DUBE TRADEPORT CORPORATION

STRATEGIC PLAN

For

2020/21 – 2024/25

KwaZulu-Natal

July 2020

DUBE TRADE PORT AN ENABLING CATALYST

Despite the outbreak of COVID-19, we remain determined to ensure that Dube Trade Port remains a preferred choice for investment.

It should be noted that before the outbreak - from about 29 entries from Special Economic Zones from across the globe, Dube Trade Port was singled out by the United Nations for Conference for Trade Development (UNCTAD) for doing exceedingly well in promoting sustainable investment in KwaZulu-Natal and South Africa. A panel of UN-linked experts of economists from Europe and United States of America made this ground-breaking decision after a rigorous adjudicating.

When we unveiled the Aerotropolis Masterplan in October - we paid tribute to former Presidents of a democrat South Africa. We saluted Tata Nelson Mandela, Thabo Mbeki, Kgalema Motlanthe, JG Zuma and current President Cyril Ramaphosa. We saluted them and their cabinet ministers for the support throughout the years.

During the official launch of Dube Trade Port on the 12th March 2012, government announced developments including a road link that would provide additional access from the Cargo Terminal and Trade Zone to the N2 and R102 highways and also open up new property development opportunities in the area.

We made a bold decision to connect the major economic centres of Johannesburg Durban/Richards Bay, and at the same time, connect these centres with improved export capacity through our sea-ports and Air Cargo facility.

Through the intervening years, there have been the construction and completion of the Cargo Terminal, Trade House - 29 South, Dube Square, Trade Zone and Dube City infrastructure, AgriZone. The establishment of the cutting edge technology at the Dube Trade Port as inspired by the 4th Industrial Revolution has been the game changer.

We note that 43 588 tonnes of international cargo has passed though the Dube Cargo Terminal. The greenhouses at the Dube AgriZone are now 100% occupied. The Dube Trade Port has attracted an investment exceeding R12 billion. In addition, the unveiling of the Aerotropolis Masterplan has generated a huge interest

During this financial year, the entity will ensure that the second phase of 45 hectares of prime industrial land generates about more than R18 billion between now and 2024.

There are more than 40 operational business enterprises in the zone. Below is their sectoral distribution:

•	Manufacturing	25%
•	Logistics	25%
•	Electronics	15%
•	Agriculture and Agro-processing	20%
•	Cold Storage	5%
•	Automotive	5%
•	Pharmaceuticals	5%

In addition, 9 investments worth R3.2 billion have been approved and are not yet operational. The investments will create an estimated 2342 direct jobs when they become operational. Currently, there is a pipeline of 28 investments worth approximately R5.6 billion that are at various stages of evaluation.

Enabling catalyst

- Economic Transformation: DTPC promotes and adheres to a B-BBEE strategy that includes Black Industrialists, property developers and other procurement imperatives.
- Enterprise Development: Historically disadvantaged companies are encouraged to participate in all projects within Dube TradePort. Compliance is part of the specific conditions of tender that ring-fence the participation of emerging companies.
- Small Businesses/Supply Chains In The Region: Training for emerging enterprises with a programme that covers many disciplines. DTPC has recently constructed 18 mini-factories that will focus on accommodating SMMEs and assist in nurturing them to graduate into medium to large enterprises.

Immediate focus

- Automotive Supplier Park (ASP): Located in the southern industrial basin and close to the seaport, the development of a world-class manufacturing platform for Original Equipment Manufacturers (OEM's) and their automotive component manufacturers is being planned.
- It will focus on localising the automotive supply chain while driving competitiveness within the industry, in alignment with the South African Automotive Masterplan 2035.

We are determined to ensure that manufacturing as a sector is stipulated in order to create more job opportunities for people who have been retrenched because of COVID-19.

Ms Nomusa Dube-Ncube

MEC for Economic Development Tourism and Environmental Affairs

ACCOUNTING AUTHORITY STATEMENT

Following the success of the past 5 years, during which Dube TradePort Corporation (DTPC) achieved many strategically important results for the development of the Dube TradePort (DTP), Durban Aerotropolis and the wider economy of KwaZulu-Natal (KZN), we had good reason to believe that this significant progress would continue. Unfortunately, in March 2020, South Africa joined the world in locking down its economy in an effort to curb the spread of the coronavirus and there remains much uncertainty around the ultimate impact that COVID-19 will have on economies and businesses alike.

Over the past 5 years, DTPC has excelled in achieving its primary objectives. The number of regional and international passengers that passed through King Shaka International Airport (KSIA) increased by more than 45%. Seven new routes were initiated, including international routes to hub cities such as London, Istanbul and Doha, and regional flights into African cities such as Lusaka, Maputo, Addis Ababa and the Seychelles. Existing airlines also increased the frequency of their services six times. Over 100 000 tonnes of cargo passed through the Dube Cargo Terminal, with a collective value of around R30 billion. During the same period, Dube AgriZone tenants produced or processed produce to the value of over R230 million and the four greenhouses at Dube AgriZone are now fully occupied. Occupancy levels at the other buildings owned by DTPC, mainly in the TradeZone and Dube City, were at 96% at the end of the 2019/20 year.

In 2014, phases 1 and 2 of Dube TradeZone and phase 1 of Dube AgriZone were designated as an Industrial Development Zone (IDZ), and has since transitioned into a Special Economic Zone (SEZ). Further areas are likely to be added in the future, and this will assist DTPC to continue to attract private sector investment. R4.6 billion in investment was secured over the 5-year period from 2014/15 to 2018/19, and 2 233 permanent jobs were created in the process. Issues with the availability of the SEZ tax incentives, however, pose a reputational risk to DTPC and to the South African government.

Since 2015/16, DTPC has invested over R880 million in infrastructure projects, creating more than 4 000 temporary jobs during construction. Projects which contributed to this spend included bulk earthworks for TradeZone 2 and 1b, the construction of the double underground basement at Dube City, construction of Mini-Factories at TradeZone 1, a warehouse for Gift of the Givers and facility for Airchefs, various smaller buildings at Dube AgriZone, including a hardening facility, waste facility and technical facility, and the provision of electrical infrastructure and guardhouses at TradeZone 1.

After the significant changes to the business environment in which DTPC operates, as a result of COVID-19, the Strategic Plan for the 5-year period from 2020/21 to 2024/25, has had to be revised. This revision takes into account the impact that COVID-19 has had on many of DTPC's targeted outcomes, most notably the severe effect the suspension of international flights has had, and is expected to continue to have, on both cargo tonnage throughout and the number of passengers through King Shaka International Airport (KSIA). Government's response to the pandemic, which includes a substantial relief fund to assist those affected by COVID-19, has resulted in a reduction in DTPC's budget for the 2020/21 year, with further budget reductions expected in future years too. This, also, has impacted on the outcomes that DTPC can reasonably achieve and this too has been considered in revising this plan.

Despite the extensive challenges DTPC now faces in its efforts to continue to have the desired impact on economic growth and job creation in KZN, we remain committed to achieving the outcomes set out in this revised Strategic Plan.

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Dr. B. Gasa
Chairperson: Dube TradePort Corporation
On behalf of the Accounting Authority

CHIEF EXECUTIVE OFFICER STATEMENT

In the past few months, the global economic environment has undergone significant changes as a result of the COVID-19 pandemic, which has seen most countries around the world closing their borders and implementing restrictive lockdown regulations in an effort to curb the spread of the virus. South Africa has been equally affected and the domestic economy has suffered as a result. Relief packages, to assist those most affected, have been implemented by National government and this has resulted in budget cuts across all spheres of government. Dube TradePort Corporation (DTPC) has not been spared, with a 17.4% reduction in its allocation for 2020/21, and further cuts are expected in future years.

These factors have, and will continue to have, a significant impact on many of the outcomes DTPC aims to achieve, most notably those related to investment attraction and increasing the export potential of the local economy. Cargo tonnages through the Dube Cargo Terminal have been severely affected by the suspension of international air travel, as has the number of passengers through King Shaka International Airport, and significant uncertainty remains around when and to what extent the airline industry, along with the rest of the economy are likely to recover.

As a result of the significant changes to the business environment in which DTPC operates, the Strategic Plan, tabled in March 2020, has had to be revised. This revision takes into account the impact that COVID-19 and the resultant lockdown have had on the targeted outcomes, as well as the impact of the reduction in DTPC's budget for the 2020/21 financial year.

Over the previous five-year period, DTPC focused on delivering in four key areas. These were Strategic Infrastructure, Economic Development and Competitiveness, Job Creation and Environmental Sustainability. All of these areas were, and continue to be, strategically important for DTPC as they contribute directly to the overarching objective of DTPC and its parent Department of Economic Development, Tourism and Environmental Affairs (EDTEA) of generating inclusive economic growth in KwaZulu-Natal.

Despite economic conditions that were far from positive, DTPC attracted R4.6 billion in investment to the DTP SEZ, handled over 100 000 tonnes of cargo at the Dube Cargo Terminal, increased the number of regional and international passengers passing through King Shaka International Airport by more than 45%, invested over R880 million in infrastructure projects, and facilitated the creation of over 6 000 jobs both through construction projects on-site and by tenants operating in the zone.

Despite the significant challenges posed by COVID-19, DTPC aims to continue this good work. Its mission remains to stimulate inclusive economic growth through the facilitation of an aerotropolis, creation and operation of value-adding Special Economic Zones to attract investment and increase business and trade through enhanced logistics and air services connectivity. The steps towards achieving this mission are detailed in the five-year Strategic Plan that follows, and is further broken down into achievable outputs in the Annual Performance Plan.

As the Chief Executive Officer for DTPC, and on behalf of my executive colleagues, I confirm that DTPC remains committed to achieving the impact and outcomes detailed in this five-year Strategic Plan, and will make every effort to implement the initiatives contained therein as their importance increases in the wake of COVID-19.

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Mr. Hamish Erskine
Chief Executive Officer: Dube TradePort Corporation

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of Dube TradePort Corporation under the guidance of both the Dube TradePort Corporation Board and Ms. Nomusa Dube-Ncube (MEC for Economic Development, Tourism and Environmental Affairs) in her capacity as the Executive Authority;
- Takes into account all the relevant policies, legislation and other mandates for which Dube TradePort Corporation is responsible; and
- Accurately reflects the impact, outcomes and outputs that Dube TradePort Corporation will endeavour to achieve over the period 2020/21 to 2024/25, given the resources made available in the budget and within the constraints and opportunities of the market conditions.

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Ms. B. Bates
Acting Corporate Services Executive
Programme 1

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Mr. M. Bantwini
Cargo and AgriZone Executive
Programmes 2 and 4

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Mr. K. Ngqaka
Chief Operating Officer
Programme 3

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Mr. O. Mungwe
DPI Executive
Programme 6

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

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Mr. H. Erskine
Programme 5
Chief Executive Officer (CEO)

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Dr. B. Gasa
On behalf of the Accounting Authority

Approved by:

Ms. Nomusa Dube-Ncube
Executive Authority (MEC)

Signature: ______________________________

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PART A: OUR MANDATE

1. OVERVIEW

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

DTPC was formed under the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), as its mandate speaks primarily to facilitating economic growth and attracting long term investment to the Province. The entity is the operator of the Dube TradePort Special Economic Zone (SEZ) and is responsible for the Province's largest infrastructural development: Dube TradePort, which is a 3 800 hectare greenfield development centered around the King Shaka International Airport (KSIA), in close proximity to two of the largest sea ports in Southern Africa – Durban and Richards Bay. DTPC acts as the master developer for the precinct, guiding and facilitating the appropriate use of land for property development, light manufacturing and agricultural production, while also acting as an investor, providing enabling infrastructure to attract private sector investment that supports economic growth and enhances the competitive position of the provincial economy.

2. CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa (1996) is the supreme law of the country and, in Schedules 4 and 5, stipulates the competencies of provincial government on matters of economic development. This includes areas such as Agriculture, Industrial promotion, Trade, and Urban development.

In addition, Section 24(b)(iii) states that "*Everyone has the right to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.*"

In line with this, the design, construction, operation and management of DTP are being carried out in such a way as to be environmentally sustainable, while continuing to achieve the economic development mandate laid out for the entity in the KZN Dube TradePort Corporation Act.

3. LEGISLATIVE AND POLICY MANDATES

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

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

- To develop the Dube TradePort;
- To undertake or invest in projects associated with the Dube TradePort;
- To facilitate economic growth in the Province through the Dube TradePort;
- To attract long term investment to the Province;
- To facilitate export and import through the Dube TradePort; and
- Through the Board, to perform the following powers, duties and functions:
  - Ensure the strategic planning, establishment, design, construction, operation, management and control of the Dube TradePort;
  - Implement and give effect to the Master Plan for the economic growth of the Dube TradePort region and the Province;
  - Manage and utilise its resources in accordance with its objects and the requirements of the Master Plan;
  - Identify, develop, market and promote investment opportunities in the Dube TradePort; and
  - Develop an investment plan for the Dube TradePort.

Since the above Act was promulgated, DTP has been designated as an SEZ and additional mandates, such as the implementation of the Durban Aerotropolis and development of the Automotive Supplier Park (ASP), have been allocated to DTPC. This, in addition to changes in legislation, including the gazetting of the Special Economic Zones Act No. 16 of 2014, have given rise to the need to amend the KZN Dube TradePort Corporation Act. A consolidated amendment will be drafted and submitted for the appropriate legislative approvals.

Special Economic Zone

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

An SEZ is "a geographically designated area of a country set aside for specifically targeted economic activities, which are then supported through special arrangements (which may include laws) and support systems to promote industrial development."[1] The objective of establishing SEZs in South Africa is:

[1] Policy on the development of Special Economic Zones in South Africa (2012) – Department of Trade and Industry

- To facilitate the creation of an industrial complex having a strategic economic advantage for targeted investments and industries in the manufacturing and tradable services sectors;
- To promote beneficiation and value addition to the country's minerals and other natural resources;
- To develop infrastructure required to support the development of the targeted industrial activities;
- To attract relevant foreign and domestic direct investment, taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- To accelerate exports and economic growth and the creation of much needed jobs; and
- To contribute to balanced industrial development.

Access to any SEZ is limited to new businesses or the expansion of existing businesses for manufacturing activities, the provision of designated internationally tradable services, or carrying out the activities of trading / warehousing.

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

- Dube AgriZone phase 1: high-value, niche agricultural and horticultural products; and
- Dube TradeZone phases 1 and 2: manufacturing and value-addition primarily for automotive, electronics and fashion garments[2].

The following additional zones have been approved by the SEZ Advisory Board for inclusion in the DTP SEZ, but have not yet been gazetted:

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

Further additional areas may be added to the DTP SEZ over time.

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

- Preferential 15% Corporate Tax;
- Accelerated building allowances;
- Employment incentives;
- VAT and customs duty relief for enterprises locating in a Customs Controlled Area (CCA); and
- Section 12i tax allowance, offering support for capital investment and training.

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

[2] Government Gazette No. 37793, July 2014

Automotive Supplier Park

Over the course of 2014/15 EDTEA, together with the eThekwini Municipality, undertook a pre-feasibility study for a KZN Automotive Supplier Park to be established in Durban. Automotive Supplier Parks around the world enable the creation of centralised production, assembly, sequencing, and warehousing facilities, which are in close proximity to the Original Equipment Manufacturers (OEM). Supplier Parks are a strategic imperative to reduce logistical costs and create an enabling environment for the automotive sector. The location of a park is critical and must meet global best practice of being within 32kms of the OEM being served.

In June 2016, DTPC and EDTEA entered into a Memorandum of Understanding (MOU) whereby DTPC agreed to undertake the next phase of technical work required for the establishment of the KZN ASP. The main objective of the KZN ASP is initially to support Toyota SA Motors, who is the only OEM currently based in KZN, and to further attract other OEMs.

DTPC's obligations in terms of the MOU include preliminary activities, master-planning, land development applications, engineering, design and construction oversight for the construction of bulk works, and intergovernmental liaison and collaboration. This is considered a funded mandate, subject to suitable financial resources being provided by provincial government, and the success of the project will depend on private sector investment.

Close collaboration with relevant stakeholders will be required to develop an investment and tenant strategy, and DTPC will operationalise and commercialise the ASP, with the intention of designating a portion of the 1 000 hectare site as part of the DTP SEZ.

Durban Aerotropolis

The Durban Aerotropolis Master Plan was approved by KZN Provincial Cabinet in November 2017, and by the eThekwini Municipality in September 2019, along with the recommendations of the implementation framework. The master plan covers three different study areas: the Regional Zone, Satellite Zones and the Airport City. Detailed studies were undertaken on the Airport City, which is an area located within the boundaries of Umhlanga to the south, Ballito to the north, and Ndwedwe to the west of Dube TradePort. The implementation framework includes both the strategic and tactical interventions needed to implement the plan. DTPC is responsible for the implementation of the master plan, as well as the management and oversight of the program on behalf of EDTEA.

4. INSTITUTIONAL POLICIES AND STRATEGIES GOVERNING THE 5-YEAR PLANNING PERIOD

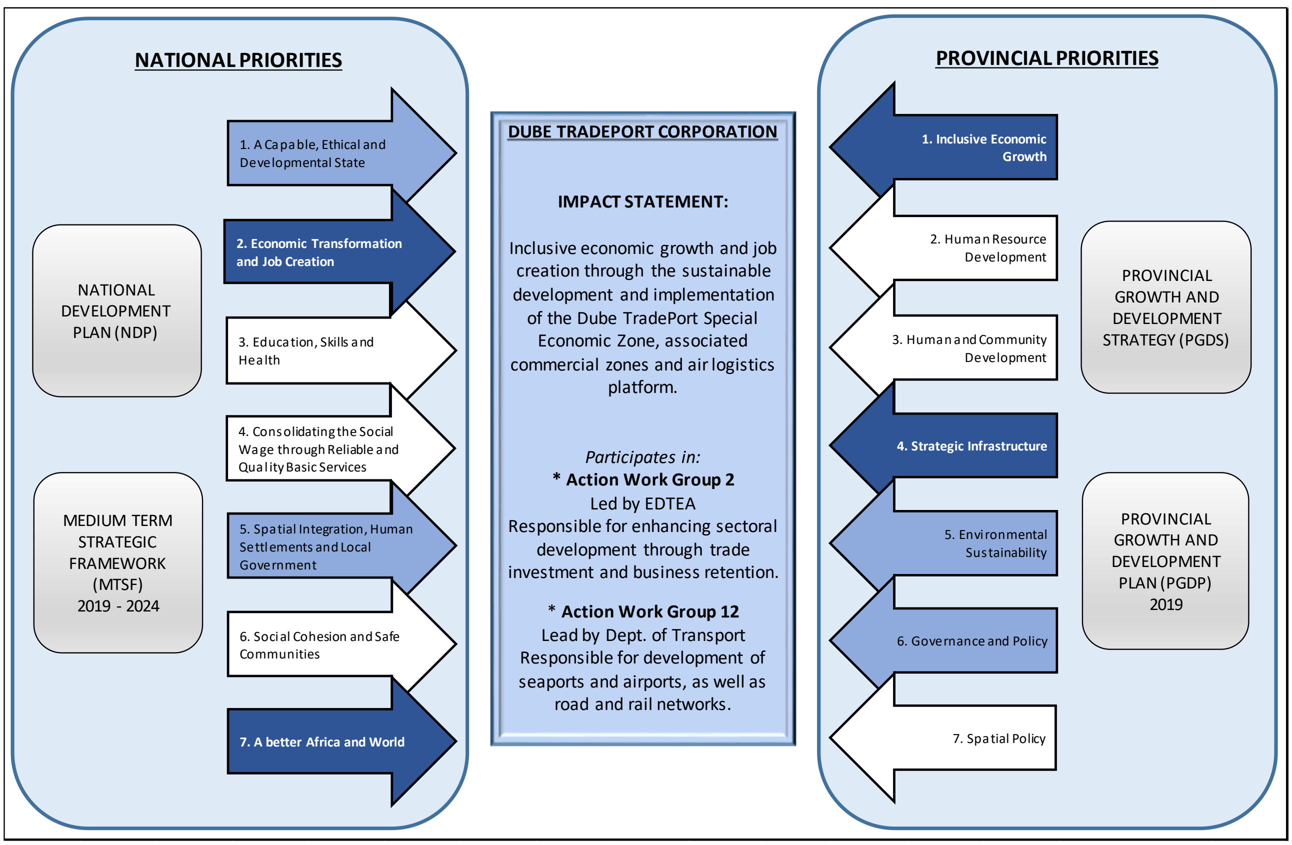
In formulating this Strategic Plan, DTPC has taken into consideration relevant national and provincial plans and priorities in an effort to ensure that its own plans and priorities are suitably aligned, so as to contribute towards the greater achievement of KwaZulu-Natal and South Africa's developmental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

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

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

These are further elaborated in the Medium Term Strategic Framework (MTSF) 2019-2024, and DTPC's alignment to this and the KZN MTSF Implementation Plan are further detailed in Annexure B.

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



KZN's 2030 vision is to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world. The province's aim, as articulated in the Provincial Growth and Development Plan (PGDP), is that abject poverty, inequality, unemployment and the current disease burden will be history, basic services will have reached all of KZN's people, and domestic and foreign investors will be attracted by world class infrastructure and a skilled labour force.

DTPC's role in achieving the objectives of the NDP, MTSF and PGDP lies in its status as a key infrastructure project for KZN and its designation as a Special Economic Zone. Through these, and in line with its mandate, DTPC aims to provide an enabling environment to attract new private sector investment, both foreign and domestic, and to facilitate growth in air cargo volumes and the production of sustainable volumes of perishables in support of an integrated air logistics platform. This will contribute to economic growth that will benefit all South Africans, in line with one of EDTEA's targeted outcomes of ensuring "*Inclusive and transformed economic growth*" in KZN.

5. RELEVANT COURT RULINGS

There have not been any court rulings that have had a significant and on-going impact on DTPC's operations or service delivery obligations.

PART B: OUR STRATEGIC FOCUS

6. VISION

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

7. 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.

8. VALUES

In executing its business activities, DTPC is committed to adhering to a clear set of values:

Core values / principles	
Professional excellence	Being passionate about value-adding professionalism, always acting with integrity and in an ethical manner.
Ubuntu	Creating open, honest relationships, built on trust, mutual respect, unity, dignity, fairness and embracing diversity.
Empowerment	Actively pursuing economic and social transformation and the developmental agenda of stakeholders.
Innovation and creativity	Succeeding through innovative, creative and adaptable teams.
Service excellence	Providing unsurpassed service excellence to our clients and stakeholders.

9. SITUATIONAL ANALYSIS

9.1. EXTERNAL ENVIRONMENT ANALYSIS

As a KZN provincial public entity, created under EDTEA, and in line with its primary mandate to facilitate economic growth and attract investment, DTPC is intended to be a part of the solution to address the challenges currently facing the KZN economy. The current state of the global and local economies are therefore important factors when considering the environment in which DTPC operates, as these will have a direct impact on DTPC's ability to deliver on its mandate.

Economic Outlook

In a 2019 publication by National Treasury, "Towards an Economic Strategy for South Africa", the country's current economic trajectory was judged to be unsustainable.[3] This was as a result of some key issues in need of urgent attention, including:

- The low rate of economic growth;
- High levels of poverty and inequality;
- High levels of unemployment;
- Declining infrastructure investment;
- Low business and consumer confidence; and
- Comparatively high costs of doing business in South Africa.

Since then, the world has been hit by a global pandemic – COVID-19, which has significantly changed the economic outlook. Growth worldwide was already projected by the International Monetary Fund (IMF) to be relatively low at 3.4% in 2020[4], but has since been revised downwards to contract by -4.9%[5]. In 2021, global growth is projected at 5.4%, which will leave 2021 global GDP 6.5% lower than the pre-COVID-19 projections for January 2020.

These forecasts contain a high level of uncertainty, as they depend on several uncertain factors, including:

- The length of the pandemic and required lockdowns;
- Voluntary social distancing, which will affect spending;
- Displaced workers' ability to secure employment, possibly in different sectors;
- Damage to potential supply from firm closures and unemployed workers exiting the workforce;
- The impact of changes to strengthen workplace safety, such as staggered work shifts, enhanced hygiene and cleaning between shifts, new workplace practices relating to proximity of personnel on production lines, which incur business costs;
- Global supply chain reconfigurations that affect productivity as companies try to enhance their resilience to supply disruptions; and
- The extent of cross-border spillovers from weaker external demand as well as funding shortfalls.

In Sub-Saharan Africa, economic activity is expected to contract by -3.2% in 2020, with a recovery to 3.4% in 2021, subject to the continued gradual easing of restrictions and if the region is able to

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[3] Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa, prepared by Economic Policy, National Treasury, 2019.
[4] World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers, published by the International Monetary Fund, October 2019.
[5] World Economic Outlook Update: A Crisis Like No Other, An Uncertain Recovery, published by the International Monetary Fund, June 2020.

avoid the same epidemic dynamics seen in other parts of the world[6]. Many countries, like South Africa, have relaxed mitigation measures out of economic necessity before the infection curve has peaked, and constraints on testing capacity suggests that many active cases remain undetected, meaning that the true extent of the epidemic could be underreported.

Consumer confidence in South Africa in the first quarter of 2020 declined to the lowest level in two years, although the full impact of COVID-19 has not yet been fully reflected. Lockdowns, weaker demand and the disruption in supply chains have affected manufacturing activity. Containment measures have led to more people staying at home and reducing daily movements to areas with services and recreational facilities, including the informal economy. In South Africa, the IMF projects economic activity to contract by -8% in 2020, with an expected rebound by 3.5% in 2021, as a result of improving business activity and confidence as authorities make progress in implementing policies to boost growth and stabilize public debt. Real GDP, however, is expected to return to pre-crisis levels only by 2023 or 2024.

COVID-19 is predicted to cause the first increase in global poverty since 1998. According to the World Bank, in sub-Saharan Africa, the pandemic could push more than 26 million more people into extreme poverty in 2020. Income inequality is expected to increase, as lockdowns disproportionately affect informal sector workers and small and medium sized companies, particularly in the services sectors. The hit to the labour market has been particularly acute for low-skilled workers who do not have the option of working from home, and income losses worldwide appear to have been uneven across genders, with women among lower-income groups bearing the brunt of the impact.

In KZN, the economy closely matches that of South Africa, although it is fortunate to be one of the most diversified provincial economies in the country, shielding it from sector-specific shocks. In 2018, the province experienced a technical recession, contracting in the first two quarters by -3.6% and -2.4% respectively, with annual GDP growth for 2018 only reaching 0.8%.[7] These levels of economic growth are far below what is needed to create jobs and to tackle high levels of poverty, and the contraction of the KZN economy looks set to intensify as the full impact of COVID-19 unfolds.

Property market

DTPC's operations centre around leasing land to the private sector for investment, particularly targeting manufacturing and related industries. According to the United Nations Conference on Trade and Development (UNCTAD), the COVID-19 crisis will cause a dramatic fall in Foreign Direct Investment (FDI), with global FDI forecast to decrease by up to 40% in 2020, and a further decrease expected of 5 – 10% in 2021. New greenfield investment project announcements dropped by more than 50% in the first months of 2020, as compared to 2019 and, in global project finance, which is an important source of investment in infrastructure projects, new deals fell by more than 40%. While this outlook is highly uncertain, as it depends on the duration of the health crisis and the

[6] Regional Economic Outlook June 2020 Update: Sub-Saharan Africa, published by the International Monetary Fund, June 2020.
[7] EDTEA.

effectiveness of policy interventions to mitigate the economic effects of the pandemic, a recovery is expected to initiate in 2022.[8]

The impact, although severe everywhere, varies by region. In Africa, FDI flows are forecast to fall by 25 – 40% in 2020 and the UNCTAD suggests that a shift in investment promotion strategies towards infrastructure and services will be necessary. Over the past three decades international production and the promotion of export-oriented manufacturing investment have been the pillars of development and industrialization strategies for most developing countries. Investment geared towards exploiting factors of production, resources and low-cost labour will remain important, but the pool of such investment is shrinking. This calls for a degree of rebalancing towards growth based on domestic and regional demand and on services. [8]

As investment promotion refocuses on Domestic Direct Investment (DDI), the state of the local property market is likely to have a significant impact, both on DTPC and its tenants. According to the South African Property Owners Association (SAPOA), the national industrial vacancy rate as at December 2019 was 5.0%, and base rental growth had slowed to 4.1%, in line with current consumer price inflation. Since then, the market has fundamentally shifted as a result of the COVID-19 pandemic and, while larger national and multi-national food-related and pharmaceutical firms have been able to maintain a form of financial continuity, the overwhelming majority of industrial occupiers have not been able to, which may negatively impact their near term prospects. Vacancy rates increased across all industrial segments over the past 12 months, although Warehousing and Distribution related property seems to be particularly sensitive to the impact of COVID-19.[9]

In terms of office space, the national office vacancy rate, as recorded by SAPOA in the first quarter of 2020, was 11.6%, with rental growth well below inflation at 0.7%. This weakening was still purely a function of the fragile economic environment, rather than an immediate COVID-19 related impact and it is expected that the impact of COVID-19 will take several quarters to filter through, as leases come up for renewal in the months following the national lockdown. The highest vacancy rate in the country was recorded for the eThekwini Municipality, at 13.7%, and this has been trending downwards since 2015. Given the uncertainty surrounding the COVID-19 pandemic, coupled with existing constraints such as loadshedding, it is difficult to predict what the "new normal" will look like for the office sector, as many companies may choose to shift a portion of their workforce to remote and/or flexible workspaces in an effort to cut overheads associated with maintaining a physical office location.[10] This will have a negative impact on demand for office space and will affect occupancy rates, particularly in DTPC's Support Zones.

Many of DTPC's tenants have been affected by the national lockdown, with smaller businesses and those which have only recently commenced trading amongst the hardest hit, as they are less likely to have sufficient reserves built up to carry them through the months of little to no trading. While the full impact of the pandemic remains uncertain, DTPC expects to see a decline in new

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[8] World Investment Report 2020: International Production Beyond the Pandemic, published by the United Nations Conference on Trade and Development, June 2020.
[9] Industrial Vacancy Report, SAPOA, April 2020.
[10] Q1 Office Vacancy Report, SAPOA, April 2020.

investment and jobs created as businesses look to consolidate their positions, a probable decrease in occupancy rates as new or struggling businesses liquidate, and a consequent reduction in DTPC's own revenue as its tenants fight to survive.

Air cargo market

Air cargo plays a significant role in enabling global trade, which in turn stimulates economic growth and promotes a better quality of life for all people. As the operator of the Dube Cargo Terminal and a key member of the Route Development Committee, which works to attract new direct air routes to King Shaka International Airport, DTPC is affected by the state of the air cargo industry.

In 2018, airlines transported 64 million tonnes of cargo to markets around the world. This activity supported a third of global trade by value, although demand for air cargo grew by only 3.4% in 2018, after extraordinary growth of 9.7% in 2017.[11] Growth in air cargo is dependent on borders that are open to people and trade, and is also affected by elements such as global economic activity levels, export orders by all major exporting nations and consumer confidence.

Following the break-out of the COVID-19 pandemic, late in the 2019/20 year, however, many countries have closed their borders to international passengers and, consequently, to the air cargo travelling on those flights. Every country in the world has been affected by this and smaller airports, such as KSIA, which currently does not have any dedicated air cargo freighters operating out of it, are likely to be the hardest hit in terms of cargo volumes. This will have a negative impact on cargo handlers, including DTPC, as well as on companies relying on imports for inputs into their operations and exports for sales revenues.

With the majority of international air traffic to and from South Africa currently suspended until at least 1 September 2020, the 2020/21 financial year is expected to be severely impacted. The International Air Transport Association (IATA) expect that this crisis will have a long shadow, with fewer passengers willing to travel in the months following the pandemic and about two-thirds likely to travel less in the future.[12] Industry-wide cargo tonne-kilometres fell by 20.3% year-on-year in May 2020, to around 22% below December 2019 levels. A further decrease is expected in June and, while a strong recovery is predicted in 2021, this is reliant on a rebound in world trade and GDP.[13]

Other opportunities and threats

The speed of innovation and technological advancement poses both a threat and an opportunity to DTPC. Innovative players in the industries targeted by DTPC are desirable investors. However, this must be balanced against their potential to create jobs, as more technologically advanced enterprises often operate in a less labour-intensive environment.

The high rate of unemployment in the country has led to an increased risk of land claims, particularly in the less developed areas of DTPC's land holdings. Local construction business forums

[11] IATA Annual Review, 2019.
[12] Remarks of Alexandre de Juniac at the IATA Media briefing on COVID-19, 7 July 2020.
[13] IATA Air Cargo Market Analysis, May 2020.

and other community groups could pose a threat if tenants and service providers underutilize the labour available in the surrounding communities. It is therefore important that DTPC work with the local community groups to ensure that they benefit from the development of the area.

As a Schedule 3C public entity, established under EDTEA, with the express purpose of facilitating economic growth through the development of DTP and the attraction of investment, DTPC's ability to link into broader governmental plans and priorities, such as the NDP, MTSF and PGDP, provides a unique opportunity for success. It is imperative that the plans of DTPC, the eThekwini Municipality, and other local, provincial and national entities align so as to ensure the success of the Dube TradePort project. This involves working with other government institutions to ensure that infrastructure, outside of DTPC's mandate, is provided in a timely manner, and includes services such as providing the necessary road linkages to connect newly developed zones, and ensuring that adjacent waste water treatment plants are licensed so as to enable DTPC developments to connect to these.

The availability of tax incentives in the DTP SEZ is also critical to attracting and retaining investors. These are administered by SARS and delays in implementation or issues with their applicability have a significant impact on DTPC's ability to deliver on its mandate.

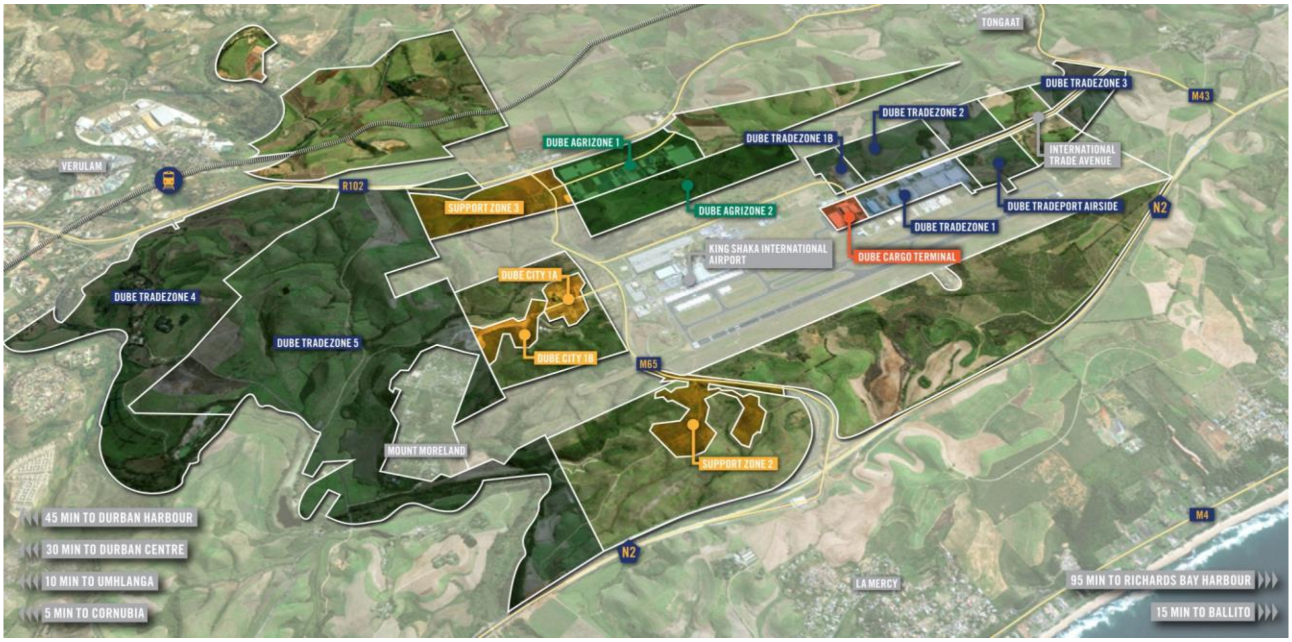
In terms of the SEZ Act No. 16 of 2014, SEZ operators are intended to be Schedule 3D entities. DTPC is a Schedule 3C entity and, as such operates within a complex legal environment. While it is accepted that entities, like DTPC, that were in existence prior to their designation as SEZ operators will remain as they are in the medium term, it would be beneficial to DTPC to convert from a Schedule 3C to a 3D entity, as this designation would improve the ease of doing business for DTPC. It would also allow DTPC to access external financing which would make it less dependent on the fiscus. However, as the primary difference between the two designations lies in their reliance on government funding, this conversion is only feasible once DTPC has achieved financial self-sustainability and is no longer reliant on government to fund its operations. As it stands, DTPC does not yet generate sufficient revenue of its own to request such a conversion and, in the wake of COVID-19, revenue levels are likely to decrease.

As master developer of the DTP precinct, various regulatory approvals (such as Environmental Impact Assessments (EIAs), Water use licenses, and Land use rights) are required before development can take place, and the long time frames involved in these processes can impact on the speed of development that can be achieved. Further, the price and availability of off-set land adjacent to DTPC's existing land holdings, which is needed to ensure continued compliance with environmental requirements, is limited, as the progress in the development of DTP has led to speculation by some land-owners and has driven up land prices in the area.

9.2. INTERNAL ENVIRONMENT ANALYSIS

DTPC has a 50-year Master Plan, aimed at driving the development of air logistics businesses and attracting investment to the Province.

Figure 2*: 2060 Master Plan of Dube TradePort*



Phase 1 of the master plan, consisting if four main development zones, has been completed. The four existing zones are:

- **Dube TradeZone 1**: This 26 hectare fully-serviced site accommodates a wide range of tenants from various economic sectors, including logistics, warehousing, manufacturing and distribution, assembly, freight forwarding, high-tech industries and electronics.

  Dube TradeHouse, adjacent to the Dube Cargo Terminal, is located in this zone and primarily houses logistics companies and freight forwarders who are ideally placed to take advantage of the direct connection to the Dube Cargo Terminal offered by way of an overhead cargo conveyor air bridge system. This zone is fully occupied, with all sites either let, under construction or fully completed and operational.

  Also included in this zone, are **mini-factory units**, which provide a platform for Small, Medium and Micro-sized Enterprises (SMME) looking for smaller manufacturing facilities with integrated office space. This complex comprises of 18 units of 250m^2 each and was released for occupation in the latter part of the 2019/20 financial year.

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

45% of the sites within Dube City are owned by the Airport Company South Africa SOC (ACSA), while the roads and other common areas are owned by DTPC's subsidiary[14], La Mercy JV Property Investments Pty Ltd (LMJV).

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

- DTPC's building, 29° South, situated on **Block F** at Dube City, is fully occupied, and plans for further expansion of this block are being evaluated.
- Construction of a double underground basement on **Block D** will be completed during the 2019/20 financial year, with construction of a 168-room hotel due to start thereafter. This will be followed by the construction of a 21 500m² office complex, called 31° East, which will be built in 3 phases by a private sector investor.
- Design of a Multi-Storey Parkade (MSP) on **Blocks A and B** has been completed. Construction was initially expected to commence in 2019/20, however, procurement issues and budget constraints have delayed the start of this construction project into 2020/21. This parkade will consist of five storeys and has been designed in such a way as to allow for an additional three storeys to be added, if required, at a later stage. It will include street-facing retail facilities and will provide parking required by the developments on Block D, to the extent that they cannot be accommodated in the double underground basement parkade.
- An application by a private sector investor to develop **Block C** is currently being evaluated, while **Block E** remains open for proposals.

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

- **Dube Cargo Terminal**: This 14 000m² state-of-the-art cargo facility is owned and partially occupied by DTPC. The Dube Cargo Terminal provides a 24/7 cargo handling solution, capable of handling 100 000 tonnes of cargo annually and boasts ultra-modern facilities including digital tracking and secure cargo flow through six on-site statutory bodies. With an impressive security record of 0% cargo loss since inception, it is one of the most secure cargo facilities in Africa.

- **Dube AgriZone 1**: With 16 hectares of greenhouses, Dube AgriZone is Africa's largest climate-controlled growing area under glass. Designated as part of the DTP SEZ, Dube AgriZone provides world-class facilities and technical support for propagating, growing, packing and distributing high-value perishables and horticultural products. This facility is

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

particularly well-positioned for products requiring immediate post-harvest air-lifting, thereby creating Africa's first integrated perishables supply chain. Dube AgriZone also includes a distribution centre, a nursery and **Dube AgriLab**, the only commercial tissue culture laboratory in KZN.

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

The first phase of Dube AgriZone is fully occupied.

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

- **Dube TradeZone 2**: This second phase of Dube TradeZone, once completed, will make an additional 50 hectares of land available for private sector development. This site, located parallel to Dube TradeZone 1, is within the area designated as an SEZ and will therefore be ideal for manufacturing companies looking to benefit from SEZ incentives. Bulk earthworks are currently underway, with the construction of municipal infrastructure likely to have commenced before the start of the 2020/21 financial year. Pre-letting marketing has begun, with the first sites expected to be ready for occupation by 2021.

  An interim phase, **Dube TradeZone 1b**, incorporating an addition 4 hectares which will ultimately form part of Dube TradeZone 2, has been platformed and serviced and lease negotiations are currently underway to fill this site. This portion of land is intended to house a pharmaceutical cluster, which will have access to a common utilities zone, currently being designed, with the intention of enabling tenants to leverage off the synergies created by sharing services such as electricity, plant heating and cooling, water purification, steam, solid waste management and effluent treatment.

- **Dube TradeZone 3**: This zone will be jointly developed by DTPC and Tongaat Hulett Developments. The site has a footprint of 135 hectares with an estimated bulk of 536 000m^2. Dube TradeZone 3 will provide for integration between the Watson Highway, Tongaat and the DTP precinct and is planned to accommodate a business park comprising office complexes and commercial facilities, including retail amenities, warehousing, and showrooms, as well as a range of light manufacturing and service enterprises.

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

- **Dube AgriZone 2**: Phase 2 of the Dube AgriZone consists of 30 hectares and is located adjacent to phase 1. This zone will accommodate the development of additional greenhouses and related agricultural uses. A contractor to construct the municipal infrastructure required for this zone, prior to its release, is expected to be appointed before the end of the 2019/20 financial year.

- **Automotive Supplier Park**: A site to the south of Durban was identified by EDTEA and acquired by DTPC in 2015/16. A project steering committee including DTPC, EDTEA, eThekwini Municipality and Toyota SA Motors was formed to fast-track the development of Phase 1, which includes township establishment and other associated specialist studies. Phase 1 commenced in 2018 and construction of the platform for private sector investment will begin in 2021, subject to funding being made available. Construction is expected to take approximately 18 months to complete.

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

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

- **Dube iConnect**: This is a world-class IT and telecommunications platform which digitally links precinct-based businesses with each other and the world. Dube iConnect's main focus is on telecommunications and cloud hosting services, and the provision of superior service solutions, including voice and broadband, virtual computing platforms, secure virtual storage, back-up and recovery, and dark fibre.

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

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

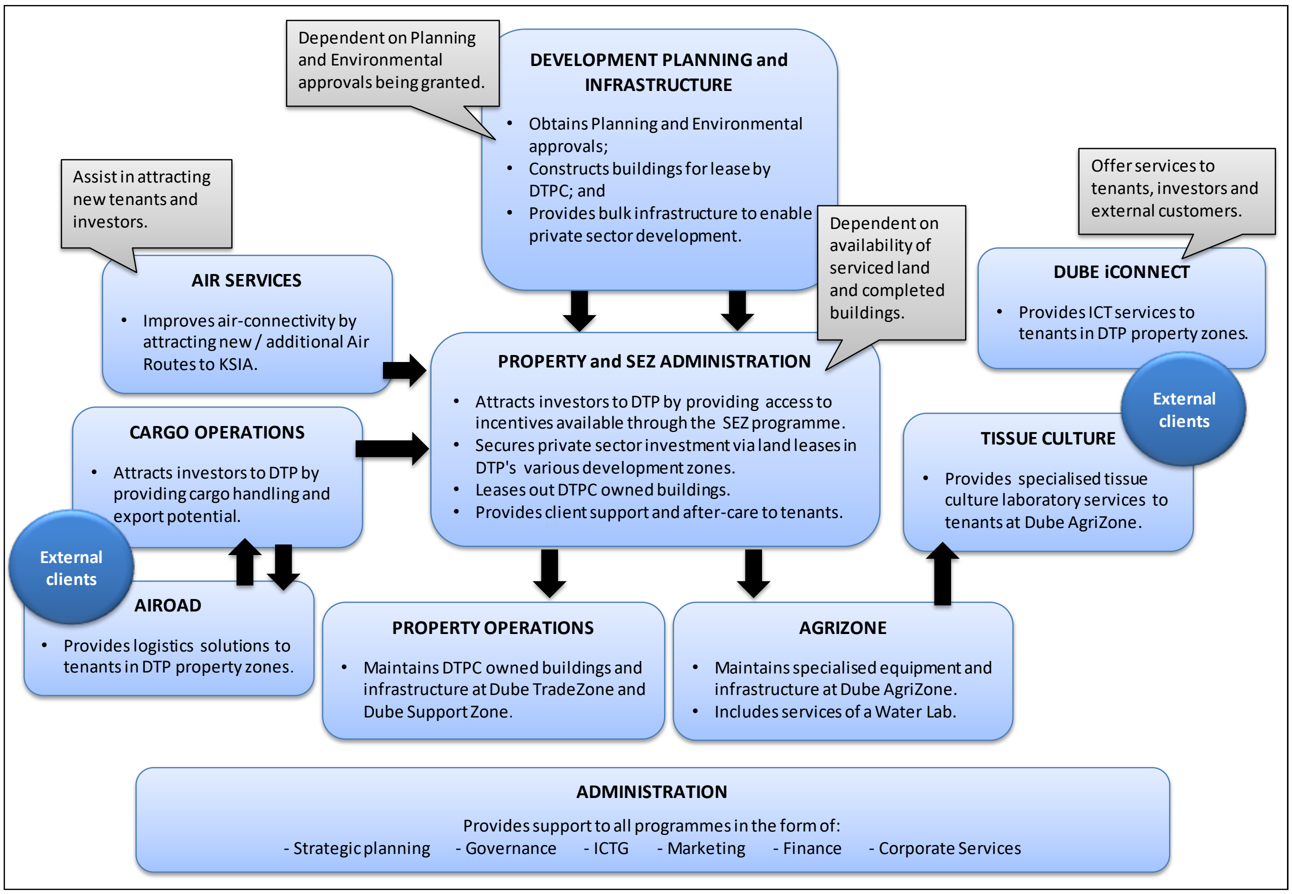
Organisational structure

As a Schedule 3C public entity, DTPC is governed by the Public Finance Management Act (PFMA) and its related Treasury Regulations, and National and Provincial guidelines. The entity is controlled by its Board, which serves as the Accounting Authority, and is accountable to the MEC for the KZN Department of Economic Development, Tourism and Environmental Affairs, in her capacity as the Executive Authority. DTPC's Board consists of one executive member (DTPC's Chief Executive Officer) and six independent non-executive members, appointed by the MEC. In addition, the Minister of Trade and Industry has appointed one Board member, as mandated by the Special Economic Zones Act.

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

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

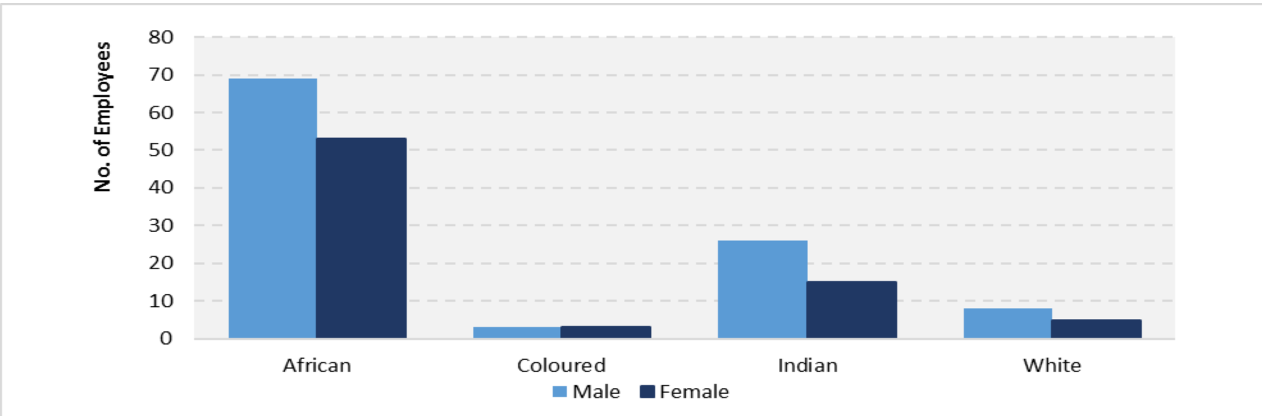
***Figure 3**: High-level overview of DTPC's operational structure and its various programmes' inter-dependencies*



Human Resources

DTPC's existing structure contains 267 posts. An organizational design process is due to start in July 2020 to assess the current structure and optimize its design, where necessary, to improve the efficiency of DTPC's operations. At 1 April 2020, 182 posts were filled and all necessary approvals were in place to fill another 10 posts, 9 of which were filled in the first quarter of 2020/21.

***Figure 4**: Demographics of DTPC's workforce at 1 April 2020*



The skills needed by DTPC staff covers a wide range, from highly skilled engineers, IT specialists and project managers, to lower skilled workers such as site rehabilitation workers, plant propagators and cargo warehouse agents. Some of the skills required are widely held, such as finance professionals and administrative positions, while others are scarcer.

In response to significant budget cuts and on-going fiscal constraints, the Office of the Premier, in consultation with KZN Provincial Treasury, implemented a freeze on all vacant posts from September 2015. While critical posts may still be filled, stringent approval processes were put in place, requiring entities such as DTPC to obtain approval from the MEC for EDTEA, the KZN Premier and the MEC for Finance prior to being able to fill such posts. These restrictions remain in place and apply to all vacant posts, including those which become vacant through natural attrition. This means that DTPC's headcount has been gradually decreasing, despite an expanding mandate and growing footprint of developed and developable areas, and this has placed significant strain on existing employees.

B-BBEE compliance

In October 2016, DTPC drew up a B-BBEE Strategy with the aim of embedding B-BBEE across all areas of DTPC's business in a broad-based and holistic manner. An implementation plan was then drawn up, detailing the specific measurable interventions that DTPC would need to undertake to achieve the objectives of its B-BBEE strategy. In 2018/19, 75% of the targets on the implementation plan were achieved.

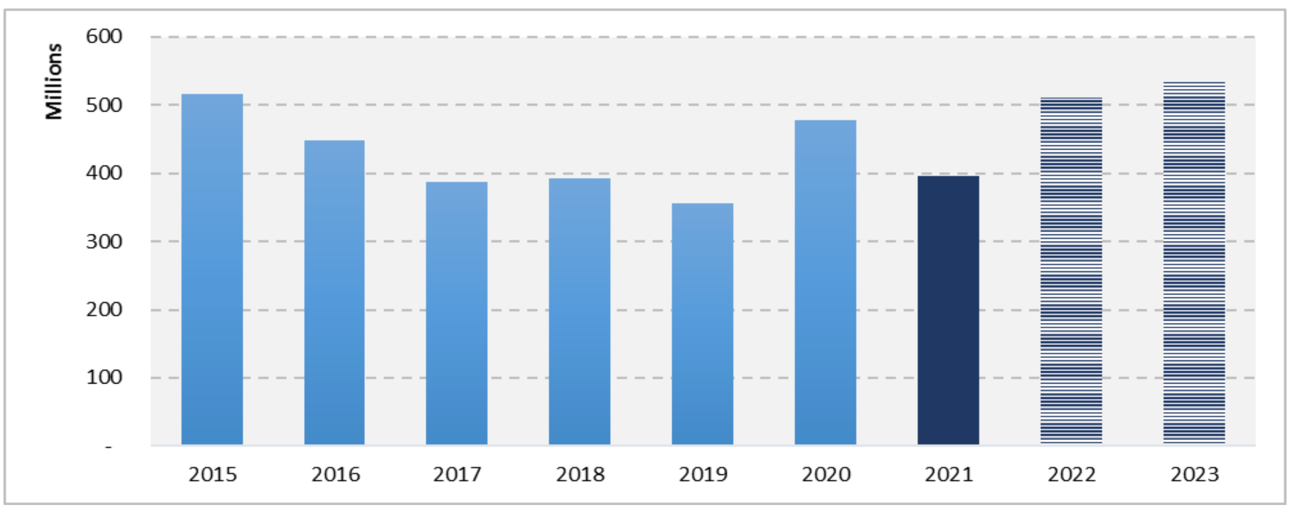
In June 2017, DTPC's B-BBEE scorecard was measured at Level 4. This was assessed based on the 2015 B-BBEE codes. An updated B-BBEE assessment was completed in October 2019, which indicated that DTPC's B-BBEE score had declined to Level 7. This was based on the information for the 2017/18 financial year. This score is expected to improve once the assessment is completed based on the 2018/19 information and the B-BBEE Implementation Plan is reviewed to ensure greater alignment between the elements of the plan and the requirements of the B-BBEE scorecard.

Financial Resources

As a Schedule 3C public entity, DTPC is largely reliant on government funding, provided through MTEF grants received via its parent department, EDTEA, to finance its operations. Over the past few years, KZN has suffered substantial budget cuts, as a result of an update to the Provincial Equitable Share formula and National Treasury's fiscal consolidation plan, and these cuts have filtered down to entities such as DTPC.

In response to the COVID-19 pandemic, President Cyril Ramaphosa, announced the creation of a R500 billion relief fund to assist those affected by the lockdown. Of this, R130 billion was to be funded through government reprioritization, with KZN contributing R7 billion towards this. As a result, all departments and public entities' budgets for the 2020/21 year have been cut. DTPC's budget for this year has been reduced by R83.569 million, to a total of R396.102 million. This revised allocation is more than 20% below the total utilized by DTPC in the 2019/20 year, and further cuts to the baseline are likely in the years to come.

Figure 5*: Grant funding received by DTPC from 2015 to 2020, and expected to be received over the MTEF, although the 2022 and 2023 allocations are likely to be reduced*



Over the past 5 years, the MTEF grant funding received by DTPC has decreased by an average of 8.6%. DTPC's own revenue has increased by 18% over that same period and operational expenditure[15] by an average of 3% per annum. Despite the below inflationary increase in operational expenditure, the reduction in grant funding has meant that DTPC's spend on capital assets has had to be reduced. At the start of the previous 5-year cycle (2015/16), DTPC spent 61.6% of its total budget on capital assets, while in 2018/19, only 30% was used for this purpose.

[15] Includes Compensation of employees and payments for Goods and services.

At 31 March 2019, DTPC owned assets to the value of R3.7 billion[16]. Of this, 70.5% (R2.6 billion) was invested in assets which, over time, are expected to generate revenue. Over the past 5 years, the return earned on investment property averaged 3% per annum, well below market averages as not all assets are as yet generating revenue to their full potential, and the budget cuts experienced in recent years has slowed the development of these revenue generating assets. This means that DTPC's journey towards reduced reliance on government funding is behind schedule and the entity will continue to require assistance beyond the next 5 years.

In addition, COVID-19 is expected to have a significant impact on DTPC's own revenue in 2020/21 and beyond. This is as a result of the severe impact of the lockdown on the air cargo industry, as well as the impact this, and the consequent poor economic conditions, has had on DTPC's tenants and customers, some of which have ceased trading or are likely to do so over the coming months.

[16] Non-current assets only.

PART C: MEASURING OUR PERFORMANCE

10. DTPC PERFORMANCE INFORMATION

10.1. IMPACT STATEMENT

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

10.2. MEASURING OUR OUTCOMES

MTSF Priority		**Economic transformation and job creation**			
	Outcome		**Outcome Indicator**	**Baseline**	**5 Year Target**
1.	Increased investment and export potential	**1.1**	Total value of new private sector investment in buildings and equipment	**R4.616 billion** over 5 years from 2014/15 to 2018/19	**R10.7 billion**
		1.2	Value of exports by DTPC tenants	**R1.8 billion** from April 2015 to September 2019	**R11.5 billion**
		1.3	% Increase in regional and international passengers through KSIA	**45.6%** increase over past 5 years	**16.8%**
		1.4	Total tonnage throughput from Dube Cargo Terminal	**101 649** over past 5 years	**86 714**
2.	Increased active participation by black people in the economy	**2.1**	Total number of new permanent direct jobs created	**2 233** over 5 years from 2014/15 to 2018/19	**3 020**
		2.2	Total number of new temporary direct jobs created	**4 337** over 5 years from 2014/15 to 2018/19	**4 625**
		2.3	Investment to facilitate increased economic participation by black people	**R272 million** invested in the 2018/19 year	**R4.5 billion**
3.	Sustainable development and operation of the Dube TradePort	**3.1**	Year in which operational break-even (incl. depreciation) will be achieved	**2038** based on 2019/20 sustainability model	**2035**
		3.2	% Reduction of negative impact on the environment as per the EMS	**n/a** Baseline to be determined in 2021/22	**6%**

10.3. EXPLANATION OF PLANNED PERFORMANCE OVER THE 5 YEAR PLANNING PERIOD

As a Schedule 3C public entity, falling under the auspices of EDTEA, DTPC's mandate is primarily focused on providing a significant contribution to economic growth in the province. One of the six priorities outlined in the NDP relates to bringing about faster economic growth, higher investment and greater labour absorption. This is further elaborated in the first of the priorities detailed in the MTSF, aimed at bringing about economic transformation and job creation and DTPC's impact statement is directly aligned to two of the desired outcomes for this priority of inclusive economic growth and creating more decent jobs.

Economic growth is generally measured by a country or province's Gross Domestic Product (GDP). GDP is made up of consumer spending on goods and services, investment in capital buildings and equipment, government spending and net exports. In line with its mandate, DTPC's focus areas, with regards to having a positive impact on the KZN economy, are primarily attracting investment, facilitating export-oriented businesses, and promoting job creation on-site which will ultimately increase consumer spending.

All of the above should be done in a manner that promotes inclusivity in the KZN economy, so as to have a real impact on economic transformation. To this end, DTPC plans to target participation by a greater number of people in economic activities, particularly those taking place within its precincts and the greater aerotropolis.

10.3.1. INCREASED INVESTMENT AND EXPORT POTENTIAL

As mentioned, higher levels of investment are an important priority of the NDP and is one of the specific objectives that DTPC was created to fulfil. Increasing targeted investment will also have a direct impact on economic growth in the province. DTPC provides enabling infrastructure for the further development of its precincts and the aerotropolis and, in so doing, provides an enabling platform to attract investment. This contributes to the impact DTPC aims to have of growing the KZN economy.

As KSIA is at the center of the Dube TradePort, and the greater Durban Aerotropolis planned for the area, air connectivity is an important factor in attracting investors, businesses and people to the precinct. Increasing the number of airlines flying directly to KSIA brings more people to KZN. This increases consumer spending, which will ultimately impact on KZN's economic growth. It also assists to increase the profile of KZN as a destination, not only for tourists but for business activities, and greater connectivity will further facilitate exports from the province. It also acts as an incentive for manufacturers of goods intended for export to locate and invest at DTP. Increasing exports has a direct impact on economic growth and developing a zone with increased export potential is a key component of DTPC's mandate. It is also one of the main objectives of SEZs and priority 7 of the MTSF – *A better Africa and World*, further articulates this intention to increase exports.

To measure the achievement of this desired outcome, DTPC will monitor the total value of new private sector investment in buildings and capital equipment, as an increase in the value of new investment is directly correlated to an increase in GDP and therefore is a good indication of economic growth. Further, the value of exports by DTPC's tenants will be measured, as this is an indication of another aspect of DTPC's tenants' contribution to economic growth, as a result of the investment attracted.

DTPC will also measure the increase in regional and international passengers through KSIA, as increased passenger numbers is a good indication of connectivity and therefore export potential. It also acts as an indicator of how well the airlines flying directly to KSIA are doing, as reductions in their passenger loads could result in the airlines cancelling the route or reducing the size of the plane, which would reduce the capacity for cargo and therefore for exports.

In addition, the total tonnage throughput from the Dube Cargo Terminal will be measured as this indicates the volume of cargo passing through the terminal. Increasing these volumes indicates an increase in exports, but is also an indicator of the connectivity available through KSIA as cargo volumes are limited by the capacity of the aircraft. By increasing the number of direct air routes, the capacity for cargo throughput is increased. This indicator is, however, considered a better gauge of the economic impact of the increased capacity than measuring the number of routes as it shows the impact of the routes on cargo volumes and therefore the success of increased connectivity on businesses in KZN.

10.3.2. INCREASED ACTIVE PARTICIPATION BY BLACK PEOPLE IN THE ECONOMY

Greater labour absorption is a key priority of the NDP, and forms part of priority 2 of the MTSF. While DTPC does not directly create jobs, it is responsible for attracting, evaluating and approving the businesses that locate within its precincts, particularly those areas designated as part of the DTP SEZ, and as such, it is able to prioritise those businesses that are most likely to create decent jobs. This aim therefore forms part of DTPC's impact statement.

To measure the achievement of this outcome, DTPC will monitor the number of new direct jobs created, both permanent and temporary. The jobs counted will be those that are created on-site at any of DTP's precincts and these indicators will therefore measure the impact that DTPC's development has had on employment.

The economic growth and job creation that DTPC aims to contribute to, is intended to include as many people, particularly those who were previously disadvantaged, as possible. The impact statement that DTPC has chosen speaks specifically of *inclusive* growth, in line with the outcomes targeted by the MTSF. To this end, the outcome DTPC intends to achieve is that of increased active participation by black people in the economy and, in particular, those activities taking place either at DTP or its surrounding communities.

The active participation by black people will be measured through the investment made by black owned companies at DTP, as well as the amounts spent by DTPC for the benefit of black beneficiaries of the initiatives implemented as part of its B-BBEE Strategy. These initiatives are intended to have a greater impact than merely improving DTPC's B-BBEE scorecard.

10.3.3. SUSTAINABLE DEVELOPMENT AND OPERATION OF THE DUBE TRADEPORT

Although DTPC is a Schedule 3C entity, the SEZ Act intends SEZ operators to be Schedule 3D entities. The difference between the two lies in the extent of their reliance on government funding. DTPC therefore aims to reduce its reliance on government funding over time, which will ultimately enable it to request a change in its designation from a 3C to a 3D.

To reduce its reliance on government funding, DTPC needs to invest in revenue-generating infrastructure and attract investors, which will increase its revenue base. It also needs to ensure that it controls its operational costs so that they do not increase disproportionately to the increase in revenue. By reducing, or at least maintaining, the current level of its operating costs, DTPC frees up funding for capital investment, which is more beneficial to the KZN economy.

The outcome of improving DTPC's financial sustainability has an indirect contribution to DTPC's intended impact as reduced reliance on government funding over time will allow those funds to be utilized elsewhere by EDTEA for other initiatives aimed at economic growth.

DTPC intends to monitor its progress towards financial sustainability by measuring the year in which it projects that operational break-even will be achieved. A model has been developed to forecast DTPC's financial results over the long term, based on a number of assumptions, including when various planned developments and activities will take place. Some of these are not within the direct control of DTPC and this could impact on DTPC's ability to achieve its forecasts. This model will be updated on a regular basis to monitor progress towards this outcome and, to the extent that the forecasted break-even date remains constant (given that the current date is beyond the end of the 5 year period being measured), or moves closer, DTPC will judge this outcome as having been achieved.

Integral to the sustainable development and operation of DTP, is environmental sustainability. In the next year, DTPC intends to implement an Environmental Management System (EMS) in line with the provisions of the ISO 14001:2015 standard. The EMS scope was developed in 2017 and DTPC will now develop a comprehensive EMS which cuts across all business units within the organization. This will be followed by a baselining exercise and, in the latter years of this strategic planning cycle, DTPC will strive to reduce the various impacts of its operations by 2% per annum.

10.3.4. REVISION OF 5-YEAR TARGETS IN RESPONSE TO COVID-19

The following targets have been adjusted, since the initial tabling of this document, to take into account the impact of COVID-19:

1.3 % Increase in regional and international passengers through KSIA

The 5-year target for this indicator was initially set at 32.3%, but has been adjusted downwards to 16.8%. International air travel was suspended in March 2020 when South Africa closed its borders to foreign travel. Forecasts indicate that international travel to South Africa is only likely to resume around December 2020, and some of the routes operating via KSIA may resume much later:

- Air Mauritius has entered business rescue and the Durban-Mauritius route may therefore remain suspended until 2022.
- British Airways are making changes to their network and fleet, and current indications are that the Durban-London route will remain suspended until November 2021.

Based on IATA forecasts for international travel, post-COVID-19, only 61% of the passenger traffic that travelled in 2019 is expected to return to air travel in 2021, with this number increasing to 89% in 2022.

1.4. Total tonnage throughput from Dube Cargo Terminal:

This target was initially set at 141 954 tonnes, but has been adjusted downwards to 86 714 tonnes in response to the COVID-19 pandemic and subsequent lockdown, which resulted in the suspension of all air traffic over the first few months of the 2020/21 financial year. At this point, the recovery for air cargo is expected to be swifter than for air passengers, with possible resumption in September 2020. This, however, is still subject to change, based on when the borders reopen and, in addition to some airlines resuming flights much later, other airlines may resume at reduced capacity or may not resume the route at all.

The target has therefore been recalculated, based on the following assumptions:

- The first 3 quarters of 2020/21 will show minimal tonnages, with the last quarter of the year, following the resumption of air travel, at 50% of the initial projections.
- Year 2 values assume a relatively high growth factor of 25%, on the basis that the local and global recovery will be strong in this year, albeit off a lowered Year 1 base value. Air cargo recovery may be swifter than the recovery in passenger travel.
- Year 3 assumes a growth factor of 15%, hoping for a return to normality.
- Year 4 assumes a return to pre-COVID-19 levels, based on IATA's forecast that international air travel will recover to 2019 levels by 2023/24.
- Year 5 assumes a return to normal growth levels, although this will be off the new reduced base.

2.3. Investment to facilitate increased economic participation by black people:

This target was initially set at R5 billion, but has been adjusted downwards to R4.5 billion, primarily as a result of the budget cut in 2020/21, which has resulted in less funding available across all aspects of DTPC's operations for this particular financial year. This means that there will be less spent in the following areas:

- Procurement, including those aimed at black-owned businesses;
- Enterprise and Supplier development activities;
- Corporate Social Investment; and
- Training of staff and other black people.

In addition, COVID-19 has severely affected the economic conditions both domestically and internationally and, as a result, investment attracted, particularly in the 2020/21 year, is expected to be much lower than initially forecast. While a recovery is anticipated in the latter years of the 5-year strategic planning period, the reduction expected in year 1 in investment aimed at facilitating economic participation by black people will likely result in a lower level of achievement in the 2020/21 financial year, and will recover over the 5-year period.

Other outcomes considered:

The 5-year targets for the following indicators remain as initially tabled, although the timing of the results targeted will shift outwards, with less being achieved in 2020/21 and, to some extent, in 2021/22. A recovery is then anticipated in the latter years of the strategic planning period, during which DTPC expects to be able to "catch up" on the achievement of the overall outcomes initially planned:

- **1.1. Total value of new private sector investment in buildings and equipment**
- **1.2. Value of exports by DTPC tenants**
- **2.1. Total number of new permanent direct jobs created**

Following a technical recession in the second half of 2019, South Africa's economic downturn continued into the first quarter of 2020, and economic activity in the second quarter will continue to be as severely impacted by the lockdown rules of the South African government's risk adjusted strategy to contain the spread of the COVID-19 pandemic. The magnitude of the impact of COVID-19 is yet to be felt as the number of infections has not yet peaked. This could further decrease the projections related to investment attraction. The uncertainty on the status of the availability of SEZ tax incentives will also impact whether investors invest or not in the coming years and this will have an impact on the reputation of South Africa's SEZ programme.

According to the UN Conference on Trade and Development (UNCTAD), global FDI flows are expected to contract by up to 40% during 2020/21, with a sharp decline expected as a result of the COVID-19 pandemic, as a result of supply disruptions, demand contractions, and the pessimistic outlook of economic factors. This trend is likely to be more severe in emerging and developing economies due to the higher share of primary sector and manufacturing in their FDI[17].

[17] World Investment Report 2020: International Production Beyond the Pandemic, published by the United Nations Conference on Trade and Development, June 2020.

11. KEY RISKS

Outcomes	Key Risks	Risk Mitigation
Increased investment and export potential	Delays in provision of enabling infrastructure (such as serviced land, public transport, and residential options).	• Develop and maintain key relationships with municipal and provincial entities. • Develop and maintain relationships with local forums and communities.
	External stakeholder's not buying-in to DTPC's infrastructure processes and plans.	• Embed DTPC policies in stakeholders' plans and budgets (e.g. align to eThekwini municipality's IDP).
	Conflicting priorities with public and private entities.	• Targeted delivery task teams to be put in place. • Memorandums of Understanding and/or Agreement and Service Level Agreements to be implemented. • Leverage political will to facilitate DTPC's infrastructure delivery.
	Reputational risk to DTPC, as well as the South African government, as a result of the failure to provide SEZ tax incentives and support measures, as well as integrated provincial and municipal incentive packages that are promised to investors.	• Work with relevant government institutions to ensure that all incentives are made available to investors timeously.
	Loss of tenants and investors, particularly as a result of COVID-19.	• Rental concessions offered in response to COVID-19, including: o 3 month rental deferment offered to tenants and developers. o Small tenants dependent on the airlines given 3 month rental holiday. o Rental relief offered to tenants whose leases were due to expire within 6 months of the start of the lockdown. • Operations team formed to focus on new revenue opportunities and retention of clients, customers and tenants. • Investment team formed to focus on closing new investment deals.

Outcomes	Key Risks	Risk Mitigation
Increased investment and export potential	Poor economic and political conditions, and exchange rate volatility.	• Create a high quality, well-functioning investment destination. • Work with relevant government institutions to ensure that SEZ incentives designed to promote exports are in place, to assist exporters to remain price competitive.
	Increased competition due to African industrialization.	• Capitalise on South Africa's advantage as the first-mover. • Release more land parcels as quickly as possible to maintain the momentum created by the good infrastructure already in place at DTP and surrounding areas. • Increase the SEZ-designated area.
	Volatile airline industry.	• This is beyond DTPC's influence, however, this should be monitored to identify potential negative effects.
	No improvement in tourism industry for the region.	• Work with Tourism KZN and other entities to market the route and Durban as a destination.
	No new airline entrants or additional capacity.	• Route Development Committee has been established to target new airlines and present business cases for direct routes to KSIA. • Incentives offered to new airline entrants.
	Limited capacity at the international terminal at KSIA.	• Work with ACSA to ensure that sufficient space is allocated for additional international airlines when required.
	Technological change.	• Continuous staff training to stay up-to-date with the latest industry requirements and technologies.

Outcomes	Key Risks	Risk Mitigation
Increased active participation by black people in the economy	Few funding opportunities for new black-owned entities.	• Collaborate with funding institutions, such as KZN Growth Fund, IDC, PIC and the banks.
	Shortage of relevant technical skills.	• Collaborate with educational institutions to build skills. • Offer internships and apprenticeships to enable more people to gain experience and skills in key areas. • Offer bursaries to the youth in KZN pursuing a tertiary qualification in areas of study that build technical skills required within DTPC. • Collaborate with Department of Labour.
	Empowerment projects do not benefit historically disempowered people.	• Pre-determined criteria in procurements undertaken to ensure increased participation in the economy by black people. • Focused training and development initiatives undertaken to ensure appropriate skills are transferred to historically disadvantaged companies.

Outcomes	Key Risks	Risk Mitigation
Sustainable development and operation of the Dube TradePort	Reduced funding available, or on-going budget cuts.	• Spend efficiently. • Motivate for additional funding, when required. • Improve planning to ensure that funds are allocated to highest priority areas first and to ensure that all funds are utilised effectively.
	Projects with higher potential for economic development are often favoured over others which potentially offer greater financial sustainability.	• Develop balanced investment targeting strategy.
	Slow pace of development, particularly of projects with potential to generate revenue.	• Revise infrastructure plan to prioritise revenue-generating projects. • Increase pace of completion of revenue-generating projects.
	Availability of data to inform the baseline regarding the impact of DTPC's operations on the environment.	• Establish mechanisms to collect data.
	Conflicting perspectives on DTPC's environmental impacts.	• Review of EMS by Environmental Management Forum to reach consensus.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

12. OUTCOME INDICATOR DESCRIPTIONS

12.1. OUTCOME INDICATOR 1.1

INDICATOR TITLE	Total value of new private sector investment in buildings and equipment
Definition	Value of FDI and DDI investments committed (buildings and capital equipment) within the DTP precinct.
Source of data	For each land lease or building lease concluded developers / tenants indicate the value of their investment in the chosen site(s). In the case of companies investing in operations/capital equipment, the amount invested will be as indicated in one or more of the following: lease agreement, SARS declarations, copies of invoices, bank or financial documents, DTI incentive approvals, signed confirmations and audited financial statements.
Method of calculation / assessment	Add the value of each development / investment in terms of actual agreed investment value. This will be a combined value which includes the building and capital equipment invested as indicated in the lease agreement, SARS declarations, copies of invoices, bank or financial documents, DTI incentive approvals, audited statements, or signed confirmations. The value of the investment may increase or decrease as updated information becomes available.
Assumptions	• Availability of developable land. • Political stability and policy certainty.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E **TradeZone 2**: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E **AgriZone 1:** 29 36'28.81" S and 31 05'37.3" E **AgriZone 2**: 29 36'18.1" S and 31 06'13.03" E
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer

12.2. OUTCOME INDICATOR 1.2

INDICATOR TITLE	Value of exports by DTPC tenants
Definition	Value of goods exported from the DTP SEZ by DTPC's tenants. The success of the SEZ largely depends on the value of exports as increasing exports is important for increasing economic development.
Source of data	Quarterly records received from tenants within the SEZ, supported by invoices and Customs forms, DA187 or SAD500/1/2 or signed confirmations.
Method of calculation / assessment	Total rand value (selling price) of exports over the period measured.
Assumptions	• Information received from tenants is accurate and complete. • Tenants will export as anticipated and their business operations will be sufficiently successful to enable them to export as planned.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer

12.3. OUTCOME INDICATOR 1.3

INDICATOR TITLE	% Increase in regional and international passengers through KSIA
Definition	Measures the increase in passengers both arriving at and departing from KSIA to/from international/regional destinations. DTPC is inextricably linked to KSIA and as such, DTPC's role is to add value to customers in leveraging the benefits of being in close proximity to the airport by supporting new regional and international route development.
Source of data	Information will be based on data sourced from ACSA for KSIA.
Method of calculation / assessment	% increase / (change) from prior period of all international and regional (African) passengers using KSIA.
Assumptions	• Data will continue to be provided by ACSA. • The economy (global and South African) will grow at the forecasted rates.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a

	• **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Executive Officer

12.4. OUTCOME INDICATOR 1.4

INDICATOR TITLE	Total tonnage throughput from Dube Cargo Terminal
Definition	Monitor and record the throughput of cargo in the cargo terminal and TradeHouse with a view to develop a trend analysis that will assist in determining the growth of cargo at KSIA.
Source of data	Dube TradePort Cargo Terminal manager's monthly reports (as per Cargo Spot system, reconciled to financial reports used for billing); SAA Cargo Manager's monthly reports (received via email); BidAir Manager's monthly reports (received via email); Swissport manager's monthly report (received via email) or any other cargo operators. ALL cargo throughput handled by all operators for import and export, and domestic cargo, at the Cargo Terminal is reported (not only that handled by DTPC).
Method of calculation / assessment	Calculation is based on kilograms handled and recorded and converted into tonnes.
Assumptions	• Demand for South African products will remain stable and will grow as expected. • Economic conditions will remain stable.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Desired performance	Actual performance higher than the target.
Indicator responsibility	AgriZone and Cargo Executive

12.5. OUTCOME INDICATOR 2.1

INDICATOR TITLE	Total number of new permanent direct jobs created
Definition	Measures the number of direct permanent jobs created at the Dube TradePort precinct.
Source of data	Monthly records received from HR, developers, tenants and service providers based at DTP.

Method of calculation / assessment	The total number of new permanent jobs created, as indicated by DTPC HR, tenants, developers and service providers.
Assumptions	Information received from tenants, developers and service providers is accurate and complete.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E **TradeZone 2**: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E **AgriZone 1:** 29 36'28.81" S and 31 05'37.3" E **AgriZone 2**: 29 36'18.1" S and 31 06'13.03" E
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Operating Officer

12.6. OUTCOME INDICATOR 2.2

INDICATOR TITLE	Total number of new temporary direct jobs created
Definition	Tracks the number of direct temporary jobs created at the Dube TradePort precinct over the period. Job creation is a key focus of government and is an important indicator of the success of Dube TradePort's development.
Source of data	Cumulative monthly labour report on construction projects in progress. Report, including name and/or ID numbers, vetted by the consultant or DPI project manager (for internally managed projects). Monthly records received from developers, tenants and service providers based at DTP.
Method of calculation / assessment	The total number of temporary jobs created, as indicated by contractors, consultants, developers, tenants and service providers in the labour reports completed, for both DTPC-managed and tenant-managed projects. Each individual employed will be counted once per job.
Assumptions	Information received from contractors, consultants, tenants, developers and service providers is accurate and complete.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	**TradeZone 1**: 29 36'7.467''S and 31 6'51.411''E

	TradeZone 2: 29 35'57.854''S and 31 6'55.568''E **Dube City**: 29 37'31.943''S and 31 5'44.862''E **AgriZone 1:** 29 36'28.81" S and 31 05'37.3" E **AgriZone 2**: 29 36'18.1" S and 31 06'13.03" E
Desired performance	Actual performance higher than the target.
Indicator responsibility	Development Planning and Infrastructure Executive

12.7. OUTCOME INDICATOR 2.3

INDICATOR TITLE	Investment to facilitate increased economic participation by black people.
Definition	This indicator measures the investment made by both DTPC and by black owned companies to facilitate participation by increased numbers of black people in the economy. The initiatives implemented by DTPC are intended to ensure that black people, in particular, benefit from incentives and other opportunities offered by DTPC to promote inclusive economic growth. The investment by black owned companies measures the participation opportunities afforded by DTPC.
Source of data	Evidence of DTPC's B-BBEE spend will come from the B-BBEE Implementation Plan, supported by evidence of initiatives implemented (e.g. procurement spend spreadsheet, lease agreements with extended development window, CSI initiatives etc.), Evolution accounting records, Invoices and Payroll reports. Evidence of the capital investment made by black owned companies will be collected by reference to the audited financial statements of the investors and developers. The capital expenditure will generally be brought into use in the financial year following the development window.
Method of calculation / assessment	Total spent by DTPC on black people/organisations on B-BBEE initiatives implemented as per the DTPC B-BBEE Strategy added to the capital investment made by black owned companies.
Assumptions	• The initiatives offered will be of benefit to the recipients. • Recipients will use the benefits that they receive to increase their participation in economic activity.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: Salaries, training and procurement spend on 30% black women owned companies over next 5 years – R478 million. • **Target for Youth**: Training, and procurement spend on companies owned by black youth and CSI and training/bursaries given to black youths over next 5 years – R27 million. • **Target for People with Disabilities**: Salaries and training/bursaries given to disabled black people over next 5

	years – R10 million.
Spatial transformation (where applicable)	n/a
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Executive Officer

12.8. OUTCOME INDICATOR 3.1

INDICATOR TITLE	Year in which operational break-even (incl. depreciation) will be achieved
Definition	Break-even is measured as the point at which total revenue equals total operational expenditure. For DTPC to become financially self-sustaining, the first step is to generate sufficient revenue (excluding grant income) to cover all operational costs, including depreciation. This indicator is intended to measure how close DTPC is to achieving that milestone. Once DTPC is able to break-even without relying on grant income, the entity may be able to request conversion from a Schedule 3C entity to a 3D.
Source of data	Sustainability model.
Method of calculation / assessment	The sustainability model calculates the year in which DTPC is forecasted to break-even. This is calculated as the year in which total revenue exceeds the total operational expenditure (including depreciation).
Assumptions	The results of the model are based on forecasts and assumptions, the accuracy of which will affect the result and the achievement of this target.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Desired performance	Break-even achieved sooner than the targeted date.
Indicator responsibility	Chief Financial Officer

12.9. OUTCOME INDICATOR 3.2

INDICATOR TITLE	% Reduction of negative impact on the environment as per the EMS
Definition	A negative environmental impact is an adverse change to the environment resulting from an organization's environmental aspects. The environment is the surroundings in which an organization operates, including air, water, land, natural

	resources, flora and fauna. This indicator is intended to measure how DTPC reduces its negative impacts on the surrounding environment.
Source of data	Electricity and water consumption from municipal bills; renewable energy generation spreadsheets; rainwater harvesting spreadsheets; fuel bills; waste volumes reports; and ecologist reports.
Method of calculation / assessment	Baselines will be defined for all significant elements of the environment that the organization is impacting. Thereafter, an environmental performance index will be established. A change in performance will be monitored annually to establish the % reduction.
Assumptions	Data will be available.
Disaggregation of beneficiaries (where applicable)	• **Target for Women**: n/a • **Target for Youth**: n/a • **Target for People with Disabilities**: n/a
Spatial transformation (where applicable)	n/a
Desired performance	Actual performance higher than the target.
Indicator responsibility	Development Planning and Infrastructure Executive

ANNEXURES

13. ANNEXURE A: DISTRICT DELIVERY MODEL

Area of intervention	Five year planning period		
	Project description and budget allocation	**District Municipality and specific location/ GPS co-ordinates**	**Responsibility/ Project leader and project/ social partners**
Catalytic projects	Plan 2: Develop a prosperous, diverse economy and employment creation Programme 2.6: Support and facilitate investment into catalytic projects, such as Dube TradePort and the Aerotropolis Budget: n/a	eThekwini Municipality Location: Dube TradePort and Aerotropolis region	Dube TradePort Corporation
Public transport	Plan 3: Creating a quality living environment Programme 3.12: Implement an effective public transport plan for the Municipality Budget: none	eThekwini Municipality Location: Umhlanga Ridge Boulevard, Dube West to Dube East Intersection	eThekwini Municipality
Inter-governmental relations	Plan 7: Good governance and responsive local government Programme 7.1.4: Facilitate implementation of initiatives arising from aerotropolis, port and N3 freight route development projects between eThekwini Municipality and State Owned Enterprises and other sphere of government Budget: R1 million (2020/21)	eThekwini Municipality Location: Aerotropolis region	eThekwini Municipality

14. ANNEXURE B: DTPC ALIGNMENT WITH MTSF AND KZN MTSF IMPLEMENTATION PLAN

MTSF				KZN MTSF IMPLEMENTATION PLAN	DTPC	
MTSF Priority	**2024 Impact**	**Outcome**	**Outcome Indicator**	**KZN Intervention**	**Outcome**	**Outcome Indicator**
2. Economic Transformation and Job Creation	Unemployment reduced to 20%-24% with 2 million new jobs especially for youth; Economic growth of 2%-3% and growth in levels of investment to 23% of GDP	More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Unemployment rate	75 000 jobs by 2024 through: - TIKZN & Investment Projects (booklet) - KZN Growth Fund - Ithala Development Finance - **DTP** and RBIDZ - Industrial Parks	Increased active participation by black people in the economy	• Total number of new permanent direct jobs created • Total number of new temporary direct jobs created
		Quality and quantum of investment to support growth and job creation improved	Investment in infrastructure secured and implemented	Investment drive focusing on **Dube Trade Port Special Economic Zone** and Richards Bay Industrial Development Zone as well as industrial parks such as KwaSithebe, eZakheni and Newcastle.	Increased investment and export potential	• Total value of new private sector investment in buildings and equipment
7. A Better Africa and World	A better South Africa	Increased and diversified exports resulted / contributed to an export orientated economy	Percentage increase of exports in identified sectors	Focus on industrialization programmes and expanding investment ready projects in the SEZs	Increased investment and export potential	• Value of exports by DTPC tenants • Total tonnage throughput from Dube Cargo Terminal
		Growth in tourism sector resulting in economic growth	Percentage increase in the value of international tourist spend	Regional airport linkage to increase connectivity to KZN tourism sites - Addressing Public Transport connecting King Shaka and the city of Durban and other cities in the vicinity including spatially links to areas such KwaMashu, Inanda, Ndwedwe and other districts for economic inclusion.		• % Increase in regional and international passengers through KSIA

APPENDICES

15. APPENDIX A: LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACSA	Airports Company South Africa SOC
APP	Annual Performance Plan
ASP	Automotive Supplier Park
AWG	Action Work Group
B-BBEE	Broad-Based Black Economic Empowerment
CCA	Customs Controlled Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DDI	Domestic Direct Investment
DOT	Department of Transport
DPI	Development Planning and Infrastructure
DTI	Department of Trade and Industry
DTP	Dube TradePort
DTPC	Dube TradePort Corporation
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GPS	Global Positioning System
HR	Human Resources
IATA	International Air Transport Association
ICT	Information and Communications Technology
ICTG	Information and Communications Technology Governance
ID	Identity Document
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDZ	Industrial Development Zone

ABBREVIATION	DESCRIPTION
IMF	International Monetary Fund
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
LMJV	La Mercy JV Property Investments Pty Ltd
MEC	Member of the Executive Committee
MOU	Memorandum of Understanding
MSP	Multi-Storey Parkade
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
OEM	Original Equipment Manufacturer
OSS	One Stop Shop
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PIC	Public Investment Corporation
ROD	Record of Decision
SAA	South African Airways
SAPOA	South African Property Owners Association
SARS	South African Revenue Service
SEZ	Special Economic Zone
SMME	Small, Medium and Micro-sized Enterprise
UNCTAD	United National Conference on Trade and Development
VAT	Value-added Tax