







DUBE TRADEPORT CORPORATION
ANNUAL REPORT
2022/23



NAVIGATING THIS REPORT







6

Programmes

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

6

Capitals

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

Definition of Capitals

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

Other Icons

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

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MEC FOREWORD

Mr Siboniso Duma, MPL
MEC: KwaZulu-Natal Department
of Economic Development,
Tourism and Environmental
Affairs



As South Africans face the prospect of enduring yet another economic contraction cycle while still bearing the insufferable effects of stifling inflation. The government has started implementing the reconstruction and recovery plan, which aims to bring about significant economic structural reforms that will encourage inclusive and equitable growth and put our nation on a path towards sustainable recovery, after a decade-long period of economic stagnation.

With this strategy, the government will aim to promote localization and the growth of SMMEs, enabling them to add value to the diverse set of supply chains found throughout the economy of Southern Africa. The pace of the investment pipeline will be maintained with the help of special economic zones, which will act as centres for the reindustrialisation of our economy.

The ultimate objective is to pursue a rebuilding and recovery approach which is led through infrastructure development, with investments in infrastructure propelling development in other sectors of our economy. The recently held South African Investment Conference, is among the initiatives that will anchor this plan, in KwaZulu-Natal we have started seeing it pave the way for the development and upgrading of existing infrastructure.

The foundation for the Dube TradePort Special Economic Zone's development has already been laid, positioning it to be among the top investment destinations within South Africa. As it stands KwaZulu-Natal has benefited significantly from international manufacturing-related investments that have been secured by Dube TradePort. These enterprises have brought, new industries, technologies, skills and importantly high-value jobs into our economy; setting the stage for the potential of upward and downstream linkages with local enterprises.

Dube TradePort has in part achieved through the creation of an ecosystem that encourages cooperation between various stakeholders, including government, academic institutions, and private businesses, sparking a knowledge exchange, innovation and the development of a world-class commercial and industrial precinct.

This environment has seen youth-owned and black-owned businesses expand their operations within Dube TradePort industrial zone. We have been pleased to witness the growth of businesses, where entrepreneurs who started as tenants expand their operations to larger buildings and, more recently, we have seen a few of these businesses grow to the point where they are now developing their owner's mega facilities within our industrial zone.

Projects like these increase our competitiveness and support the revitalisation of commerce within the region and provide us with global linkages. Therefore we will also be investing in infrastructure around the provision of energy, water and sanitation and transportation, including digital infrastructure, to further support the development around Dube TradePort.

Over the past five years, Dube TradePort has emerged as a vibrant hub driving economic development through its focus on manufacturing, investment attraction, and innovation. With state-of-the-art facilities that position it as a catalyst for research, development, and technological advancements. The Dube TradePort precinct accommodates specialized facilities, including agriculture research laboratories, ICT technology incubators, and business support services, creating an overall nurturing environment that has a culture of innovation and entrepreneurship.

This proactive and dynamic culture has seen it taking strides in achieving both environmental and fiscal sustainability, which has come to the benefit of its tenants over the years. An example is the fact that Dube TradePort has several solar panel installations, which generate about one megawatt of electricity and helps to offset some of the costs associated with their tenant's operations within the precinct.

The organisation has already initiated a study to determine the viability of establishing a larger solar farm that would diversify the energy mix utilized throughout the entire precinct, decreasing the reliance on the national grid. This will increase also work to increase the available capacity of renewable energy in our grid, boost energy efficiency and possibly encourage greater private-sector involvement.

The organisation has also emphasised the importance of SMME development in export-oriented sectors. To promote SMMEs in the Special Economic Zone precinct, Dube TradePort has successfully developed a mini-factory complex. The location of the mini-factories space within the Dube TradeZone precinct allows SMMEs to establish symbiotic relationships with established operators within the Special Economic Zone.

It is within this complex where we are encouraged to see the establishment of labour-intensive companies, that hire larger numbers of our youth, as well as the emergence of more youth-owned and-operated businesses. The strong market demand for this development has inspired Dube TradePort to consider the development of additional projects of this type in its precinct, which is encouraging.

Through the KwaZulu-Natal Route Development Committee, which is chaired by the Department of Tourism, Economic Development, and Environmental Affairs, Dube TradePort has also played a crucial role in the reintroduction of domestic, regional, and international airlines to KwaZulu-Natal. The initiative has proven beneficial in drawing in foreign direct investment, increasing exports through greater airfreight, and fostering regional integration and trade expansion within the African continent.

The expansion of trade with the rest of sub-Saharan Africa will depend heavily on the growth of air services as they provide easy access to these markets, promote intra-African trade, and directly improve the socioeconomic well-being of our communities, as we become the base for local and multi-national companies expansion into Africa.

It also enables local businesses to form successful partnerships across the region, which promotes the transfer of skills and technology and gives them a competitive edge in the global market. This is in addition to the benefits air connectivity brings to the tourism sector.

I am glad to highlight Dube TradePort's accomplishments during the year in review and the position we hope to see it play within the broader ambit of the government's economic reconstruction and recovery framework. I would like to commend the Board of Dube TradePort Corporation, the CEO and his management team and the staff for doing a good job at delivering on the mandates of the organisation, particularly during this tough economic and social climate.

I am pleased to also note that Dube TradePort received its tenth consecutive clean audit, this is a sign of an organisation that is functional and has sound processes.

The Dube TradePort Special Economic Zone is one of the institutions that are on the frontlines of driving change and creating an equitable and prosperous for the people of this province.



Mr Siboniso Duma, MPL
MEC: KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs



PROFILE

DUBE TRADEPORT CORPORATION

Vision

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

Mission

To stimulate inclusive economic growth through: Enabling the development of an aerotropolis by providing leading edge spatial planning and infrastructure;

- Attracting and sustaining investment through the creation and operation of a Special Economic Zone and related commercial zones; and
- Growing business and trade through enhanced logistics and new regional and international air services connectivity.

Values

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

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

Strategic Goals

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

- Driving the development of a sustainable aerotropolis 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 Business Conduct

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







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

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

CORPORATION STRUCTURE

Accounting Authority and Executive Management



					
Programme 1 Administration	Programme 2 Cargo	Programme 3 Property and SEZ Administration	Programme 4 Dube AgriZone	Programme 5 Dube iConnect	Programme 6 Development Planning and Infrastructure
Executive Hamish Erskine CEO	Executive Mlibo Bantwini	Acting Executive Andile Mnguni	Executive Mlibo Bantwini	Executive Mlibo Bantwini	Executive Owen Mungwe



OVERVIEW

Dube TradePort Special Economic Zone

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

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

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

Dube TradeZone

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

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

Dube Cargo Terminal

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

Dube AgriZone

Dube AgriZone is a designated Special Economic Zone and offers world-class agricultural facilities and technical support for the propagation, growth, packing and distribution of a wide range of high-value perishables and horticultural products by way of a thoroughly efficient supply chain, which displays the necessary agility required to ensure delivery to local, regional and international markets.

The facility comprises 16 hectares of glass greenhouses, a plant nursery and Dube AgriLab, which is a sophisticated, state-of-the-art tissue culture laboratory designed for the propagation of improved plant stock, as well as Dube AgriHouse office space.

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

Dube City

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

Dube iConnect

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



BOARD OF DUBE TRADEPORT CORPORATION

Structure and Responsibilities

Dube TradePort Corporation's Board is structured to provide a diversity of skills and experience relevant to the organisation's business operations and the disparate environments in which it is active, whilst concurrently ensuring effective inter-Governmental co-operation and collaboration.

As at 31 March 2023, the Board of Dube TradePort Corporation consisted of seven non-executive members and one executive member, namely the Chief Executive Officer.

Board Responsibilities as per the Board Charter

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

- Ensuring that the strategic planning, establishment, design, construction, operation, management and control of Dube TradePort is effectively performed by management;

- Implementing and activating the master plan for the economic growth of Dube TradePort and KwaZulu-Natal;
- Managing and utilising resources in accordance with the objects and requirements of the master plan;
- Ensuring that risks associated with the strategy have been thoroughly assessed by management, and that effective risk management and internal control exists;
- Providing effective leadership on an ethical foundation and ensuring that Dube TradePort Corporation's ethics are effectively managed;
- Ensuring that Dube TradePort Corporation is, and is seen to be, a good corporate citizen;
- Assuming responsibility for Information Technology (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 Race	Designation	Age	Qualifications	Other Memberships/Directorships
Mpumeleo Gift Mahlase Zikalala	African Male	Board Chairperson Appointed 1 June 2022	37	<ul style="list-style-type: none"> • Bachelor of Law (LLB) 	<ul style="list-style-type: none"> • Zikalala Attorneys • Zikalala Corporation (Pty) Ltd • Ezimoti Agricultural Primary Co-Op Limited • Wakili Pty Ltd • Zikalala Pty Ltd • Umgungundlovu Economic Development Agency
Paulos Ngcobo	African Male	Board Deputy Chairperson Investment Committee member	60	<ul style="list-style-type: none"> • Dip. Special Human Resources • Dip. Labour Economics 	<ul style="list-style-type: none"> • BEIER Group of companies • Abandawonye Trading CC • Transman SA Pty Ltd • Cornubia Square Pty Ltd • Uniplate Pty Ltd • Liberty Lane Trading 379 Pty Ltd • Use It Waste Beneficiation • E-Vend Pty Ltd • Aldabri 29 Pty Ltd • Owen Adendorff and Associates Pty Ltd • Westmead Oil Pty Ltd • Upper Highway Investments Pty Ltd • Gap Plastics Pty Ltd • Dormatorque Pty Ltd • Aktiv Property Development Pty Ltd • Etapicname Pty Ltd • Fulele Investments Pty Ltd • Isibaya Strategic Investments Pty Ltd

Details of Independent Non-executive Board and Committee Members

Name	Gender Race	Designation	Age	Qualifications	Other Memberships/Directorships
Nokhana Moerane	African Female	Board member	63	<ul style="list-style-type: none"> • B. Comm • B. Law • B. Laws 	<ul style="list-style-type: none"> • MTK Moerane Investments Pty Ltd • NestLife Assurance Corporation RF • Endla Ecumenical Development Services of Africa • CBD Biotechnologies Pty Ltd
Themba David Ndhlovu	African Male	Investment Committee member	63	<ul style="list-style-type: none"> • M. Ed. IEDP 	<ul style="list-style-type: none"> • Mfundi Project and Development cc • SBD Group of companies • Cubana Maritzburg Pty Ltd • Genius Management Solutions Pty Ltd • Isibuko Holdings Pty Ltd • Arfralink Trading Pty Ltd • Chairperson: Board CATHSSETA
Richard Vallihu	Indian Male	Remuneration HR Committee member	57	<ul style="list-style-type: none"> • MBA • Fin Man (Diploma) • B. Sc (Hons) 	
Linda Ngcobo	African Female	Audit and Risk Committee member	54	<ul style="list-style-type: none"> • CA (SA) 	<ul style="list-style-type: none"> • Mashiya Beef Studs cc • Tegwen Agencies Corporate Clothing and Premium Gift Specialists cc • Africandi Business Solutions cc • South African Cargo Services cc • African Investments 265 Pty Ltd • 1st Verification Networx Pty Ltd • Frey's Food Brands Pty Ltd • S'dinane Logistics Pty Ltd • Centra Fire Pty Ltd • Surgolinx Pty Ltd • Moiscore Pty Ltd • Taiostyle Pty Ltd • Centa Fire Protection Equipment Pty Ltd • Phambili Port Services Pty Ltd • Brey Brey Fuels Pty Ltd • Ilembe Energy Pty Ltd • Durban ICC • Omashenge Properties Pty Ltd • Wothonya Pty Ltd • Maternal Adolescent & Child Health Institute NPC • Inovative People Solutions cc • Ndame Investments Pty Ltd • EL.W.EN Pty Ltd
Lucky Sifiso Gabela	African Male	Audit and Risk Committee member, Remuneration HR Committee member	55	<ul style="list-style-type: none"> • MBA • Post Grad Dip Econ Principles 	<ul style="list-style-type: none"> • National Bioproducts Pty Ltd • Albaraka Bank Limited • Unplugged Enterprises Pty Ltd • ZKR Capital Pty Ltd • WefeedSA NPC
Prof Zanele Bridgette Gasa-Toboti	African Female	Board Chairperson Term ended 31 May 2022	48	<ul style="list-style-type: none"> • B. Building Arts in Architecture • M. Comm (Project Management) • PhD in Construction Management • Adjunct Professorship of the Built Environment and the Construction Industry 	<ul style="list-style-type: none"> • The Eliiox Group Pty Ltd • Chair: Allan Gray Orbis Foundation • Nelson Mandela University Investment Company • Chair: Meridian Foundation NPC

Details of Independent Non-executive Board and Committee Members

Name	Gender Race	Designation	Age	Qualifications	Other Memberships/Directorships
Velenkosini Lindokuhle Mtshali	African Female	Audit and Risk Committee member (Independent) Term ended 31 May 2022	45	<ul style="list-style-type: none"> CA (SA) Registered Auditor B. Comm (Hons) (Accounting) 	<ul style="list-style-type: none"> Bonakude Consulting Pty Ltd Bonakude Investments KZN Pty Ltd Bonakude Gauteng Pty Ltd Foresight Innovation Pty Ltd Bonakude Assurance Pty Ltd
Hlengiwe Makhathini	African Male	Investment Committee Chairperson (Independent) Term ended 31 October 2022	43	<ul style="list-style-type: none"> CA (SA) B. Comm (Hons) (Accounting) B. Comm (Accounting) 	<ul style="list-style-type: none"> Karsten Group Holdings Pty Ltd
Siyabonga Goodfrieda Nene	African Male	Board member Resigned 23 January 2023	42	<ul style="list-style-type: none"> B.Soc. Sci (Hons) B.Sc (Agric) 	<ul style="list-style-type: none"> PQ Insights Technologies Pty Ltd LAAA Holdings Pty Ltd Sthengwa Agricultural Solutions Pty Ltd



CHAIRPERSON MESSAGE

Mr Mpumelelo Zikalala
Chairperson
Dube TradePort Corporation



While the economic outlook is anticipating a slower growth rate for the year ahead, South Africa's government, at a national and provincial level has put forward several reforms aimed at ensuring that the country can start addressing some of its pressing challenges in a fiscally sustainable manner to stimulate the economy.

As part of the broader recovery plan, the government's fiscal consolidation measures have registered some progress in narrowing the country's budget deficit over time. As a responsible organ of the state, our long-term responsibility as the Board of Dube TradePort is to ensure that this organisation becomes self-sustainable.

Reducing its reliance on government grants to cover its annual operating budget. As the Board and the management team, we are aligned on this objective and have already made inroads in this regard by looking at the organisation's overall strategy to ensure that we achieve our revenue generation enhancing self-sustaining goals. To this end, the organisation has adopted several sustainability goals, in every operational area, aimed at reducing costs and enhancing generating revenue.

Ensuring that the organisation is adequately capacitated is among the key factors that will determine if we can achieve this goal, so over the last year we have worked with the executive team on a programme that will optimise the organisation, ensuring that it has the resources needed to be effective over the long term.

Another factor which will contribute to us achieving this goal is the continued investment in capital projects that unlock new opportunities for private sector investment and the development of commercial real estate which can be leased over time to generate revenue for the organisation going forward.

As the Board, it is our duty to uphold good governance within the company, and a big part of that is making sure that public funds are well-managed and used in an effective and efficient manner.

In this regard it's worth noting that Dube TradePort has received clean audits for the past ten consecutive years, and we are committed to keep doing so as it sends a strong message to businesses and increases their confidence when our teams go out to compete for new investments.

It is through this reputation of integrity that we have been able to retain and attract new tenants into our precinct. In a market where according to the South African Property Owners Association overall office vacancy rate was down 30 basis points at the end of 2022 fourth quarter.

Dube TradePort saw its revenue earned from property leases increase by 13.3% as compared to the previous year. With that, almost half of all revenue from Dube TradePort Corporation properties is earned on land leases to the private sector.

Overall, the organisation is on a good footing to meet its self-sustainability goals. In the last financial year alone 35.0% of the operational costs of Dube TradePort were covered by the organisation's own earned revenue.

As the organisation continues to invest in capital projects in the last year progress was made in the delivery of bulk infrastructure, which included the completion of a sewer connection at Dube AgriZone 2; the commencement of construction of a building, iZiko@Dube, in Dube City and the completion of a warehouse on Erf 650 within Dube TradeZone 1.

Crucially, we have in place an investment pipeline, that will afford us the opportunity to drive the development of the second phase of our light industrial precinct with four facilities going into the ground within the recently completed Dube TradeZone 2 precinct.

In the year in review, Dube TradePort's revenue generated from handling airfreight was also higher than expected as market prices increased due to a swift recovery experienced in the airfreight sector, which resulted in higher cargo handling revenue. Revealing that the airfreight sector has recovered from the effects of the Covid-19 pandemic quicker than anticipated. As a result, revenue from cargo handling has more than doubled, as compared to 2021/22, which bodes well for our long-term goals as an organisation.

At the same time, Dube TradePort continued to prioritise equality and economic transformation within our business. Over the last seven years, Dube TradePort Corporation has implemented policies and programmes that have seen our B-BBEE scorecard move from Level 7 to Level 2 B-BBEE contributor, this can be attributed to the efficacy of our enterprise and supplier development programmes, which have demonstrated our commitment to promoting meaningful and inclusive economic participation in all facets of our business.

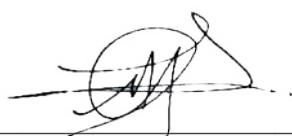
Over the years, we have ensured that all major construction projects in progress include a requirement to sub-contract 30% of the contract value to EMEs and QSEs. To this end Dube TradePort is proud to be the recipient of three departmental awards, acknowledging our organisation's work in improving our B-BBEE Scorecard and driving transformation.

Furthermore, we have continued to work towards fulfilling the mandate of this organisation that are intended to act as catalyst for the economic development of the people of KwaZulu-Natal, building on the strong foundation that has already been laid by the previous Board, members of the Dube TradePort Corporation management team, and staff members who have dedicated their careers to public service.

The effort done during the previous fiscal year will undoubtedly put us in a strong position to handle the difficulties that lie ahead. In closing, I would want to convey my profound appreciation for the work that our CEO, Mr. Hamish Erskine, and our fellow Board members did to advance Dube TradePort Corporation during a time that has not been easy to navigate.

I also want to express my profound gratitude to the KwaZulu-Natal Provincial Government, in particular to Mr Siboniso Duma, MEC for the Department of Economic Development, Tourism, and Environmental Affairs, and his team, for their ongoing support and leadership of our organisation. Due in large part to this, Dube TradePort Special Economic Zone has grown, developed, and been successful to this point.

Finally, despite the pressures from greater prices and the constantly shifting geopolitical environment, we continue to be committed to building infrastructure that will help our economy prosper going forward.



Mr Mpumelelo Zikalala
Chairperson
Dube TradePort Corporation






VALUE CREATION

Our value creation, using the six capitals results in the delivery of the following key areas:




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

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

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

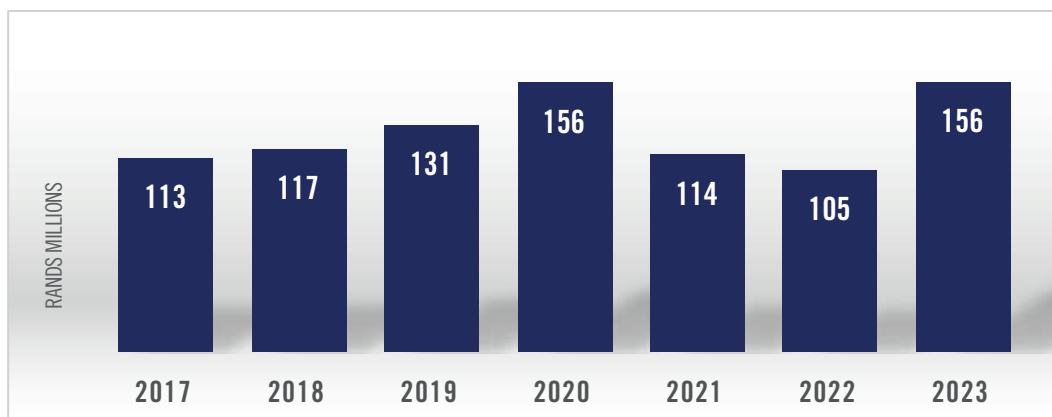
Value Creation				
Capitals		Value Adding Activities	Value Created	Future Value Creation
Financial Capital  Funding received from Provincial government	<ul style="list-style-type: none"> • R427 million funding received in the form of Government grants; • Designated Special Economic Zone; and • Tenant and investor confidence. 	<ul style="list-style-type: none"> • Air services strategy and route development; • Focus on financial sustainability and update of financial sustainability model; and • Construction of both revenue generating and enabling infrastructure projects. 	<ul style="list-style-type: none"> • Direct international flights landing in Durban; • R161 million own revenue generated including: • R59.7 million of revenue earned from all properties leased; • R8.2 million of revenue earned by Dube iConnect.; • 35.5% costs covered by own revenue; and • R240 million capital expenditure on infrastructure projects during the year. 	<ul style="list-style-type: none"> • Identification of new revenue creation opportunities and introduction of considered cost reduction initiatives.
Manufactured Capital  R5.38 billion in assets constructed	Assets include: <ul style="list-style-type: none"> • Bulk infrastructure; • Cargo Terminal; • 16 ha of greenhouses; • Dube iConnect equipment; and • Buildings, plant, and equipment. 	<ul style="list-style-type: none"> • Development of Dube TradeZone 2 and AgriZone 2; • 369 326 m² land and buildings leased in Dube TradeZone and Dube City; • Careful scheduling of work and resources in Dube Cargo Terminal and Dube AgriZone; and • Execution of planned maintenance programmes. 	<ul style="list-style-type: none"> • 12 830 tonnes of cargo processed through Dube Cargo Terminal; • R63.53 million of produce was grown and/or handled in Dube AgriZone; and • 73.4% occupancy of all buildings owned by Dube TradePort Corporation. 	<ul style="list-style-type: none"> • Construction of quality and fit-for-purpose assets with pro-active asset management to attract investors; • Planning and development of the Durban Aerotropolis Master Plan continues; and • Implementation of phase 2 of the master plan including construction of the Automotive Supplier Park and other strategic projects.
Human Capital  Our 209 skilled and experienced employees enable us to meet our mandate and our stakeholders' requirements.	<ul style="list-style-type: none"> • Positive employee relations with a diverse and representative workforce; and • Skilled employees. 	<ul style="list-style-type: none"> • Regular meetings with shop stewards and representatives of Trade Unions; • Supplier and enterprise development; • Granting bursaries; • Implementation of the Employment Equity Plan; • Approval and review of various Human Resources policies; and • Review of results of the Employee engagement survey to continuously improve the work environment. 	<ul style="list-style-type: none"> • 97% achievement of employment equity targets; • 94% of employees took part in Employee Engagement Survey; • Partnership with ICAS; • R3.4 million spent on training employees; • 53 interns spent part or all of the year with Dube TradePort Corporation; • 95% black employees; and • 47% female representation. 	<ul style="list-style-type: none"> • Continuation of the journey to become "employer of choice" with engaged and fulfilled employees. 64% of employees were recorded as engaged by the independent survey undertaken. • Finalisation of the organisational structure fit for a world-class entity.

Value Creation

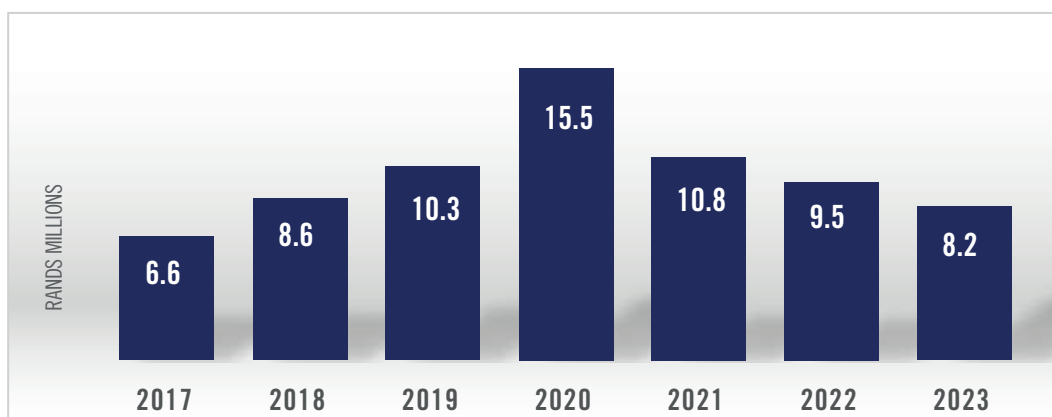
Capitals		Value Adding Activities	Value Created	Future Value Creation
<p>Social and Responsibility Capital </p> <p>Close integration with our tenants, suppliers and the community around us.</p>	<ul style="list-style-type: none"> • Empowerment of suppliers and members of the wider community; • Engagement with communities; • Collaborative partnerships; and • Special Economic Zone incentives. 	<ul style="list-style-type: none"> • Timely reporting to regulators, as per the PFMA and other requirements; • Approval of Special Economic Zone Enterprises by Board; • Implementation of Corporate Social Investment initiatives; • Customer survey undertaken; • Execution of approved B-BBEE strategy and implementation plan; • Pre-determined criteria included in procurements focused on empowering previously disadvantaged service providers; and • Implementation of enterprise and supplier development initiatives. 	<ul style="list-style-type: none"> • Level 2 B-BBEE scorecard maintained; • 92.5% of procurement expenditure undertaken with 51% black-owned and 31% black women-owned companies; • R1.3 million spent on training activities provided for suppliers and would-be suppliers, aimed at improving the business skills of black-owned SMMEs; • R1.14 million spent on external bursaries; and • R61.5 million spent on construction with EMEs and QSEs. 	<p>Continuation as an agent of transformational change in the community. Resulting in increased active participation in the economy by black people.</p>
<p>Intellectual Capital </p> <p>Policies, systems and procedures drafted, reviewed for relevance and implemented.</p>	<ul style="list-style-type: none"> • Strong governance and compliance culture; • Appropriately skilled employees; • Robust supply chain process; and • Well-regarded brand and reputation. 	<ul style="list-style-type: none"> • Regular Board meetings attended by representatives of Department of Economic Development, Tourism and Environmental Affairs; • Employee Engagement Survey undertaken; and • Marketing campaigns completed during the year. 	<ul style="list-style-type: none"> • 41.2 million people reached through digital marketing and communication; • Clean audit opinion; and • 96.1% implementation of ICT governance framework and policies. 	<p>Creation of robust business continuity plans to withstand disruption to business caused by external events.</p>
<p>Natural Capital </p> <p>The natural resources located on our land holdings are managed in a responsible and compliant manner.</p>	<ul style="list-style-type: none"> • 3 618 hectares of land managed; and • Energy, water and natural eco-systems. 	<ul style="list-style-type: none"> • Air and water quality monitored throughout the precinct; • 8 662m² of solar panels in Dube AgriZone; and • Energy management project underway. 	<ul style="list-style-type: none"> • 200.2 hectares of land rehabilitated or maintained; • 20% of energy used in the greenhouses obtained from renewable sources; and • 44.4 million litres of water able to be stored in our ponds. 	<p>Construction of common utilities facility in the TradeZone 2 using sustainable clean energy from gas and solar power.</p> <p>Ongoing rehabilitation of land as required by the Environmental Authorisation to offset damage caused to the natural resources by construction projects.</p>

FINANCIAL INDICATORS

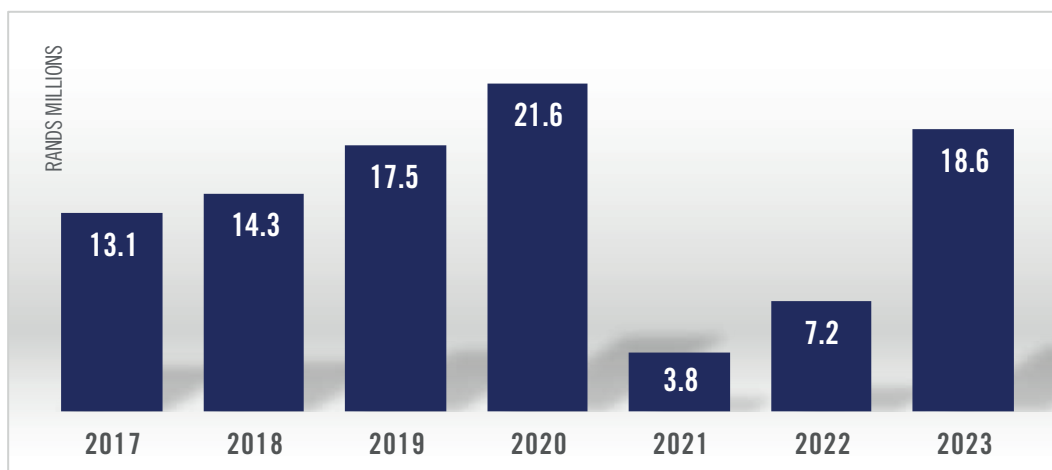
Own Revenue



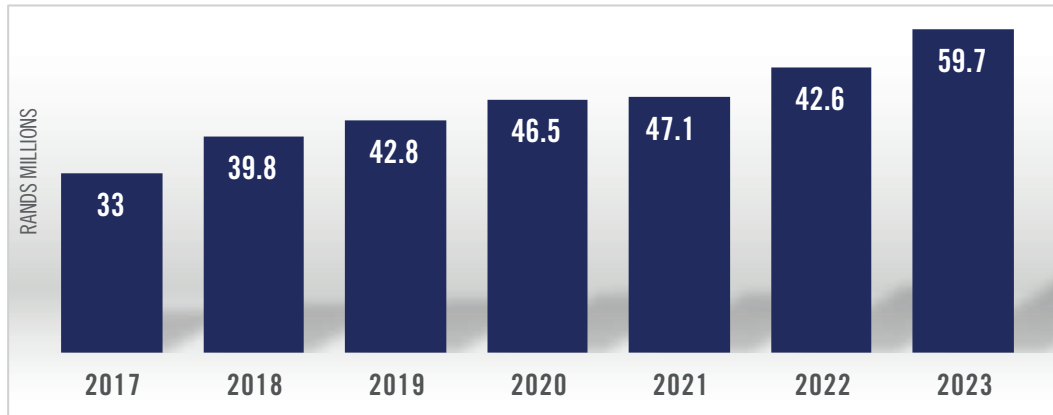
Revenue from Dube iConnect



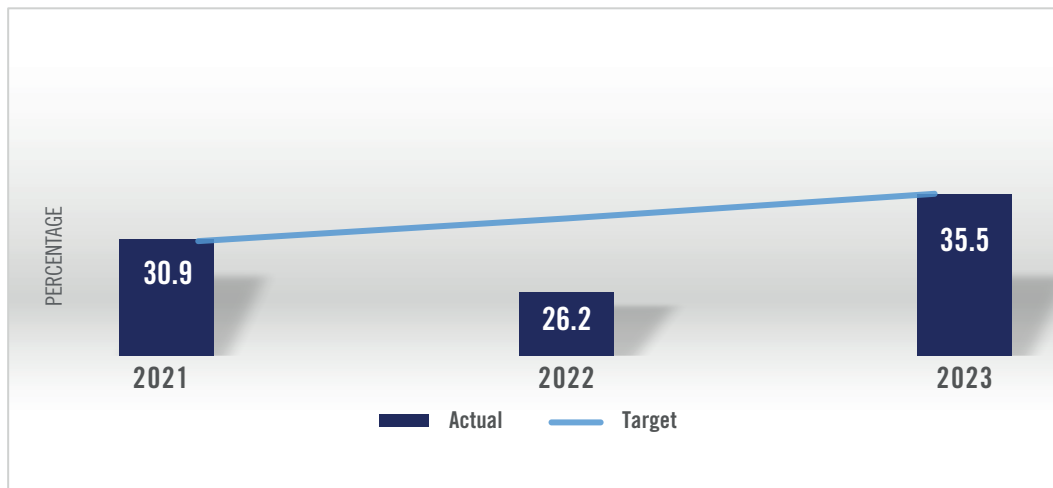
Revenue Generated from Cargo Services



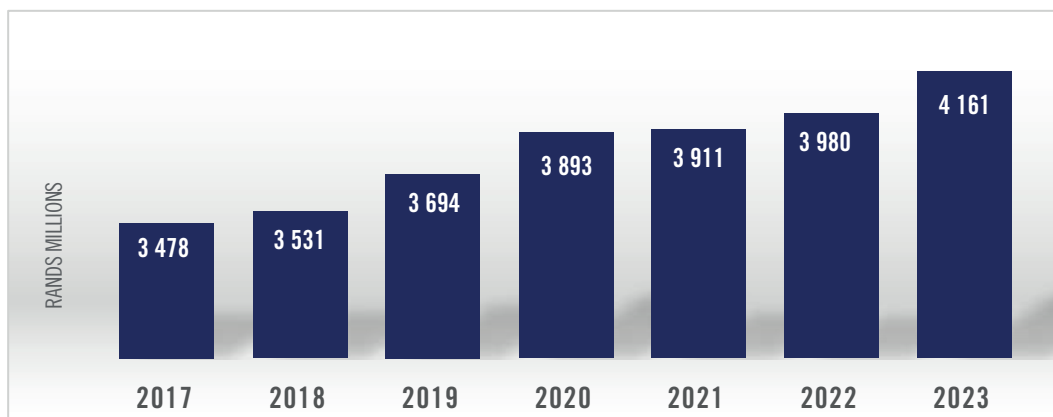
Revenue from Properties



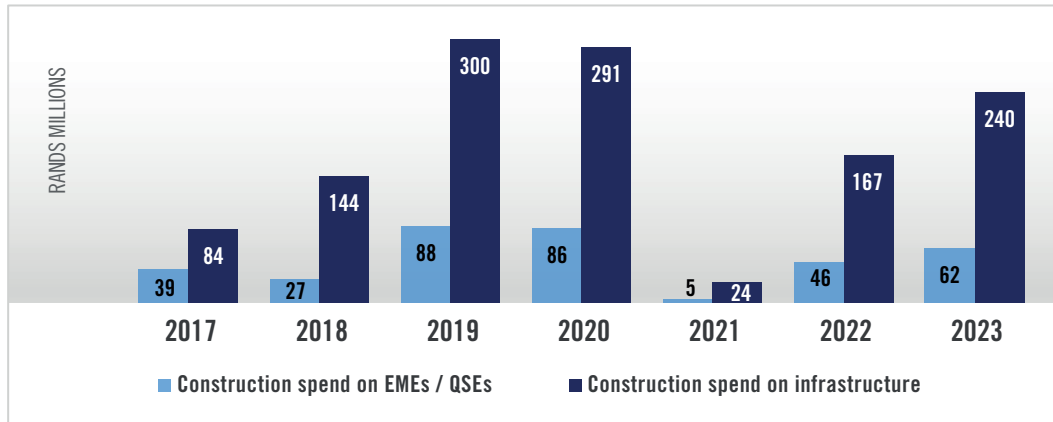
Operating Costs Covered by Own Revenue



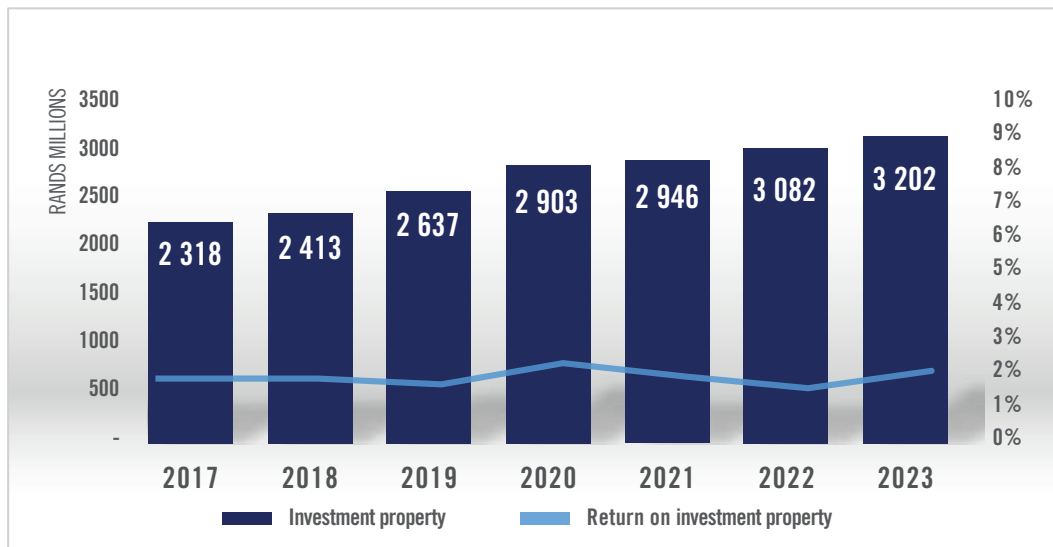
Total Asset



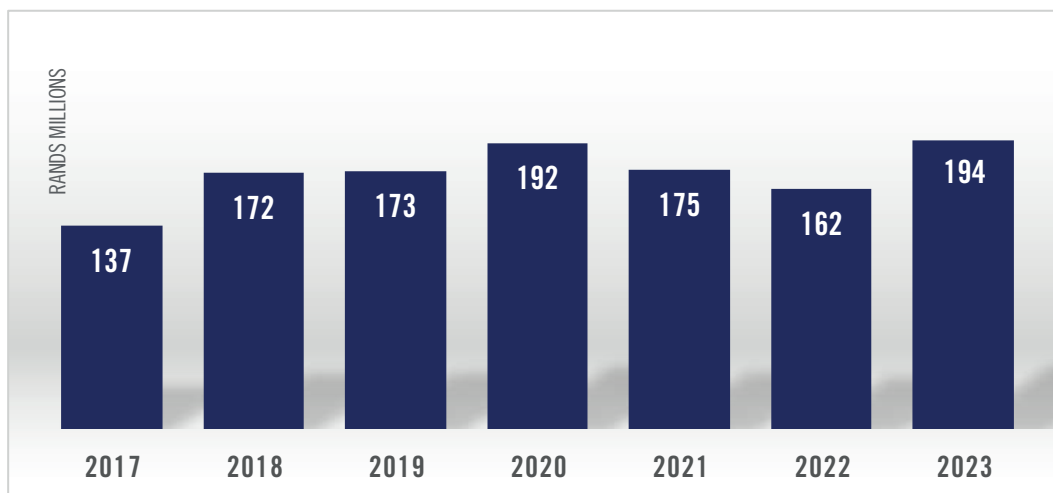
Construction Spend



Return on Investment Property



Operational Expenditure



CHIEF EXECUTIVE OFFICER'S REVIEW



CHIEF EXECUTIVE OFFICER'S REVIEW

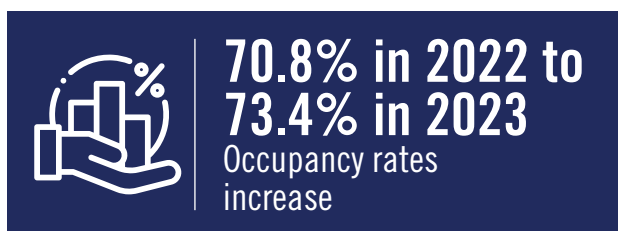
Mr Hamish Erskine



Introduction

Whilst South Africa is experiencing a combination of local and international economic stressors, the gradual improvement in economic conditions is being observed at Dube TradePort Corporation. The most visible sign of recovery is evident in the increase in cargo revenue and volumes indicating improvements in trade and manufacturing activity. This is supported by a stronger than expected performance in commercial property with increasing occupancy, total revenues, and private sector investment.

The number of enquiries received by our property and investment team show that resilient entrepreneurs are able to look to the future with cautious optimism. Occupancy rates increased from 70.8% last year to 73.4% this year, and accordingly, revenue from property has not only exceeded the target we set for ourselves but has shown a healthy year on year increase.



We were disappointed to miss our target on capital expenditure. However, close analysis of our performance also shows a steady increase of capital investment from R167.49 million in 2021/2022 to R239.6 million this year. This steady injection of capital investment into this precinct translates into new jobs and investments which are a vitally important stimulus to the provincial economy.

Dube TradePort Corporation and Transnet are focused on the planning phases of the joint venture which will translate into the construction of the first phase of the Automotive Supplier Park to be located at the site of the Durban International Airport. This climate resilient project will result in the renewed stimulation of the economy in the south of Durban to bring together many integral suppliers in the automotive sector.

Overall Performance

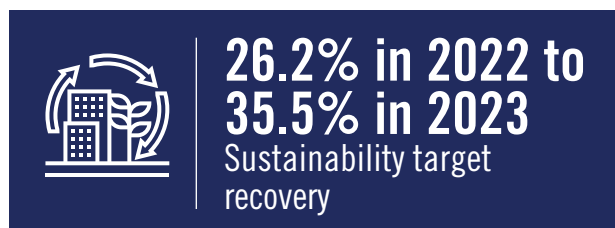
Whilst there are signs of recovery, the tough business environment is still evident in the organisation's overall performance against targets set in the Annual Performance Plan.

Where we were unable to achieve some of our targets, the entire senior management team and executive have undertaken an in-depth analysis to determine whether non-achievement was due to an underestimation of the slow pace of recovery or where achievement could have been driven by better conceptualised internal interventions. This assessment has translated into refinements within the 2023/2024 Annual Performance Plan, which, supported by the new organisational structure, will ensure that operational excellence, mandate alignment, future planning and robust implementation is being achieved. Much of this focus is on prioritising the development of revenue producing assets which support investment, and a renewed focus on adequate resourcing and operational efficiency.

Finance

As noted last year, prior to 2020, our revenue had steadily increased each year. This was followed by two years of declining revenues in the tough economic conditions. However, the increase in revenue during 2022/2023, to almost pre-Covid levels, seems to signal a gradual recovery of our operations and gives rise to cautious optimism. Our focus is not only confined to increasing revenue but also on increasing our operational efficiency.

This is shown in our sustainability target which measures the percentage recovery of operational costs that are covered by our own revenue. This rose from 26.2% in 2021/22 to 35.5% in 2022/23.



The increase is indicative of the efforts and determination of the employees to increase revenue and to ensure that the operations are carried out in the most cost-effective manner. With regard to the increase in general expenses to R194 028 011 (2022: R161 932 666), an amount of R23 384 722 is attributed to the increase in municipal rates. Whilst Dube TradePort Corporation has had engagements with the eThekweni Municipality on this matter, a reduction in this material expense would positively impact the operating expenses.

Supply Chain Management

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

Roll-over Funds

All surplus funds remaining from the prior year were approved for utilisation in the 2022/23 financial year. The majority of funds rolled-over related to accrued expenses and were spent during the year.

Broad-Based Black Economic Empowerment

Dube TradePort Corporation remains committed to achieving economic transformation in all our activities.

During the past year we were pleased to have maintained our Broad-Based Black Economic Empowerment score of BEE Level 2. This score still falls short of the aspirational target in our Annual Performance Plan, which is Level 1. Management continues to work on those areas in which we have scored lower than desired points, with the intention of not only improving our scorecard, but also being the agent of meaningful economic empowerment within our community.

Dube TradePort Corporation achieved 97% of its overall Employment Equity target, included in the Employment Equity Plan and exceeded its disability target. We also increased its number of employees who live with disabilities from six to eight during the year under review, which now accounts for 3.85% of the workforce. Females account for 47% of the entire workforce and 95% of the female workforce is black.

Each year, Dube TradePort Corporation provides temporary employment to young graduates in the form of learnerships and internships. We are continually impressed by the high calibre of these graduates and, where possible, we set out to employ the highest performers at the conclusion of their internships or learnerships. However, many of these young people find permanent employment with other employers before their internships are concluded. We take this as a compliment that the period spent with Dube TradePort Corporation stands them in good stead to kick-start their careers.

We are pleased to report that 92.5% of our procurement expenditure is conducted with targeted companies, including 51% black-owned enterprises, qualifying small enterprises, exempt micro-enterprises and 30% black-women-owned businesses.

Property and Investment

Revenue from properties increased by 13% from R52.6 million earned in the 2021/22 financial year to R59.8 million earned in the year under review. The revenue target of R46.5 million was exceeded by 28%. In the current challenging economic conditions, this is an excellent achievement and the projections going forward remain positive with a strong pipeline.

There is a marginal increase in occupancy from 71% in 2021/22 to 73.4% in 2022/23. The negative contributing factors are:



- The prolonged impact of the Covid-19 pandemic on businesses, both within the precinct and those located externally;
- Restrictions on international airfreight impacting tenant operations, particularly in Dube Cargo Terminal and Dube TradeHouse;
- Vacant facilities as a result of tenants vacating or leases not being renewed on expiry;
- A decline in enquiries for office space as a result of companies opting to work from home;
- Businesses funding delays and high start-up costs experienced by small enterprises; and
- The high cost of doing business in KwaZulu-Natal, including very high municipal rates.

On the positive side the following factors contributed to occupancy:

- Five new mini-factory leases were concluded in the current financial year;
- New leases were concluded at the Dube TradeHouse; most notably the acquisition of DHL Global Forwarding SA as well as M6T Seal Cargo Services, a 100% African black owned forwarding and customs clearing business;
- The new lease concluded with Air Chefs to use the Durban facility (which ceased operations in 2020) to provide airline catering services for the new routes that SAA will be operating;
- An additional new office space lease at 29^o South with an entity that provides fleet services to government departments; and
- There were approximately eight lease renewals and/or extensions which demonstrate the commitment by existing tenants to continue to their business relationships with Dube TradePort Corporation.

Dube TradePort Corporation has also continued to assist other government entities such as the Department of Economic Development, Tourism and Environmental Affairs and the Department of Social Development with storage facilities for goods donated for the flood relief victims.

The revenue was impacted by:

- The provision of rent-free beneficial occupation/tenant installation periods for qualifying tenants;
- Tenants struggling to meet rental payments due to ongoing impact of Covid-19, funding delays, cost of alterations to make premises fit for purpose, and business rescue processes (Tongaat Hulett and House of Hemp); and
- Requests for rental concessions/waivers/below market rentals for qualifying tenants.

The marketing campaign for properties, involved communications on several platforms including at the South African Institute for Black Property Practitioners and South African Property Owners Association annual conferences.

During the 2022/23 financial year, there was a steady increase in the enquiries from new sectors which encompassed renewable energy, cannabis, plastics, and recycling as well as chemicals. The demand from the renewable energy sector was exacerbated by the energy crisis in the country. Leads on AgriZone have remained steady since 2022/23 with the demand still led by the cannabis sector.

Although Dube TradePort Corporation continues to offer support to businesses to unlock funding and other government related support measures, these issues remain a big challenge for both the business conversion rate and sustainability of the businesses.

TradeZone 2 continues to attract interest particularly in the manufacturing sector. The demand for already constructed buildings from investors was apparent in the leads engaged. The investment team received enquiries from potential investors for completed buildings. The demand motivated the proposed speculation build developments in TradeZone 2. The buildings to be constructed range from 1 000 square metres to 10 000 square metres; to accommodate medium and large investments. The first buildings are expected to be ready for occupancy in the 2024/25 financial year.

It is anticipated that the forthcoming year may be challenging, especially with the increase in interest rates, property rates and utilities, fuel prices, water limitations and a hike in prices of imported raw materials and commodities. The energy crisis in the country also had an impact on the interest from the Foreign Direct Investors. Dube TradePort Corporation is working on projects to mitigate the energy and water risks to the precinct.

In the 2023/24 financial year, the management team will review the Investment Promotion Strategy to be relevant with the demand from the emerging sectors. The investment

team will also focus its promotion initiatives on targeted marketing and collaboration with business stakeholders and government entities to attract new investments and will continue to provide facilitation services for investors to secure funding.

Dube Cargo Terminal

The air cargo market in Durban saw recovery in cargo capacity being provided by the return to full service of most key international routes. Only one international carrier has yet to resume servicing the market following the pandemic. On the domestic side, available capacity was severely hampered by the withdrawal of services on key trunk routes such as Johannesburg and Cape Town. However, a number of these have been restored although it is still quite low compared to pre-pandemic levels.

The Dube Cargo Terminal successfully renewed and maintained its SACAA License and underwent several audits and improvements during the period including an international audit on Cargo Security and Procedures. The Dube Cargo Terminal generated revenue of R18,65 million for the year, and recorded 13 146 tonnes of cargo handled for the year. This has been the highest amount of revenue and volumes since the beginning of the pandemic.

Dube AiRoad was able to recover significant volumes of cargo transported on behalf of customers, thus providing a critical last-mile service to customers requiring efficient cargo deliveries for air and surface transport. Customer satisfaction levels remain high both for Dube AiRoad customers, in combination with Service Level performance with airlines remaining above 99%, as related to Terminal Operations.

Cargo market potential has become more prominent in airlines' network planning considerations in the post pandemic era. Cargo development remains an important factor of the Route Development Strategy for the Durban route, and the Dube Cargo Terminal has been actively involved in promoting the cargo opportunities available to airlines in the region as part of its Cargo Development Strategy. Cargo business development activities included a strong focus on freight forwarder collaboration and networking opportunities.

Dube iConnect

The ongoing impact of the 2021 trade disruptions is still being felt in the revenue earned by Dube iConnect due to the loss clients caused by several factors including data migration and clients' inability to continue to keep their businesses afloat.

As the disruption in global supply chains continues, so planning for critical projects becomes more key to the success of implementing and ensuring that operationally efficient or cost-efficient resources are implemented on time, to ensure improvement in the financial sustainability of the entity.

Dube iConnect has hosted and participated in a number of marketing events during this financial year. These include a cyber-security event, speaking at the Manufacturing IT Conference, interview on Cape Talk radio, marketing on radio, online and social media platforms, upselling and cross selling to existing clients and actively attending meetings with current and potential clients. The result of this increased marketing has been an uptake in new revenue streams but revenue from these new clients, needs to be built up, over time, to attain the levels lost in the previous financial year.

Dube AgriZone

Despite various challenges faced by agribusinesses in the past financial year, which include high input costs as a result of Covid-19 ripple effects, the Dube AgriZone operators managed to continue operating throughout 2022/23 year. As a result, fresh produce with a value of approximately R63.5 million was produced and handled at Dube AgriZone as all leasable facilities were maintained at a 100% occupancy level despite some operators experiencing challenges.

Recruitment of new personnel on key positions assisted Dube TradePort Corporation to continue to provide seamless water, waste, energy, landscaping, and maintenance management services to operators which supports their day-to-day operations. This also assisted Dube TradePort Corporation to rectify few infrastructure damages as a result of April 2022 floods.

Progress was made on implementation of Dube AgriZone 2 expansion project, which is being developed by Programmes 5. The organisation continued receiving agri-business proposals from prospective tenants interested in investing in the Dube AgriZone 2 and AgriZone 1B land parcels, with two agribusiness investment projects currently undergoing due diligence review. Scoping of renewable energy opportunities also took place in line with Dube TradePort Corporation's objectives on investment attraction, reducing operational costs and increasing revenues.

Although the landscaping and rehabilitation programme continued to be affected by high costs of certain input costs; it managed to achieve its target as approximately 201ha of Dube TradePort Corporation land was rehabilitated and maintained in line with the requirements of Environmental Authorisation.

Dube AgriLab

During the review period, the Dube AgriLab was able to supply a total of 142 911 tissue culture-produced and hardened-off plants and seedlings to both local and international growers and farmers. This number included tissue-culture-produced sweet potato planting materials/vines that AgriLab has been actively involved in supplying to a small-holder sweet potato farmer in the

Weenen area for the past four years. Feedback received from the farmer indicates that the use of tissue-cultured sweet potato planting materials/vines has enhanced crop yields by 45 tons per hectare when compared to using traditional sweet potato vines/planting materials. In addition, higher yields per hectare for tissue-cultured sweet potatoes have contributed to the attainment of higher economic returns for the farmer.

There was a significant decrease in revenue generated from tissue culture plant sales in the year under review. This was predominantly due to breakdown of critical equipment which resulted in significant plant losses which were incurred during lab production. To address this situation, an interim solution has been put in place in an effort to resolve the challenges caused by equipment failure.

The AgriLab team is testing in-house developed protocols on a commercial scale production. A procurement agreement has been signed between Dube TradePort Corporation and a private-sector enterprise for:

- The supply of Bamboo and its various species;
- Primary and Secondary Hardening services;
- Supply of various varieties of plants; and
- Related agroforestry services.

Discussions for Research and Development and supply of mass-produced chamomile plants are also in progress. It is envisaged that long-term agreements will be secured from such initiatives. Further, more focused, and targeted action plans will be embarked upon in an attempt to secure long-term contracts for existing AgriLab products that have been tested on a commercial scale. The appointment of an additional resource who will assist with AgriLab business development is also planned for the forthcoming year.

In the current financial year, research and development was conducted on two crops. These include pelargonium graveolens (commonly known as Rose Geranium) - a native, essential oil-producing medicinal plant that is in demand in the cosmetic, pharmaceutical, and food industries; and sweet potato – a root crop with high vitamin A and sugar content which is considered a staple superfood in South Africa. It is cultivated as a valuable source of human food, animal feed, and industrial raw materials.

Marketing

The strategic focus for the period under review was to increase awareness of the Dube TradePort Corporation brand and its sub-brands through relevant and targeted marketing and communication activities. To deliver on this objective, several integrated marketing initiatives and campaigns were implemented which included the following elements: public relations and communication, digital and social media management, on-site events, conferences and exhibitions.

Through the public relations initiatives, Dube TradePort Corporation has rebuilt the relationship with strategic media companies. Through partnerships with media, three events were successfully hosted. In addition, Dube TradePort Corporation launched an external newsletter to provide regular updates to external stakeholders on new projects, progress on existing developments and announcements.

In 2021/22, Dube TradePort Corporation hosted four tenant and investor engagement events and participated in ten conferences. In addition, speaker and panelist opportunities were secured at strategic industry events including the South African Property Owners Association, South African Institute of Black Property Practitioners, Manufacturing Indaba, Transport Evolution and Undercover Farming, through which members of senior management were able to create awareness of the Dube TradePort brands and its product offering. On site events included Dube iConnect Ransomware and Cybersecurity Event, Property and Investor Networking Event, Property Webinar and Cargo Networking Event.

In terms of digital media management, a new Dube TradePort Corporation website was launched which enhanced the accessibility of the Dube TradePort Corporation brand and related products to prospective customers. Furthermore, digital platforms such as electronic billboards and social media were also optimised to achieve wider audience reach.

Through these combined marketing initiatives, Dube TradePort Corporation successfully reached over 41 million people reached.

In the new year, the focus areas are reviewing the Dube TradePort Corporation brand strategy, finalising the internal communication policy and strengthening relations with the strategic media companies, current and prospective investors and showcasing new projects and investment opportunities within the precinct.

Durban Direct

Air connectivity is critical for accelerated economic development as it provides linkages between businesses, governments and people thus enabling global tourism, trade, and investment. The key objectives of the route development committee in the past year were to reposition KwaZulu-Natal as a safe and secure investment and leisure destination, restoring existing routes and airline partnerships and identifying new opportunities for growth, increased trade, and leisure development.

Dube TradePort Corporation, through the route development committee, has continued to provide route support to airlines in the form of a cost-based incentive programme, as well as marketing support. In the period under review, Dube TradePort Corporation and its partners successfully relaunched the Istanbul-Durban route operated by Turkish Airlines and the Harare-Durban route operated by Airlink.

In addition, ProFlight Zambia launched a new regional service linking Durban and Lusaka which commenced in April 2022.

King Shaka International Airport is one of the fastest recovering international airports within the Airports Company South Africa's network as the airport is driven by domestic traffic, which has significantly driven the South African Air Travel market recovery since the advent of the pandemic. While this target measures growth in regional and international passengers only (excluding domestic), an increase in domestic connectivity makes King Shaka International Airport a more attractive destination for international routes.

The first quarter of 2022/23 resulted in a record passenger recovery rate of 68% and 78% in April and May 2022, respectively, the highest recovery rate for King Shaka International Airport since the start of the pandemic. Whilst recovery was dampened by the exit of Comair from the market, it is expected that traffic will recover to pre-Covid-19 performance.



Record passenger recovery rate of
68% and 78% in April and May 2022

The grounding and subsequent liquidation of Comair, which accounted for 35% of King Shaka International Airport's total seat supply (and 38% of the total domestic seat supply) left a significant supply gap at King Shaka International Airport. The launch of the Durban- Johannesburg route and Durban-Cape Town route operated by a new domestic airline, Lift Airlines in the third quarter of 2022/23 brought additional domestic seat capacity to King Shaka International Airport.

Engagements with regional and international airlines servicing key source markets are ongoing to explore the opportunities of servicing the Durban route.

Corporate Services

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

The new approved organisational structure will be effective from 01 April 2023 and the organisation looks forward to functioning with its new fit for purpose organisational structure designed to take Dube TradePort Corporation into the future.

During the previous financial year, the annual Employee Engagement Survey was conducted, with the aim of increasing employee engagement and improving satisfaction levels. It is vital to gauge engagement levels and monitor employee satisfaction on a regular basis, communicating results and putting in place plans to address issues highlighted through the results. Whilst we were encouraged by the slight increase in engagement, we continue to develop and implement action plans to improve employee engagement in an effort to see Dube TradePort Corporation emerge as an “Employer of Choice”.

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

In order for Dube TradePort Corporation to meet its vision of being a world class organisation, in March 2023 we embarked on the project of implementing ISO45001:2018 (Health and Safety Standard), which is an international standard aimed at making the entity competitive in the international market. The project will be implemented in a phased approach. The AgriZone Division is expected to be the first certified Division by the end of the 2023/24 financial year.

Development, Planning and Infrastructure

The Development, Planning, and Infrastructure Division as with other divisions within Dube TradePort Corporation is trying to accelerate its efforts post the Covid-19 pandemic, the KwaZulu-Natal social unrest, and 2022 Durban catastrophic floods, albeit these efforts are met with new challenges in respect of the recent geo-political war of Ukraine-Russia.

In 2022, Dube TradePort Corporation commenced with two significant construction projects: namely Dube AgriZone 2 and the construction of a manufacturing facility for Future Life Health Products Pty Limited on Erf 650. The Dube AgriZone 2 was anticipated to be completed in May 2023, but due to unforeseen challenges with the access road, an amendment of environmental authorisation was required. The project will now be completed in November 2023.

The practical completion for Erf 650 warehouse project was achieved in March 2023. Additionally, the division has appointed a contractor for a multi-use project, named iZiko@Dube, in Dube City. The site establishment and enabling works commenced during the year. Trade Zone 2 warehouses and road rehabilitation projects are planned for the 2023/24 financial year.

The Dube TradePort Corporation is also continuing to champion and facilitate the implementation of the Durban Aerotropolis Master Plan (DURAMP) through the resuscitation of the DURAMP structures and work streams and by concluding the revised stakeholder engagement plan. Engagements with a number of government institutions were ongoing during the period under review, with plans to develop additional bulk infrastructure provisioning, which will further increase economic development initiatives.

As part of the DURAMP lead initiatives, the entity is collaborating with eThekweni Municipality to negotiate a land transaction that will enable the construction of a Regional Wastewater Treatment Works in Trade Zone 5. Heeding the national energy transition call, the Dube TradePort Corporation has commenced with a process of appointing a transaction advisor for the construction and implementation of an alternative energy supply centre in Trade Zone 2.

In addition, the planning unit completed reviewing the Dube TradePort Corporation/Airports Company South Africa Development Framework and Master Plan. The review was geared towards aligning future projects within the Dube TradePort Corporation/Airports Company South Africa precinct area with changes in the economy, updated municipal policies and market needs for a revised implementation strategy going forward.

Various environmental authorisations amendments for existing TradeZones (TradeZone 3, TradeZone 2 Offset, TradeZone 2, AgriZone 1 and Support Zone respectively) were secured due to changing business needs and investments pipelines. Environmental compliance to environmental authorisations is keenly adhered to as are operational audits done on tenants and construction sites (by the use of environmental control officers). The programme of clearing of alien or invasive species is progressing well as are programmes of wetland rehabilitation across our landholdings.

Dube TradePort Corporation is committed to carbon management of its operations and that of its tenants and is monitoring Scope 1, 2 and 3 emissions which are our direct impacts, direct consumption of fossil driven energy and indirect emissions to the Dube TradePort Corporation precincts. The carbon footprint of the entity and its operations showed a deep decline from its projected 3.5 % per annum annual performance plan based on the previous year’s baseline. In addition, Dube TradePort Corporation is committed to sustainability of its operations and is aligned to both the Provincial and National Governments’ commitments to Net Carbon Zero strategies by 2050, through the use of alternative sources of energy and decarbonisation of its operations.

Conclusion

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

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

I would also extend my deepest thanks to the Chairperson and members of the Board for the inspirational leadership they have brought to our organisation and for the commitment they have demonstrated in driving Dube TradePort Corporation through these uncertain times.

We take up the challenge now to steer the business into the future, seeking new opportunities and continually determining more efficient and effective ways of working.

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

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

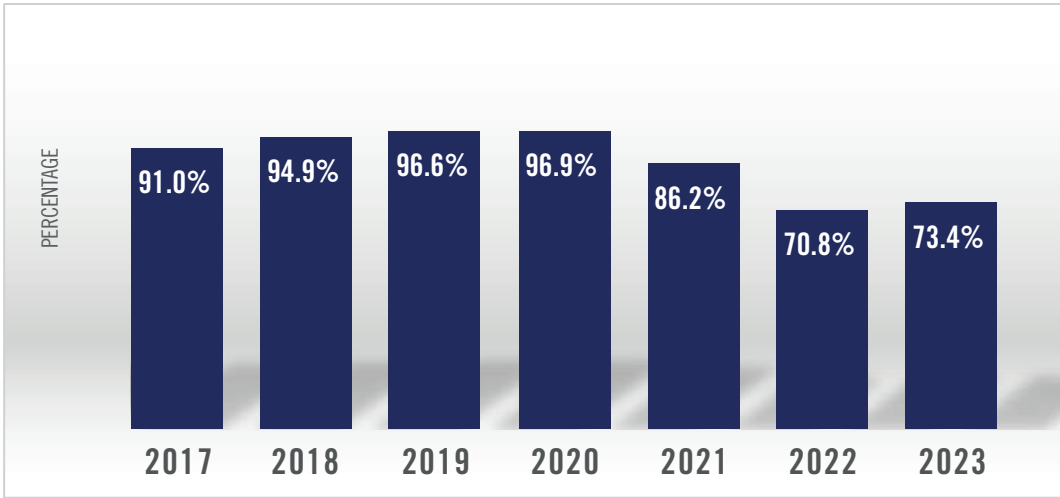


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Mr Hamish Erskine
Chief Executive Officer
Dube TradePort Corporation

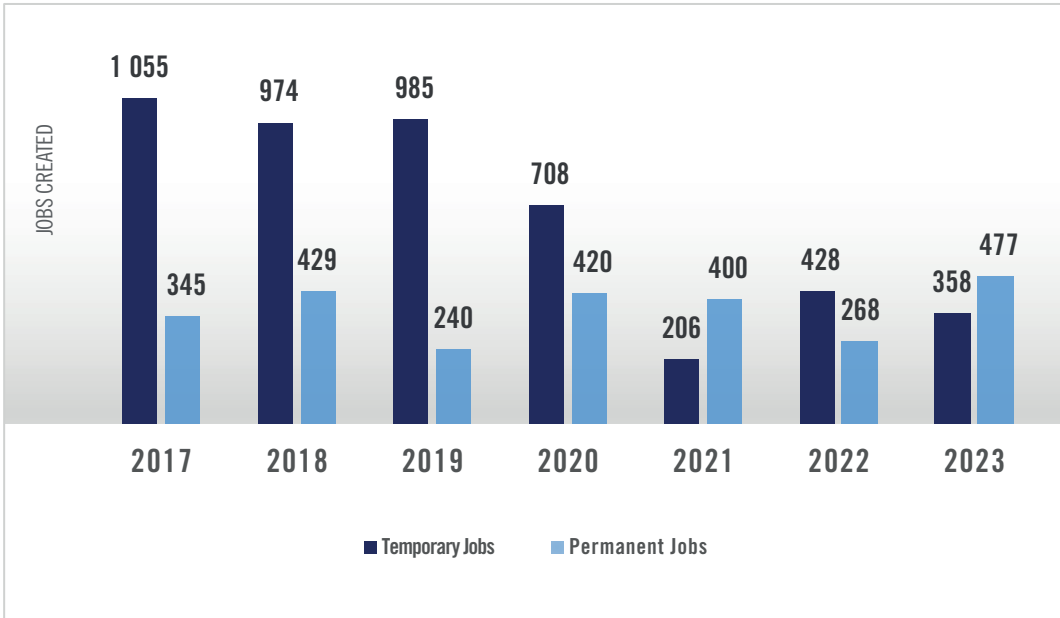


CHIEF EXECUTIVE OFFICER'S REVIEW

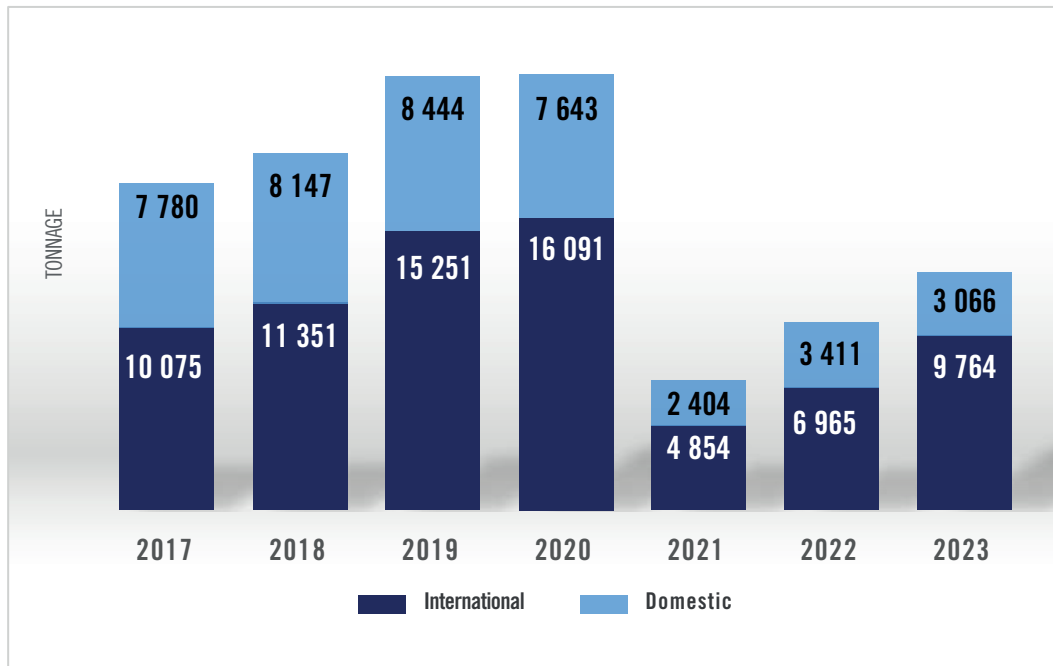
Occupancy of Dube TradePort Corporation Owned Buildings



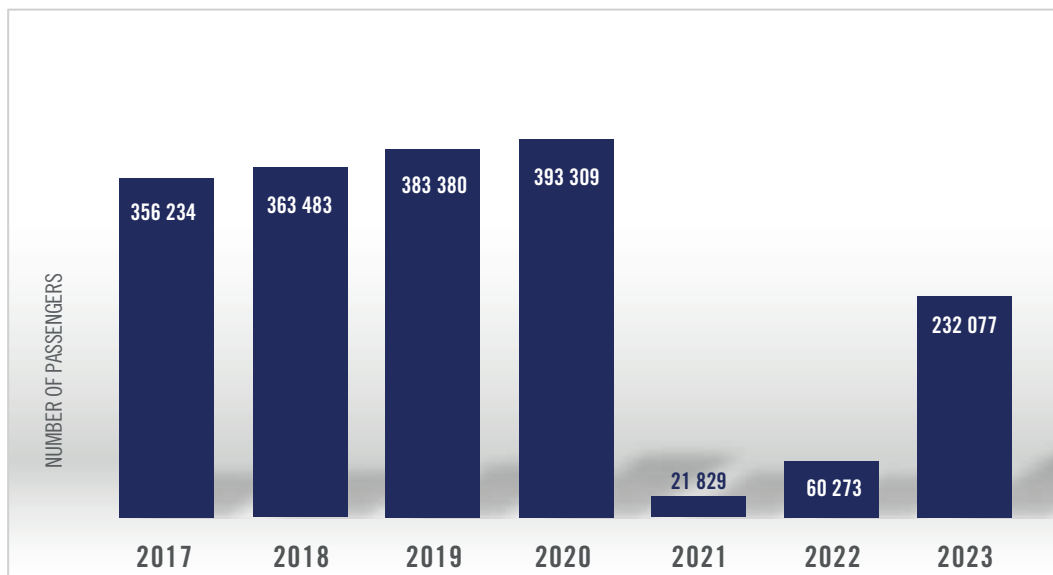
Jobs Created



Cargo Tonnage



Total International / Regional Passengers Through KSIA



CORPORATE SERVICES REPORT

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

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

Human Resources Management

Our human resource priorities for the 2022/23 financial year included:

- Finalisation of Evolution 2020 and Beyond, a planned Organisational Design Project;
- Implementation of the annual Employee Engagement Survey for 2022/23 and re-measurement;
- Recruitment and selection to fill 26 approved vacancies during the 2022/23 financial year;
- Development and approval of revised 3-year Employment Equity Plan for Dube TradePort Corporation;
- Implementation of Dube TradePort Corporation's Employment Equity Plan and Broad-Based Black Economic Empowerment Implementation Plan;
- Development and approval of Dube TradePort Corporation Talent Management Strategy;
- Staff Development Programmes targeted at enhancing the competencies required to meet Dube TradePort Corporation's Employment Equity and Broad-Based Black Economic Empowerment priorities;
- Adopting a Developmental Approach regarding employee relations within Dube TradePort Corporation;
- Intensifying efforts to maintain the current human resource compliance, governance and controls status; and
- Implementation of the Human Resources Business Partnering Model in order to enhance the strategic Human Resources support provided to the business, to enable the achievement of business objectives.

Evolution 2020 and Beyond

The organisation embarked on an Organisational Design Project, Evolution 2020 and Beyond, which was launched 01 September 2020. The purpose of the project was to review the organisational structure of Dube TradePort Corporation to ensure that it was fit for purpose and aligned to its new five-year strategy and expanded mandate. The newly approved organisational structure will provide an opportunity for the organisation to deliver against its mandate effectively and efficiently, whilst the filling of the positions will be based on revenue generated at a point in time. The newly approved structure will be effective from 01 April 2023 and will be implemented over a ten year period.

Employee Engagement Survey

One of Dube TradePort Corporation's strategic objectives is to create a high-performance culture, through highly engaged employees, who will drive the delivery of the organisation's strategy and the achievement of targets. We strongly believe that highly engaged employees, are satisfied employees and that this will result in positive individual and organisational outcomes.

2022/23 marks Dube TradePort Corporation's 3rd annual Employee Engagement Survey. Dube TradePort Corporation achieved an excellent response rate of 94% in comparison to 86% in the previous year. This is a strong indication that employees want to provide feedback to management and that their input is not falling on deaf ears. 1% improvement in the employee engagement score was achieved, from 63% to 64%. The bottom three lowest scoring dimensions were Performance Management, Reward and Recognition at 47%, Decision Making at 54% and Communication at 57%. In light of the bottom scoring dimensions, it is very encouraging to see that the top three scoring dimensions was Supervision at 81%, Morale at 74% and Cross Cultural at 71%.

The annual Employee Engagement Survey is a mechanism to provide a platform for our employees to provide feedback as it relates to the Dube TradePort Corporation working conditions and environment. This is intended to be a sound basis for continuous improvement of human resource practices and processes within Dube TradePort Corporation.

Recruitment and Selection

During the 2022/23 financial year, nine vacancies were approved by the Premier of KwaZulu-Natal and seventeen approved vacancies from the previous financial year were still to be filled. Human Resources embarked upon a focused recruitment drive to fill all these positions.

A successful recruitment drive resulted in twenty two appointments during the financial year and eight out of the nine approved were filled successfully, with the remaining one position to be filled during the first quarter of the new financial year. All appointments were made in line with our employment equity priorities, including one employee with a disability.

Changes in the Workforce During the Year

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

Changes in the Workforce During the Year

Category	Number of employees at 31 March 2022	Appointments and internal promotions	Terminations and internal promotions	Number of employees at 31 March 2023	Approved posts as at 31 March 2023
Top Management	6	0	0	6	6
Senior Management	18	3	1	20	20
Middle Management	40	7	4	43	45
Junior Management	47	10	3	54	55
Semi-skilled	68	3	3	68	68
Unskilled	15	0	0	15	15
Total	194	23	11	206	209

Personnel Costs by Salary Band

Level	Personnel Expenditure* R	% of personnel Expenditure to Total Personnel Cost	Number of Employees**	Average Personnel Cost per Employee R
Top Management	14 432 023	10.7%	6	2 405 337
Senior Management	26 494 571	19.6%	20	1 324 729
Middle Management	40 521 948	29.9%	43	942 371
Junior Management	30 277 383	22.3%	54	560 692
Semi-skilled	21 351 883	15.8%	68	313 998
Unskilled	2 417 238	1.8%	15	16 149
Total	135 495 046		206	

* Personnel expenditure excludes Board and Interns

** Permanent employees as at 31 March 2023

Personnel Costs by Programme

Programme/activity/objective	Total Operating Expenditure for the Entity R	Personnel Expenditure* R	Personnel expenditure as a % of total expenditure	Number of Employees**	Average personnel cost per employee R
Administration	90 509 568	53 511 913	59.1%	57	938 805
Cargo Development	74 562 035	25 768 209	34.6%	53	486 193
Property and SEZ Administration	176 174 060	20 038 133	11.4%	26	770 697
AgriZone	63 493 161	13 518 899	21.3%	43	314 393
Dube iConnect	19 717 675	6 724 748	34.1%	8	840 594
DPI	24 148 365	15 933 145	66.0%	19	838 587
Total	448 604 864	135 495 046	30.2%	206	657 743

* Personnel expenditure excludes Board and Interns

** Permanent employees as at 31 March 2023

Employee Relations

Dube TradePort Corporation continued to prioritise the enhancement of its relations with employees through employee engagement sessions and the fostering of improved relations between management and organised labour, through our monthly Management and Shop Steward Forum. The shop stewards are engaged and participate in Dube TradePort Corporation's Human Resources projects and committees. Wage negotiations for 2022/23 were successfully completed and implemented.

Employee Relations: Misconduct and Disciplinary Action

Regrettably, the following actions took place during the 2022/23 financial year:

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	4
Final Written Warning	1
Dismissal	1

Nature of Action	Number
Formal grievance proceedings	0

Implementation of Employment Equity Plan and B-BBEE Plan

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

The Dube TradePort Corporation three-year Employment Equity Plan was developed, approved and submitted to the Department of Labour and Employment during the financial year.

Dube TradePort Corporation's Broad-Based Economic Empowerment Scorecard was audited, and the organisation achieved Level 2 rating, an improvement from Level 3 in the previous financial year.

All new appointments made during this period were in line with the spirit of Dube TradePort Corporation's Employment Equity Plan and Broad-Based Black Economic Empowerment Plan.

A Workplace Skills Plan was also developed and implemented to ensure that skills development interventions resonated with the development and advancement of employees, aligned to its Employment Equity Plan and Broad-Based Black Economic Empowerment Plan. One internal promotion was made, and one intern and three ex-interns were absorbed into permanent positions during the financial period under review, all of whom were black.

Dube TradePort Corporation achieved 97% of its overall Employment Equity target, which is inclusive of the 98% achievement of its disability target. The organisation also increased its number of employees who live with disabilities from six to eight during the financial year under review, which now accounts for 3.85% of the workforce. Females account for 47% of the entire workforce and 95% of the female workforce is black.

The tables below reflect Employment Equity Plan achievements versus targets in all occupational and gender categories, as at 31 March 2023:

Level	Male											
	African			Coloured			Indian			White		
	A	T	% Achieved	A	T	% Achieved	A	T	% Achieved	A	T	% Achieved
Top Management	3	3	100%	0	0	100%	0	0	100%	1	1	100%
Senior Management	8	8	100%	0	0	100%	2	1	200%	0	1	0%
Professionally Qualified	10	11	91%	2	2	100%	3	5	60%	2	2	100%
Skilled	16	21	76%	0	0	100%	10	10	100%	2	2	100%
Semi-skilled	30	29	103%	1	1	100%	9	9	100%	1	1	100%
Unskilled	10	9	111%	0	0	100%	0	0	100%	0	0	100%
Total	77	81	97%	3	3	100%	24	25	96%	6	7	83%

A = Actual T = Target

Level	Female											
	African			Coloured			Indian			White		
	A	T	% Achieved	A	T	% Achieved	A	T	% Achieved	A	T	% Achieved
Top Management	1	1	100%	0	0	100%	1	1	100%	0	0	100%
Senior Management	6	6	100%	1	1	100%	0	0	100%	3	3	100%
Professionally Qualified	18	18	100%	1	1	100%	5	5	100%	2	2	100%
Skilled	23	20	100%	1	1	100%	2	2	100%	0	0	100%
Semi-skilled	22	26	85%	0	0	100%	5	6	83%	0	0	100%
Unskilled	5	5	100%	0	0	100%	0	0	100%	0	0	100%
Total	75	76	99%	3	3	100%	13	14	93%	5	5	100%

A = Actual T = Target

Skills Development

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

Dube TradePort Corporation continued to support its employees who do not have a Matric through our Adult Basic Education and Training (ABET) Project. The organisation partnered with the Department of Education, which assisted with the registration of fourteen employees for their Senior Certificate.

The Employment Equity and Skills Development Committee reviewed and approved the Workplace Skills Plan for the

2022/23 financial year, together with the Annual Training Report, which was submitted to the Services Seta on the 30 April 2022.

During the period under review, Dube TradePort Corporation increased its investment in skills development and R3 397 356 (excludes cost of intern stipends and external bursaries) was spent on internal learning and development.

This included formal qualifications, certifications, short courses, and training for interns. Of the learning and development expenditure, 90% was spent on black employees and 1% on employees with disabilities.

Training Costs

Programme	Personnel Expenditure* R	Training Expenditure (Including Interns Training Costs Only)** R	Training Expenditure as a % of Personnel Expenditure	Number of Employees trained (Including Interns)	Average training cost per employee trained (per programme) R
Administration	53 511 913	1 396 670	2.6%	67	20 846
Cargo Development	25 768 209	811 175	3.1%	72	11 266
Property and SEZ Administration	20 038 133	680 286	3.4%	27	25 196
AgriZone	13 518 899	164 929	1.2%	50	3 299
Dube iConnect	6 724 748	35 282	0.5%	5	7 056
DPI	15 933 145	309 015	1.9%	30	10 300
Total	135 495 046	3 397 356	2.5%	251	13 535

* Personnel expenditure excludes Board and Interns

** Training expenditure inclusive of VAT

Human Resource Compliance, Governance and Controls

In advancing a culture of good compliance and governance, the following policies and documents were reviewed and approved during the 2022/23 financial year:

- Remuneration and Benefits Policy;
- Employment Equity Policy; and
- Subsistence and Travel Policy.

A Payroll Audit was also undertaken during the financial year, which included the audit of the recruitment documentation of new employees and interns. The audit outcome was rated Satisfactory, with no errors detected on the payroll and with three findings for recruitment documentation of new employees and interns.

Performance Management and Rewards

The organisation continued to focus on shared goals for employees, to encourage a culture of collaboration. Performance is managed on both what is achieved and how it is achieved, in order to drive the right behaviours within the organisation, aligned to the Dube TradePort Corporation values.

The after effects of Covid-19, riots and looting and floods had a negative effect on organisational performance and therefore translated in no performance rewards for employees within the period under review.

Employee Wellness Programme

Dube TradePort Corporation partners with ICAS to afford employees and their immediate family members psychosocial care.

The utilisation rate increased from 13,9% to 42% during the comparable previous period. There were twenty five new cases opened during the period under review. Top three presenting problems were: Mental health, organisational and managerial issues, and personal development issues. Twelve cases of the total individual cases are Managers who were seeking psycho emotional support. There were two high risk cases (with suicidal ideation) that were having severe impact on the employees' work performance.

During 2022/23, Dube TradePort Corporation continued to focus on regular electronic communication and wellness desk drops. In the spirit of Dube TradePort Corporation's value of Ubuntu, we continued to support sick employees and bereavements. Dube TradePort Corporation hosted a successful Sports and Corporate Awards Day and a Wellness Day during the period under review.

Health and Safety Management

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

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

Category	Number
Dube TradePort Corporation	5
Contractors	0
Total	5

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

Category	Number
Construction Audits	19
Non-Construction Audits	43
Total	69

In order for Dube TradePort Corporation to meet its vision of being a world class organisation, we embarked on the project of implementing ISO45001:2018 (Health and Safety Standard), which is an international standard, aimed at making Dube TradePort Corporation competitive in the international market. In preparation for the implementation of ISO45001 in AgriZone, seven internal audits were conducted and it is expected that the Division will be certified by the end of the 2023/24 financial year. Agrizone will be the first division to be certified within the Dube TradePort Corporation.

Corporate Social Investment

Dube TradePort Corporation continues to be a responsible corporate citizen, especially in its surrounding communities. In so doing, a number of Corporate Social Investment initiatives aimed at empowering, particularly, women, the youth and people living with disabilities, as well as promoting environmental conservation have been implemented. Rural regions and disadvantaged areas are prioritised when rolling-out such initiatives.

The continued support of the Board, senior management, members of staff – including interns – and other external stakeholders, made the success of such initiatives possible.

These have resulted in a positive and meaningful impact on the lives of many people. Dube TradePort Corporation's members of staff, inclusive of interns, played and continue to play a meaningful role in reaching out to the communities surrounding the organisation's area of operations.

Bursary Scheme

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

There has been a growth in special category of employees' children support. During this financial year, three (3) of the beneficiaries were children of Dube TradePort Corporation employees.

Internship Programme

South Africa is still confronted with a massive unemployment problem. This problem is mainly affecting young people. Dube TradePort Corporation, through its Internship, Inservice Trainee and Apprentice Programmes, continue to provide much-needed work experience to numerous graduates, in-service trainees and apprentices requiring work exposure in order to complete their qualifications.

The organisation has improved its absorption rate of interns, in-service trainees and apprentices involved in the programme. Such absorption becomes a great return on the investment that the organisation has made. To date, the organisation has successfully absorbed fifteen such individuals.

Women Empowerment and Emerging Farmers Programme

Dube TradePort Corporation continued to support small and emerging farmers who comprise, predominantly, women from surrounding communities. Many of these small-scale farmers are still battling to recover from the effects of the 2022 floods, as a result they are unable to grow or reap their produce as normal.

Dube TradePort Corporation provided farming tools to assist small-scale women farmers. As a result of the floods, it was not possible to arrange market days for staff to support the purchasing of the farmers produce.

People Living with Disabilities Programme

Dube TradePort Corporation is also addressing the needs of people living with disabilities in the form of hearing difficulties and impaired vision. In an effort to fulfill this ambition, the organisation continued to provide customised assistive devices for the blind.

Youth and Education Programme

The organisation supports youth programmes by providing school uniforms to many young and disadvantaged people in local communities, especially in the rural areas.

Through this programme, many learners are able to regain their self-esteem and confidence as they are enabled to look good in their school uniform.

Information Management

Dube TradePort Corporation places great emphasis on striving for total compliance with all applicable acts, legislation and practices pertaining to the management of information and records. Information and record management priorities for the year under review included ensuring compliance with the National Archives and Records Services of South Africa Act No. 43 of 1996, KwaZulu-Natal and Records Service Act No. 08 of 2011, Promotion of Access to Information Act No. 2 of 2000 (PAIA) and Protection of Personal Information Act No. 4 of 2013 (POPIA).

Records Management

Dube TradePort Corporation seeks to improve records management skills within the organisation and, to achieve this, provided records management training to new employees and interns over the past financial year.

The other area of focus has been on the disposal of records which are no longer operationally and legally required. In pursuance of this objective Dube TradePort Corporation has embarked on a project to develop a Records Retention Guide, in consultation with departmental managers and Provincial Archives. The Records Retention Guide is in the final stages of development and it is anticipated that it will be approved and implemented in 2023/24.

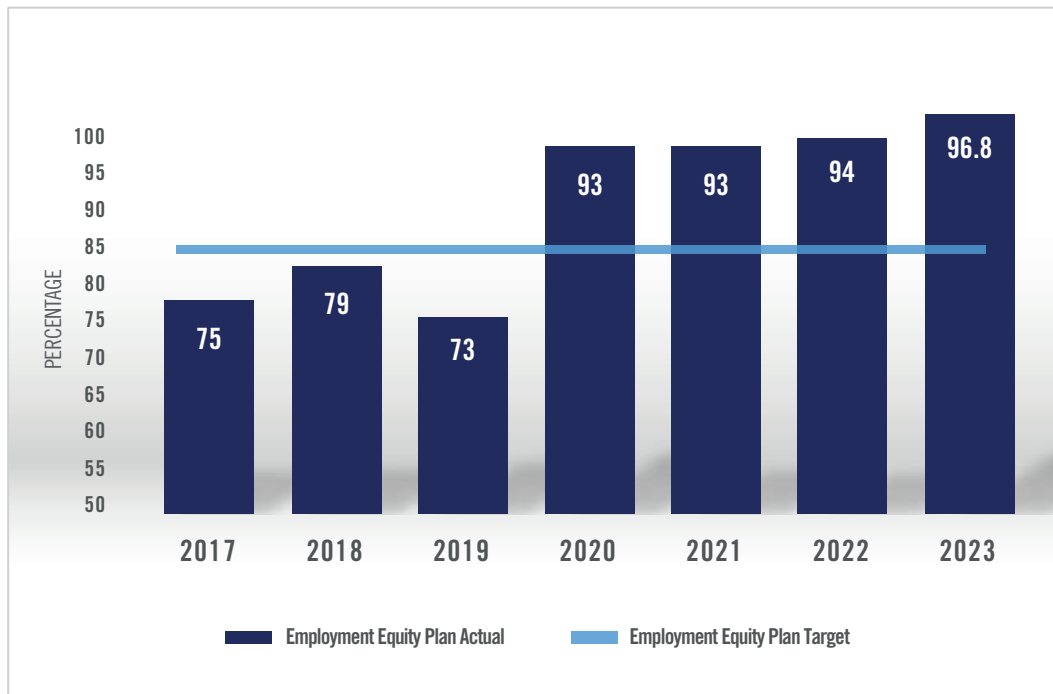
PAIA

Dube TradePort Corporation has conducted its annual review of the section 14 PAIA Manual, which is available on the external website and at main site reception areas. Over the past financial year, no PAIA requests have been received.

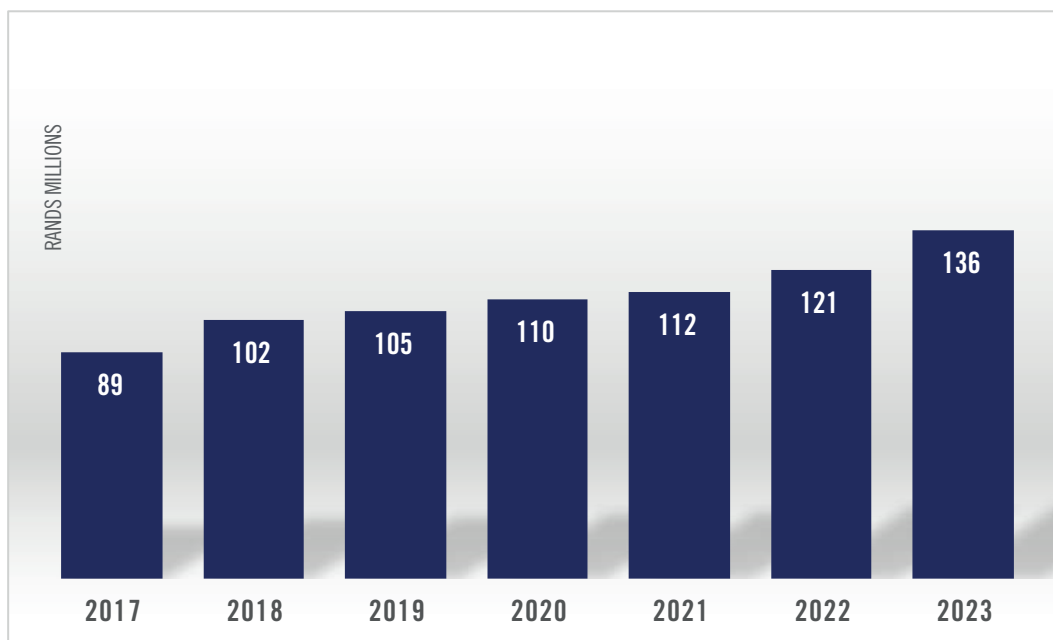
POPIA

Dube TradePort Corporation has focused on implementing the outcomes of the Personal Information Impact Assessment over the past financial year to reduce risks relating to personal information stored by Dube TradePort Corporation.

Percentage of Employment Equity Plan Achieved



Compensation of Employees



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Applying Meaningful Governance Principles

Introduction

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

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

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

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

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

Public Finance Management Act

Dube TradePort Corporation's Board is regarded as the Accounting Authority in terms of the Public Finance Management Act 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.

Portfolio Committee

Budgets are discussed annually with the KwaZulu-Natal Finance Portfolio Committee.

Special Economic Zone Act

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

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

Fourth Report on Corporate Governance (King IV)

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

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

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

The Board and Committees

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

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

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

The present Board members were appointed with effect from 01 June 2022, for a five-year term of office. In January 2023, Mr Siyabonga Nene resigned from the Board. The Board comprises a diverse and transformed group, inclusive of seven black, non-executive Board members - two of whom are female - and one white executive, male member.

A number of Committees of the Board assist the Board in fulfilling its stated objectives and responsibilities. Committee roles and responsibilities are detailed in each Committee's formal Terms of Reference. The Audit and Risk Committee is tasked with additional responsibilities, as stated in terms of the PFMA. The Terms of Reference of each Board Committee are reviewed annually, thus ensuring continuous relevance, and allowing for the inclusion of legislative changes or best practices.

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

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

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

Board Responsibilities

The Board is responsible for strong ethical leadership and, as custodian of corporate governance, is further responsible for ensuring that the entity conducts its business in line with ethically sound governance principles, which extend beyond mere legislative and regulatory compliance.

In this regard, the Board leads by example, setting the tone for the implementation of and adherence to an ethical organisational culture.

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

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

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

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. This was held over two days in July 2022. The first day served as an introduction to the operations of Dube TradePort Corporation as well as a tour of the precinct. On the second day the Board reviewed the strategy of Dube TradePort Corporation.

Strategy Setting

The Board set aside a day in December 2022 to meet with executive management and the representative of KwaZulu-Natal's Department of Economic Development, Tourism and Environmental Affairs, to discuss the annual performance plan and future strategy.

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

Chairperson and Chief Executive Officer

The role of the Chairperson of the Board is to assume responsibility, together with members of the Board, for the organisation's strategic direction, its policies, and its procedures. Dube TradePort Corporation's Board is presently led by Mr Mpumelelo Zikalala.

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

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

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

Delegation of Authority

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

Such a framework does not, however, relieve the Board of its responsibilities and the Board retains the prerogative to withdraw any given Delegation of Authority at any time. The Delegation of Authority document is reviewed at least annually, or whenever required. The Delegation was last reviewed in December 2022.

Board Evaluation

The Board undertakes an annual self-assessment of the performance of the Accounting Authority and structure. The assessment is conducted through self-evaluation by each member. The assessment of performance includes the conduct of all members serving on the various Committees of the Board. The combined results of these questionnaires are shared with all participants, thus enabling the identification of areas where challenges are being experienced and to assist in addressing same. A summary report of the performance assessment is shared with the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs.

Following the analysis of the annual self-assessment, no material remedial actions have been deemed necessary.

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

Declarations of Board Members' Interests

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

Standards of Board Members' Conduct

Board members conduct themselves with the care, skill, and diligence, as required by the fiduciary and general duties of the Accounting Authorities, as is stipulated in the PFMA.

Board Meetings

Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation. During the 2022/23 financial year, four ordinary Board meetings, two ad hoc meetings, an induction and introduction to the strategy day and one strategy planning meeting were held. In common with most organisations, the Board uses available technology to facilitate holding successful online meetings. The ad hoc meetings were held online.

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

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

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are also invited to attend Board meetings and Audit and Risk Committee meetings.

In addition, the Chief Financial Officer is invited to attend Board meetings, while relevant executives are also invited to attend meetings, as and when matters affecting their areas of responsibility are being discussed, so affording members of the Board the opportunity to interrogate, understand and form an informed view of matters under discussion.

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

The commitment of the Board is reflected by the attendance record for Board meetings, as is disclosed on page 40 to 42 in this document.

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

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



Schedule of Attendance at Board and Committee Meetings (including ad hoc meetings)

Board/ Committee Members	Board/ Committee Membership	Board			Audit and Risk Committee	Remuneration and HR Committee	Investment Committee
Number of Meetings		4 Ordinary Meetings Plus 2 Ad Hoc Meetings	1 Induction and Introduction to Strategy	1 Strategy Meeting	4 Ordinary Meetings Plus 1 Ad Hoc Meeting	4 Ordinary Meetings Plus 3 Ad Hoc Meetings	2 Ordinary Meetings
Meetings Attended by Current Board and Committee Members							
Mr Mpumelelo Zikalala	<ul style="list-style-type: none"> Chairperson of the Board appointed as Chairperson on 01 June 2022 	3 ordinary 2 ad hoc	1	1	-	-	-
Professor Bridgette Toboi-Gasa	<ul style="list-style-type: none"> Chairperson of the Board Term of office ended 31 May 2022 	1 ordinary			-	-	
Mr Paulos Ngcobo ^a	<ul style="list-style-type: none"> Deputy Chairperson of the Board Member of Investment Committee 	3 ordinary 2 ad hoc	1	1	-	-	2 ordinary
Mr Mpumelelo Zikalala	<ul style="list-style-type: none"> Board member Member of Audit and Risk Committee Board member until 31 May 2022 	1 ordinary	-		1 ordinary	-	-
Mrs Nokhana Moerane ^a	<ul style="list-style-type: none"> Board member Chairperson of the Remuneration and HR Committee 	4 ordinary 1 ad hoc	1	1	-	4 ordinary 3 ad hoc	-
Mr Themba Ndhlovu ^a	<ul style="list-style-type: none"> Board member Member of Investment Committee 	3 ordinary 2 ad hoc	1	1	-	-	1 ordinary
Mr Richard Vallihua	<ul style="list-style-type: none"> Board member Member of the Remuneration and HR Committee 	3 ordinary 2 ad hoc	1	1	-	4 ordinary 3 ad hoc	-
Mrs Linda Ngcobo	<ul style="list-style-type: none"> Member of Board Member of Audit and Risk Committee Appointed 01 June 2022 	3 ordinary 2 ad hoc	1	1	4 ordinary 1 ad hoc	-	-
Mr Lucky Gabela	<ul style="list-style-type: none"> Member of Board Member of Remuneration and HR Committee Appointed 01 June 2022 	3 ordinary 2 ad hoc	1	1	3 ordinary 1 ad hoc	2 ordinary 2 ad hoc	-

a = original term Board appointment ended 31 May and re-appointed on 1 June 2022 to the current Board
i = attended meeting by invitation

Schedule of Attendance at Board and Committee Meetings (including ad hoc meetings)

Board/ Committee Members	Board/ Committee Membership	Board			Audit and Risk Committee	Remuneration and HR Committee	Investment Committee
Number of Meetings		4 Ordinary Meetings Plus 2 Ad Hoc Meetings	1 Induction and Introduction to Strategy	1 Strategy Meeting	4 Ordinary Meetings Plus 1 Ad Hoc Meeting	4 Ordinary Meetings Plus 3 Ad Hoc Meetings	2 Ordinary Meetings
Meetings Attended by Current Board and Committee Members							
Mr Siyabonga Nene ^a	<ul style="list-style-type: none"> Board member Member of Investment Committee Resigned on 23 January 2023 	-	-	-	-	-	-
Mr Zahid Fakey	<ul style="list-style-type: none"> Independent Chairperson of the Audit and Risk Committee 	4i ordinary	-	1	4 ordinary 1 ad hoc	-	-
Ms Hlengiwe Makhathini	<ul style="list-style-type: none"> Independent Member of Investment Committee Term of office ended 30 October 2022 	-	-	-	-	-	1 ordinary
Mr Vela Mtshali	<ul style="list-style-type: none"> Independent Member of the Audit and Risk Committee Term of office ended 31 May 2022 	-	-	-	1 ordinary	-	-
Attendance at Board and Committee Meetings by Members of the Executive Management Team							
Mr Hamish Erskine	<ul style="list-style-type: none"> Chief Executive Officer Member of Board (ex officio) Member of Remuneration and Human Resources Committee 	4 ordinary 2 ad hoc	1	1	4i ordinary	4 ordinary 3 ad hoc	2 ordinary
Ms Ayesha Swalah	<ul style="list-style-type: none"> Chief Financial Officer 	4i ordinary 2i ad hoc	1i	1i	4i ordinary	-	2i ordinary
Mr Andile Mnguni	<ul style="list-style-type: none"> Acting Chief Operating Officer 	-	1i	1i	-	-	2 ordinary
Mr Owen Mungwe	<ul style="list-style-type: none"> DPI Executive 	-	1i	1i	-	-	2i ordinary
Mr Mlibo Bantwini	<ul style="list-style-type: none"> Cargo and AgriZone Executive 	-	1i	1i	-	-	-
Ms Nolufefe Ali	<ul style="list-style-type: none"> Corporate Services Executive 	-	1i	-	-	3i ordinary 2i ad hoc	-

a = original term Board appointment ended 31 May and re-appointed on 01 June 2022 to the current Board
i = attended meeting by invitation

Audit and Risk Committee

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

Mr Zahid Fakey was appointed Chairperson of the Audit and Risk Committee on 01 September 2018. Mr Fakey is an independent registered chartered accountant and has the requisite knowledge and status this position demands, as well as having the necessary business, financial and leadership skills. He is not a political office-bearer. Mr Vela Mtshali's term of office ended on 31 May 2022. It is noted that Mr Mtshali's term of office exceeded the term of office as required by the Audit and Risk Committee Terms of Reference by a period of three months in the period prior to the appointment of new Board and Committee members. The presence of Mr Mtshali on the Committee during the crucial review of the annual financial statements which occurs annually in May each year was deemed as essential as his accounting knowledge not only added value to the Committee, but also served as significant mitigation of the risk of inaccurate or incomplete financial statements. Ms Linda Ngcobo and Mr Lucky Gabela were appointed to the committee effective 01 June 2022.

The Audit and Risk Committee meets at least four times per annum and is convened in line with formal Terms of Reference, as approved by the Board. Such Terms of Reference were reviewed during the year and include a materiality and significance framework. For further information about the Committee's specific responsibilities, please refer to: www.dubetradeport.co.za/Corp_Gov

A detailed report of the work of the Audit and Risk Committee is contained in the Annual Financial Statements on page 73 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 Office, and Chief Financial Officer, together with members of the internal and external audit teams, also attend Audit and Risk Committee meetings by invitation. During the year under review, the Audit and Risk Committee met with the internal and external auditors, without management being present.

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

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

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

Internal Control

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

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

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

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

External Audit

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

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

Internal Audit

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

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

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

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

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

The Audit and Risk Committee is satisfied with the effectiveness of both the internal audit and those functions the partner in charge carries out, which might otherwise be undertaken by a Chief Audit Executive.

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

The quality of the internal audit services is assured, given that KPMG conducts internal audit peer file reviews on a regular basis, which are independently conducted by internal and external quality teams. The firm is recognised by relevant associations, inclusive of the South African Institute of Chartered Accountants, the Institute of Internal Auditors of South Africa and the Information Systems Audit and Control Association.

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

Risk Management

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

In this regard, 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, compliance and operational risks.

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

The Board also undertakes periodic reviews 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 regarding these policies during their induction into the organisation.

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

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

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

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

Financial Statements

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

Combined Assurance

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

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

The Committee is satisfied that the overall assurance received by the entity is effective.

Compliance

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

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

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

The Board, through the Audit and Risk Committee, is afforded the peace of mind that Dube TradePort Corporation is compliant with all statutory and legislative requirements.

Dube TradePort Corporation has not breached any material regulatory requirements and has not failed in meeting any statutory obligations of which it is aware.

Information and Technology Governance

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

The Information Communication and Technology Governance Steering Committee operates in line with comprehensive Terms of Reference. This Committee comprises senior managers from divisions across the entity. The Committee meets at least quarterly. During the 2022/23 financial year the Committee met five times.

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

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

Remuneration and Human Resources Committee

The organisation's Remuneration and Human Resources Committee meets at least quarterly and is convened in line with formal Terms of Reference, which are reviewed annually and approved by the Board. Mrs Moerane continued as the Chairperson of this Committee. Mr Vallihu also continued to serve on the Committee and Mr Gabela was appointed to the Committee with effect from 01 June 2022.

For further information about the Committee's specific responsibilities, please refer to:

www.dubetradeport.co.za/Corp_Gov

During the 2022/23 financial year, the organisation's Remuneration and Human Resources Committee held four ordinary meetings and also held three ad hoc meetings. One of the ad hoc meetings took the form of a workshop with management at which the revised organisational design was discussed.

Although King IV recommends that the Chief Executive Officer should not be a member of the Remuneration and Human Resources Committee, the Board feels that the inclusion of Mr Erskine as a member of the Committee ensures that relevant institutional knowledge is available and enhances their deliberations.

The Corporate Services Executive attends meetings by invitation. Both the Chief Executive Officer and the Corporate Services Executive recuse themselves during any discussion pertaining to their own performance or remuneration.

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

- Approved the performance scores of the non-executive employees;
- Approved 2022/23 salary adjustments, in line with guidelines received from National Treasury;
- Received quarterly reports on human resources performance and corporate social activities;
- Reviewed and approved various human resources policies and reviewed and recommended new policies to the Board;
- Received feedback on the results of the employee engagement survey and initiatives to improve employee engagement;
- Received feedback on management's interactions with the National Education Health and Allied Workers' Union (NEHAWU);
- Received feedback on matters referred to the CCMA and Labour Court;
- Monitored the entity's progress on Black-Broad Based Economic Empowerment initiatives and challenges;
- Received feedback on human resources operational risks;
- Received feedback on the strategic risks relating to human resources; and
- Monitored the progress of Evolution 2020 and Beyond, an organisational design project.

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

The focus for the forthcoming year will be to review the phased implementation of Evolution 2020 and Beyond as part of the Committee's oversight function. The plan will affect the structure of the organisation and should facilitate the creation of a formalised succession plan. This plan will pave the way for continuity in leadership and succession in both emergency situations and in the long-term.

Remuneration Philosophy

Remuneration of Staff and Executives:

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

During the 2022/23 financial year, Dube TradePort Corporation finalised a review of the organisation's remuneration philosophy, in line with best practice guidelines. The revised pay-scale was anchored to the national market medians. Currently, the organisation benchmarks to the mid-point of the range of each pay scale at the relevant market 50th percentile of the market. Dube TradePort Corporation has utilised the services of independent consultants to conduct benchmarking.

As part of Evolution 2020 and Beyond, all job descriptions were reviewed, updated, and graded by specialist consultants to ensure the grading of each position was relevant, consistent and in line with the Paterson grading system. Grading for each position was benchmarked, to ensure comparable positioning and remuneration with the marketplace. The organisation employs the skills of an independent service provider on an annual basis to develop a better understanding of the remuneration trends and practises.

Performance bonuses and annual salary increases are not guaranteed and are subject to organisational performance, market trends and the individual performance of employees and the availability of budget.

Performance bonuses are only paid if the organisation achieves in excess of 80% of the targets contained in its Annual Performance Plan. Such bonus payments are calculated in accordance with the scores achieved by individuals on their annual performance assessments. The Board reviews and moderates the bonuses of the Chief Executive Officer, the Executives, and the Company Secretary.

In 2022/23 a performance bonus was not paid because, as in 2020/21, and 2021/22 Dube TradePort Corporation did not achieve the required threshold of targets.

Salary increases comprise two components, namely; a cost-of-living component and a performance-linked component. During the 2022/23 financial year, an increase aligned to CPI was provided. Employees also received a non-pensionable monthly allowance, which did not affect the baseline of the employees' compensation.

The 2022/23 financial year focus will revolve around the implementation of the organisational design project which will equip the organisation with much needed resources to alleviate the workload pressure.

During the year under review, the Remuneration Policy did not change with regard to managers within the Patterson Grading System bands D and E. These employees are paid a total cost to company package within the pay-scales of the D and E job grades. There is no corporate contribution to provident funds or medical aid schemes at this level. Dube TradePort Corporation contributes to employees' medical aid and employees' provident fund for non-managerial staff within the job grades A, B and C.

The organisation's Remuneration Policy may be found at www.dubetradeport.co.za/Corp_Gov

Remuneration of Board Members:

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

Remuneration for Board and Board Committee members is not dependent on the performance of Dube TradePort Corporation. Full disclosure of amounts paid to staff, Executives and Board members may be found in note 29 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 term of office of Mrs Makhathini ended on 22 October 2022. Messrs Ngcobo, Ndhlovu and Nene continued as members of this Committee. Mr Nene resigned from the Board and Committees of Dube TradePort Corporation in January 2023.

The Committee met twice during the year under review. The Chief Executive Officer and Chief Operating Officer attend meetings as members of the Committee, whilst both the Chief Financial Officer and Development Planning and Infrastructure Executive attend such meetings by invitation.

During the review period, the Committee undertook the following activities:

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

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

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

Company Secretary

The Company Secretary plays a key role in the governance of the entity and executes duties relating to the Board and the rest of the entity in such a manner as to ensure comprehensive adherence to Board procedures and relevant regulations. All corporate governance services are provided by the Company Secretary. However, should the need arise, the advice of other corporate governance professionals may be procured on behalf of the Board. The Board believes the arrangements for accessing corporate governance services to be effective.

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

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

Code of Business Conduct

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

The organisation's Code of Business Conduct governs the behaviour of every member of staff, and all receive training with regard to this Code during their induction. Every member of staff is expected to sign an annual declaration, indicating that they understand the content of the Code and that any contravention of the Code has a consequence, which may include disciplinary action. The organisation's Code of Business Conduct includes the following areas:

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

Suppliers' Code of Conduct

Dube TradePort Corporation also has in place a Suppliers' Code of Conduct.

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

General Declarations of Interest

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

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

Access to Information

Access to information is regarded by the Board as being the cornerstone of good governance.

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

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

Responsible Corporate Citizenship and Ethical Leadership

Organisational Ethics

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

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

The organisation has in place an approved Disciplinary Policy. Breaches of the Code of Business Conduct, or any other ethical standards, are dealt with in terms of this policy.

The organisation makes available all its policies by way of the Dube TradePort Corporation intranet, known as DubeWorld. Training interventions dealing with policies are provided at staff induction sessions and also during the year, as and when significant changes are made, or when management deems such refreshers appropriate.

During the year under review all managers attended contract management training to ensure that sustainable practices were put in place to manage service providers and to reduce the incidence of irregular expenditure through poor administration of contracts.

Dube TradePort Corporation has not appointed a Social and Ethics Committee. Currently, however, the Board considers that issues which would otherwise be overseen by such a Committee be dealt with by its existing Committees. However, should the workload of its existing Committees so demand, the Board will appoint a separate Social and Ethics Committee.

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

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

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

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

Corporate Citizenship

Many of the targets included in the Annual Performance Plan measure the corporate citizenship initiatives implemented by the entity. The Annual Performance Report found on page 52 records the entity's achievement of targets. Corporate citizenship achievements are also found in the Chief Executive Officer's Review on page 19 of this report.

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

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

Public Access to Information Act (PAIA)

Dube TradePort Corporation has in place the necessary Section 14 PAIA manual. This document is available via the organisation's website. For further information about said manual, please refer to:

www.dubetradeport.co.za/Annual_Reports

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

Stakeholder Engagement

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

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

The shareholder is represented at Board and Audit and Risk Committee meetings. This provides for a two-way exchange of information.

The organisation places great store by its structured engagements and endeavours to promote and cultivate sound relationships through professional, transparent, and effective communication.

Stakeholder groups with which Dube TradePort Corporation interacts include:

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

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

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

Corporate Citizenship

The Board ensures that Dube TradePort Corporation is - and is seen to be - a responsible corporate citizen. Examples of the achievements of targets set in this regard may be found in the Annual Performance Report, located on page 52 of this document.

Workplace

The organisation's annual Employment Equity Plan, which is reviewed and approved by the Remuneration and Human Resources Committee, aims to ensure that any barriers to equal employment at Dube TradePort Corporation are removed.

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

Economy

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

Dube TradePort Corporation is measured on a generic specialised scorecard. The scorecard issued in October 2022 measures Dube TradePort Corporation as a Level 2 contributor.

B-BBEE Score per Element	
Ownership	Not applicable
Management control	16.34
Skills development	20.06
Enterprise and supplier development	54.00
Socio-economic development	5.00
Total score	95.40

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 underpinned by relevant legislation.

Society

The various types of initiatives supported by Dube TradePort Corporation are more fully described in the Corporate Services Report, which may be found on page 29.

Environment

Dube TradePort Corporation is cognisant of the need to prevent environmental degradation.

Accordingly, all activities within the Dube TradePort precinct are closely monitored to ensure that neither the entity nor developers or tenants harm the environment through pollution or the inappropriate disposal of waste.

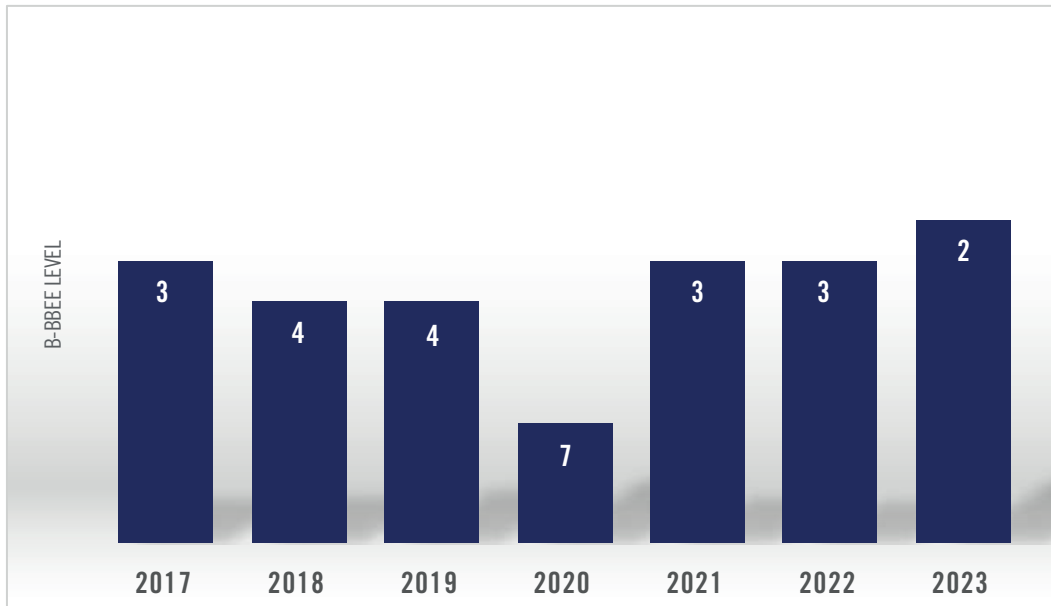
The organisation consciously works to rehabilitate land in the precinct and labours to maintain land already rehabilitated. This stance is in compliance with the Environmental Authorisation and is reported in the Annual Performance Report, which may be found on page 52 of this document.

The majority of the organisation's greenhouse gas emissions are associated with indirect emissions of Scope 2 (from purchased electricity), Dube TradePort Corporation has developed an appropriate monitoring, reporting and verification framework for data collection throughout the entity's operations, inclusive of Dube AgriZone, Dube TradeZone and its Support Zone for the past ten years, in spite of the Carbon Tax Act only becoming effective from 2019. In addition, the organisation's proactive expansion of solar panels and scaling-up of recycling programmes are also assisting in emissions reduction. This includes tenants and third-party developers.

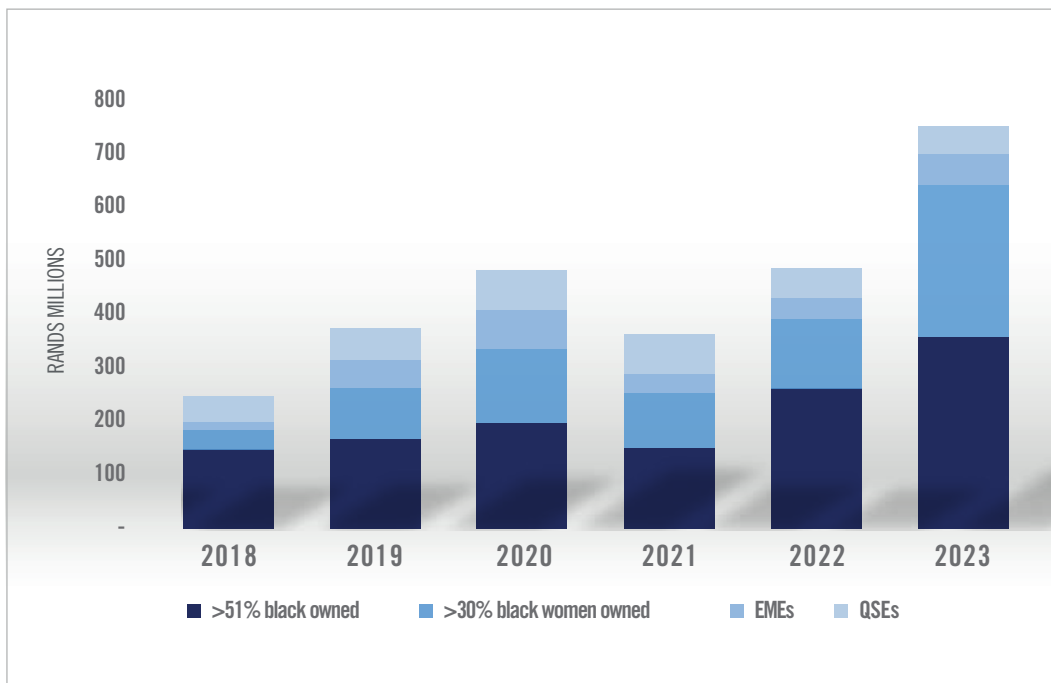
The same proactive approach to water resource and water quality monitoring has also been implemented. Dube TradePort Corporation actively undertakes a comprehensive water quality monitoring programme involving no fewer than twenty one sample locations within the Dube TradePort precinct. This is undertaken to:

- Characterise surface water quality in terms of a list of specified determinants;
- Identify trends over time; and
- Identify potential emerging problems.

B-BBEE Level









Procurement Spend on Designated Groups



ANNUAL PERFORMANCE REPORT

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

					
Programme 1	Programme 2	Programme 3	Programme 4	Programme 5	Programme 6
Administration	Cargo	Property and SEZ Administration	Dube AgriZone	Dube iConnect	Development Planning and Infrastructure
Sub-programmes	Sub-programmes	Sub-programmes	Sub-programmes	Sub-programmes	Sub-programmes
Office of the Chief Executive Officer	Cargo Operations	Business Development	AgriZone Services	Commercial and Operations	Planning
Finance	Cargo Compliance	Property and SEZ Commercial	Tissue Culture Facility (Dube AgriLab)		Environment
Corporate Services	Air Cargo Business Development	Property Operations	Landscaping and Rehabilitation		Infrastructure and Development
Marketing		EZ Compliance			



The following tables highlight the performance of each Programme (and their respective sub-programmes) for the 2022/23 financial year, against targets reflected in the Annual Performance Plan:

	Indicator	Annual Target 2022/23	Actual Performance	Comment
Overall Dube TradePort Corporation performance	% of APP targets achieved	80%	60%	18 of the 30 targets measured were met.

Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 1: Administration					
Sub-programme 1.1: Office of the Chief Executive Officer					
Increased active participation by black people in the economy	Inclusion of all targeted groups in Dube TradePort Corporation's operations, development and learning activities	Dube TradePort Corporation B-BBEE	Level 2	Level 2	Dube TradePort Corporation obtained Level 2 B-BBEE compliance, based on the 2021/22 financial year. This represents an improvement from Level 3, which was achieved in the previous year, and is largely attributed to an increase in enterprise and supplier development.
Sustainable development and operation of Dube TradePort	Effective ICT governance and IT performance	% of ICT objectives achieved	90%	96.1%	Controls related to Information and Communication Technology Governance were well maintained over the year.
	Own revenue growing at a faster rate than growth in operational costs	% of operational costs covered by own revenue earned	34.5%	35.5%	Dube TradePort Corporation's own revenue was higher than expected this year due to increasing interest rates and a faster than expected recovery by the Air Cargo industry, which resulted in higher cargo handling revenue. This was offset by increased operational costs as a result of higher inflation rates and increased activity on-site.
Sub-programme 1.2: Finance					
Sustainable development and operation of Dube TradePort	Reliable financial information, including Annual Financial Statements and other financial reports produced, resulting in stakeholder confidence	External audit opinion	Clean audit	Clean audit	Dube TradePort Corporation received a clean audit of its 2021/22 financial results. This was the tenth consecutive year in which this was achieved.
	Efficient utilisation of funds received	% MTEF allocation utilised	100%	100%	77.4% of the funds available to Dube TradePort Corporation in the 2022/23 financial year (including funds retained from 2021/22) were spent within the year. The remainder is reserved for commitments entered into prior to year-end and capital projects planned.
Sub-programme 1.3: Corporate Services					
Sustainable development and operation of Dube TradePort	Effective management of talent and employee engagement, to build a high-performance culture	% Increase in employee engagement survey score	3% increase	1.6% increase	94% of employees participated in the Employee Engagement Survey, revealing that 64% of employees are engaged, indicating that they have favourable perceptions of their workplace.
	Dube TradePort Corporation adequately capacitated through the timeous filling of approved vacancies	Average time taken to fill vacancies from receipt of approval to acceptance of offer	4 months	6.9 months	19 critical vacant posts were filled during the year. Approval for 11 of these posts was received in 2021/22, while approval to fill 9 posts was received during 2022/23. An offer was accepted for the one remaining vacant post in April 2023.
Sub-programme 1.4: Marketing					
Increased investment and export potential	Promotional marketing and communication activities that have a wide reach	Cumulative reach of marketing and communication activities	39 million people	41.2 million people	An article picked up by MSN, the 6th most viewed news site in the world, boosted reach figures this year. Various PR initiatives and digital media also contributed to the number of people reached.

Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 2: Cargo					
Sub-programme 2.1: Cargo Operations					
Increased investment and export potential	Effective and efficient cargo handling services, which satisfy customers' requirements	% of SLA conditions met	95%	99.9%	Works at the Dube Cargo Terminal are carefully scheduled to ensure that the service levels provided to airlines meets their requirements.
Sub-programme 2.2: Cargo Compliance					
Increased investment and export potential	Compliance with national and international air cargo standards	Valid Regulated Agent certificate	SACAA licence in place	SACAA license in place	All compliance standards, required to maintain the Regulated Agent licence, were met.
Sub-programme 2.3: Air Cargo Business Development					
Sustainable development and operation of Dube TradePort	Increased revenue from cargo handling and AiRoad operations	Total revenue generated from cargo terminal services	R6.44 million	R18.6 million	The Air Cargo industry has recovered from the effects of the Covid-19 pandemic quicker than anticipated. As a result, revenue from cargo handling, which is linked to cargo volumes, has more than doubled, as compared to 2021/22.



Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 3: Property and SEZ Administration					
Sub-programme 3.1: Business Development					
Increased investment and export potential	Increased up-take of Dube TradePort Corporation serviced land for private sector investment	Number of square metres of serviced land and bulk leased in Dube TradePort property zones	100 000 m ²	20 750 m ²	A land lease was signed with LM Diapers Pty Ltd for a site in Dube TradeZone 2. The newly constructed warehouse on Erf 650 in Dube TradeZone 1 was leased to Futurelife Health Products Pty Ltd, and leases were also signed for 4 mini-factory units. Two further investors looking to locate at Dube TradeZone 2 were approved by the Dube TradePort Corporation Board in the 4th quarter, and lease negotiations are in progress.
	New leases signed with targeted investors for private sector investment	Total value of new investment (capital equipment) by black-owned companies	R150 million	R70.9 million	New tenants, LM Diapers Pty Ltd and Siyakha Imperial Printing, invested in new machinery during the year. While economic conditions have improved, as compared to the previous year, many businesses are consolidating their operations, rather than expanding.
		Total value of new investment (buildings) by black-owned companies	R75 million	R44.6 million	Construction of LM Diapers Pty Ltd's factory at Dube TradeZone 2 was completed within the financial year.
Sub-programme 3.2: Property and SEZ Commercial					
Increased investment and export potential	Occupancy levels maximised by signing new leases and retaining existing tenants	% Occupancy of Dube TradePort Corporation owned buildings	80%	73.4%	Demand for office space has declined as many businesses are adopting hybrid working models, post-Covid-19. Only four of the eighteen mini-factory units remain vacant, while further vacancies exist at Dube TradeHouse, 29 ^o South and Dube Cargo Terminal, as well as the warehouse on Erf 648 in Dube TradeZone 1.
Sustainable development and operation of Dube TradePort	Increased revenue from rental of Dube TradePort Corporation's land and buildings	Total revenue from all Dube TradePort Corporation properties	R46.5 million	R59.7 million	Despite lower than targeted occupancy levels, revenue earned from property leases increased by 13.3%, as compared to the previous year. Almost half of all revenue from Dube TradePort Corporation properties is earned on land leases for private sector development.
Sub-programme 3.3: Property Operations					
Sustainable development and operation of Dube TradePort	Operating efficiencies optimised	Number of utility cost reduction measures implemented	2	2	The following initiatives resulted in saving in utility costs this year: (1) Application to eThekweni Municipality for reduction in Notified Maximum Demand electricity allocation for Dube Tradehouse; and (2) Power Factor Correction was done at the Dube Tradehouse, resulting in a reduction in municipal kVA charges and consequently a reduction in monthly cost.

Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 3: Property and SEZ Administration					
Sub-programme 3.3: Property Operations - Continued					
Sustainable development and operation of Dube TradePort	Operating efficiencies optimised	Number of costs optimisation initiatives implemented	3	3	The following initiatives resulted in cost reductions: (1) Reduction of outsourced security personnel on-site. Additional security personnel were also not added when Dube TradeZone 2 was handed over, following the installation of bulk services; (2) In-sourcing of CCTV and access control maintenance services; and (3) Automation of the basement parking gate and installation of CCTV cameras to replace security personnel at the gate after-hours.



Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 4: AgriZone					
Sub-programme 4.1: AgriZone Services					
Increased investment and export potential	Reliable, effective, and efficient AgriZone services provided to customers and tenants	% Effectiveness of service level standards	80%	79.5%	Continued support has been given to Dube AgriZone tenants (Farmers), including the provision of water, removal of waste and maintenance of facilities. Uncertainty relating to the quality of water provided by the municipality, challenges with an overseas supplier account, and maintenance of the HVAC system contributed to the lower-than-targeted score.
	Occupancy levels maximised by signing new leases and retaining existing tenants	% Occupancy of AgriZone facilities	90%	100%	All Dube AgriZone leasable facilities remained fully occupied.
Sub-programme 4.2: Tissue Culture Facility					
Sustainable development and operation of Dube TradePort	Production capabilities of the Tissue Culture Facility increased through research and development activities	Number of R&D projects / protocols developed Lorem ipsum	2	2	Research and development were conducted on: (1) Sweet potato, to establish the maximum storage period for three varieties; and (2) Pelargonium graveolens, a native essential oil-producing medicinal species, to establish in vitro rooting and hardening off protocols.
	Increased revenue from tissue culture plant sales	Total revenue generated from tissue culture plant sales	R1.3 million	R96 622	A total of 142 911 plants were produced, hardened off, and supplied to local and international growers and farmers. Rooting challenges were experienced with various sugarcane varieties, and Ecoflora Paulownia plants showed a decline in growth performance during the hardening process.
Sub-programme 4.3: Landscaping and Rehabilitation					
Sustainable development and operation of Dube TradePort	Land rehabilitated in compliance with ROD requirements	Number of hectares rehabilitated and maintained	200 ha	200.2 ha	Alien clearing took place at Ushukela, Wetland 6, Dube AgriZone 1 wetland, Dube AgriZone 2, Canelands, Dube West, Mount Moreland and Cottonland sites.



Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 5: Dube iConnect					
Sub-programme 5.1: Commercial and Operations					
Sustainable development and operation of Dube TradePort	Increased revenue from Dube iConnect services	Total revenue generated from Dube iConnect services	R12.24 million	R8.2 million	Marketing of Dube iConnect services was increased this year to replace clients that were previously lost. This included a cyber security event, new marketing materials being published, social media marketing, speaking engagements and radio advertisements, including an interview.
	Fibre network implemented in new Dube TradePort precincts	% Uptime of core network environment	99%	100%	Uptime requirements have been maintained throughout the year. Implementation of a third site for disaster recovery, and as an alternative revenue source, will be finalised in the 1st quarter of 2023/24.



Outcome	Output	Performance Indicator	Annual Target 2022/23	Actual Performance	Comment
Programme 6: Development Planning and Infrastructure					
Sub-programme 6.1: Planning					
Increased investment and export potential	Statutory authorisations and permits received, increasing the area of land available for development	Number of statutory authorisations, permits and approvals secured	2	2	Approvals were obtained for amendments to the Environmental Authorisations (EA) for the following zones: (1) Dube TradeZone 2; and (2) Dube AgriZone 1. In addition, an extension was granted to the validity period for the EA on Dube TradeZone 3 and the time frame to meet the condition related to the wetland rehabilitation offset for Dube TradeZone 2 was also extended.
Sub-programme 6.2: Environment					
Sustainable development and operation of Dube TradePort	Carbon emissions reduced	% Carbon reduction annually	3.5% reduction from baseline	23% increase from baseline	Scope 1, 2 and 3 carbon emissions increased, as compared to the previous year, resulting in an increase in emission intensity of Dube TradePort Corporation's operations of 23%. The largest portion of the carbon footprint results from electricity consumption, and energy efficiency initiatives are planned for 2023/24 in an effort to reduce these emissions.
Sub-programme 6.3: Infrastructure and Development					
Increased investment and export potential	Construction projects delivered, increasing the serviced land and buildings available for investment	Number of completed projects delivered	2	2	The warehouse constructed on Erf 650 in Dube TradeZone 1 has been handed over to the lessee to commence with tenant installations, and the sewer connection at Dube AgriZone was completed.
		Total capital expenditure on infrastructure projects	R310 million	R240.1 million	Capital projects in progress during the year included: the provision of bulk infrastructure at Dube AgriZone 2; construction of a warehouse on Erf 650 at Dube TradeZone 1; and construction of a building on block D at Dube City.
Increased active participation by black people in the economy	Increased construction work done by EMEs and QSEs	Construction expenditure on EMEs and QSEs	R93 million	R61.5 million	All major construction projects in progress include the requirement to sub-contract 30% of the contract value to EMEs and QSEs.

PFMA COMPLIANCE REPORT

1. Irregular Expenditure

Reconciliation of irregular expenditure

Description	2023	2022
	R	R
Opening balances	-	1 384 362
Prior period error – expenditure subsequently identified as not irregular	-	(798 437)
Irregular expenditure confirmed	2 453	1 572 984
Less: irregular expenditure condoned	(2 453)	(2 158 908)
Less: irregular expenditure not condoned and removed	-	-
Less: irregular expenditure recoverable	-	-
Less: irregular expenditure written off	-	-
Closing balance	-	-

In the current year there is one case of irregular expenditure amounting to R2 453. In the prior year there were five cases amounting to R1 572 984. In each case an assessment and determination was concluded in accordance with the Irregular Expenditure Framework.

Reconciling notes

Description	2023	2022
	R	R
Expenditure that was under assessment in 2021/22	-	64 055
Expenditure that relates to 2021/22 and identified in 2022/23	-	19 896
Irregular expenditure incurred during the year	2 453	1 489 033
Total	2 453	1 572 984

Details of current and previous year expenditure condoned

Description	2023	2022
	R	R
Irregular expenditure condoned	2 453	2 158 908
Total	2 453	2 158 908

Details of current and previous year irregular expenditure currently unconfirmed

Description	2023	2022
	R	R
Irregular expenditure under assessment	179 099	-
Irregular expenditure under determination	10 275 666	-
Irregular expenditure under investigation	-	-
Total	10 454 765	-

Three transactions amounting to R179 099 are being assessed to ascertain if these transactions meet the definition of irregular expenditure. No fraudulent activity has been incurred. The nature of these transactions seems to be:

- Services undertaken in excess of the contract value (two cases); and
- Services not undertaken in accordance with the terms of the contract.

An amount of R10 275 666 is under determination to determine whether an official exceeded their delegated authority. No fraudulent activity has been identified.

Details of current and previous year disciplinary steps or criminal steps taken as a result of irregular expenditure.

In all cases the determination concluded that value for money had been obtained, no official was considered liable in law.

For matters discovered in the current year the disciplinary processes are in progress. Where weaknesses in internal control were identified, the appropriate control measures have been implemented. Where officials had already left the employ of Dube TradePort Corporation prior to the discovery of the irregular expenditure their line managers were required to ensure that all control weaknesses were mitigated.

Removal, recovery or write off of irregular expenditure.

There was no irregular expenditure in either the current or previous financial year which was removed.

There was no recovery of irregular expenditure relating to the current or previous financial year.

There was no write off of irregular expenditure relating to the current or previous financial year.

2. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2023	2022
	R	R
Opening balances	2 109 637	-
Fruitless and wasteful expenditure confirmed	-	2 109 637
Less: Fruitless and wasteful expenditure recoverable	(1 414 179)	-
Less: Fruitless and wasteful expenditure written off	(695 458)	-
Total		2 109 637

In the current year, there were no transactions resulting in fruitless and wasteful expenditure. In the prior year, Dube TradePort Corporation incurred and expensed fruitless and wasteful expenditure as a result of penalties and interest on Value Added Tax payments made on the last day of the month. The South African Revenue Service (SARS) regarded these as late payments. The Alternate Dispute Resolution process has resulted in an amount of R1 414 179 being remitted within the tax period in dispute.

Reconciling notes

Description	2023	2022
	R	R
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure incurred during the year	-	2 109 637
Total	-	2 109 637

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2023	2022
	R	R
Fruitless and wasteful expenditure under assessment Dube TradePort Corporation	107 488	-
Fruitless and wasteful expenditure under assessment (subsidiary)	972	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	108 460	-

There are three cases of potential fruitless and wasteful expenditure which are currently under assessment. One case of potential fruitless and wasteful expenditure is under investigation in La Mercy JV Property Investments Pty Limited.

Details of current and previous year fruitless and wasteful expenditure recovered.

In July 2023, SARS confirmed remittance of R1 414 179 to be applied to the tax period in dispute (2021/22 tax period).

Details of current and previous year fruitless and wasteful expenditure not recovered and written off.

Description	2023	2022
	R	R
Fruitless and wasteful expenditure written off	695 458	-
Total	-	-

The fruitless and wasteful expenditure in the previous year was expensed. There has been no recovery of this amount. The amount was not written off as the debt was not recognised in terms of GRAP. The amount is not deemed to be recoverable.

Details of current and previous year disciplinary steps or criminal steps taken as a result of fruitless and wasteful expenditure.

The official responsible for the fruitless and wasteful expenditure has been subject to the internal disciplinary procedure. The official concerned was subject to a written warning which will remain on the employee's file for twelve months.

Where weaknesses in internal control were identified, the appropriate control measures have been implemented. Resource constraints have been addressed and training has been provided to relevant officials.

3. Other material losses in terms of PFMA Section 55(2)(b)(i)

There were no material losses incurred through criminal conduct in the current or prior year. Accordingly, no material losses have been recovered or written off.

4. Supply chain management

Procurement by other means

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Training				
Maintenance work management course	Pragma Africa Pty Ltd	Single Source	P036774	11 351
Impro Technologies Access Control training	Impro Technologies Pty Ltd	Single Source	P036592	13 800
Remuneration for HR course	21st Century	Single Source	P037051	11 788
Managing pension and retirement funds training	Intelligent Africa Marketing & Training	Single Source	P037054	11 499
Digital brand strategy training	Vega School of Brand Leadership	Single Source	P037464	13 900
UCT Project management foundations course	2U GetSmarter (US) LLC	Single Source	P037463	29 800
Project management profession preparatory course	PM Academy Pty Ltd	Single Source	P037746	30 176
ASIB sprinkler 101 course	The Automatic Sprinkler Inspection Bureau (ASIB)	Single Source	P038193	57 558
Mastering engineering and construction contracts course	South African Association of Consulting Engineers (CESA)	Single Source	P038217	6 394
HR management and practices diploma	CTU Training Solutions Consulting Pty Ltd	Single Source	P038263	44 620
MBA in business administration	Regent Business School	Single Source	P038240	59 900
BSc Honours in quantity surveying	Durban University of Technology (DUT)	Single Source	P038317	19 470
Business etiquette and professional conduct in the workplace training	Imsimbi Training Pty Ltd	Single Source	P038318	24 840
SAICE training courses	South African Institute of Civil Engineering (SAICE)	Single Source	P038364	31 280
Tax law online short course	2U Get Smarter (US) LLC	Single Source	P038673	16 390
Preparation of Bills of Quantity (BOQ) training	Institute of Corporate Learning	Single Source	P038680	51 747
Certified logistics and supply chain manager training	Leadership Institute for Administrators	Single Source	P038733	27 990
SAPOA webinars	South African Property Owners Association (SAPOA)	Single Source	P039039	51 560
Business development management course	2U Get Smarter (US) LLC	Single Source	P038787	9 900
Fleet operations management accident investigation and report writing workshop	Prospen Africa	Single Source	P039050	16 099
Employment Equity and Skills Development Committee training	TNM Corporate Solutions	Single Source	P039058	119 998

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Training				
Innovation and creative thinking, and monitoring and evaluation training	Imsimbi Training Pty Ltd	Single Source	P039119	11 360
Fundamentals of Value-Added Tax bootcamp	Deloitte & Touche	Single Source	P039401	8 855
MCOM in competition and economic regulation	University of Johannesburg (UJ)	Single Source	P039604	21 440
Predictive analytics masterclass and Ethical fitness masterclass	Gordon Institute of Business Science University (GIBS)	Single Source	P039603	17 160
Post Graduate Diploma in Business Administration	University of Johannesburg (UJ)	Single Source	P040433	37 800
BCom Honours in SCM	Mancosa Pty Ltd	Single Source	P040465	39 060
CSI Bursaries and scholarship programme	Durban University of Technology (DUT); University of South Africa (UNISA); Mangosuthu University of Technology (MUT); University of KwaZulu-Natal (UKZN); University of Zululand (UNIZUL)	Multi-Source	TBC	8 525 000
Sprinkler design and calculation course	The Automatic Sprinkler Inspection Bureau Pty Ltd	Single Source	P040464	84 525
Maintenance planner course	Pragma Africa Pty Ltd	Single Source	P040435	57 730
Postgraduate Diploma in Financial Accounting	University of South Africa (UNISA)	Single Source	P040645	15 675
Management Development Programme	USB Executive Development Pty Ltd	Single Source	P040490	40 950
A+ and N+ training course	Think 360 KZN	Single Source	P040489	24 773
Diploma in procurement and supply	Commerce Edge SA Pty Ltd	Single Source	P040650	65 598
Graphic Design Online short course	Red and Yellow Digital Pty Ltd	Single Source	P040787	21 850
CEIV Pharmaceutical Certification and Training	International Air Transport Association (IATA)	Sole Source	DTP01434	2 320 000
BCom in Transport and Logistics	University of South Africa (UNISA)	Single Source	P040838	7 650
VMware training	Torque Technical Computer Training	Single Source	P040839	23 460
Labour Relations Training for x5 Shop Stewards	Specialised Skills Institute of SA t/a Meridian Training	Single Source	P041088	19 550
Business Rescue Practice Short Course	Law Society of South Africa	Single Source	P040883	11 340
Post Graduate Diploma in Property Development and Management	University of Witwaterstrand (WITS)	Single Source	P040850	64 258
Higher Certificate in SCM and BCom International Supply Chain Management	IMM Graduate School of Marketing	Single Source	P040865	71 590
Maintenance Work Management training	Pragma Africa Pty Ltd	Single Source	P040841	12 075
Ghost Employees & Payroll fraud course	Intelligence Transfer Centre cc	Single Source	P041079	16 098

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Training				
NOSA SAMTRAC Webinar	Nosa Pty Ltd	Single Source	P041080	23 260
Security Operations Masterclass	MD Ink	Single Source	P041131	8 499
Post Graduate Diploma in Project Management	University of South Africa (UNISA)	Single Source	P041078	66 240
Energy Efficiency and Sustainability Online Short Course	2U GetSmarter (US) LLC	Single Source	P041132	13 900
Bachelor of Law undergraduate degree	University of South Africa (UNISA)	Single Source	PO 41185	29 955
Post Graduate Diploma (PGDIP) with Manufacturing Focus	Gordon Institute of Business Science (GIBS)	Single Source	P041180 P041184	86 740
Executive Development Programme in Procurement & Supply Leadership	Commerce Edge South Africa	Single Source	P041151	109 825
Digital Marketers Gathering course	Knowledge Integration Web	Single Source	P041173	9 999
UCT Business Systems Analysis Online Short Course	2U GetSmarter (US) LLC	Single Source	PO 41186	15 900
Events, Conferences and Media Space				
ITWEB Security summit conference	IT WEB	Single Source	P037045	6 857
Manufacturing Indaba 2022 delegate tickets and sponsorship	Manufacturing Indaba	Sole Source	P037446	101 689
SASTA Conference 2022 exhibition stand and delegate passes	Turners Conference and Conventions Pty Ltd	Sole Source	P038184	40 090
SAPOA 2022 convention stand and delegate passes	South African Property Operation Association (SAPOA)	Sole Source	P038238	142 370
SAIBPP annual convention 2022 delegate passes	South African Institute of Black Property Practitioners (SAIBPP)	Sole Source	P038239	22 000
Media space in two issues of KZN invest magazine	Nuvus Print Pty Ltd	Single Source	P038316	17 020
Silver sponsorship for Transport Evolution Africa Forum and Expo event	DMG Exhibition Management Services	Sole Source	P038662	100 000
Media space in Accountancy SA magazine	The South African Institute of Chartered Accountants (SAICA)	Single Source	P038710 P039117	40 250
Air Cargo Africa event 2023 delegate passes, branding and speaker opportunity	Messe Muenchen India Private Limited	Sole Source	P040732	182 299
Undercover Farming 2023 gold sponsorship package	Undercover Farming Exco Pty Ltd	Sole Source	P040646	74 750
Media Space on Cape Talk Radio	Primedia Broadcasting	Single Source	P041044	129 107
Media space on the Routes 360 online platform	Informa Markets (UK) Limited	Single Source	P041607	123 121

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Memberships / Subscriptions				
SACPLAN professional membership fees - 3 years	South African Council for Planners (SACPLAN)	Sole Source	P037070	6 001
SAPOA membership fees - 1 year (2022)	South African Property Owners Association (SAPOA)	Sole Source	P037224	27 715
ISPA annual membership - 3 years	Internet Service Providers Association (ISPA)	Sole Source	P038200	35 629
Chartered Institute of Procurement and Supply (CIPS) membership - 3 years	Commerce Edge South Africa	Sole Source	P039601 P041143	19 351
Annual membership fees for KZN Growth Coalition - 1 year	KZN Growth Coalition	Sole Source	P040358	48 696
SAPOA membership renewal - 3 years (2023 - 2025)	South African Property Owners Association (SAPOA)	Sole Source	P040653	97 446
SACAP Annual Registration Fees for 3 years	South African Council for the Architectural Professional (SACAP)	Sole Source	P041081	13 228
ECSA membership fee for 3 years	Engineering Council of South Africa (ECSA)	Sole Source	P041188	40 658
Software Licences and Support				
Sage Pastel Evolution renewal of licences - 3 years	Sage Pastel South Africa Pty Ltd	Sole Source	P037044	265 882
MDA Property System annual software licence fees	MDA Property Systems Pty Ltd	Sole Source	P037537	90 569
Astel GloBill licensing and support - 3 years	Astel Systems Pty Ltd	Sole Source	DTP01369	4 367 285
GIS Maintenance and technical support	ESRI South Africa	Sole Source	DTP01367	963 764
Renewal of domain registrations with 1Grid - 3 years	Gridhost Pty Ltd	Single Source	P038371	5 000
CURA software licences - 3 years	CURA Risk Management Software Pty Ltd	Sole Source	P038715	191 206
Microsoft Enterprise Agreement licensing renewal - 3 years	Microsoft Ireland Operations Ltd	Sole Source	DTP01380	13 247 626
Tissue Culture ERP software and licensing - 3 years	Shivrai Technologies Pty Ltd	Sole Source	DTP01414	305 536
LinkedIn license for recruitment and company page platform for marketing and entity branding - 3 years	Ayanda Mbanga Communications	Multi-Source	DTP01406	1 952 885
CaseWare licence renewal for 3 years	Adapt IT Pty Ltd	Sole Source	P041156	517 936
AccTech software licences for 3 years	AccTech Systems	Sole Source	P041162	471 834

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Legislated Payments				
Motor licence disc renewals	KZN Transport Revenue	Sole Source	P036862 P038214 P038254 P039118	240 234 19 950
Roadworthy testing for Dube TradePort Corporation vehicles to obtain licence disks	Kens One Stop Repairs cc	Single Source	P036861 P038204	14 017
SABC business TV Licence - 3 years	South African Broadcasting Corporation (SABC)	Sole Source	P038255	100 000
ICASA USAF annual licence fee - 2 years	The Independent Communications Authority of South Africa (ICASA)	Sole Source	P038203	13 734
ICAO Aviation security manual 2022	International Civil Aviation Organisation (ICAO)	Sole Source	P038774	86 604
IATA TACT manual for Dube Cargo Terminal	International Air Transport Association (IATA)	Sole Source	P038792	
Other				
Continuation of legal services for Labour Court matter	Poswa Incorporated	Single Source	DTP01420	400 000
Pay scale review 2023	21st Century	Single Source	DTP01424	345 500
Levies for Dube City - 3 years	La Mercy JV Property Investments Pty Ltd	Sole Source	P037048	2 380 420
Take-over of fuel tanks	Shisa Energy Systems	Single Source	P037548	327 405
Professional service provider for review and updating of the Environmental Strategy and Policy for Dube TradePort Corporation	Sobek Pty Ltd	Single Source	DTP01364	73 718
Weather report required for insurance purposes	South African Weather Service	Sole Source	P038179	617
Advertising agency to oversee the production and delivery of 2021/22 Annual Report	Ocean 23 Trading Pty Ltd	Single Source	P038213	333 554
Motor vehicle insurance excess	Palace panel and paints CC	Sole Source	P038315	3 500
Motor vehicle insurance excess	Clarks Auto Renovators Pty Ltd	Sole Source	P039011	15 000
Co-Location rack space - 3 years	Teraco Data Environments Pty Ltd	Single Source	DTP01387	5 374 368
Psychometric assessments for recruitment and selection	BIOSS International (Southern Africa) Pty Ltd	Single Source	DTP01376	422 000
Continuation of legal services to recover assets against funds lost in the bank fraud.	Norton Rose Fulbright	Single Source	DTP01378	200 000

Project Description	Name of Supplier	Type of procurement by other means	Purchase Order / Contract Number	Value of contract R
Other				
TradeZone 2 EA amendment	Wallace and Green Pty Ltd	Multi-Source	DTP01381	192 510
Wetland study and engineering intervention report for TradeZone 2 offset areas	Ground Truth Engineering	Single Source	DTP01389	392 265
Professional engineering services for foundation information on Block D Basement piling and rock bearing capacity	Peregrine Geoconsultants	Single Source	DTP01398	357 075
Delta BEC to conduct a line of sight assessment for TradeZone 3 Development	Delta Built Environment Consultants	Single Source	TBC	59 800
Urgent repairs for the Agrilab HVAC System	Nzwalo Investments Pty Ltd t/a Lumacon Airconditioning	Single Source	P040020	32 505
Relocation of electrical cables on ERF 650 in TradeZone 1	eThekwini Municipality	Sole Source	P040296	101 286
Travel management services - 1 year	Travel with Flair Pty Ltd	Single Source	DTP01402	1 500 576
Annual service, maintenance and support of the ETV and Bridge at the Dube Cargo Terminal - 3 years	Dimos FZCO	Sole Source	DTP01438	2 275 076
Biodiversity and contamination studies for Durban Logistics Hub	JG Afrika Pty Ltd	Single Source	TBC	1 139 771
Additional earthworks for the upgrade of fire hydrants tank	Firecheck	Single Source	DTP01436	355 773
Total				R 52 893 957

Contract variations and expansions

Project Description	Name of Supplier	Contract modification type (Expansion or Variation)	Contract Number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
Cleaning and Hygiene Services for a period of three years	Meondo Holdings Pty Ltd	Expansion - Extension of Time with cost	DTP01062	12 159 052	-	2 927 140
Total				12 159 052	-	2 927 140

ANNUAL FINANCIAL STATEMENTS

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



D U B E T R A D E P O R T C O R P O R A T I O N A N N U A L R E P O R T 2 0 2 2 / 2 3

GENERAL INFORMATION

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
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Country of incorporation and domicile	South Africa
Nature of business and principal activities	Strategic planning, design, construction and operation of the Dube TradePort Project as well as other related projects
Members	Mr M Zikalala (Chairperson) Mr P Ngcobo Mrs N Moerane Mr T Ndhlovu Mr R Vallihu Ms L Ngcobo Mr L Gabela
Registered office	29 ^o South 7 Umsinsi Junction La Mercy 4399
Postal address	P.O. Box 57757 King Shaka Airport 4407
Bankers	ABSA Business Banking : Public Sector KZN
Auditors	Office of the Auditor General
Company Secretary	Ms A Easton CA (SA)

ANNUAL FINANCIAL STATEMENTS

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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 AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Board in its role as the Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated and separate 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 and separate 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 and separate 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 and separate 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 2024 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 and separate 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 and separate annual financial statements. The annual financial statements have been examined by the economic entity's external auditors and their report is presented on pages 74 to 79.

The consolidated and separate annual financial statements set out on page 82 to 147, which have been prepared on the going concern basis, were approved by the Board on 26 May 2023 and were signed on its behalf by:



Mr M Zikalala
Chairperson



Mr H Erskine
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

The members of the Audit and Risk Committee are appointed by the Dube TradePort Board. In terms of Treasury Regulations and the King IV Report on Corporate Governance, the Chairperson of the Audit and Risk Committee is independent. During the financial year ended 31 March 2023, the Audit and Risk Committee convened five times to discharge both its regulatory and governance responsibilities. Mr Vela Mtshali, term of office ended on 31 May 2022. It is noted that Mr Mtshali's term of office exceeded the term of office as required by the Audit and Risk Committee Terms of Reference by a period of three months in the period prior to the appointment of new Board and Committee members. The presence of Mr Mtshali on the Committee during the crucial review of the annual financial statements which occurs annually in May each year was deemed as essential as his accounting knowledge not only added value to the Committee by also served as significant mitigation of the risk of inaccurate or incomplete financial statements. Ms Linda Ngcobo and Mr Lucky Gabela were appointed to the committee effective 1 June 2022.

The primary role of the Audit and Risk Committee is to assist the Board in discharging its responsibilities to safeguard Dube TradePort Corporation's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. In reviewing the findings of internal audit nothing has come to the attention of the Committee to indicate any material breakdown in the internal controls including the internal financial controls of the entity. As an overview only, and not to be regarded as an exhaustive list, the Committee carried out the following duties:

- **Reviewed the Audit and Risk Committee's Term of Reference to ensure relevance.**
- **Internal Audit Function:**
 - Approved Internal Audit Plan and Budget for 2022/23;
 - Reviewed the findings of internal audit as presented at the end of each internal audit review; and
 - Met with internal audit without the presence of management.
- **External Audit Function:**
 - Reviewed and approved the Annual Report and Audited Financial Statements for the period ended 31 March 2022 for submission to the Dube TradePort Board;
 - Reviewed external audit report tabled for the period ended 31 March 2022;
 - Met with the office of the Auditor-General to ensure that there were no unresolved issues of concern;
 - Reviewed the quality and effectiveness of the external audit process;
 - Evaluated and were satisfied with the independence of the Auditor-General; and
 - Met with the office of the Auditor-General without the presence of management.
- **Risk Management and Fraud Prevention:**
 - Various financial and IT governance policies were reviewed;
 - Received information on assurance of other independent assurance

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

- **Performance Information:**

- Reviewed consolidated and separate interim financial statements for the six months ended 30 September 2022;
- Reviewed management accounts for the period under review;
- Reviewed quarterly performance reports for the period under review; and
- Reviewed progress on transformational initiatives which were measured in the B-BBEE scorecard.

In undertaking the 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 consider the Chief Financial Officer to have the required expertise and capability.

The Audit and Risk Committee is satisfied with the effectiveness of the internal audit and those functions of the partner in charge carries out, which otherwise might be undertaken by a Chief Audit Executive.

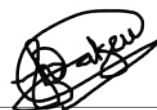
The Board report on the effectiveness of internal controls is included elsewhere in the Annual Report. The Audit and Risk Committee supports the opinion of the Board in this regard.

The Chairperson of the Audit and Risk Committee of the subsidiary, La Mercy JV Property Investments Proprietary Limited was invited to provide feedback from the meetings of the subsidiary's Audit and Risk Committee.

The Chairperson of the Audit and Risk Committee is invited to provide feedback from the Committee meetings at the subsequent meetings of the Board of Dube TradePort Corporation.

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

I look forward to our continuing journey as we work towards full compliance with the PFMA and related regulatory environment that governs a Schedule 3C public entity and the implementation of the relevant recommendations of King IV Report on Corporate Governance.



Zahid Fakey
Chairperson: Audit and Risk Committee

REPORT OF THE AUDITOR-GENERAL

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of Dube TradePort Corporation (Dube TradePort Corporation) and its subsidiary (the group) set out on pages 82 to 147, which comprise the consolidated and separate statement of financial position as at 31 March 2023, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2023 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 responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful

expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 31 to the financial statements of Dube TradePort Corporation. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

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

8. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

10. 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.
11. 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 OF THE AUDITOR-GENERAL

CONTINUED...

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Report on the annual performance report

12. 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 must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following material performance indicators related to Programme 3: Property and SEZ administration in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Indicator 3.1: Number of square meters of serviced land and bulk leased in Dube TradePort Corporation property zones;
- Indicator 3.2: Total value of new investment (capital equipment) by black-owned companies;
- Indicator 3.3: Total value of new investment (buildings) by black-owned companies; and
- Indicator 3.4: Percentage occupancy of Dube TradePort Corporation-owned buildings

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives;
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner; and
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only.

17. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting authority is responsible for the other information included in the annual report, which includes the chief executive officer's review, corporate governance report and corporate services report, report of the Board and the audit and risk committee report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

REPORT OF THE AUDITOR-GENERAL

CONTINUED...

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. The other information I obtained prior to the date of this auditor's report is the chief executive officer's review, the corporate governance report, the corporate services report, the Board report and the audit and risk committee report are expected to be made available to us after 31 July 2023.

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

29. When I do receive and read the report of the Board and the audit and risk committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

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

Material irregularities

32. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Interest and penalties incurred for non-compliance with the Value-Added-Taxation Act

33. Value-Added-Taxation (VAT) payable in respect of the June and September 2021 VAT periods was paid one day late on 31st July 2021 and 30th October 2021 respectively, resulting in a combined penalty of R2,09 million and interest of R0,20 million due to non-compliance with Section 28(1)(b) of the VAT Act, which resulted in a material financial loss of R2,11 million, as disclosed in note 31 to the annual financial statements for the year ended 31 March 2022.

34. The accounting authority was informed of the material irregularity on 20th July 2022.

35. The following actions have been taken by the accounting authority to address the material irregularity:

- Filling of vacant posts; provision of training and capacity building and regular monitoring of the SARS e-filing profile; and
- An investigation into the non-compliance was finalised and the outcomes have been implemented against the relevant official.

36. Based on my evaluation of the information and evidence provided in the accounting authority's written submission, the MI is therefore resolved.

Other report

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

Agreed-upon procedure engagement

38. An agreed-upon procedures engagement was performed on compliance with the Electronics Communications Act 2005 (Act No. 36 of 2005) relating to the universal service and access fund. The report covered the period 01 April 2021 to 31 March 2022 and was issued to the Independent Communication Authority of South Africa on 31 July 2022.

Auditor General
Pietermaritzburg
31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

CONTINUED...

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit; and
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

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 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern;

If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group to cease operating as a going concern;

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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.

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

REPORT OF THE AUDITOR-GENERAL

CONTINUED...

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
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Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and regulations and instructions issued in terms of the act	Section 51 (1)(a)(iv); 51 (1)(b)(i); 51 (1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 6.1; 16A 6.2(a) & (b); 16A 6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 7.1; 16A 7.3; 16A 7.6; 16A 7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9.1(b)(ii); 16A 9.1; 16A 9; 16A 9.1(c); 16A 9.1(d); 16A 9.1(e); 16A 9.1(f); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1 Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public service regulation	PSR 18 PSR 18 (1) and 18 (2)
Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)	Section 34(1)
Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)	Section 18(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB) Regulations	CIDB regulation 17
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the act	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4

REPORT OF THE AUDITOR-GENERAL

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DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
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Legislation	Sections or regulations
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4; 4.4(a); 4.4(c)-(d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Accounting Authority ("Board") presents its report on the activities of the group for the period ended 31 March 2023.

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

1. Legal entity, nature of business and operations

Dube TradePort Corporation is a listed Provincial Public Entity (Schedule 3C) as contemplated by the Public Finance Management Act 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 ("IDZ's"), during 2015/2016 the Special Economic Zone Act 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 and AgriZone of Dube TradePort was officially designated as a Special Economic Zone.

2. Relevant legislation governing Dube TradePort Corporation operations

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

3. Appointments and terms of office

The terms of office of Prof. Gasa-Toboti, Mr. Ngcobo, Mrs. Moerane, Mr. Ndhlovu and Mr. Zikalala ended on 31 May 2021. These terms were extended until 31 May 2022. Prof. Gasa-Toboti was not eligible to stand for

re-election as she had served two consecutive five year terms as the Chairperson of the Board. On 1 June 2022 the following appointments were made to the Board. Mr. Zikalala was appointed Chairperson, Mr. Ngcobo was re-appointed Deputy Chairperson. Mrs. Moerane, Mr. Ndhlovu, Mr. Vallihu and Mr. Nene were re-appointed to serve as Board members. Mrs. Ngcobo and Mr. Gabela were appointed as new Board members. All appointments were made for five year terms. Mr Nene subsequently resigned from the Board in January 2023.

4. Statement of responsibility

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

Dube TradePort Corporation and its subsidiary have maintained satisfactory accounting records and an effective system of internal controls (including internal financial controls) to ensure the integrity of the underlying information. Appropriate accounting policies, supported by sound material judgements and estimates, have been consistently applied. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

As part of Dube TradePort Corporation's governance process, Board members are required to disclose all interests in all investments approved and contracts awarded by Dube TradePort Corporation and any investments made by Dube TradePort Corporation. During the year under review, none of the Board members of Dube TradePort Corporation had any interest in contracts awarded by Dube TradePort Corporation.

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

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

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

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

REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

CONTINUED...

DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. Joint venture

In fulfilling one of the requirements of the Co-operation Agreement (signed by Dube TradePort Corporation and the Airports Company of South Africa SOC Limited (ACSA)) Dube TradePort Corporation entered into a Joint Venture with the ACSA, whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company). The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary. The main object of the JV Company is that of a property holding development and letting company, the intention to develop the joint venture area in accordance with the Development Framework and the master plan.

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

6. Financial results

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

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

7. Pending SEZ designation

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

8. Contingent liabilities

At the year-end, Dube TradePort Corporation was awaiting judgement in one legal matter. 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. Should the Court rule against Dube TradePort Corporation, the land will have to be returned to the plaintiff.

During 2019/2020, Dube TradePort Corporation terminated the contract of an employee. The former employee took the matter to the CCMA for arbitration. The CCMA upheld the termination. The former employee has referred the matter to the Labour Court. Should the Labour Court find against Dube TradePort Corporation, the estimated costs would be R1 647 807. During the financial year ended 31 March 2017, Dube TradePort was a victim of fraud and an amount of R1 272 838 was stolen. The alleged perpetrator has been charged and the matter will soon be heard in the High Court. Should the Court find against Dube TradePort Corporation, the costs of the opposing side are estimated at R100 000.

Dube TradePort Corporation has referred claims of negligence in a construction project against two service providers to the High Court. Should the Court find against Dube TradePort Corporation, the total costs of the opposing side in these matters are estimated at R1 000 000 in total.

9. Commitments

The Dube TradePort Corporation has entered into a number of commitments ranging from infrastructure development and construction of specialised buildings to the procurement of specialised equipment and plant. Details of these commitments are reflected in note 28 of the consolidated and separate annual financial statements.

10. Flood damage

During April 2022, extreme floods were experienced in KwaZulu-Natal. Fortunately, the infrastructure in the Dube TradePort precinct held up extremely well and only minor damage was suffered. Dube TradePort Corporation was able to assist in the flood relief efforts by allowing one of the vacant facilities to be used as storage for items being distributed to the victims of the flood.

11. Events subsequent to year-end

In April 2023, a land invasion by various community members took place on Dube TradePort Corporation's land holding on the Illovo site. Dube TradePort Corporation planned to issue an interdict to the occupiers. However, before the matter could be heard, there was a successful negotiation with the community leader and an undertaking by the community leader was made an order of court.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
		R	R	R	R
Assets					
Current Assets					
Inventories	3	502 639	352 035	502 639	352 035
Current tax receivable	13	233 887	264 514	-	-
Operating lease asset	4	8 988 761	7 532 753	8 988 761	7 532 753
Receivables from exchange transactions	5	58 502 296	31 533 048	58 548 023	31 978 489
Statutory receivables	6	11 689 592	40 888 977	11 555 712	40 680 500
Cash and cash equivalents	7	1 111 785 979	1 104 577 120	1 050 320 981	1 043 389 953
		1 191 703 154	1 185 148 447	1 129 916 116	1 123 933 730
Non-Current Assets					
Investment property	8	3 149 200 388	3 029 853 165	3 202 286 296	3 082 817 844
Property, plant and equipment	9	1 022 444 477	966 818 346	944 000 736	882 310 645
Intangible assets	10	7 538 172	7 082 689	7 538 172	7 082 689
Heritage assets	11	7 654 358	7 654 358	7 654 358	7 654 358
Investments in controlled entities	12	-	-	11 138 893	11 138 893
Deferred tax	16	56 133	46 346	-	-
Operating lease asset	4	9 659 753	18 616 063	9 619 597	18 589 802
		4 196 553 281	4 030 070 967	4 182 238 052	4 009 594 231
Total Assets		5 388 256 435	5 215 219 414	5 312 154 168	5 133 527 961
Liabilities					
Current Liabilities					
Payables from exchange transactions	14	97 921 658	103 253 059	97 467 403	102 480 310
Unspent conditional grants and receipts	15	12 825 022	14 432 920	12 825 022	14 432 920
		110 746 680	117 685 979	110 292 425	116 913 230
Non-Current Liabilities					
Provisions	17	76 635 176	34 086 111	76 073 812	33 283 851
Total Liabilities		187 381 856	151 772 090	186 366 237	150 197 081
Net Assets		5 200 874 579	5 063 447 324	5 125 787 931	4 983 330 880
Reserves					
Owner's Contribution	39	7 425 889	7 425 889	-	-
Accumulated surplus		5 243 495 412	5 107 615 674	5 125 787 931	4 983 330 880
		5 250 921 301	5 115 041 563	5 125 787 931	4 983 330 880
Non-controlling interest		(50 046 722)	(51 594 239)	-	-
Total Net Assets		5 200 874 579	5 063 447 324	5 125 787 931	4 983 330 880

* See Note 42 & 33

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

Note(s)	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Revenue				
Revenue from exchange transactions				
Rendering of services	25 951 212	16 242 850	25 951 212	16 242 850
Property rental	18 69 007 172	54 511 827	67 771 635	55 433 566
Sundry income	6 001 213	2 917 698	5 917 137	2 877 787
Interest received - investment	19 60 517 229	33 008 763	56 777 943	30 781 490
Gain on foreign exchange	-	67 567	-	67 567
Total revenue from exchange transactions	161 476 826	106 748 705	156 417 927	105 403 260
Revenue from non-exchange transactions				
Transfer revenue				
Government grants	20 426 817 463	422 767 404	426 817 463	422 767 404
Total revenue	21 588 294 289	529 516 109	583 235 390	528 170 664
Expenditure				
Employee related costs	22 136 355 484	120 756 645	136 355 484	120 756 645
Depreciation, impairments and amortisation	115 171 111	124 598 049	108 896 153	118 323 091
Finance costs	23 1 423 577	2 512 944	1 396 112	2 438 279
Loss on disposal of assets	2 898 762	2 691 315	2 898 762	2 691 315
Loss on foreign exchange	248 906	-	248 906	-
General expenses	24 194 028 110	161 932 666	190 982 920	159 372 236
Total expenditure	450 125 950	412 491 619	440 778 337	403 581 566
Surplus before taxation	138 168 339	117 024 490	142 457 053	124 589 098
Taxation	26 741 081	217 335	-	-
Surplus for the year	137 427 258	116 807 155	142 457 053	124 589 098
Attributable to:				
Owners of the controlling entity	135 879 741	113 581 060	142 457 053	124 589 098
Non-controlling interest	1 547 517	3 226 095	-	-
	137 427 258	116 807 155	142 457 053	124 589 098

* See Note 42 & 33

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	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
Economic entity					
Balance at 01 April 2021 as previously reported	7 425 889	4 994 034 611	5 001 460 500	(54 820 334)	4 946 640 166
Changes in net assets					
Surplus for the year as previously reported	-	114 422 214	114 422 214	3 226 095	117 648 309
Prior period error (refer to note 33)	-	(841 151)	(841 151)	-	(841 151)
Balance at 31 March 2022 as restated*	7 425 889	5 107 615 671	5 115 041 560	(51 594 239)	5 063 447 321
Changes in net assets					
Surplus for the year	-	135 879 741	135 879 741	1 547 517	137 427 258
Balance at 31 March 2023	7 425 889	5 243 495 412	5 250 921 301	(50 046 722)	5 200 874 579
Note(s)	39				
Controlling entity					
Balance at 01 April 2021 as previously reported	-	4 858 741 781	4 858 741 781	-	4 858 741 781
Changes in net assets					
Surplus for the year as previously reported	-	125 430 250	125 430 250	-	125 430 250
Prior period error (refer to note 33)	-	(841 151)	(841 151)	-	(841 151)
Balance at 31 March 2022 as restated*	-	4 983 330 878	4 983 330 878	-	4 983 330 878
Changes in net assets					
Surplus for the year	-	142 457 053	142 457 053	-	142 457 053
Balance at 31 March 2023	-	5 125 787 931	5 125 787 931	-	5 125 787 931
Note(s)	39				

* See Note 42 & 33

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

Note(s)	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Cash flows from operating activities				
Receipts				
Sale of goods and services	104 046 474	88 585 994	101 754 331	86 759 393
Grants	425 209 565	415 295 384	425 209 565	415 295 384
Interest income	56 743 955	32 581 932	52 938 682	30 304 431
Other receipts	5 917 137	2 808 252	5 917 137	2 808 252
	591 917 131	539 271 562	585 819 715	535 167 460
Payments				
Employee costs	(141 842 051)	(118 636 909)	(141 842 051)	(118 636 909)
Suppliers	(190 083 648)	(130 972 271)	(185 189 189)	(125 982 366)
Finance costs	(99 188)	(80 356)	(98 216)	(79 900)
Taxes on surpluses	37 (713 154)	(470 823)	-	-
	(332 738 041)	(250 160 359)	(327 129 456)	(244 699 175)
Net cash flows from operating activities	27 259 179 090	289 111 203	258 690 259	290 468 285
Cash flows from investing activities				
Purchase of property, plant and equipment	9 (15 045 879)	(14 143 602)	(14 834 880)	(14 143 603)
Proceeds from sale of property, plant and equipment	-	69 535	-	69 535
Purchase of investment property	8 (236 577 346)	(169 584 798)	(236 577 345)	(169 584 798)
Purchase of intangible assets	10 (347 006)	(546 636)	(347 006)	(546 636)
Net cash flows from investing activities	(251 970 231)	(184 205 501)	(251 759 231)	(184 205 502)
Net increase in cash and cash equivalents	7 208 859	104 905 702	6 931 028	106 262 783
Cash and cash equivalents at the beginning of the year	1 104 577 120	999 671 418	1 043 389 953	937 127 170
Cash and cash equivalents at the end of the year	7 1 111 785 979	1 104 577 120	1 050 320 981	1 043 389 953

* See Note 42 & 33

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Economic entity						
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Rendering of services	135 095 455	15 430 657	150 526 112	170 580 959	20 054 847	1
Revenue from non-exchange transactions						
Government grants & subsidies	488 991 000	-	488 991 000	488 991 000	-	
Roll-over	-	384 428 348	384 428 348	384 428 348	-	
Total revenue from non-exchange transactions	488 991 000	384 428 348	873 419 348	873 419 348	-	
Total revenue	624 086 455	399 859 005	1 023 945 460	1 044 000 307	20 054 847	
Expenditure						
Compensation of employees	147 664 068	6 434 878	154 098 946	135 036 293	(19 062 653)	2
Computer services	18 635 102	(4 541 272)	14 093 830	9 575 431	(4 518 399)	4
Consultants, contractors and special services	68 016 897	5 292 616	73 309 513	29 445 373	(43 864 140)	5
Maintenance, repairs and running costs	178 567 061	25 203 016	203 770 077	180 574 167	(23 195 910)	6
Operating leases	2 316 049	(426 743)	1 889 306	1 050 104	(839 202)	7
Travel and subsistence	1 766 624	33 454	1 800 078	1 207 805	(592 273)	8
Advertising	11 367 364	(1 408 837)	9 958 527	1 660 201	(8 298 326)	9
Training	4 182 903	156 320	4 339 223	2 422 070	(1 917 153)	10
Buildings and structures (capital)	135 918 004	379 616 164	515 534 168	415 851 097	(99 683 071)	11
Machinery and equipment (capital)	51 509 023	(11 600 592)	39 908 431	15 084 981	(24 823 450)	12
Software and other intangible assets (capital)	2 300 000	1 100 000	3 400 000	404 946	(2 995 054)	13
Communication	1 843 360	-	1 843 360	544 156	(1 299 204)	3
Total expenditure	624 086 455	399 859 004	1 023 945 459	792 856 624	(231 088 835)	
La Mercy JV Property	-	-	-	-	-	
Investments Proprietary Limited						
Total Revenue	6 603 075	(412 163)	6 190 912	6 097 415	(93 497)	14
Total Expenditure	26 905 680	(21 897 858)	5 007 822	5 819 585	811 763	15
Net Surplus	(20 302 605)	21 485 695	1 183 090	251 421 512	250 238 422	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CONTINUED...

FOR THE YEAR ENDED 31 MARCH 2023

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Controlling entity						
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Rendering of services	135 095 455	15 430 657	150 526 112	170 580 959	20 054 847	1
Revenue from non-exchange transactions						
Government grants & subsidies	488 991 000	-	488 991 000	488 991 000	-	
Roll-over	-	384 428 348	384 428 348	384 428 348	-	
Total revenue from non-exchange transactions	488 991 000	384 428 348	873 419 348	873 419 348	-	
	624 086 455	399 859 005	1 023 945 460	1 044 000 307	20 054 847	
Expenditure						
Compensation of employees	147 664 068	6 434 878	154 098 946	135 036 293	(19 062 653)	2
Computer services	18 635 102	(4 541 272)	14 093 830	9 575 431	(4 518 399)	4
Consultants, contractors and special services	68 016 897	5 292 616	73 309 513	29 445 373	(43 864 140)	5
Maintenance, repairs and running costs	178 567 061	25 203 016	203 770 077	180 574 167	(23 195 910)	6
Operating leases	2 316 049	(426 743)	1 889 306	1 050 104	(839 202)	7
Travel and subsistence	1 766 624	33 454	1 800 078	1 207 805	(592 273)	8
Advertising	11 367 364	(1 408 837)	9 958 527	1 660 201	(8 298 326)	9
Training	4 182 903	156 320	4 339 223	2 422 070	(1 917 153)	10
Buildings and structures (capital)	135 918 004	379 616 164	515 534 168	415 851 097	(99 683 071)	11
Machinery and equipment (capital)	51 509 023	(11 600 592)	39 908 431	15 084 981	(24 823 450)	12
Software and other intangible assets (capital)	2 300 000	1 100 000	3 400 000	404 946	(2 995 054)	13
Communication	1 843 360	-	1 843 360	544 156	(1 299 204)	3
Total expenditure	624 086 455	399 859 004	1 023 945 459	792 856 624	(231 088 835)	
Net Surplus	-	-	-	251 143 682	251 143 682	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CONTINUED...

FOR THE YEAR ENDED 31 MARCH 2023

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

Dube TradePort Corporation-Controlling entity

1. Revenue: The air cargo industry has recovered faster than expected, with Emirates, Qatar and Turkish airlines flying via King Shaka International Airport. This has increased cargo revenues. In addition, Dube Cargo Terminal started handling domestic cargo during this year; a long outstanding VAT refund was received from SARS on land that was purchased a number of years ago; and interest rates have increased significantly over the year.
2. Compensation of employees: The budget included a provision for performance bonuses that will not be paid out. Provision was also made for some new posts to be filled from the new organisational structure, however, as the new structure was only approved in January 2023, approval to fill these posts was not received before year end.
3. Communication: Dube TradePort Corporation's broadband costs and telephone usage were lower than expected.
4. Computer services: Invoices are outstanding from some service providers. The cost of Microsoft licences was lower than expected as a discount was obtained and licensing of some additional Microsoft services was put on hold pending an analysis of the options available in the market for similar services. The procurement of various IT consumables was also not completed before year end as the terms of reference was amended to combine a number of smaller procurements into one.
5. Consultants, contractors and special services: Invoices were outstanding from some service providers at year end. Some service contracts are deliverable based and will therefore only be paid once the deliverables have been completed. Various procurements for consultants were either not submitted or not completed in time for spending to take place within the financial year. These included the design of a building management system, alien clearing on various Dube TradePort Corporation land parcels, and township establishment services for the ASP on the Durban Logistics Hub site. No appeals that required litigation were received against the SCM process this year, and no significant legal action was taken or defended against within the financial year.
6. Maintenance, repairs and running costs: Invoices were outstanding from some service providers at year end and therefore will only be paid in the 2023/24 financial year. Less building and equipment maintenance was required across the precinct during the year than was initially anticipated.
7. Operating leases: Rental of printers was lower than budgeted as a transversal contract was used instead of going out to the market.
8. Travel and subsistence: Fewer international trips took place this year than planned. Some travel is linked to training interventions, therefore less travel was required as some planned training did not take place.
9. Advertising: Dube TradePort Corporation's contract with an advertising agency was cancelled during the year at the service provider's request. This meant that some marketing projects were done in-house, while others were postponed until a new agency is procured.
10. Training: While essential training interventions were completed, the overall quantum of training that took place during the year was less than initially planned.
11. Buildings and other fixed structures: The purchase of buildings from a tenant in Dube TradeZone 1 was not approved by Dube TradePort Corporation's Board. Procurements for a road rehabilitation project and construction of a warehouse on Erf 771 in Dube TradeZone 2 are still in progress.
12. Machinery and equipment: Less IT hardware and network equipment was needed during the year as this is dependent on when buildings go up in the various TradeZones. Procurement of greenhouse screens is in progress, while bulk fuel auto shut-off valves, office furniture, and security equipment were not procured.
13. Software and other intangible assets: The procurement of a cargo warehouse management system was unsuccessful and had to be restarted as the bids received did not meet the requirements of the tender. This system falls within a niche international market, which limits the number of suitable service providers and increases the risk of bids not adequately addressing Dube TradePort Corporation's requirements. This has delayed the planned spend on this project.

La Mercy JV Property Investment Proprietary Limited

14. The material difference between actual revenue and final budgeted amount was due to the following:
 - There were no recoveries from the Design Review panel applications as the panel was not operational for most of the financial year.
15. The material difference between actual expenditure and budgeted amounts arose due to the following:
 - Higher interest income and lower tax-deductible expenditure incurred in the current year resulting in higher taxes payable in the current year.
 - The ten-year business plan was finalised in the current year and some of the prior year amounts were paid in the current year.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CONTINUED...

FOR THE YEAR ENDED 31 MARCH 2023

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

Dube TradePort Corporation - Controlling entity

Revenue: The revenue budget was increased to take into account the funds approved for roll-over / retention from the 2021/22 financial year. In addition, the budget for cargo handling revenue was increased to partially take into account the effect of the increased cargo volumes through the Dube Cargo Terminal, and interest revenue was also increased as a result of increased interest rates earned on surplus funds held.

Expenditure: The majority of the adjustments made were to take into account accruals from the previous year that were paid during 2022/23, from the funds rolled over from 2021/22. The budget for various items where the procurements were considered unlikely to be completed in time for the spend to take place within the financial year (e.g. CCTV and access control equipment, replacement of chiller coils at the Dube AgriZone, spatial planning for Dube TradeZone 5, the development of an implementation plan for the Durban Aerotropolis project, and various maintenance activities) was reallocated to construction projects for the warehouses to be constructed in Dube TradeZone 2. The budget for municipal rates was also increased, as property values across the precinct increased following the reassessment of these values by the municipality.

La Mercy JV Property Investment Proprietary Limited

Changes from the approved budget to the final budget

Budget adjustments approved by the Board for the current period in respect of the income budget arose from the following:

- The interest rate has increased and reduced spending has resulted in more surplus funds being available for investment in short term deposit accounts.
- Levies for the last quarter of 2022 financial year were paid in the current year.
- There is no tender income as no new tenders were issued during this financial year.
- Delays in spending and in acquiring the offset land resulted in reduced VAT refund claims.

Budget adjustments approved by the Board for the current period in respect of the expenditure budget arose from the following:

- There were no advertising costs incurred in the current year.

- The appointment of a service provider for alien clearing services and ecologist was delayed as the combined procurement approach of the company and its shareholders proved to be more challenging than anticipated due to the different governance structures surrounding each of the entities. Both contracts are scheduled for completion in the first quarter of 2023.
- There were no expert opinions or land valuations required.
- The procurement of the waste and storm water management plans and the perimeter lighting for Support Zone 2, professional fees for SZ1b and SZ2 planning applications, the feasibility study for eco-tourism opportunities, the advertising masterplan and development of a brand identity and brand manual were placed on hold pending the finalisation of the new SCM Policy's alignment with the 2022 PPPFA Regulations, effective in January 2023.
- The payment plan for the review of the Masterplan and Development framework plan has been revised due to the alignment of the masterplan to the completion of the ten-year business plan.
- There were no complex tax or accounting transactions requiring expert opinions.
- The procurement for the development of the Support Zone 2 rehabilitation plan must be deferred until the offset land is secured.
- The procurement for the independent specialist to determine the cost split for the delineated portions of land was not successful as a suitably qualified service provider could not be sourced. Additional demand management was done to source this specialist technical capability and the invitations to quote are being sourced from the market.
- There were delays in the validation and payment of management association costs, costs from October 2021 to March 2022 were paid in the current financial year.
- Lower taxes were paid as first provisional tax for the 2023 year as there was an expectation that the procurement of the alien clearing services which is deductible expenditure for tax purposes will be finalized during the current financial year.
- Capital expenditure (Support Zone 2 Infrastructure assets) has been deferred to the following financial year. A phased approach to developing SZ2 will be taken having considered the company's funding availability. The identification of suitable land for offset has not been concluded in the current year.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

1. Accounting Policies

Presentation of Consolidated and Separate Financial Statements

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

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

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

Accrual basis

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

Offsetting

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

Adoption of IFRS

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

1.1 Going concern assumption

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

1.2 Consolidated and separate financial statements

Consolidated financial statements are the financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

Separate financial statements

Separate financial statements are those presented by an entity, in which the entity could elect, subject to the requirements in this Standard, to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the Standard of GRAP on Financial Instruments (GRAP 104) or using the equity method as described in the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

Basis of consolidation

The basis of consolidation stems from, one entity (the controlling entity) in the group having control over one or more other entities.

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

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

Adjustments are made when necessary to the consolidated and separate financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

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

1.3 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions and other receivables

Management assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. When default judgement is received against a debtor or if the cost incurred to pursue the legal process to recover the debt outweighs the benefit, the entity will then follow the necessary process to write-off the debt.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.3 Significant judgements and sources of estimation uncertainty (continued)

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

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

Impairment testing

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Review of residual values and useful lives

Management reviews the useful lives and residual values of all assets on a yearly basis. Management applies judgement in determining if these remain reasonable or need to be reassessed. If reassessment is required, this change is accounted for in the current and future periods and treated as a change in estimate. Refer to note 34.

1.4 Investment property

Investment property is cash generating property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or
- administrative purposes; or
- sale in the ordinary course of operations.

Initial recognition

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

Initial measurement

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

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

Environmental rehabilitation costs

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

Subsequent measurement

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Work-in-progress

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

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

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated on a straight-line basis.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property. The useful lives of Investment property have been revised during the year and assessed as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	5 - 60 years

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

Derecognition

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

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

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

- a change in significant components of the asset;
- a change in the use of the asset;
- an intention changed to dispose in the future;
- technological, environmental, commercial or any other changes that may change the use of the asset;
- legal or similar limits placed on the asset;
- the asset being idle or retired from use;
- the useful life of the asset expiring;
- planned repairs, maintenance or refurbishment;
- environmental factors; or
- conditional assessment of the asset.

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

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current and non-cash generating assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Initial recognition

Property, plant and equipment is initially measured at cost.

Initial measurement

The cost of an item of property, plant and equipment is equal to the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to operate in the manner intended by management. Trade discounts and rebates are deducted in calculating the cost.

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

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

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

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

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

Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or service potential associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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

Work-in-progress

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.5 Property, plant and equipment (continued)

Environmental rehabilitation costs

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

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

Infrastructure assets

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

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 asset.

Derecognition of property, plant and equipment

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

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	5 - 60 years
Plant and machinery	Straight line	5 - 20 years
Furniture and fixtures	Straight line	3 - 30 years
Motor vehicles	Straight line	5 - 10 years
Equipment	Straight line	2 - 50 years
IT equipment	Straight line	3 - 30 years
Infrastructure	Straight line	5 - 60 years
Community assets	Straight line	12 - 20 years

At each reporting date, the residual value and useful lives of each asset are reviewed to assess if expectations have changed since the preceding reporting date. If any such indication exists the expected useful lives and residual values are revised and shall be accounted for as a change in accounting estimates.

Property, plant and equipment is depreciated on a straight line basis.

The depreciation charge for each period is recognised in surplus or deficit.

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

- a change in significant components of the asset;
- the change in use of the asset;
- the intention changed to dispose in the future
- technological, environmental, commercial or any other changes that may change the use of the asset;
- legal or similar limits placed on the asset;
- the asset being idle or retired from use;
- the useful life of the asset expiring;
- planned repairs, maintenance or refurbishment;
- environmental factors; or
- conditional assessment of the asset.

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

1.6 Intangible assets

An intangible asset is identifiable if it:

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

Initial Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.6 Intangible assets (continued)

Initial measurement

Intangible assets are initially measured at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

The amortisation period and the amortisation method for intangible assets are reviewed at financial year end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The useful lives of Intangible assets have been revised during the year and assessed as follows:

Item	Amortisation method	Average useful life
Licenses	Straight line	Indefinite
Other		

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 asset.

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 assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and lease-back).

1.7 Heritage assets

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

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 heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.8 Investments in controlled entities

Controlling entity consolidated and separate 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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.8 Investments in controlled entities (continued)

The controlled entity is the La Mercy JV Property Investments Pty Limited. The entity owns a 60% shareholding in the investment and has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities and fulfil its mandate.

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 (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Interest receivable	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables	Financial liability measured at amortised cost

Cash and cash equivalents are measured at amortised cost.

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

Amounts held in trust accounts reflect contractual obligations relating to capital projects and guarantees. Refer to note 7.

Deposits are upfront payments made to municipality for initial connection of services such as electricity and water. Deposits are refundable when services are disconnected or applied against any amounts in arrears.

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.9 Financial instruments (continued)

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

The entity derecognises a financial asset only when:

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

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

Financial liabilities

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.10 Statutory receivables Identification (continued)

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The economic entity recognises statutory receivables as follows:

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

Initial measurement

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

Subsequent measurement

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

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Refer to notes 1.11 and 1.20.

1.11 Tax

Current tax assets and liabilities

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

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

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

Deferred tax assets and liabilities

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

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

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

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

Income tax

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

Value Added Tax

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

CONTINUED...

1.12 Leases

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

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

Operating leases - lessor

Operating lease revenue is recognised on a straight-line basis over the lease term.

The difference between the amounts recognised as income and the contractual amounts receivable over the lease term are recognised as an operating lease asset or liability.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Inventories

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

Subsequently, inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of 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 specific identification of cost per item. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

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

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

Refer to note 42.

1.14 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher 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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

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1.14 Impairment of cash-generating assets (continued)

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

Value in use

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

1.15 Impairment of non-cash generating assets

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

Identification

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

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

The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use

The value in use of non-cash generating asset is the present value of the non-cash generating asset remaining service potential.

The present value of the remaining service potential of a non-cash generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Restoration cost approach

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

Service units approach

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

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1.16 Commitments

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

Refer to note 28.

1.17 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Defined contribution plans

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

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

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

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

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to 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.

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ACCOUNTING POLICIES

CONTINUED...

1.18 Provisions and contingencies (continued)

Contingent assets and liabilities are not recognised, however it is disclosed in the notes to the financial statements. Refer to note 17.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax.

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

Rentals

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

Rendering of revenue generating services

Rendering of revenue generating services include the following:

- supply of IT services (include the rental of telephone handsets) within the Dube TradePort precinct; and
- cargo handling services.

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;

- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Service revenue is recognised only once the service is rendered.

Sale of plants

Sale of plants includes the following:

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

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

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

Finance income

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

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

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

1.20 Revenue from non-exchange transactions

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

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

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ACCOUNTING POLICIES

CONTINUED...

1.20 Revenue from non-exchange transactions (continued)

Government grants

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

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability (unspent conditional grants and receipts). Where a liability (unspent conditional grants and receipts) is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability (unspent conditional grants and receipts) is subsequently reduced, because a condition is satisfied, the reduction in the liability (unspent conditional grants and receipts) is recognised as revenue.

1.21 Cost of sales

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

1.22 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount.

Exchange differences arising on the settlement of monetary items or on

translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate financial statements are recognised in surplus or deficit in the period in which they arise.

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

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

1.23 Comparative figures

Comparative information represents the results of the twelve months ended 31 March 2022 which were presented on the same basis as the previous year.

Where necessary, comparative figures have been restated due to prior period adjustments.

Refer to note 33.

1.24 Fruitless and wasteful expenditure

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

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

Refer to note 31.

1.25 Irregular expenditure

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNTING POLICIES

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1.25 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial period 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 period and is only condoned in the following financial period, the occurrence is reflected in the notes to the financial statements.

Refer to note 31.

1.26 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

Refer to note 36.

1.27 Budget information

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

The budget information prepared in the consolidated and separate financial statements relates to Dube TradePort Corporation and the La Mercy JV Property Investments Proprietary Limited.

The approved budget covers the fiscal period from 01 March 2022 to 31 March 2023.

The consolidated and separate financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Variances between budget and actual amounts greater than 10% is considered to be material and explanations provided for disclosure purposes.

Comparative information is not required.

1.28 Related parties

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

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

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

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that entity's management in their dealings with the economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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ACCOUNTING POLICIES

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1.28 Related parties (continued)

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

Refer to note 29.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.30 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an economic entity of the biological transformation and harvest of biological assets for:

- sale;
- distribution at no charge or for a nominal charge; or
- conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the consolidated and separate financial statements.

The residual value of an asset is the estimated amount that an economic entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an economic entity, or the number of production or similar units expected to be obtained from the asset by an economic entity.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the consolidated and separate financial statements.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Where the economic entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the consolidated and separate financial statements.

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CONTINUED...

1.30 Living and non-living resources (continued)

Where the economic entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the consolidated and separate financial statements. When the information about the cost or fair value of the living resource becomes available, the economic entity recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

1.31 General Expenses

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Only Standards and Interpretations applicable or relevant to the entity are disclosed below:

GRAP 104 : Financial Instruments (revised)

The effective date is 01 April 2025.

The entity expects to adopt the standard for the first time when the standard becomes effective.

It is likely that the standard will have a material impact on the entity's financial statements.

GRAP 25 : Employee Benefits (revised)

The effective date is 01 April 2023.

The entity expects to adopt the standard for the first time when the standard becomes effective.

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

Amendments to GRAP 1 on Presentation of Financial Statements (2019)

The effective date is 01 April 2023.

The entity expects to adopt the standard for the first time when the standard becomes effective.

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

Improvements to Standards of GRAP (2020)

The effective date is 01 April 2023.

The entity expects to adopt the standard for the first time when the standard becomes effective.

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

IGRAP 21 - The effect of Past Decisions on Materiality

The effective date is 01 April 2023.

The entity expects to adopt the standard for the first time when the standard becomes effective.

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

Guideline on the Application of Materiality to financial statements

The effective date of the guideline has not yet been set by the Minister of Finance.

The entity expects to adopt this guideline for the first time when the Minister sets the effective date.

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

2.2 Standards and interpretations not yet approved

Only Standards and Interpretations applicable or relevant to the entity are disclosed below:

GRAP 103 - Heritage Assets (revised)

The effective date of the standard has not yet been set by the Minister of Finance.

The entity expects to adopt this standard for the first time when the Minister sets the effective date.

An assessment will be performed to determine the impact on the entity's financial statements once the effective date is set by the Minister.

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3. Inventories

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Finished goods	502 639	352 035	502 639	352 035

Inventory consists of telephone handsets that Dube IConnect rents out to tenants.

4. Operating lease asset

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Non-current assets	9 659 753	18 616 063	9 619 597	18 589 802
Current assets	8 988 761	7 532 753	8 988 761	7 532 753
	18 648 514	26 148 816	18 608 358	26 122 555
Straight Lining				
Opening balance	26 148 816	39 592 934	26 122 555	39 592 934
Straight-line for the year	(7 500 302)	(13 444 118)	(7 514 197)	(13 470 379)
	18 648 514	26 148 816	18 608 358	26 122 555

Dube TradePort Corporation has entered into numerous operating lease agreements with tenants to generate rental income. The nature of the assets subject to the operating leases are land and buildings disclosed as Investment Property. The leasing of land includes development leases, sugar cane farming leases and buildings leased out to tenants. (Refer to note 8 for details of land and buildings).

Included in the above lease smoothing calculation are 49 year development leases which were straight-lined over a lesser period. The leases have not been straight-lined over the entire lease term due to the review of rentals and escalations occurring at ten year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals. (Refer to note 28).

5. Receivables from exchange transactions

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Trade and other receivables	14 764 888	11 944 661	14 979 991	12 883 941
Deposits	4 393 129	4 386 529	4 393 129	4 386 529
Interest receivable	6 744 046	3 204 635	6 620 221	2 780 960
Deposit guarantees held by third parties	10 302 734	5 062 888	10 302 734	5 062 888
Prepaid expenses	22 222 600	6 828 935	22 222 600	6 801 237
Payroll recoveries	74 899	105 400	29 348	62 934
Total	58 502 296	31 533 048	58 548 023	31 978 489

* See Note 42 & 33

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FOR THE YEAR ENDED 31 MARCH 2023

5. Receivables from exchange transactions (continued)

The amount relating to VAT receivable was previously included in the Receivables from exchange transactions note. In the current year, VAT receivable is separately disclosed under Statutory receivables note to align with the reporting requirements

The significant increase in prepaid expenses is as a result of the change in the billing method for the rates accounts from monthly to annual by the municipality.

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Trade and other receivables				
Trade and other receivables	32 151 068	23 453 613	32 366 171	24 392 893
Less: Allowance for doubtful debts	(17 386 180)	(11 508 952)	(17 386 180)	(11 508 952)
	14 764 888	11 944 661	14 979 991	12 883 941
Analysis for allowance of doubtful debts				
Opening balance	11 508 952	7 769 823	11 508 952	7 769 823
Add : Allowance increased during the year	5 877 228	3 739 129	5 877 228	3 739 129
	17 386 180	11 508 952	17 386 180	11 508 952

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 2023, R14 764 888 (2022: R11 944 661) were past due but not impaired.

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

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
1 month past due	5 469 099	3 485 223	5 684 202	4 424 503
2 months past due	2 519 640	946 834	2 519 640	946 834
3 months past due	6 776 149	7 512 604	6 776 149	7 512 604

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

5. Receivables from exchange transactions (continued)

As of 31 March 2023, trade and other receivables of R17 386 180 (2022: R11 508 952) were impaired and provided for. The ageing of these trade and other receivables is as follows:

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
3 to 6 months	2 976 982	2 679 946	2 976 982	2 679 946
Over 6 months	14 409 198	8 829 006	14 409 198	8 829 006

The factors used to determine the impairment of trade and other receivables is based on the individual assessment of debtors who have long outstanding debt and have indicated financial difficulties in settling their debt.

6. Statutory receivables

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Statutory receivable - VAT	11 689 592	40 888 977	11 555 712	40 680 500

The amount relating to VAT receivable was previously included in the Receivables from exchange transactions note. In the current year, VAT receivable is separately disclosed under Statutory receivables note to align with the reporting requirements.

Long outstanding VAT refunds were received from SARS during the current financial year.

7. Cash and cash equivalents

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Cash and cash equivalents consist of:				
Cash on hand	12 473	25 000	12 473	25 000
Bank balances	312 615 431	444 239 389	251 150 433	383 052 222
Deposits held on behalf of third parties	12 470 882	11 542 273	12 470 882	11 542 273
Amounts held in trust accounts	786 687 193	648 770 458	786 687 193	648 770 458
	1 111 785 979	1 104 577 120	1 050 320 981	1 043 389 953

The bank balance figure includes the amount relating to the unspent conditional grants (refer to note 15).

The amounts held in trust accounts reflect contractual obligations relating mainly to the infrastructure and construction projects. These amounts are ringfenced and are committed towards specific projects. Included in the trust accounts is an amount of R3 000 000, which is held as a SARS guarantee for Dube Cargo Terminal. Deposits held on behalf of third parties relate to tenant deposits and retentions.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property

	2023			2022 Restated*		
	Cost / Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost / Valuation R	Accumulated depreciation and accumulated impairment R	Carrying value R
Economic entity						
Investment property	3 425 069 720	(275 869 332)	3 149 200 388	3 301 590 596	(271 737 431)	3 029 853 165
Controlling entity						
Investment property	3 478 155 628	(275 869 332)	3 202 286 296	3 354 555 275	(271 737 431)	3 082 817 844

Reconciliation of investment property - Economic entity - 2023

	Opening balance R	Additions R	Work-in-progress R	Additions resulting from the rehabilitation provision R	Transfers between classes R	Depreciation R	Total R
Investment property	3 029 853 165	4 133 898	232 443 447	41 537 084	(119 443 737)	(39 323 469)	3 149 200 388

Reconciliation of investment property - Economic entity - 2022 Restated*

	Opening balance R	Additions R	Work-in-progress R	Additions resulting from the rehabilitation provision R	Disposals R	Change in estimate R	Prior period error (Refer to note 33) R	Depreciation R	Total R
Investment property	2 893 567 978	1 787 281	167 797 516	5 501 849	(386 639)	6 937	(1 073 857)	(37 347 900)	3 029 853 165

* The prior period amounts have been restated (Refer to note 33)

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Reconciliation of investment property -
Controlling entity - 2023

Investment property

Opening balance	Additions	Work-in-progress	Additions resulting from the rehabilitation provision	Transfers between classes	Depreciation	Total
R	R	R	R	R	R	R
3 082 817 844	4 133 898	232 443 447	41 658 313	(119 443 737)	(39 323 469)	3 202 286 296

Reconciliation of investment property -
Controlling entity - 2022
Restated *

Opening balance	Additions	Work-in-progress	Additions resulting from the rehabilitation provision	Disposals	Change in estimate	Prior period error (Refer to note 33)	Depreciation	Total
R	R	R	R	R	R	R	R	R
2 946 605 038	1 787 282	167 797 516	5 429 468	(386 639)	6 937	(1 073 857)	(37 347 901)	3 082 817 844

* The prior period amounts have been restated (Refer to note 33)

During the current financial year, an asset with a carrying amount of R119 443 737 was reclassified from Investment property to Property, plant and equipment under the Buildings class as a result of a change in use.

Pledged as security

There were no investment property pledged as security in the current year.

Investment property in the process of being constructed or developed

Opening balance

Additions

Transferred to completed items

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
105 415 759	34 243 185	105 245 828	34 037 255
232 443 447	167 797 516	232 443 447	167 797 516
(25 174 625)	(96 588 942)	(25 174 625)	(96 588 943)
312 684 581	105 451 759	312 514 650	105 245 828

Included in the investment property balances is non-depreciable land valued at R1 609 918 689 (2022: R1 609 918 689).

Details of property

La Mercy Land (Portions 5 & 9)

This comprises the purchase of subdivisions 5 and 9 in the extent of 302.9605 hectares, held under Title Deed No. T3842/2010 of the Farm La Mercy Airport No. 15124

- Purchase price

- Subsequent expenditure

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
904 761 397	802 846 008	904 761 397	802 846 008
70 474 148	101 915 389	70 474 148	101 915 389
975 235 545	904 761 397	975 235 545	904 761 397

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Klipfontein Farm

Remainder of portion 77 of the Farm Klipfontein formerly known as portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 56.42 hectares held under Title Deed No. T3464/2010.

- Purchase price

Mount Moreland

Erf 1000 Mt Moreland in the extent of 408.6977 hectares held under Title Deed No. T348/2014.

- Purchase price

Ilovo Farm

Remainder of Farm Ilovo 16946 in the extent of 825.96 hectares held under Title Deed No. T012751/2016

- Purchase price

Cottonlands Farm

Portion 139 of the Farm Cottonlands No 1575, in extent 40.9745 hectares held under Title Deed No. T30476/2019

- Purchase price

Cottonlands Farm

Portion 1239 (of 1220) of the Farm Cottonlands No. 1575 under Title Deed No. T25701/2020

- Purchase price

Cottonlands Farm

Remainder of Portion 141 of Farm Cottonlands No. 1575

- Purchase price

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
123 733 875	123 733 875	123 733 875	123 733 875
360 416 772	360 416 772	360 416 772	360 416 772
178 376 484	178 376 484	178 376 484	178 376 484
11 472 860	11 472 860	11 472 860	11 472 860
18 591 747	18 591 747	18 591 747	18 591 747
11 454 365	11 454 365	11 454 365	11 454 365

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Cottonlands Farm
Portion 2026 (of 1240) of the Farm
Cottonlands No. 1575 held under Title
Deed No. T26176/2020

- Purchase price

Cottonlands Farm
Remainder of Portion 267, 314 (of 272) and 1219
(of 321) of the Farm Cottonlands No. 1575 in
extent of 150.419 hectares held under Title Deed
No. T38380/2002.

- Purchase price

Dube City
Erven 594, 595, 597, 600, 601, 602, 603 and 608,
La Mercy, Registration Division FU, KZN

- Purchase price

Cottonlands Farm
Remainder of Portion 1240 of 1220 and Portion 1970 of
1220 of the Farm Cottonlands, in the extent of 156.0474
hectares, held under Title Deed No. T18280/2015

- Purchase price

Cottonlands Farm
Remainder of Portion 1220 of the Farm
Cottonlands No. 1575, in the extent of
172.3491 hectares, held under Title Deed No.
T16581/2012.

- Purchase price

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
12 114 205	12 114 205	12 114 205	12 114 205
104 746 158	104 746 158	104 746 158	104 746 158
2 955	2 955	58 294 105	58 294 105
135 295 560	135 295 560	135 295 560	135 295 560
90 045 830	90 045 830	90 045 830	90 045 830

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Cottonlands Farm

Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575, in extent of 109.2539 hectares held under Title Deed No. T8966/2013.

- Purchase price

TradeHouse Building

Construction cost

Canteen

Valuable Cargo Building

Construction cost

Dube AgriZone Buildings Construction cost:

Greenhouse C

Greenhouse A

Greenhouse D

Distribution Centre

Packhouse A

Packhouse C

Packhouse D

Canteen

Subsequent Expenditure

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
- Purchase price	67 691 763	67 691 763	67 691 763	67 691 763
TradeHouse Building				
Construction cost	132 584 003	132 584 003	132 584 003	132 584 003
Canteen	5 351 102	5 351 102	5 351 102	5 351 102
	137 935 105	137 935 105	137 935 105	137 935 105
Valuable Cargo Building				
Construction cost	24 213 309	24 213 309	24 213 309	24 213 309
Dube AgriZone Buildings Construction cost:				
Greenhouse C	177 804 830	177 804 830	177 804 830	177 804 830
Greenhouse A	83 585 610	83 585 610	83 585 610	83 585 610
Greenhouse D	109 427 251	109 427 251	109 427 251	109 427 251
Distribution Centre	47 326 788	47 326 788	47 326 788	47 326 788
Packhouse A	6 641 289	6 641 289	6 641 289	6 641 289
Packhouse C	27 415 455	27 415 455	27 415 455	27 415 455
Packhouse D	25 455 057	25 455 057	25 455 057	25 455 057
Canteen	2 623 411	2 623 411	2 623 411	2 623 411
Subsequent Expenditure	1 421 358	-	1 421 358	-
	481 701 049	480 279 691	481 701 049	480 279 691

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Airchefs Building

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Construction cost	29 973 136	29 973 136	29 973 136	29 973 136
Subsequent expenditure	37 209	37 209	37 209	37 209
	30 010 345	30 010 345	30 010 345	30 010 345
Gift of the Givers Building				
Construction cost	14 900 128	14 900 128	14 900 128	14 900 128
TradeZone Guardhouse				
Construction cost	13 233 116	13 233 116	13 233 116	13 233 116
Mini Factories				
Construction cost	101 958 425	101 416 816	101 958 425	101 416 816
Subsequent expenditure	-	541 609	-	541 609
	101 958 425	101 958 425	101 958 425	101 958 425
Sky Aviation				
Construction cost	14 148 395	14 089 883	14 148 395	14 089 883
Subsequent expenditure	89 423	58 512	89 423	58 512
	14 237 818	14 148 395	14 237 818	14 148 395

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Investment property (continued)

Double Basement

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Construction cost	202 264 583	201 767 585	202 264 583	201 767 585
Subsequent expenditure	366 057	496 998	366 057	496 998
	202 630 640	202 264 583	202 630 640	202 264 583
La Mercy (Portion 4, 6, 8, 10 and 11)				
Purchase price	340 133	340 133	-	-
Work-in-progress	205 927	205 927	-	-
Capitalised expenditure	4 659 182	4 780 411	-	-
	5 205 242	5 326 471	-	-

The Board has approved the sale of 807.8 square metres of land in Dube city and a 3 metre servitude of approx. 990.5 square metres in Dube city to DubeTradePort Corporation for R1 260 000 excluding VAT. The properties have been subdivided and consolidated and registration is in progress.

The following amounts have been recognised in surplus and deficit for investment properties

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Rental revenue from investment properties	72 702 060	66 028 367	72 312 256	65 629 395
Repairs and maintenance	(656 915)	(649 131)	(656 915)	(649 131)
Direct operating expenses	(45 091 368)	(29 968 842)	(44 370 016)	(29 296 351)
	26 953 777	35 410 394	27 285 325	35 683 913

Included in the above figures are expenditure for direct operating costs incurred for the year of R98 754 which relates to property that did not generate revenue.

The total contractual obligations relating to investment properties for repairs and maintenance amounts to R51 890 516 (2022: R52 438 982).

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment

Economic entity

	2023			2022 Restated*		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land	111 253 522	-	111 253 522	111 253 522	-	111 253 522
Buildings	691 545 397	(335 882 678)	355 662 719	534 488 097	(286 023 705)	248 464 392
Plant and machinery	23 143 821	(19 905 148)	3 238 673	23 143 821	(18 963 287)	4 180 534
Furniture and fixtures	28 943 648	(21 241 728)	7 701 920	28 559 462	(22 455 018)	6 104 444
Motor vehicles	17 007 253	(15 231 539)	1 775 714	17 007 253	(14 846 009)	2 161 244
Equipment	381 809 625	(308 683 665)	73 125 960	386 710 999	(297 336 127)	89 374 872
IT equipment	103 508 482	(67 508 485)	35 999 997	97 232 768	(57 431 668)	39 801 100
Infrastructure	880 983 178	(448 043 814)	432 939 364	877 915 113	(413 229 021)	464 686 092
Community assets	1 106 280	(359 672)	746 608	1 106 280	(314 134)	792 146
Total	2 239 301 206	(1 216 856 729)	1 022 444 477	2 077 417 315	(1 110 598 969)	966 818 346
Controlling entity						
Land	111 250 987	-	111 250 987	111 250 987	-	111 250 987
Buildings	691 545 397	(335 882 678)	355 662 719	534 488 097	(286 023 705)	248 464 392
Plant and machinery	23 143 821	(19 905 148)	3 238 673	23 143 821	(18 963 287)	4 180 534
Furniture and fixtures	28 943 648	(21 241 728)	7 701 920	28 559 462	(22 455 018)	6 104 444
Motor vehicles	17 007 253	(15 231 539)	1 775 714	17 007 253	(14 846 009)	2 161 244
Equipment	381 809 625	(308 683 665)	73 125 960	386 710 999	(297 336 127)	89 374 872
IT equipment	103 508 482	(67 508 485)	35 999 997	97 232 768	(57 431 668)	39 801 100
Infrastructure	738 867 282	(383 812 714)	355 054 568	736 010 216	(355 259 287)	380 750 929
Community assets	412 506	(222 308)	190 198	412 506	(190 363)	222 143
Total	2 096 489 001	(1 152 488 265)	944 000 736	1 934 816 109	(1 052 505 464)	882 310 645

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Work-in-progress	Disposals	Transfer between classes	Changes in estimate (Refer to note 34)	Depreciation	Impairment	Total
	R	R	R	R	R	R	R	R	R
Land	111 253 522	-	-	-	-	-	-	-	111 253 522
Buildings	248 464 392	2 421 994	-	-	119 443 737	670 821	(15 338 225)	-	355 662 719
Plant and machinery	4 180 534	-	-	-	-	1 154 000	(2 047 595)	(48 266)	3 238 673
Furniture and fixtures	6 104 444	384 186	-	-	-	3 617 740	(2 404 450)	-	7 701 920
Motor vehicles	2 161 244	-	-	-	-	379 742	(765 272)	-	1 775 714
Equipment	89 374 872	790 011	-	(2 893 121)	-	11 027 121	(25 172 923)	-	73 125 960
IT equipment	39 801 100	10 270 027	-	(5 641)	(2 806 831)	1 908 504	(13 167 162)	-	35 999 997
Infrastructure	464 686 092	669 453	510 208	-	912 536	6 062 344	(39 901 269)	-	432 939 364
Community assets	792 146	-	-	-	-	-	(45 538)	-	746 608
Total	966 818 346	14 535 671	510 208	(2 898 762)	117 549 442	24 820 272	(98 842 434)	(48 266)	1 022 444 477

Reconciliation of property, plant and equipment - Economic entity - 2022 Restated *

	Opening balance	Additions	Work-in-progress	Disposals	Transfers between classes	Prior period error (Refer to note 33)	Changes in estimate (Refer to note 34)	Depreciation	Total
	R	R	R	R	R	R	R	R	R
Land	111 253 522	-	-	-	-	-	-	-	111 253 522
Buildings	263 379 320	40 259	-	-	-	-	625 313	(15 580 500)	248 464 392
Plant and machinery	3 599 662	-	-	-	-	-	1 971 872	(1 391 000)	4 180 534
Furniture and fixtures	8 115 228	390 598	-	(22 856)	-	-	87 762	(2 466 288)	6 104 444
Motor vehicles	2 653 975	-	-	(17 476)	-	-	1 216 709	(1 691 964)	2 161 244
Equipment	104 969 999	4 795 031	-	(83 545)	2 026 489	-	2 394 741	(24 727 843)	89 374 872
IT equipment	39 810 456	5 038 846	3 200 552	(528 697)	-	232 705	10 243 427	(18 196 189)	39 801 100
Infrastructure	504 662 289	251 533	172 924	(186 619)	(2 026 489)	-	1 864 289	(40 051 835)	464 686 092
Community assets	837 706	-	-	-	-	-	-	(45 560)	792 146
Total	1 039 282 157	10 516 267	3 373 476	(839 193)	-	232 705	18 404 113	(104 151 179)	966 818 346

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Work-in-progress	Disposals	Transfers between classes	Changes in estimate (Refer to note 34)	Depreciation	Impairment	Total
	R	R	R	R	R	R	R	R	R
Land	111 250 987	-	-	-	-	-	-	-	111 250 987
Buildings	248 464 392	2 421 994	-	-	119 443 737	670 821	(15 338 225)	-	355 662 719
Plant and machinery	4 180 534	-	-	-	-	1 154 000	(2 047 595)	(48 266)	3 238 673
Furniture and fixtures	6 104 444	384 186	-	-	-	3 617 740	(2 404 450)	-	7 701 920
Motor vehicles	2 161 244	-	-	-	-	379 742	(765 272)	-	1 775 714
Equipment	89 374 872	790 011	-	(2 893 121)	-	11 027 121	(25 172 923)	-	73 125 960
IT equipment	39 801 100	10 270 027	-	(5 641)	(2 806 831)	1 908 504	(13 167 162)	-	35 999 997
Infrastructure	380 750 929	458 454	510 208	-	912 536	6 062 344	(33 639 903)	-	355 054 568
Community assets	222 143	-	-	-	-	-	(31 945)	-	190 198
	882 310 645	14 324 672	510 208	(2 898 762)	117 549 442	24 820 272	(92 567 475)	(48 266)	944 000 736

Transfers between classes

Buildings

During the current financial year, an asset with a carrying amount of R119 443 737 was reclassified from Investment property to Property, plant and equipment under the Buildings class as a result of a change in use.

IT equipment

- During the current financial year, assets with a carrying amount of R912 536 were reclassified from IT equipment to Infrastructure.
- During the current financial year, the RFID project was completed and subsequently componentised. This resulted in a transfer of assets from IT equipment work-in-progress to Intangible assets amounting to R1 885 690.

Impairment relates to an item of plant and machinery that has become obsolete.

Compensation received from third parties relating to impaired assets as a result of damage amounted to R565 589.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2022 Restated *

	Opening balance	Additions	Work-in-progress	Disposals	Transfers between classes	Prior period error (Refer to note 33)	Changes in estimate (Refer to note 34)	Depreciation	Total
	R	R	R	R	R	R	R	R	R
Land	111 250 987	-	-	-	-	-	-	-	111 250 987
Buildings	263 379 320	40 259	-	-	-	-	625 313	(15 580 500)	248 464 392
Plant and machinery	3 599 662	-	-	-	-	-	1 971 872	(1 391 000)	4 180 534
Furniture and fixtures	8 115 228	390 598	-	(22 856)	-	-	87 762	(2 466 288)	6 104 444
Motor vehicles	2 653 975	-	-	(17 476)	-	-	1 216 709	(1 691 964)	2 161 244
Equipment	104 969 999	4 795 031	-	(83 545)	2 026 489	-	2 394 741	(24 727 843)	89 374 872
IT equipment	39 810 456	5 038 846	3 200 552	(528 697)	-	232 705	10 243 427	(18 196 189)	39 801 100
Infrastructure	414 465 764	251 533	172 924	(186 619)	(2 026 489)	-	1 864 289	(33 790 473)	380 750 929
Community assets	254 111	-	-	-	-	-	-	(31 968)	222 143
	948 499 502	10 516 267	3 373 476	(839 193)	-	232 705	18 404 113	(97 876 225)	882 310 645

Transfers between classes

During the previous financial year an infrastructure project was completed and subsequently componentised. This resulted in a transfer of assets from the infrastructure work-in-progress to equipment amounting to R2 026 489, which resulted in the amount of R38 011 481 transferred to completed items in the reconciliation of work-in-progress below.

* The prior period amounts have been restated (Refer to note 33)

Pledged as security

There were no property, plant and equipment that were pledged as security.

Reconciliation of Work-in-Progress Economic entity - 2023

Opening balance
Additions/capital expenditure
Transferred to completed items

	Infrastructure	IT Equipment	Total
	R	R	R
Opening balance	181 745	1 885 691	2 067 436
Additions/capital expenditure	510 208	-	510 208
Transferred to completed items	-	(1 885 691)	(1 885 691)
	691 953	-	691 953

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment (continued)

	Infrastructure	IT Equipment	Total
	R	R	R
Reconciliation of Work-in-Progress Economic entity - 2022 restated*			
Opening balance	38 020 302	1 798 339	39 818 641
Additions/capital expenditure	172 924	3 200 552	3 373 476
Transferred to completed items	(38 011 481)	(3 113 200)	(41 124 681)
	181 745	1 885 691	2 067 436
Reconciliation of Work-in-Progress Controlling entity - 2023			
Opening balance	181 745	1 885 691	2 067 436
Additions/capital expenditure	510 208	-	510 208
Transferred to completed items	-	(1 885 691)	(1 885 691)
	691 953	-	691 953
Reconciliation of Work-in-Progress Controlling entity - 2022 restated*			
Opening balance	38 020 302	1 798 339	39 818 641
Additions/capital expenditure	172 924	3 200 552	3 373 476
Transferred to completed items	(38 011 481)	(3 113 200)	(41 124 681)
	181 745	1 885 691	2 067 436

Expenditure incurred to repair and maintain property, plant and equipment included in the statement of financial performance

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Buildings	3 167 802	5 588 143	3 167 802	5 588 143
Equipment	5 241 836	4 389 649	5 241 836	4 389 649
Motor vehicles	1 012 746	216 714	1 012 746	216 714
IT equipment	1 708 703	1 293 060	1 708 703	1 293 060
Landscaping	4 403 124	2 924 542	3 924 440	2 766 523
	15 534 211	14 412 108	15 055 527	14 254 089

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

10. Intangible assets

	2023			2022 Restated*		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Economic entity						
Licences	2 958 388	-	2 958 388	2 958 388	-	2 958 388
Computer software	8 730 800	(4 151 016)	4 579 784	6 840 229	(2 715 928)	4 124 301
Total	11 689 188	(4 151 016)	7 538 172	9 798 617	(2 715 928)	7 082 689
Controlling entity						
Licences	2 958 388	-	2 958 388	2 958 388	-	2 958 388
Computer software	8 730 800	(4 151 016)	4 579 784	6 840 229	(2 715 928)	4 124 301
Total	11 689 188	(4 151 016)	7 538 172	9 798 617	(2 715 928)	7 082 689

	Opening balance	Additions	Transfers between classes	Amortisation	Impairment	Total
	R	R	R	R	R	R
Reconciliation of intangible assets - Economic entity - 2023						
Licences	2 958 388	-	-	-	-	2 958 388
Computer software	4 124 301	347 006	1 885 690	(1 435 088)	(342 125)	4 579 784
	7 082 689	347 006	1 885 690	(1 435 088)	(342 125)	7 538 172
Reconciliation of intangible assets - Economic entity - 2022						
Licences	3 663 686	-	(705 298)	-	-	2 958 388
Computer software	4 811 730	546 636	-	52 319	(1 286 384)	4 124 301
	8 475 416	546 636	(705 298)	52 319	(1 286 384)	7 082 689
Reconciliation of intangible assets - Controlling entity - 2023						
Licences	2 958 388	-	-	-	-	2 958 388
Computer software	4 124 301	347 006	1 885 690	(1 435 088)	(342 125)	4 579 784
	7 082 689	347 006	1 885 690	(1 435 088)	(342 125)	7 538 172

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

10. Intangible assets (continued)

Transfers between classes

During the current financial year, the RFID project was completed and subsequently componentised. This resulted in a transfer of assets from IT equipment work-in-progress to intangible assets amounting to R1 885 690.

Impairment

The impairment relates to software that was acquired for unveiling of the aerotropolis model within the precinct. Due to the increased development of the entire precinct, this technology has become obsolete.

Reconciliation of intangible assets - Controlling entity - 2022

	Opening balance	Additions	Disposals	Change in estimate (Refer to note 34)	Amortisation	Total
	R	R	R	R	R	R
Licenses	3 663 686	-	(705 298)	-	-	2 958 388
Computer software	4 811 730	546 636	-	52 319	(1 286 384)	4 124 301
	8 475 416	546 636	(705 298)	52 319	(1 286 384)	7 082 689

11. Heritage assetst

	2023			2022 Restated*		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
	R	R	R	R	R	R
Economic entity						
Art Collections, antiquities and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358
Controlling entity						
Art Collections, antiquities and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

11. Heritage assetst (continued)

Reconciliation of heritage assets Economic entity - 2023

Art Collections, antiquities and exhibits

Reconciliation of heritage assets Economic entity - 2022

Art Collections, antiquities and exhibits

Reconciliation of heritage assets Controlling entity - 2023

Art Collections, antiquities and exhibits

Reconciliation of heritage assets Controlling entity - 2022

Art Collections, antiquities and exhibits

Opening balance	Total
R	R
7 654 358	7 654 358
7 654 358	7 654 358
7 654 358	7 654 358
7 654 358	7 654 358

12. Interests in other entities

Investments in controlled entities

La Mercy JV Property Investments Proprietary Limited - shareholding

La Mercy JV Property Investments Proprietary Limited - contributed capital

Controlling entity	
Carrying amount 2023	Carrying amount 2022
R	R
60	60
11 138 833	11 138 833
11 138 893	11 138 893

Dube TradePort Corporation entered into a Joint Venture with ACSA whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company). The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary.

The loan was granted to 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.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

13. Current tax (receivable)/payable

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Opening balance	(264 514)	206 309	-	-
Tax for the year	750 867	-	-	-
Provisional tax paid	(713 154)	(470 823)	-	-
Section 89 quat interest	(7 086)	-	-	-
	(233 887)	(264 514)	-	-

14. Payables from exchange transactions

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Trade payables	13 243 289	34 739 508	12 965 637	34 612 861
Payments received in advance	1 178 427	2 095 862	1 178 427	2 096 057
Retention creditors	5 263 629	5 173 339	5 263 629	5 173 339
Accrued leave pay	5 963 586	5 913 478	5 963 586	5 913 478
Accrued expenses	54 406 597	38 346 453	54 229 994	37 700 156
Deposits received	17 724 991	11 306 605	17 724 991	11 306 605
Payroll accrual	141 139	5 677 814	141 139	5 677 814
	97 921 658	103 253 059	97 467 403	102 480 310

15. Unspent conditional grants and receipts

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

Unspent conditional grants comprises of:

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Automotive Supplier Park	7 154 692	8 732 103	7 154 692	8 732 103
Cut Flower Project	5 670 330	5 700 817	5 670 330	5 700 817
	12 825 022	14 432 920	12 825 022	14 432 920

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15. Unspent conditional grants and receipts (continued)

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Movement during the year				
Balance at the beginning of the year	14 432 920	21 904 940	14 432 920	21 904 940
Interest received	-	45 820	-	45 820
Income recognised during the year	(1 607 898)	(7 517 840)	(1 607 898)	(7 517 840)
	12 825 022	14 432 920	12 825 022	14 432 920

16. Deferred tax

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Deferred tax asset				
Deferred tax from temporary differences	56 133	46 346	-	-

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Reconciliation of deferred tax asset				
Opening balance	46 346	263 681	-	-
Movement - temporary differences arising from accruals and future deductions	9 787	(213 855)	-	-
Assessed loss - current year carried forward	-	(1 763)	-	-
Arising from reduction in tax rate	-	(1 717)	-	-
	56 133	46 346	-	-

The deferred tax asset of R56 133 (2022: R46 346) has been raised and it is expected that the company will make a taxable profit against which to offset the deferred tax asset.

The deferred tax rate of 27% was used in the prior year due to the change in tax rate in the National Budget speech, February 2022.

The income tax rate of 28% in 2022 was reduced to 27% in 2023.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

17. Provisions

Reconciliation of provisions - Economic entity - 2023

Environmental rehabilitation

Opening balance	Additions	Utilised during the year	Change in estimate	Change in discount factor	Total
R	R	R	R	R	R
34 086 111	4 821 638	(312 408)	36 715 446	1 324 389	76 635 176

Reconciliation of provisions - Economic entity - 2022

Environmental rehabilitation

Opening Balance	Additions	Change in discount factor	Total
R	R	R	R
26 151 673	5 501 849	2 432 589	34 086 111

Reconciliation of provisions - Controlling entity - 2023

Environmental rehabilitation

Opening balance	Additions	Utilised during the year	Change in estimate	Change in discount factor	Total
R	R	R	R	R	R
33 283 851	4 821 638	(166 248)	36 836 675	1 297 896	76 073 812

Reconciliation of provisions - Controlling entity - 2022

Environmental rehabilitation

Opening Balance	Additions	Change in discount factor	Total
R	R	R	R
25 496 003	5 429 468	2 358 380	33 283 851

Dube Tradeport Corporation

The provision relates to the Environmental Authorisation (EA) formerly known as the Record of Decision for the construction and operation of the airport which included an obligation to create a delineated conservation area within the Dube TradePort precinct, which requires rehabilitation and restoration to mitigate against the habitat and species loss incurred during the initial construction phase for the airport precinct. In July 2020, the Department of Environmental Affairs approved the split of the EA resulting in a direct legal obligation to Dube TradePort Corporation for the restoration and rehabilitation of the affected area. The increase in the provision recognises this direct liability and accounts for the development of site specific environmental plans in order to adhere to the conditions of the EA for the phase 1 build and AgriZone 2.

The three landholders of the precinct are taking a consolidated approach that will result in an increased level of co-ordination, efficiency and a cost effective invasive plant removal program in the entire precinct.

In determining the present value of the rehabilitation provision, a discount rate of 8.5% (2022: 9.25%) was used.

La Mercy JV Property Investments Proprietary Limited

The provision relates to the EA for the development and subsequent operation of the support zones on portions 4,6,8,10 and 11, which requires rehabilitation and restoration to mitigate against the loss of habitat and species incurred. Additional activities not authorised in this ROD will necessitate a separate EA application, for Support Zone 2 and Support Zone 1b. In July 2020, the Department of Environmental Affairs approved the split of the EA resulting in a direct legal obligation to the company for the restoration and rehabilitation of the affected area. The provision recognises this direct liability and accounts for the development of site specific environmental plans in order to adhere to the conditions of the EA for the phase 1 build.

In determining the present value of the rehabilitation provision, a discount rate of 8.5% (2022: 9.25%) was used

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

17. Provisions (continued)

The shareholders of the company have built infrastructure assets on the company's land holdings and have registered servitudes over these assets. As a result, the cost to rehabilitate will be split using the "user-benefit" approach based on the footprint development benefit that each party i.e. the company and its two shareholders derived from the

phase 1 build. Management is in the process of finalising the percentage split for the balance of the provision relating to the area, delineated for conservation, consequently, no additional provision has been created for the delineated area.

18. Property rental

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Operating lease rentals				
Rental	76 535 264	67 768 558	75 285 832	68 903 945
Straight-lining of leases	(7 528 092)	(13 256 731)	(7 514 197)	(13 470 379)
	69 007 172	54 511 827	67 771 635	55 433 566

19. Investment revenue

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Interest revenue				
Bank	59 767 434	32 460 542	56 028 148	30 233 269
Interest on trade receivables	749 795	548 221	749 795	548 221
	60 517 229	33 008 763	56 777 943	30 781 490

20. Government grants

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Operating grants				
Department of Economic Development, Tourism and Environmental Affairs	425 209 565	415 249 565	425 209 565	415 249 565
Department of Trade, Industry and Competition	-	5 345	-	5 345
Automotive Supplier Park and Cut Flowers Project	1 607 898	1 154 034	1 607 898	1 154 034
	426 817 463	416 408 944	426 817 463	416 408 944
Capital grants				
Department of Trade, Industry and Competition	-	6 358 460	-	6 358 460
Total grants	426 817 463	422 767 404	426 817 463	422 767 404

Equitable Share

The entity received its statutory receivable in full and there were no amounts outstanding at year end.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

21. Revenue

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Rendering of services	25 951 212	16 242 850	25 951 212	16 242 850
Property rental	69 007 172	54 511 827	67 771 635	55 433 566
Sundry income	6 001 213	2 917 698	5 917 137	2 877 787
Interest received - investments	60 517 229	33 008 763	56 777 943	30 781 490
Government grants	426 817 463	422 767 404	426 817 463	422 767 404
Gain on foreign exchange	-	67 567	-	67 567
	588 294 289	529 516 109	583 235 390	528 170 664
The amount included in revenue arising from exchanges of goods or services are as follows:				
Rendering of services	25 951 212	16 242 850	25 951 212	16 242 850
Rental of property and equipment	69 007 172	54 511 827	67 771 635	55 433 566
Sundry income	6 001 213	2 917 698	5 917 137	2 877 787
Interest received - investments	60 517 229	33 008 763	56 777 943	30 781 490
Gain on foreign exchange	-	67 567	-	67 567
	161 476 826	106 748 705	156 417 927	105 403 260
The amount included in rendering of service is made up as follows:				
Dube iConnect services	8 176 179	9 490 694	8 176 179	9 490 694
Dube Cargo handling services	17 678 411	6 499 105	17 678 411	6 499 105
Dube AgriZone services	96 622	253 051	96 622	253 051
	25 951 212	16 242 850	25 951 212	16 242 850

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

21. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue
Government grants

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
426 817 463	422 767 404	426 817 463	422 767 404

22. Employee related costs

Basic salaries
Medical aid - employer contributions
Unemployment insurance fund
Workmen's compensation
Skills development levy
Cellphone allowances
Provident fund - employer contributions

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
126 272 359	112 705 842	126 272 359	112 705 842
941 955	749 368	941 955	749 368
468 135	420 896	468 135	420 896
127 053	115 801	127 053	115 801
1 306 774	1 090 866	1 306 774	1 090 866
1 742 362	1 509 005	1 742 362	1 509 005
5 496 846	4 164 867	5 496 846	4 164 867
136 355 484	120 756 645	136 355 484	120 756 645

23. Finance costs

Environmental rehabilitation
Payables from exchange transactions

Economic entity		Controlling entity	
2023	2022 Restated*	2023	2022 Restated*
R	R	R	R
1 324 389	2 432 589	1 297 896	2 358 380
99 188	80 355	98 216	79 899
1 423 577	2 512 944	1 396 112	2 438 279

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

24. General expenses

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Advertising	1 690 292	1 824 518	1 690 292	1 824 518
Repairs and maintenance	22 734 549	20 233 343	22 578 722	20 075 324
Consulting and professional fees	18 987 227	24 662 296	18 214 939	22 572 488
Debt impairment	5 978 545	3 739 129	5 978 545	3 739 129
Lease rentals on operating leases	78 285	236 740	78 285	236 740
Security	21 810 448	21 307 287	21 810 448	21 307 287
Rates and utilities	85 135 637	61 750 915	84 135 247	61 078 240
Other operating expenses (Refer to note 33)	31 674 021	20 611 313	30 557 336	20 971 385
Fines and penalties	-	2 109 637	-	2 109 637
Rendering of services	5 939 106	5 457 488	5 939 106	5 457 488
	194 028 110	161 932 666	190 982 920	159 372 236
Debt Impairment is made up as follows:				
Contribution to bad debt provision	5 877 227	3 739 129	5 877 227	3 739 129
Bad debts written-off	101 318	-	101 318	-
	5 978 545	3 739 129	5 978 545	3 739 129

The increase in other operating expenses is as a result of the operations returning to normality following the effects of COVID-19.

25. Cost of sales

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Rendering of services				
Cost of services	5 443 781	5 300 162	5 443 781	5 300 162
Tissue culture	495 325	157 326	495 325	157 326
	5 939 106	5 457 488	5 939 106	5 457 488

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26. Taxation

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Major components of the tax expense				
Current				
Local income tax - current period	750 868	-	-	-
Deferred				
Reduction in taxes	-	1 651	-	-
Origination and reversal of temporary differences arising from accruals and future deductions	(9 787)	217 447	-	-
Assessed loss - current year carried forward	-	(1 763)	-	-
	741 081	217 335	-	-

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	%	%	%	%
Applicable tax rate	(27.00)	(28.00)	-	-
Utilised assessed loss	-	0.02	-	-
Permanent differences - depreciation	44.15	23.40	-	-
Permanent differences - non-deductible expenditure*	6.55	7.35	-	-
	23.70	2.77	-	-

The income tax rate of 28% in 2022 was reduced to 27% in 2023.

This relates to items of a capital nature that are considered non-deductible for tax purposes.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

27. Cash generated from operations

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Surplus for the year	137 427 258	116 807 155	142 457 053	124 589 098
Adjustments for:				
Depreciation, impairments and amortisation	115 171 111	124 598 049	108 896 153	118 323 091
Loss on sale of assets	2 898 762	2 691 315	2 898 762	2 691 315
(Gain) on foreign exchange	-	(67 567)	-	(67 567)
Proceeds on disposal of property, plant and equipment	-	(69 535)	-	(69 535)
Debt impairment	5 877 228	3 739 129	5 877 228	3 739 129
Movements in operating lease assets and accruals	7 500 302	13 444 119	7 514 197	13 470 379
Movement in land rehabilitation provision	1 178 427	2 432 589	1 297 896	2 358 380
Movement in tax receivable and payable	32 541	(470 824)	-	-
Movement in deferred tax	(11 700)	217 335	-	-
Payroll accrual	(5 486 567)	2 119 736	(5 486 567)	2 119 736
Interest accrual	(3 839 261)	(477 059)	(3 839 261)	(477 059)
Changes in working capital:				
Inventories	(142 002)	7 632	(142 002)	7 632
Receivables from exchange transactions	(28 281 191)	(3 185 432)	(28 607 501)	(3 135 603)
Statutory receivables	29 199 385	6 889 427	29 124 788	6 857 838
Payables from exchange transactions	(737 305)	27 907 154	307 411	27 533 471
Unspent conditional grants and receipts	(1 607 898)	(7 472 020)	(1 607 898)	(7 472 020)
	259 179 090	289 111 203	258 690 259	290 468 285

28. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment
Investment property

Not yet contracted for and authorised by Board

Investment property

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Property, plant and equipment	8 780 615	-	8 780 615	-
Investment property	386 847 615	347 799 656	386 847 615	347 799 656
	395 628 230	347 799 656	395 628 230	347 799 656
Investment property	289 481 600	175 455 383	289 481 600	175 455 383

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

28. Commitments (continued)

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Total capital commitments				
Already contracted for but not provided for	395 628 230	347 799 656	395 628 230	347 799 656
Not yet contracted for and authorised by Board	289 481 600	175 455 383	289 481 600	175 455 383
	685 109 830	523 255 039	685 109 830	523 255 039

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	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Authorised operational expenditure				
Already contracted for but not provided for				
Operational goods and services	134 276 209	162 511 098	131 999 876	159 742 104
Not yet contracted for and authorised by Board				
Route development	86 343 544	87 014 130	86 343 544	87 014 130
Total operational commitments				
Already contracted for but not provided for	134 276 209	162 511 098	131 999 876	159 742 104
Not yet contracted for and authorised by Board	86 343 544	87 014 130	86 343 544	87 014 130
	220 619 753	249 525 228	218 343 420	246 756 234
Total commitments				
Authorised capital expenditure	685 109 830	523 255 039	685 109 830	523 255 039
Authorised operational expenditure	220 619 753	249 525 228	218 343 420	246 756 234
	905 729 583	772 780 267	903 453 250	770 011 273
Operating leases - as lessee (expense)				
Minimum lease payments due				
Within one year	-	414 414	231 574	632 880
In second to fifth year inclusive	-	-	505 665	737 239
	-	414 414	737 239	1 370 119

The operating lease payments relate to the leasing of photocopiers and leasing of land on which the billboards are situated.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

28. Commitments (continued)

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Operating leases - as lessor (income)				
Minimum lease payments due				
Within one year	48 863 545	46 289 680	48 863 545	46 289 680
In second to fifth year inclusive	97 556 966	111 189 262	97 556 966	111 189 262
Later than five years	31 159 810	33 652 224	31 159 810	33 652 224
	177 580 321	191 131 166	177 580 321	191 131 166

Certain properties generate rental income. Lease agreements are cancellable and have terms that range from 1 to 49 years. Rental income is subject to escalation of rates ranging from CPI to 10%.

Contingent rentals are receivable for certain leases and amount to R5 397 419 977 (2022: R4 591 824 363).

The basis for calculating the contingent rentals is as follows:

Development leases - the last rental and escalation rate before review is carried forward for the remaining period of the lease term.
Rental escalations linked to CPI - the base rental is included in the operating lease commitments and the escalations linked to CPI is included in the contingent rental.

Sugar cane leases - portions of land are leased out for sugar cane farming and the lease rentals are equivalent to a portion of the gross rental proceeds.

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	Mr H Erskine Ms A Swalah

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

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

29. Related parties (continued)

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Related party balances (controlling entity)				
Amounts included in trade receivables regarding related parties				
La Mercy JV Property Investments Proprietary Limited			646 503	915 067
Amounts included in trade payables regarding related parties				
La Mercy JV Property Investments Proprietary Limited			-	226 777
Related party transactions				
Rent paid to related parties				
La Mercy JV Property Investments Proprietary Limited			218 466	239 051
Financial management services provided to related parties				
La Mercy JV Property Investments Proprietary Limited			829 284	789 795
Levies paid to related parties				
La Mercy JV Property Investments Proprietary Limited			635 375	449 916
Management association costs received from related parties				
La Mercy JV Property Investments Proprietary Limited			1 071 405	768 674
Landscaping costs received from related parties				
La Mercy JV Property Investments Proprietary Limited			582 306	931 629
Capital costs paid by related parties				
La Mercy JV Property Investments Proprietary Limited			210 999	-

Dube TradePort Corporation performs certain administrative and finance functions on behalf of La Mercy JV Property Investment Proprietary Limited including the preparation of Annual Financial Statements, Budgets, Strategic and Annual Performance Plans, submission of income tax and Vat returns, performance of secretarial duties, obtaining environmental authorisations, securing land use rights, acquiring developmental rights and implementing rehabilitation measures amongst other services performed on an ongoing basis. These services in kind are not recognised as it is difficult to measure the fair value of the services rendered.

The following entities are under common control with EDTEA:

- Trade and Investment KZN
- KZN Tourism Authority
- KZN Sharks Board
- Moses Kotane Institute
- Richards Bay IDZ
- Ithala Development Finance Corporation Limited
- KZN Growth Fund
- KZN Liquor Authority
- KZN Film Commission
- KZN Ezemvelo Wildlife

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

29. Related parties (continued)

Remuneration of management Executive Officers 2023

Chief Executive Officer - Mr H Erskine
Chief Operating Officer - Mr K Ngqaka *
Chief Financial Officer - Ms A Swalah
Development Planning and Infrastructure Executive - Mr O Mungwe
AgriZone and Cargo Operations Executive - Mr M Bantwini
Corporate Services Executive - Ms N Ali
Acting Chief Operating Officer - Mr A Mnguni ****

Salary	Acting allowance	Total
R	R	R
2 451 548	-	2 451 548
1 840 949	1 005 263	2 846 212
2 068 526	-	2 068 526
2 020 287	-	2 020 287
1 713 728	-	1 713 728
1 985 428	-	1 985 428
1 380 000	284 492	1 664 492
13 460 466	1 289 755	14 750 221

Remuneration of management Executive Officers 2022

Chief Executive Officer - Mr H Erskine
Chief Operating Officer - Mr K Ngqaka
Chief Financial Officer - Ms A Swalah
Development Planning and Infrastructure Executive - Mr O Mungwe
AgriZone and Cargo Operations Executive - Mr M Bantwini
Corporate Services Executive - Ms N Ali **
Acting Corporate Services Executive - Ms B Bates ***
Acting Chief Operating Officer - Mr A Mnguni ****

Salary	Acting allowance	Total
R	R	R
2 364 470	-	2 364 470
1 775 559	-	1 775 559
1 995 052	-	1 995 052
1 948 527	-	1 948 527
1 652 856	-	1 652 856
1 489 071	-	1 489 071
325 843	74 944	400 787
115 000	8 492	123 492
11 666 378	83 436	11 749 814

* Seconded to the KZN Growth Fund as an Acting CEO and is paid an acting allowance which is recovered in full from the KZN Growth Fund.

** Appointed on 01 July 2021

*** Acting from October 2019 to June 2021

**** Appointed on 22 March 2022

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

29. Related parties (continued)

Non-Executive Board members 2023

	Board fees	Retainer	Audit and Risk Committee fees	Investment Committee fees	Remuneration and Human Resources Committee fees	Total
	R	R	R	R	R	R
Chairperson - Mr M Zikalala*	271 974	283 496	16 368	-	-	571 838
Deputy Chairperson - Mr P Ngcobo**	175 590	170 085	-	24 672	-	370 347
Member - Mrs N Moerane**	119 746	72 675	-	-	56 157	248 578
Member - Mr T Ndhlovu**	53 909	72 675	-	11 512	-	138 096
Member - Mr S Nene**1	-	59 957	-	-	-	59 957
Member - Mr R Vallihu**	104 522	72 675	-	-	40 304	217 501
Member - Ms L Ngcobo**	104 522	60 563	51 575	-	-	216 660
Member - Mr L Gabela**	104 522	60 563	51 575	-	26 320	242 980
Chairperson of the Investment Committee - Ms H Makhathini ²	-	-	-	17 620	-	17 620
Chairperson of the Audit and Risk Committee - Mr Z Fakey	-	-	219 106	-	-	219 106
Member of the Audit and Risk Committee - Mr V Mtshali ³	-	-	16 368	-	-	16 368
La Mercy JV Property Investments Proprietary Limited						
Chairperson of the Audit and Risk Committee - Mr K Schmidt ⁴	-	-	45 000	-	-	45 000
Chairperson of the Audit and Risk Committee - Mr L Ally ⁵	-	-	15 000	-	-	15 000
Member - Mr M Langa ⁵	-	-	30 000	-	-	30 000
Member - Mr M MacDonald ⁵	-	-	10 000	-	-	10 000
	934 786	852 691	454 993	53 805	122 782	2 419 057

* Appointed as Chairperson on 01 June 2022

** Appointed as member of the Board on 01 June 2022

1 Resigned in January 2023

2 Term ended 31 October 2022

3 Term ended 31 May 2022

4 Term ended 31 November 2022

5 Appointed 10 March 2023

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

29. Related parties (continued)

Non-Executive Board members
2022

	Board fees	Retainer	Audit and Risk Committee fees	Investment Committee fees	Remuneration and Human Resources Committee fees	Total
	R	R	R	R	R	R
Chairperson - Prof B. Gasa-Toboti	140 243	141 592	-	-	-	281 835
Deputy Chairperson - Mr P Ngcobo	162 530	170 085	-	34 536	-	367 151
Member - Mrs N Moerane	69 956	72 675	-	-	109 019	251 650
Member - Mr T Ndhlovu	76 548	72 675	-	11 512	-	160 735
Member - Mr S Nene	20 167	72 675	-	11 512	-	104 354
Member - Mr M Zikalala	86 827	72 675	65 471	-	-	224 973
Member - Mr R Vallihu	69 956	72 675	-	-	72 369	215 000
Chairperson of the Investment Committee - Ms H Makhathini	-	-	52 861	52 861	-	105 722
Chairperson of the Audit and Risk Committee - Mr Z Fakey	-	-	117 381	-	-	117 381
Member of the Audit and Risk Committee - Mr V Mtshali	-	-	65 471	-	-	65 471
La Mercy JV Property Investments Proprietary Limited						
Chairperson of the Audit and Risk Committee - Mr K Schmidt	-	-	60 000	-	-	60 000
Member - Mr M Langa	-	-	40 000	-	-	40 000
	626 227	675 052	348 323	110 421	181 388	1 941 411

30. Risk management

Financial risk management

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

The economic entity's overall risk management program 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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

30. Risk management (continued)

Economic entity

At 31 March 2023

Trade and other payables

At 31 March 2022

Trade and other payables

Controlling entity

At 31 March 2023

Trade and other payables

At 31 March 2022

Trade and other payables

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	R	R	R	R
At 31 March 2023				
Trade and other payables	91 816 934	-	-	-
At 31 March 2022				
Trade and other payables	91 661 771	-	-	-
At 31 March 2023				
Trade and other payables	91 362 679	-	-	-
At 31 March 2022				
Trade and other payables	90 889 019	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk is the risk of financial loss to the entity if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables comprise a customer base which includes property, information technology and cargo handling customers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the entity assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

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

Financial instrument	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Trade and other receivables (neither past due nor impaired)	14 764 888	11 944 661	14 979 991	12 883 941
Trade and other receivables (impaired)	17 386 180	11 508 952	17 386 180	11 508 952
Cash and cash equivalents	1 111 785 979	1 104 577 120	1 050 320 981	1 043 389 953
Interest receivable	6 744 046	3 204 635	6 620 221	2 780 960

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

30. Risk management (continued)

Interest rate risk

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to short term nature of interest bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the potential change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected changes in the interest rate, either an increase or decrease in the interest percentage.

At year end, financial instruments exposed to interest rate risk were as follows:

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Bank balances	312 615 431	444 239 389	251 150 433	383 052 222
Deposits held on behalf of third parties	12 470 882	11 542 273	12 470 882	11 542 273
Amounts held in trust accounts	786 687 193	648 770 458	786 687 193	648 770 458
	1 111 773 506	1 104 552 120	1 050 308 508	1 043 364 953

Interest rate risk sensitivity analysis

The susceptibility of the entity's financial performance to changes in interest rates can be illustrated as follows:

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Interest income				
Interest rate increase of 100 basis points	11 117 735	11 045 521	10 503 085	10 433 650
Interest rate decrease of 100 basis points	(11 117 735)	(11 045 521)	(10 503 085)	(10 433 650)
Impact on Surplus				
Surplus for the year	137 427 258	116 807 155	142 457 053	124 589 098
Interest rate increase of 100 basis points (%)	8	9	7	8
Interest rate decrease of 100 basis points (%)	(8)	(9)	(7)	(8)

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31. Irregular expenditure and fruitless and wasteful expenditure

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Irregular expenditure incurred in the year	2 453	1 572 984	2 453	1 572 984
Fruitless and wasteful expenditure	-	2 109 637	-	2 109 637
	2 453	3 682 621	2 453	3 682 621

Disciplinary steps undertaken in 2022/23 as a result of irregular and fruitless and wasteful expenditure

Irregular expenditure

In the current year, there is one confirmed case of irregular expenditure amounting to R2 453. In the prior year, there were five cases amounting to R1 572 984. In the confirmed cases concluded in the current year the disciplinary processes are ongoing. In each case, an assessment and determination was concluded in accordance with the Irregular Expenditure Framework. In all cases, the determination concluded that value for money had been obtained, no official was considered liable in law. All amounts relating to the current and prior year have been condoned by Provincial Treasury.

Fruitless and wasteful expenditure

In the current year, there were no confirmed transactions resulting in fruitless and wasteful expenditure. In the prior year, Dube TradePort Corporation incurred fruitless and wasteful expenditure as a result of penalties and interest on Value Added Tax payments made on the last day of the month. The South African Revenue Service regarded these as late payments. The subsequent Alternate Dispute Resolution process (concluded in July 2023) has resulted in a remittance of R1 414 109.

32. Comparative figures

Certain comparative figures have been restated. Refer to note 33.

33. Prior period errors

Dube Tradeport Corporation

1. Investment Property

During the current financial year it was discovered that certain items of investment property were damaged and replaced in the previous financial year. The cost relating to the replacement items was not capitalised on completion of installation but remained in work-in-progress. The items replaced were also not derecognised and continued being depreciated. As a result, the cost, accumulated depreciation and loss on disposal of assets were misstated in the previous financial year.

The error was corrected retrospectively and comparative information has been restated.

2. IT Equipment

During the current year it was discovered that items of IT equipment purchased during the previous year were incorrectly expensed. As a result, the cost, accumulated depreciation and expenditure were misstated in the previous financial year.

The error was corrected retrospectively and comparative information has been restated.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

33. Prior period errors (continued)

The correction of the errors result in adjustments as follows:

Economic entity

Statement of Financial Position

Investment Property

Property, plant and equipment

Statement of Changes in Net Assets

Accumulated surplus/(deficit)

Statement of Financial Performance

Depreciation

Loss on disposal of assets

General expenses

Cash Flow Statement

Cash flows from operating activities

Suppliers

Cash flows from investing activities

Purchase of property, plant and equipment

As previously reported	Adjustments	Restated
R	R	R
3 030 927 022	(1 073 857)	3 029 853 165
966 585 641	232 705	966 818 346
5 108 456 823	(841 151)	5 107 615 672
124 488 620	109 429	124 598 049
1 705 732	985 583	2 691 315
162 186 526	(253 860)	161 932 666
(131 226 130)	253 860	(130 972 270)
(13 889 743)	(253 860)	(14 143 603)

Controlling entity

Statement of Financial Position

Investment Property

Property, plant and equipment

Statement of Changes in Net Assets

Accumulated surplus/(deficit)

Statement of Financial Performance

Depreciation

Loss on disposal of assets

General expenses

Cash Flow Statement

Cash flows from operating activities

Suppliers

Cash flows from investing activities

Purchase of property, plant and equipment

As previously reported	Adjustments	Restated
R	R	R
3 083 891 701	(1 073 857)	3 082 817 844
882 077 940	232 705	882 310 645
4 984 172 031	(841 151)	4 983 330 880
118 213 662	109 429	118 323 091
1 705 732	985 583	2 691 315
159 626 096	(253 860)	159 372 236
(126 236 226)	253 860	(125 982 366)
(13 889 743)	(253 860)	(14 143 603)

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

34. Change in estimate

Property, plant and equipment

In terms of the requirements of GRAP 17, the useful lives of all asset items were reviewed by management on an annual basis. The remaining useful life expectation of some property, plant and equipment differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge by R24 820 272 (2022: R18 404 113). The total impact will increase future depreciation by R24 820 272 (2022: R18 404 113).

Intangible assets

In terms of the requirements of GRAP 31, the useful lives of all asset items were reviewed by management on an annual basis. In the prior year, the remaining useful life expectation of some intangible assets differed from previous estimates. The effect of this revision has decreased the depreciation charge by R52 319. The total impact will increase future depreciation by R52 319.

Provisions

Dube TradePort Corporation

The TradeZone 2 rehabilitation provision is based on estimated cashflows required to mitigate the negative impacts of the proposed developments. Based on GRAP 3, an estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience.

During the year, Dube TradePort Corporation changed the wetland offset land to be used to mitigate the negative impacts of the proposed developments in TradeZone 2. Due to the condition of the land identified, a revised methodology was required to rehabilitate this new site, resulting in changes to estimated future cash flows.

The effect of this revision is an increase in the provision balance by R36 836 675.

La Mercy JV Property Investments Proprietary Limited

During the year, the La Mercy JV Property Investments Proprietary Limited reviewed estimated future cash flows on its rehabilitation and restoration obligations on land portions 4,6,8,10 and 11 of Farm La Mercy 15124, as required in GRAP 19. This exercise resulted in a decrease in future estimated cash flows, resulting in a decrease in the provision balance by R121 229.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

35. Reconciliation between budget and cash flow statement

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Operating activities				
Actual amount as presented in the budget statement	682 762 537	487 525 655	682 484 706	486 168 574
Basis differences	423 583 447)	(198 414 452)	(423 794 447)	(195 700 289)
Net cash flows from operating activities	259 179 090	289 111 203	258 690 259	290 468 285
Investing activities				
Actual amount as presented in the budget statement	(431 341 024)	101 740 227	(431 341 024)	101 740 227
Basis differences	179 370 793	(285 945 728)	179 581 793	(285 945 729)
Net cash flows from investing activities	(251 970 231)	(184 205 501)	(251 759 231)	(184 205 502)
Net cash generated from operating, investing and financing activities	7 208 859	104 905 702	6 931 028	106 262 783

The actual amounts as presented in the budget statement is calculated on a modified cash basis while the cash flow statement is based on pure net cash flow.

36. Segmental reporting

General information

Identification of segments

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

- Dube AgriZone
- Property
- Dube Cargo Terminal
- Dube iConnect (Information Communication and Technology)

Aggregated segments

The entity operates in one geographical area.

Types of goods and/or services by segment

Dube AgriZone - operates a cluster of facilities to support the stimulation of the perishables sector in KZN. 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. 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.

Information Communication and Technology (ICT) - operates and maintains state-of-the art IT infrastructure and provides commercial ICT services. Segment information presented is aggregated. Services include provision of hosting platforms infrastructure and software services, disaster recovery and backup services and the like.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

36. Segmental reporting (continued)

Economic entity - 2023

Revenue from non-exchange transactions

Revenue from exchange transactions

Total segment revenue

Employee costs

Depreciation and amortisation

Other expenses

Total segment expenses

Total segment surplus/(deficit)

Reconciliation

Interest revenue

Other unallocated revenue

Interest expenses

Unallocated expenses

Taxation

Segment surplus/(deficit) for the period

	Dube AgriZone	Property	Dube Cargo Terminal	Dube iConnect	Total
	R	R	R	R	R
Revenue from non-exchange transactions	46 504 829	74 964 343	35 238 714	27 307 925	184 015 811
Revenue from exchange transactions	12 337 882	61 193 460	22 338 751	8 190 459	104 060 552
Total segment revenue	58 842 711	136 157 803	57 577 465	35 498 384	288 076 363
Employee costs	(14 849 352)	(19 559 004)	(24 740 569)	(6 355 915)	(65 504 840)
Depreciation and amortisation	(23 378 984)	(55 884 206)	(21 475 043)	(2 096 828)	(102 835 061)
Other expenses	(19 933 782)	(101 719 675)	(19 556 541)	(7 940 585)	(149 150 583)
Total segment expenses	(58 162 117)	(177 162 885)	(65 772 154)	(16 393 327)	(317 490 483)
Total segment surplus/(deficit)	680 594	(41 005 082)	(8 194 689)	19 105 057	(29 414 120)
Reconciliation					
Interest revenue	-	-	-	-	56 777 943
Other unallocated revenue	-	-	-	-	239 638 994
Interest expenses	-	(96 362)	(1 311)	-	(98 216)
Unallocated expenses	-	-	(1 090)	-	(128 736 262)
Taxation	-	-	-	-	(741 081)
Segment surplus/(deficit) for the period	680 594	(41 101 444)	(8 197 090)	19 105 057	137 427 258

Economic entity - 2022

Revenue from non-exchange transactions

Revenue from exchange transactions

Total segment revenue

Employee costs

Depreciation and amortisation

Other expenses

Total segment expenses

Total segment surplus/(deficit)

Reconciliation

Interest revenue

Other unallocated revenue

Interest expenses

Unallocated expenses

Taxation

Segment surplus/(deficit) for the period

	Dube AgriZone	Property	Dube Cargo Terminal	Dube iConnect	Total
	R	R	R	R	R
Revenue from non-exchange transactions	35 084 757	51 100 045	39 316 173	16 711 906	142 212 881
Revenue from exchange transactions	11 957 567	56 901 005	10 650 528	9 490 694	88 999 794
Total segment revenue	47 042 324	108 001 050	49 966 701	26 202 600	231 212 675
Employee costs	(13 939 766)	(15 190 987)	(22 436 122)	(6 087 997)	(57 654 872)
Depreciation and amortisation	(31 021 664)	(51 195 082)	(25 335 627)	(4 567 208)	(112 119 581)
Other expenses	(20 803 017)	(75 643 497)	(17 480 213)	(7 779 565)	(121 706 292)
Total segment expenses	(65 764 447)	(142 029 565)	(65 251 962)	(18 434 770)	(291 480 744)
Total segment surplus/(deficit)	(18 722 123)	(34 028 515)	(15 285 262)	7 767 830	(60 268 070)
Reconciliation					
Interest revenue	-	-	-	-	30 781 439
Other unallocated revenue	-	-	-	-	268 793 392
Interest expenses	-	(79 385)	(514)	-	(79 899)
Unallocated expenses	-	-	-	-	(122 202 372)
Taxation	-	-	-	-	(217 335)
Segment surplus/(deficit) for the period	(18 722 123)	(34 107 901)	(15 285 775)	7 767 830	116 807 155

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

37. Tax paid

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
Balance at beginning of the year	264 514	(206 309)	-	-
Current tax for the year recognised in surplus or deficit	(750 868)	-	-	-
Section 89 quat interest	7 086	-	-	-
Balance at end of the year	(233 887)	(264 514)	-	-
	(713 155)	(470 823)	-	-

38. Living and non-living resources

Living resources:

The 2020-2030 rehabilitation and restoration plan has to be rolled out in the conservation area as per the Environmental Authorisation condition. The entity has living resources namely blue duiker, pythons, pickersgill's reed frog and indigenous plants in portion 11 and in portion 6 which undergo a biological transformation and are held for conservation and rehabilitation purpose thus meeting the definition of living resource. These resources are not bearer plants and are not for agricultural activities nor are they held for resale, use of distribution in the ordinary course of business.

The living resources do not meet the recognition criteria of an asset as the entity cannot demonstrate that future economic benefits or service potential will flow to the entity and the cost of fair value cannot be measured reliably. Furthermore, the entity cannot demonstrate control over the living resources as the entity does not manage the movement and use of the resources are not restricted therefore the entity is unable to demonstrate control over the living resources.

Furthermore, the entity is unable to demonstrate control over the living resources as the entity does not manage the physical condition of the resources. Alien clearing is not considered intervening in the management of the physical condition, but is part of the entity's ongoing maintenance of rehabilitated areas. The entity does not restrict the movement and use of the resources, the area is largely unfenced. Therefore the entity will not recognise the asset but make the necessary disclosure note in accordance with the Standard of GRAP.

Non-Living resources:

Water courses are found throughout the entity's landholdings. There are approximately 64 hectares of wetland. The water is not extracted. The entity was issued with an Environmental Authorisation for Support Zone 2 with a condition to maintain wetlands. Condition 31 of the Wetland offset plan is required to be completed once offset land has been acquired.

Undertaking measures to ensure that the wetlands are maintained, will not result in a change in the water's natural state, and the definition of non-living resource is still met.

* See Note 42 & 33

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39. Owner's Contribution

From 01 September 2013, expenditure has been funded via capital contribution in proportion to the shareholding. There were no additional capital contribution for the year under review.

	Economic entity		Controlling entity	
	2023	2022 Restated*	2023	2022 Restated*
	R	R	R	R
ACSA's capital contribution	7 425 889	7 425 889	-	-

40. Contingencies

Contingent Liabilities

At the year-end, Dube TradePort Corporation was awaiting judgement in one legal matter. 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. Should the Court rule against Dube TradePort Corporation, the land will have to be returned to the plaintiff.

During 2019/2020, Dube TradePort Corporation terminated the contract of an employee. The former employee took the matter to the CCMA for arbitration. The CCMA upheld the termination. The former employee has referred the matter to the Labour Court. Should the Labour Court find against Dube TradePort Corporation, the estimated costs would be R1 647 807. There was no progress on the matter in the current financial year.

During the financial year ended 31 March 2017, Dube TradePort Corporation was a victim of fraud and an amount of R1 272 838 was stolen. The alleged perpetrator has been charged and the matter will soon be heard in the High Court. Should the Court find against Dube TradePort Corporation, the costs of the opposing side are estimated at R100 000. There was no progress on the matter in the current financial year.

Dube TradePort Corporation has referred claims of negligence in a construction project against two service providers to the High Court. Should the Court find against Dube TradePort Corporation, the total costs of the opposing side in these matters are estimated at R1 000 000 in total.

41. Events after the reporting date

In April 2023, a land invasion by various community members took place on Dube TradePort Corporation's land holding on the Illovo site. Dube TradePort Corporation planned to issue an interdict to the occupiers. However, before the matter could be heard, there was a successful negotiation with the community leader and an undertaking by the community leader was made an order of court.

In July 2023, SARS remitted an amount of R1 414 109 following the successful outcome of an alternate dispute resolution (ADR) process. Following the assessment and determination process, the remaining balance was deemed irrecoverable and written off in terms of the entity's policy.

42. Changes in accounting policy

During the current financial year, the entity changed its policy on the formula used to assign cost to inventories from first-in, first-out (FIFO) to specific identification of cost per item as this provides a more accurate cost of the inventories. The change has no impact on the inventory amounts disclosed, both in the current and prior periods.

* See Note 42 & 33



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