839 193)** | **-** | **18 404 113** | **(97 876 225)** | **882 077 940** |

**Transfers between classes**

During the current financial year an infrastructure project was completed and subsequently componentised. This resulted in a transfer of assets from the infrastructure work-inprogress to equipment amounting to R2 026 489, which is included in the amount of R38 011 481 transferred to completed items in the reconciliation of work-in-progress below.

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

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for the year ended 31 March 2022

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2021 RESTATED*

| | OPENING BALANCE R | ADDITIONS R | WORK-IN-PROGRESS R | DISPOSALS R | TRANSFERS R | CHANGES IN ESTIMATE (REFER TO NOTE 29) R | DEPRECIATION R | TOTAL R |
|---|---|---|---|---|---|---|---|---|
| Land | 111 250 987 | - | - | - | - | - | - | 111 250 987 |
| Buildings | 278 959 947 | - | - | - | - | - | (15 580 627) | 263 379 320 |
| Plant and machinery | 4 743 885 | - | - | - | - | 1 032 719 | (2 176 942) | 3 599 662 |
| Furniture and fixtures | 8 425 221 | 341 512 | - | (920 035) | - | 2 953 311 | (2 684 781) | 8 115 228 |
| Motor vehicles | 1 753 969 | - | - | - | - | 1 783 753 | (883 747) | 2 653 975 |
| Equipment | 102 113 941 | 1 225 624 | - | (249 789) | - | 26 136 870 | (24 256 647) | 104 969 999 |
| IT equipment | 37 185 032 | 17 748 786 | - | - | (86 288) | 1 153 047 | (16 190 121) | 39 810 456 |
| Infrastructure | 428 709 943 | 39 600 | 543 881 | (56 854) | - | 15 328 184 | (30 098 990) | 414 465 764 |
| Community assets | 286 079 | - | - | - | - | - | (31 968) | 254 111 |
| | **973 429 004** | **19 355 522** | **543 881** | **(1 226 678)** | **(86 288)** | **48 387 884** | **(91 903 823)** | **948 499 502** |

**Pledged as security**

There was no investment property pledged as security in the current year.

### RECONCILIATION OF WORK-IN-PROGRESS - ECONOMIC ENTITY - 2022

| | INFRASTRUCTURE R | IT EQUIPMENT R | TOTAL R |
|---|---|---|---|
| Opening balance | 38 020 302 | 1 798 339 | 39 818 641 |
| Additions | 172 924 | 3 200 552 | 3 373 476 |
| Transferred to completed items | (38 011 481) | (3 113 200) | (41 124 681) |
| | **181 745** | **1 885 691** | **2 067 436** |

### RECONCILIATION OF WORK-IN-PROGRESS - ECONOMIC ENTITY - 2021 RESTATED*

| | INFRASTRUCTURE R | IT EQUIPMENT R | TOTAL R |
|---|---|---|---|
| Opening balance | 37 476 421 | 1 798 339 | 39 274 760 |
| Additions | 543 881 | - | 543 881 |
| | **38 020 302** | **1 798 339** | **39 818 641** |

### RECONCILIATION OF WORK-IN-PROGRESS - CONTROLLING ENTITY - 2022

| | INFRASTRUCTURE R | IT EQUIPMENT R | TOTAL R |
|---|---|---|---|
| Opening balance | 38 020 302 | 1 798 339 | 39 818 641 |
| Additions | 172 924 | 3 200 552 | 3 373 476 |
| Transferred to completed items | (38 011 481) | (3 113 200) | (41 124 681) |
| | **181 745** | **1 885 691** | **2 067 436** |

* See Note 34

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2021 RESTATED***

| | INFRASTRUCTURE R | IT EQUIPMENT R | TOTAL R |
|---|---|---|---|
| Opening balance | 37 476 421 | 1 798 339 | 39 274 760 |
| Additions | 543 881 | - | 543 881 |
| | **38 020 302** | **1 798 339** | **39 818 641** |

IT equipment work-in-progress relates to the implementation of the RFID project. The project was deferred following the lack of available human resources, compounded by the impact of the lock-down. During the year under review, additional resources that were employed withdrew from the project which resulted in further delays. It is likely that the project will be completed within the new financial year.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT INCLUDED IN THE STATEMENT OF FINANCIAL PERFORMANCE** | | | | |
| Buildings | 5 588 143 | 2 178 411 | 5 588 143 | 2 178 411 |
| Equipment | 4 389 649 | 6 383 384 | 4 389 649 | 6 383 384 |
| Motor vehicles | 216 714 | 657 636 | 216 714 | 657 636 |
| IT equipment | 1 293 060 | 1 825 362 | 1 293 060 | 1 825 362 |
| Landscaping | 2 924 542 | 2 590 077 | 2 766 523 | 2 590 077 |
| | **14 412 108** | **13 634 870** | **14 254 089** | **13 634 870** |

## 9. INTANGIBLE ASSETS

| ECONOMIC ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST R | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R | CARRYING VALUE R | COST R | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R | CARRYING VALUE R |
| Licences | 2 958 389 | - | 2 958 389 | 3 663 686 | - | 3 663 686 |
| Computer software | 6 840 229 | (2 715 928) | 4 124 301 | 6 293 593 | (1 481 863) | 4 811 730 |
| **TOTAL** | **9 798 618** | **(2 715 928)** | **7 082 690** | **9 957 279** | **(1 481 863)** | **8 475 416** |

| CONTROLLING ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST R | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R | CARRYING VALUE R | COST R | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R | CARRYING VALUE R |
| Licences | 2 958 389 | - | 2 958 389 | 3 663 686 | - | 3 663 686 |
| Computer software | 6 840 229 | (2 715 928) | 4 124 301 | 6 293 593 | (1 481 863) | 4 811 730 |
| **TOTAL** | **9 798 618** | **(2 715 928)** | **7 082 690** | **9 957 279** | **(1 481 863)** | **8 475 416** |

* See Note 34

## 9. INTANGIBLE ASSETS (continued)

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2022

| | OPENING BALANCE<br>R | ADDITIONS<br>R | DISPOSALS<br>R | CHANGE IN ESTIMATE (REFER TO NOTE 29)<br>R | AMORTISATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|
| Licences | 3 663 686 | - | (705 297) | - | - | 2 958 389 |
| Computer software | 4 811 730 | 546 636 | - | 52 319 | (1 286 384) | 4 124 301 |
| | **8 475 416** | **546 636** | **(705 297)** | **52 319** | **(1 286 384)** | **7 082 690** |

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2021

| | OPENING BALANCE<br>R | ADDITIONS<br>R | AMORTISATION<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Licences | 3 663 686 | - | - | 3 663 686 |
| Computer software | 5 166 595 | 794 457 | (1 149 322) | 4 811 730 |
| | **8 830 281** | **794 457** | **(1 149 322)** | **8 475 416** |

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2022

| | OPENING BALANCE<br>R | ADDITIONS<br>R | DISPOSALS<br>R | CHANGE IN ESTIMATE (REFER TO NOTE 29)<br>R | AMORTISATION<br>R | TOTAL<br>R |
|---|---|---|---|---|---|---|
| Licences | 3 663 686 | - | (705 297) | - | - | 2 958 389 |
| Computer software | 4 811 730 | 546 636 | - | 52 319 | (1 286 384) | 4 124 301 |
| | **8 475 416** | **546 636** | **(705 297)** | **52 319** | **(1 286 384)** | **7 082 690** |

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2021

| | OPENING BALANCE<br>R | ADDITIONS<br>R | AMORTISATION<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Licences | 3 663 686 | - | - | 3 663 686 |
| Computer software | 5 166 595 | 794 457 | (1 149 322) | 4 811 730 |
| | **8 830 281** | **794 457** | **(1 149 322)** | **8 475 416** |

## 10. HERITAGE ASSETS

| ECONOMIC ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED IMPAIRMENT LOSSES<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED IMPAIRMENT LOSSES<br>R | CARRYING VALUE<br>R |
| Art collections, antiquities and exhibits | 7 654 358 | - | 7 654 358 | 7 654 358 | - | 7 654 358 |

* See Note 34

## 10. HERITAGE ASSETS (continued)

| CONTROLLING ENTITY | 2022 | | | 2021 RESTATED* | | |
|---|---|---|---|---|---|---|
| | COST<br>R | ACCUMULATED IMPAIRMENT LOSSES<br>R | CARRYING VALUE<br>R | COST<br>R | ACCUMULATED IMPAIRMENT LOSSES<br>R | CARRYING VALUE<br>R |
| Art collections, antiquities and exhibits | 7 654 358 | - | 7 654 358 | 7 654 358 | - | 7 654 358 |

**RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2022**

| | OPENING BALANCE<br>R | TOTAL<br>R |
|---|---|---|
| Art collections, antiquities and exhibits | 7 654 358 | 7 654 358 |

**RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2021**

| | OPENING BALANCE<br>R | TOTAL<br>R |
|---|---|---|
| Art collections, antiquities and exhibits at cost | 7 654 358 | 7 654 358 |

**RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2022**

| | OPENING BALANCE<br>R | TOTAL<br>R |
|---|---|---|
| Art collections, antiquities and exhibits | 7 654 358 | 7 654 358 |

**RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2021**

| | OPENING BALANCE<br>R | TOTAL<br>R |
|---|---|---|
| Art collections, antiquities and exhibits | 7 654 358 | 7 654 358 |

## 11. INTERESTS IN OTHER ENTITIES

**INVESTMENTS IN CONTROLLED ENTITIES**

| CONTROLLING ENTITY | CARRYING AMOUNT 2022 | CARRYING AMOUNT 2021 |
|---|---|---|
| La Mercy JV Property Investments Proprietary Limited - shareholding | 60 | 60 |
| La Mercy JV Property Investments Proprietary Limited - contributed capital | 11 138 833 | 11 138 833 |
| | **11 138 893** | **11 138 893** |

Dube TradePort Corporation entered into a Joint Venture with ACSA whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company). The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary.

The loan was granted to La Mercy JV Property Investments Proprietary Limited before Dube TradePort Corporation was designated a Schedule 3C Provincial Public Entity and the shareholders resolved to convert the shareholder's loans to contributed capital.

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

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for the year ended 31 March 2022

## 12. CURRENT TAX RECEIVABLE/PAYABLE

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Opening balance | 206 309 | (74 976) | - | - |
| Tax for the year | - | 765 557 | - | - |
| Provisional tax paid | (470 823) | (641 217) | - | - |
| Refund - 2020 income tax assessment | - | 156 945 | - | - |
| | **(264 514)** | **206 309** | **-** | **-** |

## 13. PAYABLES FROM EXCHANGE TRANSACTIONS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Trade payables | 34 739 512 | 13 410 206 | 34 612 863 | 13 478 334 |
| Payments received in advance | 2 095 862 | 1 625 808 | 2 096 057 | 1 626 003 |
| Retention creditors (refer to note 34) | 5 173 339 | 5 604 207 | 5 173 339 | 5 604 207 |
| Accrued leave pay | 5 913 478 | 6 220 322 | 5 913 478 | 6 220 322 |
| Accrued expenses | 38 346 453 | 32 582 246 | 37 700 156 | 32 318 649 |
| Deposits received | 11 306 605 | 10 454 799 | 11 306 605 | 10 454 799 |
| Payroll accrual | 5 677 814 | 3 251 234 | 5 677 814 | 3 251 234 |
| | **103 253 063** | **73 148 822** | **102 480 312** | **72 953 548** |

## 14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The funds for the Special Economic Zone were granted by the Department of Trade, Industry and Competition to plan, prepare and successfully attract investors to the Special Economic Zone. The funds for the Automotive Supplier Park and Cut Flower Project were granted by the Department of Economic Development, Tourism and Environmental Affairs.

| **UNSPENT CONDITIONAL GRANTS COMPRISE:** | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **Unspent conditional grants and receipts** | | | | |
| Special Economic Zone - Start-up fund | - | 6 266 | - | 6 266 |
| Special Economic Zone - Infrastructure | - | 6 311 720 | - | 6 311 720 |
| Automotive Supplier Park | 8 732 103 | 9 816 301 | 8 732 103 | 9 816 301 |
| Cut Flower Project | 5 700 817 | 5 770 653 | 5 700 817 | 5 770 653 |
| | **14 432 920** | **21 904 940** | **14 432 920** | **21 904 940** |
| **Movement during the year** | | | | |
| Balance at the beginning of the year | 21 904 940 | 28 000 168 | 21 904 940 | 28 000 168 |
| Additions during the year | - | 8 695 652 | - | 8 695 652 |
| Interest received | 45 820 | 752 780 | 45 820 | 752 780 |
| Income recognition during the year | (7 517 840) | (15 543 660) | (7 517 840) | (15 543 660) |
| **TOTAL** | **14 432 920** | **21 904 940** | **14 432 920** | **21 904 940** |

* See Note 34

## 15. DEFERRED TAX

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **DEFERRED TAX ASSET** | | | | |
| Deferred tax balance from temporary differences | 46 346 | 263 681 | - | - |
| **RECONCILIATION OF DEFERRED TAX ASSET** | | | | |
| Opening balance | 263 681 | 40 548 | - | - |
| Movement - immaterial temporary difference arising from accruals and future deductions | (213 855) | (1 708) | - | - |
| Assessed loss - current year carried forward | (1 763) | - | - | - |
| Correction of error (refer to note 34) | - | 224 841 | - | - |
| Arising from reduction in tax rate | (1 717) | - | - | - |
| | **46 346** | **263 681** | **-** | **-** |

The deferred tax asset of R46 346 (2021: R263 681) has been raised and it is expected that the company will make a taxable profit against which to offset the deferred tax asset. The deferred tax rate of 27% was used (2021: 28%) due to the change in tax rate in the National Budget speech in 2022. There has been no change in the current tax rate (refer to note 25).

## 16. PROVISIONS

**RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2022**

| | OPENING BALANCE<br>R | ADDITIONS<br>R | CHANGE IN DISCOUNT FACTOR<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Environmental rehabilitation | 26 151 673 | 5 501 849 | 2 432 589 | 34 086 111 |

**RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2021 RESTATED***

| | OPENING BALANCE<br>R | ADDITIONS<br>R | CHANGE IN DISCOUNT FACTOR<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Environmental rehabilitation | 11 190 283 | 14 066 167 | 895 223 | 26 151 673 |

**RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2022**

| | OPENING BALANCE<br>R | ADDITIONS<br>R | CHANGE IN DISCOUNT FACTOR<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Environmental rehabilitation | 25 496 003 | 5 429 468 | 2 358 380 | 33 283 851 |

* See Note 34

## 16. PROVISIONS (continued)

**RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2021 RESTATED***

| | OPENING BALANCE<br>R | ADDITIONS<br>R | CHANGE IN DISCOUNT FACTOR<br>R | TOTAL<br>R |
|---|---|---|---|---|
| Environmental rehabilitation | 11 190 283 | 13 410 497 | 895 223 | 25 496 003 |

**Environmental rehabilitation provision**

**Dube Tradeport Corporation**

The provision relates to the Environmental Authorisation (EA) formerly known as the Record of Decision (RoD) for the construction and operation of the airport which included an obligation to create a delineated conservation area within the Dube TradePort precinct, which requires rehabilitation and restoration to mitigate against the habitat and species loss incurred during the initial construction phase for the airport precinct.

In July 2020, the Department of Environmental Affairs approved the split of the EA resulting in a direct legal obligation to Dube TradePort Corporation for the restoration and rehabilitation of the affected area.

The increase in the provision recognises this direct liability and accounts for the development of site-specific environmental plans in order to adhere to the conditions of the EA for the phase 1 build and AgriZone 2.

The three landholders of the precinct are taking a consolidated approach that will result in an increased level of co-ordination, efficiency and a cost-effective invasive plant removal programme in the entire precinct.

There were no costs incurred relating to the rehabilitation carried out by the entity in the current year. In determining the present value of the rehabilitation provision, a discount rate of 9.25% was used.

**La Mercy JV Property Investments Proprietary Limited**

The provision relates to the EA for the development and subsequent operation of the support zones on portions 4,6,8,10 and 11, which requires rehabilitation and restoration to mitigate against the loss of habitat and species incurred. Additional activities not authorised in this ROD will necessitate a separate EA application, for Support Zone 2 and Support Zone 1b.

In July 2020, the Department of Environmental Affairs approved the split of the EA resulting in a direct legal obligation to the company for the restoration and rehabilitation of the affected area.

The provision recognises this direct liability and accounts for the development of site-specific environmental plans in order to adhere to the conditions of the EA for the phase 1 build.

In determining the present value of the rehabilitation provision, a discount rate of 9.25% was used.

The shareholders of the company have built certain infrastructure assets on the company's landholdings and have registered servitudes over these assets. As a result, the cost to rehabilitate will be split using the "user-benefit" approach based on the footprint development benefit that each party i.e. the company and its two shareholders derived from the phase 1 build.

Management is in the process of finalising the percentage split for the balance of the provision relating to the area, delineated for conservation, consequently, no additional provision has been created for the delineated area.

* See Note 34

## 17. PROPERTY RENTAL

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **OPERATING LEASE RENTALS** | | | | |
| Rental | 67 768 558 | 61 016 349 | 68 903 945 | 62 330 550 |
| Straight-lining of leases | (13 256 731) | (3 378 736) | (13 470 379) | (3 378 630) |
| | **54 511 827** | **57 637 613** | **55 433 566** | **58 951 920** |

## 18. INVESTMENT REVENUE

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **INTEREST REVENUE** | | | | |
| Bank | 32 460 542 | 31 988 790 | 30 233 269 | 28 940 696 |
| Interest on trade receivables | 548 221 | 161 339 | 548 221 | 161 339 |
| | **33 008 763** | **32 150 129** | **30 781 490** | **29 102 035** |

## 19. GOVERNMENT GRANTS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **OPERATING GRANTS** | | | | |
| Department of Economic Development, Tourism and Environmental Affairs | 415 249 565 | 338 827 826 | 415 249 565 | 338 827 826 |
| Department of Trade, Industry and Competition | 5 345 | 3 732 678 | 5 345 | 3 732 678 |
| Automotive Supplier Park and Cut Flowers Project | 1 154 034 | 706 627 | 1 154 034 | 706 627 |
| | 416 408 944 | 343 267 131 | 416 408 944 | 343 267 131 |
| **CAPITAL GRANTS** | | | | |
| Department of Trade, Industry and Competition | 6 358 460 | 11 104 356 | 6 358 460 | 11 104 356 |
| | **422 767 404** | **354 371 487** | **422 767 404** | **354 371 487** |

**Equitable Share**

The entity received its statutory receivable in full and there were no amounts outstanding at year end.

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

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## 20. REVENUE

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Rendering of services | 16 242 850 | 14 455 677 | 16 242 850 | 14 455 677 |
| Property rental | 54 511 827 | 57 637 613 | 55 433 566 | 58 951 920 |
| Sundry income | 2 917 698 | 11 869 338 | 2 877 787 | 11 331 189 |
| Interest received - investments | 33 008 763 | 32 150 129 | 30 781 490 | 29 102 035 |
| Government grants | 422 767 404 | 354 371 487 | 422 767 404 | 354 371 487 |
| Gain on foreign exchange | 67 567 | - | 67 567 | - |
| | **529 516 109** | **470 484 244** | **528 170 664** | **468 212 308** |
| **THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGE OF GOODS OR SERVICES ARE AS FOLLOWS:** | | | | |
| Rendering of services | 16 242 850 | 14 455 677 | 16 242 850 | 14 455 677 |
| Rental of property and equipment | 54 511 827 | 57 637 613 | 55 433 566 | 58 951 920 |
| Sundry income | 2 917 698 | 11 869 338 | 2 877 787 | 11 331 189 |
| Interest received - investments | 33 008 763 | 32 150 129 | 30 781 490 | 29 102 035 |
| Gain on disposal of assets | 67 567 | - | 67 567 | - |
| | **106 748 705** | **116 112 757** | **105 403 260** | **113 840 821** |
| **THE AMOUNT INCLUDED IN RENDERING OF SERVICES IS MADE UP AS FOLLOWS:** | | | | |
| Dube iConnect services | 9 490 694 | 10 831 764 | 9 490 694 | 10 831 764 |
| Dube Cargo handling services | 253 051 | 3 295 257 | 253 051 | 3 295 257 |
| Dube AgriZone services | 6 499 105 | 328 656 | 6 499 105 | 328 656 |
| | **16 242 850** | **14 455 677** | **16 242 850** | **14 455 677** |
| **REVENUE ARISING FROM NON- EXCHANGE TRANSACTIONS IS AS FOLLOWS:** | | | | |
| **Transfer revenue** | | | | |
| Government grants | **422 767 404** | **354 371 487** | **422 767 404** | **354 371 487** |

## 21. EMPLOYEE-RELATED COSTS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Basic salaries | 112 705 842 | 104 823 911 | 112 705 842 | 104 823 911 |
| Medical aid - employer contributions | 749 368 | 652 365 | 749 368 | 652 365 |
| Unemployment insurance fund | 420 896 | 351 124 | 420 896 | 351 124 |
| Workmen's compensation | 115 801 | 103 504 | 115 801 | 103 504 |
| Skills development levy | 1 090 866 | 721 598 | 1 090 866 | 721 598 |
| Cellphone allowances | 1 509 005 | 1 416 223 | 1 509 005 | 1 416 223 |
| Provident fund - employer contributions | 4 164 867 | 4 307 153 | 4 164 867 | 4 307 153 |
| | **120 756 645** | **112 375 878** | **120 756 645** | **112 375 878** |

* See Note 34

## 21. EMPLOYEE-RELATED COSTS (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **REMUNERATION OF THE EXECUTIVE OFFICERS** | | | | |
| **Chief Executive Officer - Mr H Erskine** | | | | |
| Salary | 2 364 470 | 2 346 868 | 2 364 470 | 2 346 868 |
| **Chief Operating Officer - Mr K Ngqaka** | | | | |
| Salary | 1 775 559 | 1 762 342 | 1 775 559 | 1 762 342 |
| **Chief Financial Officer - Ms A Swalah** | | | | |
| Salary | 1 995 052 | 1 980 200 | 1 995 052 | 1 980 200 |
| **Development Planning and Infrastructure Executive - Mr O Mungwe** | | | | |
| Salary | 1 948 527 | 1 934 022 | 1 948 527 | 1 934 022 |
| **AgriZone and Cargo Operations Executive - Mr M Bantwini** | | | | |
| Salary | 1 652 856 | 1 640 552 | 1 652 856 | 1 640 552 |
| **Corporate Services Executive - Ms N Ali** | | | | |
| Salary (appointed from 1 July 2021) | 1 489 071 | - | 1 489 071 | - |
| **Acting Corporate Services Executive - Ms B Bates** | | | | |
| Salary | 325 843 | 1 303 370 | 325 843 | 1 303 370 |
| Acting allowance (01 October 2019 to 30 June 2021) | 74 944 | 299 775 | 74 944 | 299 775 |
| | **400 787** | **1 603 145** | **400 787** | **1 603 145** |
| **Acting Chief Operating Officer - Mr A Mnguni** | | | | |
| Salary | 115 000 | - | 115 000 | - |
| Acting allowance (appointed 22 March 2022) | 8 492 | - | 8 492 | - |
| | **123 492** | **-** | **123 492** | **-** |

* See Note 34

# Notes to the Consolidated and Separate Financial Statements
Continued...
for the year ended 31 March 2022

## 21. EMPLOYEE-RELATED COSTS (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **REMUNERATION OF BOARD MEMBERS** | | | | |
| **Chairperson - Prof B Gasa-Toboti** | | | | |
| Board fees | 140 243 | 531 643 | 140 243 | 531 643 |
| Retainer | 141 592 | 283 183 | 141 592 | 283 183 |
| | **281 835** | **814 826** | **281 835** | **814 826** |
| **Deputy Chairperson - Mr P Ngcobo** | | | | |
| Board fees | 162 530 | 202 658 | 162 530 | 202 658 |
| Retainer | 170 085 | 170 085 | 170 085 | 170 085 |
| Investment Committee fees | 34 536 | 57 561 | 34 536 | 57 561 |
| | **367 151** | **430 304** | **367 151** | **430 304** |
| **Member - Mrs N Moerane** | | | | |
| Board fees | 69 956 | 104 522 | 69 956 | 104 522 |
| Retainer | 72 675 | 72 675 | 72 675 | 72 675 |
| Remuneration and Human Resources Committee fees | 109 019 | 55 333 | 109 019 | 55 333 |
| | **251 650** | **232 530** | **251 650** | **232 530** |
| **Member - Mr T Ndhlovu** | | | | |
| Board fees | 76 548 | 118 098 | 76 548 | 118 098 |
| Retainer | 72 675 | 72 675 | 72 675 | 72 675 |
| Investment Committee fees | 11 512 | 46 049 | 11 512 | 46 049 |
| | **160 735** | **236 822** | **160 735** | **236 822** |
| **Member - Mr S Nene** | | | | |
| Board fees | 20 167 | 33 742 | 20 167 | 33 742 |
| Retainer | 72 675 | 33 770 | 72 675 | 33 770 |
| Investment Committee fees | 11 512 | 23 024 | 11 512 | 23 024 |
| | **104 354** | **90 536** | **104 354** | **90 536** |
| **Member - Mr M Zikalala** | | | | |
| Board fees | 86 827 | 119 746 | 86 827 | 119 746 |
| Retainer | 72 675 | 72 675 | 72 675 | 72 675 |
| Audit and Risk Committee fees | 65 471 | 65 471 | 65 471 | 65 471 |
| | **224 973** | **257 892** | **224 973** | **257 892** |
| **Member - Mr R Vallihu** | | | | |
| Board fees | 69 956 | 67 484 | 69 956 | 67 484 |
| Retainer | 72 675 | 24 225 | 72 675 | 24 225 |
| Remuneration and Human Resources Committee fees | 72 369 | 12 336 | 72 369 | 12 336 |
| | **215 000** | **104 045** | **215 000** | **104 045** |

Prof Gasa-Toboti was not paid Board fees from the date she commenced employment with an Organ of State in August 2021.

* See Note 34

## 21. EMPLOYEE-RELATED COSTS (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **REMUNERATION OF INDEPENDENT COMMITTEE MEMBERS** | | | | |
| **Chairperson of the Investment Committee - Ms H Makhathini** | | | | |
| Investment Committee fees | 52 861 | 123 343 | 52 861 | 123 343 |
| **Chairperson of the Audit and Risk Committee - Mr Z Fakey** | | | | |
| Audit and Risk Committee fees | 117 381 | 166 596 | 117 381 | 166 596 |
| **Member - Audit and Risk Committee - Mr V Mtshali** | | | | |
| Audit and Risk Committee fees | 65 471 | 65 471 | 65 471 | 65 471 |
| **La Mercy JV Property Investments Proprietary Limited Chairperson - Mr K Schmidt** | | | | |
| Audit and Risk Committee fees | 60 000 | 60 000 | - | - |
| **Member - Mr M Langa** | | | | |
| Audit and Risk Committee fees | 40 000 | 40 000 | - | - |

Audit and Risk Committee fees were not paid to Ms. Ellenson in respect of the La Mercy JV Property Investments Proprietary Limited as she is employed by an organ of the state.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **AGGREGATE DISCLOSURE PER REMUNERATION CATEGORY** | | | | |
| Executive management | 11 749 814 | 11 267 129 | 11 749 814 | 11 267 129 |
| Board members | 1 301 282 | 1 907 183 | 1 301 282 | 1 907 183 |
| Audit and Risk Committee members | 348 324 | 397 538 | 248 324 | 297 538 |
| Investment Committee members | 110 422 | 249 977 | 110 422 | 249 977 |
| Remuneration and Human Resource Committee members | 181 388 | 67 669 | 181 388 | 67 669 |
| | **13 691 230** | **13 889 496** | **13 591 230** | **13 789 496** |

## 22. FINANCE COSTS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Environmental rehabilitation | 2 432 589 | 895 223 | 2 358 380 | 895 223 |
| Payables from exchange transactions | 80 355 | 429 | 79 899 | 429 |
| | **2 512 944** | **895 652** | **2 438 279** | **895 652** |

In the current year, environmental rehabilitation costs were reclassified from general expenses to finance costs to give the users of the financial statements more useful information (refer to note 34).

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

Continued...
for the year ended 31 March 2022

## 23. GENERAL EXPENSES - RESTATED

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| Advertising | 1 824 518 | 5 065 077 | 1 824 518 | 5 062 445 |
| Repairs and maintenance | 20 233 343 | 21 919 387 | 20 075 324 | 21 852 268 |
| Consulting and professional fees | 24 662 296 | 26 847 099 | 22 572 488 | 25 101 584 |
| Debt impairment | 3 739 129 | 7 144 934 | 3 739 129 | 7 144 934 |
| Lease rentals on operating leases | 236 740 | 87 844 | 236 740 | 88 514 |
| Infrastructure expenses | - | 13 593 | - | 13 593 |
| Security | 21 307 287 | 16 165 449 | 21 307 287 | 16 165 449 |
| Rates and utilities | 61 750 915 | 57 120 671 | 61 078 240 | 56 302 166 |
| Other operating expenses (refer note 34) | 20 865 173 | 32 293 701 | 21 225 245 | 32 861 791 |
| Fines and penalties | 2 109 637 | - | 2 109 637 | - |
| Rendering of services | 5 457 488 | 7 867 554 | 5 457 488 | 7 867 554 |
| | **162 186 526** | **174 525 309** | **159 626 096** | **172 460 298** |
| **DEBT IMPAIRMENT IS MADE UP AS FOLLOWS:** | | | | |
| Contribution to debt provision | 3 739 129 | 6 969 043 | 3 739 129 | 6 969 043 |
| Bad debts written-off | - | 175 891 | - | 175 891 |
| | **3 739 129** | **7 144 934** | **3 739 129** | **7 144 934** |

## 24. COST OF SALES

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **RENDERING OF SERVICES** | | | | |
| Cost of services | 5 300 162 | 7 409 982 | 5 300 162 | 7 409 982 |
| Tissue culture | 157 326 | 457 572 | 157 326 | 457 572 |
| | **5 457 488** | **7 867 554** | **5 457 488** | **7 867 554** |

## 25. TAXATION

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022 R | 2021 RESTATED* R | 2022 R | 2021 RESTATED* R |
| **MAJOR COMPONENTS OF THE TAX EXPENSE** | | | | |
| **Current** | | | | |
| Local income tax - current period | - | 765 558 | - | - |
| **Deferred** | | | | |
| Reduction in tax rate | 1 651 | - | - | - |
| Origination and reversal of temporary differences arising from accruals and future deductions | 217 447 | (223 133) | - | - |
| Assessed loss - current year carried forward | (1 763) | - | - | - |
| | **217 335** | **542 425** | **-** | **-** |

* See Note 34

## 25. TAXATION (continued)

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>% | 2021 RESTATED*<br>% | 2022<br>% | 2021 RESTATED*<br>% |
| Applicable tax rate | (28.00) | (28.00) | - | - |
| Unutilised assessed loss | 0.02 | - | - | - |
| Permanent differences - depreciation | 23.40 | 33.10 | - | - |
| Permanent differences - non-deductible expenditure | 7.35 | 8.74 | - | - |
| | **2.77** | **13.84** | **-** | **-** |

## 26. CASH GENERATED FROM OPERATIONS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Surplus for the year | 117 648 307 | 92 889 428 | 125 430 250 | 99 841 883 |
| **ADJUSTMENTS FOR:** | | | | |
| Depreciation, impairments and amortisation | 124 488 620 | 88 176 727 | 118 213 662 | 81 919 772 |
| Loss on sale of assets | 1 705 732 | 976 892 | 1 705 732 | 976 892 |
| Proceeds on disposal of property, plant and equipment | (69 535) | - | (69 535) | - |
| Gain on foreign exchange | (67 567) | - | (67 567) | - |
| Debt impairment | 3 739 129 | 6 969 043 | 3 739 129 | 6 969 043 |
| Movements in operating lease assets and accruals | 13 444 119 | 3 378 630 | 13 470 379 | 3 378 630 |
| Movement in land rehabilitation provision | 2 432 589 | 1 699 105 | 2 358 380 | 1 699 105 |
| Movement in tax receivable and payable | (470 823) | 281 285 | - | - |
| Movement in deferred tax | 217 335 | (223 135) | - | - |
| Payroll accrual | 2 119 736 | (2 093 324) | 2 119 736 | (2 093 324) |
| Interest accrual | (477 059) | 1 575 869 | (477 059) | 1 328 745 |
| **CHANGES IN WORKING CAPITAL:** | | | | |
| Inventories | 7 632 | (47 565) | 7 632 | (47 565) |
| Receivables from exchange transactions | 3 703 995 | 7 848 636 | 3 722 235 | 7 607 935 |
| Payables from exchange transactions | 27 907 154 | 9 449 607 | 27 533 471 | 10 591 025 |
| Unspent conditional grants and receipts | (7 472 020) | (6 095 229) | (7 472 020) | (6 095 229) |
| | **288 857 344** | **204 785 969** | **290 214 425** | **205 716 912** |

* See Note 34

## 27. COMMITMENTS

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **AUTHORISED CAPITAL EXPENDITURE** | | | | |
| **Already contracted for but not provided for** | | | | |
| Investment property | **347 799 656** | **398 094 194** | **347 799 656** | **398 094 194** |
| **Not yet contracted for and authorised by members** | | | | |
| Investment property | **175 455 383** | **211 079 870** | **175 455 383** | **211 079 870** |
| **Total capital commitments** | | | | |
| Already contracted for but not provided for | 347 799 656 | 398 094 194 | 347 799 656 | 398 094 194 |
| Not yet contracted for and authorised by members | 175 455 383 | 211 079 870 | 175 455 383 | 211 079 870 |
| | **523 255 039** | **609 174 064** | **523 255 039** | **609 174 064** |

This committed expenditure relates to the acquisition of capital assets, infrastructure and construction projects across the precinct (including Dube AgriZone, Dube TradeZone, Dube City and Dube Cargo Terminal).

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **AUTHORISED OPERATIONAL EXPENDITURE** | | | | |
| **Already contracted for but not provided for** | | | | |
| Operational goods and services | 159 742 104 | 247 540 596 | 159 742 104 | 247 540 596 |
| **Not yet contracted for and authorised by members** | | | | |
| Route development | 87 014 130 | 100 479 067 | 87 014 130 | 100 479 067 |
| Operational goods and services | 2 768 994 | 2 937 254 | - | - |
| | **89 783 124** | **103 416 321** | **87 014 130** | **100 479 067** |
| **Total operational commitments** | | | | |
| Already contracted for but not provided for | 159 742 104 | 247 540 596 | 159 742 104 | 247 540 596 |
| Not yet contracted for and authorised by members | 89 783 124 | 103 416 321 | 87 014 130 | 100 479 067 |
| | **249 525 228** | **350 956 917** | **246 756 234** | **348 019 663** |

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **TOTAL COMMITMENTS** | | | | |
| Authorised capital expenditure | 523 255 039 | 609 174 064 | 523 255 039 | 609 174 064 |
| Authorised operational expenditure | 249 525 228 | 350 956 917 | 246 756 234 | 348 019 663 |
| | **772 780 267** | **960 130 981** | **770 011 273** | **957 193 727** |

* See Note 34

## 27. COMMITMENTS (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **OPERATING LEASES - AS LESSEE (EXPENSE)** | | | | |
| **Minimum lease payments due** | | | | |
| Within one year | 414 414 | 605 917 | 632 880 | 814 742 |
| In second to fifth year inclusive | - | 353 452 | 737 239 | 1 330 009 |
| | **414 414** | **959 369** | **1 370 119** | **2 144 751** |

The operating lease payments relate to the leasing of photocopiers and leasing of land on which the billboards are situated.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **OPERATING LEASES - AS LESSOR (INCOME)** | | | | |
| **Minimum lease payments due** | | | | |
| Within one year | 46 289 680 | 40 203 638 | 46 289 680 | 40 203 638 |
| In second to fifth year inclusive | 111 189 262 | 115 638 833 | 111 189 262 | 115 638 833 |
| Later than five years | 33 652 224 | 38 498 440 | 33 652 224 | 38 498 440 |
| | **191 131 166** | **194 340 911** | **191 131 166** | **194 340 911** |

Certain properties generate rental income. Lease agreements are cancellable and have terms that range from 1 to 49 years. Rental income is subject to escalation of rates ranging from CPI to 10%. Contingent rentals are receivable for certain leases and amount to R4 591 824 363 (2021: R4 200 394 259).

**The basis for calculating the contingent rentals is as follows:**
Development leases - the last rental and escalation rate before review is carried forward for the remaining period of the lease term.
Rental escalations linked to CPI - the base rental is included in the operating lease commitments and the escalations linked to CPI is included in the contingent rental.
Sugar cane leases - portions of land are leased out for sugar cane farming and the lease rentals are equivalent to a portion of the gross rental proceeds.

## 28. RELATED PARTIES

### RELATIONSHIPS

| | |
|---|---|
| Ultimate controlling entity | Department of Economic Development, Tourism and Environmental Affairs |
| Controlling entity | Dube TradePort Corporation |
| Controlled entity | La Mercy JV Property Investments Proprietary Limited |
| Members of key management | Mr H Erskine<br>Ms A Swalah |

All transactions between related parties were at arm's length.

* See Note 34

## 28. RELATED PARTIES (continued)

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **RELATED PARTY BALANCES (CONTROLLING ENTITY)** | | | | |
| **Amounts included in trade receivables regarding related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 915 067 | 1 253 634 |
| **Amounts included in trade receivables regarding related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 226 777 | 111 624 |
| **RELATED PARTY TRANSACTIONS** | | | | |
| **Rent paid to related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 239 051 | 670 |
| **Financial management services (services in-kind) provided to related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 789 795 | 778 123 |
| **Levies paid to related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 449 916 | 569 296 |
| **Management association costs received from related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 768 674 | 1 003 377 |
| **Landscaping costs received from related parties** | | | | |
| La Mercy JV Property Investments Proprietary Limited | | | 931 629 | 457 444 |

Dube TradePort Corporation performs certain financial management services on behalf of La Mercy JV Property Investments Proprietary Limited including the preparation of Annual Financial Statements, Budgets, Strategic and Annual Performance Plans, and the submission of income tax and VAT returns. These services are treated as services in-kind and are recognised at fair value.

In addition, other administrative operational functions, which include secretarial duties, obtaining environmental authorisations, securing land use rights, acquiring developmental rights and implementing rehabilitation measures, are performed on an ongoing basis. These services in-kind are not recognised as it is difficult to measure the fair value of the services rendered.

* See Note 34

## 29. CHANGE IN ESTIMATE

### PROPERTY, PLANT AND EQUIPMENT

In terms of the requirements of GRAP 17, the useful lives of all asset items were reviewed by management on an annual basis. The remaining useful life expectation of some property, plant and equipment differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge by R18 404 113 (2021: R48 387 884). The total impact will increase future depreciation by R18 404 113 (2021: R48 387 884).

### INTANGIBLE ASSETS

In terms of the requirements of GRAP 31, the useful lives of all asset items were reviewed by management on an annual basis. During the current year, the remaining useful life expectation of some intangible assets differed from previous estimates. The effect of this revision has decreased the depreciation charge by R52 319. The total impact will increase future depreciation by R52 319.

### INVESTMENT PROPERTY

In terms of the requirements of GRAP 16, the useful lives of all asset items were reviewed by management on an annual basis. The remaining useful life expectation of some investment property differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate.

The effect of this revision has decreased the depreciation charge by R6 937. The total impact will increase future depreciation by R6 937.

## 30. RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The economic entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance. Risk management is carried out by the finance department under policies approved by the Board. The Board provides written principles for overall risk management.

### LIQUIDITY RISK

The entity's liquidity risk affects funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The amounts disclosed below analyise the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed below equal the contractual undiscounted cash flows. Amounts due within 12 months equal their carrying balances as the impact of discounting is insignificant.

| ECONOMIC ENTITY | LESS THAN 1 YEAR R | BETWEEN 1 AND 2 YEARS R | BETWEEN 2 AND 5 YEARS R | OVER 5 YEARS R |
|---|---|---|---|---|
| **At 31 March 2022** | | | | |
| Trade and other payables | 91 661 771 | - | - | - |
| **At 31 March 2021** | | | | |
| Trade and other payables | 63 677 266 | - | - | - |

| CONTROLLING ENTITY | LESS THAN 1 YEAR R | BETWEEN 1 AND 2 YEARS R | BETWEEN 2 AND 5 YEARS R | OVER 5 YEARS R |
|---|---|---|---|---|
| **At 31 March 2022** | | | | |
| Trade and other payables | 90 889 019 | - | - | - |
| **At 31 March 2021** | | | | |
| Trade and other payables | 63 481 992 | - | - | - |

* See Note 34

## 30. RISK MANAGEMENT (continued)

### CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Credit risk is the risk of financial loss to the entity if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. Trade receivables comprise a customer base which includes property, information technology and cargo handling customers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, the entity assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

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

| FINANCIAL INSTRUMENT | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Trade and other receivables (neither past due nor impaired) | 11 944 661 | 11 682 868 | 12 883 941 | 12 629 052 |
| Trade and other receivables (impaired) | 11 508 952 | 7 769 823 | 11 508 952 | 7 769 823 |
| Cash and cash equivalents | 1 104 577 120 | 999 671 418 | 1 043 389 953 | 937 127 170 |
| Interest receivable | 3 204 635 | 2 551 025 | 2 780 960 | 2 303 901 |

### INTEREST RATE RISK

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to short-term nature of interest-bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the potential change in interest rates. A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonably expected changes in the interest rate, either an increase or decrease in the interest percentage.

At year end, financial instruments exposed to interest rate risk were as follows:

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Bank balances | 444 239 389 | 272 063 833 | 383 052 222 | 209 519 585 |
| Deposits held on behalf of third parties | 11 542 273 | 14 940 657 | 11 542 273 | 14 940 657 |
| Amounts held in trust accounts | 648 770 458 | 712 641 928 | 648 770 458 | 712 641 928 |

* See Note 34

## 30. RISK MANAGEMENT (continued)

### INTEREST RATE RISK SENSITIVITY ANALYSIS

The susceptibility of the entity's financial performance to changes in interest rates can be illustrated as follows:

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **INTEREST INCOME** | | | | |
| Interest rate increase of 100 basis points | 11 045 521 | 9 996 464 | 10 433 650 | 9 371 022 |
| Interest rate decrease of 100 basis points | (11 045 521) | (9 996 464) | (10 433 650) | (9 371 022) |
| **IMPACT ON SURPLUS** | | | | |
| Surplus for the year | 117 648 308 | 92 889 428 | 125 430 251 | 99 481 883 |
| Interest rate increase of 100 basis points (%) | 9 | 11 | 8 | 9 |
| Interest rate decrease of 100 basis points (%) | (9) | (11) | (8) | (9) |

## 31. FRUITLESS AND WASTEFUL EXPENDITURE

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Fruitless and wasteful expenditure | 2 109 637 | - | 2 109 637 | - |

During the current financial year, Dube TradePort Corporation incurred fruitless and wasteful expenditure as a result of penalties and interest on Value Added Tax payments made on the last day of the month. The South African Revenue Service regarded these as late payments. Dube TradePort Corporation has objected to the South African Revenue Service decision, and the matter is currently under dispute.

| **AMOUNTS WRITTEN-OFF**<br>**Condoned by Board** | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Amounts deemed irrecoverable and subsequently written-off | - | 205 809 | - | 205 809 |

Certain incorrect deductions were made from certain staff members in respect of their provident fund contributions and/or retirement annuity contributions. In 2019/20 a systematic collection of outstanding amounts was instituted backed by acknowledgement of debt letters signed by each affected staff member. The original amount of fruitless and wasteful expenditure disclosed in 2018/19 was R85 659. The amount increased as employees exited the organisation before they signed Acknowledgement of Debt letters.

As noted in 2018/19, certain of the debt has since prescribed. In 2020 all affected employees signed Acknowledgement of Debt letters and are repaying the amounts owing on a monthly basis.

* See Note 34

# Notes to the Consolidated and Separate Financial Statements

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for the year ended 31 March 2022

## 32. IRREGULAR EXPENDITURE

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Opening balance | 1 384 362 | 496 434 | 1 306 615 | 496 434 |
| Less: Amounts subsequently identified as not irregular* | (798 437) | (184 420) | (798 437) | (184 420) |
| Add: Irregular expenditure - current | 1 553 088 | 1 382 509 | 1 553 088 | 1 304 762 |
| Less: Amounts condoned relating to 2020 | (13 647) | (298 367) | (13 647) | (298 367) |
| Less: Amounts condoned relating to 2021 | (572 277) | (11 794) | (494 530) | (11 794) |
| Closing balance | **1 553 089** | **1 384 362** | **1 553 089** | **1 306 615** |

* the amount R184 420 was subsequently found not to be irregular expenditure as at 31 March 2020
* the amount R798 437 was subsequently found not to be irregular expenditure as at 31 March 2021

Each of the above incidents of irregular expenditure has been investigated as outlined in the Irregular Expenditure Framework. In each incident, the investigation confirmed that value for money had been obtained, therefore the relevant officials were not considered liable in law. Consequently, no debt has been raised.

### DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR UNDER REVIEW

| | | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|---|
| **Details** | **Disciplinary Steps Taken** | 2022<br>R | 2021<br>RESTATED*<br>R | 2022<br>R | 2021<br>RESTATED*<br>R |
| Services performed after expiry of contract | Responsible officials for each of the three instances were subjected to disciplinary processes in terms of Disciplinary Policy | 90 390 | 143 949 | 90 390 | 143 949 |
| Contract price exceeded | Responsible officials for each of the four instances were subject to disciplinary processes in terms of Disciplinary Policy | - | 165 090 | - | 97 090 |
| Items procured using amounts earmarked for contingencies without proper approval | Responsible official subjected to disciplinary processes in terms of Disciplinary Policy | 1 462 698 | 265 286 | 1 462 698 | 265 286 |
| Service performed after the end of Memorandum of Understanding | Responsible official subjected to disciplinary processes in terms of Disciplinary Policy | - | 798 437 | - | 798 437 |
| Service performed outside scope of contract | Responsible official subject to disciplinary processes in terms of Disciplinary Policy | - | 9 747 | - | - |
| | | **1 553 088** | **1 382 509** | **1 553 088** | **1 304 762** |

* See Note 34

## 32. IRREGULAR EXPENDITURE (continued)

DETAILS OF IRREGULAR EXPENDITURE CONDONED

| | | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|---|
| **Details** | **Condoned by the Provincial Treasury** | **2022 R** | **2021 RESTATED* R** | **2022 R** | **2021 RESTATED* R** |
| Services performed after expiry of contract | Responsible official in each instance was subject to disciplinary process in terms of Disciplinary Policy | 143 847 | 69 610 | 143 847 | 69 610 |
| Contract price exceeded | Responsible official in each instance was subject to disciplinary process in terms of Disciplinary Policy | 108 690 | 47 261 | 98 943 | 47 261 |
| Transaction approved in excess of official's authority | Responsible official in each instance was subject to disciplinary process in terms of Disciplinary Policy | 265 286 | 193 289 | 265 286 | 193 289 |
| Services performed outside scope of contract | Responsible official in each instance was subject to disciplinary process in terms of Disciplinary Policy | 68 102 | - | 102 | - |
| | | **585 925** | **310 160** | **508 178** | **310 160** |

## 33. COMPARATIVE FIGURES

Certain comparative figures have been restated. Refer to note 34.

## 34. PRIOR PERIOD ERRORS

### DUBE TRADEPORT CORPORATION

### TRADE AND OTHER PAYABLES

During the current financial year there was a review of the retention account balances. It was identified that cetain balances had already been paid to the contractor. The effects of the error in the prior financial statements was an increase in the opening accumulated surplus of R829 583 and a corresponding decrease in the retention VAT of R116 142 and retention creditor of R945 725 which is reflected in the payables from exchange line item.

### PROVISIONS

During the current financial year there was a review of the environmental rehabilitation obligations raised relating to the provision that was raised in the prior periods. During the prior reporting years, the entity erroneously included in its provision activities that had already been completed as well as maintenance-related activities and costs to purchase land.

The effects of the error in the prior year's financial statements was an increase in accumulated surplus of R10 048 520, a decrease in the investment property of R6 440 393, as well as property, plant and equipment of R380 669 and R803 881 relating to discounting which is reflected in finance costs (reclassified from general expenses in the prior year), and a corresponding reduction in the provision of R17 673 463.

### RECLASSIFICATION OF LAND REHABILIATION MOVEMENT

During the current financial year, it was identifed that the discounting charges for the environmental provision was incorrectly classified to general expenses. The effect of the reclassification on the prior year figures was a decrease in general expenses of R1 699 104 and a subsequent increase in the finance costs of R1 699 104.

* See Note 34

## 34. PRIOR PERIOD ERRORS (continued)

### LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED

Recurring costs including landscaping costs which is considered to be maintenance in nature was incorrectly recognised as part of the provision and was capitalised to investment property. Landscaping costs actually incurred during the prior year were utilised against the provision. The effects of the error in the prior year's financial statements was a decrease in investment property of R12 563 376, as well as the provision of R11 760 373 and an increase in landscaping costs which is reflected in general expenses of R803 003. The increase in the accumulated deficit relating to the landscaping costs had also resulted in an adjustment to the non-controlling interest of R321 201.

### DEFERRED TAX

A deferred tax asset amounting to R224 841 arising from deductible expenditure incurred in the 2021 year of assessment that will be claimed in the 2022 year of assessment was incorrectly omitted in the 2021 financial year.

This resulted in an understatement of the deferred tax asset and a corresponding understatement of taxation. The effect of the above errors was that there was a nil effect on the balances of the total operating, investing or financing cash flows. The error was corrected retrospectively, and comparative information has been restated.

The correction of the error(s) results in adjustments as follows:

| ECONOMIC ENTITY | AS PREVIOUSLY REPORTED | ADJUSTMENTS | RESTATED |
|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | |
| Payables from exchange transactions | 74 094 551 | (945 725) | 73 148 826 |
| Investment property | 2 912 571 747 | (19 003 769) | 2 893 567 978 |
| Receivables from exchange transactions | 79 300 442 | (116 142) | 79 184 300 |
| Property, plant and equipment | 1 039 662 826 | (380 669) | 1 039 282 157 |
| Provisions | 55 585 509 | (29 433 836) | 26 151 673 |
| Deferred tax | 38 840 | 224 841 | 263 681 |
| Non- controlling interest | 55 051 599 | (231 265) | 54 820 334 |
| **STATEMENT OF CHANGES IN NET ASSETS** | | | |
| Accumulated surplus/(deficit) | 4 935 536 339 | 11 103 826 | 4 946 640 165 |
| **STATEMENT OF FINANCIAL PERFORMANCE** | | | |
| General expenses | 175 421 410 | (896 101) | 174 525 309 |
| Finance costs | 429 | 895 223 | 895 652 |
| Taxation | 767 266 | (224 841) | 542 425 |

| CONTROLLING ENTITY | AS PREVIOUSLY REPORTED | ADJUSTMENTS | RESTATED |
|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | |
| Payables from exchange transactions | 73 899 272 | (945 725) | 72 953 547 |
| Receivables from exchange transactions | 79 759 436 | (116 142) | 79 643 294 |
| Investment property | 2 953 045 431 | (6 440 393) | 2 946 605 038 |
| Property, plant and equipment | 948 880 171 | (380 669) | 948 499 502 |
| Provisions | 43 169 466 | (17 673 463) | 25 496 003 |
| **STATEMENT OF CHANGES IN NET ASSETS** | | | |
| Accumulated surplus/(deficit) | 4 847 059 797 | 11 681 984 | 4 858 741 781 |
| **STATEMENT OF FINANCIAL PERFORMANCE** | | | |
| General expenses | 174 159 402 | (1 699 104) | 172 460 298 |
| Finance costs | 429 | 895 223 | 895 652 |

* See Note 34

## 35. CONTINGENCIES

### CONTINGENT LIABILITIES

During the prior years, Dube TradePort Corporation terminated the contract of an employee. The former employee took the matter to the CCMA for arbitration. The CCMA upheld the termination. The former employee has referred the matter to the Labour Court. Should the Labour Court find against Dube TradePort Corporation, the estimated costs would be R1 647 807.

### CONTINGENT ASSETS

During the financial year ended 31 March 2017, Dube TradePort was a victim of fraud and an amount of R1 272 838 was stolen. The alleged perpetrator has been charged and the matter will soon be heard in the High Court. Should the Court find against Dube TradePort Corporation, the costs of the opposing side are estimated at R100 000.

## 36. EVENTS AFTER THE REPORTING DATE

During April 2022, extreme floods were experienced in KwaZulu-Natal. Fortunately, the infrastructure in the Dube TradePort precinct held up extremely well and only minor damage was suffered. Dube TradePort Corporation was able to assist in the flood relief efforts by allowing one of the vacant facilities to be used as storage for items being distributed to the victims of the flood. In addition, to date the impact of the ongoing war in Ukraine does not yet seem to have had a direct impact on Dube TradePort Corporation. These events and their impact are being closely monitored.

Included in the allowance for doubtful debts (refer note 5) is an amount relating to a debtor that was placed under business rescue in September 2021. The due process was followed and although there were funding offers presented to the shareholders, these were subsequently rejected by the shareholders. On 29 April 2022, the business rescue practitioner applied for liquidation of the company. The business rescue practioner has also indicated that currently the assets of the company have no value. The risk of financial loss to Dube TradePort Corporation is estimated at approximately R2 197 934 which had been adjusted for at year end.

## 37. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| **OPERATING ACTIVITIES** | | | | |
| Actual amount as presented in the budget statement | 487 525 655 | 234 972 558 | 486 168 574 | 234 972 558 |
| Basis differences | (198 668 311) | (30 186 589) | (195 954 149) | (29 255 646) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **288 857 344** | **204 785 969** | **290 214 425** | **205 716 912** |
| **INVESTING ACTIVITIES** | | | | |
| Actual amount as presented in the budget statement | 101 740 227 | (176 356 667) | (101 740 227) | (176 356 667) |
| Basis differences | (285 691 869) | 88 005 917 | (82 211 415) | 88 868 051 |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(183 951 642)** | **(88 350 750)** | **(183 951 642)** | **(87 488 616)** |
| **NET CASH GENERATED FROM OPERATING, INVESTING AND FINANCING ACTIVITIES** | **104 905 702** | **116 435 219** | **106 262 783** | **118 228 296** |

* See Note 34

# Notes to the Consolidated and Separate Financial Statements
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## 38. SEGMENTAL REPORTING

### General information

**Identification of segments**
Management has identified the following four reportable segments based on revenue-generating potential:
- Dube AgriZone
- Property
- Dube Cargo Terminal
- Dube iConnect (Information Communication and Technology)

**Aggregated segments**
The entity operates in one geographical area.

**Types of goods and/or services by segment**
Dube AgriZone - operates a cluster of facilities to support the stimulation of the perishables sector in KwaZulu-Natal. This includes the greenhouses and packhouses, a tissue culture facility and a nursery. Information presented is aggregated per programme based on the zone within which goods and services delivered include provision of facilities, propagation of tissue cultures and growing of indigenous plants.

Property - secures private sector investment, operates and maintains the various property zones within the precinct. Services include provision of facilities and utilities.

Dube Cargo Terminal - operates a cargo terminal and trucking service in line with international standards. In this programme services provided include cargo handling, storage and transportation of goods.

Information Communication and Technology (ICT) - operates and maintains state-of-the art IT infrastructure and provides commercial ICT services. Segment information presented is aggregated. Services include provision of hosting platforms infrastructure and software services, disaster recovery and backup services, and the like.

| ECONOMIC ENTITY - 2022 | DUBE AGRIZONE R | PROPERTY R | DUBE CARGO TERMINAL R | DUBE ICONNECT R | TOTAL R |
|---|---|---|---|---|---|
| Revenue from non-exchange transactions | 35 084 757 | 51 100 045 | 39 316 173 | 16 711 906 | 142 212 881 |
| Revenue from exchange transactions | 11 957 567 | 56 901 005 | 10 650 528 | 9 490 694 | 88 999 794 |
| **Total segment revenue** | **47 042 324** | **108 001 050** | **49 966 701** | **26 202 600** | **231 212 675** |
| Employee costs | (13 939 766) | (15 190 987) | (22 436 122) | (6 087 997) | (57 654 872) |
| Depreciation and amortisation | (29 951 896) | (51 195 082) | (25 335 627) | (4 567 208) | (111 049 813) |
| Other expenses | (20 803 017) | (75 643 497) | (17 480 213) | (7 779 565) | (121 706 292) |
| **Total segment expenses** | **(64 694 679)** | **142 029 565** | **(65 251 962)** | **(18 434 770)** | **(290 410 977)** |
| **Total segment surplus/(deficit)** | **(17 652 355)** | **(34 028 515)** | **(15 285 262)** | **7 767 830** | **(59 198 302)** |
| **RECONCILIATION** | | | | | |
| Interest revenue | - | - | - | - | 30 781 439 |
| Other unallocated revenue | - | - | - | - | 268 793 392 |
| Interest expense | - | (79 385) | (514) | - | (79 899) |
| Unallocated expenses | - | - | - | - | (122 430 987) |
| Taxation | - | - | - | - | (217 335) |
| **SEGMENT SURPLUS/(DEFICIT) FOR THE PERIOD** | **(17 652 355)** | **(34 107 901)** | **(15 285 775)** | **7 767 830** | **117 648 308** |

## 38. SEGMENTAL REPORTING (continued)

| ECONOMIC ENTITY - 2021 | DUBE AGRIZONE<br>R | PROPERTY<br>R | DUBE CARGO TERMINAL<br>R | DUBE ICONNECT<br>R | TOTAL<br>R |
|---|---|---|---|---|---|
| Revenue from non-exchange transactions | 31 696 524 | 40 303 640 | 41 276 160 | 32 632 397 | 145 908 721 |
| Revenue from exchange transactions | 12 495 405 | 48 804 420 | 8 073 537 | 10 832 274 | 80 205 636 |
| **Total segment revenue** | 44 191 929 | 89 108 060 | 49 349 697 | 43 464 671 | 226 114 357 |
| Employee costs | (12 673 269) | (9 975 692) | (19 577 922) | (6 342 120) | (48 569 003) |
| Depreciation and amortisation | (26 612 694) | (29 192 622) | (9 128 922) | (6 102 118) | (71 036 356) |
| Other expenses | (17 534 053) | (67 188 423) | (15 824 298) | (9 850 884) | (110 397 658) |
| **Total segment expenses** | (56 820 015) | (106 356 738) | (44 531 142) | (22 295 122) | (230 003 017) |
| **Total segment surplus/(deficit)** | **(12 628 086)** | **(17 248 678)** | **(4 818 555)** | **(21 169 549)** | **(3 888 660)** |
| **RECONCILIATION** | | | | | |
| Interest revenue | - | - | - | - | 29 102 035 |
| Other unallocated revenue | - | - | - | - | 215 618 718 |
| Interest expense | - | (159) | (270) | - | (429) |
| Unallocated expenses | - | - | - | - | (147 399 811) |
| Taxation | - | - | - | - | (542 425) |
| **SEGMENT SURPLUS/(DEFICIT) FOR THE PERIOD** | **(12 628 086)** | **(17 246 837)** | **4 818 285** | **21 169 549** | **92 889 428** |

Information relating to the segmental assets and liabilities have not been disclosed as this is not regularly provided to management for review.

## 39. TAX PAID

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| Balance at beginning of the year | (206 309) | 74 976 | - | - |
| Current tax for the year recognised in surplus or deficit | - | (765 558) | - | - |
| Balance at end of the year | (264 514) | 206 309 | - | - |
| | **(470 823)** | **(484 273)** | **-** | **-** |

* See Note 34

## 40. LIVING AND NON-LIVING RESOURCES

### LIVING RESOURCES:

The 2020-2030 rehabilitation and restoration plan has to be rolled-out in the conservation area as per the Environmental Authorisation condition. The entity has living resources namely, blue duiker, pythons, pickersgill's reed frog and indigenous plants in portion 11 and in portion 6 which undergo a biological transformation and are held for conservation and rehabilitation purpose thus meeting the definition of living resource. These resources are not bearer plants and are not for agricultural activities nor are they held for resale, or use of distribution in the ordinary course of business.

The living resources do not meet the recognition criteria of an asset as the entity cannot demonstrate that future economic benefits or service potential will flow to the entity and the cost of fair value cannot be measured reliably. Furthermore, the entity cannot demonstrate control over the living resources as the entity does not manage the movement and use of the resources are not restricted, therefore the entity is unable to demonstrate control over the living resources.

Furthermore, the entity is unable to demonstate control over the living resources as the entity does not manage the physical condition of the resources. Alien clearing is not considered intervening in the management of the physical condition, but is part of the entity's ongoing maintenance of rehabilitated areas. The entity does not restrict the movement and use of the resources, and the area is largely unfenced. Therefore the entity will not recognise the asset, but make the necessary disclosure note in accordance with the Standard of GRAP.

### NON-LIVING RESOURCES:

Water courses are found throughout the entity's landholdings. There are approximately 64 hectares of wetland. The water is not extracted. The entity was issued with an Environmental Authorisation for Support Zone 2 with a condition to maintain wetlands. Condition 31 of the Wetland Offset Plan is required to be completed once offset land has been acquired.

Undertaking measures to ensure that the wetlands are maintained, will not result in a change in the water's natural state, and the definition of non-living resource is still met.

## 41. OWNER'S CONTRIBUTION

From 01 September 2013, expenditure has been funded via capital contribution in proportion to the shareholding.

There was additional capital contribution for the year under review.

| | ECONOMIC ENTITY | | CONTROLLING ENTITY | |
|---|---|---|---|---|
| | 2022<br>R | 2021 RESTATED*<br>R | 2022<br>R | 2021 RESTATED*<br>R |
| ACSA's capital contribution | 7 425 889 | 7 425 889 | - | - |

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