



# AFRICA'S GLOBAL MANUFACTURING AND AIR LOGISTICS PLATFORM

DUBE TRADEPORT CORPORATION  
ANNUAL REPORT 2018/19

# NAVIGATING THIS REPORT


## 7 Programmes

- |   |   |
|---|---|
|  Administration    |  Information and Communications          |
|  Cargo Development |  Technology (Dube iConnect)              |
|  Property          |  Development Planning and Infrastructure |
|  Dube AgriZone     |  Dube Special Economic Zone              |

## 6 Capitals

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

## Other Icons

- |   |   |
|---|---|
|  Strategic Goals |  Dube TradeZone      |
|  Values          |  Dube City           |
|  Code of Conduct |  Dube Cargo Terminal |

## 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.

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**Links:**

- Stakeholder Engagement
- Dube TradePort Corporation Annual Performance Plan 2018/19
- Dube TradePort Corporation Strategic Plan 2015-2020
- State of the Environment Report
- Corporate Services Report



# FOREWORD

MS NOMUSA DUBE-NCUBE, MPL  
MEC: KWAZULU-NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT,  
TOURISM AND ENVIRONMENTAL AFFAIRS



Dube TradePort Special Economic Zone - one of two such facilities in KwaZulu-Natal - has become, and remains, a top-10 investment opportunity in South Africa, and with good reason.

This is Africa's first purpose-built aerotropolis, with an international airport at its heart, and has, since inception in 2010, rapidly gained a reputation for business growth, the creation of new employment opportunities, the promotion of the export of value-added commodities and the attraction of both local and, crucially, international investment.

In just nine years, the precinct, operated by Dube TradePort Corporation - a provincial entity of the KwaZulu-Natal Provincial Government - has emerged as an acclaimed, world-class business facility fully engaged in furthering South Africa's manufacturing and export capability, whilst simultaneously rendering support for airport-related activities, inclusive of industry, commerce, warehousing, agriculture and cargo operations.

Its Special Economic Zone status, conferred in late 2016, has further accelerated the development tempo at Dube TradePort and appreciably augmented this strategically located Province's desirability as a preferred investment destination and an exceptional and sustainable alternative business gateway to South African, African and international markets.

Importantly, too, it has opened the door to the introduction and development of smaller-scale and emergent local businesses, best evidenced by the fact that almost 60% of Dube TradePort Corporation's current investment pipeline consists of developing businesses which qualify for the Black Industrialist Programme, a fast-track Department of Trade and Industry initiative, aimed at affording eligible Black-owned companies, operating in key economic sectors, access to both financial and non-financial interventions. This, coupled with the necessary creation of new employment opportunities in vast numbers, is central to our Government's objective of inclusive growth. In this regard, we in Government, are under no illusion that growth and opportunity equalisation across racial profiles will necessitate significant and ongoing investment in skills development, a fact which has occasioned our prioritisation of capacitating people - and in

particular our young people - empowering them to take up a range of available business prospects.

Dube TradePort Corporation has facilitated the creation of significant employment opportunities across the precinct in less than a decade and this upward employment trajectory is poised to continue now with the imminent development of

Dube TradeZone 2 and a mini-factory development initiative. The move was prompted by the unprecedented success of the fully subscribed Dube TradeZone 1 and the prodigious levels of interest received from businesses looking to locate in Dube TradePort, immediately adjacent to King Shaka International Airport. The 2018/19 financial year witnessed the finalisation of an agreement with Mara Phones South Africa for a manufacturing facility in the precinct and its pledge to expand into Dube TradeZone 2.

Such has been the business community's continued and growing interest in the Special Economic Zone, that Dube TradePort Corporation is looking to proceed with the development of an additional 45 hectares of industrial sites. I am most confident that this second phase of development will result in rapid uptake and believe that Dube TradeZone 2's unveiling will exceed all expectations. Of course, increasing air connectivity is an integral component of Dube TradePort Special Economic Zone's unparalleled success. A huge amount of work has been undertaken by a number of role-players, inclusive of Dube TradePort Corporation, to promote new route development. These necessarily long-term endeavours are paying handsome dividends, significantly increasing passenger volumes and meeting demand for ever greater levels of airlift out of Durban to local and, especially, international markets.

The extensive ground-work undertaken by organisations, inclusive of Dube TradePort Corporation, coupled with the undeniable status KwaZulu-Natal enjoys as a leading investment destination in both local and international arenas, has in consequence led to existing airlines, including Air Mauritius and Air Namibia, giving favourable consideration to increasing their flight frequencies in and out of Durban.

Critically, too, the 2018/19 financial year saw the attraction of





British Airways and its introduction of three flights weekly between Durban and London Heathrow, giving credence to the global trend which sees international carriers increasingly flying directly into major secondary cities from global economic hubs. This brings with it vast new prospects for the steady growth of new investment, business, trade and export potential and an influx of foreign tourists to our shores.

Such an increase in air connectivity has also heralded a sizeable increase in the movement of freight through Dube Cargo Terminal, with growth of some 30% per annum. The 2018/19 review period alone reflected a 3.6% increase in domestic cargo volumes and a substantial 34.3% increase in international cargo volumes, testament to the business community's escalating use of available capacity and recent growth in the number of carriers flying in and out of King Shaka International Airport.

It is worth noting, in this regard, that our Province is home to South Africa's second largest manufacturing sector and has the country's second highest export propensity. With increasing numbers of airlines offering services out of Durban to a plethora of international destinations, this fact bodes well for Dube Cargo Terminal and its efforts to maintain its impressive growth trajectory.

Against this most positive background, we, of KwaZulu-Natal's Provincial Government, are intent on encouraging our private sector partners to unite with us in the quest to build an ever-stronger partnership in order to drive industrialisation and job creation in our Province.

Collectively, Government, the private sector, organised labour and civil society have a responsibility to strive, in line with the National Development Plan and our own Provincial Growth Development Plan, to accelerate growth and radically transform our economy. Unity of thought and action will do much to re-ignite economic growth which, in turn, will give rise to even greater levels of investor confidence, necessary if we are to realistically realise the ideal of inclusive growth.

This responsibility is playing-out at Dube TradePort and Provincial Government is wholly encouraged by the ever-increasing number of developmental projects coming on-stream here. We are optimistic that this positive trend will be fostered and expanded across KwaZulu-Natal going forward.

I take this opportunity to thank my predecessor, Mr Sihle Zikalala, for his tireless efforts as MEC for Economic Development, Tourism and Environmental Affairs and, especially, his commitment to our flagship infrastructural undertaking, Dube TradePort Special Economic Zone. The insights to and guidance of Dube TradePort Corporation, the business entity responsible for developing a highly competitive business environment here, is to be commended. I wish him every success as Premier of KwaZulu-Natal.

As the incoming MEC for Economic Development, Tourism and Environmental Affairs, I applaud Dube TradePort Corporation's valiant accomplishments in its nine years of operation to date and, more especially, during the 2018/19 financial year.

I close by inviting business and communities to work with the Provincial Government of KwaZulu-Natal and its business entities, such as Dube TradePort Corporation, towards the achievement of our ambition of becoming the country and region's leading gateway to global business and trade.

**WE, OF KWAZULU-NATAL'S  
PROVINCIAL GOVERNMENT, ARE  
INTENT ON ENCOURAGING OUR  
PRIVATE SECTOR PARTNERS TO UNITE  
WITH US IN THE QUEST TO BUILD AN  
EVER-STRONGER PARTNERSHIP**

Ms Nomusa Dube-Ncube, MPL  
MEC: KwaZulu-Natal Department of Economic  
Development, Tourism and Environmental Affairs



# “AFRICA’S GLOBAL MANUFACTURING & AIR LOGISTICS PLATFORM,”

VISION:

**TO BE THE LEADING GLOBAL MANUFACTURING AND AIR LOGISTICS PLATFORM**

**IN SOUTHERN AFRICA, SEAMLESSLY INTEGRATED WITH INTER-MODAL ROAD, RAIL AND PORT INFRASTRUCTURE**



MISSION:



**To enable the development** of an aerotropolis by providing leading-edge spatial planning and infrastructure



**To attract and sustain investment** through the creation and operation of a Special Economic Zone and related commercial zones



**To grow business and trade** through enabling new regional and international air services



# PROFILE

DUBE TRADEPORT CORPORATION



## VALUES

Dube TradePort Corporation conducts its day-to-day business with honesty, integrity and in accordance with a set of professional values, which include:

- **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.

## STRATEGIC GOALS

Dube TradePort Corporation's strategic outcome-orientated goals include:

- Driving the development of a sustainable aerropolis to create new economic opportunities within the region;
- Operating a world-class and globally competitive Special Economic Zone, supported by high-end infrastructure;
- Securing private sector investment in targeted logistics, agri-processing, manufacturing, commercial and services sectors;
- Providing high quality competitive and sustainable services to those utilising Dube TradePort Corporation's cargo terminal, property zones, facilities and commercial operations;
- Sustaining and growing cargo and air services;
- Pursuing financial sustainability by driving revenue growth and increasing operational efficiencies;
- Maintaining effective corporate governance and human capital management; and
- Ensuring the efficacy of supply chain management for radical economic transformation.

## CODE OF CONDUCT

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

The principles behind this Code of 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.



# CORPORATION STRUCTURE

ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT



PROGRAMME 1			PROGRAMME 2	PROGRAMME 3	PROGRAMME 4	PROGRAMME 5	PROGRAMME 6	PROGRAMME 7
<b>ADMINISTRATION</b>								
Office of the CEO	Corporate Services	Finance	Cargo Development	Property	Dube AgriZone	ICT (Dube iConnect)	Development Planning and Infrastructure	Special Economic Zone
Executive Hamish Erskine CEO	Executive Zodwa Mbatha	Executive Ayesha Swalah CFO	Executive Mlibo Bantwini	Executive Kayaletu Ngqaka COO	Executive Mlibo Bantwini	Executive Hamish Erskine CEO	Executive Owen Mungwe	Executive Kayaletu Ngqaka COO





# OVERVIEW

## DUBE TRADEPORT SPECIAL ECONOMIC ZONE



Dube TradePort Corporation is a Public Entity of the KwaZulu-Natal Provincial Government.

It is tasked with the development of Dube TradePort Special Economic Zone, a highly competitive business operating environment and home to King Shaka International Airport.

Situated 30 kilometres to the north of the city of Durban, Dube TradePort Special Economic Zone is positioned in a 'Greenfield' site comprising in excess of 3 800 hectares. It is strategically located between the key seaports of Durban and Richards Bay and incorporates:

### 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, providing a single, dedicated facility for freight forwarders and shippers. Its location, immediately adjacent to Dube Cargo Terminal, affords the facility airside access, via an elevated cargo conveyor air bridge connection directly to the cargo terminal facility.

### 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 all the requisite statutory bodies ensures the quick turn-around and exceptionally efficient processing of cargo.

### DUBE AGRIZONE

Dube AgriZone is a designated Special Economic Zone and provides world-class agricultural facilities and technical support for the

propagation, growth, packing and distribution of a range of high-value perishables and horticultural products by way of a thoroughly efficient supply chain, which displays the agility necessary to ensure delivery to local, regional and international markets.

This facility comprises 16 hectares of glass greenhouses, a plant nursery and Dube AgriLab, 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 Dube AgriZone operate four dedicated packhouses, one for each greenhouse.

These packhouses are designed for the handling of all post-harvest requirements, inclusive of pre-cooling, washing, grading, sorting and packaging. This assists greatly in ensuring shelf-readiness immediately upon departure from Dube AgriZone.

### DUBE CITY

Dube City is regarded as a premium 12-hectare office, retail and hospitality precinct.

It is located in a modern, urban 'green' hub and is a three-minute drive from King Shaka International Airport's passenger terminal.

Dube City is home to Dube TradePort Corporation's head office, 29° South. Further developments are currently under construction.

### DUBE ICONNECT

Dube iConnect is Dube TradePort's dedicated Information Technology and telecommunications provider.

It is geared to provide Infrastructure-as-a-Service, inclusive of regional disaster recovery.



#### ACCOUNTING AUTHORITY (BOARD)

Dube TradePort Corporation's Board is specifically structured to provide a diverse mix of skills and experience pertinent to the organisation's business operations and the diverse environment in which it operates, whilst simultaneously ensuring effective inter-Governmental co-operation and collaboration.

As at 31 March 2019, Dube TradePort Corporation's Board comprised six non-executive members and one executive member, being the Chief Executive Officer.

#### BOARD RESPONSIBILITIES AS PER THE BOARD CHARTER

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

- 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 there is an effective risk-based internal audit 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 Gasas	African Female	Board Chairperson	42	<ul style="list-style-type: none"><li>• Adjunct Professorship of the Built Environment and the Construction Industry</li><li>• PhD in Construction Management</li><li>• M.Comm (Project Management)</li><li>• B.Building Arts in Architecture</li></ul>	<ul style="list-style-type: none"><li>• Elilox Group Pty Ltd</li><li>• Umso Construction Pty Ltd</li><li>• Allan Gray Orbis Foundation</li></ul>
Paulos Ngcobo	African Male	Board Deputy Chairperson	56	<ul style="list-style-type: none"><li>• Dip.Special Human Resources</li><li>• Dip.Labour Economics</li></ul>	<ul style="list-style-type: none"><li>• Beier Group of companies</li><li>• Abandoawonye Trading CC</li><li>• Transman SA Pty Ltd</li><li>• Cornubia Square Pty Ltd</li><li>• Uniplate Pty Ltd</li><li>• Liberty Lane Trading 379 Pty Ltd</li><li>• Use It Waste Beneficiation</li><li>• E-Vend Pty Ltd</li><li>• Aldabri 29 Pty Ltd</li><li>• Owen Adendorff and Associates Pty Ltd</li><li>• Westmead Oil Pty Ltd</li><li>• Upper Highway Investments Pty Ltd</li><li>• Gap Plastics Pty Ltd</li><li>• Dormatorque Pty Ltd</li><li>• Aktiv Property Development Pty Ltd</li><li>• Etapicname Pty Ltd</li><li>• Fulele Investments Pty Ltd</li><li>• Isibaya Strategic Investments Pty Ltd</li></ul>



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

NAME	GENDER AND RACE	DESIGNATION	AGE	QUALIFICATIONS	OTHER MEMBERSHIPS/DIRECTORSHIPS
Mpumelelo Gift Mahlase Zikalala	African Male	Board Member	33	<ul style="list-style-type: none"> <li>Bachelor of Law (LLB)</li> </ul>	<ul style="list-style-type: none"> <li>Zikalala Attorneys</li> <li>Zikalala Corporation Pty Ltd</li> <li>Ezimoti Agricultural Primary Co-Op Limited</li> <li>Wakili Pty Ltd</li> <li>Zikalala Pty Ltd</li> </ul>
Nokhana Moerane	African Female	Board Member	59	<ul style="list-style-type: none"> <li>B.Comm</li> <li>B.Law</li> </ul>	<ul style="list-style-type: none"> <li>MTK Moerane Investments Pty Ltd</li> <li>Nestlife Assurance Corporation RF</li> <li>Endla Ecumenical Development Services of Africa</li> <li>CBD Biotechnologies Pty Ltd</li> </ul>
Themba David Ndlovu	African Male	Board Member	59	<ul style="list-style-type: none"> <li>M.Ed. IEDP</li> </ul>	<ul style="list-style-type: none"> <li>Mfundi Project and Development CC</li> <li>SBD Group of companies</li> <li>Cubana Maritzburg Pty Ltd</li> <li>Genius Management Solutions Pty Ltd</li> <li>Isibuko Holdings Pty Ltd</li> <li>Arfralink Trading Pty Ltd</li> <li>Member of SEZ Board</li> </ul>
Richard Vallihu (Appointed 22 August 2018)	Indian Male	Board Member	54	<ul style="list-style-type: none"> <li>MBA</li> <li>Fin. Man. (Diploma)</li> <li>B.Sc (Hons)</li> </ul>	
Bavelile Gloria Hlongwa (Resigned 22 May 2019)	African Female	Former Board Member	38	<ul style="list-style-type: none"> <li>B.Sc (Chem Eng)</li> </ul>	<ul style="list-style-type: none"> <li>Qum Training and Projects Co-operative</li> </ul>
Velenkosini Lindokuhle Mtshali	African Male	Audit and Risk Committee member (Independent)	41	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>Registered Auditor</li> <li>B.Comm (Hons) (Accounting)</li> </ul>	<ul style="list-style-type: none"> <li>Bonakude Consulting Pty Ltd</li> </ul>
Hlengiwe Makhathini	African Female	Investment Committee Chairperson (Independent)	39	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>B.Comm (Hons) (Accounting)</li> <li>B.Comm (Accounting)</li> </ul>	<ul style="list-style-type: none"> <li>Road Traffic Infringement Agency (RTIA)</li> <li>Member of the Audit Committee of RTIA</li> </ul>
Zahid Fakey (Appointed 01 September 2018)	Indian Male	Audit and Risk Committee Chairperson (Independent)	44	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>Registered Auditor</li> <li>B.Comm (Hons) (Accounting)</li> <li>CISA</li> </ul>	<ul style="list-style-type: none"> <li>National Bioproducts Pty Ltd</li> <li>Albaraka Bank Limited</li> <li>Unplugged Enterprises Pty Ltd</li> </ul>
Shadrack Khumalo (Resigned 31 August 2018)	African Male	Former Audit and Risk Committee Chairperson (Independent)	44	<ul style="list-style-type: none"> <li>B.Comm Accounting</li> </ul>	<ul style="list-style-type: none"> <li>FSG Group Pty Ltd</li> <li>Mashobane Management Solutions Pty Ltd</li> <li>Mbulase Management Solutions Pty Ltd</li> <li>Umpheme Development Pty Ltd</li> <li>Malpensa Holdings Pty Ltd</li> <li>RZT Zelpy 4823 Pty Ltd</li> </ul>







# R3.2

CREATED 21 000  
EMPLOYMENT OPPORTUNITIES

**BILLION**  
IN PRIVATE SECTOR INVESTMENT

DUBE TRADEPORT CORPORATION ANNUAL REPORT 2018 / 19



# CHAIRPERSON'S STATEMENT

PROF ZANELE BRIDGETTE GASA



On the back of the 2018/19 financial year, a period characterised by the delivery of a sound financial performance and a series of encouraging business accomplishments, Dube TradePort Corporation is making excellent inroads in our quest to transform the precinct, for which we are responsible, into a leading global manufacturing and air logistics platform.

In less than a decade, this has become a rapidly-growing and highly sought-after investment destination, demonstrated by the unprecedented surge of investments into Dube TradePort Special Economic Zone, the creation of thousands of new direct and indirect employment opportunities and the enormous contribution made to both the Provincial fiscus and the growth of the local economy.

From an external operations perspective, we have successfully attracted significant private sector investment, collectively totalling R3.2 billion to date and have facilitated the creation of well in excess of 21 000 jobs, many of which are within the precinct. We are positioned now to expand operations by 45 hectares, bringing on-stream Dube TradeZone 2 in order to meet unmatched demand for business real estate adjacent to King Shaka International Airport.

With Dube TradeZone 1 already fully occupied, we are fortunate to have in place an investment pipeline, valued at R8.5 billion, and are confident about converting such interest in Dube TradeZone 2 into actual business investments over the next five years in, especially though not exclusively, the pharmaceutical and medical environment, electronics, the automotive industry, clothing and textiles, logistics and general manufacturing. The second-phase of the development also affords the business community opportunities in the field of aeronautical services, inclusive of aircraft maintenance, aircraft repair and overhaul, fixed-base operations and executive aerospace, amongst others. There can be no doubt that investors have come to realise the benefits of available Special Economic Zone incentives, coupled with the advantages of business agility and the speed to market which Dube TradePort Special Economic Zone offers. The business community is understandably keen to profit from this 'Greenfield' space, as a means of growing their own global competitiveness.

Dube TradePort Special Economic Zone has, therefore, become the beating heart of the emerging Durban Aerotropolis, and is a world-class facility actively engaged in transforming KwaZulu-Natal's urban economic landscape.

We are intent on facilitating the enhancement of Durban and KwaZulu-Natal's regional, national and international business competitiveness by labouring towards the delivery of Southern Africa's leading global manufacturing and air logistics platform, fully integrated with existing road, rail and seaport infrastructure.

We recognise that the realisation of this ideal is dependent, to a large degree, on increased air connectivity. Direct air links with international destinations is a business imperative and is fundamental to affording investors, located both within Dube TradePort Special Economic Zone and its surrounds, with quick and easy access to the international marketplace.

Long-haul air service growth in recent years and, especially, during the 2018/19 financial year - when we clinched an agreement with British Airways to introduce non-stop flights between Durban and London Heathrow, regarded as Europe's busiest hub airport, is unlocking exceptionally diverse and expanded tourism, business and trade opportunities, with the United Kingdom a key market for the Province. The inclusion of this route and its reinforcement of existing routes by other international carriers servicing a range of major global destinations certainly gives new impetus to efforts to promote foreign direct investment, the improvement of business connectivity and the knock-on effect of the economic empowerment of our people.

The concerted efforts of stakeholders involved in bringing on-stream international carriers have been handsomely rewarded, and - collectively - we will endeavour to maintain the momentum in the certain knowledge that direct air links around the world will most assuredly add value to both the local and national economies.

Dube Cargo Terminal, too, has benefited from both the international route development initiatives and the precinct's Special Economic Zone status. Enterprises based in the Dube TradePort Special Economic Zone enjoy the competitive advantage of optimising business efficiencies, moving product directly from source to market, from within the Customs-Controlled Area.

At inception, in 2010, Dube Cargo Terminal's throughput of international cargo averaged 5 000 tonnes a year. That figure has increased by more than 200%, standing now at some 15 200 tonnes a year. This is quite exceptional and reflects the effect of new route development and the response by business in its uptake of attendant increased availability of cargo capacity.





From an internal standpoint, Dube TradePort Corporation places great store in its adherence to high standards of corporate governance and to following the best practice ideal in business activities and transactions. We are cognisant of the need for accountability, fairness and transparency in our stakeholder interactions and in executing our overarching mandate. This is best evidenced by the fact that in the 2017/18 financial year we achieved our sixth consecutive clean audit. I believe this says much about our integrity and the credible manner in which we go about engaging with airlines, investors, tenants, developers, business partners, local communities and regulators.

We are proud of our service to such stakeholders and, in particular, the 84% Client Survey's satisfaction result we attained during the 2018/19 financial year. We consider quality service to be paramount and is an operational aspect to which we continue to pay keen attention.

Equally, we are intent on utilising our position and role in the economy to give impetus to the development of historically disadvantaged or emergent business enterprises. In this regard, the year under review saw 60% of our procurement spend disbursed to targeted enterprises, such as black-owned, black women-owned businesses and other qualifying small-sized operations. In addition, the review period resulted in a 25% increase in funds spent on learning and development for the members of the valued staff team, compared against such expenditure the previous year. We also contracted 34 interns during this period in an effort to contribute towards bridging the gap between the theoretical knowledge of graduates and the real world of work.

Similarly, and as a good corporate citizen, we believe implicitly in the need to play a role in assisting to address the country's socio-economic challenges. During the period under review we contributed to five worthy initiatives in areas surrounding Dube TradePort, inclusive of a small farmer support programme, the upgrades of both a day-care centre and a centre for the elderly, a solar power installation at a local school and the provision of school uniforms and feminine hygiene products for needy youngsters. We remain committed to the ideal of radical economic transformation, as a means of developing an inclusive and more collective economy in South Africa through sustainable growth, greater levels of investment, improved levels of employment and reduced inequality.

This, by definition, entails harnessing radical economic growth as a fundamental necessity; a fact that we fully comprehend. Our overriding objective is, therefore, to continue playing a key and noteworthy role in nurturing future business growth here in the pursuit of economic stimulation and the entrepreneurial advancement of, especially, young

people and women in business.

I would, at this point, extend - on behalf of my Board colleagues - our appreciation to the Honourable Sihle Zikalala, outgoing MEC for Economic Development, Tourism and Environmental Affairs, for his leadership, advice and support in relation to our past deliberations and decision-making. I wish Mr Zikalala well in his new role, as Premier of KwaZulu-Natal. I would also thank the Provincial Government for its unswerving belief in and commitment to the flagship infrastructural development that is Dube TradePort Special Economic Zone and look forward now to working with incoming MEC for Economic Development, Tourism and Environmental Affairs, the Honourable Ms Nomusa Dube-Ncube.

I am grateful, too, for the support displayed by my fellow Board members in giving Dube TradePort Corporation effective strategic direction and for their knowledgeable decision-making in guiding our entity forward in the face of a torpid economy and in overcoming obstacles on our way to another successful financial year.

To Mr Hamish Erskine, the Chief Executive Officer, his executive team and our dedicated members of staff, I proffer my gratitude for a job well done in delivering against our 2018/19 Annual Performance Plan and for their collective contribution in taking us another step closer to the realisation of the Vision.

Dube TradePort Corporation Special Economic Zone is certainly on the radar of both local and foreign stakeholders, and our responsibility now is to deliver cutting-edge service; so meeting their every need with the reliability for which our organisation is synonymous, whilst continuing to cultivate, across the precinct, an environment conducive to the ease of doing business in an investor-friendly setting.

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Prof Zanele Bridgette Gasas  
Chairperson  
Dube TradePort Corporation



# VALUE CREATION

AT DUBE TRADEPORT CORPORATION

The six capitals are used to create value as follows:

## CAPITALS

## VALUE-ADDING ACTIVITIES



### MANUFACTURED CAPITAL

- Dube Cargo Terminal;
- 16 hectares of greenhouses;
- **R4.82 billion of assets including:**
  - Bulk infrastructure;
  - Buildings, plant and equipment; and
  - Dube iConnect infrastructure.

### MANUFACTURED CAPITAL

- Development of Dube TradeZone 2;
- 124m<sup>2</sup> leased in Dube TradeZone and Dube City;
- Careful scheduling of work and resources in Dube Cargo Terminal; and
- Execution of planned maintenance programmes.



### FINANCIAL CAPITAL

- R461 million funding received in the form of Government grants;
- Designated Special Economic Zone; and
- Tenant and investor confidence.

### FINANCIAL CAPITAL

- Air services strategy and route development;
- Focus on financial sustainability; and
- Construction of infrastructure projects.



### HUMAN CAPITAL

- Positive employee relations with a diverse and representative workforce; and
- Skilled employees.

### HUMAN CAPITAL

- Regular meetings with shop stewards and representatives of the Trade Unions;
- Regular interaction with tenants and potential investors;
- Implementation of the Employment Equity Plan;
- Approval and review of various Human Resources policies;



### SOCIAL AND RESPONSIBILITY CAPITAL

- Empowered service providers;
- Engagements with communities;
- Collaborative partnerships; and
- SEZ incentives.

### SOCIAL AND RESPONSIBILITY CAPITAL

- Implementation of a B-BBEE strategy, with implementation plan;
- Regular and timely reporting to regulators, as per PFMA and other requirements;
- Pre-determined criteria included in procurements focused on empowering previously disadvantaged service providers;
- Implementation of enterprise and supplier development initiatives;
- Implementation of CSI initiatives;
- Customer survey undertaken; and
- Approval of SEZ Enterprises by Board.



### INTELLECTUAL CAPITAL

- Strong governance and compliance culture;
- Appropriately skilled employees;
- Well-regarded brand and reputation; and
- Robust supply chain process.

### INTELLECTUAL CAPITAL

- Regular Board meetings with representatives of Department of Economic Development, Tourism and Environmental Affairs;
- Brand survey undertaken;
- Nine marketing campaigns completed during the year; and
- Implementation of Investment Promotion Strategy and Pharmaceutical Cluster Strategy.



### NATURAL CAPITAL

- 3 057 hectares of land managed; and
- Energy, water and eco-systems.

### NATURAL CAPITAL

- Air and water quality monitored throughout the precinct; and
- 6 815m<sup>2</sup> of solar panels in Dube AgriZone.





## VALUE CREATED

### MANUFACTURED CAPITAL

- Significant progress on the bulk earthworks at Dube TradeZone 2 meant that the **value of assets increased by 6%**;
- **100% achievement** of required processing time to load and offload cargo from aircraft;
- **3 695 tonnes of cargo processed** through Dube Cargo Terminal;
- **R42.8 million revenue** from all properties leased;
- **96.6% occupancy of all buildings** owned by Dube TradePort Corporation; and
- **R54.2 million produce processed** and handled at Dube AgriZone.

### FINANCIAL CAPITAL

- **11.7% increase in revenue generated**;
- **3.33% reduction in costs**;
- **6% increase in assets**;
- **R299.9 million capital expenditure** on infrastructure projects;
- Introduction of direct British Airways route to London Heathrow; and
- **Attraction of R1.383 billion private sector investment** committed in SEZ-designated areas during the year.

### HUMAN CAPITAL

- **86.5% achievement of employment equity targets**;
- **7.2% of employee costs spent on training initiatives**;
- **34 interns employed**;
- Partnership with ICAS;
- **91% of black employees**; and
- **40% of female representation**.

### SOCIAL AND RESPONSIBILITY CAPITAL

- **985 construction jobs created**;
- **75% achievement of B-BBEE implementation plan**;
- **84% customer satisfaction**, as measured in the Customer Satisfaction Survey;
- **64.2% of procurement expenditure** undertaken with empowered companies;
- **Eight training activities for suppliers and would-be suppliers**, aimed at improving the business skills of black-owned SMMEs;
- **Provision of two solar power units** to local disadvantaged schools;
- **R87.6 million spent on construction** with EMEs and QSEs;
- **Creation of 21 330 indirect jobs in KwaZulu-Natal**;
- **Provision of school uniforms to 1 400 disadvantaged learners at 16 schools**; and
- **14 approved SEZ Enterprises**.

### INTELLECTUAL CAPITAL

- Clean audit opinion;
- **97% implementation** of ICT governance framework and policies;
- **85% implementation** of King IV recommendations; and
- **89.1% increase in brand value**.

### NATURAL CAPITAL

- **91.59% compliance** with environmental authorisations;
- **24.4% of energy used in greenhouses obtained** from renewable sources; and
- **44.4 million litres of water** able to be stored in our ponds.





64%

PRUDENT PRE-DETERMINED CRITERIA  
EMPLOYED IN PROCUREMENT PROCESS

OF PROCUREMENT EXPENDITURE  
UNDERTAKEN WITH TARGETED ENTERPRISES

DUBE TRADEPORT CORPORATION ANNUAL REPORT 2018 / 19



# CHIEF EXECUTIVE OFFICER'S REVIEW

MR HAMISH ERSKINE



The 2018/19 financial year heralded new challenges and a number of very pleasing achievements, reflected in the organisation's achievement of 77.8% of the targets in the Annual Performance Plan. We are greatly encouraged by the progress we have made, thus far, in delivering against the mandates which have been set and in meeting the expectations of all our stakeholders, inclusive of our investors, tenants and our Board.

## FINANCIAL

The 2018/19 financial year saw our total assets increase by 6.0%, generating revenue of R137.6 million. Financial revenue growth in the past year of 11.7%, coupled with both client growth and client survey satisfaction results of 84%, afford us the confidence that we have employed sound policies; policies which have seen the organisation become ever more resilient in the face of prevailing adverse economic conditions. This has enabled us to inspire confidence in the market which, in turn, has allowed us to continue attracting investment and implementing developments in our pursuit of economic development and commercial sustainability.   

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT

One of our key focus areas has revolved around achieving economic transformation via all our activities. In 2016, the Board approved a Broad-Based Black Economic Empowerment (B-BBEE) Strategy for Dube TradePort Corporation. Since then we have concentrated on strategy implementation. Pleasingly, during the year under review we were able to achieve 75% of our comprehensive B-BBEE Implementation Plan.

Through the employment of prudent pre-determined criteria, we are pleased that 64.2% of our procurement expenditure has been undertaken with targeted enterprises, including qualifying small-scale enterprises, exempt micro-enterprises, 51% black-owned and 30% black women-owned enterprises.


Included in such expenditure was R70.1 million of construction expenditure with qualifying small-scale entities and exempt micro-enterprises.

From an internal perspective, we have attained 86.5% of our employment equity targets, where our focus centres on achieving a transformed and equitable organisation, representative of the broader South African society.  


## SPECIAL ECONOMIC ZONE

Special Economic Zones are one of the South African Government's strategic instruments to drive economic growth and deepen industrialisation.

This is achieved by encouraging the beneficiation of available resources in the country and by offering a range of advantages to enterprises located within such Special Economic Zones,

including incentives and services that are supported by National, Provincial and Local Governments. These incentives and services enable business efficiency and effectiveness, thus driving competitiveness. 

By driving economic transformation in Africa through inclusive growth models, Dube TradePort Special Economic Zone is one of the ways in which South Africa is ensuring a prosperous and sustainable future for its people. Designed in terms of the Special Economic Zone Act, No. 16 of 2014, to enhance the country's manufacturing and export capabilities, as well as to attract foreign direct investment, Dube TradePort Special Economic Zone has rapidly grown to become one of the top ten investment opportunities in South Africa. During the previous 2017/18 financial year, Dube TradePort Special Economic Zone, in collaboration with the Department of Trade and Industry and Trade & Investment KwaZulu-Natal, established a One-Stop-Shop which is now working to facilitate the ease of doing business at Dube TradePort. 

As at 31 March 2019, Dube TradePort Special Economic Zone had attracted a total of 39 operational investments, worth approximately R1.5 billion. During the review period, total new investment amounting to R1.383 billion was approved by the Board. Electronics and pharmaceutical investments comprise approximately 84% of the entire investment pipeline which totals R8.6 billion. 

Dube TradePort Special Economic Zone continues to nurture its client base and is implementing a pharmaceutical cluster strategy in Dube TradeZones 2 and 3 in an effort to create a world-class medical and pharmaceuticals production and distribution hub for the rest of the African continent.

As at 31 March 2019, approximately 29 investors, ranging from pharmaceutical, electronics, general manufacturing and agri-processing are poised to locate in Dube TradeZone 2. It is expected that, when this zone is fully leased and operational, these investments will leverage an estimated R49 million additional revenue per annum from land rentals.




# CHIEF EXECUTIVE OFFICER'S REVIEW

( CONTINUED )


Currently, 58.6% of the total investment pipeline comprises candidates eligible for the Black Industrialist Programme.   

An impact assessment of the new investments in Dube TradePort Special Economic Zone revealed that approximately 21 330 indirect jobs have been created in KwaZulu-Natal. 

Internally, our team has produced an Investment Promotion Strategy and a Pharmaceutical Cluster Strategy, both of which will guide our endeavours to attract suitable investors in a focused manner going forward. 

## PROPERTY, COMMERCIAL, ADMINISTRATION AND OPERATIONS

Revenue from our entity's commercial and industrial property grew by 7.3% during the year under review. 

We have continued to achieve excellent occupancy targets with regard to our building portfolio, achieving 96.6% for the 2018/19 financial year, a figure significantly higher than the national occupancy rate of 88.8%, published for the third quarter of 2018 and an increase of almost 2% on the previous year's average. 

Average rental rates have also shown excellent growth, with a 5% increase for industrial properties and a 23% increase for commercial buildings. 

During the year, eight new tenants joined the Dube TradePort family, inclusive of Mara Phones South Africa, Signcraft, HRMP, McFair Holdings, Emazweni, Berry and Donaldson, Cisco and Sky Aviation. Construction of three new buildings in Dube TradeZone was also completed. We now look forward to the release of Dube TradeZone Phase 2 and a mini-factory development project during the ensuing financial year, which will give effect to the attraction of significantly more investors and tenants. 

An agreement with Mara Phones South Africa has been concluded and the company is in the process of setting-up its new manufacturing facility in Dube TradeZone 1, while awaiting their expansion in Dube TradeZone 2.

## DUBE AGRIZONE


A process to lease the remaining facility within Dube AgriZone was finalised during the review period, the result of an extensive process which led to a lease agreement being signed with McFair Holdings. This organisation was poised to commence operations shortly after the end of the financial year.



Currently, Dube AgriZone derives 24.4% of its energy requirements from renewable resources. However, once the available facilities are at full production, we are cognisant of the fact that energy requirements may well increase. Accordingly, we have plans in place to address this

potential energy increase. 

The prospect of a second phase of the Dube AgriZone precinct has garnered significant interest from both local and international agricultural investors, especially those active in the agri-processing space who see huge opportunities in the link which may be developed with the local value chain in the form of primary producers.

As at 31 March 2019, three Memorandums of Understanding had been signed with prospective tenants.

During the year under review, an Environmental Impact Assessment was finalised and a positive Record of Decision was issued by the Department of Environmental Affairs, achievements which unlock the potential for future developments within Dube AgriZone. 


The use of outdoor planting during the year, in addition to regular tissue culture production, served to fully utilise our hardening facility during off-peak periods, resulting in higher than anticipated year-on-year production volumes, leading to associated revenue increasing significantly, as compared against the previous financial year.  

## DUBE CARGO TERMINAL

Dube Cargo Terminal continued its impressive growth trajectory, demonstrating that the KwaZulu-Natal market has a largely untapped potential for the uplift of airfreight. This potential is the consequence of increased direct air services into the province. The review period during 2018/19 saw growth in both domestic and international cargo volumes, with 3.6% and 34.3% increases respectively. 

The significant increase in international cargo was due, to some extent, to the introduction of a new British Airways flight in October 2018. Cargo volumes are forecasted to continue growing during the upcoming financial year as customers use more of the available capacity on airlines flying in and out of Durban. 

The review period also saw our handling of a number of ad hoc freighters, increasing King Shaka International Airport's role as a gateway for companies seeking to access the South and Southern African markets.

Following the devastating Cyclone Idai and resultant flooding in Mozambique, Dube Cargo Terminal assisted in loading emergency supplies onto US Air Force aircraft, as part of their humanitarian relief efforts. Dube TradePort Corporation staff received a commendation from the US Defence Attaché as a result of their commitment and effort in assisting. 

Dube Cargo Terminal operations have long focused on driving efficiencies and maintaining high levels of service to airlines and customers. The facility maintained its impressive 100% service level rate with customer airlines, was successful in preserving its notable record of zero cargo loss since the





commencement of operations in 2010 and met all regulations required by the South African Civil Aviation Authority. Further upgrades to scanning equipment were completed, including installing another dual-view scanner in the quest to continue meeting international air cargo standards. 🧑🏿💡

Dube AiRoad also made positive inroads in the road freight operating environment during the review period. It continued working to connect air and road transport modes, growing its customer base exponentially. 📶 🚛

### **DURBAN DIRECT** ✈️

Route development endeavours, which aim to promote the further introduction of flights into Durban's King Shaka International Airport, are bearing fruit. Passenger volumes at King Shaka International Airport were up 5.5% during the period under review, the consequence of some 6 million passengers utilising the facility, the trying economic conditions notwithstanding. This, we believe, was a significant achievement and gives new impetus to our route development endeavours. 📶

British Airways launched a non-stop service between Durban and London Heathrow, effective October 2018. The airline currently offers three non-stop flights a week, using its new 787-8 Dreamliner aircraft, to connect Durban with more than 100 global destinations. 📶

In addition, Air Mauritius increased the frequency of its Durban-Mauritius route, from two to three-flights-a-week in July 2018, while Air Namibia was also prompted to increase its four-flights-a-week to the provision of a daily service, commencing in October 2018, thereby connecting Durban to Gaborone and Windhoek on a more regular basis. In spite of South Africa experiencing restricted economic growth, it is particularly heartening that we have, in recent times, witnessed such positive growth in international passenger numbers, with volumes growing by 5.5% year-on-year. 📶

Indeed, since the initiation of operations at King Shaka International Airport in 2010, international passenger numbers have grown by a remarkable 95%. Looking to the future, it is pleasing to note that Air Mauritius intends offering a four-flights-a-week service between Durban and the Indian Ocean island during the 2019/20 financial year.

In addition, Qatar Airways is poised to substitute its current Boeing 777 aircraft with a new Airbus A350-900, providing an additional 168 lie-flat business class seats per week to the Durban market.

### **DUBE ICONNECT** ☁️

Dube iConnect was another area of our operations to have witnessed further growth in revenue during the financial year under review. Revenue increased by a remarkable 31%, driven in the main by a significant increase in revenues derived from Dube iConnect Resellers. Equally, though, a growing proportion of revenue growth may be attributed to the improved uptake on both Data Centre services and internet connectivity services of tenants located within Dube TradePort. 📶 🚛

Over the past few years, our Dube iConnect Infrastructure-as-a-Service platform has been largely focused on signing up resellers. The financial year under review, however, saw this translate into an increase in those Resellers also making use of Dube iConnect services in the internet and last mile telecommunication environment. In addition, some 30 small, medium and micro-enterprises, working with Dube iConnect, were nominated to become part of Broadband Infraco's connectivity programme, known as SA Connect. 📶 🚛

This effectively validates the usefulness of our plans to afford such enterprises the opportunity to access the high-end ICT services space, where they now have a very real opportunity to secure major business accounts, competing on an equal footing with more established service providers, utilising our Infrastructure-as-a-Service platform. 🧑🏿💡

### **DEVELOPMENT PLANNING AND INFRASTRUCTURE** 🏛️

Our Development Planning and Infrastructure programme focused on the continued unlocking of new development nodes for Dube TradePort during the 2018/19 financial year. This was prompted by the increased mandate the entity has been afforded, enabling the implementation of the Durban Aerotropolis Master Plan, together with the new Automotive Supplier Park concept. 📶 🧑🏿💡

Following Provincial approval of the Durban Aerotropolis Master Plan, we were able to commence with a number of critical and strategic projects. These included both the Public Transport Link Solution to King Shaka International Airport and the Umdloti Regional Wastewater Treatment Works. 📶 🚛

These two projects are registered with National Treasury as Public Private Partnerships. A feasibility study of an aviation-linked project, namely the provision of maintenance, repair and overhaul facilities was underway during the review period. 🧑🏿💡

In addition, rezoning applications - made to the local municipality - pertaining to Dube TradeZone 2 and Support Zone 2 were pending approval by eThekweni Municipality's Joint Application Committee and the Municipal Planning Tribunal.

The success of such applications would enable our organisation to proceed with the sub-division of an additional 43 hectares of industrial sites within Dube TradePort. 📶

The National Department of Agriculture, Forestry and Fisheries, having provided consent for the release of Dube TradeZone 2 from the limitations of the Agricultural Land Act No. 70 of 1970, enables us now to move forward in the process necessary for the sub-division of the site for industrial purposes. In addition, the programme is actively pursuing the exemption of Dube TradePort from the sub-division of Agricultural Land Act No. 70 of 1970, on the basis that ours is a State entity, which is a provision made in terms of said Act.



# CHIEF EXECUTIVE OFFICER'S REVIEW

( CONTINUED )

The application is currently being considered by the National Department of Agriculture, Forestry and Fisheries in terms of the Automotive Supplier Park site, Dube TradeZone 3, Dube TradeZone 4 and the Dube Inyaninga project sites. 🏗️ 🚧

In view of this, the development planning and design of the Automotive Supplier Park project has been implemented and facilitated through a Technical Committee which is responsible for driving the design process. Layout planning, engineering designs and environmental specialist studies progressed well during the review period and are envisaged to be complete by August 2019, which will enable the Environmental Impact Assessment to be lodged with the National Department of Environmental Affairs. In order to ensure stakeholder alignment and provide for inputs of the development partners into the process, a Project Liaison Committee comprising Toyota SA, the Department of Economic Development, Tourism and Environmental Affairs, Dube TradePort Corporation and eThekweni Municipality, has been created to oversee the project and collaborate in terms of the technical design. 🏗️ 🚧

Shortly after the financial year-end, contracts were also finalised for a new contractor to complete the construction of the double basement project in Dube City, thus enabling the development of the top structure to commence. 🏗️

We made significant progress on the construction of the Dube TradeZone 2 bulk earthworks platform during the review period, completing 50% of the projected 4 million cubic meters of earth-moving by 31 March 2019. In addition, arrangements for the commencement of the bulk infrastructure package were being finalised. 🏗️

With regard to Dube TradeZone 1, our mini-factories project and the fit-out of the facilities for Sky Aviation were nearing completion.

A series of small works projects was also undertaken at various locations within the Dube TradePort precinct, designed to upgrade and enhance our organisation's facilities and infrastructure. 🏗️

## CORPORATE SERVICES 📁

We have achieved 86.5% of our employment equity targets during the 2018/19 financial year in the ongoing quest to be recognised as a fair, inclusive and transformed organisation.

We focused on the continued development of both our members of staff and interns, evidenced by expenditure equal to 7.2% of employee costs on training initiatives. Such initiatives included formal training towards degrees and internationally-recognised certifications, as well as informal training, short courses and attendance at conferences. 🎓

We also set out to enhance our wellness programme in order to better facilitate support for our staff's emotional and physical well-being. In this

regard, we have partnered with ICAS to ensure the provision and delivery of professional support to our members of staff as and when appropriate. 🎓

## CONCLUSION

In conclusion and on behalf of my executive colleagues, I take this opportunity to thank Dube TradePort's Board for the contemporary leadership its members have brought to our organisation and for the commitment they have demonstrated in driving Dube TradePort Corporation into an exciting and challenging future.

To the Honourable Ms Nomusa Dube-Ncube, the MEC for Economic Development, Tourism and Environmental Affairs, I extend my most grateful thanks for the interest and invaluable support she has shown for our business activities.

Finally, I would like to express my sincere gratitude to the executive team and all our members of staff for the remarkable performance they have collectively delivered in taking our organisation forward.

Our success is a product of their expertise and incredible dedication in striving to realise our Vision.



Mr Hamish Erskine  
Chief Executive Officer  
Dube TradePort Corporation





5.5%

POSITIVE PASSENGER GROWTH IN SPITE OF  
RESTRICTED ECONOMIC GROWTH

GROWTH IN INTERNATIONAL  
PASSENGER VOLUMES  
YEAR-ON-YEAR

DUBE TRADEPORT CORPORATION ANNUAL REPORT 2017/18



# CORPORATE GOVERNANCE



## INTRODUCTION

Corporate Governance is all about 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 by the publication of a 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, No. 1 of 1999 (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.

## SPECIAL ECONOMIC ZONE ACT

In December 2016, Dube TradePort Corporation was designated as a Special Economic Zone. The areas gazetted include Dube AgriZone 1 and Dube TradeZone 1 and 2.

## 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 its staff members.

Effective 01 April 2017, the King IV Report on Corporate Governance, represents South Africa's principal corporate governance framework. In line with this, Dube TradePort Corporation adheres to the principles contained in the King IV Report on Corporate Governance.

Dube TradePort Corporation started the process of transitioning from the recommendations of King III to the implementation of the principles now espoused in the King IV Report on Corporate Governance during the previous financial year and continued striving to embed within the organisation the relevant King IV principles. An independently performed assessment has found that Dube TradePort Corporation is substantively aligned with these principles and every endeavour continues being made to effectively implement and to report on the 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 and Industry 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, Remuneration and Human Resources 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 that 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 organisation's present Board was 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 expires on 31 May 2021. It comprises a diverse and transformed group, inclusive of seven black non-executive board members - three 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, 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 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 for the ensuing financial year is to ensure that the Board Charter and the Terms of Reference for each Committee of the Board is fully and correctly aligned to the principles contained in King IV.

### **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](http://www.dubetradeport.co.za/Corp_Gov)

During the financial year under review, the following training initiatives were made available to Board members:

- Board induction; and
- Aerotropolis master plan.

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.

### **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 which members of the executive team discuss the organisation's strategy and vision. During the 2018/19 financial year, the Company Secretary arranged Board Inductions for new members, Mr Zahid Fakey and Mr Richard Vallihu.

### **ANNUAL STRATEGY SETTING**

Each year, the Board sets aside two days to meet with executive management and representatives of KwaZulu-Natal's Department of Economic Development, Tourism and Environmental Affairs, to discuss the strategy, future areas of focus and the annual performance plan of the forthcoming year. 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. The Dube TradePort Corporation's Board is presently led by Prof Bridgette Gasa.

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



# CORPORATE GOVERNANCE

( CONTINUED )

and to assume the role of lead independent Board member.

The Chief Executive Officer is appointed for a five-year term, which ends on 31 August 2021. 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 assessment of the performance of the Accounting Authority and structure. Said 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.

All recommendations resulting from an evaluation of the implementation of King IV principles, undertaken by an independent service provider, are analysed and utilised to further improve the operation of the Board and to better align practises to the principles of the King IV Report on Corporate Governance.

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

The 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 2018/19 financial year, four ordinary Board meetings and one two-day strategy planning meeting - which included a strategic risk assessment involving the executive management team - were held.

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

Committee meeting feedback is provided to the Board by each Committee, thus ensuring that there exists a process for communicating critical concerns and issues directly to the Board. The Chairperson of the Audit and Risk Committee is invited to attend part of each Board meeting, at the time of discussion around the report of the Audit and Risk Committee.

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are also invited to attend Board 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 25 in this document.

The Board is briefed regularly on matters relevant to the business activities of Dube TradePort Corporation. 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)

### MEETINGS ATTENDED BY CURRENT BOARD AND COMMITTEE MEMBERS

BOARD/ COMMITTEE MEMBERS	BOARD/ COMMITTEE MEMBERSHIP	BOARD		AUDIT AND RISK COMMITTEE	REMUNERATION AND HR COMMITTEE	INVESTMENT COMMITTEE
		4 ORDINARY MEETINGS	1 STRATEGY MEETING INCLUDING A TWO- DAY STRATEGIC RISK ASSESSMENT	4 ORDINARY MEETINGS	4 ORDINARY MEETINGS	3 ORDINARY MEETINGS
Prof Zanele Bridgette Gasia	<ul style="list-style-type: none"> <li>Chairperson of the Board</li> <li>Member of Investment Committee</li> </ul>	3	-	-	-	-
Mr Paulos Ngcobo	<ul style="list-style-type: none"> <li>Deputy Chairperson of the Board</li> <li>Member of Investment Committee</li> </ul>	4	1	-	-	2
Mr Mpumelelo Zikalala	<ul style="list-style-type: none"> <li>Board member</li> <li>Member of Audit and Risk Committee</li> </ul>	4	1	3	-	-
Mrs Nokhana Moerane	<ul style="list-style-type: none"> <li>Board member</li> <li>Chairperson of the Remuneration and HR Committee</li> </ul>	4	1	-	4	-
Mr Themba Ndlovu	<ul style="list-style-type: none"> <li>Board member</li> <li>Member of Investment Committee</li> </ul>	3	1	-	-	2
Ms Bavelile Hlongwa	<ul style="list-style-type: none"> <li>Former Board member</li> <li>Member of the Remuneration and HR Committee</li> </ul>	3	1	-	4	-
Mr Richard Vallihu	<ul style="list-style-type: none"> <li>Board member</li> </ul>	1	-	-	-	-
Mr Zahid Fakey (a)	<ul style="list-style-type: none"> <li>Independent Chairperson of the Audit and Risk Committee</li> </ul>	2 (i)	1	2	-	-
Mr Shadrack Khumalo (t)	<ul style="list-style-type: none"> <li>Former Independent Chairperson of the Audit and Risk Committee</li> </ul>	-	-	2	-	-
Ms Hlengiwe Makhathini	<ul style="list-style-type: none"> <li>Independent member of Investment Committee</li> </ul>	-	1	-	-	3
Mr Vela Mtshali	<ul style="list-style-type: none"> <li>Independent Member of the Audit and Risk Committee</li> </ul>	-	-	3	-	-

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS BY MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

Mr Hamish Erskine	<ul style="list-style-type: none"> <li>Chief Executive Officer</li> <li>Member of Board (ex officio)</li> <li>Member of Remuneration and HR Committee</li> </ul>	4	1	4 (i)	4	3
Ms Ayesha Swalah	<ul style="list-style-type: none"> <li>Chief Financial Officer</li> </ul>	4 (i)	1 (i)	4 (i)	-	3 (i)
Mr Kayaletu Ngcaka	<ul style="list-style-type: none"> <li>Chief Operating Officer</li> </ul>	-	1 (i)	-	-	3
Mr Owen Mungwe	<ul style="list-style-type: none"> <li>Development Planning and Infrastructure Executive</li> </ul>	-	1 (i)	-	-	3 (i)
Ms Zodwa Mbatha	<ul style="list-style-type: none"> <li>Corporate Services Executive</li> </ul>	-	1 (i)	-	4 (i)	-
Mr Mlibo Bantwini	<ul style="list-style-type: none"> <li>Cargo and AgriZone Executive</li> </ul>	-	1 (i)	-	-	-

i = attended meeting by invitation, t = Term of office ended on 31 August 2018, a = appointed on 01 September 2018



# 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.

On 31 August 2018, the term of office of the former Chairperson of the Audit and Risk Committee, Mr Shadrack Khumalo, came to an end. He had led the Committee for two consecutive terms of five years each. In line with the Terms of Reference of the Audit and Risk Committee, the Chairperson is not permitted to stand for a further five-year term. Accordingly, the Board and management express their deepest gratitude to Mr Khumalo, who has led this Committee with integrity and enthusiasm. His invaluable contribution to Dube TradePort Corporation is greatly appreciated.

Mr Zahid Fakey was appointed Chairperson of the Audit and Risk Committee. Mr Fakey is an independent registered professional 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 includes a materiality and significance framework. For further information about the Committee's specific responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://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 49 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 the Terms of Reference of this Committee are aligned to the principles contained in King IV.

The Chairperson of the Audit and Risk Committee of La Mercy JV Property Investments Proprietary Limited is 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 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 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.

Ernst and Young Inc. provides the internal audit function. 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.

Key audit findings are reported to the Audit and Risk Committee by internal audit upon the conclusion of each review.

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.

Given that the organisation's internal audit function is conducted by an external service provider, it is considered to be both objective and independent. This status is further maintained through its reporting functionally to the Audit and Risk Committee. The quality of the internal audit services are assured, given that Ernst and Young Inc. 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.

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

Ernst and Young Inc. has provided the Board with a written assessment of the status of internal financial controls, based on the reviews the firm has conducted to date.

## RISK MANAGEMENT

Dube TradePort Corporation's Board is held responsible and accountable for the governance of risk.

In this regard, it has delegated 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 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/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

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. Dube TradePort Corporation has in place a number of Board-approved interventions. These include:

- 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 on 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 Board, through the Audit and Risk Committee, receives reports on risk profile changes across the entity and are, 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.

During the 2018/19 financial year, the Business Continuity Policy was reviewed by the Audit and Risk Committee and approved by the Board. It is envisaged that this plan will be tested during the 2019/20 financial year.

## FINANCIAL STATEMENTS

The Audit and Risk Committee reviews the financial statements and 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 review 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 the 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, which are conducted by independent, external assurance providers and necessitated by legislation, include:

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



# CORPORATE GOVERNANCE

( CONTINUED )

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 at every meeting.

The organisation has developed an Information Communication and Technology Governance Steering Committee.

This Committee comprises senior managers representative of divisions across the entity and meets on a quarterly basis in order to review existing Information Technology Policies and to draft new policies, as and when required.

In line with the organisation's governance framework, all new policies are approved by the Board and, thereafter, reviewed by the Audit and Risk Committee on an annual or biannual basis, in line with approved delegations.

During the 2018/19 financial year, policies relating to information and technology were extensively reviewed and amended, where required.

Dube TradePort Corporation experienced a ransom-ware attack during the 2017/18 financial year and a virus infection during the 2018/19 review period, resulting in the organisation's internal systems being rendered unavailable for a period of time. The entity subsequently introduced further controls to mitigate against such vulnerabilities.

A future focus of Dube TradePort Corporation remains 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](http://www.dubetradeport.co.za/Corp_Gov)

During the 2018/19 financial year, the organisation's Remuneration and Human Resources Committee met on four occasions. The Chief Executive Officer attends meetings as a member of the Committee and the Corporate Services Executive attends meetings by invitation.

They recuse themselves during any discussion pertaining to their own performance or remuneration.

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

- Conducted the annual review of the Remuneration and Human Resources Committee's Term of Reference to ensure relevance;
- Approved annual salary increases and bonus calculations relevant to the performance in 2017/18;
- Approved the framework of increases and performance bonus payments relating to 2018/19;
- 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 management's interactions with the National Education Health and Allied Workers' Union (NEHAWU);
- Participated in the strategic risk assessment; and
- Reviewed the human resources risk register.

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 ensure that the Performance Management process is robust and that the performance of individuals is aligned more closely to the achievements of the organisation.

## REMUNERATION PHILOSOPHY

**Remuneration of Staff and Executives:** Dube TradePort Corporation strives always for fair, responsible and transparent remuneration, so as to achieve its strategic outcomes, as per King IV recommendations. The organisation is of the opinion that its current remuneration practices make certain that it is materially aligned to the principles contained in King IV.

The organisation's remuneration philosophy will be reviewed and improved upon over time, in line with best practice guidelines. The pay-scale is anchored to both national and KwaZulu-Natal 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.





A service provider was engaged during the previous financial year to review and grade all available positions, 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 70% 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.

Salary increases comprise two components, namely a cost of living component and a performance-linked component.

The 2019/20 financial year focus will revolve around a review of the design of the organisational structure so as to ensure that Dube TradePort Corporation is capable of continuing to operate as a world-class organisation.

The Remuneration Policy did not change appreciably 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. However, during the year under review, Dube TradePort Corporation introduced a corporate contribution 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](http://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 23 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:

- Reviewed and recommended the Investment Promotion Strategy for approval by the Board;
- 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 ensure that the Terms of Reference of the Committee are aligned to the principles contained in King IV.

#### 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 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 CONDUCT

Dube TradePort Corporation has in place a policy of zero tolerance as regards unethical activities. The organisation's Code of 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.



# CORPORATE GOVERNANCE

( CONTINUED )

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

- Values of Dube TradePort Corporation;
- General behaviour at work and tolerance and respect for all;
- Declaration and conflict of interests;
- Acceptance of gifts and gratuities;
- Zero tolerance of fraud and corruption, sexual harassment and intimidation;
- Politics in the work place;
- 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 implemented.

## 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 those staff members 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 are required to adhere.

## ACCESS TO INFORMATION

Access to information is regarded by the Board as being a 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 made for access to information is applicable to both the Board and the Committees of the Board.

## RESPONSIBLE CORPORATE CITIZENSHIP AND ETHICAL LEADERSHIP

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 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 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.

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 should be dealt with by its existing Committees. However, should the workload of its existing Committees so demand, the Board will appoint a separate committee.

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

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.

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.

During the upcoming financial year, the Remuneration and Human Resources Committee will focus on monitoring Broad-Based Black Economic Empowerment initiatives.

## 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](http://www.dubetradeport.co.za/Annual_Reports)

Between 01 April 2018 and 31 March 2019, Dube TradePort Corporation did not receive any requests for information requiring a specific response. All other requests related to information that was 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 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 through a range of forums. The underlying objectives behind such interactions are described more fully in the inclusion to be found on: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

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.

Dube TradePort Corporation also conducts an annual Customer Satisfaction Survey to ensure that relationships with tenants and customers are well maintained and continue to thrive. The 2018/19 survey measured an overall score of 84%. During this period 26 tours of the Dube TradePort precinct were undertaken.

## SUSTAINABILITY

Dube TradePort Corporation has published a State of the Environment Report. This document was published in 2016 and is available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

## 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, to be found on pages 33 to 44 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 barrier to equal employment at Dube TradePort Corporation is removed. Further information in this regard may be found in the Corporate Services Report available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

During 2016/17 the job grading process and salary comparison exercise ensured that all positions were 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.

In addition, an initiative which supports the organisation's Fraud Prevention Plan is the operation of an Anti-Fraud Hotline, through which both internal or 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 is available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

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

The organisation consciously works to rehabilitate land in the precinct and works to maintain land already rehabilitated. This stance is in compliance with the Record of Decision and is reported upon in the Annual Performance Report, which may be found on pages 33 to 44 of this document





# 200%

THROUGHPUT OF INTERNATIONAL CARGO STANDS  
AT 15 200 TONNES PER ANNUM

INCREASE SINCE INCEPTION  
IN 2010








DUBE TRADEPORT CORPORATION ANNUAL REPORT 2018/19



# PERFORMANCE REPORT

IN STRIVING TO ACHIEVE ITS MANDATE, DUBE TRADEPORT CORPORATION HAS IN PLACE A SEVEN-PROGRAMME OPERATIONAL STRUCTURE, COMPRISING THE FOLLOWING:



PROGRAMMES	SUB-PROGRAMMES
<b>PROGRAMME 1: ADMINISTRATION</b> 	<ul style="list-style-type: none"> <li>Office of the Chief Executive Officer</li> <li>Finance</li> <li>Corporate Services</li> </ul>
<b>PROGRAMME 2: CARGO DEVELOPMENT</b> 	<ul style="list-style-type: none"> <li>Cargo Operations</li> <li>Air Cargo Business Development</li> </ul>
<b>PROGRAMME 3: PROPERTY</b> 	<ul style="list-style-type: none"> <li>Commercial</li> <li>Operations</li> </ul>
<b>PROGRAMME 4: DUBE AGRIZONE</b> 	<ul style="list-style-type: none"> <li>Dube AgriZone Services</li> <li>Sustainable Farming Initiatives</li> <li>Tissue Culture Facility (Dube AgriLab)</li> <li>Landscaping and Rehabilitation</li> <li>Dube AgriZone Expansion</li> </ul>
<b>PROGRAMME 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY (DUBE ICONNECT)</b> 	<ul style="list-style-type: none"> <li>Commercial</li> <li>Operations</li> </ul>
<b>PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE</b> 	<ul style="list-style-type: none"> <li>Planning</li> <li>Environment</li> <li>Infrastructure and Development</li> </ul>
<b>PROGRAMME 7: SPECIAL ECONOMIC ZONE</b> 	<ul style="list-style-type: none"> <li>Dube TradePort Special Economic Zone</li> </ul>

The accompanying tables include details of the performance of each of the above-mentioned programmes, together with information pertaining to their respective sub-programmes, during the 2018/19 financial year, against annual targets contained in the review period's Annual Performance Plan (APP).





## PROGRAMME 1: ADMINISTRATION

### SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To provide strategic direction and leadership to Dube TradePort Corporation	% achievement of APP targets	85%	77.8%	Dube TradePort Corporation achieved 56 of the 72 targets measured. No new investors were signed for Dube City and, while significant new investment was signed for Dube TradeZone, much of this was not black-owned. New black-owned tenants were approved by the Board and these leases will be signed in the first quarter of 2019/20. The Dube TradeZone 2 bulk earthworks project showed good progress during the year, following initial lengthy delays due to legal proceedings in the prior year. This had a positive impact on construction spend and the value of assets held by Dube TradePort Corporation. It did not, however, create as many jobs as initially hoped, as the work is primarily plant-driven.
	% customer satisfaction (survey)	80%	84.0%	The annual customer satisfaction survey indicated that overall brand perception had improved marginally from 85% to 87.8%, while overall, customer satisfaction showed a slight decrease of 0.9%, compared against 2017/18 results. 🧠
	% increase in own revenue	12%	11.7%	The majority of Dube TradePort Corporation's revenue is earned from property rentals. Significant increases were noted in revenue earned on cargo handling and Information Communication Technology (ICT) services. 📈
	% increase in Brand Value	5% increase year-on-year	89.1% increase year-on-year	The value of the Dube TradePort brand increased due to considerable private sector investment secured in the 2017/18 year, as well as increases in revenue earned from the rendering of services and rental of investment property. 🧠
	Number of successful marketing campaigns implemented	9	9	The nine marketing campaigns implemented were: 1) Brand Strategy; 2) Brand Awareness; 3) DUR Direct and Cargo; 4) Communications; 5) Division Support; 6) Hosted Events; 7) Commercial Support; 8) Aerotropolis; and 9) Promotion: Electronic Billboards. 🧠
To promote sound corporate governance to Dube TradePort Corporation and its Board	Board effectiveness as determined by comparison to the appropriate recommendations of King IV	85%	85.6%	An independent analysis was conducted, comparing Dube TradePort Corporation's corporate governance practises to the best practice recommended by King IV. Particular strengths were noted in areas of strategy, performance and reporting. 🧠
	% implementation of the ICT Governance Framework and Policies requirements	90%	97.1%	All but one of the activities required to implement the requirements of the ICT Governance Framework and Policies were completed in the 2018/19 financial year. 🧠



### SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

To facilitate Dube TradePort Corporation's Broad-Based Black Economic Empowerment (B-BBEE) Strategy	Dube TradePort Corporation's B-BBEE level	Level 1	Final certificate not yet issued	The B-BBEE scorecard was measured on the 2017/18 financial year's information. The sub-minimum expenditure requirements on supplier and enterprise development were not met, resulting in Dube TradePort Corporation being penalised by one level. Initial implementation of Dube TradePort Corporation's score = Level 8. 📉
	% achieved of the annual B-BBEE Implementation Plan	75%	75.0%	The B-BBEE Implementation Plan was developed to spell-out interventions required to move Dube TradePort Corporation towards Level 1 B-BBEE compliance. The success of this plan will only be seen in the next financial year, when the 2018/19 scorecard is measured. 📉
To facilitate new international and regional air services	% increase in international/ regional passengers through King Shaka International Airport	19%	5.5%	After a difficult first quarter, during which two regional routes (Harare and Maputo) were suspended, international passenger numbers showed positive growth during the remainder of the year. This was the result of the new non-stop British Airways flight introduced in October 2018, operating three-times-weekly between Durban and London Heathrow, and increased frequencies implemented by Air Mauritius, from two to four-times-per-week, and Air Namibia, which increased its flight frequencies to daily. 📈

### SUB-PROGRAMME 1.2: FINANCE


To provide effective, efficient and transparent financial management	External audit opinion	Clean audit	Clean audit	Dube TradePort Corporation received a clean audit for the 2017/18 financial year. This was the sixth consecutive year in which a clean audit was achieved. 📊
	% of prior period external audit report items resolved prior to the commencement of the audit	80%	100%	No findings were reported by the external auditors during the audit of the 2017/18 Annual Financial Statements. 📊
	% increase in the value of assets	3%	6.0%	The significant progress made on the bulk earthworks for Dube TradeZone 2 meant that the overall value of Dube TradePort Corporation's assets increased by double the targeted 3%. 📈
	% MTEF allocation utilised	100%	100%	100% of the funds allocated to Dube TradePort Corporation for the year were committed. This included funds paid to suppliers, as well as funds required to meet the commitments entered into prior to year-end. 📈










## PROGRAMME 1: ADMINISTRATION (CONTINUED)

### SUB-PROGRAMME 1.2: FINANCE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To promote radical economic transformation through the adoption of relevant supply chain management practices	Procurement spend on targeted businesses (including Qualifying Small Enterprise (QSE), Exempted Micro Entity (EME), 51% black-owned and 30% black women-owned)	45%	64.2%	Wherever possible, Dube TradePort Corporation includes pre-qualification criteria in its advertised bids. This assists to maximise the value spent on targeted businesses and positively contributes towards radical economic transformation. 

### SUB-PROGRAMME 1.3: CORPORATE SERVICES

To effectively manage human resource recruitment, learning and development and corporate support services	Number of vacant positions as a percentage of total staff requirement	6%	3.4%	At the end of March 2019, seven approved positions remained unfilled. One of these is on-hold until the planned organisational design process is completed, one post was subsequently filled in April 2019, while interviews have been conducted for the remaining five positions. 
	% of employee costs spent on learning and development	7%	7.2%	The amount spent on learning and development for Dube TradePort Corporation employees increased by approximately 25%, compared against the amount spent in the previous financial year. In addition, stipends paid to interns further increased this spend. 
	Number of Corporate Social Investment projects	4	5	The following Corporate Social Investment projects were completed in 2018/19: (1) Small farmers support initiative; (2) Mandela Day project to help paint the Mona Day Care and Elderly Centre in Ndwedwe, planting of trees and tending community gardens; (3) Solar power installation at Acacia Primary School in Verulam; (4) School uniforms for needy school children in the area; and (5) Re-usable sanitary towels for school children. 
	Number of participants in learnerships, apprenticeships and internships	20	34	Interns contracted by Dube TradePort Corporation assisted in filling gaps created by resignations and the lengthy approval processes required to fill vacancies. 
	Achievement of Employment Equity targets	85%	86.5%	Wherever possible, African female candidates are sought to fill vacancies. 





## PROGRAMME 2: CARGO DEVELOPMENT

### SUB-PROGRAMME 2.1: CARGO OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs	Processing time against Service Level Agreements	90%	100%	Careful scheduling and sequencing of work and resources ensured that best use was made of Dube Cargo Terminal's limited resources, thus enabling it to meet or exceed the service levels required by customers. 🇿🇦
	Revenue from cargo handling (imports and exports)	R13.6 million	R17.5 million	Following a 34% increase in international cargo tonnage throughput, revenue from cargo handling grew by 21.7% (2018: R14.3 million). 🇿🇦
	Increase in revenue generated by trucking services	8% year-on-year	50.2% increase year-on-year	In spite of operating in an extremely price-competitive market, Dube AiRoad grew its revenue by a significant margin. This was assisted by the hiring of a dedicated resource to manage trucking services. 🇿🇦
To facilitate effective air cargo security measures, in line with national and international standards	Results of Annual South African Civil Aviation Authority (SACAA) audit: Dube Cargo Terminal	Part 108 Certification received	Part 108 Certificate received	Dube Cargo Terminal maintained its SACAA certification throughout the year. Ad hoc audits were conducted during the year, with no instances of non-compliance identified. 🇿🇦

### SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT

To grow the volume of cargo through the Dube Cargo Terminal	Tonnage throughput from Dube Cargo Terminal - International	11 016 tonnes	15 251 tonnes	International cargo tonnage grew by 34.3% (2018: 11 351). This was assisted by the introduction of the new British Airways flight in October 2018, operating a direct route between Durban and London Heathrow. 🇿🇦
	Tonnage throughput from Dube Cargo Terminal - Domestic	8 000 tonnes	8 444 tonnes	Domestic tonnage grew by 3.6%, compared against the previous year (2018: 8 147). This was affected by local economic conditions and, therefore, remained largely in line with South African economic growth. 🇿🇦
	Value of international goods through Dube Cargo Terminal	R6.9 billion	R5.9 billion	The value of international goods through Dube Cargo Terminal grew by 31.9% over the prior year (2018: R4.51 billion), in line with the increase in tonnage. However, the value was negatively affected by economic conditions and the rate of exchange between the Rand and US Dollar. 🇿🇦
	Number of business cases presented to freighter operators	2	2	Business cases were presented to Qatar Airways and Cargolux. The intention of the business case approach is to introduce dialogue between the freighter operators and Dube Cargo Terminal, with a view to considering a route via King Shaka International Airport for future freighter operations. 🇿🇦





## PROGRAMME 3: PROPERTY

### SUB-PROGRAMME 3.1: COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To increase long-term property rental revenues for Dube TradePort Corporation	Total revenue from all Dube TradePort Corporation properties	R46 million	R42.8 million	Some tenants chose to vacate their premises on the expiry of their leases. In spite of this, property rentals grew by 7.3% against the previous year (2018: R39.8 million). 📈
To secure private sector investment in Dube TradePort Corporation's property zones	Total value of new private sector investment (buildings and capital equipment) committed in non-Special Economic Zone (SEZ) - designated areas	R121 million	R0	Talks are in progress for a potential hospital development in Block C at Dube City. 📈
	Total value of new investment (buildings and capital equipment) by black-owned and/or black-empowered companies (including SEZ investments)	R400 million	R35.5 million	With phase 2 of Dube TradeZone not yet released for private sector development, a number of leases will only be signed during the first quarter of the 2019/20 financial year. 📈
	Number of square metres of land leased in Dube TradeZone (cumulative)	400 000m <sup>2</sup>	291 636m <sup>2</sup>	Heads of Agreement were signed with Mara Phones SA (Pty) Ltd for two sites in Dube TradeZone 2. However, the lease is only likely to be signed in 2019/20. 📈
	Number of bulk square metres let in Dube City (cumulative)	50 000m <sup>2</sup>	50 480m <sup>2</sup>	Following 9 740m <sup>2</sup> of bulk being taken up in 2017/18, no further agreements were signed during the financial year under review. 📈
	Total value of new investment by companies with at least 51% black African ownership for property developments (including SEZ investments)	R160 million	R0	Board approval was obtained to sign lease agreements with two black African-owned companies: iDube Cold Storage and Transglobal Cargo. These leases will, however, be concluded in the first quarter of 2019/20. 📈
	Total value of new investment by companies with >25% black African ownership, locating their operations at Dube TradePort (including SEZ investments)	R100 million	R28.3 million	New investment was made by Monustep in a building within Dube TradeZone 1, as well as investment in equipment made by SA Health and iDube Cold Storage. 📈





**SUB-PROGRAMME 3.2: OPERATIONS**

<b>STRATEGIC OBJECTIVE</b>	<b>PROGRAMME PERFORMANCE INDICATOR</b>	<b>ANNUAL TARGET 2018/19</b>	<b>ACTUAL PERFORMANCE</b>	<b>COMMENT</b>
To efficiently manage Dube TradePort Corporation's property zones and buildings	% occupancy of Dube TradePort Corporation-owned buildings	93.5%	96.6%	Dube TradeHouse was 98.5% occupied as at the end of March 2019, whilst vacancies at 29° South reduced the overall percentage. 🏠
	% of sites leased to private sector developers levied	90%	100%	Levies have been charged on all sites where leases allow for levies to be charged and where the rental commencement dates have been reached. 🏠
	Minimum average rental rate per m <sup>2</sup> (total rental/area rented): - Owned buildings (Dube TradeZone)	R60/m <sup>2</sup>	R65.45/m <sup>2</sup>	The average rental rate for buildings owned by Dube TradePort Corporation in Dube TradeZone increased by 5% over that charged in the prior year (2018: R62.32/m <sup>2</sup> ). 📈
	Minimum average rental rate per m <sup>2</sup> (total rental/area rented): - Owned buildings (Dube City)	R85/m <sup>2</sup>	R100/m <sup>2</sup>	The increase in the average rental rate is as a result of escalations on existing leases and new leases being concluded at higher rates, wherever possible. 📈
To effectively maintain Dube TradePort Corporation's infrastructure, buildings and facilities	% completion of planned maintenance programmes	94%	99%	Planned maintenance was generally completed on schedule. This ensured that all buildings and equipment remained in good working condition. 🏠
	% completion of tenant-logged job cards	95%	100%	Some 86 maintenance jobs were logged by tenants during the 2018/19 financial year, all of which were completed. 🏠





## PROGRAMME 4: DUBE AGRIZONE

### SUB-PROGRAMME 4.1: DUBE AGRIZONE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To provide reliable, effective and efficient Dube AgriZone services	Value of produce produced and processed/handled at Dube AgriZone	R124 million	R54.2 million	Only 54% of lettable space was productive in 2018/19 as, although filled, greenhouses A and D were not yet in production. The tenant in greenhouse D obtained a licence to commence production in the last week of March 2019 and the tenant in greenhouse A was in the process of obtaining funding and would only be able to commence production once finalised. 📉
	% occupancy of available Dube AgriZone facilities	90%	90.6%	By the end of March 2019, all four greenhouses were filled. 📈

### SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES

To ensure that Dube AgriZone is used to initiate and promote sustainable farming initiatives and businesses	% of energy derived from renewable sources	20%	24.4%	While the targeted levels of renewable energy production were exceeded, once all facilities are fully operational, energy requirements may increase. 📈
	Number of projects implemented	2	2	Two energy management projects were implemented during the year. These were: (1) Parking light improvements; and (2) Installation of an automatic voltage regulator and power factor correction at the Tissue Culture Laboratory. 📈

### SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY (DUBE AGRILAB)

To manage, operate and maintain the Tissue Culture Facility	% increase in production volumes	5%	10.9%	Additional outdoor planting occurred this year, over and above regular tissue culture production so fully utilising the hardening facility during off-peak periods. This resulted in a higher than expected increase in year-on-year production volumes. 📈
	Revenue generated from tissue culture sales	R800 000	R775 965	Revenue earned by the Tissue Culture Laboratory increased by 300% compared against the previous year (2018: R193 644). Indoor propagation at the hardening facility assisted in increasing sales. 📈
	Number of research projects completed	2	2	Research projects completed related to: (1) Ecoflora research; and (2) Rose hardening-off. 📈

### SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION

To assist in providing rehabilitation and maintenance services for Dube TradePort Corporation's ROD requirements	Number of hectares rehabilitated	25ha	37.4ha	Vegetation varies from site to site, making it difficult to accurately estimate the area that can be covered during the year. Additional areas were cleared, over and above those included in the annual plan. 📈
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### SUB-PROGRAMME 4.5: DUBE AGRIZONE EXPANSION

To identify and conclude agreements with suitable operators and producers	Number of hectares leased to or reserved by operators and/or tenants	10ha	12.3ha	Memorandums of Understanding were signed with two potential tenants for crop production and seafood processing. In addition, a lease was signed with a Vetvei grass production company. 📈
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## PROGRAMME 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY (DUBE ICONNECT)

### SUB-PROGRAMME 5.1: COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To develop and provision cost-competitive and reliable commercial ICT services to Dube TradePort Corporation clients	Total Dube iConnect revenue	R10.03 million	R10.33 million	Revenue from commercial ICT services grew by 20% compared against the prior year (2018: R8.6 million) and included all amounts invoiced to customers during the financial year, regardless of the period to which the charges relate. Plans to increase data centre capacity were underway, with the acquisition of new equipment planned for the first half of the 2019/20 financial year. This will enable Dube iConnect to further grow its revenue. 📈
	% growth in revenue derived from off-site resellers	15%	29.6%	Revenue from off-site resellers outperformed on-site client revenues. 📈

### SUB-PROGRAMME 5.2: OPERATIONS

To operate and maintain Dube iConnect IT infrastructure and commercial IT services	% uptime of commercial IT services	99%	99.9%	New equipment was ordered to replace aging core networking equipment. Reducing the age of such equipment helped minimise downtime. 📉
	Resolution of all faults logged within Service Level Agreement specification	95%	99.9%	The Dube iConnect operations team continued providing exceptional service to clients. This was evidenced by an 81.5% customer satisfaction rating. 📊





## PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

### SUB-PROGRAMME 6.1: PLANNING

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To ensure the availability of land for future expansion in support of the establishment of the aerotropolis	Number of hectares of industrial or commercial land released	30ha	0ha	Release from Agricultural Land Act No. 70 of 1970 was received for Dube TradeZone 2, as well as the balance of Portion 9, which is reserved for the Dube TradePort Airside. 🧠
	Deliver and implement the aerotropolis master plan	Implement interventions stated in the master plan	Initiatives undertaken: 1) Alternative energy cluster; 2) Regional waste water treatment works; and 3) Aviation maintenance, repair and operations	Ten initiatives identified in the aerotropolis master plan were due to commence in 2018. Of these, three were within the direct control of Dube TradePort Corporation, and all of these were initiated within the year. The remaining seven initiatives are being undertaken by other entities. 🧠
To identify and acquire strategic land parcels for future developments	Number of hectares acquired in terms of signed agreements	150ha	40.9745ha	Four land parcels were approved by the Board for acquisition. However, only one purchase agreement had been signed by 31 March 2019. 📈

### SUB-PROGRAMME 6.2: ENVIRONMENT

To ensure that the aerotropolis is environmentally sustainable	% reduction in enterprise-wide carbon off-set from the previous year's baseline	7% reduction from revised baseline	28.3% increase from revised baseline	Scope 1 emissions reduced by 75.9% from 551 to 132.8 tonnes, while Scope 2 emissions increased by 41.6% from 4 328 to 6 127.9 tonnes, as a result of increased electricity consumption. 📈
	% compliance with environmental authorisations and licences	90%	91.59%	With work resuming on the Dube AgriZone projects, environmental compliance scores improved. High levels of compliance were noted on the Dube TradeZone 2 bulk earthworks, removal of the hill in Dube TradeZone 1 and the mini-factories construction projects. 📈
	Number of hectares of land rehabilitated annually	35ha	201.31ha	Clearing was undertaken on the Dube TradeZone 2 and 3 off-set areas. 📈



**SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT**

<b>STRATEGIC OBJECTIVE</b>	<b>PROGRAMME PERFORMANCE INDICATOR</b>	<b>ANNUAL TARGET 2018/19</b>	<b>ACTUAL PERFORMANCE</b>	<b>COMMENT</b>
To procure, manage and monitor Dube TradePort infrastructure provisioning	Number of construction (top structure) projects delivered	2	2	Practical completion was achieved on the Dube AgriZone water lab and technical facility. 📌
	Number of construction jobs created	2 014	985	The largest project in progress this year - Dube TradeZone 2 bulk earthworks - is primarily a plant-driven project and, therefore, the number of jobs created has been limited. The tender for a contractor to undertake construction of the multi-storey parkade failed and construction work, therefore, did not commence as expected. 📌
	Maximum % deviation above contract budget with regard to projects completed during the financial year	10%	0%	The deviation to contract budget only included projects completed during the year, for which final accounts had been received. The guardhouses in Dube TradeZone 1 and the civil works on the Mount Moreland Road were both completed within budget. 📈
To provide technical support and manage the roll-out of services to all Dube TradePort Corporation programmes	Construction expenditure on EMEs and QSEs	R69 million	R87.6 million	Approximately 29% of Dube TradePort Corporation's construction spend was paid to EMEs and QSEs. 📌
	Capital expenditure on infrastructure	R190 million	R299.9 million	Construction spend increased significantly during the latter part of the year under review as notable progress was made on the Dube TradeZone 2 bulk earthworks project, after the contractor implemented 24-hour shifts to accelerate the project's timeline. 📈
	Maximum % deviation from construction programme timelines with regard to projects completed during the financial year	15%	5.1%	Five construction projects were completed during the review period, all of which were completed within a 15% time margin of their scheduled close. 📌





## PROGRAMME 7: SPECIAL ECONOMIC ZONE

### SUB-PROGRAMME 7.1: DUBE TRADEPORT SPECIAL ECONOMIC ZONE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET 2018/19	ACTUAL PERFORMANCE	COMMENT
To establish a world-class Special Economic Zone, operated in an effective and compliant manner	% compliance with conditions of SEZ Operator Permit	90%	96%	All but one of the requirements of the SEZ Operator Permit have been completed. The permit requires that the construction timetable for projects within the SEZ is adhered to. However, delays were experienced on the Dube TradeZone 2 bulk earthworks project. 🌐
To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the Dube TradePort SEZ	Value of private sector investment committed (buildings and capital equipment) in SEZ-designated areas	R1.227 billion	R1.383 billion	Heads of Agreement were signed with Mara Phones SA (Pty) Ltd to invest R1.28 billion in a new facility at Dube TradeZone. Further, investment was made by Monustep, as well as Hodari Properties (Pty) Ltd, who will renovate an existing facility to accommodate a new tenant - Conlog (Pty) Ltd. 📈
	Number of new jobs created - Permanent	235	240	Permanent jobs were created by tenants located within the Dube TradePort SEZ as new tenants became operational or existing tenants expanded. 🌐
	Number of new SEZ investors approved by the Board	6	6	The following investors were approved by the Board as SEZ Enterprises: (1) iDube Cold Storage; (2) AIH Logistics; (3) Mara Phones SA; (4) Ashkan Consulting; (5) Teqal; and (6) Conlog. 🌐
	Number of approved SEZ investors newly operational	4	4	Of the investors approved by the Board as SEZ Enterprises, the following four were either already operational or became operational during the 2018/19 year: (1) iDube Cold Storage; (2) AIH Logistics; (3) Teqal; and (4) Mara Phones SA. 🌐
	Total number of operational businesses in SEZ-designated areas	37	39	By providing on-going support, Dube TradePort Corporation aimed to ensure that all investors were retained into the foreseeable future. 🌐
	Number of indirect jobs created in KwaZulu-Natal as a result of the Dube TradePort SEZ	19 500	21 330	New investment signed by Dube TradePort Corporation had an impact on the broader KwaZulu-Natal economy, as a result of the linkages created and increased spending power of the affected households. 🌐





# ANNUAL FINANCIAL STATEMENTS



# GENERAL INFORMATION

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019



**Country of incorporation and domicile**  
South Africa

**Legal 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 - appointed 01 June 2017  
Mr P Ngcobo - appointed 01 June 2017  
Mrs N Moerane - appointed 01 June 2017  
Mr T Ndlovu - appointed 01 June 2017  
Ms B Hlongwa - appointed 01 June 2017  
Mr M Zikalala - appointed 01 June 2017  
Mr R Vallihu- appointed 22 August 2018

**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





# ANNUAL FINANCIAL STATEMENTS

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019



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

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

## DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The Board in its role as the Accounting Authority is required by the Public Finance Management Act, Act No. 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 2020 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 pages 50 to 53.

The consolidated annual financial statements set out on page 54 to 117, which have been prepared on the going concern basis, were approved by the Board on 31 May 2019 and were signed on its behalf by:



**Mr Hamish Erskine**  
Chief Executive Officer



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



# AUDIT AND RISK COMMITTEE REPORT

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The members of the Audit and Risk Committee are appointed by the Dube TradePort Corporation 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 2019, the Audit and Risk Committee convened four times to discharge both its regulatory and governance responsibilities. On 1 September 2018, the term of office of the former Chairperson of the Audit and Risk Committee ended and the new Chairperson, Mr Zahid Fakey, was appointed by the Board.

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 activities:

- Internal Audit Function
  - o Approved the 2018/19 Internal Audit Plan and Budget;
  - o Reviewed the findings of internal audit as presented at the end of each internal audit cycle; and
  - o Met with internal audit without the presence of management.
- External Audit Function
  - o Reviewed external audit report tabled for the period ended 31 March 2018;
  - o Met with the Office of the Auditor-General to ensure that there are no unresolved issues of concern;
  - o Reviewed the Office of the Auditor-General's terms of engagement for the period ended 31 March 2019;
  - o Reviewed the quality and effectiveness of the external audit process;
  - o Evaluated and were satisfied with the independence of the Auditor-General; and
  - o Met the Office of the Auditor-General without the presence of management.
- Risk Management and Fraud Prevention
  - o Various financial and IT governance policies were reviewed;
  - o Received information on assurance of other independent assurance providers as part of the Combined Assurance Plan;
  - o Reviewed the Risk Management Framework;

- o Reviewed the Delegations of Authority;
- o Took part in the strategic risk assessment;
- o Received reports of calls to the Anti-fraud Hotline; and
- o Reviewed the insurance claims and high risk contracts each quarter.
- Performance Information
  - o Reviewed interim financial statements and consolidated interim financial statements for the six months ended 30 September 2018;
  - o Reviewed management accounts for the period under review; and
  - o Reviewed quarterly performance reports for the period under review.
- Annual Financial Statements
  - o Reviewed and approved the audited Annual Financial Statements for the period ended 31 March 2018 for submission to the Board.

In undertaking the abovementioned 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 considers the Chief Financial Officer to have the required expertise and capability. 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 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 Audit and Risk Committee members for the excellent role that they have played in shaping the governance environment of Dube TradePort Corporation. I look forward to the next year as we maintain full compliance with the PFMA and related regulatory environment that governs a Schedule 3C Provincial Public Entity and compliance with the recommendations of the King IV Report on Corporate Governance.



**Mr Zahid Fakey**  
Chairperson: Audit and Risk Committee



# 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 the Dube TradePort Corporation and its subsidiary (the group) set out on pages 54 to 117, which comprise the consolidated and separate statement of financial position as at 31 March 2019, 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 the 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 consolidated and separate financial position of the group as at 31 March 2019, 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 Finance Management 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 this auditor's report.
4. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the 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 codes.
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 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 accounting authority 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 of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives



for selected programmes presented in the annual performance report. I performed procedures to identify findings, but not to gather evidence to express assurance.

- My procedures address the reported performance information, which must be based on the approved performance planning documents of the group. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents.

My procedures also did not extend to any disclosures or assertions relating to 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.

- 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 the following selected programmes presented in the annual performance report of the group for the year ended 31 March 2019:

<b>PROGRAMMES</b>	<b>PAGES IN THE ANNUAL PERFORMANCE REPORT</b>
Programme 6 - Development Planning and Infrastructure	42
Programme 7 - Special Economic Zone	44

- 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.

**Programme 6 - development planning and Infrastructure**

- I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

**Programme 7 - special economic zone**

- I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

**Other matter**

- I draw attention to the matter below.

**Achievement of planned targets**

- The annual performance report on pages 33 to 44 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

**REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

**Introduction and scope**

- In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the group with specific matters in key legislation. I performed procedures to identify findings, but not to gather evidence to express assurance.

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

**OTHER INFORMATION**

- 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 those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

- 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 thereon.

# REPORT OF THE AUDITOR-GENERAL (continued)

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. The other information I obtained prior to the date of this auditor's report is the draft forward, chairperson's statement, chief executive officer's review, audit committee report and the corporate governance report.
- 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 in this other information, I am required to report that fact. I have nothing to report in this regard.
27. An assurance engagement report for the period ended 31 March 2018 was issued to the Independent Communication Authority of South Africa (ICASA) on compliance with the Electronics Communications Act, 2005 (Act No. 36 of 2005) relating to the universal service and access fund.

*Auditor General*

Pietermaritzburg  
31 July 2019

## INTERNAL CONTROL DEFICIENCIES

24. 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.
25. I did not identify any significant deficiencies in internal control.

## OTHER REPORTS

26. I draw attention to the following engagement conducted that had, or could have, an impact on the matters reported in the group's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.



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 related to events or conditions that may cast significant doubt on the group's ability 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 the 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 an entity to cease continuing as a going concern; and
  - Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

### 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



# REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

## DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The Accounting Authority (“Board”) presents its report on the activities of the entity for the period ended 31 March 2019.

Dube TradePort Corporation has been created as an implementation vehicle and service delivery entity 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 the Dube TradePort are the King Shaka International Airport, a TradeZone, an 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 No. 1 of 1999 (PFMA).

The KwaZulu-Natal Dube TradePort Corporation 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 the Dube TradePort Corporation. Prior to this date Dube TradePort Corporation 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 No. 81 of 2008. The company registration number was 2002/002810/08.

During 2014, the TradeZone and AgriZone were designated Industrial Development Zones (IDZs); during 2015/16 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. STATEMENT OF RESPONSIBILITY

During the current financial year, the terms of office of the current Board members were extended for a further three-year period until 31 May 2021. In addition, the Minister of Trade and Industry exercised his authority in terms of the Special Economic Act and appointed a member to the Board which also acts as the Board of the Dube TradePort Special Economic Zone. Mr Richard Vallihu was appointed on 22 August 2018.

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

Dube TradePort Corporation and its subsidiary has 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 contracts awarded 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 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).

#### **4. JOINT VENTURE**

In fulfilling one of the requirements of the Co-operation Agreement (signed between Dube TradePort Corporation and the Airports Company South Africa SOC Limited, (ACSA)), 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 financial year end of 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 of Dube TradePort Corporation.

#### **5. 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 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.

#### **6. CONTINGENT LIABILITIES**

At the year-end, Dube TradePort Corporation was awaiting judgement in two legal matters. An unsuccessful tenderer had appealed the outcome of two separate procurements for which they had tendered. The matter was heard in the High Court in September 2017 and the Judge has reserved her judgement. Should the Judge find against Dube TradePort Corporation, the entity would be obligated to pay the costs of the opposing party. The estimated costs would be approximately R500 000.

In another matter, Dube TradePort Corporation purchased property from a close corporation. However, a third party claims he is the owner of the property. His claim has given rise to a number of applications and court actions which Dube TradePort Corporation is opposing. The estimated costs would be R500 000.

#### **7. 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.



# STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY		
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R	
<b>ASSETS</b>					
<b>Current assets</b>					
Inventories	3	239 797	151 774	239 797	151 774
Operating lease asset	4	324 110	2 502 669	323 846	2 502 669
Receivables from exchange transactions	5	93 990 958	54 396 615	94 355 911	53 666 896
Cash and cash equivalents	6	947 255 177	994 354 742	884 506 313	935 009 923
		1 041 810 042	1 051 405 800	979 425 867	991 331 262
<b>Non-current assets</b>					
Investment property	7	2 583 659 061	2 359 376 276	2 637 557 717	2 413 272 397
Property, plant and equipment	8	1 139 481 303	1 211 195 229	1 037 786 926	1 103 390 448
Intangible assets	9	5 664 622	6 312 362	5 664 622	6 312 362
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
Operating lease asset	4	42 387 356	43 654 298	42 387 250	43 653 831
		3 778 846 700	3 628 192 523	3 742 189 766	3 585 422 289
<b>TOTAL ASSETS</b>		<b>4 820 656 742</b>	<b>4 679 598 323</b>	<b>4 721 615 633</b>	<b>4 576 753 551</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current tax payable	12	78 024	-	-	-
Finance lease obligation	13	-	273 006	-	273 006
Payables from exchange transactions	14	85 508 833	76 593 697	85 433 475	76 109 105
Taxes and transfers payable (non-exchange)	15	-	800 000	-	800 000
Unspent conditional grants and receipts	16	90 439 242	167 578 776	90 439 242	167 578 776
		176 026 099	245 245 479	175 872 717	244 760 887
<b>Non-current liabilities</b>					
Provisions	18	26 250 092	24 173 581	26 250 092	24 173 581
<b>TOTAL LIABILITIES</b>		<b>202 276 191</b>	<b>269 419 060</b>	<b>202 122 809</b>	<b>268 934 468</b>
<b>NET ASSETS</b>		<b>4 618 380 551</b>	<b>4 410 179 263</b>	<b>4 519 492 824</b>	<b>4 307 819 083</b>
<b>Net assets attributable to owners of controlling entity</b>					
Owner's contribution		7 425 889	7 425 889	-	-
Accumulated surplus		4 670 317 153	4 463 620 922	4 519 492 824	4 307 819 083
		4 677 743 042	4 471 046 811	4 519 492 824	4 307 819 083
Non-controlling interest		(59 362 491)	(60 867 548)	-	-
<b>TOTAL NET ASSETS</b>		<b>4 618 380 551</b>	<b>4 410 179 263</b>	<b>4 519 492 824</b>	<b>4 307 819 083</b>



# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2019

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
	29 736 610	24 120 258	29 736 610	24 120 258
19	48 426 281	46 713 970	49 031 691	47 162 487
	2 024 980	2 704 564	1 491 592	2 332 492
20	55 198 332	47 980 748	50 522 937	43 392 294
	-	323 588	-	323 588
	<b>135 386 203</b>	<b>121 843 128</b>	<b>130 782 830</b>	<b>117 331 119</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
<b>Transfer revenue</b>				
21	471 910 590	354 040 435	471 910 590	354 040 435
	<b>607 296 793</b>	<b>475 883 563</b>	<b>602 693 420</b>	<b>471 371 554</b>
<b>EXPENDITURE</b>				
23	105 080 225	101 578 817	105 080 225	101 578 817
	119 404 844	136 603 203	113 291 905	130 489 043
24	267 388	480 185	266 062	480 093
	128 322	-	128 322	-
25	173 484 234	171 890 810	172 253 165	168 237 481
	<b>398 365 013</b>	<b>410 553 015</b>	<b>391 019 679</b>	<b>400 785 434</b>
	<b>208 931 780</b>	<b>65 330 548</b>	<b>211 673 741</b>	<b>70 586 120</b>
26	730 492	52	-	-
	<b>208 201 288</b>	<b>65 330 496</b>	<b>211 673 741</b>	<b>70 586 120</b>
<b>ATTRIBUTABLE TO:</b>				
	206 696 231	63 228 248	211 673 741	70 586 120
	1 505 057	2 102 248	-	-
	<b>208 201 288</b>	<b>65 330 496</b>	<b>211 673 741</b>	<b>70 586 120</b>



# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2019

	CAPITAL CONTRIBUTION RESERVE	ACCUMULATED SURPLUS	TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY/ CONTROLLING ENTITY	NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	R	R	R	R	R
<b>ECONOMIC ENTITY</b>					
<b>OPENING BALANCE AS PREVIOUSLY REPORTED</b>	7 425 889	4 371 482 224	4 378 908 113	(62 981 196)	4 315 926 917
Prior year adjustments (refer to note 36)	-	28 910 451	28 910 451	11 400	28 921 851
<b>BALANCE AT 01 APRIL 2017 RESTATED</b>	7 425 889	4 400 392 675	4 407 818 564	(62 969 796)	4 344 848 768
Surplus for the year as previously stated	-	68 831 073	68 831 073	2 054 663	70 885 736
Prior year adjustments (refer to note 36)	-	(5 602 826)	(5 602 826)	47 585	(5 555 241)
<b>BALANCE AT 01 APRIL 2018 RESTATED</b>	7 425 889	4 463 620 922	4 471 046 811	(60 867 548)	4 410 179 263
<b>CHANGES IN NET ASSETS</b>					
Surplus for the year	-	206 696 231	206 696 231	1 505 057	208 201 288
<b>BALANCE AT 31 MARCH 2019</b>	7 425 889	4 670 317 153	4 677 743 042	(59 362 491)	4 618 380 551

	CAPITAL CONTRIBUTION RESERVE	ACCUMULATED SURPLUS	TOTAL ATTRIBUTABLE TO OWNERS OF THE CONTROLLING ENTITY	NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	R	R	R	R	R
<b>CONTROLLING ENTITY</b>					
<b>OPENING BALANCE AS PREVIOUSLY REPORTED</b>	-	4 208 284 012	4 208 284 012	-	4 208 284 012
Adjustments					
Prior year adjustments (refer to note 36)	-	28 948 951	28 948 951	-	28 948 951
<b>BALANCE AT 01 APRIL 2017 RESTATED</b>	-	4 237 232 963	4 237 232 963	-	4 237 232 963
Surplus for the year as previously stated	-	76 069 981	76 069 981	-	76 069 981
Prior year adjustments (refer to note 36)	-	(5 483 861)	(5 483 861)	-	(5 483 861)
<b>BALANCE AT 01 APRIL 2018 RESTATED</b>	-	4 307 819 083	4 307 819 083	-	4 307 819 083
Surplus for the year	-	211 673 741	211 673 741	-	211 673 741
<b>BALANCE AT 31 MARCH 2019</b>	-	4 519 492 824	4 519 492 824	-	4 519 492 824



# CASH FLOW STATEMENT

For the year ended 31 March 2019

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of goods and services	46 255 628	73 291 613	44 016 873	71 196 319
Grants	393 971 055	509 186 582	393 971 055	509 186 582
Interest income	54 555 430	46 575 569	49 881 629	41 972 185
Other receipts	1 364 161	2 656 080	1 364 161	2 656 080
	496 146 274	631 709 844	489 233 718	625 011 166
<b>Payments</b>				
Employee costs	(106 550 616)	(102 780 376)	(106 550 616)	(102 780 376)
Suppliers	(164 088 370)	(143 705 445)	(161 233 653)	(137 827 740)
Finance costs	(267 388)	(480 185)	(266 062)	(480 093)
Taxes	(652 468)	(92)	-	-
	(271 558 842)	(246 966 098)	(268 050 331)	(241 088 209)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>27</b>	<b>384 743 746</b>	<b>221 183 387</b>	<b>383 922 957</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(23 159 110)	(33 526 898)	(23 159 110)	(33 526 898)
Purchase of investment property	(247 545 073)	(117 596 131)	(247 545 073)	(117 596 131)
Purchase of intangible assets	(709 808)	(2 967 925)	(709 808)	(2 967 925)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(271 413 991)</b>	<b>(154 090 954)</b>	<b>(271 413 991)</b>	<b>(154 090 954)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Finance lease payments	(273 006)	(258 295)	(273 006)	(258 295)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(47 099 565)</b>	<b>230 394 497</b>	<b>(50 503 610)</b>	<b>229 573 708</b>
Cash and cash equivalents at the beginning of the year	994 354 742	763 960 245	935 009 923	705 436 215
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>6</b>	<b>994 354 742</b>	<b>884 506 313</b>	<b>935 009 923</b>



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2019

ECONOMIC ENTITY	BUDGET ON CASH BASIS			ACTUAL AMOUNT ON COMPARABLE BASIS	DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL	REF
	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET			
STATEMENT OF FINANCIAL PERFORMANCE	R	R	R	R	R	
<b>REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Rendering of services	127 667 505	(29 079 189)	<b>98 588 316</b>	94 877 932	<b>(3 710 384)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants	468 695 000	(112 000 000)	<b>356 695 000</b>	356 695 000	-	
Roll-over	-	67 699 637	<b>67 699 637</b>	67 699 637	-	
<b>Total revenue from non-exchange transactions</b>	468 695 000	(44 300 363)	<b>424 394 637</b>	424 394 637	-	
<b>TOTAL REVENUE</b>	<b>596 362 505</b>	<b>(73 379 552)</b>	<b>522 982 953</b>	<b>519 272 569</b>	<b>(3 710 384)</b>	
<b>EXPENDITURE</b>						
Compensation of employees	115 735 032	(16 694 251)	<b>99 040 781</b>	96 124 706	<b>(2 916 075)</b>	
Computer services	7 666 428	3 019 485	<b>10 685 913</b>	6 500 571	<b>(4 185 342)</b>	a
Consultants, contractors and other services	111 103 397	(34 078 442)	<b>77 024 955</b>	39 759 893	<b>(37 265 062)</b>	b
Maintenance, repairs and running costs	134 142 630	(1 161 352)	<b>132 981 278</b>	119 130 987	<b>(13 850 291)</b>	c
Operating leases	638 632	1 908 171	<b>2 546 803</b>	2 377 941	<b>(168 862)</b>	
Travel and subsistence	3 090 360	235 529	<b>3 325 889</b>	1 570 279	<b>(1 755 610)</b>	d
Advertising	18 234 404	2 101 458	<b>20 335 862</b>	13 958 517	<b>(6 377 345)</b>	e
Training	5 683 944	(14 029)	<b>5 669 915</b>	2 821 546	<b>(2 848 369)</b>	f
Buildings and fixed structures (capital)	159 082 782	(42 793 697)	<b>116 289 085</b>	11 956 398	<b>(104 332 687)</b>	g
Machinery and equipment (capital)	31 460 211	(13 460 830)	<b>17 999 381</b>	11 755 660	<b>(6 243 721)</b>	h
Software and other intangible assets (capital)	9 524 685	(4 434 333)	<b>5 090 352</b>	886 540	<b>(4 203 812)</b>	i
Land and sub-soil assets (capital)	-	31 992 739	<b>31 992 739</b>	96 219 166	<b>64 226 427</b>	j
<b>TOTAL EXPENDITURE</b>	<b>596 362 505</b>	<b>(73 379 552)</b>	<b>522 982 953</b>	<b>403 062 204</b>	<b>(119 920 749)</b>	
Net surplus of controlling entity	-	-	-	116 210 365	<b>116 210 365</b>	
<b>LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED</b>						
Total revenue	7 236 919	1 150 818	<b>8 387 737</b>	6 325 829	<b>(2 061 908)</b>	k
Total expenditure	(17 930 852)	9 137 317	<b>(8 793 535)</b>	(2 921 784)	<b>5 871 751</b>	l
<b>NET SURPLUS/(DEFICIT)</b>	<b>(10 693 933)</b>	<b>10 288 195</b>	<b>(405 738)</b>	<b>119 614 410</b>	<b>120 020 148</b>	



CONTROLLING ENTITY	BUDGET ON CASH BASIS			ACTUAL AMOUNT ON COMPARABLE BASIS	DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL	REF
	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET			
STATEMENT OF FINANCIAL PERFORMANCE	R	R	R	R	R	
<b>REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Revenue	127 667 505	(29 079 189)	<b>98 588 316</b>	94 877 932	<b>3 710 384</b>	
<b>Revenue from non-exchange transactions</b>						
Government grants	468 695 000	(112 000 000)	<b>356 695 000</b>	356 695 000	-	
Roll-over	-	67 699 637	<b>67 699 637</b>	67 699 637	-	
<b>Total revenue from non-exchange transactions</b>	468 695 000	(44 300 363)	<b>424 394 637</b>	424 394 637	-	
<b>TOTAL REVENUE</b>	<b>596 362 505</b>	<b>(73 379 552)</b>	<b>522 982 953</b>	<b>519 272 569</b>	<b>3 710 384</b>	
<b>EXPENDITURE</b>						
Compensation of employees	115 735 032	(16 694 251)	<b>99 040 781</b>	96 124 706	<b>(2 916 075)</b>	
Computer services	7 666 428	3 019 485	<b>10 685 913</b>	6 500 571	<b>(4 185 342)</b>	a
Consultants, contractors and other services	111 103 397	(34 078 442)	<b>77 024 955</b>	39 759 893	<b>(37 265 062)</b>	b
Maintenance, repairs and running costs	134 142 630	(1 161 352)	<b>132 981 278</b>	119 130 987	<b>(13 850 291)</b>	c
Operating leases	638 632	1 908 171	<b>2 546 803</b>	2 377 941	<b>(168 862)</b>	
Travel and subsistence	3 090 360	235 529	<b>3 325 889</b>	1 570 279	<b>(1 755 610)</b>	d
Advertising	18 234 404	2 101 458	<b>20 335 862</b>	13 958 517	<b>(6 377 345)</b>	e
Training	5 683 944	(14 029)	<b>5 669 915</b>	2 821 546	<b>(2 848 369)</b>	f
Buildings and fixed structures (capital)	159 082 782	(42 793 697)	<b>116 289 085</b>	11 956 398	<b>(104 332 687)</b>	g
Machinery and equipment (capital)	31 460 211	(13 460 830)	<b>17 999 381</b>	11 755 660	<b>(6 243 721)</b>	h
Software and other intangible assets (capital)	9 524 685	(4 434 333)	<b>5 090 352</b>	886 540	<b>(4 203 812)</b>	i
Land and sub-soil assets (capital)	-	31 992 739	<b>31 992 739</b>	96 219 166	<b>64 226 427</b>	j
<b>TOTAL EXPENDITURE</b>	<b>596 362 505</b>	<b>(73 379 552)</b>	<b>522 982 953</b>	<b>403 062 204</b>	<b>(119 920 749)</b>	
<b>NET SURPLUS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116 210 365</b>	<b>116 210 365</b>	



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

## EXPLANATION OF MATERIAL VARIANCES (GREATER THAN 10%) BETWEEN BUDGET AND ACTUAL AMOUNTS

**a. Computer services:** The full budget for ad hoc IT spares, equipment and firewall maintenance and support was not required during the year, as spares for some IT equipment was sourced internally.

**b. Consultants, contractors and other services:** Professional fees relating to construction monitoring was lower than expected as the procurement of contractors to undertake two large construction projects were still in progress at year-end, and other projects started later than anticipated. In addition, the second phase on the KZN Horticultural Project had not yet commenced.

**c. Maintenance, repairs and running costs:** This budget was underspent as a result of outstanding invoices, including the majority of March 2019 operating costs, which were payable in April 2019.

**d. Travel and subsistence:** A number of invoices remained outstanding or under query at year-end. Travel, particularly international, was reduced wherever possible throughout the year.

**e. Advertising:** The marketing team was reduced from 4 to 2 employees after resignations at the beginning of the year. This meant that the scope of marketing activities was greatly reduced and the budget could not be fully utilised. In addition, the investment promotion budget was largely unutilised as many of the events attended during the year were paid for by other entities.

**f. Training:** Not all training interventions planned and budgeted for were undertaken during the year and, in addition, there were invoices outstanding at year-end.

**g. Buildings and other fixed structures (capital):** Despite returning a portion of this budget, it remained underspent as the procurements of two large construction projects were not concluded before year-end.

**h. Machinery and equipment (capital):** Procurements of a ground-penetrating tool and survey and mapping drone were delayed after the GIS Officer resigned. These and other procurements (e.g. network expansion and automatic voltage regulator for the Tissue Culture Lab) were not concluded in time for the funds to be spent before year-end.

**i. Software and other intangible assets (capital):** Budget allocated for the network support contract was not utilised as the procurement was still in progress at year-end.

**j. Land and subsoil assets (capital):** Budget was committed for the purchase of environmental off-set land. Based on Dube TradePort Corporation's operational requirements, the Board approved the purchase of additional land in March 2019.

### La Mercy JV Property Investments Proprietary Limited

**k.** The material difference between the actual revenue and budgeted amounts was due to the gain on the disposal of land which related to the land sale in Dube City and the servitude being in the process of registration.

**l.** The material difference between actual expenditure and budgeted amounts was due to the ongoing maintenance of rehabilitated land and the delay in approvals for the rezoning of the subdivisions in Dube TradeZone 2.





#### **Changes from approved budget to final budget**

In general, budget was reprioritised between line items to account for the funds rolled-over from the previous financial year, as well as the reduction in grant income from the Department of Economic Development, Tourism and Environmental Affairs agreed at Adjustment Estimates.

**Revenue:** Budget was allocated for VAT payments as these exceeded the refunds received due to timing of spend in relation to receipt of grant income. Dube TradePort Corporation budgets for the net VAT receipt/payment under revenue as receipts usually exceed the VAT payments made.

**Grants received:** Budget was returned to the Department of Economic Development, Tourism and Environmental Affairs after the procurement of a contractor to undertake the construction of the multi-storey parkade at Dube City was unsuccessful.

**Compensation of employees:** Some posts became vacant during the year and, as long approval processes are required before these can be filled, the budget for these posts was reprioritised as they could not be filled immediately.

**Computer services:** Funds were rolled-over from the previous financial year for the IT service desk, which was procured, but not yet paid for, at the end of March 2018.

**Consultants, contractors and other services:** Budget for various projects was reduced as they were unlikely to be completed within the year. These included wetland interventions, alien clearing, construction monitoring for the multi-storey parkade, aviation consultants for the development of the Dube TradePort Corporation airside, building management system integration, and development of a master asset register.

**Operating leases:** The lease of the billboards was extended to allow time for the Call for Proposals process to be completed. Once successful, this process will allow an external party to operate the billboards.

**Advertising:** Budget was reallocated to this item to enable Dube

TradePort Corporation to contribute towards the marketing campaign to promote the new British Airways direct route between Durban and London Heathrow, which commenced in October 2018.

**Buildings and other fixed structures:** Budget intended for the construction of the multi-storey parkade at Dube City was reprioritised after the procurement of the contractor to undertake this project failed.

**Machinery and equipment:** The budget for IT hardware for disaster recovery was reprioritised as the procurement commenced too late in the year for the funds to be utilised before year-end. In addition, the procurement of unified communications devices had to be restarted following unsuccessful contract negotiations.

**Software and other intangible assets:** The budget for a computerised maintenance management system (CMMS) was reprioritised, while the capabilities of the IT service desk were investigated to determine whether it could adequately perform the functions required of the CMMS. In addition, the procurement of electronic content management software was delayed to the following year, and the budget was therefore reprioritised.

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**Land sale:** The receipt of proceeds from the proposed sale of part of portion 8 of Dube City land was not included in the original budget. The registration of the sale is currently in progress and was expected to be concluded during the current financial year.

**Professional fees:** The deferral of professional fees for the development of Support Zone 2, which is dependent on the Environmental Authorisation being issued.

**Procurement:** The procurement of a service provider to undertake the review of the master plan was finalised. However, no expenditure was incurred during the current financial year.

**Rehabilitation costs:** The Board agreed that the costs of rehabilitation of the land delineated as conservation land would be borne by the parties which benefited from development for Phase 1 build.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 1. ACCOUNTING POLICIES

### PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

#### Accrual basis

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

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

#### 1.1. GOING CONCERN ASSUMPTION

These consolidated annual 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 annual financial statements are the annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and the controlled entity.

Consolidated annual 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 annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date.

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

##### Receivables from exchange transactions and loans and receivables

Management assesses its trade receivables and loans and 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.

#### 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 30.

### 1.4 INVESTMENT PROPERTY

Investment property is 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.

#### 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.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write-down the cost, less estimated residual value over the useful life of the property, which is as follows:

ITEM	AVERAGE USEFUL LIFE
Property - land	Indefinite
Property - buildings	8 - 50 years

#### 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 is 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:

- A change in significant components of the asset;
- A change in the use of the asset;
- An intention change 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 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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

## 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 assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land	-	Indefinite
Buildings	Straight-line	8 - 50 years
Plant and machinery	Straight-line	3 - 20 years
Furniture and fixtures	Straight-line	3 - 15 years
Motor vehicles	Straight-line	5 years
Equipment • Sundry and office equipment	Straight-line	3 - 15 years
IT equipment: • Hardware and operating systems • Networks	Straight-line	3 - 10 years 5 - 10 years
Infrastructure: • Roads • Sewage • Solid waste disposal	Straight-line	3 - 100 years 10 - 60 years 5 - 55 years
Community assets	Straight-line	10 - 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.

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:

- 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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 as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Licenses	Straight-line	Indefinite
Computer software	Straight-line	3 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 leaseback).

## 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.

### Initial 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 a heritage asset 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 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 Proprietary 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.

## 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.

### Classification

The entity has the following types of financial assets (class 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 equivalents	Financial asset measured at amortised cost
Interest receivable	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (class 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
Finance lease liability	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.

### 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 are 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



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For the year ended 31 March 2019

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 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 duties, 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 initial recognition of an asset or liability in a transaction at the time of the transaction, or 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 VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **1.11 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 building elements, each element is assessed separately.

### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

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

### **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.

## **1.12 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.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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 or



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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current replacement cost 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 or current replacement cost, 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.

## 1.13 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.

## 1.14 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.

### 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.

## 1.15 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 28.

## 1.16 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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.

## 1.17 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 expenditure 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 consolidated annual financial statements. Refer to note 18 and 38.

## 1.18 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 within the Dube TradePort precinct; and
- Cargo-handling services.

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.

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**

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

### **1.19 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 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 is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability 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. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the reduction in the liability is recognised as revenue.

### **1.20 COST OF SALES**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

realisable value and all surplus (deficit) 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, is recognised as a reduction in the related expense in the period in which the reversal occurs. The related cost of providing revenue-generating services recognised as revenue in the current period is included in cost of sales.

## 1.21 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 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.

## 1.22 COMPARATIVE FIGURES

Comparative information represents the results of the 12 months ended 31 March 2018 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 35 and note 36.

## 1.23 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 32.

## 1.24 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 -

- (a) The PFMA; or
- (b) The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) 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 occurrence 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 33.

### 1.25 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 41.

### 1.26 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 annual financial statements relates to Dube TradePort Corporation and the La Mercy JV Property Investments Proprietary Limited. The approved budget covers

the fiscal period from 2018/04/01 to 2019/03/31.

The consolidated annual 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.

Variations between budget and actual amounts greater than 10% is considered to be material and explanations provided for disclosure purposes. Comparative information is not required.

### 1.27 RELATED PARTIES

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

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

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

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

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

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



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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 annual financial statements.

## 1.28 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 annual 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 annual financial statements.

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of

transaction costs.

Other changes resulted from changes made to IPSAS 12 on Inventories as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

#### GRAP 16 (as amended 2016): Investment Property

The most significant changes to the Standard are:

- To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and
- To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

#### GRAP 17 (as amended 2016): Property, Plant and Equipment

The most significant changes to the Standard are:

- To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and
- To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination





of monetary and non-monetary assets and to clarify acceptable methods of depreciating assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

**GRAP 21 (as amended 2016): Impairment of Non-Cash Generating Assets**

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of Conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

**GRAP 26 (as amended 2016): Impairment of Cash Generating Assets**

The most significant changes to the Standard are:

- PSASB amendments: To update the Basis of Conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

**GRAP 31 (as amended 2016): Intangible Assets**

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs.

Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs

and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12);

- To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets;
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and
- To clarify acceptable methods of depreciating assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

**GRAP 103 (as amended 2016): Heritage Assets**

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and
- To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

**GRAP 20 : Related Parties**

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this Standard in:

- (a) Identifying related party relationships and transactions;
- (b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- (c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- (d) Determining the disclosures to be made about those items.

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity.

This disclosure also ensures that the reporting entity is transparent about its dealings with related parties. The standard states that 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.

As a minimum, the following are regarded as related parties of the reporting entity:

- (a) A person or a close member of that person's family is related to the reporting entity if that person:
  - (i) Has control or joint control over the reporting entity;
  - (ii) Has significant influence over the reporting entity;
  - (iii) Is a member of the management of the entity or its controlling entity.
- (b) An entity is related to the reporting entity if any of the following conditions apply
  - (i) The entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an

associate or joint venture of a member of an economic entity of which the other entity is a member);

- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (vii) A person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management.

The effective date of the standard set by the Minister of Finance is 01 April 2019.

The entity has already used the standard to develop its accounting policy.

It is unlikely that the amendment will have a material impact on the entity's consolidated annual financial statements.

## 2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2019 or later periods:



#### **GRAP 34: Separate Financial Statements**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers definitions, preparation of separate financial statements, disclosure, transitional provisions and the effective date.

The effective date of the Standard is not yet 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 consolidated annual financial Statements.

#### **GRAP 38: Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- The nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- The effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date. The effective date of the Standard is not yet 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 consolidated annual financial statements.

#### **GRAP 18: Interpretation of the Standard of GRAP on Recognition and De-recognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined.

An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this interpretation of the Standards of GRAP.

The effective date of the Interpretation is for years beginning on or after 01 April 2019.

The entity expects to adopt the Interpretation for the first time in the 2020 annual financial statements.

The impact of this Interpretation is currently being assessed.

#### **GRAP 35: Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- Requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidation;
- Sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

- Sets out the accounting requirements for the preparation of consolidated financial statements; and
- Defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting Requirements, Investment entities: Fair value requirement.

The effective date of the Standard is not yet set by the Minister of Finance.

The economic entity expects to adopt the Standard for the first time when the Minister sets the effective date for the Standard.

## **GRAP 1: Presentation of Financial Statements**

The effective date of the Interpretation is for years beginning on or after 01 April 2019.

The entity expects to adopt the Interpretation for the first time in the 2020 annual financial statements. It is unlikely that the Interpretation will have a material impact on the entity's annual financial statements.

## **iGRAP 1: Applying the Probability Test on Initial Recognition**

The effective date of the Standard is for years beginning on or after 01 April 2020.

The entity expects to adopt the Interpretation 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 consolidated annual financial statements.

## **iGRAP 20: Accounting for adjustments to Revenue**

The effective date of the Interpretation is for years beginning on or after 01 April 2020.

The entity expects to adopt the Interpretation for the first time when the Minister sets the effective date for the Standard.

The impact of this Interpretation is currently being assessed.

## **GRAP 104: Financial Instruments (revised)**

The effective date of the Standard is not yet set by the Minister of Finance.

The entity expects to adopt the Interpretation 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 consolidated annual financial statements.

## **GRAP 108: Statutory Receivables**

The effective date of the Standard is for years beginning on or after 01 April 2019.

The entity expects to adopt the Standard for the first time in the 2020 consolidated annual financial statements.

The impact of this Standard is currently being assessed.



### 3. INVENTORIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Finished goods	239 797	151 774	239 797	151 774

Inventories are held at cost and includes telephone handsets.

### 4. OPERATING LEASE ASSET

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Non-current assets	42 387 356	43 654 298	42 387 250	43 653 831
Current assets	324 110	2 502 669	323 846	2 502 669
<b>TOTAL</b>	<b>42 711 466</b>	<b>46 156 967</b>	<b>42 711 096</b>	<b>46 156 500</b>
<b>STRAIGHT-LINING OF LEASE ASSET</b>				
Opening balance	46 156 967	46 805 215	46 156 500	46 805 215
Straight-line accrual for the year	(3 445 501)	(648 248)	(3 445 404)	(648 715)
<b>TOTAL</b>	<b>42 711 466</b>	<b>46 156 967</b>	<b>42 711 096</b>	<b>46 156 500</b>

Included in the 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 28).

### 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Trade and other receivables	19 371 628	14 041 520	20 094 888	13 690 747
Deposits	4 280 710	4 261 710	4 280 710	4 261 710
Interest receivable	5 087 628	4 444 726	4 822 750	4 181 442
Deposit guarantees held by third parties	4 283 711	3 941 006	4 283 711	3 941 006
Prepaid expenses	4 880 917	5 315 155	4 880 917	5 315 155
Payroll recoveries	754 207	793 936	754 207	793 936
VAT receivable	55 332 157	21 598 562	55 238 728	21 482 900
<b>TOTAL</b>	<b>93 990 958</b>	<b>54 396 615</b>	<b>94 355 911</b>	<b>53 666 896</b>
<b>TRADE AND OTHER RECEIVABLES</b>				
Trade and other receivables	19 609 860	16 130 626	20 333 120	15 779 853
Less: allowance for doubtful debts	(238 232)	(2 089 106)	(238 232)	(2 089 106)
<b>TOTAL</b>	<b>19 371 628</b>	<b>14 041 520</b>	<b>20 094 888</b>	<b>13 690 747</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>ANALYSIS OF ALLOWANCE FOR DOUBTFUL DEBTS</b>				
Opening balance	2 089 106	1 706 782	2 089 106	1 706 782
Add: Provision increase during the year (refer to note 25)	-	382 324	-	382 324
Less: Provision reversed during the year (refer to note 25)	(1 850 874)	-	(1 850 874)	-
<b>TOTAL</b>	<b>238 232</b>	<b>2 089 106</b>	<b>238 232</b>	<b>2 089 106</b>

### 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 2019, R19 371 628 (2018: R14 041 520) were past due but not impaired (refer to note 31 for information on the credit quality of trade and other receivables).

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
1 month past due	6 377 255	7 174 259	7 102 553	6 890 781
2 months past due	1 035 412	1 142 440	1 033 374	1 075 145
3 months past due	11 958 961	5 724 821	11 958 961	5 724 821

### TRADE AND OTHER RECEIVABLES IMPAIRED

As at 31 March 2019, trade and other receivables of R238 232 (2018: R2 089 106) were impaired and provided for.

The ageing of these amounts are as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
3 to 6 months	-	869 829	-	869 829
Over 6 months	238 232	1 219 277	238 232	1 219 277

Debtors are assessed individually for impairment. The provision for the current year is based on debtors who are in the process of being liquidated.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Cash on hand	25 000	25 000	25 000	25 000
Bank balances	277 229 004	316 967 520	214 480 140	257 622 701
Deposits held on behalf of third parties	14 477 618	13 799 708	14 477 618	13 799 708
Amounts held in trust accounts	655 523 555	663 562 514	655 523 555	663 562 514
<b>TOTAL</b>	<b>947 255 177</b>	<b>994 354 742</b>	<b>884 506 313</b>	<b>935 009 923</b>

## 6. CASH AND CASH EQUIVALENTS (continued)

The bank balance figure includes the amount relating to the unspent conditional grants (refer to note 16).

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 specialised projects. Included in the trust accounts is an amount of R1 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.

## 7. INVESTMENT PROPERTY

ECONOMIC ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	2 758 113 247	(174 454 186)	2 583 659 061	2 510 570 709	(151 194 433)	2 359 376 276

CONTROLLING ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	2 812 011 903	(174 454 186)	2 637 557 717	2 564 466 830	(151 194 433)	2 413 272 397

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2019

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	TRANSFERS TO PROPERTY, PLANT AND EQUIPMENT	DEPRECIATION	TOTAL
	R	R	R	R	R	R
Investment property	2 359 376 276	1 792 977	245 752 096	(2 535)	(23 259 753)	2 583 659 061

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2018 RESTATED

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	DEPRECIATION	TOTAL
	R	R	R	R	R
Investment property	2 263 851 012	5 417 418	112 178 712	(22 070 866)	2 359 376 276

### RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2019

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	DEPRECIATION	TOTAL
	R	R	R	R	R
Investment property	2 413 272 397	1 792 977	245 752 096	(23 259 753)	2 637 557 717



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 7. INVESTMENT PROPERTY (continued)

### RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2018

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	DEPRECIATION	TOTAL
	R	R	R	R	R
Investment property	2 317 747 133	5 417 419	112 178 712	(22 070 867)	2 413 272 397

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>INVESTMENT PROPERTY IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED</b>				
Opening balance	179 743 049	87 235 868	179 743 049	87 235 868
Additions	245 752 096	112 178 712	245 752 096	112 178 712
Transferred to completed items	-	(19 671 531)	-	(19 671 531)
<b>TOTAL</b>	<b>425 495 145</b>	<b>179 743 049</b>	<b>425 495 145</b>	<b>179 743 049</b>

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>Carrying value of Investment property that is taking a significantly longer period of time to complete than expected</b>				
<b>Double Basement</b>				
The main contractor was placed under liquidation before the project could be completed. Construction activities were therefore halted. The project is approximately 85% complete. At financial year-end the procurement to appoint a contractor to complete the project was still in progress. Work is planned to commence in mid-2019.	161 135 676	155 607 507	161 135 676	155 607 507
	<b>161 135 676</b>	<b>155 607 507</b>	<b>161 135 676</b>	<b>155 607 507</b>

Included in the Investment Property balances are non-depreciable land valued at R1 532 634 378 (2018 : R1 532 634 378).



## 7. INVESTMENT PROPERTY (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>DETAILS OF PROPERTY</b>				
<b>La Mercy Land (Portion 5 and 9)</b>				
Sub-divisions 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	427 444 327	427 444 327	427 444 327	427 444 327
<b>Klipfontein Farm</b>				
Remainder and portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 99.33 hectares held under Title Deed No. T3464/2010.				
Purchase price	123 733 875	123 733 875	123 733 875	123 733 875
<b>Mount Moreland Land</b>				
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
<b>Illovo Farm</b>				
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
<b>Cottonlands Farm</b>				
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
<b>Dube City</b>				
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



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 7. INVESTMENT PROPERTY (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>Cottonlands Farm</b>				
Remainder of Portion 1240 of 1220 and Portion 1970 of 1220 of the Farm Cottonlands, in the extent of 156.0474 hectares				
Purchase price	135 295 560	135 295 560	135 295 560	135 295 560
<b>Cottonlands Farm</b>				
Remainder of Portion 1220 of the Farm Cottonlands No. 1575, in the extent of 172.3491 hecatars, held under Title Deed No. T16581/2012.				
Purchase price	90 045 830	90 045 830	90 045 830	90 045 830
<b>Cottonlands Farm</b>				
Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575, in the extent of 109.2539 hectares held under Title Deed No. T8966/2013.				
Purchase price	54 281 267	54 281 267	54 281 267	54 281 267
<b>TradeHouse Building</b>				
Construction cost	131 360 543	128 020 069	131 360 543	128 020 069
Canteen	5 351 102	5 351 102	5 351 102	5 351 102
Subsequent expenditure	1 455 457	3 340 474	1 455 457	3 340 474
<b>TOTAL</b>	<b>138 167 102</b>	<b>136 711 645</b>	<b>138 167 102</b>	<b>136 711 645</b>
<b>Valuable Cargo Building</b>				
Construction cost	24 123 061	24 123 061	24 123 061	24 123 061
Subsequent expenditure	90 248	-	90 248	-
<b>TOTAL</b>	<b>24 213 309</b>	<b>24 123 061</b>	<b>24 213 309</b>	<b>24 123 061</b>



## 7. INVESTMENT PROPERTY (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>29° South</b>				
Construction cost	153 047 929	151 161 400	153 047 929	151 161 400
Subsequent expenditure	-	1 886 529	-	1 886 529
<b>TOTAL</b>	<b>153 047 929</b>	<b>153 047 929</b>	<b>153 047 929</b>	<b>153 047 929</b>
<b>Dube AgriZone Buildings</b>				
Construction cost:				
Greenhouse C	178 295 760	178 295 760	178 295 760	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	47 296 788	47 235 375	47 296 788	47 235 375
Packhouse A	6 641 289	6 641 289	6 641 289	6 641 289
Packhouse C	27 094 210	27 094 210	27 094 210	27 094 210
Packhouse D	25 455 057	25 455 057	25 455 057	25 455 057
Canteen	2 623 411	2 494 409	2 623 411	2 494 409
Subsequent expenditure	-	190 415	-	190 415
<b>TOTAL</b>	<b>480 419 376</b>	<b>480 419 376</b>	<b>480 419 376</b>	<b>480 419 376</b>
<b>Airchefs Building</b>				
Construction cost	<b>29 179 950</b>	<b>29 179 950</b>	<b>29 179 950</b>	<b>29 179 950</b>
<b>Gift of the Givers Building</b>				
Construction cost	<b>14 900 128</b>	<b>14 900 128</b>	<b>14 900 128</b>	<b>14 900 128</b>
<b>TradeHouse Guardhouse</b>				
Construction cost	13 707 313	13 707 313	13 707 313	13 707 313
Subsequent expenditure	247 272	-	247 272	-
	<b>13 954 585</b>	<b>13 707 313</b>	<b>13 954 585</b>	<b>13 707 313</b>
<b>La Mercy (Portion 4, 6, 8, 10 and 11)</b>				
Purchase price	342 668	342 668	-	-
Capitalised expenditure	4 052 361	4 052 361	-	-
Reclassified to property, plant and equipment	(2 535)	-	-	-
<b>TOTAL</b>	<b>4 392 494</b>	<b>4 395 029</b>	<b>-</b>	<b>-</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 7. INVESTMENT PROPERTY (continued)

The 2018 costs for five investment properties were updated. These included 29° South, AgriZone distribution centre and canteen, TradeHouse building and the TradeZone guardhouse.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN SURPLUS AND DEFICIT FOR INVESTMENT PROPERTIES</b>				
Rental revenue from investment properties	47 787 547	45 161 166	47 470 678	44 828 577
Repairs and maintenance	(1 032 960)	(986 101)	(1 032 960)	(986 101)
Direct operating expenses	(23 977 726)	(18 652 403)	(23 132 865)	(17 977 663)
<b>TOTAL</b>	<b>22 776 861</b>	<b>25 522 662</b>	<b>23 304 853</b>	<b>25 864 813</b>

Included in the above figures is expenditure for direct operating costs incurred for the year of R620 419 which relates to property that did not generate revenue.

The total contractual obligations relating to investment properties for repairs and maintenance amounts to R11 792 321 (2018: R24 496 822).

## 8. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	2019			2018 RESTATED		
	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land	111 253 522	-	111 253 522	111 250 987	-	111 250 987
Buildings	528 162 677	(240 249 375)	287 913 302	517 976 051	(225 010 716)	292 965 335
Plant and machinery	26 653 891	(19 781 001)	6 872 890	28 723 935	(21 117 862)	7 606 073
Furniture and fixtures	35 718 478	(25 609 005)	10 109 473	35 714 291	(22 122 376)	13 591 915
Motor vehicles	18 166 670	(15 717 457)	2 449 213	16 958 370	(15 123 866)	1 834 504
Equipment	393 799 272	(266 975 990)	126 823 282	389 150 479	(243 859 734)	145 290 745
IT equipment	186 505 943	(157 492 874)	29 013 069	182 881 033	(147 458 555)	35 422 478
Infrastructure	876 769 725	(312 652 523)	564 117 202	873 773 486	(271 515 205)	602 258 281
Community	1 106 280	(176 930)	929 350	1 106 280	(131 369)	974 911
<b>TOTAL</b>	<b>2 178 136 458</b>	<b>(1 038 655 155)</b>	<b>1 139 481 303</b>	<b>2 157 534 912</b>	<b>(946 339 683)</b>	<b>1 211 195 229</b>



## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

CONTROLLING ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Land	111 250 987	-	111 250 987	111 250 987	-	111 250 987
Buildings	528 162 677	(240 249 375)	287 913 302	517 976 051	(225 010 716)	292 965 335
Plant and machinery	26 653 891	(19 781 001)	6 872 890	28 723 935	(21 117 862)	7 606 073
Furniture and fixtures	35 718 478	(25 609 005)	10 109 473	35 714 291	(22 122 376)	13 591 915
Motor vehicles	18 166 670	(15 717 457)	2 449 213	16 958 370	(15 123 866)	1 834 504
Equipment	393 799 272	(266 975 990)	126 823 282	389 150 479	(243 859 734)	145 290 745
IT equipment	186 505 943	(157 492 874)	29 013 069	182 881 033	(147 458 555)	35 422 478
Infrastructure	736 322 999	(273 286 336)	463 036 663	733 326 760	(238 248 363)	495 078 397
Community	412 506	(94 459)	318 047	412 506	(62 492)	350 014
<b>TOTAL</b>	<b>2 036 993 423</b>	<b>(999 206 497)</b>	<b>1 037 786 926</b>	<b>2 016 394 412</b>	<b>(913 003 964)</b>	<b>1 103 390 448</b>

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2019

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	TRANSFERS TO INVENTORY	CHANGES IN ESTIMATE (REFER TO NOTE 30)	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R
Land	111 250 987	2 535	-	-	-	-	111 253 522
Buildings	292 965 335	-	10 186 483	-	-	(15 238 516)	287 913 302
Plant and machinery	7 606 073	-	-	-	1 729 269	(2 462 452)	6 872 890
Furniture and fixtures	13 591 915	4 187	-	-	3 951	(3 490 580)	10 109 473
Motor vehicles	1 834 504	1 208 300	-	-	445 047	(1 038 638)	2 449 213
Equipment	145 290 745	1 256 830	3 529 178	-	6 116 696	(29 370 167)	126 823 282
IT equipment	35 422 478	3 907 431	70 463	(88 023)	2 786 332	(13 085 612)	29 013 069
Infrastructure	602 258 281	-	2 996 238	-	1 071 356	(42 208 673)	564 117 202
Community	974 911	-	-	-	-	(45 561)	929 350
<b>TOTAL</b>	<b>1 211 195 229</b>	<b>6 379 283</b>	<b>16 782 362</b>	<b>(88 023)</b>	<b>12 152 651</b>	<b>(106 940 199)</b>	<b>1 139 481 303</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2018 RESTATED

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	TRANSFERS TO INVENTORY	PRIOR PERIOD ERRORS (REFER TO NOTE 36)	CHANGES IN ESTIMATE (REFER TO NOTE 30)	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Land	111 250 987	-	-	-	-	-	-	111 250 987
Buildings	307 685 561	87 894	8 456	-	-	-	(14 816 576)	292 965 335
Plant and machinery	7 749 660	1 762 789	-	-	(29 530)	853 133	(2 729 979)	7 606 073
Furniture and fixtures	16 958 038	139 747	-	-	(1 622)	-	(3 504 248)	13 591 915
Motor vehicles	2 922 630	-	-	-	(265 654)	82 391	(904 863)	1 834 504
Equipment	152 493 288	12 274 703	7 047 346	-	(3 225 343)	6 344	(23 305 593)	145 290 745
IT Equipment	52 369 238	6 462 505	132 574	(38 742)	(1 425 845)	2 653 338	(24 730 590)	35 422 478
Infrastructure	638 990 575	1 249 234	4 361 650	-	(85 690)	-	(42 257 488)	602 258 281
Community	997 269	24 423	-	-	-	-	(46 781)	974 911
<b>TOTAL</b>	<b>1 291 417 246</b>	<b>22 001 295</b>	<b>11 550 026</b>	<b>(38 742)</b>	<b>(5 033 684)</b>	<b>3 595 206</b>	<b>(112 296 118)</b>	<b>1 211 195 229</b>

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2019

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	TRANSFERS TO INVENTORY	CHANGES IN ESTIMATE (REFER TO NOTE 30)	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R
Land	111 250 987	-	-	-	-	-	111 250 987
Buildings	292 965 335	-	10 186 483	-	-	(15 238 516)	287 913 302
Plant and machinery	7 606 073	-	-	-	1 729 269	(2 462 452)	6 872 890
Furniture and fixtures	13 591 915	4 187	-	-	3 951	(3 490 580)	10 109 473
Motor vehicles	1 834 504	1 208 300	-	-	445 047	(1 038 638)	2 449 213
Equipment	145 290 745	1 256 830	3 529 178	-	6 116 696	(29 370 167)	126 823 282
IT equipment	35 422 478	3 907 431	70 463	(88 023)	2 786 332	(13 085 612)	29 013 069
Infrastructure	495 078 397	-	2 996 238	-	1 071 356	(36 109 328)	463 036 663
Community	350 014	-	-	-	-	(31 967)	318 047
<b>TOTAL</b>	<b>1 103 390 448</b>	<b>6 376 748</b>	<b>16 782 362</b>	<b>(88 023)</b>	<b>12 152 651</b>	<b>(100 827 260)</b>	<b>1 037 786 926</b>

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENT 2018 RESTATED

	OPENING BALANCE	ADDITIONS	WORK IN PROGRESS	TRANSFERS TO INVENTORY	PRIOR PERIOD ERRORS (REFER TO NOTE 36)	CHANGES IN ESTIMATE (REFER TO NOTE 30)	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Land	111 250 987	-	-	-	-	-	-	111 250 987
Buildings	307 685 561	87 894	8 456	-	-	-	(14 816 576)	292 965 335
Plant and machinery	7 749 660	1 762 789	-	-	(29 530)	853 133	(2 729 979)	7 606 073
Furniture and fixtures	16 958 038	139 747	-	-	(1 622)	-	(3 504 248)	13 591 915
Motor vehicles	2 922 630	-	-	-	(265 654)	82 391	(904 863)	1 834 504
Equipment	152 493 288	12 274 703	7 047 346	-	(3 225 343)	6 344	(23 305 593)	145 290 745
IT Equipment	52 369 238	6 462 505	132 574	(38 742)	(1 425 845)	2 653 338	(24 730 590)	35 422 478
Infrastructure	525 711 343	1 249 234	4 361 650	-	(85 690)	-	(36 158 140)	495 078 397
Community	381 982	-	-	-	-	-	(31 968)	350 014
<b>TOTAL</b>	<b>1 177 522 727</b>	<b>21 976 872</b>	<b>11 550 026</b>	<b>(38 742)</b>	<b>(5 033 684)</b>	<b>3 595 206</b>	<b>(106 181 957)</b>	<b>1 103 390 448</b>

Plant and machinery includes the following amounts where the entity is a lessee under a finance lease:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>CAPITALISED FINANCE LEASE ASSETS</b>				
Cost	1 009 335	1 009 335	1 009 335	1 009 335
Accumulated depreciation	(1 009 334)	(761 150)	(1 009 334)	(761 150)
<b>TOTAL</b>	<b>1</b>	<b>248 185</b>	<b>1</b>	<b>248 185</b>

The entity leases photocopy machines under non-cancellable finance lease agreements. The lease term is 4-5 years, and ownership lies with the lessor.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### PROJECTS THAT ARE TAKING A SIGNIFICANTLY LONGER PERIOD OF TIME TO COMPLETE THAN EXPECTED

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>Workshop Facility and Water Laboratory</b>				
The main contractor failed to complete the project and the contract was subsequently cancelled. Dube TradePort Corporation appointed a new contractor to complete this project. The water laboratory reached practical completion in March 2019, although it is not yet in the condition required by management for its intended use.	4 045 649	3 321 396	4 045 649	3 321 396
<b>Technical Facility</b>				
The main contractor failed to complete the project and the contract was subsequently cancelled. Dube TradePort Corporation appointed a new contractor to complete this project. The project is currently in its final stages of completion. The technical facility reached practical completion in March 2019, although it is not yet in the condition required by management for its intended use.	6 715 862	1 931 307	6 715 862	1 931 307
<b>TOTAL</b>	<b>10 761 511</b>	<b>5 252 703</b>	<b>10 761 511</b>	<b>5 252 703</b>

### RECONCILIATION OF WORK-IN-PROGRESS - ECONOMIC ENTITY - 2019

	BUILDINGS R	INFRASTRUCTURE R	IT EQUIPMENT R	EQUIPMENT R	TOTAL R
Opening balance	8 021 503	35 072 035	1 849 456	7 047 346	51 990 340
Additions	10 186 627	2 996 238	70 463	3 529 178	16 782 506
Transferred to completed items	(8 113 148)	-	(121 580)	(10 576 524)	(18 811 252)
<b>TOTAL</b>	<b>10 094 982</b>	<b>38 068 273</b>	<b>1 798 339</b>	<b>-</b>	<b>49 961 594</b>

### RECONCILIATION OF WORK-IN-PROGRESS CONTROLLING ENTITY - 2018 RESTATED

	BUILDINGS R	INFRASTRUCTURE R	IT EQUIPMENT R	EQUIPMENT R	TOTAL R
Opening balance	8 013 047	33 882 183	1 716 882	-	43 612 112
Additions	8 456	4 361 651	132 574	7 047 346	11 550 027
Transferred to completed items	-	(3 171 799)	-	-	(3 171 799)
<b>TOTAL</b>	<b>8 021 503</b>	<b>35 072 035</b>	<b>1 849 456</b>	<b>7 047 346</b>	<b>51 990 340</b>

### RECONCILIATION OF WORK-IN-PROGRESS CONTROLLING ENTITY - 2019

	BUILDINGS R	INFRASTRUCTURE R	IT EQUIPMENT R	EQUIPMENT R	TOTAL R
Opening balance	8 021 503	35 072 035	1 849 456	7 047 346	51 990 340
Additions	10 186 627	2 996 238	70 463	3 529 178	16 782 509
Transferred to completed items	(8 113 148)	-	(121 580)	(10 576 524)	(18 811 252)
<b>TOTAL</b>	<b>10 094 982</b>	<b>38 068 273</b>	<b>1 798 339</b>	<b>-</b>	<b>49 961 594</b>





## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### RECONCILIATION OF WORK-IN-PROGRESS CONTROLLING ENTITY - 2018

	BUILDINGS R	INFRASTRUCTURE R	IT EQUIPMENT R	EQUIPMENT R	TOTAL R
Opening balance	8 013 047	33 882 183	1 716 882	-	43 612 112
Additions	8 456	4 361 651	132 574	7 047 346	11 550 027
Transferred to completed items	-	(3 171 799)	-	-	(3 171 799)
<b>TOTAL</b>	<b>8 021 503</b>	<b>35 072 035</b>	<b>1 849 456</b>	<b>7 047 346</b>	<b>51 990 340</b>

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT</b>				
Buildings	5 180 665	5 337 732	5 180 665	5 337 732
Equipment	5 510 668	2 910 967	5 510 668	2 910 967
Motor vehicles	907 705	386 750	907 705	386 750
IT equipment	1 239 328	1 836 991	1 239 328	1 836 991
Landscaping	2 748 641	3 866 601	2 748 641	3 866 601
<b>TOTAL</b>	<b>15 587 007</b>	<b>14 339 041</b>	<b>15 587 007</b>	<b>14 339 041</b>

## 9. INTANGIBLE ASSETS

ECONOMIC ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Licenses	718 725	-	718 725	718 725	-	718 725
Computer software	7 788 841	(2 842 944)	4 945 897	7 079 033	(1 485 396)	5 593 637
<b>TOTAL</b>	<b>8 507 566</b>	<b>(2 842 944)</b>	<b>5 664 622</b>	<b>7 797 758</b>	<b>(1 485 396)</b>	<b>6 312 362</b>

CONTROLLING ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Licenses	718 725	-	718 725	718 725	-	718 725
Computer software	7 788 841	(2 842 944)	4 945 897	7 079 033	(1 485 396)	5 593 637
<b>TOTAL</b>	<b>8 507 566</b>	<b>(2 842 944)</b>	<b>5 664 622</b>	<b>7 797 758</b>	<b>(1 485 396)</b>	<b>6 312 362</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 9. INTANGIBLE ASSETS (continued)

### RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2019

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses	718 725	-	-	718 725
Computer software	5 593 637	709 808	(1 357 548)	4 945 897
<b>TOTAL</b>	<b>6 312 362</b>	<b>709 808</b>	<b>(1 357 548)</b>	<b>5 664 622</b>

### RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2018 RESTATED

	OPENING BALANCE R	ADDITIONS R	PRIOR PERIOD ERROR (REFER TO NOTE 36) R	AMORTISATION R	TOTAL R
Licenses	330 000	388 725	-	-	718 725
Computer software	4 285 817	2 579 200	(15 235)	(1 256 145)	5 593 637
<b>TOTAL</b>	<b>4 615 817</b>	<b>2 967 925</b>	<b>(15 235)</b>	<b>(1 256 145)</b>	<b>6 312 362</b>

### RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2019

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses	718 725	-	-	718 725
Computer software	5 593 637	709 808	(1 357 548)	4 945 897
<b>TOTAL</b>	<b>6 312 362</b>	<b>709 808</b>	<b>(1 357 548)</b>	<b>5 664 622</b>

### RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2018 RESTATED

	OPENING BALANCE R	ADDITIONS R	PRIOR PERIOD ERROR (REFER TO NOTE 36) R	AMORTISATION R	TOTAL R
Licenses	330 000	388 725	-	-	718 725
Computer software	4 285 817	2 579 200	(15 235)	(1 256 145)	5 593 637
<b>TOTAL</b>	<b>4 615 817</b>	<b>2 967 925</b>	<b>(15 235)</b>	<b>(1 256 145)</b>	<b>6 312 362</b>

Licenses have an indefinite useful life and there is no amortisation.

Licenses are assigned an indefinite life because there is no evidence to indicate that there is a limited period over which net cash inflows will be generated by the asset.

## 10. HERITAGE ASSETS

### ECONOMIC ENTITY

	2019			2018 RESTATED		
	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R
Art collections, antiques and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358

## 10. HERITAGE ASSETS (continued)

CONTROLLING ENTITY	2019			2018 RESTATED		
	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE
	R	R	R	R	R	R
Art collections, antiquities and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358

### RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2019

	OPENING BALANCE R	TOTAL R
Art collections, antiquities and exhibits	7 654 358	7 654 358

### RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2018 RESTATED

	OPENING BALANCE R	TOTAL R
Art collections, antiquities and exhibits	7 654 358	7 654 358

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2019

	OPENING BALANCE R	TOTAL R
Art collections, antiquities and exhibits	7 654 358	7 654 358

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2018 RESTATED

	OPENING BALANCE R	TOTAL R
Art collections, antiquities and exhibits	7 654 358	7 654 358

## 11. INVESTMENTS IN CONTROLLED ENTITIES

CONTROLLING ENTITY	CARRYING AMOUNT 2019	CARRYING AMOUNT 2018
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
<b>TOTAL</b>	<b>11 138 893</b>	<b>11 138 893</b>

The loan was granted to the 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 12. CURRENT TAX PAYABLE

Provisional tax payments of R652 468 were made during the year, resulting in current tax payable of R78 024. The tax liability for the year was R730 492 (refer to note 26).

## 13. FINANCE LEASE OBLIGATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>MINIMUM LEASE PAYMENTS DUE</b>				
Within one year	-	288 889	-	288 889
Less: future finance charges	-	(15 883)	-	(15 883)
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE WITHIN ONE YEAR</b>	<b>-</b>	<b>273 006</b>	<b>-</b>	<b>273 006</b>

The entity leases photocopier machines under finance leases. The average lease term is four to five years. The finance lease obligation was settled during the current financial year.

## 14. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Trade payables	35 501 062	18 237 627	35 419 955	18 146 074
Payments received in advance	778 925	269 813	778 303	269 245
Retention creditors	11 041 032	9 952 736	11 041 032	9 952 736
Accrued leave pay	4 844 741	4 446 778	4 844 741	4 446 778
Accrued expenses	16 356 027	29 105 671	16 362 398	28 713 200
Deposits received	9 851 764	7 709 682	9 851 764	7 709 682
Performance bonuses	7 135 282	6 871 390	7 135 282	6 871 390
<b>TOTAL</b>	<b>85 508 833</b>	<b>76 593 697</b>	<b>85 433 475</b>	<b>76 109 105</b>

## 15. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Transfers payable	-	800 000	-	800 000

The amount payable in the prior year relates to an overpayment of a grant received at the end of the financial year for the Automotive Supplier Park.



## 16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The Special Economic Zone funds are granted by the Department of Trade and Industry to plan, prepare and successfully attract investors to the Special Economic Zone. The Automotive Supplier Park and Cut Flower Project funds were granted by the Department of Economic Development, Tourism and Environmental Affairs.

### UNSPENT CONDITIONAL GRANTS COMPRISE:

#### Unspent conditional grants and receipts

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Special Economic Zone - Start-up fund	6 964 872	10 196 244	6 964 872	10 196 244
Special Economic Zone - Infrastructure	69 319 620	154 049 199	69 319 620	154 049 199
Automotive Supplier Park	8 103 227	2 456 140	8 103 227	2 456 140
Cut Flower Project	6 051 523	877 193	6 051 523	877 193
	<b>90 439 242</b>	<b>167 578 776</b>	<b>90 439 242</b>	<b>167 578 776</b>
<b>Movement during the year</b>				
Balance at the beginning of the year	167 578 776	13 232 629	167 578 776	13 232 629
Additions during the year	86 736 708	162 258 848	86 736 708	162 258 848
Interest received	11 589 114	2 393 523	11 589 114	2 393 523
Income recognised during the year	(175 465 356)	(10 306 224)	(175 465 356)	(10 306 224)
<b>TOTAL</b>	<b>90 439 242</b>	<b>167 578 776</b>	<b>90 439 242</b>	<b>167 578 776</b>

## 17. DEFERRED TAX

### DEFERRED TAX ASSET

#### UNRECOGNISED DEFERRED TAX ASSET

Deductible temporary differences not recognised as deferred tax assets

Unused tax credits not recognised as deferred tax assets (no expiry date)

#### TOTAL

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Deductible temporary differences not recognised as deferred tax assets	40 642	39 067	-	-
Unused tax credits not recognised as deferred tax assets (no expiry date)	-	226 669	-	-
<b>TOTAL</b>	<b>40 642</b>	<b>265 736</b>	<b>-</b>	<b>-</b>

In accordance with its accounting policy (note 1.10), deferred tax assets have not been recognised in respect of deductible temporary differences to the extent that it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilised.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 18. PROVISIONS

### RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2019

	OPENING BALANCE R	TIME VALUE OF MONEY ADJUSTMENT R	TOTAL R
Environmental rehabilitation	24 173 581	2 076 511	26 250 092

### RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2018 RESTATED

	OPENING BALANCE R	ADDITIONS R	TOTAL R
Environmental rehabilitation	-	24 173 581	24 173 581

### RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2019

	OPENING BALANCE R	TIME VALUE OF MONEY ADJUSTMENT R	TOTAL R
Environmental rehabilitation	24 173 581	2 076 511	26 250 092

### RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2018 RESTATED

	OPENING BALANCE R	ADDITIONS R	TOTAL R
Environmental rehabilitation	-	24 173 581	24 173 581

The provision relates to 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 of the precinct. The costs for the restoration and rehabilitation of the delineated area is estimated at R26 250 092 (2018: R24 173 581) to be incurred over a period of 12 years.

## 19. PROPERTY RENTAL

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>OPERATING LEASE RENTALS</b>				
Rental	51 871 685	47 362 683	52 477 095	47 811 200
Straight-lining of leases	(3 445 404)	(648 713)	(3 445 404)	(648 713)
	<b>48 426 281</b>	<b>46 713 970</b>	<b>49 031 691</b>	<b>47 162 487</b>



## 20. INVESTMENT REVENUE

### INTEREST REVENUE

Bank  
Interest on trade receivables

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
54 932 596	47 497 682	50 257 201	42 909 228
265 736	483 066	265 736	483 066
<b>55 198 332</b>	<b>47 980 748</b>	<b>50 522 937</b>	<b>43 392 294</b>

## 21. GOVERNMENT GRANTS AND SUBSIDIES

### OPERATING GRANTS

Department of Economic Development, Tourism and  
Environmental Affairs  
Department of Trade and Industry  
Automotive Supplier Park and Cut-flowers Project

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
296 445 233	343 734 211	296 445 233	343 734 211
3 956 616	3 929 697	3 956 616	3 929 697
2 909 018	-	2 909 018	-
303 310 867	347 663 908	303 310 867	347 663 908
168 599 723	6 376 527	168 599 723	6 376 527
<b>471 910 590</b>	<b>354 040 435</b>	<b>471 910 590</b>	<b>354 040 435</b>

### CAPITAL GRANTS

Department of Trade and Industry

### TOTAL

## 22. REVENUE

Rendering of services  
Rental of property and equipment  
Sundry income  
Interest received - investments  
Government grants

### TOTAL

### THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGE OF GOODS OR SERVICES ARE AS FOLLOWS:

Rendering of services  
Rental of property and equipment  
Sundry income  
Interest received - investments

### TOTAL

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
29 736 610	24 120 258	29 736 610	24 120 258
48 426 281	46 713 970	49 031 691	47 162 487
2 024 980	2 704 564	1 491 592	2 332 492
55 198 332	47 980 748	50 522 937	43 392 294
471 910 590	354 040 435	471 910 590	354 040 435
<b>607 296 793</b>	<b>475 559 975</b>	<b>602 693 420</b>	<b>471 047 966</b>
29 736 610	24 120 258	29 736 610	24 120 258
48 426 281	46 713 970	49 031 691	47 162 487
2 024 980	2 704 564	1 491 592	2 332 492
55 198 332	47 980 748	50 522 937	43 392 294
<b>135 386 203</b>	<b>121 519 540</b>	<b>130 782 830</b>	<b>117 007 531</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 22. REVENUE (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>THE AMOUNT INCLUDED IN RENDERING OF SERVICES IS MADE UP AS FOLLOWS:</b>				
Dube iConnect services	9 862 705	8 558 931	9 862 705	8 558 931
Dube Cargo handling services	19 020 412	14 860 728	19 020 412	14 860 728
Marketing	78 849	506 955	78 849	506 955
AgriZone services	774 644	193 644	774 644	193 644
	<b>29 736 610</b>	<b>24 120 258</b>	<b>29 736 610</b>	<b>24 120 258</b>
<b>THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:</b>				
<b>Transfer revenue</b>				
Government grants	471 910 590	354 040 435	471 910 590	354 040 435





## 23. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Basic salaries	98 984 961	99 841 620	98 984 961	99 841 620
Medical aid - company contributions	776 029	-	776 029	-
Unemployment insurance fund	331 634	330 228	331 634	330 228
Workmen's compensation	91 489	83 139	91 489	83 139
Skills development levy	980 502	913 163	980 502	913 163
Cellphone allowances	790 890	410 667	790 890	410 667
Provident fund - company contributions	3 124 720	-	3 124 720	-
<b>TOTAL</b>	<b>105 080 225</b>	<b>101 578 817</b>	<b>105 080 225</b>	<b>101 578 817</b>
Company contribution to the Provident Fund for the next financial year is estimated at R1 687 348.				
<b>REMUNERATION OF THE EXECUTIVE OFFICERS</b>				
<b>Chief Executive Officer</b>				
Salary	2 346 868	2 193 335	2 346 868	2 193 335
Performance bonus	146 679	137 083	146 679	137 083
<b>TOTAL</b>	<b>2 493 547</b>	<b>2 330 418</b>	<b>2 493 547</b>	<b>2 330 418</b>
<b>Chief Operating Officer</b>				
Salary	1 753 574	1 638 854	1 753 574	1 638 854
Performance bonus	153 437	174 128	153 437	174 128
<b>TOTAL</b>	<b>1 907 011</b>	<b>1 812 982</b>	<b>1 907 011</b>	<b>1 812 982</b>
<b>Chief Financial Officer</b>				
Salary	1 970 349	1 850 093	1 970 349	1 850 093
Performance bonus	172 405	115 630	172 405	115 630
<b>TOTAL</b>	<b>2 142 754</b>	<b>1 965 723</b>	<b>2 142 754</b>	<b>1 965 723</b>
<b>Development Planning and Infrastructure Executive</b>				
Salary	1 934 022	1 815 983	1 934 022	1 815 983
Performance bonus	120 876	113 499	120 876	113 499
<b>TOTAL</b>	<b>2 054 898</b>	<b>1 929 482</b>	<b>2 054 898</b>	<b>1 929 482</b>
<b>AgriZone and Cargo Operations Executive</b>				
Salary	1 640 552	1 540 425	1 640 552	1 540 425
Performance bonus	102 535	134 787	102 535	134 787
<b>TOTAL</b>	<b>1 743 087</b>	<b>1 675 212</b>	<b>1 743 087</b>	<b>1 675 212</b>
<b>Corporate Services Executive</b>				
Salary	1 647 807	1 547 236	1 647 807	1 547 236
Performance bonus	-	135 383	-	135 383
<b>TOTAL</b>	<b>1 647 807</b>	<b>1 682 619</b>	<b>1 647 807</b>	<b>1 682 619</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 23. EMPLOYEE-RELATED COSTS (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>REMUNERATION OF BOARD MEMBERS</b>				
<b>Chairperson - Prof B Gasa</b>				
Board fees	375 045	869 205	375 045	869 205
Retainer	293 802	74 437	293 802	74 437
Investment Committee fees	-	17 268	-	17 268
<b>TOTAL</b>	<b>668 847</b>	<b>960 910</b>	<b>668 847</b>	<b>960 910</b>
<b>Deputy Chairperson - Mr P Ngcobo</b>				
Board fees	188 300	345 198	188 300	345 198
Retainer	170 085	32 397	170 085	32 397
Investment Committee fees	23 024	34 537	23 024	34 537
Remuneration and Human Resources Committee fees	19 268	17 268	19 268	17 268
<b>TOTAL</b>	<b>400 677</b>	<b>429 400</b>	<b>400 677</b>	<b>429 400</b>
<b>Member - Mrs N Moerane</b>				
Board fees	102 875	153 163	102 875	153 163
Retainer	72 675	13 843	72 675	13 843
Remuneration and Human Resources Committee fees	56 157	85 884	56 157	85 884
<b>TOTAL</b>	<b>231 707</b>	<b>252 890</b>	<b>231 707</b>	<b>252 890</b>
<b>Member - Mr T Ndlovu</b>				
Board fees	84 355	159 754	84 355	159 754
Retainer	72 676	13 843	72 676	13 843
Investment Committee fees	23 024	34 537	23 024	34 537
<b>TOTAL</b>	<b>180 055</b>	<b>208 134</b>	<b>180 055</b>	<b>208 134</b>
<b>Member - Ms B Hlongwa</b>				
Board fees	84 355	149 866	84 355	149 866
Retainer	72 675	13 843	72 676	13 843
Remuneration and Human Resources Committee fees	49 344	58 397	49 344	58 397
<b>TOTAL</b>	<b>206 374</b>	<b>222 106</b>	<b>206 375</b>	<b>222 106</b>
<b>Member - Mr M Zikalala</b>				
Board fees	86 003	153 163	86 003	153 163
Retainer	72 676	13 843	72 676	13 843
Audit and Risk Committee fees	65 471	73 655	65 471	73 655
<b>TOTAL</b>	<b>224 150</b>	<b>240 661</b>	<b>224 150</b>	<b>240 661</b>

No Board fees were paid to Mr R Vallihu as he is employed by an Organ of the State.



### 23. EMPLOYEE-RELATED COSTS (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>REMUNERATION OF INDEPENDENT COMMITTEE MEMBERS</b>				
<b>Chairperson of the Investment Committee - Ms H Makhathini</b>				
Investment Committee fees	52 861	85 884	52 861	85 884
<b>Chairperson of the Audit and Risk Committee - Mr Z Fakey</b>				
Audit and Risk Committee fees	110 789	-	110 789	-
<b>Former Chairperson of the Audit and Risk Committee - Mr S Khumalo</b>				
Audit and Risk Committee fees	51 687	164 948	51 687	164 948
<b>Member - Audit and Risk Committee - Mr V Mtshali</b>				
Audit and Risk Committee fees	49 103	80 247	49 103	80 247
Audit and Risk Committee (La Mercy JV Property Investments Proprietary Limited)				
<b>Chairperson - Mr K Schmidt</b>				
Audit and Risk Committee fees	60 000	40 180	-	-
<b>Member - Mr M Langa</b>				
Audit and Risk Committee fees	40 000	20 000	-	-
<b>FORMER BOARD MEMBERS</b>				
<b>Former Deputy Chairperson - Adv C Sibiyi</b>				
Board fees	-	28 716	-	28 716
Retainer	-	28 347	-	28 347
Remuneration and Human Resources Committee fees	-	17 621	-	17 621
	-	<b>74 684</b>	-	<b>74 684</b>
<b>Former Member - Mr V Mtshali</b>				
Board fees	-	16 871	-	16 871
Retainer	-	12 112	-	12 112
Audit and Risk Committee fees	-	16 368	-	16 368
	-	<b>45 351</b>	-	<b>45 351</b>
<b>Former Member - Mr G Muller</b>				
Board fees	-	16 871	-	16 871
Retainer	-	12 112	-	12 112
Audit and Risk Committee fees	-	16 368	-	16 368
	-	<b>45 351</b>	-	<b>45 351</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 24. FINANCE COSTS

Payables from exchange transactions

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
267 388	480 185	266 062	480 093

## 25. GENERAL EXPENSES

Advertising  
Repairs and maintenance  
Consulting and professional fees  
Debt impairment  
Operating lease rentals  
Security  
Rates and utilities  
Other operating expenses  
Land rehabilitation costs  
Rendering of services

### TOTAL

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
3 496 023	4 339 309	3 475 159	4 333 270
20 904 115	18 149 720	20 904 115	18 149 720
40 330 643	24 301 318	40 167 838	23 335 257
(1 850 874)	382 324	(1 850 874)	382 324
2 055 707	2 248 242	2 057 838	2 250 259
16 723 869	16 447 484	16 723 869	16 447 484
54 233 675	48 653 120	53 294 043	47 883 838
30 089 750	30 372 690	29 979 851	28 458 726
2 076 511	24 173 581	2 076 511	24 173 581
5 424 815	2 823 022	5 424 815	2 823 022
<b>173 484 234</b>	<b>171 890 810</b>	<b>172 253 165</b>	<b>168 237 481</b>

The current year's credit movement in the debt impairment provision relates to a Dube TradeZone tenant who was provided for in the previous year and a settlement regarding payment was reached in the current year.

### RENDERING OF SERVICES INCLUDES COST OF SALES AS FOLLOWS:

Cost of services  
Tissue culture

### TOTAL

4 744 747	2 042 293	4 744 747	2 042 293
680 068	780 729	680 068	780 729
<b>5 424 815</b>	<b>2 823 022</b>	<b>5 424 815</b>	<b>2 823 022</b>

## 26. TAXATION

### MAJOR COMPONENTS OF THE TAX EXPENSE

#### Current

Local income tax - current period  
Local income tax - prior year under-provision

### TOTAL

ECONOMIC ENTITY		CONTROLLING ENTITY	
2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
730 492	-	-	-
-	52	-	-
<b>730 492</b>	<b>52</b>	<b>-</b>	<b>-</b>

The subsidiary has taxable income of R2 606 898 for the current year under review after taking into account the assessed loss of R809 834 from the prior year. This is mainly due to the add back of depreciation and results in a tax liability of R730 492. Dube TradePort Corporation is exempt from income tax.



## 26. TAXATION (continued)

### Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 %	2018 RESTATED %	2019	2018 RESTATED
Applicable tax rate	(28)	(28)	-	-
Tax loss used	(8)	(8)	-	-
Permanent differences - depreciation and non-deductible expense	60	36	-	-
	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 27. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Surplus for the year	208 201 288	65 330 496	211 673 741	70 586 120
<b>ADJUSTMENTS FOR:</b>				
Depreciation, impairments and amortisation	119 404 844	136 603 203	113 291 905	130 489 043
Debt impairment	(1 850 874)	382 324	(1 850 874)	382 324
Movement in operating lease assets and accruals	882 568	648 655	3 445 404	648 715
Movement in land rehabilitation provision	2 076 511	24 173 581	2 076 511	24 173 581
Payroll accrual	(1 470 391)	(1 754 046)	(1 470 391)	(1 754 046)
Interest accrual	(641 308)	(1 739 115)	(641 308)	(1 420 109)
<b>CHANGES IN WORKING CAPITAL:</b>				
Inventories	(88 023)	(38 742)	(88 023)	(38 742)
Receivables from exchange transactions	(35 537 482)	935 217	(38 196 833)	(731 365)
Payables from exchange transactions	11 549 833	5 056 026	10 882 789	6 441 289
Taxes and transfers payable (non-exchange)	(800 000)	800 000	(800 000)	800 000
Unspent conditional grants and receipts	(77 139 534)	154 346 147	(77 139 534)	154 346 147
<b>TOTAL</b>	<b>224 587 432</b>	<b>384 743 746</b>	<b>221 183 387</b>	<b>383 922 957</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 28. COMMITMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>AUTHORISED CAPITAL EXPENDITURE</b>				
<b>Already contracted for but not provided for:</b>				
Property, plant and equipment	27 934 342	21 320 987	27 934 342	21 320 987
Investment property	281 417 493	432 707 929	281 417 493	432 707 929
	<b>309 351 835</b>	<b>454 028 916</b>	<b>309 351 835</b>	<b>454 028 916</b>
<b>Not yet contracted for and authorised</b>				
Property, plant and equipment	100 523 747	34 929 683	100 523 747	34 929 683
Investment property	48 109 583	-	48 109 583	-
	<b>148 633 330</b>	<b>34 292 683</b>	<b>148 633 330</b>	<b>34 292 683</b>
<b>Total capital commitments</b>				
Already contracted for but not provided for	309 351 835	454 028 916	309 351 835	454 028 916
Not yet contracted for and authorised	148 633 330	34 929 683	148 633 330	34 929 683
	<b>457 985 165</b>	<b>488 958 599</b>	<b>457 985 165</b>	<b>488 958 599</b>

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	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>AUTHORISED OPERATIONAL EXPENDITURE</b>				
<b>Already contracted for but not provided for</b>				
Operational goods and services	272 859 442	220 033 727	272 859 442	220 033 727
<b>Not yet contracted for and authorised</b>				
Route development	76 349 759	93 546 998	76 349 759	93 546 998
<b>Total operational commitments</b>				
Already contracted for but not provided for	272 859 442	220 033 737	272 859 442	220 033 737
Not yet contracted for and authorised	76 349 759	93 546 998	76 349 759	93 546 998
	<b>349 209 201</b>	<b>313 580 735</b>	<b>349 209 201</b>	<b>313 580 735</b>



## 28. COMMITMENTS (continued)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>TOTAL COMMITMENTS</b>				
Authorised capital expenditure	457 985 165	488 958 599	457 985 165	488 958 599
Authorised operational expenditure	349 209 201	313 580 735	349 209 201	313 580 735
	<b>807 194 366</b>	<b>802 539 334</b>	<b>807 194 366</b>	<b>802 539 334</b>

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>OPERATING LEASES - AS LESSEE (EXPENSE)</b>				
<b>Minimum lease payments due</b>				
Within one year	353 500	-	353 500	2 397
In second to fifth year inclusive	-	-	874	3 438
	<b>353 500</b>	<b>-</b>	<b>356 938</b>	<b>5 835</b>

The operating lease payments in the current year are for the leasing of land on which the billboards are situated, as well as the leasing of the screens on the billboards.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>OPERATING LEASES - AS LESSOR (INCOME)</b>				
<b>Minimum lease payments receivable</b>				
Within one year	35 041 532	33 259 885	35 041 532	33 259 885
In second to fifth year inclusive	123 409 005	113 905 795	123 409 005	113 905 795
Later than five years	45 163 365	76 194 815	45 163 365	76 194 815
	<b>203 613 902</b>	<b>223 360 495</b>	<b>203 613 902</b>	<b>223 360 495</b>

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 between 5 - 10%.

Contingent rentals are receivable for certain leases and amount to R4 608 670 807 (2018: R4 801 440 569).

### 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 29. 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 (refer to note 23 for remuneration of key management)	Mr H Erskine Ms A Swalah

All transactions between related parties were at arm's length.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>RELATED PARTY BALANCES (CONTROLLING ENTITY)</b>				
<b>Amounts included in trade receivables regarding related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	1 304 801	241 166
<b>Amounts included in trade payables regarding related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	197 881	144 598
<b>RELATED PARTY TRANSACTIONS</b>				
<b>Rent paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	2 131	2 017
<b>Levies paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	552 591	454 843
<b>Recoveries paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	-	24 423
<b>Management association costs paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	923 273	779 089

## 30. CHANGE IN ESTIMATE

### PROPERTY, PLANT AND EQUIPMENT

In terms of the requirements of GRAP 17, the useful lives of all assets were reviewed by management at year-end. 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 R12 152 651 (2018: R3 595 206). The total impact will increase future depreciation by R12 152 651 (2018: R3 595 206).





## 31. RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The 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 analyses 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.

<b>ECONOMIC ENTITY</b>	<b>LESS THAN 1 YEAR R</b>	<b>BETWEEN 1 AND 2 YEARS R</b>	<b>BETWEEN 2 AND 5 YEARS R</b>	<b>OVER 5 YEARS R</b>
<b>At 31 March 2019</b>				
Trade and other payables	73 528 810	-	-	-
<b>At 31 March 2018</b>				
Trade and other payables	65 275 529	-	-	-
Finance lease liability	288 889	-	-	-
<b>CONTROLLING ENTITY</b>	<b>LESS THAN 1 YEAR R</b>	<b>BETWEEN 1 AND 2 YEARS R</b>	<b>BETWEEN 2 AND 5 YEARS R</b>	<b>OVER 5 YEARS R</b>
<b>At 31 March 2019</b>				
Trade and other payables	73 453 452	-	-	-
<b>At 31 March 2018</b>				
Trade and other payables	64 792 660	-	-	-
Finance lease liability	288 889	-	-	-

### 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.

Trade receivables comprise a widespread customer base. 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.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 31. RISK MANAGEMENT (continued)

Financial assets exposed to credit risk at year end were as follows:

FINANCIAL INSTRUMENT	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Trade and other receivables (neither past due nor impaired)	19 371 628	14 041 520	20 094 888	13 690 747
Trade and other receivables (impaired)	238 232	2 089 106	238 232	2 089 106
Cash and cash equivalents	947 255 177	994 354 742	884 506 313	935 009 923
Interest receivable	5 087 628	4 444 726	4 822 750	4 181 442

### INTEREST RATE RISK

As the entity has no significant interest-bearing assets, the entity's income and operating cashflows are substantially independent of changes in the market interest rate.

## 32. FRUITLESS AND WASTEFUL EXPENDITURE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Fruitless and wasteful expenditure	192 000	85 659	192 000	85 659

In the current financial year, a former employee was paid for three and half months after the last day he attended work for Dube TradePort Corporation. An Acknowledgement of Debt has been sent to him and formal processes to recover the salary paid in error have been initiated.

In the prior year, certain amounts relating to the employees' group risk deduction have been incorrectly deducted or not deducted from the salaries of certain employees. Dube TradePort Corporation paid the appropriate and accurate amount to the service provider. However, the entity did not recoup the amounts from certain employees. A portion of the amount relating the previous financial years amounting to R85 659 may not be recoverable as the debt has prescribed with the effluxion of time and thus constitutes fruitless and wasteful expenditure.

The balance of the incorrectly deducted amounts that have not prescribed is in the process of being recovered from the affected employees.

## 33. IRREGULAR EXPENDITURE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Opening balance	39 217	-	39 217	-
Add: Irregular expenditure - current year	508 698	39 217	508 698	39 217
Less: Amounts condoned	(39 217)	-	(39 217)	-
<b>TOTAL</b>	<b>508 698</b>	<b>39 217</b>	<b>508 698</b>	<b>39 217</b>



### 33. IRREGULAR EXPENDITURE (continued)

#### DETAILS OF IRREGULAR EXPENDITURE – CURRENT PERIOD UNDER REVIEW

Details	Disciplinary Steps Taken	
Items procured in excess of contract value	Responsible official subject to disciplinary process in terms of the Disciplinary Policy.	3 702
Items procured using amounts earmarked for contingencies without proper approval	Responsible official subject to disciplinary process in terms of the Disciplinary Policy.	144 885
Items procured after the expiry of the contract (non-compliance with Delegations of Authority)	Responsible official subject to disciplinary process in terms of the Disciplinary Policy.	41 561
Services procured, but tender process technically flawed (price validity period was not extended)	Responsible official subject to disciplinary process in terms of the Disciplinary Policy.	318 550
		<b>508 698</b>

#### DETAILS OF IRREGULAR EXPENDITURE CONDONED

Details	Condoned by the Board	
Items procured after the drawdown contract had been exhausted	The responsible officials have been subject to a disciplinary process in accordance with the Disciplinary Policy.	39 217

Each of the above incidents of irregular expenditure has been investigated, as outlined in the Irregular Expenditure Framework. In each incident, the investigation revealed that value for money was obtained, therefore the relevant officials were not considered liable in law. Consequently, no debt has been raised.

### 34. LOSS INCURRED THROUGH FRAUD

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
Opening balance	1 272 838	1 272 838	1 272 838	1 272 838
<b>Balance to be recovered</b>	<b>1 272 838</b>	<b>1 272 838</b>	<b>1 272 838</b>	<b>1 272 838</b>

In the 2017 financial year Dube TradePort Corporation was a victim of fraudulent activity perpetrated via cybercrime. An initial loss of R4 309 319 was incurred and R3 036 481 was recovered within two weeks of the incident, as a result of the swift action taken by Dube TradePort Corporation. The case was handed over to SAPS and the perpetrator was arrested. Although Dube TradePort Corporation had simultaneously pursued a legal process to recover the funds, legal advice received in May 2018 indicated that the possibility of recovery was remote. A judgement will be obtained against the perpetrator.

### 35. COMPARATIVE FIGURES

Certain comparative figures have been restated. Refer to Note 36.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 36. PRIOR PERIOD ERRORS

### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current financial year, the entity had embarked on a project to re-assess the useful lives of all assets that had a zero net book value in the asset register. The effects of the error on the prior years was a write-back in depreciation and amortisation in the financial years prior to 01 April 2018 amounting to R29 695 779 and a corresponding increase in property, plant and equipment of R29 634 838 and intangible assets of R60 940. The effect of the error in the 2018 financial year was the increase in depreciation of the re-assessed assets amounting to R4 546 526 and a corresponding decrease in property, plant and equipment of R4 531 291 and intangible assets of R15 235. In addition, it was identified that two IT assets were incorrectly capitalised in the prior year. The effects of the error was a decrease in IT equipment of R672 181 and a corresponding increase in prepaid expenses (trade and other receivables) of R502 393 and general expenses of R169 788.

### INVESTMENT PROPERTY AND WORK IN PROGRESS

During the prior period, costs of R3 170 391 arising from work in progress projects at AgriZone 2 and the TradeZone were incorrectly classified between property, plant and equipment and investment property. This correction of classification has no financial impact as the projects were still underway.

### TRADE AND OTHER RECEIVABLES

In the current year it was identified that revenue billed in advance in the previous years were incorrectly accounted for. The effects of the error on the prior year financial statements was a decrease in revenue of R131 418 (2017: R507 037) and a corresponding increase in deferred income (trade and other receivables).

### PAYABLES FROM EXCHANGE TRANSACTIONS

During the current financial year a reconciliation of all long outstanding queries on supplier accounts were performed, which resulted in errors been identified. The effects of the error on the prior year's figures was an increase in the employee costs of R636 129 (2017: R239 790) and a corresponding increase in the payables from exchange transactions.

### GENERAL EXPENSES

During the current financial year, the subsidiary identified that invoices for rates on certain properties were not received and erroneously not accrued for in the prior years. The effects of the error on the prior years figures was an increase in rates of R118 965 (2017: R38 500) and a corresponding increase in the payables from exchange transactions.

The correction of the error(s) results in adjustments as follows:

#### STATEMENT OF FINANCIAL POSITION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2018 R	2017 R	2018 R	2017 R
Receivables from exchange transactions	370 975	(507 037)	370 975	(507 037)
Payables from exchange transactions	(755 094)	(278 290)	(636 129)	(239 790)
Property, plant and equipment	(8 373 863)	29 634 838	(8 373 863)	29 634 838
Intangible assets	(15 235)	60 940	(15 235)	60 940
Investment property	3 170 391	-	3 170 391	-
Accumulated surplus or (deficit)	5 602 826	(28 910 451)	5 483 861	(28 948 951)

#### STATEMENT OF FINANCIAL PERFORMANCE

Revenue from rendering services	131 418	-	131 418	-
Employee costs	636 129	-	636 129	-
General expenses	288 753	-	169 788	-
Depreciation, impairments and amortisation	4 546 526	-	4 546 526	-



### 37. ASSESSMENT OF SUPPLY CHAIN PERFORMANCE

In terms of paragraph 12 of National Treasury Instruction Note 4 on the Standard for Infrastructure Procurement and Delivery Management, Dube TradePort Corporation must report on all procurement exceeding R100 million awarded since 01 July 2016. In the current financial year, there were no contracts above R100 million that were awarded by Dube TradePort Corporation.

In addition, the contract for the construction of the trunk sewer was referred to mediation. The principal contractor is Motheo Construction and the sub-contractor is NNN projects. The mediation is yet to be concluded

### 38. CONTINGENCIES

#### LEGAL MATTERS

At the year-end Dube TradePort Corporation was awaiting judgement in two legal matters. An unsuccessful tenderer had appealed the outcome of two separate procurements for which they had tendered. The matter was heard in the High Court in September 2017 and the Judge has reserved her judgement. Should the Judge find against Dube TradePort Corporation, the entity would be obliged to pay the costs of the opposing party. The estimated costs could be approximately R500 000.

Dube TradePort Corporation purchased a property from a close corporation. However, a third party claims he is the owner of the property. His claim has given rise to a number of applications and court actions which Dube TradePort Corporation is opposing. The estimated costs would be R500 000.

Based on the legal opinion received, there is a possibility that these costs may be incurred in future periods.

### 39. EVENTS AFTER THE REPORTING DATE

No events after reporting date were identified.

### 40. RECONCILIATION BETWEEN COMPARABLE AMOUNTS IN THE BUDGET STATEMENT TO THE CASHFLOW STATEMENT

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2019 R	2018 RESTATED R	2019 R	2018 RESTATED R
<b>OPERATING ACTIVITIES</b>				
Amount per budget statement	240 432 174	303 217 739	237 028 129	302 396 980
Basis differences	(15 844 742)	81 526 007	(15 844 742)	81 525 977
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>224 587 432</b>	<b>384 743 746</b>	<b>221 183 387</b>	<b>383 922 957</b>
<b>INVESTING ACTIVITIES</b>				
Amount per budget statement	(120 817 763)	(233 897 345)	(120 817 763)	(233 897 345)
Basis differences	(150 596 228)	79 806 391	(150 596 228)	79 806 391
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(271 413 991)</b>	<b>(154 090 954)</b>	<b>(271 413 991)</b>	<b>(154 090 954)</b>
<b>FINANCING ACTIVITIES</b>				
Amount per budget statement	-	-	-	-
Basis differences	(273 006)	(258 295)	(273 006)	(258 295)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(273 006)</b>	<b>(258 295)</b>	<b>(273 006)</b>	<b>(258 295)</b>
<b>NET CASH GENERATED FROM OPERATING, INVESTING AND FINANCING ACTIVITIES</b>	<b>(47 099 565)</b>	<b>230 394 497</b>	<b>(50 503 610)</b>	<b>229 573 708</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

## 41. SEGMENTAL SURPLUS AND DEFICIT

ECONOMIC ENTITY	DUBE AGRIZONE	PROPERTY	DUBE CARGO TERMINAL	DUBE ICONNECT	TOTAL
	R	R	R	R	R
Revenue from non-exchange transactions	26 075 913	30 890 012	18 649 173	7 958 072	83 573 170
Revenue from exchange transactions	9 308 856	38 164 402	25 360 816	10 050 551	82 884 625
<b>Total segment revenue</b>	<b>35 384 769</b>	<b>69 054 414</b>	<b>44 009 989</b>	<b>18 008 623</b>	<b>166 457 795</b>
Employee costs	(11 334 119)	(8 035 167)	(20 815 451)	(5 454 139)	(45 638 876)
Depreciation and amortisation	(23 255 110)	(40 360 506)	(30 847 818)	(6 060 609)	(100 524 043)
Other expenses	(19 808 098)	(67 898 579)	(17 625 835)	(7 856 095)	(113 188 607)
<b>Total segment expenses</b>	<b>(54 397 327)</b>	<b>(116 294 252)</b>	<b>(69 289 103)</b>	<b>(19 370 843)</b>	<b>(259 351 525)</b>
<b>Total segment deficit</b>	<b>(19 012 558)</b>	<b>(47 299 838)</b>	<b>(25 279 114)</b>	<b>(1 362 220)</b>	<b>(92 953 730)</b>
<b>RECONCILIATION</b>					
Interest revenue	-	-	1 584	-	50 522 937
Other unallocated revenue	-	-	-	-	385 772 687
Interest expense	-	(245 235)	(1 074)	-	(266 062)
Unallocated expenses	-	-	-	-	(131 171 900)
Share of controlled entity's losses	-	-	-	-	(3 762 644)
<b>(DEFICIT)/SURPLUS FOR THE PERIOD</b>	<b>(19 012 558)</b>	<b>(47 545 073)</b>	<b>(25 279 495)</b>	<b>(1 362 220)</b>	<b>208 201 288</b>

CONTROLLING ENTITY	DUBE AGRIZONE	PROPERTY	DUBE CARGO TERMINAL	DUBE ICONNECT	TOTAL
	R	R	R	R	R
Revenue from non-exchange transactions	26 075 913	30 890 012	18 649 173	7 958 072	83 573 170
Revenue from exchange transactions	9 308 856	38 164 402	25 360 816	10 050 552	82 884 626
<b>Total segment revenue</b>	<b>35 384 769</b>	<b>69 054 414</b>	<b>44 009 989</b>	<b>18 008 624</b>	<b>166 457 796</b>
Employee costs	(11 334 119)	(8 035 167)	(20 815 451)	(5 454 139)	(45 638 876)
Depreciation and amortisation	(23 255 110)	(40 360 506)	(30 847 818)	(6 060 609)	(100 524 043)
Other expenses	(19 808 098)	(67 898 579)	(17 625 835)	(7 856 095)	(113 188 607)
<b>Total segment expenses</b>	<b>(54 397 327)</b>	<b>(116 294 252)</b>	<b>(69 289 103)</b>	<b>(19 370 843)</b>	<b>(259 351 525)</b>
<b>RECONCILIATION</b>					
Interest revenue	-	-	1 584	-	50 522 937
Other unallocated revenue	-	-	-	-	385 772 687
Interest expense	-	(245 235)	(1 074)	-	(266 062)
Unallocated expenses	-	-	-	-	(131 402 091)
<b>(DEFICIT)/SURPLUS FOR THE PERIOD</b>	<b>(19 012 558)</b>	<b>(47 545 073)</b>	<b>(25 279 495)</b>	<b>(1 362 220)</b>	<b>211 673 741</b>



#### 41. SEGMENTAL SURPLUS AND DEFICIT (continued)

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

The entity operates in one geographical area.

**Management has identified the following four reportable segments based on revenue generating potential:**

**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 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. Information presented is disaggregated. Services include provision of facilities and utilities.

**Dube Cargo Terminal** - operates a cargo terminal and trucking services in line with international standards. In this programme services provided include cargo handling, storage and transportation of goods.

**Dube iConnect** - 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 back-up services, etc.



# UNAUDITED SUPPLEMENTARY INFORMATION - ANNEXURE A

For the year ended 31 March 2019

## 1. DEPARTMENT OF TRADE AND INDUSTRY GRANT

### 1. DEPARTMENT OF TRADE AND INDUSTRY GRANT

Dube TradePort Corporation receives grant funding from the Department of Trade and Industry (DTI) as reflected in note 15 and 19. This note summarises the nature of transactions and balances relating specifically to the DTI grant funding received.

Included in the Statement of Financial Performance and Financial Position are the following transactions:

#### Revenue

Grants received

#### Expenditure

Operating expenditure

Employee costs

#### Operating expenditure

Travel and subsistence

Consultants and professional fees: SEZ-related research studies

Consultants and professional fees: business and advisory services

Consultants and professional fees: legal costs

Consumables

#### Assets

##### Non-current assets

Infrastructure assets (additions)

##### Current assets

Cash and cash equivalents

CONTROLLING ENTITY	
2019 R	2018 R
172 556 338	10 306 223
(503 708)	(393 794)
(3 452 907)	(3 535 903)
<b>168 599 723</b>	<b>6 376 526</b>
485 370	292 309
-	11 079
3 156	76 589
-	6 150
15 182	7 667
<b>503 708</b>	<b>393 794</b>
168 599 723	6 376 527
98 269 773	188 955 063
<b>266 869 496</b>	<b>195 331 590</b>





## 1. DEPARTMENT OF TRADE AND INDUSTRY GRANT (continued)

	CONTROLLING ENTITY	
	2019 R	2018 R
<b>Current liabilities</b>		
Unspent portion of the grant	76 284 492	164 245 443
Retention creditor	-	755 254
Accounts payable	10 051 155	-
	<b>86 335 647</b>	<b>165 000 697</b>
<b>The following amounts are payable from the grant accounts to the Dube TradePort Corporation main account</b>		
VAT	9 258 403	23 724 475
Trade and other payables	18 050	229 891
	<b>9 276 453</b>	<b>23 954 366</b>

The supplementary information presented does not form part of the consolidated annual financial statements and is unaudited











# CORPORATE SERVICES REPORT

2018/19

## HUMAN RESOURCES MANAGEMENT

Our human resource priorities for the year included:

- Enhancement of employee relations within Dube TradePort Corporation;
- Implementation of Employment Equity Plan;
- Skills development;
- Enhancement of human resource governance;
- Performance management; and
- Roll out of the Employee Wellness Programme.

## EMPLOYEE RELATIONS

Dube TradePort Corporation has deliberately focused on enhancing relations with employees through ongoing engagements on strategic developments within the entity. A Management/Shop Steward Forum has been reviewed to ensure representation of operations managers. This has ensured speedy resolution of problems raised that have an impact on operations. This has also

fostered better relations between management and organised labour.

During the period under review, the Human Resources Division focused on enhancing sound relations with organised labour as it continued to engage on issues that affect employees of Dube TradePort Corporation. Through such engagements, a smooth transition from total cost to company to basic pay structure for bargaining unit employees (Employees in Grades A-C ) was finalised.

Dube TradePort Corporation has over the reporting period, succeeded in ensuring that its employees have some level of access to medical assistance through the successful introduction of a Medical Insurance Allowance administered by Momentum Health.

## PERSONNEL COSTS BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES**	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	12 204 924	12,3%	6	2 034 154
Senior Management	19 962 696	20.0%	16	1 247 669
Middle Management	27 590 510	27.7%	32	862 203
Junior Management	20 772 508	20.9%	38	546 645
Semi-skilled	16 823 006	16.9%	63	267 032
Unskilled	2 223 163	2.2%	18	123 509
<b>TOTAL</b>	<b>99 576 807</b>	<b>100.0%</b>	<b>173</b>	

\* Personnel Expenditure excludes Board, Interns and Temporary employees.

\*\* Permanent employees as at 31 March 2019.

## PERSONNEL COSTS BY PROGRAMME

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE*	PERSONNEL EXP. AS A % OF TOTAL EXP.	NUMBER OF EMPLOYEES**	AVERAGE PERSONNEL COST PER EMPLOYEE
Administration	96 011 089	39 111 193	40.7%	47	832 153
Cargo Development	69 290 178	21 954 894	31.7%	52	422 210
Property	116 539 487	9 091 037	7.8%	12	757 586
Agrizone	54 397 327	10 409 746	19.1%	40	260 244
ICT	19 370 843	5 957 692	30.8%	8	744 712
DPI	30 840 839	9 508 785	30.8%	11	864 435
SEZ	4 569 916	3 543 460	77.5%	3	1 181 153
<b>TOTAL</b>	<b>391 019 679</b>	<b>99 576 807</b>	<b>25.5%</b>	<b>173</b>	<b>575 588</b>

\* Personnel Expenditure excludes Board, Interns and Temporary employees.

\*\* Permanent employees as at 31 March 2019.



# CORPORATE SERVICE REPORT

( CONTINUED )

## IMPLEMENTATION OF EMPLOYMENT EQUITY PLAN

Dube TradePort places great emphasis on striving for compliance to all applicable labour laws and practises. The appointments of new employees made were in-line with the spirit of Dube TradePort Corporation's Employment Equity Plan. The Workplace Skills Plan was developed and implemented to ensure that skills development interventions responded to the needs identified in both the Employment Equity Report and the Annual Training Report.

Dube TradePort Corporation achieved 86% of the Employment Equity targets included in the Employment Equity Plan, including

100% achievement on the disability target. Three employees who live with disabilities fall under the semi-skilled occupational level.

Females account for 40% of the entire workforce and 93% of the female workforce is black.

The tables below reflect the achievement versus the targets in all occupational and gender categories as at 31 March 2019:

### IMPLEMENTATION OF EMPLOYMENT EQUITY PLAN

CATEGORY	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	A	T	A	T	A	T	A	T
Top Management	3	3	0	0	0	0	1	1
Senior Management	6	7	0	0	1	1	2	2
Professionally Qualified	6	5	2	2	5	5	3	4
Skilled	12	15	0	0	11	10	2	3
Semi-skilled	25	27	1	1	9	10	1	1
Unskilled	13	17	0	0	0	0	0	0
<b>Total</b>	<b>65</b>	<b>74</b>	<b>3</b>	<b>3</b>	<b>26</b>	<b>26</b>	<b>9</b>	<b>11</b>

A = Actual, T = Target

CATEGORY	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	A	T	A	T	A	T	A	T
Top Management	1	1	0	0	1	1	0	0
Senior Management	3	6	1	1	0	0	3	5
Professionally Qualified	7	6	1	1	6	6	2	3
Skilled	10	13	1	2	2	3	0	0
Semi-skilled	20	22	0	0	7	7	0	0
Unskilled	5	5	0	0	0	0	0	0
<b>Total</b>	<b>46</b>	<b>53</b>	<b>3</b>	<b>4</b>	<b>16</b>	<b>17</b>	<b>5</b>	<b>8</b>

A = Actual, T = Target





### PERFORMANCE REWARDS

Each year employees conclude Performance Agreements which are monitored quarterly. This ensures that performance-related challenges are identified and immediately addressed.

Performance bonuses are only awarded if the organisation achieves at least 70% of the targets contained in the Annual Performance Plan. Thereafter, employees who meet and exceed pre-

determined key performance indicators are rewarded as per the criteria in the Performance Management Policy.

The table below illustrates the relationship of performance rewards to personnel expenditure:

PERFORMANCE REWARDS BY SALARY BAND			
LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE*	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	695 933	12 204 924	0.7%
Senior Management	1 822 984	19 962 696	1.8%
Middle Management	2 320 952	27 590 510	2.3%
Junior Management	1 091 488	20 772 508	1.1%
Semi-skilled	794 568	16 823 007	0.8%
Unskilled	152 998	2 223 163	0.2%
<b>Total</b>	<b>6 878 923</b>	<b>99 576 807</b>	<b>6.9%</b>

\* Personnel Expenditure excludes Board, Interns and Temporary employees.







### HUMAN RESOURCE GOVERNANCE

In advancing a culture of good governance, the following policies were reviewed and approved during the period under review:

- HIV & Aids Policy;
- Employee Wellness Policy;
- Substance Abuse Policy;
- Recruitment and Selection Policy;
- Learning and Development Policy
- Grievance Policy;
- Disciplinary Policy; and
- Subsistence and Travel Policy.

### SKILLS DEVELOPMENT

Investment In skills development continues to be a priority. For the period under review R4 479 767 was spent on learning and development. This includes short courses, formal qualifications and training for the interns.

#### SKILLS DEVELOPMENT EXPENDITURE PER PROGRAMME

PROGRAMME	PERSONNEL EXPENDITURE*	TRAINING EXPENDITURE (INCLUDING INTERNS)**	TRAINING EXPENDITURE AS A % OF PERSONNEL EXPENDITURE	NUMBER OF TRAINING INTERVENTIONS	AVERAGE TRAINING COST PER INTERVENTION (PER PROGRAMME)
Administration	39 111 193	1 800 456	4,6%	55	32 736
Cargo Development	21 954 895	1 238 072	5,6%	65	19 047
Property	9 091 037	198 402	2,2%	13	15 262
AgriZone	10 409 746	356 815	3,4%	45	7 929
ICT	5 957 692	283 720	4,8%	8	35 465
DPI	9 508 785	502 853	5,3%	20	25 143
SEZ	3 543 460	99 449	2,8%	3	33 150
<b>Total</b>	<b>99 576 807</b>	<b>4 479 767</b>	<b>4,5%</b>	<b>209</b>	<b>21 434</b>

\* Personnel Expenditure excludes Board, Interns and Temps.

\*\* Training Expenditure Inclusive of VAT.





## CHANGES IN THE WORKFORCE DURING THE YEAR

The following tables contain a summary of the staff movements during the year and a summary of approved posts which exist in the organogram:

CHANGES IN THE WORKFORCE DURING THE YEAR					
CATEGORY	NUMBER OF EMPLOYEES AS AT 1 APRIL 2018	APPOINTMENTS AND INTERNAL PROMOTIONS	TERMINATIONS AND INTERNAL PROMOTIONS	NUMBER OF EMPLOYEES AS AT 31 MARCH 2019	APPROVED POSTS AS AT 31 MARCH 2019
Top management	6	0	0	6	6
Senior management	19	0	3	16	17
Professionally qualified	32	3	3	32	36
Skilled	41	4	7	38	38
Semi-skilled	65	1	3	63	64
Unskilled	20	0	2	18	18
<b>Total</b>	<b>183</b>	<b>8</b>	<b>18</b>	<b>173</b>	<b>179</b>

## EMPLOYEE RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Regrettably the following actions took place during the financial year:

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	2
Written warning	0
Final written warning	2
Disciplinary proceeding - Resulting in 3 months suspension with no pay	1
Dismissal	3

One formal grievance procedure was initiated during the period:

NATURE OF ACTION	NUMBER
Formal grievance proceedings	1





#### **EMPLOYEE WELLNESS PROGRAMME**

During the review period, Dube TradePort Corporation continued to implement programmes focused on the physical and mental well-being of employees.

#### **CORPORATE SOCIAL INVESTMENT**

Dube TradePort Corporation prides itself on responsible corporate citizenship as encouraged in the King IV Report. This is demonstrated through its determination to support and empower communities of KwaZulu-Natal, especially those in the rural or disadvantaged areas. Initiatives aimed at empowering women, youth and people with disabilities continued to be the focus during the reporting period.

Dube TradePort Corporation staff members, including interns, continue to play a meaningful role in reaching out to the communities around Dube TradePort Corporation's operations. The following indicatives were rolled-out over the reporting period:

#### **SCHOOL UNIFORM PROGRAMME**

Collaborating with different stakeholders including the Department of Basic Education, Department of Agriculture, Department of Economic Development Tourism and Environmental Affairs, Non-Governmental Organisations and local community leadership, Dube TradePort Corporation was able to identify schools that benefited from this initiative. 1 400 learners attending twelve schools located in the iLembe and eThekweni municipalities received school uniforms valued at R1.1 million.

#### **BURSARY SCHEME**

Dube TradePort Corporation continues to provide financial support to students from disadvantaged backgrounds. This initiative has been a great success since its inception in 2013. Dube TradePort Corporation has been able to help students who are studying in different institutions of higher learning across the country, provided the recipients are from the province of KwaZulu Natal. Some of

these students were also provided with opportunities to undertake in-service training and/or internships.

#### **INTERNSHIP PROGRAMME**

Dube TradePort Corporation, through its Internship programme, continues to provide much-needed work experience to a wide range of graduates in different fields of study. To date, approximately 200 interns and trainees have benefited from the programme since its inception.

#### **ASSISTANCE TO EMERGING FARMERS**

Dube TradePort Corporation continues to support small farmers, mainly women, from the surrounding communities by the donation of seedlings worth approximately R150 000. This initiative helps the farmers increase their product offering, grow their markets and reduces their input costs. Dube TradePort Corporation also facilitates the transport of the farmers and their produce to various Market Days.

#### **MANDELA DAY**

Dube TradePort Corporation continues to run initiatives aiming at changing the lives of people in the communities around its operations.

Dube TradePort Corporation employees undertook following activities:

- Planting trees and seedlings;
- Distribution of fruits donated by Lebombo (one of our tenants);
- Installation of two TV screens donated (by Samsung);
- Donation and distribution of beds and clothes; and
- Painting walls of a community centre.

The Mandela Day initiative was undertaken jointly with Lebombo, Samsung, The Department of Health and SAPS.





# DUBE TRADEPORT CORPORATION CRITICAL STRATEGIC RISKS

Annual Report 2018/19

## DUBE TRADEPORT CORPORATION CRITICAL STRATEGIC RISKS

THE MEMBERS OF THE BOARD AND EXECUTIVE TEAM HELD A STRATEGIC RISK ASSESSMENT AND DETERMINED THAT THE FOLLOWING RISKS FACE DUBE TRADEPORT CORPORATION. THE ACTIONS TAKEN IN MITIGATION OF THESE STRATEGIC RISKS ARE LISTED:

RISK	STRATEGIC RISKS	MITIGATING ACTIONS
Risk number 1	Breaches in IT security	<ul style="list-style-type: none"> <li>• Implementation of a robust ICTG Environment;</li> <li>• Anti-viral software deployed;</li> <li>• Robust firewalls maintained;</li> <li>• Review by internal and external audit;</li> <li>• Comprehensive insurance cover; and</li> <li>• Disaster recovery and business continuity plans being developed.</li> </ul>
Risk number 2	Lack of Public transport to the precinct	<ul style="list-style-type: none"> <li>• The public transport to King Shaka International Airport has become a provincial priority project. Dube TradePort Corporation is working together with eThekweni Transport Authority and surrounding landowners on the long-term solution to this challenge.</li> </ul>
Risk number 3	Delay in service delivery caused by illegal intervention by business forums	<ul style="list-style-type: none"> <li>• Meetings are scheduled with designated persons to resolve issues as they arise;</li> <li>• Deployment of physical security at all Dube TradePort Corporation sites;</li> <li>• Notification and physical support by SAPS whenever illegal /unscheduled site visits occur; and</li> <li>• EDTEA is leading the provincial solution to challenges posed by business forums.</li> </ul>
Risk number 4	Delays to service delivery caused by legal challenges to SCM decisions	<ul style="list-style-type: none"> <li>• Legal panel constituted comprising experienced litigators;</li> <li>• Revised SCM processes;</li> <li>• Review of SCM process by legal practitioners;</li> <li>• Review of SCM process by external and internal auditors; and</li> <li>• Debriefing of unsuccessful bidders.</li> </ul>
Risk number 5	Inability to attract and retain suitably qualified people	<ul style="list-style-type: none"> <li>• Critical posts have been identified and application for exemptions from the moratorium of appointing new staff to fill vacant posts have been submitted and in some cases approved;</li> <li>• Specific skills are head-hunted;</li> <li>• Employees are upskilled and multi-skilled;</li> <li>• The Total Rewards Package is being developed;</li> <li>• Review of salary structure for grades A to C;</li> <li>• Implementation of newly-approved Talent Management Strategy; and</li> <li>• Extension of internship programme from one to two years with improved internship terms.</li> </ul>
Risk number 6	Lack of adequate external Bulk Infrastructure Provisioning	<ul style="list-style-type: none"> <li>• Provision of bulk infrastructure by Dube TradePort Corporation;</li> <li>• Sequenced planning and prioritisation of projects; and</li> <li>• Alignment of Dube TradePort Corporation, Municipal and other stakeholders' planning processes.</li> </ul>



## DUBE TRADEPORT CORPORATION CRITICAL STRATEGIC RISKS

THE MEMBERS OF THE BOARD AND EXECUTIVE TEAM HELD A STRATEGIC RISK ASSESSMENT AND DETERMINED THAT THE FOLLOWING RISKS FACE DUBE TRADEPORT CORPORATION. THE ACTIONS TAKEN IN MITIGATION OF THESE STRATEGIC RISKS ARE LISTED:

RISK	STRATEGIC RISKS	MITIGATING ACTIONS
Risk number 7	Delays in release of serviced land	<ul style="list-style-type: none"> <li>Relationship established between Dube TradePort Corporation and Planning Department of Municipality;</li> <li>Planned purchase of new land parcels for development;</li> <li>Planned purchase of new land parcels for offset purposes; and</li> <li>Participation in governmental initiatives with other stakeholders.</li> </ul>
Risk number 8	Inability to achieve Level 1 BBBEE rating	<ul style="list-style-type: none"> <li>BBBEE Implementation Plan;</li> <li>Inclusion of pre-determined criteria in procurements; and</li> <li>Increase in Enterprise and Supplier Development.</li> </ul>
Risk number 9	Inability to attract and retain private sector investors	<ul style="list-style-type: none"> <li>Competitive land and bulk lease terms;</li> <li>Investment in strategic infrastructure;</li> <li>Development of Durban Aerotropolis master plan;</li> <li>Introduction of focused targeted sector attraction strategies;</li> <li>Intensive networking and marketing;</li> <li>Commercial brokering agreements; and</li> <li>Implementation of One-Stop-Shop.</li> </ul>
Risk number 10	Adverse extreme weather conditions	<ul style="list-style-type: none"> <li>Water reservoir being constructed together with eThekweni municipality;</li> <li>Water ponds created and maintained;</li> <li>Solar panels constructed;</li> <li>Diverse crops grown by Dube AgriLab;</li> <li>Environmental audits conducted on all zones;</li> <li>Fire breaks maintained; and</li> <li>Surrounding ecosystem rehabilitated and maintained.</li> </ul>
Risk number 11	Inability to sustain international and regional flights to and from KSIA	<ul style="list-style-type: none"> <li>Good service history – zero loss in Dube Cargo Terminal;</li> <li>Membership of Route Development Committee;</li> <li>Air Services Strategy developed and implemented;</li> <li>Route Development Fund budget developed and implemented;</li> <li>Joint marketing partnership with government and private sector;</li> <li>Favourable bilateral agreements in place;</li> <li>Added value offered with Dube AiRoad trucking;</li> <li>International and regional airlines arriving at KSIA; and</li> <li>Long-term development of Dube TradePort Special Economic Zone and Durban Aerotropolis</li> </ul>



## DUBE TRADEPORT CORPORATION CRITICAL STRATEGIC RISKS

THE MEMBERS OF THE BOARD AND EXECUTIVE TEAM HELD A STRATEGIC RISK ASSESSMENT AND DETERMINED THAT THE FOLLOWING RISKS FACE DUBE TRADEPOR CORPORATION. THE ACTIONS TAKEN IN MITIGATION OF THESE STRATEGIC RISKS ARE LISTED:

RISK	STRATEGIC RISKS	MITIGATING ACTIONS
Risk number 12	Breaches of corporate governance processes	<ul style="list-style-type: none"> <li>• Fraud Prevention Plan;</li> <li>• Internal audit;</li> <li>• Policies and procedures;</li> <li>• Risk Management Framework;</li> <li>• Informative Board packs;</li> <li>• Regular Board meetings;</li> <li>• ToR for governance structures;</li> <li>• Delegations of authority;</li> <li>• Proactive management of media;</li> <li>• Compliance register maintained;</li> <li>• External audit;</li> <li>• Anti-Fraud hotline;</li> <li>• Formal induction for Board members;</li> <li>• Regular Audit Committee meetings held;</li> <li>• Minutes kept for all structures;</li> <li>• Standing SCM Committees appointed;</li> <li>• Declarations of Interest signed;</li> <li>• Peer review of consultants on each other;</li> <li>• Formal SCM processes implemented and documented;</li> <li>• Contracts clearly defined;</li> <li>• Oversight by funding department; and</li> <li>• Shareholder's Compact signed.</li> </ul>
Risk number 13	Inability to expand institutional & infrastructural capacity	<ul style="list-style-type: none"> <li>• Linking Dube TradePort Corporation strategy to Provincial targets;</li> <li>• Funding Agreement signed annually;</li> <li>• MTEF Budget allocation monitored;</li> <li>• Access to Dube TradePort Special Economic Zone funding;</li> <li>• Sustainability model developed; and</li> <li>• Financial modelling tool used for budgeting.</li> </ul>





# STAKEHOLDER ENGAGEMENT AND INTERACTIONS

2018/19





## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

### Dube TradePort Corporation Annual Report 2018/19

The tables below summarise the types of interaction Dube TradePort Corporation has had with stakeholders during the year.

STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
Shareholder	<ul style="list-style-type: none"> <li>Quarterly MEC, CEO and Chairperson's meetings;</li> <li>Oversight at Board and Audit and Risk Committee meetings;</li> <li>Shareholder Compact;</li> <li>Annual Performance Plan;</li> <li>Five-year Strategic Plan;</li> <li>Funding Agreement;</li> <li>Monthly and quarterly reporting; and</li> <li>Participation at various Department of Economic Development, Tourism and Environmental Affairs (EDTEA) hosted events.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings;</li> <li>Strategic workshops;</li> <li>Memoranda of Understanding;</li> <li>Formal agreements and formal reporting;</li> <li>Minutes of meetings;</li> <li>Board and Committee packs; and</li> <li>Reports.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure Dube TradePort Corporation meets shareholder's needs;</li> <li>To ensure alignment between the shareholder and the sister entities of the EDTEA;</li> <li>To formalise the granting of funding and reporting on the achievement of agreed-upon objectives;</li> <li>To ensure alignment with the performance of provincial and national strategic initiatives; and</li> <li>To maintain effective corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>The CEO and Chairperson attended all the quarterly MEC, Chairperson's and CEO meetings;</li> <li>The 2018/2019 Funding Agreement was signed and funds were received throughout the year;</li> <li>The 2018/2019 Shareholders Compact was signed during the year;</li> <li>All monthly and quarterly reporting was submitted timeously to EDTEA and Provincial Treasury;</li> <li>The 2019/2020 Annual Performance Plan was submitted timeously and is reported against quarterly and annual reports; and</li> <li>Representatives of EDTEA attend Board meetings and Audit and Risk Committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>The Department of Planning, Monitoring and Evaluation (DPME) is in the process of finalising a revised Framework for short and medium-term planning. This framework will replace the National Treasury Framework for Strategic Plans and Annual Performance Plans, and the initial drafts have been work-shopped with the provinces. Once finalised, it will be effective from the new planning cycle, starting in the 2020/21 financial year.</li> </ul>



## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

### Dube TradePort Corporation Annual Report 2018/19

STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Reports as requested by Provincial and National Treasury;</li> <li>• Representation at Legislature, Cabinet and SCOPA when required;</li> <li>• Reports as required by the Department of Trade and Industry;</li> <li>• Responses to Parliamentary questions;</li> <li>• ICASA;</li> <li>• SARS;</li> <li>• SAPS, State Security;</li> <li>• IATA, SACAA; and</li> <li>• Public Protector.</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations;</li> <li>• Reports;</li> <li>• Feedback sessions;</li> <li>• External assurance reports;</li> <li>• Annual reports;</li> <li>• Compliance with audits; and</li> <li>• CCA and SEZ tax incentives.</li> </ul>	<ul style="list-style-type: none"> <li>• To maintain effective corporate governance;</li> <li>• To respond to Parliamentary questions;</li> <li>• To formalise the reporting of agreed-upon objectives;</li> <li>• To establish and effectively operate the Dube TradePort Special Economic Zone (SEZ);</li> <li>• To meet mandatory reporting requirements to facilitate integration of Dube TradePort's results into Provincial and National results;</li> <li>• To facilitate oversight;</li> <li>• To maintain certification;</li> <li>• To obtain environmental and other regulatory approvals; and</li> <li>• To sustain international and regional flights to and from King Shaka International Airport.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly and monthly reports were sent timeously to Treasury, the Department of Economic Development, Tourism and Environmental Affairs and the Department of Trade and Industry;</li> <li>• The annual audit of the Cargo Terminal was carried out by SACAA and the Part 108 Certification was retained;</li> <li>• The SEZ team continuously works closely with SARS and the Department of Trade and Industry on incentive administration processes; and</li> <li>• ICASA reporting submitted as required.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure continued compliance with all applicable laws and regulations.</li> </ul>



# STAKEHOLDER ENGAGEMENT AND INTERACTIONS

## Dube TradePort Corporation Annual Report 2018/19

STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>Airports Company South Africa (ACSA);</li> <li>Route Development Committee;</li> <li>Dube Institute and Dube Foundation;</li> <li>Design and Review Panel;</li> <li>Interactions with officials from various Provincial Public Entities;</li> <li>Strategic Integrated Project 2;</li> <li>Office of Premier;</li> <li>eThekweni Municipality;</li> <li>KSIA security cluster;</li> <li>Local Airline Security Committee (LASC)</li> <li>Department of Trade and Industry (dti);</li> <li>Anti-fraud Hotline;</li> <li>JV Commercial Forum;</li> <li>Durban Chamber of Commerce and Industry;</li> <li>Internal auditors;</li> <li>External auditors;</li> <li>Trade &amp; Investment KwaZulu-Natal;</li> <li>Tourism KwaZulu-Natal</li> <li>Durban Tourism;</li> <li>Invest Durban;</li> <li>Business Forums;</li> <li>KwaZulu-Natal Economic Council;</li> <li>Automotive Supplier Park (ASP) Technical Liaison Committee; and</li> <li>Durban Aerotropolis Working Groups 1-4 meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings and formal interactions;</li> <li>Minutes of meetings;</li> <li>Presentations;</li> <li>Workshops;</li> <li>Submissions and planning applications;</li> <li>Reports;</li> <li>Trade &amp; Investment KwaZulu-Natal One-Stop-Shop; and</li> <li>Dube TradePort SEZ investment promotion.</li> </ul>	<ul style="list-style-type: none"> <li>To act as a catalyst for targeted private sector investment;</li> <li>To plan and enable the development of a sustainable aerotropolis, cargo and air services;</li> <li>To establish and effectively operate the Dube TradePort SEZ;</li> <li>To develop the Dube precinct and immediate surrounds in a sustainable manner;</li> <li>To develop the KwaZulu-Natal Automotive Supplier Park (ASP) in a sustainable manner;</li> <li>To provide infrastructure and service the development and operational needs of Dube TradePort;</li> <li>To formulate strategic initiatives of mutual benefit to the region and provide input into the Provincial Growth and Development Plan (PGDP) and Provincial Growth and Development Strategy (PGDS);</li> <li>To facilitate sustainable projects with associated entities, departments, organisations and municipalities; and</li> <li>To participate in forums, facilitating projects in the region and contributing to infrastructure and economic development.</li> </ul>	<ul style="list-style-type: none"> <li>As joint Shareholders and Directors with ACSA in La Mercy JV Property Investments (Pty) Limited, representatives of Dube TradePort Corporation attended annual shareholders' and quarterly Board meetings;</li> <li>As joint landowners in the Dube TradePort precinct, with ACSA, representatives of Dube TradePort Corporation attended JV Commercial Forum meetings;</li> <li>Participated in the weekly Airport Security Forum meetings and quarterly LASC meetings;</li> <li>Hosted the Design Review Panel meetings with ACSA and eThekweni Municipality;</li> <li>All hotline reports were reported quarterly to the Audit and Risk Committee;</li> <li>Attended Strategic Integrated Project 2 (SIPS2) Meetings;</li> <li>Attended and presented at the Durban Chamber of Commerce and Industry, as requested;</li> <li>Monthly and quarterly reports concerning progress on the SEZ were submitted timeously to the Department of Trade and Industry;</li> <li>External and internal auditors attended the quarterly meetings of the Audit and Risk Committee and reported on the results of their reviews. They also met with the Committee members without the presence of management to ensure open and uninhibited communications;</li> <li>The CSI division worked with the eThekweni Municipality in assisting small farmers;</li> <li>Representatives attended and reported on the quarterly PGDP and PGDS meetings;</li> <li>Participated in the ASP: Technical Liaison Committee, as developers of the KwaZulu-Natal Automotive Supplier Park; and</li> <li>Acted as co-chair of Durban Aerotropolis Working Groups 1 to 3.</li> </ul>	<ul style="list-style-type: none"> <li>Design and install an Aerotropolis Visitors Centre facility on the ground floor of the Dube TradePort Headquarters located at 29° South. This visitors facility will enable Stakeholders, fellow entities, general public, educational facilities and general business visitors to experience a multi-sensory tour of Dube TradePort Special Economic Zone and the greater Aerotropolis Masterplan.</li> </ul>



## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

### Dube TradePort Corporation Annual Report 2018/19

STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
SEZ Partners	<ul style="list-style-type: none"> <li>Chambers of Commerce;</li> <li>Business Associations;</li> <li>Investment Promotion Agencies; and</li> <li>Government Entities, including other Special Economic Zones.</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of international delegations for presentations, site tours and work-shops;</li> <li>Identification of markets and potential investors;</li> <li>Promotion of localisation of goods and services;</li> <li>Identification of local suppliers for our investors;</li> <li>Joint hosting of promotional events;</li> <li>Round-table discussions and meetings;</li> <li>Presentations;</li> <li>International missions;</li> <li>Trade shows and conferences;</li> <li>Site visits;</li> <li>Delegations;</li> <li>Collaboration in business and networking sessions;</li> <li>Investment promotion initiatives and events; and</li> <li>Marketing collateral.</li> </ul>	<ul style="list-style-type: none"> <li>To establish and effectively operate the Dube TradePort SEZ;</li> <li>To act as a catalyst for targeted private sector investment;</li> <li>To profile Dube TradePort as a preferred investment destination;</li> <li>To provide potential investors with information about the benefits of Special Economic Zones and Dube TradePort in particular;</li> <li>To generate leads;</li> <li>To link local suppliers with existing and potential investors;</li> <li>To host delegations and businesses with other bodies; and</li> <li>To conduct benchmarking exercises and study tours.</li> </ul>	<ul style="list-style-type: none"> <li>Generated leads that are in the pipeline from joint hosting of events;</li> <li>Dube TradePort Corporation attended trade shows and conferences organised by Chambers, businesses, embassies and Government institutions;</li> <li>Dube TradePort Corporation participated in the following events: <ul style="list-style-type: none"> <li>China International Import Export Trade Fair; and</li> <li>Durban Investment Road-show in Liverpool.</li> </ul> </li> <li>CEO's Networking Forum was hosted in partnership with Durban Chamber of Commerce and Industry;</li> <li>Presentations were made to various international delegations and stakeholders: <ul style="list-style-type: none"> <li>SARS SEZ Workshop;</li> <li>Algerian Ambassador;</li> <li>Chinese Ambassador to South Africa;</li> <li>Chinese Consulate General Durban to South Africa Diplomatic Corps;</li> <li>Xiamen China delegation;</li> <li>Hubei delegation;</li> <li>European Union and Bilateral Chambers;</li> <li>Pan African Chambers;</li> <li>BRICS delegation;</li> <li>Governor of Nevada State, USA;</li> <li>Russian Ambassador to South Africa;</li> <li>Singapore Ambassador to South Africa;</li> <li>Guangdong delegation; and</li> <li>Visit by Sheik Abdurhaman of Qatar.</li> </ul> </li> <li>Engagements with various Government stakeholders: <ul style="list-style-type: none"> <li>National Treasury; and</li> <li>The dti/Productivity SA visit.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Dube TradePort is in the process of registering for membership with various Chamber of Commerce and business;</li> <li>Access to networking events facilitated by various Chambers and Business Associations;</li> <li>Joint local and international investment promotion road-shows and exhibitions with the dti and TIKZN;</li> <li>Investment conference facilitated by the National Department of Trade and Industry;</li> <li>Participation in outgoing missions for investment and trade promotion;</li> <li>Membership of Proudly South African, to create investment opportunity awareness around the mini-factories being constructed in Dube TradeZone and to promote localisation; and</li> <li>Continued engagement with various Government departments and agencies for continued improvements in turn-around times in terms of investor applications and general investor support.</li> </ul>



## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

### Dube TradePort Corporation Annual Report 2018/19

STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
<b>Local Community</b>	<ul style="list-style-type: none"> <li>• Mt Moreland;</li> <li>• Local schools participating in CSI schools programmes;</li> <li>• 7 local wards;</li> <li>• EDTEA-hosted community events;</li> <li>• Representations;</li> <li>• Media (radio, print, community newspapers, other press avenues);</li> <li>• Career Day events;</li> <li>• Internship programme; and</li> <li>• Anti-fraud Hotline.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings;</li> <li>• Minutes of meetings;</li> <li>• Presentations;</li> <li>• Newsletters; advertisements and PR; and</li> <li>• Community, Councillor and school tours.</li> </ul>	<ul style="list-style-type: none"> <li>• To contribute to the social economic development of surrounding communities;</li> <li>• To create job opportunities;</li> <li>• To facilitate Dube TradePort Corporation's B-BBEE Strategy; and</li> <li>• To increase awareness of what Dube TradePort is, and the impact of Dube TradePort Corporation.</li> </ul>	<ul style="list-style-type: none"> <li>• Dube TradePort Corporation supported local schools through provision of school uniforms to 1 400 learners at 16 schools, 2 solar power energy units and the painting of creche buildings;</li> <li>• Staff renovated a crèche, planted trees and vegetables, donated beadwork materials and food during Mandela Day;</li> <li>• Support was provided to emerging local farmers;</li> <li>• Community stakeholders (Councillors) meetings were facilitated and attended;</li> <li>• Dube TradePort Corporation hosted local farmers, enabling them to market their vegetables to staff members;</li> <li>• Dube TradePort Corporation attended career expos taking place at various institutions of higher learning and local communities to showcase the variety of careers available at Dube TradePort Corporation, and 1 bursary was awarded to a student;</li> <li>• Unemployed graduates, mainly from KwaZulu-Natal, took-up 34 internship opportunities at Dube TradePort Corporation; and</li> <li>• Dube TradePort Corporation hosted tours for schools, TVET colleges, local businesses and community groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued support of young people, via internships;</li> <li>• Continued support of schools providing school uniforms and solar panels; and</li> <li>• Dube TradePort Corporation will concentrate on initiatives aimed at youth development, empowerment of women and support for people living with disabilities.</li> </ul>



## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

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STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
Media	<ul style="list-style-type: none"> <li>• Press releases;</li> <li>• Launch events;</li> <li>• Interviews;</li> <li>• Anti-fraud hotline; and</li> <li>• Above-the-line communication (advertising).</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews and opinion pieces;</li> <li>• Press releases;</li> <li>• Publications;</li> <li>• Radio interviews; and</li> <li>• Manned conference stands.</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate private sector investment on land controlled by Dube TradePort Corporation;</li> <li>• To counter perceptions created by any negative media articles;</li> <li>• To facilitate Dube TradePort Corporation's B-BBEE strategy;</li> <li>• To create awareness of, and to enhance Dube TradePort's product offerings and to support the brand; and</li> <li>• To sustain international and regional flights to and from King Shaka International Airport.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication was distributed via above-the-line media advertising, and below-the-line communication:</li> <li>• Brand Awareness (Dube TradePort SEZ Image Building): <ul style="list-style-type: none"> <li>– Radio - SAFM;</li> <li>– ECR (Generic Ads);</li> <li>– Digital - ECR.co.za; and</li> <li>– Outdoor billboards in Gauteng.</li> </ul> </li> <li>• SEZ mini-factories Property Campaign: <ul style="list-style-type: none"> <li>– Property Calls for Proposals - KZN Invest (DPS);</li> <li>– Property display ads (Commercialproperty.co.za and property24.co.za); and</li> <li>– Below-the-line advertising.</li> </ul> </li> <li>• Social Media Activity: <ul style="list-style-type: none"> <li>– Facebook posts: 114,</li> <li>– Audience reach: 973 847;</li> <li>– Instagram posts: 20,</li> <li>– Audience reach: 195 101;</li> <li>– Twitter posts: 108,</li> <li>– Audience reach: 599 389; and</li> <li>– Average increase in followers, and likes across platforms: 8.32%.</li> </ul> </li> <li>• 16 press releases were issued, resulting in 255 pieces of communication being secured, which has contributed to an overall 87% in positive communication related to the organisation, which has been observed in South Africa via an independent media monitoring service using the key words Dube TradePort and its variants;</li> <li>• During 2018/19 Dube TradePort Corporation hosted the following events, which were attended by media: <ul style="list-style-type: none"> <li>– MEC media announcement and launch of Dube TradeZone 2: <ul style="list-style-type: none"> <li>– Launch opening and press activation of AIH/Mahindra facility; and</li> <li>– British Airways press conference.</li> </ul> </li> </ul> </li> <li>• Dube TradePort Corporation exhibition events included: <ul style="list-style-type: none"> <li>– SAPOA 2018;</li> <li>– SASTA;</li> <li>– Naccam Show; and</li> <li>– KZN Export Week.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• In future, Dube TradePort Corporation will work together with BrandSA to promote the Dube TradePort SEZ. An increased number of media tours will be facilitated by this collaboration.</li> </ul>



## STAKEHOLDER ENGAGEMENT AND INTERACTIONS

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STAKEHOLDER	INTERACTION	SCOPE OF ENGAGEMENTS	WHY WE ENGAGE	SPECIFIC INTERACTIONS AND RESULTS	FUTURE FOCUS AREAS
<b>Clients (Dube AgriLab, Dube iConnect and Advertisers on Electronic Billboards)</b>	<ul style="list-style-type: none"> <li>Reseller events;</li> <li>Industry events;</li> <li>Sales meetings;</li> <li>Marketing material; and</li> <li>Anti-fraud Hotline.</li> </ul>	<ul style="list-style-type: none"> <li>Presentations;</li> <li>Industry events;</li> <li>Editorials;</li> <li>Publications;</li> <li>Speaker opportunities;</li> <li>Manned conference stands; and</li> <li>Marketing material.</li> </ul>	<ul style="list-style-type: none"> <li>To establish, enhance and operate a platform for each of the divisions of Dube TradePort Corporation that delivers value-added products and services;</li> <li>To provide resellers with further opportunities to reach end-users and educate them on possible uses for our facility within their business environments; and</li> <li>To sustain growth in Dube iConnect business.</li> </ul>	<ul style="list-style-type: none"> <li>The following events were hosted by Dube iConnect:                             <ul style="list-style-type: none"> <li>– Dube iConnect Cloud 29 Event; and</li> <li>– Dube iConnect Cloud 29 and Mimecast event.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Attend relevant industry events;</li> <li>Host a SMME event in order to improve SMME awareness and uptake on the Dube iConnect infrastructure;</li> <li>Provide Dube TradePort precinct tours for Dube iConnect resellers; and</li> <li>Host ongoing meetings and technical scoping sessions with active clients and interested end-user companies.</li> </ul>
	<ul style="list-style-type: none"> <li>Dube AgriLab events and work-shops.</li> </ul>	<ul style="list-style-type: none"> <li>Industry events;</li> <li>Editorials;</li> <li>Publications;</li> <li>Speaker opportunities;</li> <li>Manned conference stands; and</li> <li>Marketing material.</li> </ul>	<ul style="list-style-type: none"> <li>To create awareness of, make available, and to enhance the Dube AgriLab product and service offerings and to support the brand; and</li> <li>To sustain growth in Dube AgriLab (Tissue Culture) business.</li> </ul>		<ul style="list-style-type: none"> <li>To attend relevant events; and</li> <li>Through targeted campaigns, create newsletters and PR and update marketing collateral for Dube AgriLab.</li> </ul>



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<b>Clients (Dube AgriLab, Dube iConnect and advertisers on electronic billboards)</b>	<ul style="list-style-type: none"> <li>Electronic billboard clients/resellers;</li> <li>Marketing material; and</li> <li>Billboard adverts</li> </ul>	<ul style="list-style-type: none"> <li>Marketing material;</li> <li>Dube TradePort Corporation - flighted adverts; and</li> <li>Contracts.</li> </ul>	<ul style="list-style-type: none"> <li>To create awareness of, make available, and enhance Dube TradePort Corporation's electronic billboard product offerings (advert slots).</li> </ul>	<ul style="list-style-type: none"> <li>Dube AgriLab exhibited at the South African Sugarcane Technologies Association (SASTA) trade show;</li> <li>Interactions held with potential and existing resellers and clients; and</li> <li>Over 28 advert slots were sold or trade-swapped on the electronic billboards for the financial year 2018/19, along with several slots given to public sector entities, Government stakeholders and airlines for marketing support and value-adds.</li> </ul>	<ul style="list-style-type: none"> <li>The 4 (four) electronic billboard sites will be advertised to the market and Calls for Proposals. A concession of 15% slots will be reserved for Dube TradePort Corporation to flight its own adverts. This will be included in the proposals and will be made available at no cost to Dube TradePort Corporation.</li> </ul>
<b>Agricultural Community</b>	<ul style="list-style-type: none"> <li>Industry trade shows and symposia;</li> <li>Marketing material and newsletters;</li> <li>Call for Proposals;</li> <li>Events aimed at farming community;</li> <li>Anti-fraud Hotline; and</li> <li>Sales meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Presentations;</li> <li>Tours;</li> <li>"Green" initiatives;</li> <li>Water and energy projects; and</li> <li>Meetings.</li> </ul>	<ul style="list-style-type: none"> <li>To generate sustainable volumes of perishables in supporting the air logistics platform;</li> <li>To avert decreased water availability of business operations;</li> <li>To generate interest in Dube AgriZone's product offerings;</li> <li>To engage in potential crops to be cultivated in the Dube AgriLab; and</li> <li>To gain and share knowledge of a technical or scientific nature and seek opportunities for collaborations.</li> </ul>	<ul style="list-style-type: none"> <li>As per Dube AgriLab clients, all these events and interactions are also applicable to the general agricultural community at large.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to market Dube AgriZone Phase 2 space to agricultural forums.</li> </ul>





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<b>Investors, Tenants and Developers</b>	<ul style="list-style-type: none"> <li>Dube TradePort Corporation hosted Tenants' Networking events;</li> <li>Industry trade shows;</li> <li>Marketing material;</li> <li>Anti-fraud Hotline;</li> <li>Calls for Proposals;</li> <li>External news (website/print or email);</li> <li>Sales presentations and meetings;</li> <li>Investor events;</li> <li>Tenant welcome packs and email communication; and</li> <li>Dube TradePort Corporation's Tenants' and Clients' Survey.</li> </ul>	<ul style="list-style-type: none"> <li>Presentations;</li> <li>Investor work-shops;</li> <li>Informative printed matter;</li> <li>Feedback;</li> <li>Help-desk;</li> <li>Survey;</li> <li>Videos; and</li> <li>Reports.</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate private sector investment on land controlled by Dube TradePort Corporation;</li> <li>To facilitate Dube TradePort Corporation's B-BBEE strategy;</li> <li>To create awareness of, and to enhance Dube TradePort's product offerings and to support the brand; and</li> <li>To avoid non-payment of rental or deposits by developers and tenants, contrary to lease terms.</li> </ul>	<ul style="list-style-type: none"> <li>At the South African Property Owners Association (SAPOA) Annual Convention held in June 2018, Dube TradePort Corporation show-cased its offerings and engaged with property professionals on development and tenancy opportunities;</li> <li>Dube TradePort won a "BEST STAND" award at SAPOA 2018;</li> <li>A Call for Proposals on Dube City and Dube TradeZone was issued to the public during the period, calling for interested parties including developers, tenants and operators to engage with Dube TradePort Corporation over development opportunities;</li> <li>Dube TradePort Corporation property commercial and SEZ staff continued to meet interested members of the public, property developers, companies and international guests. A personal presentation showcasing Dube TradePort Corporation along with personal tours and discussions were hosted;</li> <li>The Annual Client Survey was sent to all onsite tenants, Developers and offsite resellers. Dube TradePort Corporation achieved an average overall client satisfaction score of 84.0%. Divisions scored the following average scores: <ul style="list-style-type: none"> <li>Property commercial – 93.7%;</li> <li>Property Administration -87.6%;</li> <li>Property Operations – 82.1%;</li> <li>Dube AgriZone – 83.2%;</li> <li>Dube TradePort Security (29° South and TradeZone) – 85.0% and 82.1% (respectively);</li> <li>Dube Cargo Terminal – 88.0%;</li> <li>Dube iConnect – 81.5%;</li> <li>Dube AgriLab – 76.1%;</li> <li>Dube AiRoad – 90.2%; and</li> <li>Landscaping – 80.3%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Attendance of SAPOA 2019;</li> <li>Participation, exhibition and sponsorship at the Manufacturing Indaba 2019 event – focus on available opportunities at the Dube TradePort SEZ (TradeZone 2, mini-factories);</li> <li>Campaigns aimed to connect with investors and potential tenants within target sectors;</li> <li>Ongoing customer (tenant and developer) management; and</li> <li>The multi-disciplinary committee assists both Dube TradePort Corporation and our investors in ensuring all environmental, town planning and sector alignments are understood by the investor at the commencement of our engagements.</li> </ul>



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<b>Cargo and Logistics Community Airlines</b>	<ul style="list-style-type: none"> <li>Marketing material;</li> <li>Route development events;</li> <li>Industry trade shows;</li> <li>Anti-fraud Hotline;</li> <li>World routes events and regional routes events;</li> <li>Airline booklets;</li> <li>Airline head office visits; and</li> <li>FAM trips.</li> </ul>	<ul style="list-style-type: none"> <li>Informative printed matter;</li> <li>Meetings;</li> <li>Manned stands at conferences and trade shows;</li> <li>Preparation and submission of business cases;</li> <li>Presentations; and</li> <li>Launches.</li> </ul>	<ul style="list-style-type: none"> <li>To create awareness of, and to enhance the Dube TradePort's product offerings and to support the brand; and</li> <li>To enable new air services to international and regional markets and facilitate the growth of air cargo to/from Durban.</li> </ul>	<ul style="list-style-type: none"> <li>World Routes 2018;</li> <li>AirCargo Africa 2019;</li> <li>Launch event for British Airways Durban – London Heathrow route;</li> <li>SAAFF Congress 2018;</li> <li>A visit was conducted in March 2019 to customer airlines with local offices in Johannesburg; namely, Air Mauritius, British Airways, Emirates and Turkish Airlines; and</li> <li>A visit was conducted to British Airways head office in London in February 2019 to assist with the development of the marketing plan to promote the new Durban London Heathrow route.</li> </ul>	<ul style="list-style-type: none"> <li>Air services will focus on attracting airlines to operate non-stop services between Durban, Harare and Maputo;</li> <li>Air services will also focus on increasing international connectivity with existing airline customers;</li> <li>FIATA World Congress 2019;</li> <li>Air Cargo Europe 2019;</li> <li>Stakeholder engagement event; and</li> <li>Industry events/ work-shops/ seminars that allow networking and building the Dube TradePort brand.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Tender briefings;</li> <li>Suppliers' training events;</li> <li>Supplier forums;</li> <li>Anti-fraud Hotline;</li> <li>Published tender adverts; and</li> <li>Tender documents.</li> </ul>	<ul style="list-style-type: none"> <li>Presentations;</li> <li>Training events;</li> <li>Well-drafted requests for proposals and quotations;</li> <li>Resolution of appeals against decisions, via Appeal Process; and</li> <li>Advertising.</li> </ul>	<ul style="list-style-type: none"> <li>To procure goods and services in a fair, equitable, transparent, competitive and cost-effective process;</li> <li>To provide infrastructure and service the development and operational needs of Dube TradePort;</li> <li>To facilitate Dube TradePort Corporation's B-BBEE strategy; and</li> <li>To maintain effective corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>During the 2018/19 financial year, 29 Requests for Proposals for procurements (over R500 000) were advertised and 458 tender documents were issued;</li> <li>All new suppliers were invited to subscribe to a Supplier Code of Conduct;</li> <li>Four training sessions were held for potential suppliers from previously disadvantaged communities;</li> <li>Four training sessions were held for current suppliers to improve and empower them; and</li> <li>There were approximately 200 attendees at these supplier training events, which included training on topics which included: <ul style="list-style-type: none"> <li>Project Management;</li> <li>People Management;</li> <li>Maintenance of Financial Records; and</li> <li>Health and Safety in the Construction Industry.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>In the next financial year, we will focus on ensuring a greater proportion of suppliers sign the Suppliers' Code of Conduct.</li> </ul>



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<b>Dube TradePort Corporation Employees</b>	<ul style="list-style-type: none"> <li>All-staff emails (MyContribution and Wellness);</li> <li>Intranet: Dube World;</li> <li>Various training initiatives;</li> <li>Staff meetings;</li> <li>Employee induction;</li> <li>Exco meetings;</li> <li>Employment Equity Committee;</li> <li>Anti-fraud Hotline;</li> <li>Manco meetings; and</li> <li>NEHAWU meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Timely agendas/ meeting packs;</li> <li>Minutes of meetings;</li> <li>Employee wellness initiatives;</li> <li>Workshops;</li> <li>Training;</li> <li>Policies;</li> <li>Presentations;</li> <li>Finance guides;</li> <li>Code of Conduct;</li> <li>Declarations of Interest;</li> <li>Suggestion boxes; and</li> <li>Rewards and recognition.</li> </ul>	<ul style="list-style-type: none"> <li>To effectively manage recruitment, learning and development and corporate support services;</li> <li>To share relevant information, obtain information and solicit feedback;</li> <li>To become an employer of choice; and</li> <li>To increase employee awareness.</li> </ul>	<ul style="list-style-type: none"> <li>During the year various policy work-shops were held to familiarise employees with new and revised policies;</li> <li>Staff meetings, one-on-one meetings and ad hoc engagements were held as appropriate;</li> <li>Staff completed Performance Management Agreements and quarterly assessments were held with line managers to discuss progress against targets;</li> <li>The Code of Conduct was signed on appointment and renewed annually, in accordance with best practice;</li> <li>Annual Declarations of Interest were signed;</li> <li>The Employment Equity Committee met three times during the year;</li> <li>Exco and Manco meetings were held at least fortnightly;</li> <li>During the year a project to convert packages for staff members of certain levels from a cost to company package to a basic salary package was initiated; and</li> <li>Meetings between management and elected shop stewards were held.</li> </ul>	<ul style="list-style-type: none"> <li>In 2019/20 efforts will continue on the conversion from cost to company to a basic salary package project; and</li> <li>The initiative resulting from the newly-developed Talent Management Strategy will commence.</li> </ul>



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<b>General Stakeholders</b>	<ul style="list-style-type: none"> <li>External news (website/print or email);</li> <li>Annual Reports;</li> <li>Annual Performance Plans;</li> <li>Strategic Plan;</li> <li>PAIA manual;</li> <li>Tip-offs line;</li> <li>Exhibitions and conferences;</li> <li>Marketing material:                             <ul style="list-style-type: none"> <li>– Flyers;</li> <li>– Brochures;</li> <li>– Videos;</li> <li>– Online activity; and</li> <li>– Presentations.</li> </ul> </li> <li>Anti-fraud Hotline;</li> <li>Tours: General and specialised;</li> <li>Brand awareness survey;</li> <li>Protocol officials;</li> <li>SAPS, State security agencies;</li> <li>Dube Foundation and Dube Institute; and</li> <li>Website: Dube TradePort Corporation.</li> </ul>	<ul style="list-style-type: none"> <li>Informative printed matter;</li> <li>Meetings;</li> <li>Manned stands at conferences and trade shows;</li> <li>Events held at precinct, including high-profile guests;</li> <li>Tours of precinct;</li> <li>Training material and presentations; and</li> <li>Reports.</li> </ul>	<ul style="list-style-type: none"> <li>To increase awareness of the product offering and achievements of Dube TradePort Corporation;</li> <li>To raise the profile of Dube TradePort;</li> <li>To facilitate Dube TradePort Corporation's B-BBEE strategy;</li> <li>To maintain effective corporate governance; and</li> <li>To explore "Green" initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Dube TradePort Corporation published the 2018/19 Annual Report and 2019/20 Annual Performance Plan;</li> <li>The following site visits and tours were hosted by Dube TradePort Corporation:                             <ul style="list-style-type: none"> <li>– Dube TradePort Corporation hosted 608 people on 26 guided tours around the precinct during the financial year; and</li> <li>– Reporting of any reports received by Anti-fraud Hotline.</li> </ul> </li> <li>PAIA Manual, Section 32 Report.</li> </ul>	<ul style="list-style-type: none"> <li>Disclosures in the Annual Report will be continually reviewed to ensure greater alignment with the principles of King IV Report, thereby ensuring improved transparency resulting in greater relevance for stakeholders.</li> </ul>

