

DUBE TRADEPORT CORPORATION

STRATEGIC PLAN

For
2025/26 – 2029/30

KwaZulu-Natal
January 2025



SPECIAL ECONOMIC ZONE

EXECUTIVE AUTHORITY STATEMENT

Dube TradePort Special Economic Zone continues to play a pivotal role in stimulating industrial growth in a critical area of our economy by developing an environment that attracts investment and promotes the establishment of firms involved in high-value manufacturing and assembly within a Special Economic Zone environment. This organisation facilitates the export of high-value goods, contributing towards the KwaZulu-Natal Department of Economic Development, Tourism, and Environmental Affairs (EDTEA) objectives of stimulating sustainable job creation and economic growth across a range of industry types.

Dube TradePort Corporation's (DTPC) vision is *to become Africa's leading innovative, manufacturing and logistics platform, enabling sustainable investments within a smart city environment*. Working towards this goal will provide a valuable contribution towards the National and Provincial priorities, as articulated in the 2024 – 2029 Medium Term Development Plan (MTDP) and Provincial Growth and Development Strategy (PGDS), for *inclusive growth and job creation*, as it will result in a precinct that is able to attract significant investment to KwaZulu-Natal and enable investors to operate sustainable enterprises that will contribute to economic growth and create jobs.

South Africa's manufacturing sector has seen a significant decline over the last 30 years, which has weakened economic growth and the availability of sufficient jobs for our growing population. Moving forward, we intend to accelerate manufacturing in key industries where South Africa has a comparative advantage and leverage valuable economic partnerships like the African Continental Free Trade Area (AfCFTA) so South Africa can tap into markets across Africa, which have a combined Gross Domestic Product (GDP) of US\$3.4 trillion.

DTPC is tasked with delivering key infrastructure projects that will support KwaZulu-Natal's industrialisation. As South Africa works towards economic recovery, localisation has emerged as a potent strategy to reignite industrial growth. This approach calls for building local industrial capacity, and an environment that is suitable for both domestic and foreign direct investment.

In line with this goal, DTPC has developed 43 hectares of prime, fully serviced land ideal for establishing manufacturing and other support services within the second phase of its light industrial precinct. In the past 5 years, the organisation welcomed private sector investment of over R1.8 billion seeing investors like Ogihara SA, Yangtze Optics Africa Cable, LM Diapers, and HRMP Logistics introduce new investments and grow their operations.

Additionally, in 2024/25, the organisation commenced construction of warehouses on Erf 769 and Erf 771 in TradeZone 2, aimed at ensuring the availability of turnkey solutions for investors who intend to set up manufacturing facilities within the Special Economic Zone. The completion of construction is scheduled for the second quarter of 2025/26 and the fourth quarter of 2026/27, respectively.

Furthermore, DTPC completed the installation of bulk services at Dube AgriZone 2, which is currently being marketed to investors in high-value agriculture, horticulture, and aquaculture, operations and support services. The organisation intends to attract these investors into the precinct, further enhancing the province's valuable perishables supply chain.

DTPC has further worked with airlines to ensure that KwaZulu-Natal has air services that are pivotal to economic recovery from both a passenger and airfreight perspective. With the province's international airfreight handled through the Dube Cargo Terminal, Dube TradePort Special Economic Zone is crucial in ensuring the efficiency of high-value imports and exports from KwaZulu-Natal.

In light of the work that DTPC has achieved thus far, I, as the MEC for Economic Development, Tourism, and Environmental Affairs, firmly support DTPC's strategy, programmes, and targets as outlined in this 5-year Strategic Plan, and I am certain that these plans accurately represent the province's priorities, strategies and objectives.

Rev. Musa Zondi (MPL)
MEC for Economic Development, Tourism and Environmental Affairs

ACCOUNTING AUTHORITY STATEMENT

Driving an organisation with a considerable economic development mandate requires a positive financial outlook to attract domestic and foreign direct investment. The past five years have seen many unexpected events, from a global pandemic to civil unrest and severe flooding, resulting in much uncertainty for new and existing investors and businesses operating in South Africa and KwaZulu-Natal. Prospects in local and international markets have been poor. However, at the start of the new five-year cycle, the sentiments around South Africa's economic outlook have improved.

Despite operating in a tough economic climate, Dube TradePort Corporation (DTPC) has achieved notable success, demonstrating the organisation's resilience. Among the primary concerns coming out of the pandemic has been the issue of economic recovery. For DTPC, the recovery of the aviation sector and the rate of the reinstatement of suspended international flights has been of particular concern, as these are the drivers of airfreight that enables high-value exports. The KwaZulu-Natal Route Development Committee, under the banner of Durban Direct, of which DTPC is a member, continues to work with airline operators to attract new routes into the province. In addition to the return of Emirates, Turkish Airlines and Qatar Airways, recent key successes include the launching of three regional routes including Lusaka-Zambia, Manzini-Eswatini and Gaborone-Botswana into Durban. This increase in air services is expected to continue to drive intra-continental trade and airfreight handled through the Dube Cargo Terminal.

In line with its mandate, DTPC continues to invest in capital infrastructure projects aimed at increasing the manufacturing capacity in the province and enabling further development by the private sector. Amongst the projects invested in to date, was the bulk infrastructure for the second phase of Dube AgriZone. This investment is expected to unlock 35 hectares of additional agricultural and agri-processing capacity within the zone thus stimulating the growth of the agricultural value chain and support services within the province.

In addition, DTPC has commenced with a project to install a ground-mounted solar photovoltaic power plant within Dube AgriZone 2 to provide clean and sustainable energy to both DTPC and its tenants. Investing in renewable energy and reducing the carbon footprint of the precinct positions Dube TradePort as an attractive investment destination, particularly for investors looking for sustainable and cleaner energy solutions.

Over the next five years, DTPC intends to continue to invest in buildings, such as the warehouses being constructed in TradeZone 2, make progress on the development of a common utilities facility to provide additional sustainable energy solutions to investors, and to commence with the development of new land parcels currently being acquired. These projects, amongst others, will enable DTPC to have the intended impact of stimulating inclusive economic growth and spurring sustainable job creation. To achieve this, the organisation has committed to attracting close to two billion in new investment over the next 5-year period, with a focus on improving ownership by black people, women and youth, and facilitating the creation of over 5 000 new direct jobs, both permanent and temporary. In addition, DTPC will ensure that it maintains a well-run and functional organisation that meets the rigorous compliance requirements of its operations, thus sustaining its track record of 12 years of clean audit opinions.

On behalf of the Board, the Accounting Authority for Dube TradePort Corporation, I reaffirm our commitment to providing oversight and leadership to DTPC, with the firm intention of making sure that the entity delivers on the outcomes set out in this 5-year Strategic Plan, with the knowledge that these will lead to the impact that DTPC aims to achieve of *Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort.*

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

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 Rev. Musa Zondi (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority;
- Takes into account all the relevant policies, legislation and other mandates for which Dube TradePort Corporation is responsible; and
- Accurately reflects the impact, outcomes and outputs that Dube TradePort Corporation will endeavour to achieve over the period 2025/26 to 2029/30, given the resources made available in the budget and within the constraints and opportunities of the market conditions.

Ms. Nolufefe Ali
Executive: Corporate Services
Programme 1

Mr. Mlibo Bantwini
Executive: Business Services
Programme 2, 4 and 5

Mr. Kayaletu Ngqaka
Executive: Investments
Programme 3

Mr. Ricardo Isaac
Acting Executive: Assets and Operations
Programme 3

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Programme 6

Ms. Ayesha Swalah
Chief Financial Officer (CFO)

Mr. Hamish Erskine
Chief Executive Officer (CEO)

Mr. Mpumelelo Zikalala
On behalf of the Accounting Authority

Approved by:

Rev. Musa Zondi, MPL
Executive Authority (MEC)

Signature: _____

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PART A: OUR MANDATE

1. OVERVIEW

Dube TradePort Corporation (DTPC) is a Schedule 3C public entity, created by the KwaZulu-Natal (KZN) provincial government, under the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), as a catalytic project to develop the Dube TradePort (DTP).

Dube TradePort is a 3 618 hectare¹ greenfield development, centred around the King Shaka International Airport (KSIA), in close proximity to the two largest seaports in Southern Africa – Durban and Richards Bay. The primary intention of this development is to facilitate economic growth and to attract long term investment to the Province. 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. The entity is also the operator of the Dube TradePort Special Economic Zone (SEZ), and this designation further enhances DTPC's ability to attract investment.

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;

¹ This includes 91.42 hectares which are currently leased from ACSA, as well as land owned by DTPC's subsidiary, La Mercy JV Property Investments (Pty) Ltd. The lease with ACSA has a 30-year lease term and comes to an end on 28 October 2038. An extension to this lease for a further 7 years has been signed by DTPC and is awaiting ACSA's acceptance.

- 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
- To perform the following powers, duties and functions through the Board:
 - 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.²

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

Special Economic Zone

In July 2014, the Dube TradePort Industrial Development Zone (IDZ) was designated by the Minister of Trade and Industry, consisting of two sectors within the DTP:

- **Dube AgriZone 1**, focusing on high-value, niche agricultural and horticultural products; and
- **Dube TradeZone 1 and 2**, focusing on manufacturing and value-addition primarily for automotive, electronics and fashion garments.³

In addition to the above, and in line with the dtic Industrial Development priority sectors, DTPC is also focusing on attracting investors who operate in the following sectors:

- Health care value addition / Pharmaceutical;
- Green energy;
- Business Process Services; and
- Aerospace / Aviation-related manufacturing and assembly industries.

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.

Special Economic Zones are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (which may

² Sections 3 and 4 (1) of the KZN Dube TradePort Corporations Act No. 2 of 2010.

³ Government Gazette 37793, July 2014.

include laws) and systems that are often different from those that apply in the rest of the country. SEZs are key contributors to economic development and the purpose of establishing SEZs includes:

- Facilitating the creation of an industrial complex, having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;
- Developing infrastructure required to support the development of targeted industrial activities;
- Attracting foreign and domestic direct investment;
- Providing the location for the establishment of targeted investments;
- Enabling the beneficiation of mineral and natural resources;
- Taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- Promoting regional development;
- Creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small, micro and medium enterprises and co-operatives, and promoting skills and technology transfer; and
- The generation of new and innovative economic activities.⁴

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 or warehousing.

The following incentives may be available to companies locating in the DTP SEZ, subject to approval by SARS (see the SARS website for more information – www.sars.gov.za):

- Preferential 15% Corporate Tax⁵;
- Accelerated building allowance;
- Employment incentive;
- VAT and Customs duty relief for businesses located within a Customs Controlled Area (CCA); and
- Section 12I tax allowance, offering support for both capital investment and training.

DTPC is accredited as an Authorised Economic Operator (AEO) with level 1 and 2 status, enabling DTPC to gain international recognition as a trusted and reliable trading partner. This recognition allows DTPC to enhance trade facilitation and cooperation with customs authorities and trading partners worldwide.

⁴ Section 4 (2) of the Special Economic Zones Act No. 16 of 2014.

⁵ This provision (S12R of the Income Tax Act No. 58 of 1962) ceases to apply in respect of any year of assessment commencing on or after 1 January 2031.

Automotive Supplier Park

In 2014/15, EDTEA, together with the eThekweni Municipality, undertook a pre-feasibility study for a KZN Automotive Supplier Park (ASP) 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). This enables the reduction of logistical costs and creates an enabling environment for the automotive sector. The location of a park is critical and must meet global best practice of being within 32kms of the OEM being served. The main objective of the KZN ASP is to initially support Toyota SA Motors, who is the only OEM currently based in KZN, and then to further attract other OEMs.

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

In 2018 DTPC appointed a multi-disciplinary consultant team and commenced with the feasibility study. The success of the project will depend on successfully obtaining environmental authorisation and town planning approvals, and the commitment of private sector investment. The environmental authorisation is currently in the appeal phase. Development of an investment and tenant strategy will be developed, in close collaboration with all relevant stakeholders, and DTPC will operationalise and commercialise the ASP with the intention of designating a portion of the 1 000-hectare site as part of the DTP SEZ.

Durban Aerotropolis

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

The plan identifies several lead initiatives, to be implemented over a 50-year life span. These include the Regional Waste Treatment Works, human settlements, bonded industrial development, infrastructure development, and the Aerotropolis Institute of Africa. These lead initiatives are to be done in collaboration with the private and public sector.

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

In developing this Strategic Plan, DTPC has taken into account relevant National and Provincial policies, strategies and plans where DTPC has a part to play in achieving the identified priorities. This ensures that DTPC's plans are suitably aligned, so as to contribute towards the overarching goals of KwaZulu-Natal and South Africa.

2030 National Development Plan

The National Development Plan (NDP) is founded around 6 pillars that represent the broad objectives of the plan to eliminate poverty and reduce inequality. The 6 interlinked priorities are:

- 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.
- Encouraging strong leadership throughout society to work together to solve problems.

While many of these priorities are applicable to all government entities (such as Building a capable and developmental state), DTPC's mandate is most closely linked to the third of the above priorities, as the intention behind developing the Dube TradePort is to grow the local economy by attracting foreign and domestic direct investment by the private sector. These investors will then create jobs which is essential for reducing poverty and increasing inclusion of all South Africans in the economy.

Medium-Term Development Plan 2024-2029

The Medium-Term Development Plan (MTDP) serves as the implementation framework for the NDP and is the 5-year medium-term plan for the 7th Administration of the Government. It is based on the principles and priorities drawn from the Statement of Intent of the Government of National Unity (GNU).

Three interlinked strategic priorities have been identified in the MTDP:

- **Inclusive growth and job creation.**
- Reduce poverty and tackle the high cost of living.
- A capable, ethical and developmental state.

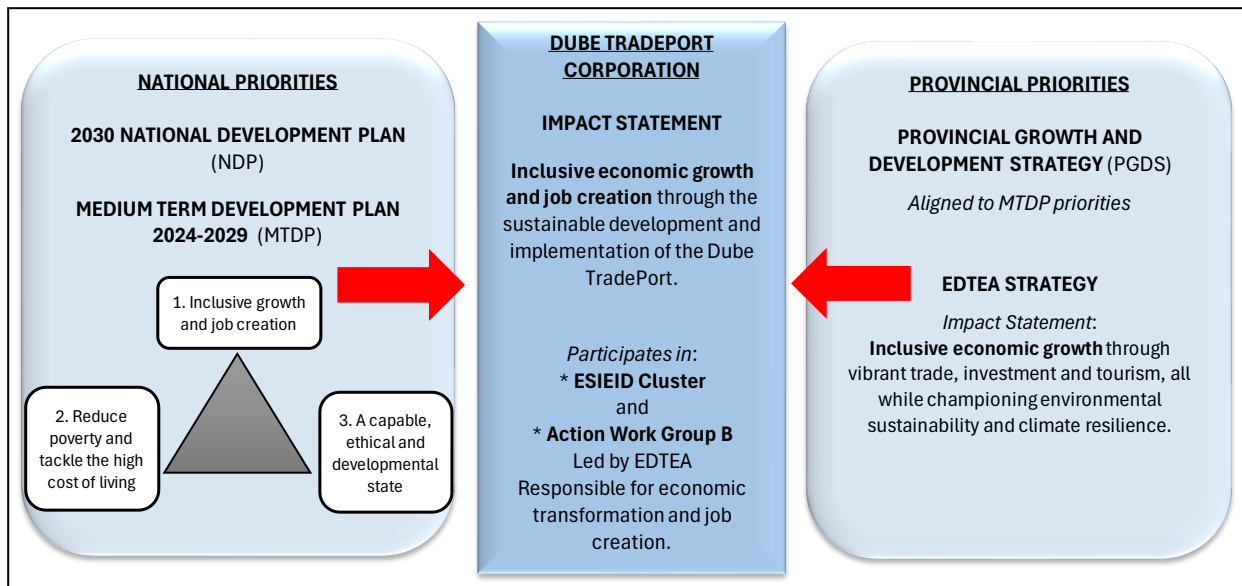
Various outcomes have been identified within each of these priorities. As DTPC's mandate is focused on facilitating economic growth, it is directly aligned to the apex priority of Inclusive growth and job creation. In terms of the MTDP, interventions identified to achieve this strategic priority are to be prioritised based on:

- Sectors in distress, such as mining, construction and manufacturing, which are currently vulnerable but have a large employment base. As an SEZ, DTPC's focus is on attracting new and expanding manufacturing enterprises into the zone and supporting these investors to ensure their continued growth and success.
- Scalability, focusing on projects that have the potential to create a significant number of jobs and that can drive growth through increased productivity and economic output.

DTPC focuses on attracting investors that will create jobs and who are aiming to export their outputs or reduce reliance on imports through localisation.

- Infrastructure investment that can provide long-term benefits and support other sectors. DTPC invests in infrastructure for the development of the DTP thereby providing the infrastructure necessary to attract investment and enable further development by the private sector.
- Industrialisation, prioritising industries that can scale rapidly and have extensive reach, such as agriculture and tourism, and can have widespread economic benefits. The Dube AgriZone aims to attract and support agricultural businesses, while DTPC also plays a role in attracting new air routes to KSIA which benefits local tourism as well as providing greater air connectivity for cargo movements.

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



Provincial Growth and Development Strategy

The Provincial Growth and Development Strategy (PGDS) is currently under review and will be finalised after the MTDP 2024-2029 is approved to ensure that it is fully aligned with National priorities.

KZN's 2030 vision remains to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world.

The current version of the PGDS (2021-2025) contains seven main goals, and while these are likely to be revised to align to the MTDP, the key issues, such as economic growth, job creation, social protection, educational outcomes and recovery of state capacity, are likely to remain. DTPC's main contribution towards this plan will therefore remain that of facilitating economic growth and job creation through the development of the Dube TradePort.

State of the Nation and State of the Province Addresses (2024)

The State of the Nation Address (Feb 2024) (SONA) emphasised the necessity for Government to grow the economy and create jobs. This was reiterated in the Opening of Parliament Address (July 2024) and State of the Province Address (SOPA) in July 2024, where the province's intention

to fully align to the GNU priorities was outlined, as was the role that key economic institutions, such as DTPC, play in facilitating job creation. It was highlighted that all growth should be inclusive, with a particular focus on supporting small businesses as well as those owned by youth and women. DTPC will continue to support small enterprises, particularly African black-owned enterprises, through the provision of rental incentives which have been catered for in DTPC's Property Developers Strategy.

The KZN Premier further emphasised the need for all entities to improve their audit outcomes and strive for clean audits. DTPC has achieved clean audits every year for the past twelve years and aims to continue this result into the foreseeable future. All audit findings raised by both internal and external audit are recorded in an Audit Improvement Plan, along with the interventions needed to resolve the findings, and progress made in this regard is regularly monitored, and reported to the Audit and Risk Committee on a quarterly basis.

An increase in extreme weather events was noted across the country and, in particular, in KZN. In response to this, the imperative to reduce carbon emissions and fight climate change was highlighted. DTPC aims to ensure that all development on-site is done in an environmentally sustainable manner and an Outcome has been included in this Strategic Plan in this regard to ensure that interventions are put in place to reduce DTPC's carbon footprint.

Alignment to EDTEA's Plans

The main focus of DTPC's parent department, EDTEA, is in growing the economy and job creation. EDTEA's vision is for *a dynamic and resilient ecosystem that champions inclusive economic growth, fosters vibrant tourism and nurtures a sustainable environment*.

The outcomes that EDTEA aims to achieve are:

- **Inclusive growth, creating jobs and attracting investment and exports:**
 - More decent jobs sustained and created.
 - Investing for accelerated inclusive growth.
 - Reduced concentration and monopolies and expanded small business sector.
 - Re-industrialisation, localisation, exports and beneficiation.
- **Improved provincial investment, trade, tourism and geo-political impact:**
 - Increased and diversified exports.
 - Thriving tourism sector.
- **An improving state of environment that is climate resilient and sustainably supporting the radically transformed economy:**
 - Strong environmental protections that promote sustainability and climate change preparedness and GHG reduction (mitigation).
- **A capable, ethical and developmental institution that contributes to efficient and effective deliverance of service delivery outcomes:**
 - Skills development and innovation initiatives that align with industry needs to spur economic growth.
 - Improved service delivery at local government.

DTPC's outcomes are closely aligned to EDTEA's first outcome regarding inclusive growth, creating jobs and attracting investment and exports as DTPC was created to facilitate economic growth and attract investors who will create jobs and increase exports. This is also aligned with EDTEA's second outcome to improve provincial trade and investment, particularly with regards

to air connectivity, which assists to drive tourism and increase cargo capacity, thereby enabling an increase in exports.

Contribution towards empowerment of vulnerable groups

To ensure that economic growth is inclusive, DTPC supports women and youth-owned enterprises through preferential procurement. On each procurement planned by DTPC, preference points are allocated for specific goals, which include women-owned and youth-owned businesses, in compliance with DTPC's SCM Policy, which is aligned to the Preferential Procurement Policy Framework Act, 2000 and its 2022 Regulations.

In addition, all construction contracts signed by DTPC include Contract Participation Goals (CPG) to ensure that Enterprise Development (ED) partners are included. DTPC's procurement strategy also targets vulnerable groups, in line with the priorities of Operation Vula, and assists to create more opportunities for Small, Medium and Micro-sized Enterprises (SMMEs).

As a result of the above, in 2023/24, approximately 70.1% of DTPC's procurement spend was paid to 101 companies that are at least 30% owned by black women, 16.5% was paid to 13 youth-owned companies, 21% was paid to 127 EMEs and 14.2% to 72 QSEs.

In previous years, DTPC conducted an audit of its facilities to assess the degree to which they comply with SABS minimum norms and standards for use by people with disabilities. Based on the recommendations from this audit, various interventions are in the process of being implemented to improve universal access to all DTPC-owned facilities. This will ensure that people with disabilities are able to access these facilities as needed.

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.

The following changes in legislation, which have an impact on DTPC's operations, have been recently published:

- In terms of the newly Gazetted **National Water Act (No. 36 of 1998), Section 21, General Authorisation**, a number of concessions have been afforded to private entities and parastatals or state-owned entities and related institutions, which place more emphasis on the risk matrix to determine whether water use will require a Water Use License (WUL) or a General Authorisation (GA). These amendments provide relaxation in terms of the activities previously subject to a WUL, such as rehabilitation associated activities, allowing for a shorter and less cumbersome authorisation process.
- The new **Public Procurement Act (No. 28 of 2024)** was published on 23 July 2024. This Act is not yet effective, as the Regulations are still being developed. The implementation of this Act will consider the readiness of affected institutions, and the current procurement framework and its associated regulations remain in force until such time as the new Act becomes effective. The full impact of this new Act on DTPC will only be known once the Regulations are made available.

PART B: OUR STRATEGIC FOCUS

6. VISION

To be Africa's leading innovative, manufacturing and logistics platform, enabling sustainable investments within a smart city environment.

7. MISSION

To stimulate inclusive and sustainable economic growth through:

- Enabling the facilitation and development of an aerotropolis by providing leading edge spatial planning and infrastructure;
- Attracting and retaining investment through the expansion and operation of a Special Economic Zone and related commercial and agri-business zones;
- Providing value-added services to support an integrated business ecosystem; and
- Growing business and trade through enhanced logistics and new regional and international air services connectivity.

8. VALUES

DTPC is committed to the following principles for the conduct of its business activities:

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

In May 2024, South Africans went to the polls to elect our leaders for the next 5-year cycle. The outcome of these elections was a Government of National Unity (GNU). The fundamental principles and priorities for the GNU were identified and these remain aligned to the NDP 2030 vision to reduce poverty, inequality and unemployment, as well as the Africa Agenda 2063 and Sustainable Development Goals, which all focus on achieving sustainable development. Three key strategic priorities were identified as the focus areas for the next 5-years, being (1) Inclusive growth and job creation, (2) Reduce poverty and tackle the high cost of living, and (3) A capable, ethical and developmental state. The first of these priorities (Inclusive growth and job creation) was identified as the apex priority as growing the economy and creating more jobs will have a significant, positive impact on the other focus areas and is currently an area of dire need.

DTPC's primary mandate is to facilitate economic growth in the province through the development of the Dube TradePort. The state of the global and local economy therefore has a direct impact on DTPC's ability to achieve its mandate and it also provides an understanding of the need for DTPC and the services that it was created to provide.

9.1.1. ECONOMIC OUTLOOK

In 2023, the global economy grew by 3.3% and the International Monetary Fund (IMF) projects further growth of 3.2% in 2024 and 3.3% in 2025.⁶ Growth in Sub-Saharan Africa is projected to be higher than the global average at 3.7% in 2024 and 4.1% in 2025 as the economic recovery continues and inflation falls. Many of the countries in this region are facing debt repayments in the next years, forcing countries to cut essential public spending to redirect development funds to debt servicing, thereby endangering growth prospects for the future. Sub-Saharan Africa remains vulnerable to global shocks, particularly from weaker external demand and elevated geopolitical risks, as well as facing rising political instability and frequent climate shocks. With limited financing options and borrowing costs remaining high, a focus on boosting revenues, rather than cutting essential government spending, will be key, although there is scope to improve expenditure efficiency.⁷

Many of these same challenges are relevant to South Africa, where public debt has continued to rise to just above 74% of Gross Domestic Product (GDP).⁸ Growth, however, has been significantly lower in South Africa than the average for the region, at 0.7% in 2023, due in part to widespread power shortages and disruptions at rails and ports and, following 0% growth in the first quarter of 2024, GDP grew by only 0.4% in the second quarter.⁹ Unemployment remained high, reaching 32% at the end of 2023, while inflation fell to 5.1% in June 2024.

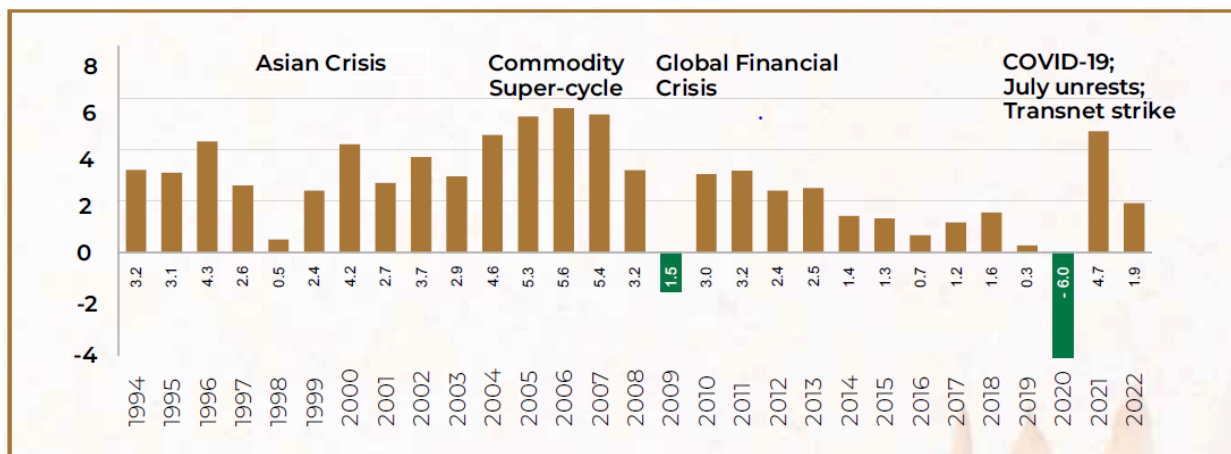
⁶ International Monetary Fund's World Economic Outlook Update, The Global Economy in a Sticky Spot, July 2024.

⁷ International Monetary Fund's Regional Economic Outlook – Sub-Saharan Africa, April 2024.

⁸ International Monetary Fund's Country Report No. 24/283 – South Africa: Post-financing assessment, September 2024.

⁹ Stats SA Statistical release P0441: Gross Domestic Product, Second quarter, 2024.

Figure 2: South Africa's GDP growth, 1994 - 2022



Source: Stats SA, dtic. From 30-Year Review of South Africa's democracy, 1994 - 2024, DPME

Looking ahead, growth is expected to reach 1% in 2024, on the back of improved investor sentiment and electricity generation, stabilising at 1.4% in the medium term. The IMF does not expect South Africa's public debt to stabilise over the medium term, given rising debt servicing, support to state-owned enterprises and sizable spending on public wages, but suggests that the new government uses the opportunity of a new mandate to implement bold reforms to address long-standing challenges and achieve the economy's full potential. This would include structural reforms to support job creation, growth and prosperity, such as electricity and transportation-sector reforms, fostering private sector participation to boost activity and exports, improving the business environment and removing obstacles to trade, supported by labour-market reforms to boost investment and employment.¹⁰

While DTPC's overall span of influence on the South African economy is small, as its services are focused on the land owned by DTPC and its surrounding areas, its objectives are aligned to the intentions expressed above. DTPC's primary intention in developing the Dube Tradeport is to create a precinct that fosters economic growth through the attraction of investment that will increase activity, exports and employment.

9.1.2. DEMAND FOR DTPC'S SERVICES

Over the past 30 years of South African's democracy, the labour market has expanded and transformed. However, while total employment almost doubled from 8.9 million in 1994 to 16.7 million in 2023, the labour force grew by 150% from 11.3 million in 1994 to 28.3 million in 2023.¹¹ With population growth outstripping the growth in job opportunities, unemployment has increased substantially, reaching 33.5% in the second quarter of 2024.

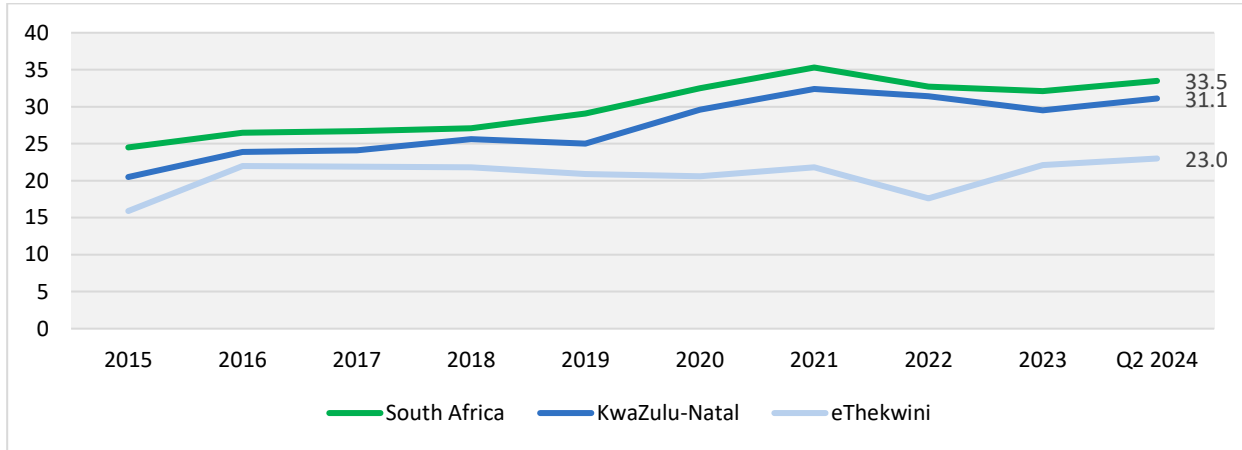
In KZN, official unemployment was marginally below the national rate at 31.1% in the second quarter of 2024, meaning that over 1.2 million people in KZN are currently unemployed, in addition to the 3.5 million (close to half of the province's working age population) who are either discouraged work-seekers or otherwise not economically active.¹²

¹⁰ International Monetary Fund's Country Report No. 24/283 – South Africa: Post-financing assessment, September 2024.

¹¹ DPME's 30 Year review of South Africa's Democracy (1994 – 2024) Report.

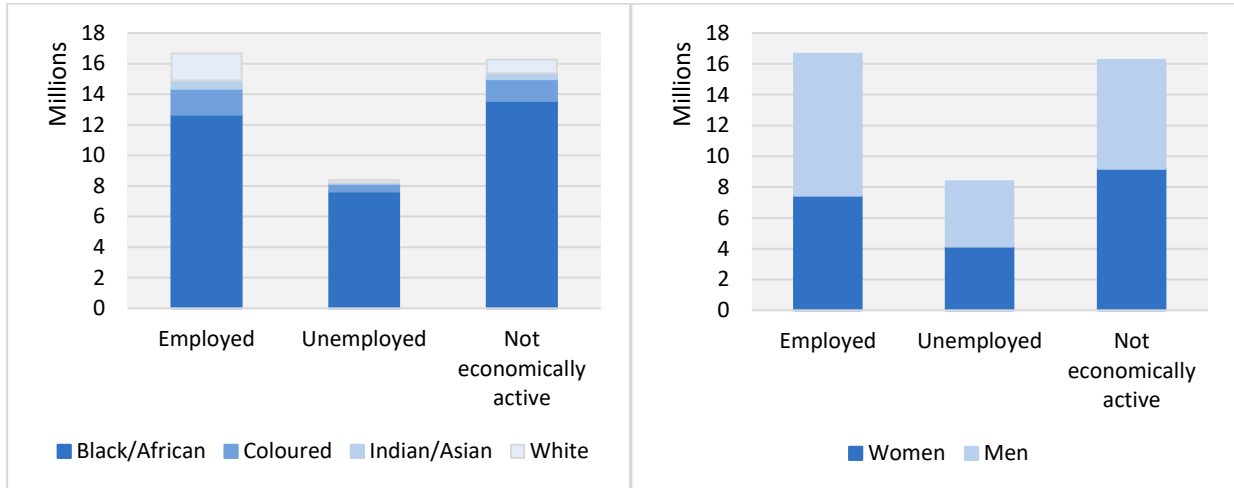
¹² Stats SA Statistical release P0211: Quarterly Labour Force Survey, Quarter 2, 2024.

Figure 3: Official Unemployment Rate (%) at the end of each calendar year from 2015 to Q2 of 2024



Source: Stats SA, Quarterly Labour Force Survey trends 2015-2024Q2

Figure 4: Demographics of Working Age Population at Q2, 2024



Source: Stats SA, Quarterly Labour Force Survey trends 2024Q2

This means that accelerating job creation is of vital importance and, while government entities, such as DTPC, do not directly create jobs, particularly given the need to reduce the public wage bill, it plays a fundamental role in creating an enabling environment for the private sector to create jobs. To do this, DTPC will continue to invest in infrastructure for the development of the Dube TradePort, providing serviced land and buildings for lease to private sector developers and manufacturing entities, who will grow and provide jobs, thereby meeting the vital needs of the surrounding communities.

Property and Investment market

As a landowner and developer, DTPC operates within the property market. DTPC's land holdings are entirely within eThekweni, although plans to purchase a portion of land that crosses over into the neighbouring KwaDukuza Municipality are in progress. Business confidence in Durban is low, following various problems, such as the civil unrest experienced in July 2021, floods in 2022 which damaged water and other infrastructure, and various service delivery problems that have

persisted in recent years. This has resulted in Durban's Business Confidence Index (BCI) being measured at 38.4, indicating a lack of confidence by businesses in the Durban economy.¹³

Figure 5: Capital Investment at the Dube TradePort by Private Sector Investors and DTPC (public sector investment) from the 2015/16 to 2023/24 financial year

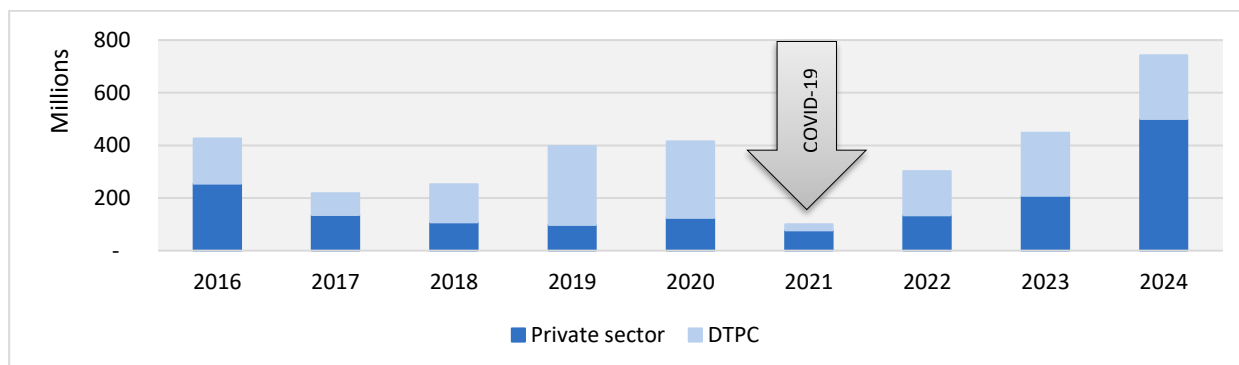
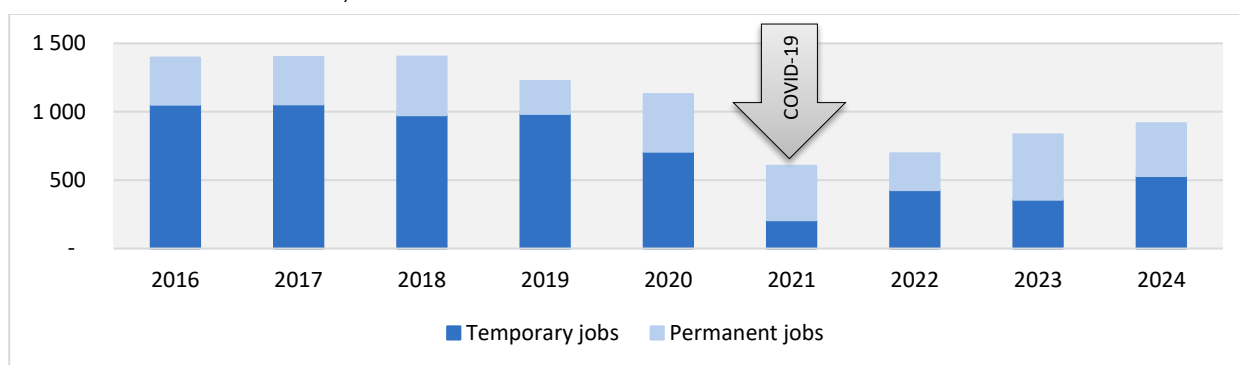


Figure 6: Permanent jobs created by investors at Dube TradePort and temporary jobs created during construction from the 2015/16 to 2023/24 financial year



Returns in the South African property market in 2023 were impressively high at 8.6%. This return is due largely to historically high income returns of 8.1%, with capital growth adding 0.5% to that.¹⁴ Underperformance in the office sector persisted amid high vacancy and pressure on rental growth. Offices had the highest vacancy rate of the three property sectors at 17.2% in June 2023, as oversupply is still prevalent, making real rental growth improbable in the short to medium term.¹⁵ This does not bode well for DTPC, as the construction of a multi-purpose office building on Block D at Dube City is expected to be completed in 2024 and rental of this building space may therefore be difficult in the current market. Future developments planned over the 5-year period will prioritise development of TradeZones over Support Zones, as the demand for industrial space is higher.

The industrial property sector had the lowest vacancy rate and consequently the highest base rental growth at 6.3%. The main driver of capital growth in the industrial property market was the 5.0% growth in net operating income recorded in 2023. Growth in e-commerce has boosted demand for distribution centres, with the online retail sector growing by 29% in 2023. Challenges at the ports and production capacity utilisation of below 80% have impacted on the manufacturing sector, shifting investor focus to distribution and logistics properties. To date, the

¹³ UKZN & DCCL Durban Business Confidence Index, Durban Macro Economics Research Unit. Note: A BCI of 50 indicates a normal / neutral business situation, and a BCI less than 50 denotes a lack of confidence in the economy.

¹⁴ SAPOA 2023 Global Property Trends Report, May 2024.

¹⁵ SAPOA South African Property Trends Report, 2023 H1 Research Report, October 2023.

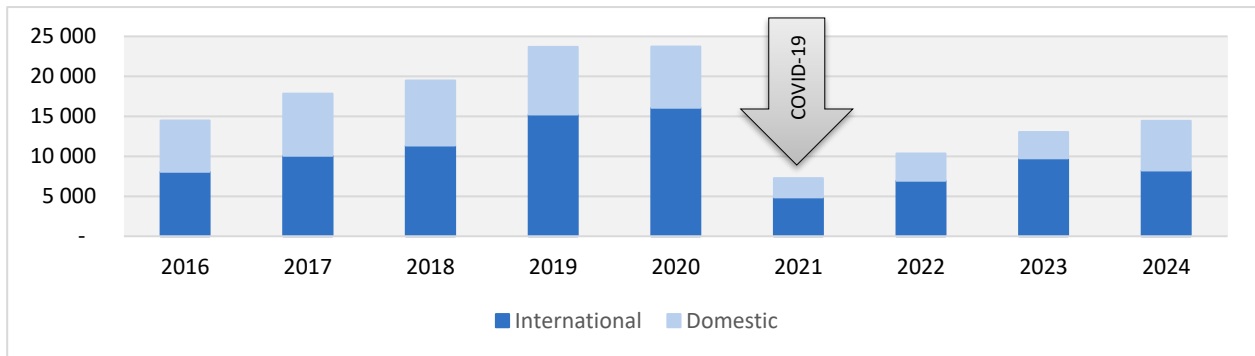
volume of locally manufactured goods has not recovered back to pre-pandemic levels and, at January 2024, remained around 10% below the average production levels of 2018/19. Investors in industrial property generally consider a rate of 85% of utilisation to production capacity necessary to initiate expansion in the sector, causing investors to focus on distribution, logistics and warehouse-related property instead of manufacturing-related property.¹⁶ This suggests that investment by DTPC in manufacturing facilities may be necessary, if this sector is to grow, and, given its potential to stimulate the rest of the economy and to boost employment, innovation and export competitiveness, supporting this sector may be necessary to accelerate economic growth.

Air cargo market

Air connectivity is a major driver of trade and economic growth. Air traffic globally has now caught up with 2019 pre-pandemic levels and profitability has returned to the industry. While this trend is likely to stay positive in terms of growth, the pace of improvement is expected to slow. The International Air Transport Association (IATA) expects an increase of 10.4% in the number of global passengers in 2024, however, the different air transportation needs across regions and the industry's ability to respond to them will continue to drive change across the global network. Air cargo faces all of the challenges common to the industry as a whole but is uniquely exposed to trends in manufactured goods trade and related policies. Improvements are expected over the second half of 2024, helped by booming e-commerce and disruptions in maritime shipping, both of which favour air cargo. Global air cargo traffic is expected to grow by 5% in 2024.¹⁷

The air cargo industry experienced a demand increase of 13.6% year-on-year in July 2024 off an overall weak 2023 market. Air cargo capacity grew primarily on international routes, with year-on-year growth of 10.1%. Maintaining the trend of the past few years, this growth was driven by a surge in international belly-hold capacity, and it is not yet known whether the impressive growth in the international passenger market will normalise and how this will impact the use of dedicated freighters.¹⁸

Figure 7: Cargo tonnage throughput from Dube Cargo Terminal from the 2015/16 to 2023/24 financial year

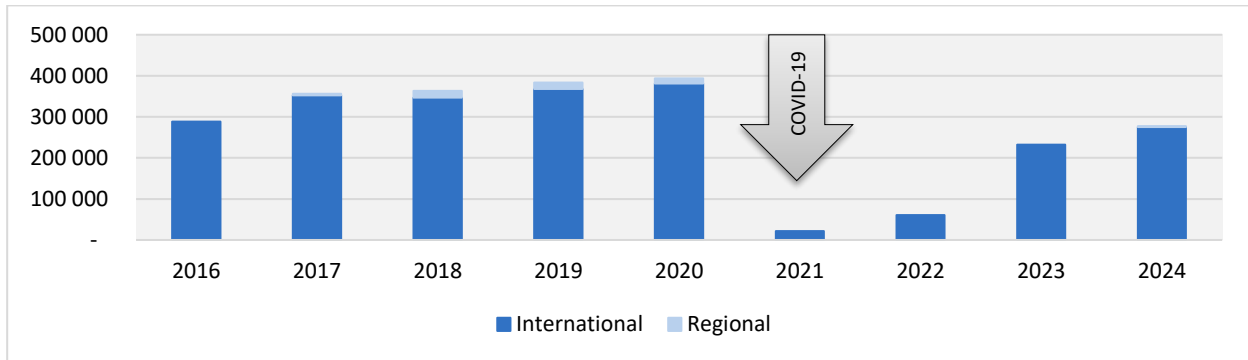


¹⁶ SAPOA Industrial Property Trends Report, H1 2024 Research Report, May 2024.

¹⁷ IATA Global Outlook for Air Transport – Deep Change, June 2024.

¹⁸ IATA Air Cargo Market Analysis, July 2024.

Figure 8: Number of International and Regional passengers through KSIA from the 2015/16 to 2023/24 financial year



Post-COVID-19, the KZN Route Development Committee, co-chaired by DTPC, has focused on restoring the suspended routes, growing existing routes and identifying new areas of opportunity. Currently, 7 international and regional airlines are flying directly from KSIA. These are: Emirates, Qatar Airways, Turkish Airlines, ProFlight Zambia, eSwatini Air, Airlink and Air Botswana. This growth in air connectivity has resulted in a steady increase in international and regional passenger numbers through KSIA from 21 829 in 2021 to 277 396 in 2024. Similarly, international cargo tonnages increased by 69.4% in the same period. In the next 5 years, the focus will be on delinking the Durban – Doha as well as the Durban – Istanbul routes, restoring the London and Mauritius routes, and targeting new routes including Addis Ababa, Paris and Mumbai in line with KZN's top 10 tourism source markets.

9.1.3. CHALLENGES EXPECTED OVER THE NEXT 5 YEARS

As part of the planning process, DTPC conducted a PESTEL and TOWS analysis to identify key threats, opportunities, weaknesses and strengths that could impact on DTPC's ability to achieve its mandate and targeted outcomes over the next 5 years. While many of the activities identified to address these areas are included in DTPC's Operational Plans, the items that could have the greatest impact are listed below.

Barriers to investment attraction

Many investors or developers, particularly new, small or black-owned enterprises, struggle to access the funding required to be able to implement their business plans. As DTPC aims to attract and support new and expanding businesses, the majority of which will require funding to be able to set up a new operation or expand an existing one, if these enterprises are unable to access funding, it will have a negative impact on DTPC's ability to achieve its mandate. In addition, high interest rates have resulted in an increase in the cost of borrowing for these investors which places further pressure on their cash flows.

To assist potential investors who require funding, DTPC has established relationships with private and public sector financial institutions, such as Ithala Development Finance Corporation, KZN Growth Fund, etc. DTPC also intends to enter into formalised agreements with Development Finance Institutions (DFI) to create links between these entities and potential investors. In the medium term, a portal of DFI's product offerings will be created to further assist potential investors.

Discontinuation of SEZ incentives

Many of the SEZ incentives currently available to businesses operating within an SEZ have a limited lifespan. Most notably, the reduced tax rate available in terms of S12R of the Income Tax Act is currently only available up until 2031 and it is not known if this will be extended beyond that date. As these incentives provide a competitive advantage to DTPC in attracting investors, DTPC will need to ensure that the value proposition offered to the market is sufficiently strong to ensure that the loss of such incentives does not affect DTPC's ability to attract investors and retain existing tenants.

Changing technological landscape

The rapid changes in technology and the inefficient or lack of use of technology in some of DTPC's processes results in slower turnaround times to respond to customers, clients, tenants and potential investors. It also increases the risk of errors and inefficiencies which could result in lost opportunities and weaker internal controls.

To mitigate this risk, DTPC has developed a digital transformation strategy and implementation plan to identify key areas that would benefit from the implementation of new technologies. A procurement strategy for the new technologies needed will then be developed and budget allocated for its implementation.

Cyber security will need to be considered throughout the process to ensure that the implementation of new technologies does not expose DTPC to new or additional cyber risks.

Lengthy timelines for regulatory approvals

The time taken to obtain regulatory approvals that are required for development is often very long. This can delay development of infrastructure and buildings, which in turn can delay investment attraction as leases cannot be signed, or tenants cannot begin development of the site until the required approvals are in place.

To mitigate these risks, DTPC intends to update its 10-year Infrastructure Plan, to ensure that all changes to the development pipeline are adequately taken into account and factored into expected development timelines. In addition, environmental off-sets will be identified and procured ahead of statutory applications being submitted to fast-track their approval. Long outstanding approvals are escalated to EDTEA and DTPC has on-going engagements with eThekweni Municipality to ensure that applications are processed timeously.

Stringent environmental offset obligations

Much of DTP is located on environmentally sensitive land and the environmental off-set requirements for development are often very stringent as a result. This impacts on the pace of development and has financial implications, as the cost to rehabilitate land impacts on the return on DTPC's investment. Buying off-set land is also very expensive due to land speculation in the area. To mitigate this risk, DTPC continuously and pro-actively engages key stakeholders to obtain buy-in for initiatives up-front, in an attempt to avoid blockages or delays later in the process. This includes involving relevant authorities, such as Ezemvelo, eThekweni Municipality and EDTEA in the process.

Climate change

Over the past few years, KZN has experienced severe weather events, including flooding and a tornado which caused widespread damage to infrastructure, resulting in disruptions to clean water, electricity supply, transport and communications, and the threat of such events reoccurring remains. While DTPC's infrastructure has proved resilient to date, with minimal damage or interruptions experienced during these events, they remain a threat to business continuity for DTPC, as well as its customers and tenants.

To mitigate this threat, DTPC has initiated plans to construct a water reservoir, which will provide up to 48 hours of back-up water to the precinct, when required. Procurement of a contractor to construct the reservoir is planned to commence in the fourth quarter of 2024/25, with construction expected to be completed during the 2025/26 financial year. In addition, DTPC has commenced a project to install a ground mounted solar photovoltaic power plant at AgriZone 2 to provide electricity for DTPC's operations, as well as to tenants in the TradeZones and AgriZones. This solar plant is expected to be operational in 2025/26.

In addition, the procurement of a transaction advisor to design and advise on the implementation of the planned energy centre is underway. This will enable DTPC to supply various types of sustainable energy for DTPC's consumption, as well as for tenant's use, thereby reducing reliance on the grid and adding value to tenants' operations, while also generating additional revenue for DTPC.

9.1.4. EMERGING OPPORTUNITIES OVER THE NEXT 5 YEARS

The following opportunities towards 2030, which are relevant to DTPC, were identified in the 30-Year Review Report¹⁹:

- **Infrastructure delivery** – This is a key component of DTPC's mandate as it aims to develop the Dube TradePort. By providing serviced land for the private sector to develop, DTPC takes on many of the up-front costs that deter investors from developing a greenfield site. DTPC's business model of leasing land or buildings to the private sector provides DTPC with the opportunity to accelerate investment attraction through the delivery of infrastructure at DTP.
- **The African Continental Free Trade Area (AfCFTA) outcomes for industrialisation and infrastructure development** – AfCFTA provides an opportunity for investors at DTP to increase trade and exports to other African countries. During the 5-year period, DTPC intends to develop an action plan, detailing how it can utilise this agreement to benefit KZN and businesses locating at the DTP SEZ.
- **Spatial economic development using the SEZ / IDZ as key driver** – DTPC is the operator of the DTP SEZ. DTPC uses the benefits available to businesses locating within the boundaries of the SEZ as a tool to attract investment and, in so doing, to benefit the surrounding businesses and communities through the supply chain linkages, increase in trading activities and jobs created by these entities.
- **Automotive investment, production, exports and linkages to local component suppliers, electric vehicles value chain** – Developing an ASP is part of DTPC's mandate. An investment by a large automotive components manufacturer, locating at TradeZone 2, was secured in 2024/25, with interest received from other automotive suppliers looking to

¹⁹ DPME's 30 Year review of South Africa's Democracy (1994 – 2024) Report.

locate at DTP. This provides an opportunity for DTPC to attract further automotive investment through the development of an automotive cluster within the SEZ.

Automation of processes

One of the opportunities leading to 2030 that was identified in the 30-Year Review Report was to advance digital transformation and modernisation throughout government. This is relevant to DTPC as many processes remain manual or could be automated further. DTPC therefore has an opportunity to streamline and improve the efficiency of its processes by introducing additional layers of automation. A digital transformation strategy has been developed, along with an implementation plan, and specific interventions to automate processes will be undertaken over the 5-year period.

Renewable energy and water security

DTPC has the opportunity to make the DTP precinct more attractive to investors and customers, while also supporting existing tenants, by implementing renewable energy and back-up water supplies to address the threat that climate change poses to business continuity. This will ensure that jobs created by tenants and investors are sustainable as their businesses will be less impacted by power cuts, water shortages, and damage to municipal infrastructure. DTPC will achieve this by implementing the planned water reservoir, to be constructed at DTP in 2025/26, and by completing the installation and operationalising the ground mounted solar photovoltaic power plant planned for AgriZone 2. In addition, new developments by DTPC will include renewable energy and rainwater harvesting and existing buildings where such facilities have not yet been provided, will be retrofitted with these to minimise reliance on municipal water and electricity and ensure that the power used is sustainable.

Investing in renewable energy and reducing the carbon footprint of the DTP precinct could assist in attracting additional investors operating in the automotive industry, particularly those intending to export to the European Union (EU). The EU's Carbon Border Adjustment Mechanism (CBAM) imposes taxes on products imported into the EU based on their embedded greenhouse gas emissions, thereby making South African products potentially less competitive in the EU market, if manufacturers are unable to move towards cleaner energy solutions. If DTPC is able to offer renewable energy to tenants, location at DTP will become more attractive to those who are able to take advantage of this benefit.

9.1.5. MAIN STAKEHOLDERS

During the planning process, the following key stakeholders that have an impact on DTPC's ability to deliver on its mandate were identified:

- **EDTEA:** As DTPC's parent department, EDTEA provides funding to DTPC for its operations and capital projects. DTPC is accountable to EDTEA for the use of those funds to achieve its mandate, and DTPC's objectives are aligned to those of EDTEA.
- **eThekweni Municipality:** DTPC is situated within the eThekweni Municipality and its service delivery is therefore focused within that area. This stakeholder provides DTPC and its tenants with utilities and municipal services, such as water, electricity, fire and disaster management services, while charging property rates. eThekweni Municipality is also the

authority to approve land use rights, building plans and provide occupation certificates for new buildings completed. The property rates paid by DTPC to the municipality on its land holdings, particularly vacant land held for future development, makes up a sizable portion of DTPC's operational costs and has the potential to make developments by private sector investors unaffordable. Ongoing engagements with this stakeholder at various levels are necessary to address DTPC's various needs and the strategic interventions required from the municipality.

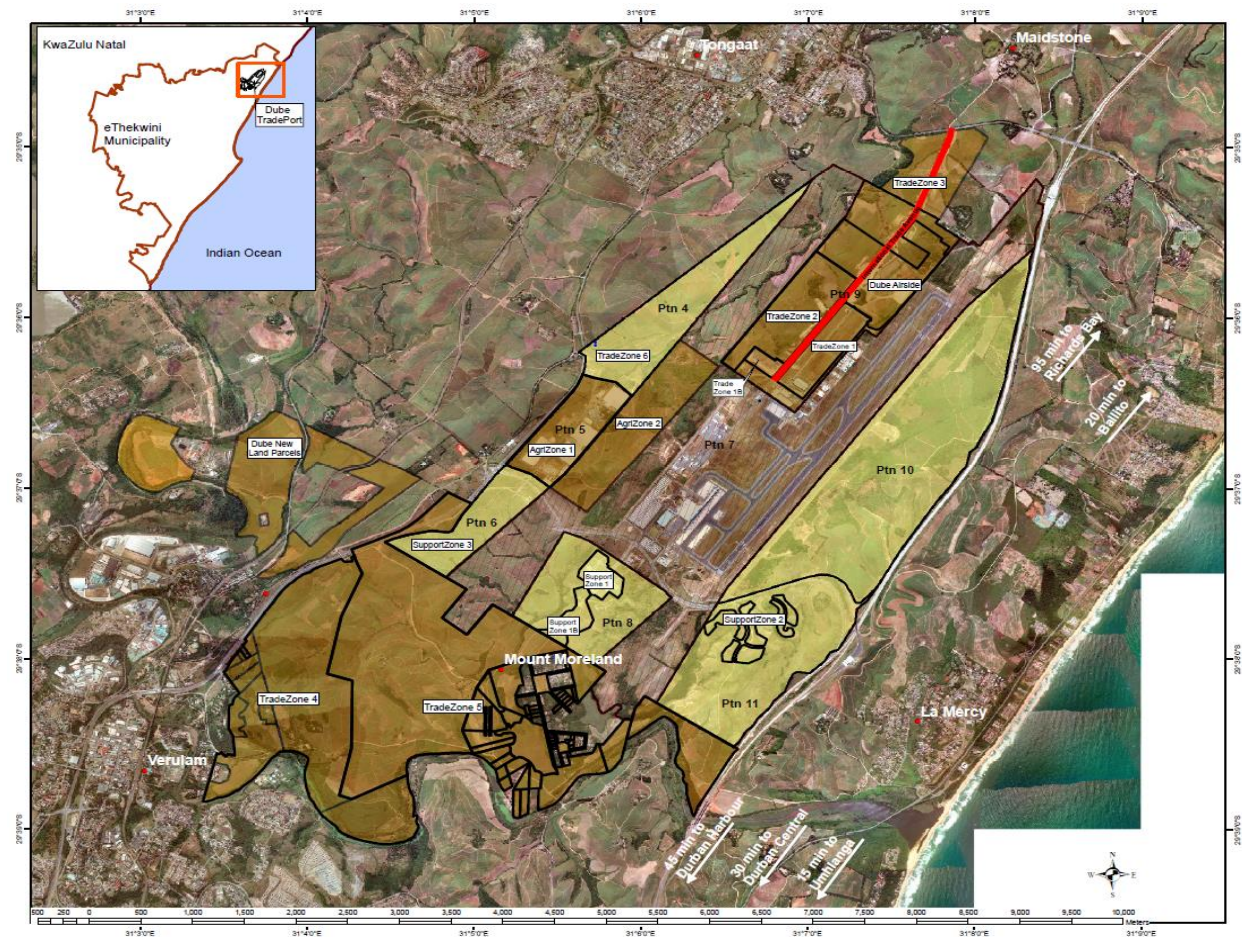
- **Current and prospective investors, tenants, customers, and clients:** These stakeholders are the reason that DTPC exists. Attracting new investors and tenants is key to facilitating economic growth, as these stakeholders invest in the province, export their products and create jobs. DTPC therefore aims to nurture and support all existing tenants and investors, while creating a suitable enabling environment that is attractive to new investors. This is done through the development of the DTP precinct, as well as by providing security, maintenance and other services (e.g. Dube iConnect services, AiRoad trucking services, and Dube AgriLab products). By prioritising the needs of these stakeholders, DTPC is able to deliver on its mandate, while maximising its own revenue generation which, in time, will reduce DTPC's reliance on government funding.
- **New airlines:** These stakeholders provide air connectivity to the region, thereby contributing to the regional economy and assisting DTPC to attract investment, particularly those investors who require quick and easy access to foreign markets. To attract new airlines, DTPC must, through the Route Development Committee, tailor the support and incentives offered for new routes to meet the airlines needs, conduct regular engagements to understand their needs and provide logistics and service offerings (e.g. efficient and secure cargo handling, cold storage facilities, etc.).
- **Service providers:** These stakeholders are essential for DTPC to deliver on its mandate as they support DTPC's operations and assist to provide the services, facilities and maintenance that DTPC's tenants and customers require. To meet their needs, DTPC must ensure that all valid invoices are paid on time. In addition, DTPC provides Enterprise Development in the form of training to service providers.
- **DTPC's Board and Sub-Committees:** These stakeholders provide strategic direction and exercise oversight over DTPC, ensuring good governance, compliance and risk management. They are also responsible for safeguarding the interests of DTPC's shareholder (EDTEA) and ensuring implementation of the strategy such that it achieves DTPC's mandate.
- **Employees:** These stakeholders are the key to DTPC delivering and implementing its mandate as they have the skills, knowledge and experience necessary to do this. It is therefore imperative that DTPC is able to retain and attract skilled and motivated employees. To do this, DTPC aims to promote a conducive working environment for happy, healthy and safe employees, including the provision of tools (e.g. technology) to enable them to perform optimally.

- **Strategic partners (e.g. Toyota):** These stakeholders have the power to influence job creation and investment attraction in the province through the growth (or lack thereof) of their operations and supply chains. It is therefore of mutual interest for DTPC to collaborate and partner with these stakeholders by providing them with space to develop and grow, while also assisting them to meet their business needs (e.g. green emissions targets for Toyota Manufacturing).
- **The Airport Company South Africa SOC (ACSA):** DTPC and ACSA jointly own La Mercy JV Property Investments Pty Ltd, a private company formed for the joint development of certain land parcels surrounding KSIA. DTPC also leases a portion of land (AgriZone 2) from ACSA and, as the owner of KSIA, this stakeholder has an influence over DTPCs' and its tenants' developments in TradeZone 2, as this portion of land has height restrictions imposed on it by ACSA to ensure that the development does not impact on the airport's flight paths. This stakeholder also shares DTPC's interest in increasing air connectivity by attracting new routes and airlines to KSIA.

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. As master developer for the Dube TradePort, DTPC’s service delivery takes place primarily within the DTP precinct and on the land parcels owned by DTPC, all of which currently fall within the eThekweni Municipality. Negotiations are currently underway to purchase additional land to the north of the existing precinct, some of which falls into the KwaDukuza Municipality.

Figure 9: 2060 Master Plan of Dube TradePort



The Dube TradePort precinct is located adjacent to KSA, an international port of entry and National Key Point, and in close proximity to the seaports of Durban and Richard’s Bay. Parts of DTP are designated as an SEZ, which enables qualifying investors located within these areas to obtain tax and other incentives. This, together with additional services provided, such as on-precinct telecommunications and data centre offerings, in-house technical support for tenant after-care services and the availability of Tissue Culture and world-class growing facilities, form the core of the value proposition that DTPC provides to its tenants and investors.

In addition, the following **strengths**, enable DTPC to achieve its mandate:

- DTPC has a **strong, well-developed brand** that it is able to leverage to attract new investors, tenants and customers.
- The DTP precinct is a **safe and secure location**, as was demonstrated during the civil unrest experienced in KZN in July 2021, where DTP was largely unaffected.

- DTPC's **infrastructure is resilient**, with minimal damage experienced during the recent floods and tornado in KZN.
- DTP has a **stable electricity supply**. Due to its location, DTPC currently only experiences load-shedding from Stage 7 and above. In addition, solar panels are available at Dube AgriZone 1 and back-up generators are in place at some locations. Additional solar energy will be available in 2025/26, after the installation of the planned ground mounted solar photovoltaic power plant on Dube AgriZone 2. This will result in an increase in the energy generated from renewable sources and further plans are in place to continue to increase the availability of **sustainable energy** over the next few years.
- DTPC plans to construct a water reservoir in 2025/26, which will provide a **back-up water supply** for businesses located at the precinct thereby reducing the effect of any future interruptions to the municipal water supply.
- DTP is a **greenfield site** and its development is therefore less constrained by existing built infrastructure. In addition, DTPC invests in bulk infrastructure before leasing out serviced land. This means that the up-front costs of developing the land are borne by DTPC, thereby making further development easier and less risky for the private sector.
- DTPC is in the process of negotiating the **purchase of 511 hectares of land** within the Durban Aerotropolis area. This land includes portions that are development-ready, which will enable DTPC to accelerate investment. Also included, is land suitable for residential development which will ultimately assist to resolve the lack of housing availability in the area.

The following **weaknesses** were identified during the planning process, which will need to be addressed to ensure that they do not impact on DTPC's ability to deliver on its mandate:

- The **requirements** for locating within an SEZ are regarded as **onerous** by some potential investors. These include the requirements for existing businesses to expand, rather than a straight relocation, the focus on targeted sectors rather than all types of businesses, preference for businesses with black-ownership, and the requirement to supply documentation to enable DTPC to conduct a due diligence assessment on the viability of the proposed investment. To reduce the effect of this weakness, DTPC intends to streamline its processes to assist investors to move through the application process quicker, and to conduct more detailed market research to enable DTPC to assess whether its current target sectors remain valid or require updating.
- DTP is located in an **environmentally sensitive area**. This means that the environmental obligations required to off-set the effects of developing the area tend to be onerous and expensive. However, it is the implementation of these environmental rehabilitation requirements that has protected DTP from the effects of climate change to date and DTPC therefore intends to continue to invest in environmental infrastructure to ensure the continued resilience of the precinct.
- While not currently a problem, there is a possibility that DTPC will encounter a **shortage of investment-ready land and ready-to-occupy buildings** within the next 5 years. TradeZone 2 and AgriZone 2 are currently being marketed to potential investors. However, delays have been experienced in the preparation of the next zone that was intended to be developed, being TradeZone 3. This zone was intended to be developed in partnership with Tongaat Hulett Development (Pty) Ltd, who has been undergoing business rescue, and various processes, such as the SPLUMA application, have been put on hold, pending

the outcome of this. The purchase of the additional land mentioned above will mitigate this potential risk, as the land parcel includes development-ready sites.

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

- **Dube TradeZone 1:** This 26-hectare fully serviced site accommodates a wide range of tenants from various economic sectors, including logistics, warehousing, manufacturing and distribution, assembly, freight forwarding, high-tech industries and electronics. This zone is fully complete and operational. It also includes three buildings of varying sizes that were constructed by DTPC for lease.

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

Also included in this zone, are **18 mini-factory units** of 260m² each, which provide space for SMMEs looking for smaller manufacturing facilities with integrated office space. The majority of these units are currently let.

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

Four of the sites within this zone will be developed by DTPC. One is intended to house the **common utilities** zone, which is intended to provide services such as electricity, plant heating and cooling, water purification, steam, solid waste management and effluent treatment for operations located within the zone. As demand for ready-built facilities in Dube TradeZone is high, DTPC will also construct warehouses on three further sites. These will include **two large warehouses** of 5 000m² and 12 000m² respectively, as well as the more flexible **medium-sized warehouses**, which are intended to cater for manufacturers requiring facilities that are larger than the mini-factories in Dube TradeZone 1, but who are not yet ready or who prefer not to develop their own facilities on the serviced land available in Dube TradeZone 2.

- **Support Zone 1a (Dube City):** The first phase of Dube City comprises of 12 hectares of level, fully serviced stands, offering 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 ACSA, while the roads and other common areas are owned by DTPC's subsidiary²⁰, La Mercy JV Property Investments Pty Ltd (LMJV).

²⁰ 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%.

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

- DTPC's building, 29° South, situated on **Block F** at Dube City, is fully occupied, and plans for further expansion of this block are being considered.
- Construction of a multi-purpose office building, called iZiko@Dube, on a section of **Block D**, above the double underground basement, is due to be completed in 2024/25. This building is expected to accommodate an Innovation Hub and Aerotropolis Centre, as well as retail and office space. The remainder of this block is available for development by the private sector or, based on enquiries, DTPC may consider purpose-built facilities.
- **Blocks A and B** are intended to accommodate the additional parking needs of the zone. Initially, this space will be utilised for at-grade parking, with plans in place for a Multi-Storey Parkade (MSP) to be constructed at a later stage, once the parking needs increase.
- **Block C and E** remain open for proposals.

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

- **Dube Cargo Terminal:** This 14 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 perishables and horticultural products. This facility is particularly well-positioned for products requiring immediate post-harvest air-lifting. Dube AgriZone also includes a distribution centre, nursery and Dube **AgriLab**, the only commercial tissue culture laboratory in KZN.
A range of "green" initiatives are available at Dube AgriZone, including rainwater harvesting, solar energy usage, on-site waste management, and indigenous plant production for rehabilitation purposes.
- **Dube AgriZone 2:** Phase 2 of the Dube AgriZone consists of approximately 35 hectares and is located adjacent to phase 1. This zone will accommodate the development of additional greenhouses and related agricultural uses. The portion of land where this zone is located is owned by ACSA and has been leased to DTPC for a 30-year period, ending in October 2038. While an extension to this lease is being negotiated, this zone is more suitable for shorter term leases with movable structures.

DTPC is currently procuring a **ground mounted solar photovoltaic power plant**, which will be located within this zone. The solar plant is expected to provide energy for DTPC and its tenants from 2025/26.

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

- **Dube TradeZone 3:** This site has a footprint of 135 hectares, of which 51.8 hectares is owned by DTPC and the remainder is owned by Tongaat Hullet Development Pty Ltd. The entire site has an estimated bulk of 431 000m². 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, warehousing and showrooms, as well as a range of light manufacturing and service enterprises.

The environmental authorisation approved for this zone was obtained in conjunction with Tongaat Hulett and an application to amend this Environmental Impact Assessment (EIA) is underway. The SPLUMA application has not yet been lodged, pending the outcome of the business rescue process for Tongaat Hulett, and construction is currently only expected to commence in 2028.

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

- **Automotive Supplier Park: Illovo:** Phase 1 of this development consists of approximately 122 hectares and is located to the south of Durban. A project steering committee, including DTPC, EDTEA, eThekweni 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 but has been delayed by the record of refusal issued by the authority on the EIA. This decision is currently under appeal and different options are being assessed to enable this project to progress.

The start of construction of the platform for private sector investment is also subject to funding being made available. An application for infrastructure funding may only be submitted to National Treasury once the detailed design has been completed and all regulatory approvals are in place.

- **Automotive Supplier Park: DLH:** As an interim solution, following the delays experienced on the ASP: Illovo, a site of approximately 76 hectares was identified within the Durban Logistics Hub (DLH) site (old Durban Airport site) owned by Transnet. A pre-feasibility assessment was concluded, in collaboration with Transnet, and a multi-disciplinary team was appointed to undertake township establishment for the DLH site. The first set of specialist studies have been concluded, along with a draft Framework Plan and draft commercial agreement, and a second set of specialist studies are in progress.

- **Canelands:** This future planned development is located to the southwest of KSIA. This site is zoned General Industrial and has approximately 1.87 hectares of developable land available. All statutory approvals (EA, WULA and SPLUMA) are in place and the site is ready for development, subject to the necessary infrastructure upgrades.
- **Wewe / Kings Estate:** This mixed-use development is 511 hectares in extent, approximately 300 hectares of which is developable, and is located approximately 10km north of KSIA. The site falls within the eThekweni and KwaDukuza Municipalities and all statutory approvals (EA, WULA and SPLUMA) are in place. Land uses approved for the site include industrial, residential, and commercial. Purchase of this land by DTPC was approved by the Board in April 2024, and negotiations with the current landowner are currently underway. The site is expected to be developed in 3 phases, with construction planned to start in 2026, and all phases completed by 2035.

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 ICT infrastructure and telecommunications platform which digitally links precinct-based businesses with each other and the world. Dube iConnect's main focus is the provision of a secure cloud hosting environment and superior telecommunications solutions, including virtual computing platforms, secure storage infrastructure, back-up solutions, disaster recovery services, co-location, network solutions, dark fibre, voice services, broadband and related hardware equipment rentals.
- **Dube AiRoad:** provides a seamless air-to-road and road-to-air logistics solution for time-sensitive deliveries. This secure and flexible trucking fleet delivers cargo directly to Dube Cargo Terminal and prides itself on its continuous quest for improved airfreight transport solutions, effectively fulfilling customer needs in an ever-changing airfreight environment.
- **Dube TradePort One Stop Shop:** The services offered by this facility are only available to businesses operating or planning to operate within the DTP SEZ. This facility is a satellite office of the Provincial One Stop Shop operated by Trade and Investment KZN and was developed to provide support to tenants and potential investors. The One Stop Shop is intended to minimise red tape in handling investments, and it therefore assists with processes such as DTP investor applications, municipal building plan approvals, SEZ tax incentive applications, Customs Controlled Area applications and other related business processes, as well as offering investor after-care services.
- **Bonded Warehouse:** This facility is registered and licenced by SARS, for the storage of imported goods. The bonded facility provides a secure area where the payment of customs duties and VAT on imported goods can be postponed for a period of up to 2

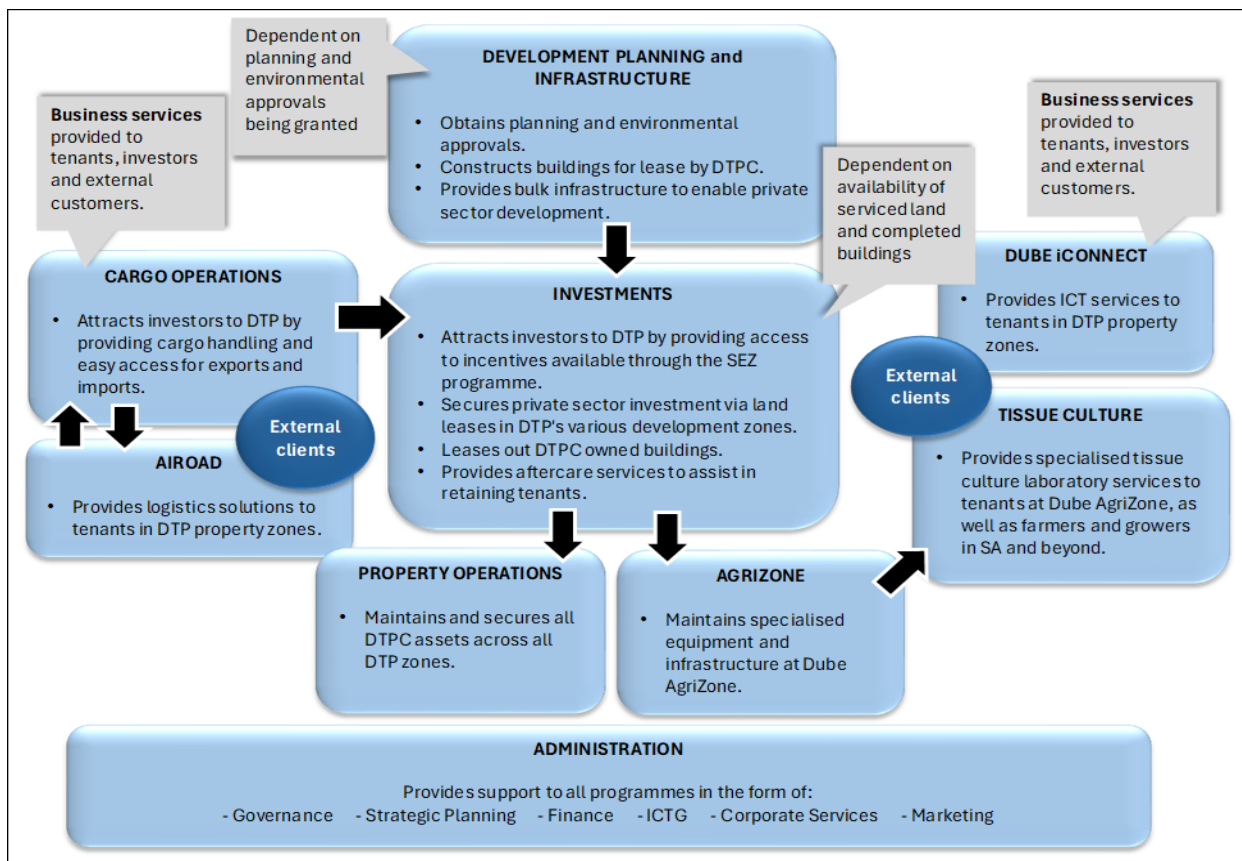
years, which provides a cash flow benefit to the importer and manufacturer, as both parties will benefit from the suspension of the duty liability and will be able to move goods from the importer to the manufacturer without the settlement of duties. The bonded facility plays a vital role in international trade by enhancing the competitiveness of local businesses in the global market.

9.2.1. ORGANISATIONAL STRUCTURE

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

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

Figure 10: High-level overview of DTPC's operational structure and its various programme's inter-dependencies



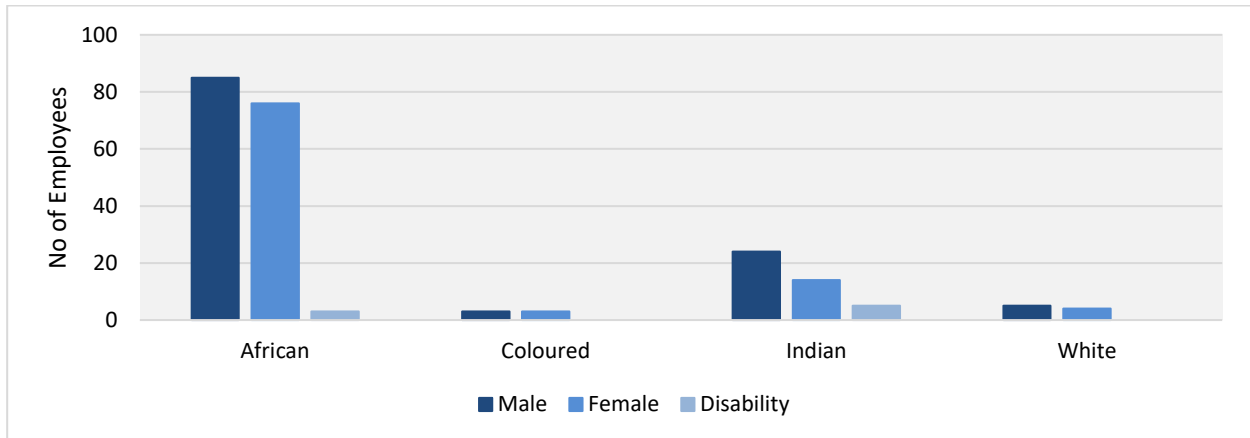
The Board is structured to provide a diverse mix of skills and experience relevant to DTPC's operations and the diverse environment in which it operates. The following committees of the Board assist the Board in fulfilling its objectives and responsibilities:

- Audit and Risk Committee;
- Remuneration and Human Resources Committee; and
- Investment Committee.

9.2.2. HUMAN RESOURCES

DTPC's revised organisational structure, which took effect from 1 April 2023, includes 333 posts in total. As at 1 October 2024, 214 of these were filled, and approval was in place to fill another 46 posts, all of which are expected to be filled during the 2024/25 financial year. Filling of the entire organisational structure has been phased over a 10-year period from 2023/24 to 2033/34, with preference to be given to posts that will assist to increase revenue, reduce costs or improve compliance.

Figure 11: Demographics of DTPC's workforce at 1 October 2024



In September 2023, National Treasury issued a cost containment circular recommending the freezing of vacant posts and, in October 2023, a Directive was issued by the Department of Public Service and Administration (DPSA) detailing an approval process for the filling of vacant posts. As an approval process had already been implemented in KZN in 2015, the control measures in place regarding obtaining approval before any post, new or recently vacated, is filled remain in force.

DTPC's current workforce has the skills required for DTPC to deliver on its mandate. These skills cover 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 other skills required are scarce.

Employee engagement

The annual Employee Engagement Survey conducted by DTPC in 2023/24 revealed that 71% of DTPC's employees are engaged. This is an increase of 7% from the 64% measured in 2022/23. DTPC will continue to implement strategies to create a conducive and engaging working environment for its employees.

Organisational Culture Alignment Project

As an outcome of the Employee Engagement Survey, an organisational culture alignment project had been identified as key for the improvement of employee engagement and organisational performance. DTPC launched its organisational culture alignment project in July 2024, which is branded "Future Traces", implying that we intend to discover our future together over a 3-year journey.

9.2.3. B-BBEE COMPLIANCE

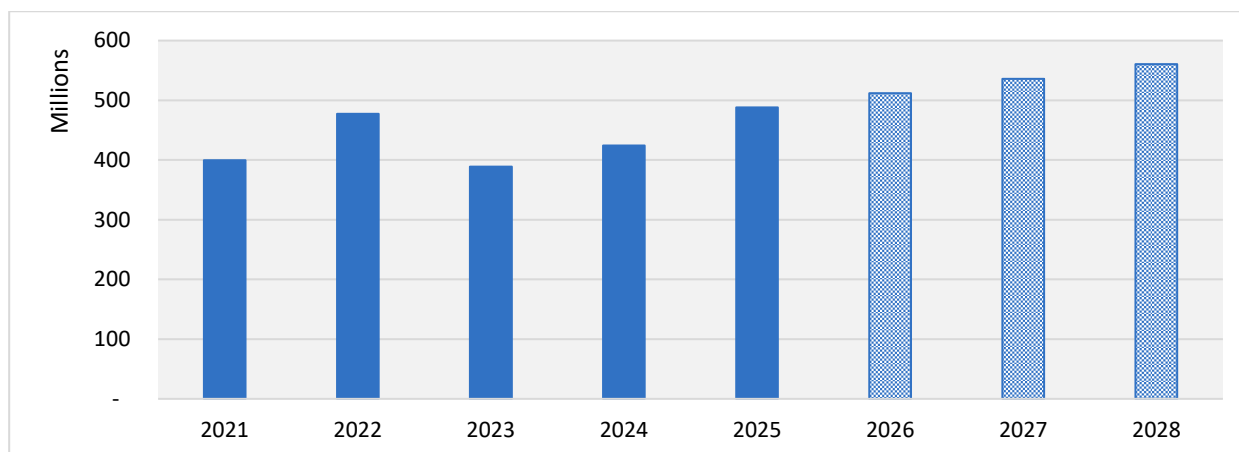
DTPC achieved Level 2 B-BBEE compliance in each of the past 2 years, based on 2021/22 and 2022/23 financial information. However, while the assessment based on the 2023/24 financial information is still in progress, DTPC is only expecting to achieve Level 3 due to the timing of bursary payments to students, which fell outside of the 2023/24 financial year.

Despite this set-back, DTPC is aiming to return to Level 2 in the following year. This, however, comes at a cost and DTPC is therefore planning to investigate the implementation of sustainable B-BBEE practices to ensure that the benefits of B-BBEE initiatives are adequately balanced against the cost of implementing these.

9.2.4. FINANCIAL RESOURCES

As a Schedule 3C public entity, DTPC is reliant on MTEF grant funding received through its parent department, EDTEA, to finance its operations. Government's fiscal strategy over the past few years has been to stabilise debt and to put South Africa on course to stabilise the debt-to-GDP ratio in 2025/26. Over time this strategy will reduce borrowing costs and the cost of capital, attracting investment that can support the economy.

Figure 12: Grant funding received by DTPC from 2021 to 2025, and expected to be received over the MTEF



Note: 2023 grant funding excludes R100 million surplus that was returned in 2024, and 2024 excludes R80 million that was returned to EDTEA during that year.

KZN has suffered a series of significant cuts in the previous MTEF cycles, mainly due to fiscal consolidation budget cuts and compounded by the continuous Provincial Equitable Share review and data updates. As a result, KZN lost R10.628 billion, R16.616 billion and R22.085 billion in Provincial Equitable Share funding over the 2021/22 MTEF, including cuts due to the wage freeze. Further cuts were made in 2023/24 and again in the 2024/25 MTEF, and these cuts have carry-through impacts on the 2025/26 MTEF²¹.

These cuts to KZN provincial funding filter down, through EDTEA, to entities, including DTPC. During the 2024/25 MTEF, DTPC's funding was reduced by R39.115 million, R38.953 million and R40.286 million. To mitigate the impact of these cuts on DTPC's ability to deliver on its mandate, DTPC has

²¹ KZN Provincial Treasury's Medium Term Expenditure Framework Treasury Guidelines, June 2024.

increased its focus on reducing costs and increasing revenue to ensure that the budget available for essential operations and capital assets remains intact.

In 2022/23, DTPC's own revenue returned to pre-COVID-19 levels and grew by more than 40% from 2022/23 to 2023/24. By the end of the 2023/24 financial year, DTPC owned assets to the value R4.3 billion²², 78.3% of which are income-generating. In 2023/24, the return earned on investment property was 4.2%, an increase of 1.1% over the return earned in the previous year. While this return is below market averages as not all assets are, as yet, generating revenue to their full potential, it exceeds the return earned prior to COVID-19. Development of additional revenue generating assets is planned over the MTEF, as this will increase the revenue earned by DTPC and, ultimately, reduce reliance on government funding.

²² Non-current assets only.

PART C: MEASURING OUR PERFORMANCE

10. DTPC PERFORMANCE INFORMATION

10.1. MEASURING THE IMPACT

Impact Statement	Inclusive economic growth and job creation through the sustainable development and implementation of the Dube TradePort.
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10.2. MEASURING OUTCOMES

Medium Term Development Plan Priority			Inclusive growth and job creation		
	Outcomes		Outcome Indicators	Baseline ²³	5-Year Target
1.	Increased air connectivity	1.1	Total number of passengers through KSIA	19 819 611	26 976 547
		1.2	Number of international and regional passengers through KSIA	973 440	3 061 297
		1.3	Total tonnage cargo throughput from Dube Cargo Terminal	65 573	97 945
2.	Increased investment to promote localisation	2.1	Total fixed capital investment at DTP	R2.678 billion	R3.02 billion
		2.2	% of local content in goods produced by SEZ Enterprises at DTP	New target	55%
3.	Inclusive growth to create jobs	3.1	Number of new permanent direct jobs created	1 915	4 100
		3.2	Number of new temporary direct jobs created	2 125	1 250
4.	Sustainable, efficient and compliant operation of the Dube TradePort	4.1	% reduction in carbon emissions	1.2% decrease from 2022/23 to 2023/24	1%
		4.2	Customer satisfaction score	8.23	8.0
		4.3	% compliance with requirements critical for the operation of DTP	100%	100%

²³ Based on performance from 1 July 2019 to 30 June 2024, unless otherwise stated.

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

The apex priority of the MTDP is “Inclusive growth and job creation”. This addresses one of the primary needs of the country, which is to reduce unemployment. DTPC's mandate focuses on developing the Dube TradePort, with the express intention of facilitating economic growth in the province, which will result in job creation by the private sector as business activities grow.

Economic growth is generally measured by a country or province's GDP. GDP is made up of consumer spending on goods and services, investment in capital assets, government spending and net exports. In line with this, DTPC aims to increase investment by both private sector tenants and by DTPC itself in capital assets, promote job creation on-site, which will ultimately lead to increased consumer spending, and to improve air connectivity via KSIA as this, together with increased investment, will lead to an increase in net exports for the province.

In addition, and in line with the MTDP's third priority for “A capable, ethical and developmental state”, DTPC aims to operate the Dube TradePort in a manner that is sustainable, efficient and compliant as this will assist in attracting investors and will ensure that the financial resources allocated to DTPC are used effectively and for their intended purpose.

10.3.1. INCREASED AIR CONNECTIVITY

Air connectivity is a key driver of trade and economic growth. Increasing the air connectivity of KZN with other countries and regions enables businesses to import and export goods easily and has the potential to reduce logistics costs where direct linkages exist. This creates conditions that are conducive to growing the economy and will therefore contribute towards achieving the MTDP priority for “Inclusive growth and job creation”. As DTPC's intended impact is directly aligned to this priority, achieving this outcome will also contribute towards achieving its desired impact.

Any addition to the number of air routes operating via KSIA will result in an increase in the number of passengers passing through KSIA. The total number of passengers through KSIA will therefore indicate whether or not air connectivity to the province has increased. The total number of passengers through KSIA includes domestic passengers and therefore includes connectivity to other provinces within South Africa, which assists in making KZN more attractive to businesses as it means that it is easier to supply goods to other parts of the country from a location within KZN. The number of international and regional passengers through KSIA provides additional information regarding the air connectivity of KZN to the rest of the world (excluding domestic traffic). This indicates the potential for exports, as a large proportion of air cargo is carried in the belly of passenger aircraft. The total tonnage of cargo throughput from Dube Cargo Terminal further indicates the volume of goods moving into and out of KZN by air. This indicates the extent to which an increase in air connectivity has resulted in increased trade and economic activity.

To achieve these targets, DTPC is reliant on the work of the Route Development Committee to attract airlines to KSIA. It is also reliant on KZN Tourism to market KZN as an attractive tourist destination, which will encourage airlines to consider KZN as a viable destination. However, the decision of whether or not to fly to KSIA remains the airlines' decision. Economic conditions that support growth, and attracting investors who are looking to export their goods and services will assist to increase trade and therefore the demand for connectivity. Increased air connectivity is therefore a good indication of DTPC's success in attracting export-oriented businesses, increasing trade linkages, and growing the local economy.

10.3.2. INCREASED INVESTMENT TO PROMOTE LOCALISATION

Increasing investment in KZN contributes towards an increase in GDP and economic growth. Increased investment therefore contributes towards the MTDP priority for “Inclusive growth and job creation”, as well as DTPC’s desired impact which mirrors the MTDP priority. DTPC further aims to increase investment that will lead to localisation by targeting manufacturers who will produce goods locally, either to replace imports or to provide additional goods that were previously not available. This will assist to ensure that growth is inclusive, as the increased local activity will result in job creation, thereby enabling more people to be included in economic activities.

To measure the achievement of this desired outcome, DTPC will monitor the total fixed capital investment at DTP. This indicator will measure a combination of private sector investment at DTP and DTPC’s own investment in fixed capital assets to develop the precinct, both of which will contribute to economic growth. In addition, measuring the percentage of local content in goods produced by SEZ Enterprises at DTP will assist to indicate the extent to which the investment attracted leads to localisation.

Enablers to achieve these targets include ensuring that sufficient budget is available for DTPC to invest in capital assets, particularly those that enable private sector investment. This includes the provision of bulk infrastructure, resulting in serviced land, which is ready for development by private investors, as well as the construction of industrial buildings, which will accommodate investors who are unable or unwilling to invest in developing their own structures. In addition, targeted marketing of available land and buildings is essential to attract the right investors, while assisting investors to access funding, and careful screening of potential investors assists to ensure that the investment made will maximise localisation and job creation.

When procuring contractors to undertake construction projects, DTPC includes specific goals, in line with DTPC’s SCM Policy and the PPPFA regulations, that target businesses owned by black people, as well as small enterprises and, where feasible, those owned by women or youth. In addition, DTPC’s buildings are designed using universal access principles to ensure that people with disabilities are able to access these facilities.

Ownership by black people, women or youth is considered when assessing proposed new investments in DTPC’s zones. In addition, DTPC targets investors who intend to utilise innovative manufacturing techniques or new technologies, in line with the priorities of the Science, Technology and Innovation Decadal Plan 2022 – 2032, as the use of high-tech innovations has the potential for indirect job creation.

10.3.3. INCLUSIVE GROWTH TO CREATE JOBS

This outcome is directly aligned to the MTDP’s apex priority, as well as DTPC’s Impact Statement. The number of both permanent and temporary new direct jobs created will be used as an indicator of the achievement of this outcome. The jobs counted will be those jobs created on-site at any of DTPC’s zones and these indicators will therefore measure the direct impact of DTPC’s development on employment.

DTPC does not create jobs itself and therefore DTPC’s influence over the demographics of those employed is very minimal. Permanent direct jobs will be created by investors and tenants who operate from the zone, while temporary direct jobs are created by construction contractors engaged by DTPC or by investors on construction projects to develop the Dube TradePort, as well as by service providers working on-site.

To achieve these targets, DTPC will need to maximise the occupancy of its buildings, secure new investors to develop available land, and support all tenants and investors on-site to enable them to operate effectively and expand their operations resulting in job creation. In addition, DTPC will target businesses that are labour-intensive to maximise the impact of new investments secured on job creation, and DTPC also aims to accelerate construction activities, within its available budget, to ensure that as many new temporary direct jobs are created as possible.

10.3.4. SUSTAINABLE, EFFICIENT AND COMPLIANT OPERATION OF THE DUBE TRADEPORT

DTPC intends to operate the Dube TradePort in a manner that is sustainable, both financially and environmentally. This means that DTPC will prioritise developments that will increase DTPC's own revenue, while also seeking to contain operational costs wherever possible, so that, over time, DTPC will become less reliant on government funding. In addition, DTPC's operations are being developed such that the impact on the environment is minimised. This is done through various interventions that ensure compliance with the environmental authorisations for DTPC's developments, as well as reduce DTPC's carbon emissions by increasing the availability of renewable energy. This assists to attract investors, particularly those for whom green initiatives are necessary or desirable to their businesses. The achievement of this outcome will be measured by the reduction in DTPC's carbon emissions as this indicator measures the extent to which DTPC's environmental initiatives are successful in reducing the carbon footprint.

In addition, DTPC aims to ensure that its operations are efficient and compliant with all critical requirements as this will ensure that all tenants and customers receive excellent service and are able to operate their own businesses effectively and without disruption, thereby maximising opportunities for growth and job creation both on-site at the DTP precinct and within the wider business communities served by DTPC or its tenants. The customer satisfaction score, as determined by a survey of all tenants, clients and customers, indicates the extent to which DTPC is successful in operating the precinct efficiently. A measure of DTPC's compliance with requirements critical for operations will indicate whether the operations are sufficiently compliant so as to avoid any critical risks or problems arising which may cause disruptions to operations.

This outcome is aligned to the MTDP priority for "A capable, ethical and development state", as it is aimed at ensuring that DTPC's own operations are managed in a responsible manner that has a positive impact on its stakeholders. This lays a platform for tenants and customers to grow their businesses and create jobs, in line with DTPC's impact statement.

To achieve these targets, DTPC will need to ensure that sufficient funding is directed towards the development of revenue-generating assets, operating costs are minimised, while prioritising essential costs required to ensure compliance with critical operational requirements, and plans to reduce DTPC's carbon emissions are implemented.

One of the priorities in the Science Technology and Innovation Decadal Plan 2022 – 2032 speaks to the circular economy, which extends to developing renewable energy sources to decouple economic growth from non-renewable fossil fuels dependence. DTPC's plans to implement renewable energy, in the form of solar photovoltaic systems and the planned energy centre to be developed in the medium-term, is therefore aligned with this plan.

11. KEY RISKS

Outcomes	Key Risks	Risk Mitigation
Increased air connectivity	Limited number of routes with direct connections to Durban	<ul style="list-style-type: none"> • Benchmarking and research on potential new routes. • Update and implement Route Development Strategy and provide incentives for new air routes. • Contribute to marketing of KwaZulu-Natal and Durban as a safe, investment friendly destination.
Increased investment to promote localisation	Inability to attract investors and tenants	<ul style="list-style-type: none"> • Unlock key precincts for future development. • Explore investing in additional ready-to-lease top structures. • Collaborate with relevant national, provincial and municipal bodies to implement public transport links to DTP. • Develop strategic partnerships with authorities to improve understanding of DTPC's strategic intent, resulting in accelerated approval processes. • Collaborate and partner with other SEZs. • Provide infrastructure aimed at providing back-up water and clean energy (e.g. Energy centre, solar farm, water reservoir). • Create international investor attraction strategy, in partnership with TIKZN, TKZN and Route Development Committee. • Implement Land Holding Strategy, focusing on investment / development readiness and reducing environmental restrictions. • Implement value proposition that includes green energy, incentives, operational support, customer service, resourcing, and partnerships. • Review of DTPC value proposition beyond SEZ incentives. • Monitor dtic policy creation process.
Inclusive growth to create jobs	Displacement of jobs	<ul style="list-style-type: none"> • Work closely with DFIs and foreign funding institutions to facilitate funding for SMMEs. • Diversified business support programme that encompasses funding and market access portfolios. • Monitoring and evaluation of SMMEs performance for early detection of business challenges in those businesses. • Explore incentives for investors that create more jobs. • Align DTPC bursary and internship programmes to create a skills pool for DTPC and its tenants' requirements.

Outcomes	Key Risks	Risk Mitigation
<p>Sustainable, efficient and compliant operation of the Dube TradePort</p>	<p>Lengthy, inefficient processes.</p>	<ul style="list-style-type: none"> • Monitor and enforce compliance with standards, regulations and legislation. (e.g. ICASA, SACAA, ASIB, SEZ permits, environmental regulations etc.) • Implement measures to reduce operational costs to enable more funding to be allocated to revenue-generating capital projects. • Identify additional revenue streams. • Prioritise revenue-generating capital projects. • Explore alternative funding models for specific projects. • Implement streamlined processes. • Collaborate with National, Provincial and Municipal entities to ensure alignment of projects.

12. PUBLIC ENTITIES

DTPC does not have any public entities.

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TID)

13. OUTCOME INDICATOR DESCRIPTIONS

13.1. OUTCOME INDICATOR 1.1

INDICATOR TITLE	Total number of passengers through KSIA
Definition	Total number of passengers travelling through KSIA
Source of data	ACSA Traffic Volumes Report
Method of calculation / assessment	Total passenger numbers are a sum of domestic passengers, regional passengers and international passengers travelling through KSIA.
Assumptions	There is demand for air travel, aircraft availability and expansion of routes.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 5 002 671 • Target for year 2: 5 327 425 • Target for year 3: 5 442 508 • Target for year 4: 5 505 371 • Target for year 5: 5 698 572
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Executive Officer and Senior Manager: Office of the CEO

13.2. OUTCOME INDICATOR 1.2

INDICATOR TITLE	Number of international and regional passengers through KSIA
Definition	Total International and regional passengers travelling through KSIA. (This indicator measures a sub-set of the data measured in indicator 1.1 above.)
Source of data	ACSA Traffic Volumes Report
Method of calculation / assessment	A sum of regional passengers and international passengers travelling through KSIA.
Assumptions	There is demand for air travel, aircraft availability and expansion of routes.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 462 850 • Target for year 2: 553 113 • Target for year 3: 637 043 • Target for year 4: 660 426

	<ul style="list-style-type: none"> • Target for year 5: 747 865
Desired performance	Actual performance higher than the target.
Indicator responsibility	Chief Executive Officer and Senior Manager: Office of the CEO

13.3. OUTCOME INDICATOR 1.3

INDICATOR TITLE	Total tonnage cargo throughput from Dube Cargo Terminal
Definition	Monitor and record the throughput of international, regional and domestic cargo in the Dube Cargo Terminal and TradeHouse with the 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 system, reconciled to financial reports used for billing); Airlines' monthly reports (received via email); Swissport manager's monthly report (received via email). All international, regional and domestic cargo throughput handled by all operators for both import and export at the Dube Cargo Terminal is reported (i.e. all Cargo through the terminal).
Method of calculation / assessment	Calculation is based on kilograms handled and recorded and converted into tons
Assumptions	<ul style="list-style-type: none"> • All information is readily available, complete and accurate. • Budget and resource availability. • Additional airlines/routes and retention of existing. • Growth in DTPC Zones positively impacts on cargo growth.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 16 512 tonnes • Target for year 2: 17 668 tonnes • Target for year 3: 19 170 tonnes • Target for year 4: 21 135 tonnes • Target for year 5: 23 460 tonnes
Desired performance	Actual performance higher than the target.
Indicator responsibility	Executive: Business Services and Senior Manager: Cargo Development and Operations

13.4. OUTCOME INDICATOR 2.1

INDICATOR TITLE	Total fixed capital investment at DTP
Definition	Total value of DTPC, FDI and DDI investments in buildings and equipment, committed within the DTP precinct.
Source of data	<p>Investment committed in land and/or building leases – Signed lease agreement. For each land lease or building lease concluded with developers and/or tenants, the document includes the value of the developers and/or tenants' investment on the site(s).</p> <p>Additional investment made – Companies' investment in capital buildings or equipment is indicated in one or more of the following: lease agreement, SARS declarations, copies of invoices, bank or financial documents, dtic incentive approvals, signed confirmations and audited financial statements, DTPC BIS stats / SEZ compliance form.</p> <p>DTPC's investment in buildings and/or infrastructure – The cost of construction by DTPC in buildings and/or infrastructure as indicated in DTPC's general ledger or eWorkflow reports, after processing of the invoices.</p>
Method of calculation / assessment	<p>Cumulative value of each development or investment made.</p> <p>This includes a combined value of buildings and capital equipment invested as indicated in one of the following: lease agreement SARS declarations, copies of invoices, bank or financial documents, DTI incentive approvals, audited statements, or signed confirmations and DTPC BIS stats/SEZ compliance form. The value of the investment may increase or decrease as updated information becomes available.</p> <p>For DTPC's investment in buildings and/or infrastructure – The cost of construction (incl. VAT) by DTPC in buildings and/or infrastructure that is capitalised in DTPC's general ledger (incl. consultant costs that are capitalised), or eWorkflow reports, after processing of the invoices.</p>
Assumptions	<ul style="list-style-type: none"> • Availability of developable land and completed buildings. • Political stability and policy certainty. • Availability of budget.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	<p>TradeZone 1: 29 36'7.467''S and 31 6'51.411''E</p> <p>TradeZone 2: 29 35'57.854''S and 31 '55.568''E</p> <p>Dube City: 29 37'31.943''S and 31 5'44.862''E</p> <p>AgriZone 1: 29 36'28.81'' S and 31 05'37.3'' E</p> <p>AgriZone 2: 29 36'18.1'' S and 31 06'13.03'' E</p>
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: R730million • Target for year 2: R790million • Target for year 3: R500million • Target for year 4: R500million • Target for year 5: R500million
Desired performance	Actual performance higher than the target.
Indicator responsibility	Executive: Investments and Senior Manager: Investment Promotion

13.5. OUTCOME INDICATOR 2.2

INDICATOR TITLE	% of local content in goods produced by SEZ Enterprises at DTP
Definition	The extent of localisation facilitated at the Dube TradePort precinct is measured by the percentage of local content in the goods produced by SEZ Enterprises that are fully operational at the Dube TradePort precinct.
Source of data	Quarterly records / reports or annual letters signed by relevant authorities / authorised signatories confirming the percentage of local content into the production process, as received from SEZ Enterprises based at DTP.
Method of calculation / assessment	Percentage of local content into production (based on cost) by SEZ Enterprises, as per the source data from SEZ Enterprises.
Assumptions	<ul style="list-style-type: none"> • Availability of accredited local suppliers and input materials demanded by the investors. • Budget and resources available to support local suppliers' business development.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	<p>TradeZone 1: 29 36'7.467''S and 31 6'51.411''E</p> <p>TradeZone 2: 29 35'57.854''S and 31 6'55.568''E</p>
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 40% • Target for year 2: 45% • Target for year 3: 50% • Target for year 4: 52% • Target for year 5: 55%
Desired performance	Actual performance higher than targeted.
Indicator responsibility	Executive: Investments and Senior Manager: Business Investor Support

13.6. OUTCOME INDICATOR 3.1

INDICATOR TITLE	Number of new permanent direct jobs created
Definition	Measures the number of permanent direct jobs created at the Dube TradePort precinct.
Source of data	Quarterly records signed by relevant authorities received from tenants, investors, clients, developers and service providers based at Dube TradePort.
Method of calculation / assessment	The total number of new permanent direct jobs created, as per the source data from tenants, investors, clients, developers and service providers.
Assumptions	<ul style="list-style-type: none"> • Information is received from tenants, developers and service providers timeously and is accurate and complete. • Positive economic outlook and conditions that are conducive to growth.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: 40% of total employment • Target for children: n/a • Target for youth: 60% of total employment • Target for people with disabilities: 1% of total employment

Spatial transformation (where applicable)	<p>TradeZone 1: 29 36'7.467''S and 31 6'51.411''E</p> <p>TradeZone 2: 29 35'57.854''S and 31 6'55.568''E</p> <p>Dube City: 29 37'31.943''S and 31 5'44.862''E</p> <p>AgriZone 1: 29 36' 28.81" S and 31 05' 37.3" E</p> <p>AgriZone 2: 29 36' 18.1" S and 31 06' 13.03" E</p>
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 1 250 • Target for year 2: 1 050 • Target for year 3: 750 • Target for year 4: 600 • Target for year 5: 450
Desired performance	Actual performance higher than targeted.
Indicator responsibility	Executive: Investments and Senior Manager: Business Investor Support

13.7. OUTCOME INDICATOR 3.2

INDICATOR TITLE	Number of new temporary direct jobs created
Definition	Tracks the number of temporary direct jobs created at the Dube TradePort precinct during construction projects and by investors, tenants and service providers operating on-site.
Source of data	<p>Monthly labour reports on construction projects in progress. Reports will include names and/or ID numbers, verified by the consultant or DPI project manager (for internally managed projects).</p> <p>Monthly reports from developers, tenants and service providers based at DTP.</p>
Method of calculation / assessment	Count the number of cumulative jobs (removing any duplicate names and/or ID numbers), as received monthly on the labour report spreadsheet for each construction project in progress.
Assumptions	<ul style="list-style-type: none"> • No delays in the internal approval of concept designs. • No delays in statutory approvals. • No procurement delays. • Service providers to comply with DTPC labour sourcing requirements.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: 15% of the annual target. • Target for children: n/a • Target for youth: 20% of the annual target. • Target for people with disabilities: n/a (due to the nature of work done – i.e. construction projects)
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 250 • Target for year 2: 250 • Target for year 3: 250 • Target for year 4: 250 • Target for year 5: 250
Desired performance	Actual performance higher than the target.
Indicator responsibility	Executive: DPI and Senior Manager: Technical Services

13.8. OUTCOME INDICATOR 4.1

INDICATOR TITLE	% reduction in carbon emissions
Definition	<p>This indicator measures the change (reduction) in DTPC's carbon footprint each year as a result of interventions undertaken to reduce carbon emissions.</p> <p>Carbon offset is a reduction in carbon dioxide or greenhouse gas emissions made by organizations and governments to compensate for, or to offset, an emission made elsewhere.</p>
Source of data	<p>DTPC Carbon calculator, that quantifies the carbon footprint for the period January to December, supported by records including employee business travel, company fleet, number of rehabilitated wetlands or carbon sequestered, as well as monthly energy and waste data from DTPC reports.</p> <p>For purposes of the calculation, a reduction in scope 1 and 2 will be included in the calculation. Scope 3 will be reported but not included in the calculation.</p> <ul style="list-style-type: none"> • Scope 1: Direct emissions associated with diesel, petrol, oils, lubricants, and refrigerants. • Scope 2: Indirect emissions associated with purchased electricity. • Scope 3: Indirect (value chain) emissions not controlled by DTPC.
Method of calculation / assessment	<p>Decrease in carbon footprint, calculated as a percentage of the prior period's intensity ratio. An intensity ratio is utilised to express GHG impacts per full time employee or square metre of development.</p> <p>The current intensity ratio is per Full Time Employee or / m² of development.</p> <p>Wetland rehabilitation or carbon credit procurement through verified carbon exchange may be offset against the carbon footprint calculated.</p>
Assumptions	<ul style="list-style-type: none"> • If carbon reduction projections are not met, then carbon credits will be procured via carbon exchange or renewable energy from Independent Power Producers. • DTPC joins a recognized Carbon verification programme based on the outcome of the Net Zero Strategy.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 0.2% • Target for year 2: 0.2% • Target for year 3: 0.2% • Target for year 4: 0.2% • Target for year 5: 0.2%
Desired performance	Actual performance higher (greater % reduction) than the target
Indicator responsibility	Executive: DPI and Senior Manager: Environmental

13.9. OUTCOME INDICATOR 4.2

INDICATOR TITLE	Customer satisfaction score
Definition	This indicator measures the improvement in the level of satisfaction that customers are experiencing at DTPC.
Source of data	Report on the results of the undertaken survey.
Method of calculation / assessment	A survey will be conducted by a third-party service provider based on questions provided by the respective divisions. A score will then be calculated based on the customers' responses for each question. This will be measured annually. The 5-year score will be the average of the customer satisfaction scores measured in each of the 5 years.
Assumptions	Availability of adequate financial resources and service provider to conduct the survey.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 8.0 • Target for year 2: 8.0 • Target for year 3: 8.0 • Target for year 4: 8.0 • Target for year 5: 8.0
Desired performance	Actual achievement that is equal to or higher than the target.
Indicator responsibility	Executive: Corporate Services and Senior Manager: Marketing

13.10. OUTCOME INDICATOR 4.3

INDICATOR TITLE	% compliance with requirements critical for the operation of DTP
Definition	Measurement of the compliance of DTPC to strategic operational requirements.
Source of data	<p>Compliance framework including the outcome of various audits and evidence of compliance (or lack of non-compliance, where compliance is not acknowledged by the third-party regulator).</p> <p>The following certificates or independent confirmation of compliance will be maintained as evidence in support of the compliance framework results:</p> <ul style="list-style-type: none"> • SACAA license. • PPECB permit. • Bonded Warehouse permit (once operations commence). • ASIB certification. • SEZ/IDZ permit. • CCA permit. • ISO certificates (applicable only once certified). • ICASA license. • Water use licenses. • Occupation certificates and/or A&B certificates. • Tax Compliant status with SARS.

Method of calculation / assessment	<p>Certification by independent agencies, as reflected on DTPC's latest valid certificates issued from time to time.</p> <p>The number of compliant elements, as measured at the end of each financial year, will be measured as a percentage of the total number of elements applicable as listed above.</p> <p>The 5-year score will be measured as an average of the scores achieved each year over the 5-year period.</p>
Assumptions	<p>Compliance for SEZ permit, CCA permit, and ICASA license will be measured by the non-revoking of these licenses / permits, as there is no regular requirement to assess compliance.</p>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: n/a • Target for children: n/a • Target for youth: n/a • Target for people with disabilities: n/a
Spatial transformation (where applicable)	n/a
Reporting cycle	<ul style="list-style-type: none"> • Target for year 1: 100% • Target for year 2: 100% • Target for year 3: 100% • Target for year 4: 100% • Target for year 5: 100%
Desired performance	Actual achievement that is equal to the target.
Indicator responsibility	Chief Executive Officer and Senior Manager: Office of the CEO

ANNEXURES

14. ANNEXURE A: NSDF AND THE DISTRICT DELIVERY MODEL

Area of intervention in the NSDF and DDM	5-Year Planning Period								
	Project Name	Project Description	Budget Allocation	District Municipality	Specific Location	Project Leader	Social Partners	Longitude	Latitude
<p>Plan 2: Develop a prosperous, diverse economy and job creation.</p> <p>Programme 2.6: Catalytic Projects</p>	Dube TradePort	Manage and oversee the implementation of land development catalytic projects within the city as part of the spatial transformation agenda.	n/a	eThekwini Municipality	Dube TradePort and Aerotropolis region	Dube TradePort Corporation	n/a	-29.373194	31.544862
	Automotive Supplier Park (ASP)	Automotive Supplier Park intended to centralise production, assembly, sequencing and providing warehousing facilities.	n/a	eThekwini Municipality	South Illovo	Dube TradePort Corporation	n/a	-30.1155006	30.8349015
<p>Plan 3: Creating a quality living environment.</p> <p>Programme 3.10: Implement an effective public transport plan for the Municipality</p>	Corridor C8: Tongaat and Airport to Umhlanga and Warwick	C8 would serve the airport and Umhlanga town centre and provide direct access into Durban. Planned to be operational in 2028.	n/a	eThekwini Municipality	Tongaat and Airport to Umhlanga and Warwick	eThekwini Municipality	n/a	n/a	n/a

15. ANNEXURE B: DTPC ALIGNMENT WITH MTDP

MTDP / PGDS Priority	MTDP / PGDS Outcome	DTPC Outcome	DTPC Outcome Indicator
Inclusive growth and job creation	Increased investment, trade and tourism	Increased air connectivity	Number of international and regional passengers through KSIA
			Total tonnage cargo throughput from Dube Cargo Terminal
	Increased infrastructure investment and job creation	Increased investment to promote localisation	Total fixed capital investment at DTP
			% of local content in goods produced by SEZ Enterprises at DTP
	Increased employment opportunities	Inclusive growth to create jobs	Number of new permanent direct jobs created
			Number of new temporary direct jobs created
Build a capable, ethical and development state	A capable and professional public service	Sustainable, efficient and compliant operation of the Dube TradePort	Customer satisfaction score

APPENDICES

16. APPENDIX A: LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACSA	Airports Company South Africa SOC
AEO	Authorised Economic Operator
AfCFTA	African Continental Free Trade Area
ASIB	Automatic Sprinkler Inspection Bureau
ASP	Automotive Supplier Park
B-BBEE	Broad-Based Black Economic Empowerment
BCI	Business Confidence Index
CBAM	Carbon Border Adjustment Mechanism
CCA	Customs Controlled Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPG	Contract Participation Goals
DDM	District Delivery Model
DFI	Development Finance Institution
DLH	Durban Logistics Hub
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
dtic	Department of Trade Industry and Competition
DTP	Dube TradePort
DTPC	Dube TradePort Corporation
DURAMP	Durban Aerotropolis Master Plan
ED	Enterprise Development
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EME	Exempt Micro Entity
ESIEID	Economic Sectors, Investment, Employment and Infrastructure Development
EU	European Union
FDI	Foreign Direct Investment
GA	General Authorisation
GDP	Gross Domestic Product
GHG	Greenhouse gas
GNU	Government of National Unity
IATA	International Air Transport Association
ICASA	Independent Communications Authority South Africa
ICT	Information and Communications Technology

ABBREVIATION	DESCRIPTION
IDZ	Industrial Development Zone
IMF	International Monetary Fund
ISO	International Standards Organisation
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
MEC	Member of the Executive Council
MOU	Memorandum of Understanding
MSP	Multi-Storey Parkade
MTDP	Medium-Term Development Plan
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NSDF	National Spatial Development Framework
OEM	Original Equipment Manufacturer
PESTEL	Planning tool that analyses Political, Economic, Social, Technological, Environmental and Legal factors
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
QSE	Qualifying Small Enterprise
ROD	Record of Decision
SABS	South African Bureau of Standards
SACAA	South African Civil Aviation Authority
SAPOA	South African Property Owners Association
SARS	South African Revenue Services
SCM	Supply Chain Management
SEZ	Special Economic Zone
SMME	Small, Medium and Micro-sized Enterprise
SONA	State of the National Address
SOPA	State of the Province Address
SPLUMA	Spatial Planning and Land Use Management Act
TIKZN	Trade and Investment KwaZulu-Natal
TKZN	Tourism KwaZulu-Natal
TOWS	Planning tool that analyses Treats, Opportunities, Weaknesses and Strengths
UKZN	University of KwaZulu-Natal
VAT	Value-Added Tax
WUL	Water Use License



LA MERCY JV PROPERTY INVESTMENTS PTY LTD

STRATEGIC PLAN

For
2025/26 – 2029/30

KwaZulu-Natal
January 2025

EXECUTIVE AUTHORITY STATEMENT

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

In line with its mandate, the JV Company contributes towards the priorities of the National Development Plan (NDP) and Medium-Term Development Plan (MTDP), as well as the KwaZulu-Natal (KZN) Provincial Growth and Development Strategy and Plan. All of these plans aim to bring about faster economic growth and higher investment.

Over the next five years, in addition, the JV Company will give effect to implementing the commercial strategy derived from the 10 year business plan. The plan will outline the timing of the activation of land parcels, quantify development costs and yield potential, and identify commercial opportunities arising from natural capital located within the demarcated conservation areas.

In putting together this Strategic Plan, the JV Company has ensured that the outcomes it seeks to achieve are aligned to the priorities of its major shareholder, DTPC and the Department of Economic Development, Tourism and Environmental Affairs. It has also sought to align its targeted outcomes with those articulated in the Medium Term Development Plan, National Development Plan and the KZN Provincial Growth and Development Strategy and Plan. The JV Company supports the objective of its major shareholder, to drive inclusive economic growth in KZN, thereby contributing towards the greater economic development priorities of the province and country.

As the MEC for Economic Development, Tourism and Environmental Affairs, and on behalf of the Government of KwaZulu-Natal, I fully endorse the JV Company's strategy and targets as contained in this five year Strategic Plan, and have no doubt that they reflect the policies, strategies and goals of the province.

Rev. Musa Zondi, MPL

MEC for Economic Development, Tourism and Environmental Affairs

CHAIRPERSON OF THE BOARD STATEMENT

The main objective of the company is property holding, development and letting in accordance with the Development Framework Plan and the Master Plan. It gives effect to this objective by providing effective planning, infrastructure and environmental management. Consequently, the JV Company's vision is to create environmentally responsive and innovative commercial precincts at the heart of the Durban Aerotropolis.

Over the previous five-year period, the JV Company focused on obtaining statutory approvals for the development of Support Zone 2. The Environmental Authorisation has been issued and further applications to obtain rezoning rights are underway. Similarly, initial statutory planning work on Support Zone 1B was also completed. The commercial strategy of the JV Company will inform future developments within the precinct.

The rezoning of Support Zone 2 is imminent and once the rezoning rights are in place, the provision of bulk infrastructure can commence, culminating in the release of serviced land available for take-up either by private sector investors or for the JV Company to invest in top structures of its own-.

Despite a significant portion of the land holding held under conservation, the JV Company will continue to look into alternate opportunities to carry out its mandate. The JV Company will consider the implementation of potential commercial opportunities on land that has been delineated for conservation. The JV Company will look into opportunities to partner with other entities and explore green funding opportunities and alternate sources of revenue for these land parcels in order to cover costs of rehabilitation. Globally there is an interest in terms of carbon credits, carbon offsets and sequestration that countries and companies are looking for as a source of meeting environmental obligations and as a way of generating additional revenue due to the Paris Agreement of which S.A. is a signatory. In addition, there are bio-diversity offsets that provide a tax incentive (s37(d) of ITA) for land designated as natural parks.

Looking to the future, the JV Company aims to stimulate inclusive economic growth through its participation in the Durban aerotropolis by providing commercially and environmentally sustainable property developments. 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.

The JV Company 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.

Mr. Hamish Erskine
Chairperson: La Mercy JV Property Investments Pty Ltd

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of La Mercy JV Property Investments Pty Ltd under the guidance of both the La Mercy JV Property Investments Pty Ltd Board and Rev. Musa Zondi (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority;
- Takes into account all the relevant policies, legislation and other mandates for which La Mercy JV Property Investments Pty Ltd is responsible; and
- Accurately reflects the impact, outcomes and outputs that La Mercy JV Property Investments Pty Ltd will endeavor to achieve over the period 2025/26 to 2029/30, given the resources made available in the budget and within the constraints and opportunities of the market conditions.

Mr. K. Ngqaka
DTPC Property and SEZ Admin Executive
Programme 2

Mr. O. Mungwe
DTPC DPI Executive
Programme 2

Ms. A.B. Swalah
Director

Mr. H. Erskine
Chairperson

Approved by:

Rev. Musa Zondi
Executive Authority (MEC)

Signature: _____

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PART A: OUR MANDATE

1. OVERVIEW

La Mercy JV Property Investments Proprietary Limited (hereinafter referred to as “the JV Company”) is a joint venture between Dube TradePort Corporation (DTPC) (60%) and Airports Company of South Africa (SOC) Limited (ACSA) (40%). The JV Company is registered as a private, limited liability company which was formed in terms of the Co-operation Agreement dated 12 December 2006 between ACSA and DTPC. The JV Company was formed to lead the developments of the land jointly owned by DTPC and ACSA and in so doing, to support the broader objectives of DTPC, its major shareholder.

The main objective of the company is property holding, development and letting. Property must be developed in accordance with the Development Framework Plan and the Master Plan. The primary functions of the JV Company is to provide effective planning, infrastructure, environmental and property management of the land parcels in the precinct owned by the JV Company.

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.*”

The operation and management of the JV Company is being carried out in accordance with section 24(b)(iii) of the Constitution which guarantees ecologically sustainable developments and use of natural resources while promoting justifiable economic development.

3. LEGISLATIVE AND POLICY MANDATES

The JV Company became a deemed Schedule 3C¹ public entity upon deregistration and transfer of the shares from Dube TradePort Company to Dube TradePort Corporation (DTPC). The Dube TradePort Company, a Section 21 Company, was deregistered on 31 August 2013 and the Schedule 3C public entity commenced operations on 1 September 2013.

¹ In terms of the Public Finance Management Act (Act No. 1 of 1999)

4. INSTITUTIONAL POLICIES AND STRATEGIES FOR THE 5 YEAR PLANNING PERIOD

As a deemed Schedule 3C public entity, the JV Company seeks to align its strategic objectives with those of its shareholders, DTPC and ACSA, as well as the relevant policies and strategies of national and provincial government. These include the National Development Plan (NDP) and Medium Term Development Plan (MTDP), KZN Provincial Growth and Development Strategy (PGDS).

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

In May 2024, South Africans went to the polls to elect our leaders for the next 5-year cycle. The outcome of these elections was a Government of National Unity (GNU). The fundamental principles and priorities for the GNU were identified and these remain aligned to the NDP 2030 vision to reduce poverty, inequality and unemployment, as well as the Africa Agenda 2063 and Sustainable Development Goals, which all focus on achieving sustainable development.

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 Development Plan (MTDP) which outlines the 3 main priorities of the seventh administration:

1. **Inclusive Growth and Job Creation**
2. Reduce Poverty and tackle the high cost of living
3. A Capable, Ethical and Developmental State

The first of these priorities (Inclusive growth and job creation) was identified as the apex priority as growing the economy and creating more jobs will have a significant, positive impact on the other focus areas and is currently an area of dire need. 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 Strategy (PGDS), 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.

Provincial Growth and Development Strategy 2021-2025

The Provincial Growth and Development Strategy (PGDS) is currently under review and will be finalised after the MTDP 2024-2029 is approved to ensure that it is fully aligned with National priorities.

KZN's 2030 vision remains to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world.

The current version of the PGDS (2021-2025) contains seven main goals, and while these are likely to be revised to align to the MTDP, the key issues, such as economic growth, job creation, social protection, educational outcomes and recovery of state capacity, are likely to remain. The JV Company's main contribution towards this plan will therefore remain that of facilitating economic growth and job creation through the development of the Dube TradePort.

State of the Nation and State of the Province Addresses (2024)

The State of the Nation Address (Feb 2024) (SONA) emphasised the necessity for Government to grow the economy and create jobs. This was reiterated in the State of the Province Address (SOPA) in July 2024, where the Premier outlined the Province's intention to fully align to the GNU priorities and the role that key economic institutions play in facilitating job creation. It was highlighted that all growth should be inclusive, with a particular focus on supporting small businesses as well as those owned by youth and women. The JV Company will continue to support small enterprises, particularly African black-owned enterprises, and women, youth and people with disabilities through the inclusion in its procurement process.

The KZN Premier further emphasised the need for all entities to improve their audit outcomes and strive for clean audits. The JV Company has achieved clean audits every year for the past twelve years and aims to continue this result into the foreseeable future. All audit findings raised by both internal and external audit are recorded in an Audit Improvement Plan, along with the interventions needed to resolve the findings, and progress made in this regard is regularly monitored, and reported to the Audit and Risk Committee on a quarterly basis.

An increase in extreme weather events was noted across the country and, in particular, in KZN. In response to this, the imperative to reduce carbon emissions and fight climate change was highlighted and an Outcome has been included in this Strategic Plan in this regard to ensure that interventions are put in place to reduce JV Company's carbon footprint.

The JV Company's contribution in achieving the objectives of the NDP, MTDP and PGDS lies in its mandate to provide an enabling environment to attract new private sector investment, both foreign and domestic, by providing commercially and environmentally sustainable property developments.

This will contribute to economic growth that will benefit all South Africans, in line with one of the Department of Economic Development, Tourism and Environmental Affairs (EDTEA)'s targeted outcomes of ensuring "*Inclusive and transformed economic growth*" in KZN.

Key to ensuring that economic growth benefits all, is ensuring that the JV Company's plans are gender-responsive, such that they include initiatives that will benefit women, youth and people with

disabilities, and are aligned to the Framework on gender responsive planning, budgeting, monitoring, evaluation and auditing.

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

- Preferential procurement: The JV Company's procurement strategy targets vulnerable groups, in line with the priorities of Operation Vula.
- Radical Agrarian Socio-Economic Transformation (RASET): The JV Company further supports the KZN programme of Radical Agrarian Socio-Economic Transformation (RASET) through leasing agricultural land portions to Uzinzo, a small scale black owned sugarcane farming enterprise and emerging agro-business.

Ethekwini's Municipal Spatial Development Framework (SDF)

Dube TradePort has been identified as a catalytic project in the Ethekwini Municipality's SDF to drive economic development in the northern region of the city and KZN Province. The JV Company aligns to the sustainable economic development objectives of DTPC and Ethekwini Municipality's SDF. Support Zone2 is the catalytic project for the JV Company.

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 which includes both the strategic and tactical interventions needed to implement the plan. The JV Company's major shareholder, DTPC, is responsible for the implementation of the master plan, as well as the management and oversight of the program on behalf of EDTEA. This provides an ideal opportunity for the JV Company to capitalize on the investment opportunities and ensure full alignment with the Durban Aerotropolis roll-out.

Contribution towards empowerment of vulnerable groups

To ensure that economic growth is inclusive, JV Company supports women and youth-owned enterprises through preferential procurement. On each procurement planned by the JV Company, preference points are allocated for specific goals, which include women-owned and youth-owned businesses, in compliance with its main shareholder, Dube TradePorts Corporation's (DTPC) SCM Policy.

5. RELEVANT COURT RULINGS

In terms of the newly Gazetted National Water Act (Act 36 of 1998) Section 21, General Authorisation, a number of concessions have been afforded to private entities and parastatals or state owned entities and related institutions, and more emphasis has been placed on the risk matrix to determine whether water use is generally authorized or will require a water use licence (WUL) or a General Authorisation (GA). These amendments further provides relaxations in terms of activities previously subject to WUL such as rehabilitation associated activities. The implications therefore the La Mercy JV and its associated wetland rehabilitation is that the application is now subject to a shorter and less cumbersome General Authorization process.

PART B OUR STRATEGIC FOCUS

6. VISION

To be a ground-breaking, environmentally and commercially sustainable precinct at the heart of the Durban Aerotropolis.

7. MISSION

To maintain sound ecological infrastructure incorporating smart technologies, renewable energy, carbon neutrality in developing responsive commercial precincts.

8. VALUES

The La Mercy JV Property Investments Proprietary Limited (JV Company) is committed to adhering to a clear set of values. These include:

- Professional Excellence: being passionate about value-adding professionalism.
- Inclusivity: creating transparent, honest relationships with culturally diverse stakeholders, built on trust, mutual respect, dignity and fairness.
- Innovation and creativity: Succeeding through innovation, creativity and future fit solutions.
- Service Excellence: providing unsurpassed service excellence in response to market demand.

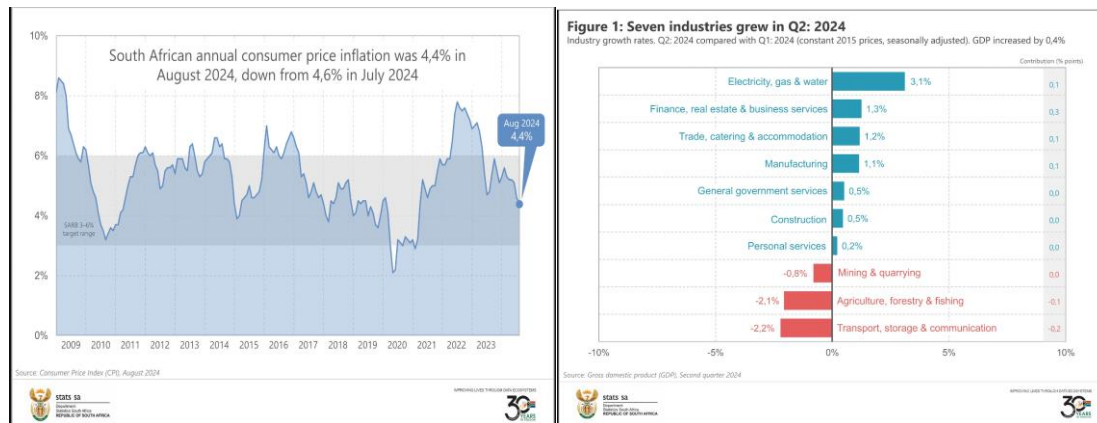
9. SITUATIONAL ANALYSIS

9.1. EXTERNAL ENVIRONMENT ANALYSIS

Economic outlook

In 2023, the global economy grew by 3.3% and the International Monetary Fund (IMF) projects further growth of 3.2% in 2024 and 3.3% in 2025.²⁴ Growth in Sub-Saharan Africa is projected to be higher than the global average at 3.7% in 2024 and 4.1% in 2025 as the economic recovery continues and inflation falls. Many of the countries in this region are facing debt repayments in the next years, forcing countries to cut essential public spending to redirect development funds to debt servicing, thereby endangering growth prospects for the future. Sub-Saharan Africa remains vulnerable to global shocks, particularly from weaker external demand and elevated geopolitical risks, as well as facing rising political instability and frequent climate shocks. With limited financing options and borrowing costs remaining high, a focus on boosting revenues, rather than cutting essential government spending, will be key, although there is scope to improve expenditure efficiency.²⁵

Many of these same challenges are relevant to South Africa, where public debt has continued to rise to just above 74% of GDP.²⁶ Growth, however, has been significantly lower in South Africa than the average for the region, at 0.7% in 2023, due in part to widespread power shortages and disruptions at rails and ports and, following 0% growth in the first quarter of 2024, GDP grew by only 0.4% in the second quarter.²⁷ Unemployment remained high, reaching 32% at the end of 2023, while inflation fell to 5.1% in June 2024.



Looking ahead, growth is expected to reach 1% in 2024, on the back of improved investor sentiment and electricity generation, stabilising at 1.4% in the medium term. The IMF does not expect South Africa's public debt to stabilise over the medium term, given rising debt servicing, support to state-

²⁴ International Monetary Fund's World Economic Outlook Update, The Global Economy in a Sticky Spot, July 2024.

²⁵ International Monetary Fund's Regional Economic Outlook – Sub-Saharan Africa, April 2024.

²⁶ International Monetary Fund's Country Report No. 24/283 – South Africa: Post-financing assessment, September 2024.

²⁷ Stats SA Statistical release P0441: Gross Domestic Product, Second quarter, 2024.

owned enterprises and sizable spending on public wages, but suggests that the new government uses the opportunity of a new mandate to implement bold reforms to address long-standing challenges and achieve the economy's full potential. This would include structural reforms to support job creation, growth and prosperity, such as electricity and transportation-sector reforms, fostering private sector participation to boost activity and exports, improving the business environment and removing obstacles to trade, supported by labour-market reforms to boost investment and employment.²⁸

Precinct Management is becoming a key topic and attractive proposition and a value-add that Municipalities are not providing. The Private Sector queries whether this is a space where Municipalities should take up to encourage investment and improving investment value within their jurisdiction. This intervention has the potential to retain and improve their rates base.

Maintenance of Infrastructure: the decreasing and / or lack of maintenance of infrastructure by municipalities is growing and found in the metropolitan municipalities as well. The private sector is of the view that municipalities would be providing a crucial service to its investors if they take up this responsibility.

Municipalities, generally state that their focus is in providing infrastructure in poorer areas who have no basic services.

The private property sector and economists hold the view that private sector should focus on driving economic development, which will reduce the over-reliance on government by citizens so that government can direct its focus on its core mandate and duty to its citizens.

The performance of the Office, Residential and Industrial sectors are as follows:

- The recovery of the office market continues annually. rentals have improved from the big Covid declines, but are still about 2% below 2019 levels
- industrial properties are still the best-performing category among the three major non-residential property types. Vacancies are continually low and even lower for logistics market
- Flat vacancy rates on a national level edged down to 7,9% but remain higher from the average 2023 level of 7,2%.

While the JV Company's overall span of influence on the South African economy is small, as its services are focused on the land owned by JV Company and its surrounding areas, its objectives are aligned to the intensions expressed above. JV Company's mandate is aligned to DTPC's mandate and primary intention in developing the Dube TradePort is to facilitate economic growth through the attraction of investment that will increase activity, exports and employment. Returns in the South African property market in 2023 were impressively high at 8.6%. This return is due largely to historically

²⁸ International Monetary Fund's Country Report No. 24/283 – South Africa: Post-financing assessment, September 2024.

high income returns of 8.1%, with capital growth adding 0.5% to that.²⁹ Underperformance in the office sector persisted amid high vacancy and pressure on rental growth. Offices had the highest vacancy rate of the three property sectors at 17.2% in June 2023, as oversupply is still prevalent, making real rental growth improbable in the short to medium term.³⁰

The industrial property sector had the lowest vacancy rate and consequently the highest base rental growth at 6.3%. The main driver of capital growth in the industrial property market was the 5.0% growth in net operating income recorded in 2023. Growth in e-commerce has boosted demand for distribution centres, with the online retail sector growing by 29% in 2023. Challenges at the ports and production capacity utilisation of below 80% have impacted on the manufacturing sector, shifting investor focus to distribution and logistics properties. To date, the volume of locally manufactured goods has not recovered back to pre-pandemic levels and, at January 2024, remained around 10% below the average production levels of 2018/19. Investors in industrial property generally consider a rate of 85% of utilisation to production capacity necessary to initiate expansion in the sector, causing investors to focus on distribution, logistics and warehouse-related property instead of manufacturing-related property.³¹

CHALLENGES EXPECTED OVER THE NEXT 5 YEARS

As part of the planning process, JV Company conducted a PESTEL and TOWS analysis to identify key threats, opportunities, weaknesses and strengths that could impact on JV Company's ability to achieve its mandate and targeted outcomes over the next 5 years. While many of the activities identified to address these areas are included in JV Company's Operational Plans, the items that could have the greatest impact are listed below.

Lengthy timelines for regulatory approvals

The time taken to obtain regulatory approvals that are required for development is often very long. This can delay development of infrastructure and buildings, which in turn can delay investment attraction as leases cannot be signed, or tenants cannot begin development of the site until the required approvals are in place.

To mitigate these risks, JV Company intends to review its Infrastructure Plan, to ensure that all changes to the development pipeline are adequately taken into account and factored into expected development timelines. In addition, environmental off-sets will be identified and procured ahead of statutory applications being submitted to fast-track their approval. JV Company has on-going engagements with eThekweni Municipality to ensure that applications are processed timeously.

Stringent environmental offset obligations

Much of JV Company's land holdings is located on environmentally sensitive land and the environmental off-set requirements for development are often very stringent as a result. This impacts

²⁹ SAPOA 2023 Global Property Trends Report, May 2024.

³⁰ SAPOA South African Property Trends Report, 2023 H1 Research Report, October 2023.

³¹ SAPOA Industrial Property Trends Report, H1 2024 Research Report, May 2024.

on the pace of development and has financial implications, as the cost to rehabilitate land is very high. Buying off-set land is also very expensive due to land speculation in the area. The mitigating hierarchy for development impact assessment needs to be considered and a cost benefit exercise needs to be performed to determine whether the reduction of developable footprint by onsite offsetting vs the outright purchase of land is preferred.

Climate change

Over the past few years, KZN has experienced severe weather events, including flooding and a tornado which caused widespread damage to infrastructure, resulting in disruptions to clean water, electricity supply, transport and communications, and the threat of such events reoccurring remains. While JV Company's infrastructure has proved resilient to date, with minimal damage or interruptions experienced during these events, they remain a threat to business continuity for JV Company.

There will be an increase in JV Company's carbon footprint once construction commences. To mitigate this threat, LMJV will leverage off its major shareholder, DTPC's planned water reservoir, which will provide up to 48 hours of back-up water to the precinct, when required. DTPC has commenced a project to install a ground mounted solar photovoltaic power plant to provide electricity for DTPC's operations, as well as to tenants. This solar plant is expected to be operational in 2025/26. In addition, DTPC has procured a transaction advisor to design and advise on the implementation of the planned energy centre. This will enable DTPC to supply various types of sustainable energy for DTPC's consumption, as well as for tenant's use, thereby reducing reliance on the grid and adding value to tenants' operations. LMJV will leverage off its major shareholder, DTPC's electricity supply.

The JV Company will follow the relevant requirements based on the South African Greenhouse Gas Emissions (SAGERS) to reduce carbon footprint and to calculate JV Company's emissions. In addition, the LMJV will be measuring carbon sequestration from our natural assets using a variety of scientific tools that will give sense of how much carbon is sequestered.

OPPORTUNITIES EXPECTED OVER THE NEXT 5 YEARS

Automation of processes

One of the opportunities leading to 2030 that was identified in the 30-Year Review Report was to advance digital transformation and modernisation throughout government. This is relevant to JV Company as it follows the processes of DTPC. Many of DTPC processes remain manual or could be automated further. DTPC therefore has an opportunity to streamline and improve the efficiency of its processes by introducing additional layers of automation. A digital transformation strategy has been developed by DTPC, along with an implementation plan, and specific interventions to automate processes will be undertaken over the 5-year period.

Climate Change opportunities

The JV Company landholdings is in an eco-industrial precinct therefore the JV Company can be branded as ecologically attractive. The JV Company natural assets can be used by company's that are looking for carbon offsetting.

The JV Company has a lot of natural capital in the form of natural assets i.e. wetlands and grasslands which can be used as a carbon sequestration sink where carbon emissions can be offset. Other potential revenue opportunities from bio-prospecting, eco-tourism and bio-diversity offsets can be generated from these natural assets.

Other opportunities and threats

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

In order for the JV Company to keep up with the pace of development, new construction methodologies will have to be considered and adopted. From a land management and spatial analysis point of view, the use of technology such as drones and GIS will be utilized in order to manage the risk of land invasion.

The high rate of unemployment in the country has led to an increased risk of land claims, particularly in the less developed areas of the JV Company's land holdings. Increased security measures will be considered to avoid land invasion. Local construction business forums and other community groups could pose a threat if tenants and service providers underutilize the labour available in the surrounding communities. It is therefore important that the JV Company work with the local community groups to ensure that they benefit from the development of the area.

Spatial economic development using the SEZ as key driver

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

Main stakeholders:

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

- **Shareholders:** The shareholders, ACSA and DTPC, provide funding to the company for its operations and capital projects. As both shareholders have been affected by significant

budget cuts due to Covid-19, this will have an impact on the ability of the shareholders to make capital contributions to the JV Company.

- **EDTEA:** As the main parent company, DTPC is funded by EDTEA. DTPC and LMJV are accountable to EDTEA for the use of funds to achieve its mandate, and DTPC's and LMJV's objectives are aligned with those of EDTEA.
- **Department of Forestry, Fisheries, and the Environment (DFFE)/ Department of Water and Sanitation (DWS):** These entities provide the necessary approvals which contribute significantly towards the development readiness of the LMJV precincts and ultimately the realisation of the LMJV Business Plan implementation.
- **Ezemvelo KZN Wildlife**
Ezemvelo KZN Wildlife is responsible for the management of bio-diversity plan for the province. The JV must engage extensively with Ezemvelo KZN Wildlife on biodiversity offsets and other related matters i.e. obtaining approvals as per the KZN Biodiversity Implementation Plan (BOMP and the Rehabilitation and Restoration Plan) and specialist advice on identification and relocation of new flora species.
- **eThekweni Municipality:** This stakeholder facilitates statutory approvals and provides input into infrastructure and environmental obligations for DTPC's developments. They are also critical for the provision of utilities (water, waste removal and electricity) to the precinct. The municipality therefore has the power to stall or accelerate LMJV's development, and it is critical that LMJV maintains a good working relationship with eThekweni Municipality, to ensure integration and alignment of plans and objectives, so that these can be of mutual benefit.
- **Prospective tenants:** The JV Company is located in a secure site and will attract prospective tenants, particularly those starting up new businesses.

External dependencies:

Some of the external dependencies that can adversely affect the achievement of targets are as follows:

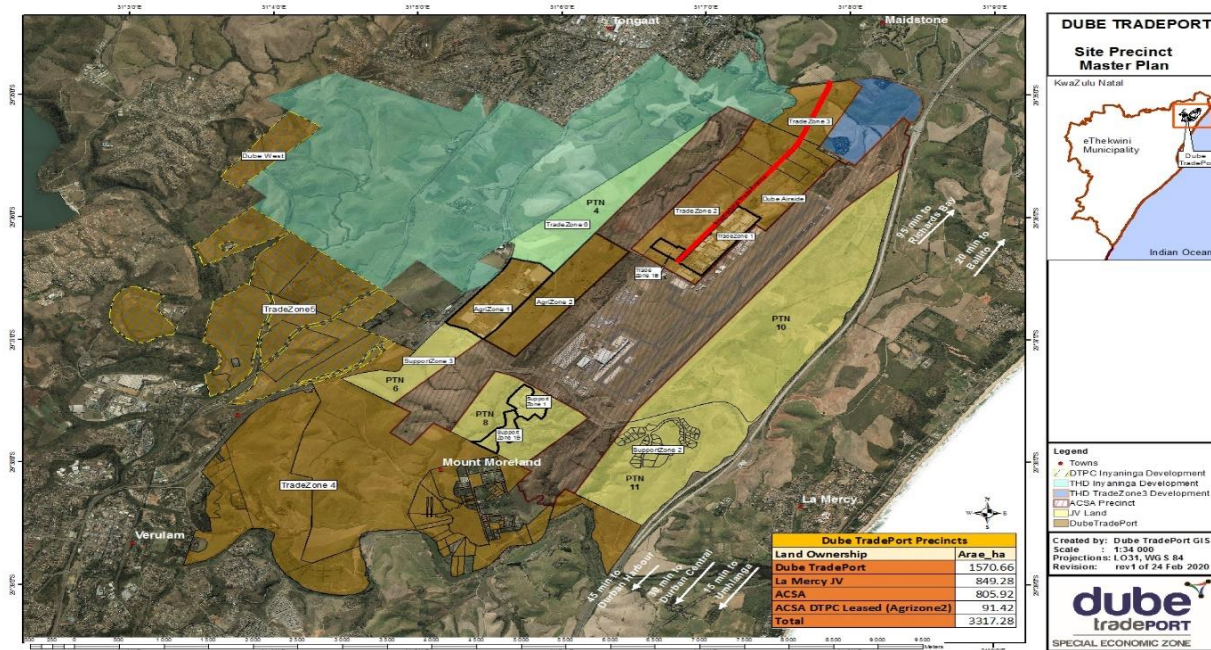
- Economic conditions and investor sentiments to take up opportunities
- Market demand and take up of leases
- Obtaining statutory approvals timeously
- Obtaining extensions for Environmental Authorisations that have expired
- Securing suitable offset land to meet the Environmental Authorisation obligations

9.2. INTERNAL ENVIRONMENT ANALYSIS

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

The development of Dube TradePort was the catalyst for the development of the aerotropolis concept with Dube TradePort (DTP) and the King Shaka International Airport (KZIA) infrastructure as the core. The JV Company has acquired land that has been incorporated in the planning for the land around the airport. With the introduction of the Aerotropolis concept, several sector studies having been completed, and several iterations of plans have been prepared that need to be taken account of and integrated into the revised Development Framework Plan (DFP) and master plan. The purpose of this DFP is to set out a 20-year vision for the Farm La Mercy Airport No. 15124; i.e. the Dube TradePort (DTP) site, to guide and co-ordinate land use and development. The implementation of the development of the DTP site will be achieved through the Development Framework Plan as well as a suite of Precinct Plans and Development Manuals. The site will be developed by the three different landowners (ACSA, DTPC and JV Company) and their tenants over a long period of time.

The map below illustrates the landholdings of the JV Company.



The following **weakness** was identified during the planning process, which will need to be addressed to ensure that they do not impact on JV Company's ability to deliver on its mandate:

- JV Company is located in an **environmentally sensitive area**. This means that the environmental obligations required to off-set the effects of developing the area tend to be onerous and expensive. However, it is the implementation of these environmental rehabilitation requirements that has protected JV Company from the effects of climate

change to date and JV Company therefore intends to continue to invest in environmental infrastructure to ensure the continued resilience of the precinct.

Strengths of LMJV that will enable the development and attract investors, a key component in facilitating economic growth and achieving LMJV's mandate, are:

- A secure precinct that was largely unaffected by the civil unrest experienced in KZN in July 2021;
- Resilient infrastructure that was able to withstand the recent floods in KZN with minimal damage.
- The JV Company has a lot of natural capital in the form of natural assets i.e. wetlands and grasslands which can be used as a carbon sequestration sink where carbon emissions can be offset.

Organisational Structure

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

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

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

- Commercial Forum: The objective of the forum is to co-ordinate commercial property matters and to ensure compliance with applicable legislation, regulations and policies.
- Environmental Joint Working Group: This committee was formed to administer the rehabilitation of the JV land and to monitor and oversee implementation of the conditions of the ROD/EA issued for KSIA/ DTP phase 1 site development.
- Operational Joint Working Group: To address operational issues within the precinct.
- Design and Review Panel (DRP): The DRP was formed pursuant to the requirements of Clause 2 of Special Zone 10 of the North Scheme of the eThekweni Municipality which required that "A Dube TradePort Design and Review Panel comprising of Dube TradePort Corporation (DTPC), Airports Company South Africa SOC Ltd (ACSA), the eThekweni Municipality and any other relevant role players, as determined by these three parties, shall be established to review and make recommendations to the relevant approving authority on all plans and

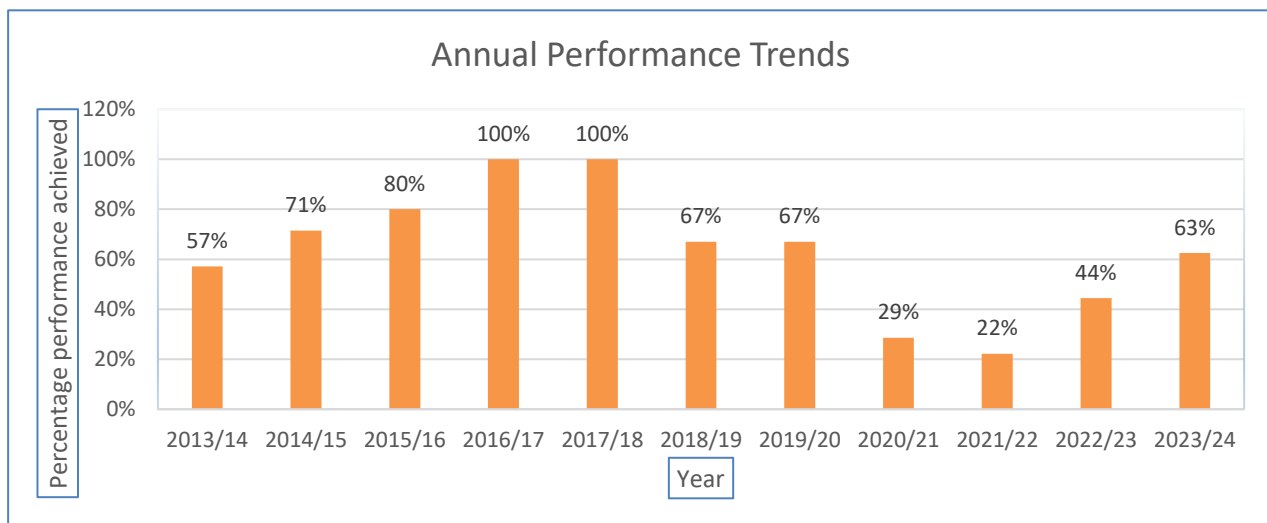
developments within the Zone as per the provisions of the approved Development Framework Plan.

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

Performance

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

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



The JV Company maintained its clean audit opinion. There are no external audit findings on Performance Information in the current year.

Financial Resources

The company sold part of its land holdings in Dube city to its shareholders in 2015. The proceeds from the sale of land enabled the JV Company to fund its short term operating activities without any cash injections from the shareholders. Expenditure has been funded via equity funding with effect from 01 September 2013. The current asset base of the JV Company is approximately R142 million.

With no developable land currently available coupled with a decrease in farming income due to cession/ cancellation of leases that are expiring, the JV Company will carry out feasibility studies to increase and possibly diversify its revenue streams in order to overcome some of the challenges faced.

B-BBEE Compliance

The annual total revenue of the JV Company is less than R10 000 000 (ten million rands), the company is therefore a Level Four (100% B-BBEE procurement recognition) B-BBEE level contributor.

PART C: MEASURING OUR PERFORMANCE

10. LMJV PERFORMANCE INFORMATION

10.1. MEASURING THE IMPACT

Impact Statement	<i>To develop an ecologically and commercially sustainable precinct adding value to its stakeholders</i>
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10.2. MEASURING OUTCOMES

MTDP PRIORITY: Economic Transformation and Job creation				
	Outcome	Outcome Indicator	Baseline	5 Year Target
1.	Increased revenue from property development, natural capital and associated commercial opportunities.	No. of bankable/feasible revenue generating opportunities identified	0	2 from natural capital (implementation of feasibility study opportunities identified)
2.	Creating development ready precincts.	No. of statutory approvals submitted to secure development ready precincts	0	5
3.	Increased carbon sequestration	Tons of carbon sequestered per annum	0 new indicator	2025/26 Year 1- 0 2026/27 -Year 2- 0 2027/28 - Year 3 – 1 ton CO ₂ equivalents 2028/29 -Year 4-1,5 tons CO ₂ equivalents 2029/30 Year5- 2 tons CO ₂ equivalents (Dependent on statutory approval, compatible with rehabilitation measures undertaken)

MTDP PRIORITY: Economic Transformation and Job creation				
4.	Improved environmental quality within the precinct	No. of key determinants not exceeding the prescribed limits (Nitrate, E-coli, DO, pH, TSS(total suspended soil))	0 new indicator	One directive being issued by the authorities within 5 years (Agrizone plant, treatment works and neighboring horse stables across the R102– require operational efficiencies to contain contamination)

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

As a deemed Schedule 3C public entity, falling under the auspices of EDTEA, the JV Company'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 priority detailed in the MTDP, aimed at bringing about inclusive growth and job creation.

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, the JV Company's focus area, with regards to having a positive impact on the KZN economy, is primarily attracting investment. The JV Company provides enabling infrastructure for the development of its precincts in order to attract investment thus increasing the economic activity within the province.

Increased revenue from property development, natural capital and associated commercial opportunities.

Increased revenue from property development, natural capital and associated commercial opportunities will contribute to revenue generation. To measure the achievement of this desired outcome, the JV Company will monitor the number of feasible revenue generating opportunities identified, 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.

Implementation of identified opportunities, including eco-tourism opportunities, of how land that has been delineated as conservation areas can be utilized to yield financially viable projects.

Creating development ready precincts.

By creating development ready precincts, the JV Company will create a commercially and environmentally sustainable property development which will contribute to inclusive growth and Job creation as envisaged by the MTDP priority.

The key focus of activities of the JV Company is on obtaining land use rights on Support Zone 2 for an office, retail and business park facility. The Support Zone 2 rezoning application has been submitted to the Ethekewini municipality for approval. The traffic impact assessments (TIA) approval is presenting a challenge in getting the approval of the rezoning application. Further engagements have been scheduled with Ethekewini Transport Authority (ETA) to work through revisions to the TIA. The rezoning of the land is expected in 2025 and the bulk services procurement is expected thereafter with construction of Infrastructure in later years.

Upon completion of the JV Company's 10-year business plan, specialist studies for Support Zone 1b will be undertaken to assess the environmental impact of the proposed developments. These studies will inform the Environmental Impact Report (EIR) and Spatial Planning and Land Use Management Act (SPLUMA) processes with the aim of securing land use rights for township establishment.

Increased carbon sequestration

The LMJV over the next five years and beyond will focus on carbon sequestration as an enhanced natural capital strategy which involves preserving and restoring natural ecosystems to increase their carbon storage capacity. The benefits of carbon sequestration would in all likelihood be seen in biodiversity conservation, water cycle regulation and ecological resilience.

Improved environmental quality within the precinct

Integrated water monitoring will be conducted to improve environmental quality within the precinct. Water quality monitoring will be assessing the fresh water eco-systems impacts associated with the activities and infrastructure for the JV Company.

11. KEY RISKS

Outcome	Key Risk	Risk Mitigation
Increased revenue from property development, natural capital and associated commercial opportunities.	LMJV land holdings are not currently commercially sustainable.	Explore options of alternative land uses for Support Zone 2 through RFI's and market studies. Implementation of development precincts as outlined in the LMJV Business Plan to be guided by market demand and conditions. Partnership models to be explored for value creation and ensuring commercial sustainability for the LMJV.
	Inability to find investors/partners of the natural capital model due to economic sustainability.	Enable the portioning of activities within the model. Obtain buy in from relevant authorities.
	Differing commercial mandates of shareholders.	Participation of relevant representatives from both entities in strategy formulation. The effective implementation of Business Plan, & Evaluation matrix by the commercial forum to ensure alignment of the differing commercial mandates. The business plan recommends a business model that defines the LMJV operating model and mandate. Brand manual – aligns LMJV position. Clearly articulate the vision for the LMJV, informed by the business plan.
Creating development ready precincts.	Delays in Environmental authorisations and other statutory approvals.	Constant engagement with municipal departments to efficiently unlock any blockages/issues.
	Lack of availability of sustained funding, particularly as a result of budget cuts or other financial difficulties experienced by shareholders.	Explore options for alternative sources of funding, through use of partnerships and collaborations. Appointment of service providers with the lowest price who has passed functional evaluation.
	Alignment with municipal planning (priorities) i.e. difference in priorities for infrastructure roll out between LMJV and the municipality.	Prior engagements with municipality/municipal departments to ensure alignment of planned infrastructural roll out.

Outcome	Key Risk	Risk Mitigation
	Disruption to business activities as a result of external events viz Business forum attacks, social unrest, natural disasters.	Business Continuity Plan and Disaster Recovery Plans of the shareholders will be implemented.
	Lack of regional Infrastructure (transport and service infrastructure).	Utilize Master Plan outcomes as an engagement tool to influence infrastructure timing and spend by regulatory authorities.
	Stringent Environmental conditions negatively impact the JVs ability to deliver on development ready precincts	Detailed plan of action on how the required offsets will be procured
	Economic downturn and investor sentiment	Align our developments with local and regional economy (in terms of market trends to enable stable take up of land) and allow for timeous responses by the JV Company to such changes.
	Constraints in delivering operational activities due to human resource limitations.	Secure dedicated resources for the LMJV.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

1. OUTCOME INDICATOR 1

INDICATOR TITLE	No. of bankable/feasible revenue generating opportunities identified
Definition	This indicator measures the no. of bankable projects that utilizes the natural capital assets of LMJV
Source of data	Completed feasible studies
Method of calculation / assessment	Count the no. of bankable projects for which operating models have been developed
Assumptions	<ul style="list-style-type: none"> • Natural assets will yield financially viable projects • Outcome of feasibility study yields implementable revenue generating opportunities from natural capital • The LMJV completes the Business Plan and includes opportunities for revenue generating opportunities from natural capital • Market appetite for climate resilient precincts • Compatibility with the KSIA BOMP and R&R Plan • Availability of Green Funding opportunities Record of Decision amendment process completion
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • 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	Chair – Joint working group and rehab committee

2. OUTCOME INDICATOR 2

INDICATOR TITLE	No. of statutory approvals submitted to secure development ready precincts
Definition	Measures the number of approvals submitted.
Source of data	Approved decision notices, authorization, and letters of support, permits and licenses.
Method of calculation / assessment	No. of number of approvals submitted. Each positive letter from the relevant authority will count as one target met.
Assumptions	Complete by in and the will to fast track applications from the relevant authorities. No delays in obtaining approvals from the relevant authorities.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • 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 equal to or higher than the target
Indicator responsibility	Executive: Development Planning & Infrastructure

3. OUTCOME INDICATOR 3

INDICATOR TITLE	Tons of carbon sequestered per annum
Definition	Test wetlands/ grasslands for sequestration
Source of data	Data generated from scientific investigations by approved service provider
Method of calculation / assessment	To be determined by appointed service provider as there are many methods to calculate carbon sequestration i.e. soil carbon content, and satellite imagery (CSAT – The Carbon Sequestration Assessment Tool, Forest Carbon Sequestration, Vegetation surveys, Carbon Stock Calculations for both wetlands and grasslands)
Assumptions	<ul style="list-style-type: none"> • Appointment of a service provider • Pilot study area identified. • Board approval for implementation of projects identified by feasibility study. • Budget availability.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • 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 equal to or higher than the target
Indicator responsibility	Chairperson: Environmental Joint working group

4. OUTCOME INDICATOR 4

INDICATOR TITLE	No. of key determinants not exceeding the prescribed limits (Nitrate, E-coli, DO, pH, TSS)
Definition	Water quality monitoring will be assessing the fresh water ecosystems impacts associated with the activities and infrastructure for the JV Company.
Source of data	Reports and lab results
Method of calculation / assessment	Downstream and upstream monitoring points as per the licence requirements
Assumptions	Integrated water monitoring plan based on an issued WULA. Licence will be issued by the Department of Water and Sanitation
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • 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 equal to the target
Indicator responsibility	Chairperson: Environmental Joint working group

ANNEXURES: DISTRICT DELIVERY MODEL

ANNEXURE A: NSDF AND THE DISTRICT DELIVERY MODEL Area of intervention	Medium Term (3 years – MTEF)				
	Project description	District Municipality	Location: GPS co-ordinates	Project leader	Social partners
Catalytic projects	<p><u>Plan 2:</u> Develop a prosperous, diverse economy and employment creation.</p> <p><u>Programme 2.6:</u> Support and facilitate investment into catalytic projects, such as Dube TradePort, Automotive Supplier Park and the Aerotropolis</p>	eThekwini Municipality	<p><u>Location:</u> Dube TradePort and Aerotropolis region, and South Illovo</p>	<p>Dube TradePort Corporation</p> <p>Support Zone2 is the catalytic project for LMJV</p>	n/a
Public transport	<p><u>Plan 3:</u> Creating a quality living environment.</p> <p><u>Programme 3.12:</u> Implement an effective public transport plan for the Municipality – Corridor C8 planned to be operational by 2035.</p>	eThekwini Municipality	<p><u>Location:</u> Tongaat and Airport to Umhlanga and Warwick</p>	eThekwini Municipality	n/a
Bio- diversity	<p>Framework strategy and action plan for the control of Invasive alien species</p>	eThekwini Municipality	<p><u>Location:</u> Dube TradePort</p>	eThekwini Municipality	n/a