



SOUTHERN AFRICA'S PREMIER
AIR LOGISTICS PLATFORM

DUBE TRADEPORT CORPORATION

ANNUAL PERFORMANCE PLAN

For
2015/16

KwaZulu-Natal
January 2015

FOREWORD

The designation of Dube TradePort (DTP) as an Industrial Development Zone (IDZ) in July 2014 represents a significant opportunity for Dube TradePort Corporation (DTPC) and KwaZulu-Natal (KZN) to capitalize on the potential an IDZ offers for the attraction of direct investment, economic development and job creation. This designation will not only assist DTPC in achieving its mandate but, with the linkages created by an IDZ / SEZ between international and local businesses, the province as a whole stands to gain. This Annual Performance Plan has been developed with this in mind, while also acknowledging that there is still a lot of work to be done to ensure the success of the DTP IDZ's operations.

Dube TradePort Corporation, a Schedule 3C public entity, was established by the KZN Provincial Government to enable new air services, provide state-of-the-art facilities, leading edge spatial planning, facilitate the supply of products to export markets and to attract long-term investment to the province. Centred around the King Shaka International Airport (KSIA) and in close proximity to the two largest sea-ports in Southern Africa – Durban and Richards Bay – DTPC has a critical part to play in the realisation of KZN's 2030 vision of becoming a gateway to Africa and the world. DTPC has therefore aligned its objectives to those of its Strategic Plan for 2015/16 to 2019/20, as well as those of the Department of Economic Development, Tourism and Environmental Affairs, the IDZ / SEZ programme, facilitated by the Department of Trade and Industry, and the wider provincial and national plans for growth and development.

Key priorities identified for 2015/16 include:

- Utilising the advantages of the DTP IDZ to attract direct foreign investment, as well as national and local investment;
- Establishing DTP IDZ's first Customs Controlled Area (CCA) together with Samsung, its first CCA enterprise;
- Implementing DTPC's air cargo strategy and actively marketing the Dube Cargo Terminal, with its impressive security record, to potential new customers, thereby increasing cargo throughput volumes and growing the KZN economy;
- Construction on the double underground basement at Dube City, with an office complex to be built thereafter; and

- Preparing Phase 2 of the Dube TradeZone for its launch in 2016, after Phase 1 was close to fully let and the high demand resulted in an interim Phase 1b being offered to the market.

As the MEC for Economic Development, Tourism and Environmental Affairs, and on behalf of the Government of KZN, I fully endorse DTPC's strategy, programmes and targets as contained in this Annual Performance Plan, and have no doubt that they reflect the policies, strategies and goals of the province.

Mr. Michael Mabuyakhulu, MPP

MEC for Economic Development, Tourism & Environmental Affairs

KwaZulu-Natal Province

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of Dube TradePort Corporation under the guidance of both the Dube TradePort Corporation Board and Mr. Michael Mabuyakhulu (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority;
- Was prepared in line with the current Strategic Plan of Dube TradePort Corporation; and
- Accurately reflects the performance targets which Dube TradePort Corporation will endeavour to achieve given the resources made available in the budget for the 2014/15 financial year and within the constraints and opportunities of the market conditions.

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

Signature: _____

Mr. H. Erskine
Accounting Officer (Acting CEO)

Signature: _____

Dr. B. Gasa
On behalf of the Accounting Authority

Signature: _____

Approved by:

Mr. M. Mabuyakhulu
Executive Authority (MEC)

Signature: _____

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PART A: SITUATIONAL ANALYSIS

1. UPDATED SITUATIONAL ANALYSIS

1.1. OVERVIEW OF DUBE TRADEPORT

Dube TradePort (DTP) is a 2840 hectare greenfield site at La Mercy, master-planned to become a multi-modal development and world-class aerotropolis (or airport city), centred around the King Shaka International Airport (KSIA). Its proximity to the two largest sea-ports in Southern Africa – Durban and Richards Bay – gives DTP its edge as a transport and logistics hub and this initiative, which will ultimately include commercial, residential and production activities, will greatly expand the capacity of KwaZulu-Natal to import and export goods.

Phase 1 of DTPC's 50-year Master Plan consists of 4 main development zones aimed at driving the development of air logistics business and attracting investment to the province. With this goal in mind, DTPC has developed an Investment Plan to provide the framework within which DTPC will target and secure private sector investment in DTPC's existing and future development zones. These four existing development zones are:

- **Dube TradeZone:** This 26 hectare site occupies prime, fully-serviced airside real estate ideal for new-generation warehousing, manufacturing, assembling, air-related cargo distribution, electronics, pharmaceuticals, high-tech aerospace services, automotive industries, clothing, textiles and cold storage activities. **Dube TradeHouse**, adjacent to the Dube Cargo Terminal, is home to a number of well-known freight forwarders and shippers and enjoys a direct connection to the Cargo Terminal via an elevated cargo conveyor-system Airbridge. With Dube TradeHouse fully let and the majority of Phase 1 of Dube TradeZone either let, under construction or, having been built, becoming operational, an additional 4.5 hectares have been offered to the market and Phase 2 of Dube TradeZone, which will ultimately encompass 51 hectares, is expected to be launched in 2016 for occupation by 2017.
- **SupportZones:** Phase 1a of this world-class business and leisure area, known as Dube City, comprises 12 hectares and provides level, fully-serviced stands. As Africa's first purpose-planned airport city, Dube City follows sustainable development principles, creating an ultra-modern urban "green" hub and proposed land uses include a mix of hotel, conference, entertainment, retail and knowledge-intensive activities. Dube City is supported by fully-reticulated fibre-optic cabling from which all tenants may access voice and data services at competitive rates.

DTPC's building, 29° South, has been constructed and is now fully occupied. An agreement has been concluded with an international private sector investor to build a 21 500m² office complex and this development will be preceded by the construction of a double underground basement over the full site. DTPC will undertake the development of the basement with work due to start in February 2015 and be completed by March 2016. The office complex will then be built in 3 phases over 3 years. DTPC has also concluded a free hold purchase of 55% of the sites in Dube City from its subsidiary, La Mercy JV Property Investment (Pty) Ltd, with ACSA, the other shareholder in the JV Company, purchasing the other 45%. DTPC is now in a position to actively drive the realisation of the full vision for Dube City.

- **Dube Cargo Terminal:** This 14 000m² state-of-the-art facility is owned and partially occupied by DTPC and is one of the most technologically advanced cargo facilities in the world. Dube Cargo Terminal, capable of handling 100 000 tonnes of cargo annually, is one of the most secure facilities of its kind in Africa with an impressive security track-record of 0% cargo loss since inception.
- **Dube AgriZone:** With 16 hectares of greenhouses, Dube AgriZone hosts Africa's largest climate-controlled growing area under glass. It focuses on the production of short shelf-life vegetables and cut flowers requiring immediate post-harvesting airlifting, thereby creating Africa's first integrated perishables supply chain. Dube AgriZone comprises greenhouses, packhouses, a distribution centre, a nursery and **Dube Agrilab**, a highly specialised tissue culture laboratory, all off-set by a range of "green" initiatives, such as rainwater harvesting, solar energy usage, on-site waste management and the growth of indigenous plants for site-wide rehabilitation activities.
Phase 1 of Dube AgriZone is fully developed, with Phase 2 due to be operational towards the end of 2016. Phase 2 is located adjacent to Phase 1 and will be developed for additional greenhouses and related agricultural uses.

Each of the above zones is serviced by **Dube iConnect**, a world-class IT and telecommunications platform which digitally links precinct-based businesses with each other and the world. It focuses its business on offering services in the cloud, and therefore, provides superior service solutions, including voice and broadband, virtual computing platforms, secure virtual storage, back-up and recovery, IT security, hosted call-centre services, media services and dark fibre.

In addition to this, **Dube AiRoad** provides a seamless air-to-road and road-to-air logistics solution for time-sensitive deliveries. This dedicated logistics fleet collects and 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.

Another important aspect of DTP is the **rehabilitation and restoration** of the environment. This project is primarily aimed at offsetting the environmental impacts of Phase 1 of DTP and KSI's developments, in compliance with the Environmental Impact Assessment (EIA) concluded in 2007 and the Record of Decision (ROD) issued in 2008. This comprises alien clearing, fauna and flora species rescue and planting / recreation, thus creating an environment in which nature and industry can co-exist.

DTP Special Economic Zone:

DTPC was granted an operator licence for the DTP Industrial Development Zone (IDZ) in July 2014. This was officially presented at the launch of the DTP IDZ on 7 October 2014 by His Excellency, President Jacob Zuma, with the expectation that the IDZ would be converted to a Special Economic Zone (SEZ) before the end of the 2015/16 financial year. The DTP IDZ initially consists of two sectors: Dube AgriZone and Dube TradeZone, and will focus on aerospace and aviation-linked manufacturing, high-value niche agricultural and horticultural products, electronic manufacturing and assembly, medical and pharmaceutical production and clothing and textiles. Together with DTPC's economic development focus, this designation is set to strengthen DTPC's ability to attract key local and international market-players to the area.

The 2014/15 – 2016/17 Industrial Policy Action Plan (IPAP) identifies SEZs as key contributors to economic development and drivers of government's strategic objectives of industrialisation, regional development and job creation. In this regard, EDTEA seeks to develop Industrial Economic Hubs as a means to drive industrial development and thereby create a globally sustainable and resilient regional economy. The establishment and effective operation of the DTP SEZ forms a key component of this plan as it will drive backward and forward economic linkages between the enterprises located in the SEZ and district industrial hubs throughout KZN, and this part of DTPC's operations has therefore been identified as a separate programme in DTPC's revised programme structure from 2015/16.

1.1.1. VISION

To be the leading global air logistics platform in Southern Africa, seamlessly integrated with inter-modal road, rail and sea infrastructure.

1.1.2. MISSION

- To enable the development of an aerotropolis by providing leading edge spatial planning and infrastructure;
- To attract investment through the creation and operation of a special economic zone and related commercial zones; and
- To grow business and trade through enabling new regional and international air services.

1.1.3. STRATEGIC GOALS

DTPC's strategic outcome oriented goals are as follows:

- To maintain effective corporate governance;
- To ensure the efficacy of Supply Chain Management (SCM) for radical economic transformation;
- To act as a catalyst for targeted private sector investment;
- To plan and enable the development of a sustainable aerotropolis, cargo and air services;
- To provide infrastructure and service the development and operational needs of DTP; and
- To establish and effectively operate the DTPC IDZ/SEZ.

1.1.4. PROGRAMME STRUCTURE

In order to efficiently carry out its mandate, DTPC operates a 7-programme structure, summarised below:

- Programme 1: Administration
- Programme 2: Cargo Development
- Programme 3: Property
- Programme 4: AgriZone
- Programme 5: Information Communication and Technology (ICT)
- Programme 6: Development Planning and Infrastructure
- Programme 7: Dube TradePort Industrial Development Zone / Special Economic Zone

1.2. PERFORMANCE DELIVERY ENVIRONMENT

In considering the factors which could impact on DTPC's ability to deliver on its mandate, the state of the global and local economies were considered, as well as the strategies and policies of national and provincial government with which DTPC seeks to be aligned.

1.2.1. ECONOMIC OUTLOOK

Global economic activity has broadly strengthened since the 2008/9 recession and is expected to improve further in 2014 and 2015, with much of the impetus coming from advanced economies. Activity in many emerging market economies has been disappointing, although they continue to contribute more than two-thirds of global growth and their output is expected to be lifted by stronger exports to advanced economies. The International Monetary Fund (IMF) projects global growth to strengthen from 3% in 2013 to 3.4% in 2014 and 4% in 2015. Growth in emerging and developing economies is expected to gradually increase from 4.7% in 2013 to 4.6% in 2014 and 5.2% in 2015.¹

Despite the improved prospects, the global recovery remains fragile and growth is not evenly robust across the globe. Growth in South Africa is expected to remain sluggish as a result of electricity constraints and labour conflicts, with the IMF projecting growth at 1.7% in 2014 and 2.7% in 2015. In 2013, the South African economy grew by 1.9%, with total GDP estimated at R2 013 billion.² During that same period, DTP's contribution to GDP (excluding KSIA) was estimated at R6.4 billion and is expected to rise to R295.8 billion by 2060³ when the total development is expected to be completed.

The KZN provincial economy is projected to grow by 3% in 2014 and between 3.5% and 4% in 2015. Although the tertiary sector continues to be the largest contributor to this, the province is better positioned to capitalise on agriculture, mineral beneficiation, manufacturing, tourism, freight and logistics, as well as the financial services sector.⁴

¹ From the "World Economic Outlook: Recovery Strengthens, Remains Uneven", published by the IMF in April 2014 and updated in July 2014.

² South African Reserve Bank – Q4 2013.

³ From "Dube TradePort: Macroeconomic Contribution of the Master Plan" produced by Strategic Economic Solutions in May 2014.

⁴ KwaZulu-Natal State of the Province address, 26 June 2014.

DTPC is ideally positioned to be a key driver of growth in the province. Oxford Economics suggests that global GDP has been boosted by an additional \$200 billion over the past 20 years thanks to the increase in connectivity. Air connectivity opens up new markets for a country and sparks export activity.⁵ DTP currently has 21% of KZN's perceived air cargo market, with close to 80% of the province's air cargo being freighted through OR Tambo International Airport because of KZN's limited air connectivity, especially to sub-Saharan Africa. DTPC therefore aims to expand air connectivity over the next 5 years and, together with its recent designation as an IDZ, presents real and significant development opportunities for both cargo handling and passengers alike.

Despite subdued economic growth, South Africa's property sector has maintained modest growth of 7.4% total return for the first six months of 2014.⁶ This represents a 0.9% increase over the previous six months and is largely attributable to improved capital growth of 3.1%. This was underpinned by improving base rental growth and a firming in the rental yield. Income returns remained stable at 4.2%.⁷ This growth in SA's property markets, particularly in industrial property, bodes well for DTPC's focus on attracting private sector property investment, particularly when considered together with the IDZ / SEZ incentives now available to investors locating at DTP.

1.2.2. ALIGNMENT WITH RELEVANT POLICIES AND STRATEGIES

KZN's 2030 vision is to become a prosperous province with a healthy, secure and skilled population, acting as a gateway to Africa and the world. As one of the province's primary infrastructure projects, DTPC has an important role to play in the achievement of this vision. The development and implementation of Durban's aerotropolis is vital to ensuring the success of this mission as DTPC creates an enabling environment for the acceleration of efforts to introduce new international and regional air services, facilitating growth in air cargo volumes, producing sustainable volumes of perishables in support of an integrated air logistics platform, while promoting direct foreign and local private sector investment in the province.

With the institutionalisation of the DTP IDZ / SEZ, DTPC's contribution to job creation and economic development is set to increase significantly as the benefits offered to enterprises operating in an IDZ / SEZ are aimed at ensuring the IDZ / SEZ's growth,

⁵ IATA Annual Review 2013.

⁶ According to the IPD (Investment Property Databank) South Africa Biannual Property Indicator.

⁷ SA Commercial Property News

revenue generation, job creation, attraction of foreign direct investment and international competitiveness.

To ensure alignment between DTPC's strategic objectives and those of the relevant policies and strategies defined by national and provincial government, (a full list of which is provided in Appendix B), DTPC has identified the following key deliverable areas, along with the targets set for the next 5 years. These targets include DTPC's and the DTP IDZ / SEZ's activities.

| Key Deliverable areas | Targets | | | | | |
|---|----------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | |
| KEY DELIVERY AREA 1: STRATEGIC INFRASTRUCTURE | | | | | | |
| % increase in international/regional passengers through KSIA | 3.5% | 3.6% | 3.3% | 3.1% | 2.8% | |
| No. of new international/regional routes (additional frequency or new route) using KSIA | 2 | 2 | 2 | 2 | 2 | |
| Tonnage throughput from Dube Cargo Terminal annually (international) | 8 300 | 9 100 | 10 200 | 11 700 | 13 300 | |
| Value produced and processed at the Dube AgriZone annually | R80.4 million | R87.6 million | R95.5 million | R124 million | R175 million | |
| % Occupancy of available AgriZone facilities | 75% | 85% | 85% | 90% | 90% | |
| KEY DELIVERY AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS | | | | | | |
| Private sector investment committed | R192 million | R174 million | R723 million | R1.348 billion | R2 billion | |
| Public sector investment committed | R213 million | R276 million | R306 million | R276 million | R291 million | |
| Total revenue generated | R59 million | R76 million | R86 million | R95 million | R107 million | |
| KEY DELIVERABLE AREA 3: JOB CREATION | | | | | | |
| Number of direct jobs created | Temporary | 718 | 798 | 1 824 | 2 879 | 4 061 |
| | Permanent | 300 | 405 | 815 | 840 | 2 890 |
| KEY DELIVERABLE AREA 4: ENVIRONMENTAL SUSTAINABILITY | | | | | | |
| Contribution to carbon offset | 7% reduction from baseline | 7% reduction from revised baseline | 7% reduction from revised baseline | 7% reduction from revised baseline | 7% reduction from revised baseline | |
| No. of hectares of land rehabilitated annually | 100ha | 100ha | 80ha | 60ha | 60ha | |

STRATEGIC INFRASTRUCTURE:

This key delivery area is closely linked to the 4th strategic goal of the PGDP which aims to provide strategic infrastructure for the social and economic growth and development of KZN. The development and implementation of the aerotropolis is listed as a key

intervention for achieving this goal and, together with the added benefits of DTPC's status as an IDZ / SEZ operator, this provides an excellent framework for the attraction of investment to the area. In addition, the delivery of strategic infrastructure speaks to the creation of an efficient, competitive and responsive economic infrastructure network, as outlined in the 6th of the 12 key outcomes defined by Cabinet and expanded on in the Medium-Term Economic Framework (MTSF) and the 2nd priority listed in the NDP of providing economic infrastructure.

Three regional routes are currently operational from KSIA – Lusaka, Harare and Mauritius, while Emirates continue to be the only international carrier currently using KSIA, with its highly successful daily service to Dubai. DTPC aims to increase air-traffic through KSIA, be it through availability of additional routes or an increase in passenger numbers, all of which will assist in increasing KZN's exposure to greater numbers of people and businesses and will ultimately increase the cargo tonnages processed through the Dube Cargo Terminal which will assist in growing exports. 7 681 tonnes of international cargo was processed in 2013/14 and this is expected to grow to 13 300 tonnes per annum by 2019/20. The value of agricultural goods produced by Dube AgriZone is dependent on all space available in the greenhouses and packhouses being fully utilised. Two greenhouses became vacant at the end of 2013/14, but are expected to be filled again before the start of 2015/16. DTPC aims to achieve an average of 75% occupancy in 2015/16, rising to 90% by 2019/20, with R562.5 million worth of agricultural produce being produced or processed at the Dube AgriZone over the next five years.

ECONOMIC DEVELOPMENT AND COMPETITIVENESS:

This key delivery area is linked to the objectives of the IDZ / SEZ programmes as well as the strategic objectives of DTPC's parent department, the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). A key component of achieving economic development is the attraction of foreign direct investment as well as local investment. By the end of 2013/14, DTPC had attracted R709.5 million in private sector investment and, with its subsequent designation as an IDZ, to be converted into an SEZ in due course, this level of investment is expected to grow by more than R4 billion over the next five years.

JOB CREATION:

Job creation remains a key objective of DTPC, in line with the 4th of governments 12 Key Outcomes: *Decent employment through inclusive economic growth*, the 1st strategic goal of the PGDP, and the 1st key priority area defined by the NDP. With DTP now established as an IDZ and expected to be converted to an SEZ in 2015/16, DTPC is ideally situated to facilitate the generation of new employment by enhancing sectoral development through trade and industry. Over the past 3 years, from 2011/12 to 2013/14, 1 618 jobs (964 temporary, during construction, and 654 permanent) were

created on-site at the DTP precinct. DTPC expects to create 15 530 jobs (10 280 temporary and 5 250 permanent) both inside and outside of the DTP IDZ / SEZ areas over the next five years.

ENVIRONMENTAL SUSTAINABILITY:

DTPC is committed to creating an aerotropolis that is environmentally sustainable and has therefore added this as a key deliverable area from 2015/16. This is aligned to the Millennium Development Goal developed by the member states of the United Nations to ensure environmental sustainability, as well as the 5th strategic goal of the PGDP, 3rd strategic priority of the NDP and the provisions of the Constitution. In addition to rehabilitating 400 hectares of land over the next five years, DTPC aims to reduce its carbon emissions by 7% each year. As with all of DTPC's rehabilitation targets, these are aligned to national targets and, in particular, the carbon off-set target is linked to those detailed in the White Paper on Climate Change Response (2012).

1.3. ORGANISATIONAL ENVIRONMENT

DTPC 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 is made up of individuals drawn from both the public and private sectors and is specifically structured to provide a diverse mix of skills and experience pertinent to DTPC's business operations and the diverse environment in which it operates.

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

In July 2014, DTPC was granted an operator permit by the DTI to operate the Dube TradePort Industrial Development Zone (DTP IDZ), which is expected to be converted to a Special Economic Zone (SEZ) in due course. As an IDZ operator, DTPC is bound to comply with the requirements of its Operator Permit, issued by the Department of Trade and Industry (DTI) in terms of Regulations 57(e) and 17 of the IDZ Programme, as well as all provisions of the IDZ Programme, which was gazetted in 1999 under the Manufacturing Development Act no. 187 of 1993, and its accompanying guidelines which were promulgated in 2000 and amended in October 2006.

The overall regulatory framework for the IDZ programme comprises of:

- The Manufacturing Development Act no. 87 of 1993;
- The IDZ Regulations and subsequent amendments;
- Section 21A of the Customs and Excise Act and relevant provisions of the Value Added Tax Act; and
- Report no. 14 promulgated by the International Trade Administration Commission in accordance with the Customs and Excise Act.

As a prospective SEZ, DTPC is also required to comply with the conditions of the Funding Agreement entered into between the DTI and DTPC, and the SEZ Act no. 16 of 2014 and its related regulations, once these are issued. This Act provides for a three year transition period for an IDZ operator to convert to an SEZ, during which time DTPC will evaluate which of the models provided for in the SEZ Act will be most beneficial to the achievement of its overall goals. These models include:

- **Industrial Development Zones** – purpose built industrial estates that leverage domestic and foreign direct investment in value-added and export-oriented manufacturing industries and services;
- **Free Ports** – duty free areas adjacent to a port of entry where imported goods may be unloaded for value-adding activities within the SEZ for storage, repackaging or processing, subject to customs import procedures;
- **Free Trade Zones** – duty free areas offering storage and distribution facilities for value-adding activities within the SEZ for subsequent export; and
- **Sector Development Zones** – focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

The South African IDZ concept recognises that an IDZ may contain one or more Customs Controlled Areas (CCA), tailored for the manufacturing and storage of goods to boost beneficiation, investment, economic growth and, most importantly, the development of skills and employment in these regions. As such, SARS has made various incentives available to enterprises located within a CCA. These include:

- Relief from customs duties at the time of importation into a CCA, any goods for storage, raw materials for manufacture and machinery used in the manufacturing process;
- Simplified customs procedures;
- Fiscal incentives on goods when various conditions are met; and
- Subsidised infrastructure, with no import duties or value-added tax payable under certain circumstances.

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

With the exception of the legislation mentioned above, now applicable to DTPC as an IDZ / SEZ Operator, including the relevant provisions of its operator permit issued by the DTI and that to be issued by SARS, there have not been any other changes to DTPC's legislative and other mandates since the adoption of its 2015/16 Strategic Plan.

3. OVERVIEW OF 2015/16 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ESTIMATES

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|--------------------|--------------------|--------------------|------------------------|----------------------------------|--------------------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Administration | 47 149 924 | (18 224 887) | (4 105 505) | 21 810 817 | 83 810 144 | 95 889 468 | 110 788 938 |
| Cargo Development | 123 582 451 | 68 147 704 | 29 286 722 | 89 316 912 | 32 883 885 | 26 925 031 | 28 069 431 |
| Property | 186 638 752 | 81 055 148 | 22 089 722 | 43 135 392 | 41 895 163 | 31 298 629 | 31 562 101 |
| AgriZone | 318 958 572 | 123 577 715 | 29 283 345 | 22 469 377 | 35 066 863 | 21 313 571 | 21 220 465 |
| Information Communication & Technology | 91 855 868 | 24 277 410 | 8 770 602 | 24 540 892 | 17 722 742 | 14 423 663 | 14 372 188 |
| Development Planning & Infrastructure | 24 778 833 | 128 674 051 | 520 874 191 | 369 101 610 | 382 230 202 | 435 220 638 | 450 311 877 |
| SUBTOTAL | 792 964 400 | 407 507 141 | 606 199 078 | 570 375 000 | 593 609 000 | 625 071 000 | 656 325 000 |
| Revenue | 19 764 361 | 100 521 397 | 100 415 503 | 107 457 113 | 83 069 038 | 94 841 556 | 99 833 906 |
| Current payments | 192 768 126 | 232 362 974 | 179 631 217 | 320 414 834 | 315 389 776 | 333 469 306 | 353 212 561 |
| Compensation of employees | 33 997 185 | 51 624 857 | 57 270 280 | 79 300 560 | 96 714 789 | 102 017 558 | 108 394 168 |
| Goods and services of which: | | | | | | | |
| Communication | - | - | - | - | - | - | - |
| Computer services | 396 667 | 1 507 185 | 2 347 911 | 2 877 657 | 2 507 841 | 3 110 936 | 5 614 712 |
| Consultants, contractors and special services | 64 832 378 | 53 203 541 | 22 000 539 | 106 797 924 | 71 343 376 | 69 423 938 | 67 621 193 |
| Maintenance Repairs and running costs | 75 653 423 | 89 216 388 | 84 160 522 | 98 955 981 | 110 127 763 | 116 365 032 | 123 697 742 |
| Operating Leases | 803 401 | 25 110 461 | 198 626 | 239 871 | 407 952 | 514 946 | 550 157 |
| Travel and subsistence | 2 226 068 | 913 937 | 1 333 340 | 3 077 716 | 3 003 725 | 3 156 470 | 3 320 586 |
| Advertising | 13 618 718 | 10 191 115 | 11 269 544 | 22 920 520 | 25 942 000 | 33 181 418 | 38 102 358 |
| Training | 1 240 286 | 595 491 | 1 050 454 | 6 244 605 | 5 342 330 | 5 699 007 | 5 911 644 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 619 960 635 | 275 665 564 | 526 983 364 | 357 417 279 | 361 288 262 | 386 443 250 | 402 946 345 |
| Building and other fixed structures | 448 344 141 | 168 478 635 | 18 662 951 | 68 965 950 | 221 639 360 | 276 593 213 | 306 321 345 |
| Machinery and equipment | 170 083 195 | 51 728 542 | 7 072 300 | 28 803 300 | 25 224 186 | 11 732 787 | 8 450 000 |
| Cultivated assets | 25 161 | - | - | - | - | - | - |
| Software and other intangible assets | 1 508 139 | 1 324 039 | 7 068 831 | 4 800 000 | 12 300 000 | 3 075 000 | 3 175 000 |
| Land and subsoil assets | - | 54 134 348 | 494 179 283 | 254 848 029 | 102 124 716 | 95 042 250 | 85 000 000 |
| TOTAL | 792 964 400 | 407 507 141 | 606 199 078 | 570 375 000 | 593 609 000 | 625 071 000 | 656 325 000 |

3.2. RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

- Since the development of Dube TradePort is a major strategic infrastructure project for the province, DTPC allocates two thirds of its total budget to the Development Planning and Infrastructure programme and more than half to land, buildings and other fixed structures.
- The budget allocated to the four main revenue generating programmes (Cargo Development, Property, AgriZone and ICT) is gradually declining over the MTEF as operating revenues are expected to grow. The business element of these programmes is gradually becoming more established as greater levels of private sector investment is attracted to the precinct and this is set to increase even

further now that DTP has been confirmed as an IDZ, and as new air routes increase the connectivity of KSIA to the rest of the world.

- The increase in the allocation to the Administration programme (14% in 2015/16) is due to the expected decline in interest income earned as committed funds held in trust accounts are utilised. In addition to this, responsibility for the establishment of new air services now falls under the Office of the CEO and the budget allocated to this has accordingly been reallocated to this programme.

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

In order to efficiently carry out its mandate, DTPC operates a 7-programme structure. The seven programmes and their associated sub-programmes are summarised below:

| Programmes | Sub-programmes |
|---|---|
| 1. Administration | 1.1 Office of the CEO |
| | 1.2 Finance |
| | 1.3 Corporate Services |
| 2. Cargo Development | 2.1 Cargo Operations |
| | 2.2 Air Cargo Business Development |
| 3. Property | 3.1 Commercial |
| | 3.2 Operations |
| 4. AgriZone | 4.1 AgriZone Services |
| | 4.2 Sustainable Farming Initiatives |
| | 4.3 Tissue Culture Facility |
| | 4.4 Landscaping and Rehabilitation |
| | 4.5 AgriZone Expansion |
| 5. Information Communication and Technology (ICT) | 5.1 Commercial |
| | 5.2 Operations |
| 6. Development Planning and Infrastructure | 6.1 Planning |
| | 6.2 Environment |
| | 6.3 Infrastructure and Development |
| 7. DTP Industrial Development Zone / Special Economic Zone | 7.1 DTP Industrial Development Zone / Special Economic Zone |

4. PROGRAMME 1: ADMINISTRATION

Programme 1: Administration provides support to the other programmes that make up DTPC thereby allowing them to focus on the development and operations of DTP with a view to creating jobs, mobilizing private sector investment and increasing competitiveness. The support offered by the Administration programme takes many forms, including strategic direction, integration and co-ordination, financial and budgetary support, performance monitoring and evaluation, occupational health and safety, quality management, information management, human resource management and development, marketing and communication services. Due to the transversal nature of this programme, effective and efficient operation thereof is critical to ensure that DTPC's strategic plans remain relevant, are well-implemented and effectively monitored. The Administration programme consists of administrative staff and seasoned professionals at various levels and the staff turnover rate of these seasoned professionals, in particular, is monitored to ensure retention of valuable institutional knowledge.

Sub-programme 1.1 – Office of the CEO: The Office of the CEO provides strategic direction and leadership to DTPC, ensuring alignment across all operational programmes and is responsible for the effective management of DTPC, the implementation of strategy, policy and directives of the Board, increasing brand awareness and building confidence in all of DTPC offerings and programmes within targeted audiences. This sub-programme consists of Risk and Governance, internal ICTG, Marketing and Air Services.

Because of the strategic importance the establishment of new Air Services plays for DTPC as a whole, cutting across many, if not all, of the development zones and operational areas of the entity, this function had been relocated to the Office of the CEO. Air Services focuses on increasing connectivity between KZN, the region and the world by identifying regional and global commercial points of origin / destination based on DTPC's Air Services Strategy and ultimately securing new routes flying into and out of King Shaka International Airport.

Sub-programme 1.2 – Finance: This sub-programme provides supply-chain management, contract management, financial management, entity performance monitoring, reporting and budgetary support to all programmes within DTPC in a transparent, accountable manner as envisaged by the PFMA. It is also responsible for the development of internal controls to ensure sound financial processes and compliance with the PFMA and Treasury Regulations, thus ensuring that all management and financial reports produced are valid, accurate and complete.

Sub-programme 1.3 – Corporate Services: Corporate Services includes human resources management and development, safety, health, environment and quality (SHEQ) management, information management, office support, fleet and travel management services and corporate social investment (CSI). This sub-programme also facilitates the implementation of DTPC's B-BBEE strategy.

The following table depicts the programme's structure (i.e. sub-programmes), strategic goal and strategic objectives:

| ADMINISTRATION | Strategic Goal | Strategic Objective |
|---|---|--|
| Sub-programme 1.1: OFFICE OF THE CEO | To maintain effective corporate governance | To provide strategic direction and leadership to DTPC |
| | | To secure beneficial partnerships for DTPC |
| | To plan and enable the development of a sustainable aerotropolis, cargo and air services | To promote sound corporate governance to DTPC and its Board |
| Sub-programme 1.2: FINANCE | To maintain effective corporate governance | To facilitate new international and regional air services |
| | To ensure the efficacy of Supply Chain Management (SCM) for radical economic transformation | To provide effective, efficient and transparent financial management |
| Sub-programme 1.3: CORPORATE SERVICES | To maintain effective corporate governance | To promote radical economic transformation through the adoption of relevant supply chain management practices. |
| | | To effectively manage human resource recruitment, learning and development and corporate support services |
| | | To facilitate DTPC's B-BBEE Strategy and manage Corporate Social Investment |

4.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | | Estimated | Medium-Term Targets | | |
|--|--|------------------------------|---------------|---------|-----------|---------------------|-------------|-------------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 1.1: OFFICE OF THE CEO | | | | | | | | |
| Strategic Objective: To provide strategic direction and leadership to DTPC | | | | | | | | |
| 1.1 | % Achievement of APP targets | 85% | 79% | 81% | 85% | 85% | 85% | 85% |
| Strategic Objective: To secure beneficial partnerships for DTPC | | | | | | | | |
| 1.2 | No. of partnerships secured | 10 | 1 | 2 | 2 | 2 | 2 | 2 |
| Strategic Objective: To promote sound corporate governance to DTPC and its Board | | | | | | | | |
| 1.3 | Board effectiveness as determined by comparison to the appropriate recommendations of King III | 90% | New indicator | | | 70% | 75% | 80% |
| Strategic Objective: To facilitate new international and regional air services | | | | | | | | |
| 1.4 | % increase in international / regional passengers through KSIA | 3.25% (average per annum) | New indicator | | | 3.5% | 3.6% | 3.3% |
| SUB-PROGRAMME 1.2: FINANCE | | | | | | | | |
| Strategic Objective: To provide effective, efficient and transparent financial management | | | | | | | | |
| 1.5 | External audit opinion | Clean audit | Unqual. | Unqual. | Unqual. | Clean audit | Clean audit | Clean audit |
| Strategic Objective: To promote radical economic transformation through the adoption of relevant supply chain management practices. | | | | | | | | |
| 1.6 | Procurement spend on targeted businesses | 40% (average) | New indicator | | | 30% | 35% | 40% |
| SUB-PROGRAMME 1.3: CORPORATE SERVICES | | | | | | | | |
| Strategic Objective: To effectively manage human resource recruitment, learning and development and corporate support services | | | | | | | | |
| 1.7 | No. of vacant positions as a percentage of total staff requirement | 6% | 7.7% | 7.7% | 8% | 7% | 7% | 7% |
| 1.8 | % of employee costs spent on learning and development | 2% | New indicator | | | 2% | 2% | 2% |
| 1.9 | DTPC's B-BBEE level | Level 1 | New indicator | | | Level 4 | Level 3 | Level 2 |

4.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| Programme Performance Indicator | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|--|---|------------------------------|---------|-----------|---------------------|---------|---------|
| | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 1.1: OFFICE OF THE CEO | | | | | | | |
| 1.10 | Percentage increase in own revenue | New indicator | | | 8% | 9% | 10% |
| 1.11 | % Implementation of the ICT Governance Framework and Policies requirements | 74% | 76.7% | 80% | 80% | 90% | 90% |
| 1.12 | No. of marketing activities developed and implemented to support the external business communication channels | 12 | 11 | 11 | 12 | 12 | 12 |
| 1.13 | No. of air services business cases or business opportunity proposals submitted | 17 | 8 | 8 | 8 | 9 | 10 |
| SUB-PROGRAMME 1.2: FINANCE | | | | | | | |
| 1.14 | % of prior period external audit report items resolved prior to commencement of the audit | 86% | 100% | 90% | 80% | 80% | 80% |
| 1.15 | Percentage increase in the value of assets | New indicator | | | 10% | 12% | 14% |
| SUB-PROGRAMME 1.3: CORPORATE SERVICES | | | | | | | |
| 1.16 | No. of CSI projects | 4 | 5 | 2 | 4 | 5 | 6 |
| 1.17 | Number of apprenticeships and internships | New indicator | | 10 | 25 | 30 | 35 |

4.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Office of the CEO

- Identify suitable potential partnerships.
- Investigate and assess viability.

Risk and Governance

- Implement compliance framework.
- Continue to embed effective Enterprise Risk Management process.

ICTG

- Implement and monitor ICTG governance strategy.

Marketing

- Develop a 3-year brand strategy and develop an annual marketing and communications strategy.
- Increase positive brand awareness and understanding of DTPC within defined target audiences locally and nationally.
- Develop a brand awareness strategy aimed at targeting key audiences internationally (particular focus on IDZ and SEZ).
- Create a perceived sense of activity and scale that engenders confidence in the target audience, especially through profiling secured deals and developments.
- Translate the DTPC programmes' business objectives in to strategic marketing support (in the form of campaigns and activities) in order to build their respective brands and businesses.
- Promote and sell space on the Electronic Billboards.

Air Services

- Review and update passenger data to identify potential new routes.
- Prepare business cases and market key routes to relevant airlines.
- Expand regional and international route network through partnerships with relevant airlines.
- Monitor performance of existing regional and international routes with the intention of identifying any areas of intervention or support required.
- Ongoing implementation of Air Services and Route Development Strategy.

Finance

- Implement RFID tracking system for fixed assets.

Corporate Services

- Implement effective talent acquisition strategy to ensure human resource capacity to achieve Strategic Objectives.
- Develop critical competencies through the Learning and Development Strategies.
- Facilitate organisational development initiatives to create the desired corporate culture.
- Facilitate Enterprise Development Strategy within DTPC B-BBEE Framework.

- Implement Employment Equity Plan to improve EE demographic profile of DTPC and enhance B-BBEE accreditation levels.
- Broad based implementation of the DTPC Corporate Social Investment Strategy, to include women economic empowerment projects.
- Implement an organisational Quality Management System.

4.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|--------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 1.1 | % Achievement of APP targets | Office of the CEO | Annual | 85% | To be measured in the 4 th quarter | | | |
| 1.2 | No. of partnerships secured | Office of the CEO | Annual | 2 | To be measured in the 4 th quarter | | | |
| 1.3 | Board effectiveness as determined by comparison to the appropriate recommendations of King III | Office of the CEO | Annual | 70% | To be measured in the 4 th quarter | | | |
| 1.4 | % increase in international / regional passengers through KSIA | Office of the CEO | Quarterly | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| 1.5 | External audit opinion | Finance | Annual | Clean audit | To be measured in the 2 nd quarter | | | |
| 1.6 | Procurement spend on targeted businesses | Finance | Quarterly | 30% | 30% | 30% | 30% | 30% |
| 1.7 | No. of vacant positions as a percentage of total staff requirement | Corporate Services | Quarterly | 7% | 7% | 7% | 7% | 7% |
| 1.8 | % of employee costs spent on learning and development | Corporate Services | Annual | 2% | To be measured in the 4 th quarter | | | |
| 1.9 | DTPC's B-BBEE level | Corporate Services | Annual | Level 4 | To be measured in the 4 th quarter | | | |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|--------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 1.10 | Percentage increase in own revenue | Office of the CEO | Quarterly | 8% | 8% | 8% | 8% | 8% |
| 1.11 | % Implementation of the ICT Governance Framework and Policies requirements | Office of the CEO | Quarterly | 80% | 20% | 40% | 60% | 80% |
| 1.12 | No. of activities developed and implemented to support the external business communication channels | Office of the CEO | Quarterly | 12 | 3 | 3 | 3 | 3 |
| 1.13 | No. of business cases or business opportunity proposals submitted | Office of the CEO | Quarterly | 8 | 2 | 2 | 2 | 2 |
| 1.14 | % of prior period external audit report items resolved prior to commencement of the audit | Finance | Annual | 80% | To be measured in the 4 th quarter | | | |
| 1.15 | Percentage increase in the value of assets | Finance | Annual | 10% | To be measured in the 4 th quarter | | | |
| 1.16 | No. of CSI projects | Corporate Services | Annual | 4 | To be measured in the 4 th quarter | | | |
| 1.17 | Number of apprenticeships and internships | Corporate Services | Quarterly | 25 | 5 | 5 | 15 | 5 |

4.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

4.5.1. PROGRAMME 1: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|-------------------|---------------------|--------------------|-------------------|----------------------------------|--------------------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | APPROPRIATION | 2015/16 | 2016/17 | 2017/18 |
| Administration | | | | | | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Office of the CEO; Corporate Services & Finance | 47 149 924 | (18 224 887) | (4 105 505) | 21 810 817 | | | |
| Office of the CEO | | | | | 58 544 271 | 68 969 286 | 75 754 087 |
| Finance | | | | | 5 020 378 | 5 651 331 | 12 282 896 |
| Corporate Services | | | | | 20 245 496 | 21 268 851 | 22 751 955 |
| SUBTOTAL | 47 149 924 | (18 224 887) | (4 105 505) | 21 810 817 | 83 810 144 | 95 889 468 | 110 788 938 |
| Revenue | 77 000 | 76 480 775 | 62 317 192 | 61 078 039 | 25 204 688 | 20 801 623 | 16 064 632 |
| Current payments | 38 137 571 | 57 979 721 | 55 983 310 | 79 725 556 | 100 564 832 | 113 091 091 | 123 053 570 |
| Compensation of employees | 13 364 063 | 19 723 607 | 21 872 864 | 32 242 088 | 40 661 549 | 42 658 309 | 45 344 939 |
| Goods and services of which: | | | | | | | |
| Communication | - | - | - | - | - | - | - |
| Computer services | 282 472 | 828 946 | 1 645 380 | 1 063 515 | 1 044 193 | 1 641 833 | 1 939 737 |
| Consultants, contractors and special services | 7 851 072 | 18 901 856 | 8 324 819 | 14 722 690 | 19 289 970 | 20 501 912 | 22 591 578 |
| Maintenance Repairs and running costs | 4 559 707 | 9 621 022 | 14 069 981 | 14 639 448 | 18 353 813 | 19 846 595 | 20 170 469 |
| Operating Leases | 299 882 | 58 673 | 97 946 | 79 200 | 199 717 | 231 522 | 247 530 |
| Travel and subsistence | 397 850 | 201 237 | 546 925 | 1 267 125 | 1 445 000 | 1 529 660 | 1 616 722 |
| Advertising | 11 358 882 | 8 405 575 | 9 121 431 | 13 917 220 | 18 392 000 | 25 428 418 | 29 810 824 |
| Training | 23 643 | 238 805 | 303 964 | 1 794 270 | 1 178 590 | 1 252 842 | 1 331 771 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 9 089 353 | 276 168 | 2 228 377 | 3 163 300 | 8 450 000 | 3 600 000 | 3 800 000 |
| Building and other fixed structures | 152 060 | - | - | - | - | - | - |
| Machinery and equipment | 7 497 882 | 276 168 | 797 645 | 1 963 300 | 500 000 | 600 000 | 700 000 |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | 1 439 411 | - | 1 430 732 | 1 200 000 | 7 950 000 | 3 000 000 | 3 100 000 |
| Land and subsoil assets | - | - | - | - | - | - | - |
| TOTAL | 47 149 924 | (18 224 886) | (4 105 505) | 21 810 817 | 83 810 144 | 95 889 468 | 110 788 938 |

4.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The substantial increase in funding required by this programme from 2014/15 to 2015/16 is because the responsibility for Air Services has been relocated to the Office of the CEO in recognition of the critical role this area plays in the overall success of DTP.
- In addition to this, revenues are expected to decline over the MTEF as funds held in trust accounts are utilized resulting in a decrease in interest earned on these balances, as well as a decrease in VAT refunds expected as DTPC is moving into

a VAT paying position since VAT is now payable on the transfers received as a result of DTPC assigned "designated entity" status for VAT purposes.

- Similar to previous years, compensation of employees makes up a major part of this programme's budget requirement at 37%, and this percentage remains stable over the MTEF as the full staff complement for this programme is largely already in place.
- Advertising costs make up 17% of the total payments for this programme and will be used to support of the marketing requirements of all DTPC's product offering, as well as to promote DTPC brands to assist in both revenue generation and attracting private sector investment to the precinct. These costs are expected to increase over the MTEF as the focus on promoting the DTP IDZ intensifies.

5. PROGRAMME 2: CARGO DEVELOPMENT

Cargo Development is fundamental to achieving DTPC's vision of becoming the leading global seamlessly integrated air logistics platform in Southern Africa, in line with its Air Services Strategy to increase direct international and regional air services to and from KZN.

While the responsibility for establishing new air routes flying via KSIA now lies primarily within the Office of the CEO, Cargo Development remains responsible for developing air cargo volumes being flown to key regional and global destinations. By increasing the levels of international trade in KZN, DTPC positively contributes to job creation and economic development in the province and forms the critical link between airside and landside which facilitates cargo movement from DTP and the wider KZN export-orientated manufacturing base to the rest of the world.

Cargo Development consists of the following sub-programmes:

- Cargo Operations
- Air Cargo Business Development

Sub-programme 2.1 Cargo Operations: aims to ensure that the Dube Cargo Terminal is operated in line with international standards and to the requirements of tenants and clients. It aims to do this through efficient processing of cargo, ensuring high levels of security, trained staff and the required capital & IT requirements for the facility, supported by direct linkages to major commercial centers by the Dube AiRoad trucking service.

Sub-programme 2.2 Air Cargo Business Development: aims to build growth of volumes through the terminal by forming strategic partnerships, marketing the facilities and the region as a gateway to KZN and building relationships with key role players in the logistics supply chain including shippers, agents, air cargo charter operators and logistics service providers.

The following table depicts the programme's structure (i.e. sub-programmes), strategic goal and strategic objectives:

| CARGO DEVELOPMENT | Strategic Goal | Strategic Objective |
|---|--|---|
| Sub-programme 2.1: CARGO OPERATIONS | To plan and enable the development of a sustainable aerropolis, cargo and air services | To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs |
| | | To facilitate effective air cargo security measures in line with national and international standards |
| Sub-programme 2.2: AIR CARGO BUSINESS DEVELOPMENT | | To grow the volume of cargo through the Dube Cargo Terminal |

5.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|---|---|---------------------------------|---------|------------------|---------------------|---------------------------------|---------------------------------|---------------------------------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 2.1: CARGO OPERATIONS | | | | | | | | |
| Strategic Objective: To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs | | | | | | | | |
| 2.1 | Processing time against SLA's | 90% | 99% | 100% | 90% | 90% | 90% | |
| Strategic Objective: To facilitate effective air cargo security measures in line with national and international standards | | | | | | | | |
| 2.2 | Results of Annual SACAA audit: Dube Cargo Terminal | Part 108 Certification received | 100% | 100% | 100% | Part 108 Certification received | Part 108 Certification received | Part 108 Certification received |
| SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT | | | | | | | | |
| Strategic Objective: To grow the volume of cargo through the Dube Cargo Terminal | | | | | | | | |
| 2.3 | Tonnage throughput from Dube Cargo Terminal - International | 52 600 (total over 5 years) | 6 123 | 7 681 | 7141 – 7180 | 8 300 | 9 100 | 10 200 |
| 2.4 | Tonnage throughput from Dube Cargo Terminal - Domestic | 36 433 (total over 5 years) | 3 396 | n/a ⁸ | n/a | 6 645 | 6 911 | 7 257 |

⁸ Domestic tonnages were not measured in 2013/14 and 2014/15 as this information was not available. The tonnages measured in 2012/13 represent one quarter only as this information was not available for the remaining three quarters of the year.

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|---------------------------|--|------------------------------|---------------|-----------|---------------------|--------------|--------------|
| Key Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| 2.5 | Value of international goods through Dube Cargo Terminal | R30.6 billion | New Indicator | | R4 billion | R4.8 billion | R5.8 billion |

5.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|--|---|------------------------------|---------|-----------------|---------------------|------------------|------------------|
| Programme Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 2.1: CARGO OPERATIONS | | | | | | | |
| 2.6 | Revenue from cargo handling (imports and exports) | New indicator | | | R9.4 million | R10.2 million | R11.1 million |
| 2.7 | Increase in revenue generated by trucking services | New indicator | 0% | 8% year-on-year | 12% year-on-year | 12% year-on-year | 12% year-on-year |
| SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT | | | | | | | |
| 2.8 | Number of freighters using KSIA | 0 | 0 | 0 | 1 | 1 | 1 |
| 2.9 | Number of business cases or logistics solutions initiated | New indicator | | | 4 | 4 | 4 |

5.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Cargo Operations

- Maintain the existing excellent operational benchmarks already achieved in the DTPC Cargo Terminal.
- Maintain the existing excellent aviation security standards achieved in the DTPC Cargo Terminal and achieve certification from SA CAA as an approved Aviation Security Training Organization, in order to provide world class aviation security training in the Province and to the neighboring African States.

Air Cargo Business Development

- Review, update and implement air cargo strategy.
- Maintain and expand the air cargo connectivity at King Shaka International Airport, specifically focusing on regional routes.
- Prepare specific business cases and present to potential air cargo operators.
- Increase the marketing of the cargo terminal to potential users and clients.
- Facilitate the establishment of freighter operations from KSIA and expansion of existing ones.

5.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|--------------------------------|------------------|---------------------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 2.1 | Processing time against SLA's | Cargo Operations | Quarterly | 90% | 90% | 90% | 90% | 90% |
| 2.2 | Results of Annual SACAA audit: Dube Cargo Terminal | Cargo Operations | Annual | Part 108 Certification received | To be measured in the 1 st quarter | | | |
| 2.3 | Tonnage throughput from Dube Cargo Terminal – International | Air Cargo Business Development | Quarterly | 8 300 | 2075 | 2075 | 2075 | 2075 |
| 2.4 | Tonnage throughput from Dube Cargo Terminal - Domestic | Air Cargo Business Development | Quarterly | 6 645 | 1 661 | 1 661 | 1 661 | 1 662 |
| 2.5 | Value of international goods through Dube Cargo Terminal | Air Cargo Business Development | Annual | R4 billion | To be measured in the 4 th quarter | | | |
| 2.6 | Revenue from cargo handling (imports and exports) | Cargo Operations | Quarterly | R9.4 million | R2.35 million | R2.35 million | R2.35 million | R2.35 million |
| 2.7 | Increase in revenue generated by trucking services | Cargo Operations | Quarterly | 12% year-on-year | 12% | 12% | 12% | 12% |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|--------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 2.8 | Number of freighters using KSIA | Air Cargo Business Development | Annual | 1 | To be measured in the 4 th quarter | | | |
| 2.9 | Number of business cases or logistics solutions initiated | Air Cargo Business Development | Quarterly | 4 | 1 | 1 | 1 | 1 |

5.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

5.5.1. PROGRAMME 2: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|--------------------|-------------------|-------------------|------------------------|----------------------------------|-------------------|-------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Cargo Development | | | | | | | |
| Air Services | - | 12 445 981 | 236 668 | 56 897 829 | | | |
| Cargo Operations | 110 093 926 | 55 701 723 | 29 050 055 | 32 419 083 | 32 883 885 | 26 925 031 | 28 069 431 |
| Airside | 13 488 526 | - | | | | | |
| SUBTOTAL | 123 582 451 | 68 147 704 | 29 286 722 | 89 316 912 | 32 883 885 | 26 925 031 | 28 069 431 |
| Revenue | 9 568 602 | 11 554 131 | 14 657 486 | 14 823 179 | 16 664 167 | 18 389 942 | 20 345 729 |
| Current payments | 70 437 164 | 45 752 698 | 36 343 732 | 97 290 091 | 42 048 052 | 45 314 973 | 48 415 159 |
| Compensation of employees | 5 648 781 | 11 538 905 | 13 606 510 | 13 706 294 | 15 033 363 | 15 987 060 | 17 000 984 |
| Goods and services of which: | - | - | - | - | - | - | - |
| Communication | - | - | - | - | - | - | - |
| Computer services | 68 128 | 293 114 | 421 511 | 61 000 | 64 294 | 67 766 | 71 357 |
| Consultants, contractors and special services | 24 326 399 | 12 693 171 | 161 908 | 55 471 000 | 2 109 394 | 2 223 301 | 2 341 136 |
| Maintenance Repairs and running costs | 35 873 777 | 19 604 898 | 20 552 505 | 19 956 569 | 19 211 256 | 21 110 602 | 22 758 358 |
| Operating Leases | 116 083 | 51 788 | 99 711 | 103 237 | 123 972 | 175 859 | 188 169 |
| Travel and subsistence | 1 261 418 | 227 395 | 410 344 | 693 448 | 416 909 | 439 422 | 462 711 |
| Advertising | 1 932 677 | 1 103 799 | 754 666 | 4 700 000 | 2 350 000 | 2 424 200 | 2 552 683 |
| Training | 1 209 903 | 239 627 | 336 577 | 2 598 543 | 2 738 864 | 2 886 763 | 3 039 761 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 62 713 889 | 33 949 136 | 7 600 476 | 6 850 000 | 7 500 000 | - | - |
| Building and other fixed structures | 24 422 773 | - | - | - | - | - | - |
| Machinery and equipment | 38 222 388 | 33 949 136 | 2 106 621 | 6 850 000 | 7 500 000 | - | - |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | 68 728 | - | 5 493 855 | - | - | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - |
| TOTAL | 123 582 451 | 68 147 704 | 29 286 722 | 89 316 912 | 32 883 885 | 26 925 031 | 28 069 431 |

5.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The overall budget for this programme has decreased from 2014/15 to 2015/16 because of the relocation of Air Services to the Office of the CEO.
- The amount allocated for Cargo Operations will decrease by 13.4%, over the MTEF as revenue earned on the handling of cargo through the Dube Cargo Terminal increases in line with cargo volumes. Revenue will increase by an average of 12.4% per annum over the MTEF.
- An important part of this programme's ability to achieve its objectives is to ensure that all cargo handling equipment, resources and systems are reliable and functioning optimally. Close to half of the total payments budgeted for this programme has therefore been allocated to maintenance and running costs.
- Budget has also been provided for the phasing in of new X-ray machines in 2014/15 and 2015/16 as these machines are critical to ensuring continued compliance with the latest aviation security standards and enabling the Dube Cargo Terminal to maintain its excellent security track-record of 0% cargo loss.

6. PROGRAMME 3: PROPERTY

Programme 3 consists of 2 sub-programmes i.e. Property Commercial and Property Operations.

Sub-Programme 3.1 Property Commercial: The Property Commercial sub-programme broadly focuses on the marketing and leasing of DTP land to potential investors and developers, and facilitates development on land controlled by DTPC. It is critical to the success of DTPC as it serves as a catalyst for DTPC's other business offerings, thus ensuring long term sustainability as well as the creation of jobs.

Investment

The target market is both foreign and domestic investors. In the case of international companies DTPC's intention is to focus on providing an attractive platform for these companies to establish manufacturing and assembly operations, both for the African and global markets. The objective is to increase the deployment of new technologies and manufacturing processes and increase South Africa's industrial value addition activities. Domestic companies within DTPC's priority sectors wishing to expand production or build new capacity, and operations are also a priority target, particularly those that are export and/or airfreight focused.

Additionally, DTPC's investment strategy has a clear objective to achieve a rapid increase of the participation of black African investors and industrialists into the various development zones. This focus will include property development opportunities as well as investment in manufacturing, agri-industry, assembly, warehousing and logistics.

Within this context the primary focus of Property Commercial is on the development of existing zoned serviced sites i.e. Dube TradeZone (Phase 1) and Dube City (Phase 1). Investors are targeted based on the approach defined in DTPC's Investment Plan. All sites are subject to land leases of 49 years with a first option to renew the lease when it expires. DTPC has provided bulk infrastructure for the land including roads, sewerage, water and electricity and intends to encourage development on key sites by putting in appropriate infrastructure (e.g. parking) and creating development products to ensure a broader range of investment products for the private sector. Once the developer has agreed pertinent terms and the land lease is concluded, the developer is obligated to build within an agreed timeline.

DTP consists of two main property zones:

The first is **Dube TradeZone** which is industrial land surrounding Dube Cargo Terminal, now incorporated into DTP's Industrial Development Zone. The TradeZone provides infrastructure and transportation linkages which assist manufacturers and logistics companies in terms of price and time access to markets. Preference is therefore given to businesses operating in targeted sectors which import or manufacture for export,

logistics and support companies that would benefit from close proximity to KSIA and Dube Cargo Terminal, the freight forwarders on site and DTPC's trucking division Dube AiRoad, or from being located in an IDZ / SEZ. Leases have been concluded over the majority of the TradeZone with the balance of the sites under reservation agreements with lease agreements being finalized, and focus is now shifting to bringing future phases on-line (TradeZone Phase 1b, 2 and uShukela). Tenants already established in the zone include Samsung, DB Schenker, Retractable and Brenco-Reelin.

The second is **Dube City** which is currently in its first phase of development. It comprises a 12 hectare site, increasing to 24 hectares on completion, with DTPC's own headquarters, 29° South, at its heart. DTPC has concluded a lease for an office development on Block D with retail on the ground floor and offices above, totaling around 21 500m² of bulk in its final phase, and a 3-star 120 bed hotel development is also planned for Block D. DTPC continuously markets Dube City to multinational and national companies interested in sites for head offices. Companies may either develop for themselves or partner with a current developer looking to put a project together.

Sub-Programme 3.2 Property Operations: Two key aspects to property operations are managing and maintaining DTPC's property zones, infrastructure, buildings, and facilities. This includes managing occupancy levels, lease management, security, leivable services as well as facilities, maintenance and asset management. DTPC's strategy is to utilize a mix of own staff as well as service providers with the right skills and capacity to provide the best level of facilities support to ensure that property assets are maintained to a high standard. This involves all aspects of asset maintenance including planned (and unscheduled) maintenance, waste removal, pest control, maintenance of generators, HVAC, lift maintenance, general maintenance and cleaning services. Service level agreements are signed with all service providers and managing these contracts is a key requirement in ensuring the best levels of service are provided to tenants and end users. Occupancy and lease management are key elements of the property programme to ensure that competitive and market related rentals are obtained, and that rentals are collected timeously and arrears properly managed in terms of the lease agreements. Looking after DTPC's property zones and ensuring the precinct is secure, well managed and maintained is critical.

The following table depicts the programme's structure (i.e. sub-programmes), strategic goal and strategic objectives:

| PROPERTY | Strategic Goal | Strategic Objective |
|---|--|--|
| Sub-programme 3.1: COMMERCIAL | To plan and enable the development of a sustainable aerotropolis, cargo and air services | To increase long term property rental revenues for DTPC |
| | To act as a catalyst for targeted private sector investment | To secure private sector investment in DTPC's property zones |
| Sub-programme 3.2: OPERATIONS | To provide infrastructure and service the development and operational needs of DTP | To efficiently manage DTPC's property zones and buildings |
| | | To effectively maintain DTPC's infrastructure, buildings, and facilities |

6.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|--|--|------------------------------|---------------|----------------|---------------------|--------------|--------------|--------------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 3.1: COMMERCIAL | | | | | | | | |
| Strategic Objective: To plan and enable the development of a sustainable aerotropolis, cargo and air services | | | | | | | | |
| 3.1 | Total revenue from all DTPC properties | R219 million | New indicator | | R22 million | R35 million | R49 million | |
| Strategic Objective: To secure private sector investment in DTPC's property zones | | | | | | | | |
| 3.2 | Total value of new private sector investment (buildings and capital equipment) committed in all of DTPC's property zones (ZAR) ⁹ | R2,475 billion | R225 million | R184.5 million | R105 million | R115 million | R96 million | R455 million |
| 3.3 | Total value of new investment (buildings and capital equipment) by black owned and/or black empowered companies. (Including IDZ investments) | R1.184 billion | New indicator | | R44 million | R40 million | R200 million | |

⁹ This target was previously reported as a cumulative amount.

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|--|---|--------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|---------|---------|-------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| | | SUB-PROGRAMME 3.2: OPERATIONS | | | | | | |
| Strategic Objective: To efficiently manage DTPC's property zones and buildings | | | | | | | | |
| 3.4 | % Occupancy of DTPC's owned buildings | 95% | TradeZone: 100% Dube City: 74% | TradeZone: 98% Dube City: 100% | TradeZone: 90% Dube City: 90% | 90% | 91% | 92.5% |
| 3.5 | % of sites leased to private sector developers levied | 100% | New indicator | | | 35% | 50% | 70% |
| Strategic Objective: To effectively maintain DTPC's infrastructure, buildings, and facilities | | | | | | | | |
| 3.6 | % Completion of planned maintenance programmes | 95% | 96% | 98% | 90% | 90% | 91% | 93% |
| 3.7 | % Completion of tenant logged job cards | 99% | New indicator | | | 90% | 95% | 97% |

6.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|--------------------------------------|--|--------------------------------------|---------|-------------------------|------------------------|------------------------|------------------------|
| Programme Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| | | SUB-PROGRAMME 3.1: COMMERCIAL | | | | | |
| 3.8 | No. of square meters of land leased in Dube TradeZone Phases 1 and 2 (<i>cumulative</i>) | New Indicator | | 200 000m ² | 240 000 m ² | 260 000 m ² | 340 000 m ² |
| 3.9 | No. of bulk square meters let in Dube City (<i>cumulative</i>) | New Indicator | | 6 500m ² | 28 500 m ² | 44 000 m ² | 52 000 m ² |
| 3.10 | Total value of new investment by companies with at least 51% Black African ownership for property developments (Including IDZ investments) | New Indicator | | | R15 million | R20 million | R80 million |
| 3.11 | Total value of new investment by companies with > 25% Black African ownership locating their operations at DTP (Including IDZ investments) | New Indicator | | | R10 million | R15 million | R50 million |
| SUB-PROGRAMME 3.2: OPERATIONS | | | | | | | |
| 3.12 | Minimum average rental rate per m ² (total rental/area rented): Owned buildings (<i>Dube TradeZone</i>) | R44.62 | R52.10 | R42 – 50/m ² | R52/m ² | R56/m ² | R58/m ² |
| 3.13 | Minimum average rental rate per m ² (total rental/area rented): Owned buildings (<i>Dube City</i>) | R50.62 | R62.69 | R52 – 92/m ² | R65/m ² | R68/m ² | R72/m ² |

6.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Property Commercial

- Conclude lease agreements on targeted private sector investment projects in Dube TradeZone Phases 1 and 1b, and Dube City.
- Drive property development in Dube City by undertaking strategic infrastructure projects i.e. underground parking Block D and private investment on above ground parking on blocks A and B.
- Support companies undertaking developments in Dube TradeZone Phases 1 and 1b and Dube City by facilitating the planning, construction and commissioning phases of their projects.
- Assist property investors and tenants to make full use of DTPC's support services.
- Plan and Market the release of future zones.

Property Operations

- Conduct site wide infrastructure assessment to ensure integrity of infrastructural assets and institute suitable preventative maintenance plans.
- Develop and implement a precinct-wide, integrated Building Management System to improve efficiencies, reporting and provide early warning signals for operation-critical systems and equipment.
- Implement energy saving plans to reduce consumption within all precincts.
- Build capacity within program to start to undertake own maintenance of system critical plant and equipment.
- Source tenants to ensure high occupancy of DTPC owned buildings.
- Take over new Airchefs and Gift of Givers buildings from Infrastructure and manage warranties/ latent defects and ensure new facilities contracts are in place for these buildings.
- Undertake rental review to ensure competitive rentals are obtained for all buildings.
- Administer new DTPC led developments and ensure tenants are billed correctly and that the tenants are properly managed according to the lease agreements.

6.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|---------------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 3.1 | Total revenue from all DTPC properties | Commercial | Quarterly | R22 million | R4.7 million | R4.8 million | R5.7 million | R6.8 million |
| 3.2 | Total value of new private sector investment (buildings and capital equipment) committed in all of DTPC's property zones | Commercial | Bi-annual | R115 million | R57.5 million | | R57.5 million | |
| 3.3 | Total value of new investment (buildings and capital equipment) by black owned and/or black empowered companies. (Including IDZ investments) | Commercial | Bi-annual | R44 million | R20 million | | R24 million | |
| 3.4 | % Occupancy of DTPC's owned buildings | Operations | Quarterly | 90% | 90% | 90% | 90% | 90% |
| 3.5 | % of sites leased to private sector developers levied | Operations | Quarterly | 35% | 15% | 20% | 30% | 35% |
| 3.6 | % Completion of planned maintenance programmes | Operations | Quarterly | 90% | 90% | 90% | 90% | 90% |
| 3.7 | % Completion of tenant logged job cards | Operations | Quarterly | 90% | 90% | 90% | 90% | 90% |
| 3.8 | No. of square meters of land leased in Dube TradeZone Phases 1 and 2 (<i>cumulative</i>) | Commercial | Quarterly | 240 000 m ² | 220 000 m ² | 225 000 m ² | 230 000 m ² | 240 000 m ² |
| 3.9 | No. of bulk square meters let in Dube City (<i>cumulative</i>) | Commercial | Bi-annual | 28 500 m ² | 21 500m ² | | 28 500m ² | |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|---------------|------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 3.10 | Total value of new investment by companies with at least 51% Black African ownership for property developments (Including IDZ investments) | Commercial | Bi-annual | R15 million | R7 million | | R8 million | |
| 3.11 | Total value of new investment by companies with > 25% Black African ownership locating their operations at DTP (Including IDZ investments) | Commercial | Bi-annual | R10 million | R5 million | | R5 million | |
| 3.12 | Minimum average rental rate per m ² (total rental/area rented): Owned buildings (Dube TradeZone) | Operations | Quarterly | R52/m ² | R52/m ² | R52/m ² | R52/m ² | R52/m ² |
| 3.13 | Minimum average rental rate per m ² (total rental/area rented): Owned buildings (Dube City) | Operations | Quarterly | R65/m ² | R65/m ² | R65/m ² | R65/m ² | R65/m ² |

6.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

6.5.1. PROGRAMME 3: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|--------------------|-------------------|-------------------|------------------------|----------------------------------|-------------------|-------------------|
| Property | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Property Operations | 186 638 752 | 53 681 540 | 19 806 870 | 39 413 524 | 41 434 481 | 39 780 846 | 41 735 435 |
| Commercial | - | 27 373 608 | 2 282 852 | 3 721 868 | 460 683 | -8 482 216 | -10 173 334 |
| SUBTOTAL | 186 638 752 | 81 055 148 | 22 089 722 | 43 135 392 | 41 895 163 | 31 298 629 | 31 562 101 |
| Revenue | 7 546 967 | 7 978 680 | 11 784 847 | 15 008 518 | 22 533 618 | 32 742 930 | 35 747 041 |
| Current payments | 27 322 448 | 67 430 077 | 33 477 800 | 53 123 910 | 59 828 782 | 62 466 560 | 66 134 142 |
| Compensation of employees | 3 283 168 | 4 234 936 | 4 416 143 | 7 972 934 | 9 323 877 | 9 909 697 | 10 532 153 |
| Goods and services of which: | - | - | - | - | - | - | - |
| Communication | - | - | - | - | - | - | - |
| Computer services | - | 255 409 | 17 875 | 18 142 | - | - | - |
| Consultants, contractors and special services | 3 420 644 | 699 559 | 1 390 972 | 1 790 000 | 807 560 | 851 168 | 896 280 |
| Maintenance Repairs and running costs | 19 987 718 | 36 966 667 | 27 231 265 | 40 967 834 | 47 220 151 | 49 092 328 | 51 950 993 |
| Operating Leases | 383 875 | 25 000 000 | - | - | - | - | - |
| Travel and subsistence | 86 166 | 22 731 | 35 162 | 210 000 | 190 000 | 200 260 | 210 874 |
| Advertising | 156 688 | 180 400 | 335 207 | 1 730 000 | 2 020 000 | 2 129 080 | 2 241 921 |
| Training | 4 190 | 70 376 | 51 176 | 435 000 | 267 194 | 284 027 | 301 921 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 166 863 271 | 21 603 751 | 396 769 | 5 020 000 | 4 600 000 | 1 575 000 | 1 175 000 |
| Building and other fixed structures | 142 731 050 | 20 278 045 | 49 020 | 120 000 | - | - | - |
| Machinery and equipment | 24 132 220 | 1 323 707 | 347 749 | 2 700 000 | 4 250 000 | 1 500 000 | 1 100 000 |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | - | 1 999 | - | 2 200 000 | 350 000 | 75 000 | 75 000 |
| Land and subsoil assets | - | - | - | - | - | - | - |
| TOTAL | 186 638 752 | 81 055 148 | 22 089 722 | 43 135 392 | 41 895 163 | 31 298 629 | 31 562 101 |

6.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- Revenue generated by this programme is expected to increase by 50% from 2014/15 to 2015/16, and by a further 45% in 2016/17 as occupancy levels of DTPC-owned buildings and the rental rates charged increase. Because of this, the total allocation required by this programme is set to decrease over the MTEF.
- More than 70% of the total payments for this programme relate to maintenance and running costs, including maintenance of new infrastructure and buildings, security of DTP precincts, rates and utilities which have continued to rise nationally, and other property related functions. Once warranties on various new assets expire, maintenance agreements will be concluded with relevant service providers to ensure that assets are adequately maintained and safeguarded, all of which will enable DTPC to effectively manage its buildings and property zones.

7. PROGRAMME 4: AGRIZONE

The purpose of this programme is to develop and operate a cluster of facilities to support the stimulation of the perishables sector in KZN. This is important to DTPC as it operates within a labour intensive sector. The AgriZone is a potential catalyst for the development of a perishables sector in the province which serves to boost air cargo exports and contributes to the development of a more efficient supply chain for perishables. The programme consists of the following:

- Greenhouses and Packhouses operated by the private sector;
- A tissue culture facility operated and managed by DTPC;
- Management of operational systems – water for irrigation, energy, electrical supply, etc.;
- Maintenance of common facilities and infrastructure through Programme 3: Property and specialized services by AgriZone personnel and contractors; and
- Administration of AgriZone activities.

Sub-Programme 4.1 Dube AgriZone Services: This sub-programme is aimed at providing reliable, effective and efficient services (water, electricity, fuel, waste management, maintenance, etc.) to AgriZone tenants / operators to enable their businesses to function well and grow, thereby generating revenue and potentially increasing cargo volumes through the Cargo Terminal.

Sub-Programme 4.2 Dube AgriZone Sustainable Farming Initiatives: This sub-programme is aimed at ensuring that DTPC implements a number of environmentally sustainable projects in order to decrease its carbon foot print and contribute to the goal of developing a “Green Aerotropolis” based on a balance between ecological, social and economic factors.

Sub-Programme 4.3 Tissue Culture Facility: The intention is to ensure that this facility has appropriate skills and resources to implement its business plan thereby delivering good quality plant material to the KZN agricultural sector and growers elsewhere in the SADC region.

Sub-Programme 4.4 Landscaping and Rehabilitation: The nursery sub-programme is aimed at enabling DTPC to fulfill its rehabilitation and restoration obligations through indigenous species' propagation, planting these out and maintaining the rehabilitated areas. This will be achieved through maintenance of the open space system with emphasis on quality rather than size.

Sub-Programme 4.5 AgriZone Expansion: This sub-programme relates to the construction of the second phase of the AgriZone. This will entail obtaining more growers, finalizing the draft Master Plan and the design of infrastructure and facilities. This will be followed by the construction of various facilities and supporting infrastructure which will be done through Programme 6: Development Planning and Infrastructure.

The following table depicts the programme's structure (i.e. sub-programmes), strategic goal and strategic objectives:

| AGRIZONE | Strategic Goal | Strategic Objective |
|--|--|--|
| Sub-programme 4.1: AGRIZONE SERVICES | To plan and enable the development of a sustainable aerotropolis, cargo and air services | To provide reliable, effective and efficient AgriZone services |
| Sub-programme 4.2: SUSTAINABLE FARMING INITIATIVES | | To ensure that the AgriZone is used to initiate and promote sustainable farming initiatives and businesses |
| Sub-programme 4.3: TISSUE CULTURE FACILITY | | To manage, operate and maintain the tissue culture facility |
| Sub-programme 4.4: LANDSCAPING AND REHABILITATION | | To assist in providing rehabilitation and maintenance services for DTPC's ROD requirements |
| Sub-programme 4.5: AGRIZONE EXPANSION | | To identify and conclude agreements with suitable operators and producers |

7.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|--|---|------------------------------|---------------|-----------|---------------------|---------------|---------------|---------------|
| Key Performance Indicator | | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 4.1: AGRIZONE SERVICES | | | | | | | | |
| Strategic Objective: To provide reliable, effective and efficient AgriZone services | | | | | | | | |
| 4.1 | Value produced and processed / handled at Dube AgriZone | R562.5 Million | New indicator | | | R80.4 million | R87.6 million | R95.5 million |
| 4.2 | % Occupancy of available AgriZone facilities | 90% | New indicator | | | 75% | 85% | 85% |
| SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES | | | | | | | | |
| Strategic Objective: To ensure that the AgriZone is used to initiate and promote sustainable farming initiatives and businesses | | | | | | | | |
| 4.3 | % of energy derived from renewable sources | 25% | 17% | 18% | 15% | 15% | 15% | 20% |
| SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY | | | | | | | | |
| Strategic Objective: To manage, operate and maintain the tissue culture facility | | | | | | | | |
| 4.4 | % increase in production volumes | 50% | New indicator | | | 8% | 8% | 10% |

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|--|--|------------------------------|---------------|-----------|---------------------|---------|---------|----|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION | | | | | | | | |
| Strategic Objective: To assist in providing rehabilitation and maintenance services for DTPC's ROD requirements | | | | | | | | |
| 4.5 | Number of hectares rehabilitated | 100 hectares | New indicator | 16 ha | 15 ha | 20 ha | 20 ha | |
| SUB-PROGRAMME 4.5: AGRIZONE EXPANSION | | | | | | | | |
| Strategic Objective: To identify and conclude agreements with suitable operators and producers | | | | | | | | |
| 4.6 | Number of hectares leased to or reserved by operators and/or tenants | 40 | 5 | 4 | 4 | 5 | 5 | 10 |

7.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|---|--|------------------------------|---------|--------------|---------------------|------------|--------------|
| Programme Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 4.1: AGRIZONE SERVICES | | | | | | | |
| 4.7 | % of Tenant Satisfaction (customer survey) | 85% | 91% | 80% | 85% | 85% | 85% |
| SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES | | | | | | | |
| 4.8 | No. of projects initiated | 3 | 2 | 0 | 1 | 2 | 2 |
| SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY | | | | | | | |
| 4.9 | Revenue generated from tissue culture sales | New indicator | | R2.8 million | R1,5 million | R2 million | R2,5 million |
| SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION | | | | | | | |
| 4.10 | % of rehabilitated land maintained | 100% | 75.4 ha | 43 ha (100%) | 100% | 100% | 100% |
| 4.11 | % satisfaction with landscaping and landscape maintenance to DTP precincts | New indicator | | 80% | 80% | 85% | 85% |

7.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Dube AgriZone Services

- Ongoing maintenance of existing infrastructure and facilities through external and internal resources.
- Maintaining Water quality management to tenant standards & refining the Water balance system.
- Working towards implementing standards such as Fair Trade.
- Continue Marketing the Zone together with DTPC Marketing.

Dube AgriZone Sustainable Farming Initiatives

- Research and Scoping new projects – feasibilities, business cases, etc.
- Monitoring existing projects e.g. performance of solar system on a monthly basis.
- Implementing new projects.
- Partnering with relevant institutions such as tertiary institutions and industry players.

Tissue Culture Facility

- Enhancing performance on existing production.
- Developing new markets and obtaining new clients.
- Improved productivity.
- Research on improvements & collaborating with key industry players on improvements / support.
- In house hardening of materials with the recent availability of the hardening facility.

Landscaping and Rehabilitation

- Production of new indigenous plants for planting out.
- Maintenance of existing rehabilitated areas.
- Rehabilitation of new areas as per the rehab plans.
- Managing landscape maintenance throughout the site.
- Sale of excess plants where necessary.

AgriZone Expansion

- Continue assessing documents for companies that have expressed interest.
- On-going Meetings and discussions with industry players and stakeholders.
- Developing a rental guideline for potential developers and operators.
- Develop agreements with potential partners.
- Research into new prospective facilities and agri-businesses.
- Input into procurement of contractors for implementation.

7.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|---------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 4.1 | Value of produced and processed / handled at Dube AgriZone | AgriZone services | Quarterly | R80.4 million | 20.1 million | 20.1 million | 20.1 million | 20.1 million |
| 4.2 | % Occupancy of available AgriZone facilities | AgriZone services | Quarterly | 75% | 75% | 75% | 75% | 75% |
| 4.3 | % of energy derived from renewable sources | Sustainable Farming Initiatives | Annual | 15% | To be measured in the 4 th quarter | | | |
| 4.4 | % increase in production volumes | Tissue Culture Facility | Annual | 8% | To be measured in the 4 th quarter | | | |
| 4.5 | Number of hectares rehabilitated | Landscaping and Rehabilitation | Quarterly | 15 ha | 3.75 ha | 3.75 ha | 3.75 ha | 3.75 ha |
| 4.6 | Number of hectares leased to or reserved by operators and/or tenants | AgriZone Expansion | Annual | 5 | To be measured in the 4 th quarter | | | |
| 4.7 | % of Tenant Satisfaction (customer survey) | AgriZone services | Annual | 85% | To be measured in the 4 th quarter | | | |
| 4.8 | No. of projects initiated | Sustainable Farming Initiatives | Annual | 1 | To be measured in the 4 th quarter | | | |
| 4.9 | Revenue generated from tissue culture sales | Tissue Culture Facility | Annual | R1.5 million | To be measured in the 4 th quarter | | | |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|--------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 4.10 | % of rehabilitated land maintained | Landscaping and Rehabilitation | Quarterly | 100% | 100% | 100% | 100% | 100% |
| 4.11 | % satisfaction with landscaping and landscape maintenance to DTP precincts | Landscaping and Rehabilitation | Annual | 80% | To be measured in the 4 th quarter | | | |

7.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

7.5.1. PROGRAMME 4: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|--------------------|--------------------|-------------------|------------------------|----------------------------------|-------------------|-------------------|
| AgriZone | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| AgriZone Services | 268 595 831 | 115 933 298 | 19 179 863 | 11 269 366 | 21 063 577 | 15 884 621 | 16 814 584 |
| AgriZone Green Projects/Sustainable farming initiatives | 48 575 685 | - | - | 1 000 000 | 6 900 000 | 830 000 | 873 990 |
| Tissue Culture Facility | - | 2 475 770 | 2 345 049 | 2 217 104 | 434 975 | (1 031 904) | (2 385 018) |
| Landscaping and Rehabilitation (Nursery) | 1 787 055 | 5 168 647 | 7 758 433 | 7 982 907 | 5 458 311 | 5 630 853 | 5 916 910 |
| AgriZone Expansion | - | - | - | - | 1 210 000 | - | - |
| SUBTOTAL | 318 958 572 | 123 577 715 | 29 283 345 | 22 469 377 | 35 066 863 | 21 313 571 | 21 220 465 |
| Revenue | | 2 727 501 | 8 909 426 | 13 213 280 | 14 034 272 | 16 769 136 | 19 692 853 |
| Current payments | 27 650 644 | 33 115 560 | 27 940 903 | 33 486 707 | 37 801 135 | 37 932 707 | 40 763 318 |
| Compensation of employees | 4 074 095 | 5 851 703 | 6 836 250 | 9 036 309 | 10 458 203 | 11 116 323 | 11 762 113 |
| Goods and services of which: | - | - | - | - | - | - | - |
| Communication | - | - | - | - | - | - | - |
| Computer services | 29 563 | - | - | - | - | - | - |
| Consultants, contractors and special services | 10 377 500 | 6 377 777 | 786 863 | 1 126 600 | 2 338 390 | 1 195 515 | 1 262 825 |
| Maintenance Repairs and running costs | 12 888 004 | 20 446 034 | 19 730 492 | 21 475 535 | 23 161 585 | 23 671 530 | 25 586 568 |
| Operating Leases | 944 | - | 969 | 57 434 | 84 263 | 107 565 | 114 458 |
| Travel and subsistence | 172 014 | 298 930 | 44 800 | 294 485 | 298 385 | 315 876 | 334 394 |
| Advertising | 105 974 | 127 720 | 287 755 | 1 063 300 | 1 180 000 | 1 199 820 | 1 343 685 |
| Training | 2 550 | 13 395 | 253 774 | 433 044 | 280 309 | 326 079 | 359 274 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 291 307 928 | 93 189 656 | 10 251 868 | 2 195 950 | 11 300 000 | 150 000 | 150 000 |
| Building and other fixed structures | 268 619 454 | 92 262 146 | 9 083 089 | 195 950 | 7 500 000 | - | - |
| Machinery and equipment | 22 663 312 | 927 510 | 1 168 779 | 1 600 000 | 3 800 000 | 150 000 | 150 000 |
| Cultivated assets | 25 161 | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | 400 000 | - | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - |
| TOTAL | 318 958 572 | 123 577 715 | 29 283 345 | 22 469 377 | 35 066 863 | 21 313 571 | 21 220 465 |

7.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- 60.1% of the AgriZone's budget has been allocated to AgriZone Services. This sub-programme's allocation has increased in 2015/16 as provision has been made for the procurement of equipment necessary to adequately clean and maintain the greenhouses. On-going maintenance of these facilities will boost the production levels of tenants at the AgriZone and ensure high occupancy levels for all available facilities.
- 19.7% of this programme's budget has been allocated to Sustainable Farming Initiatives, predominantly for the installation of additional solar panels which will increase the amount of DTPC's energy derived from renewable sources.
- 15.6% has been allocated to Landscaping and Rehabilitation to enable DTPC to meet its ROD obligations for environmental rehabilitation and maintain the landscaping throughout the precinct.
- The Tissue Culture Facility takes an insignificant 1.2% of the AgriZone budget in 2015/16, and from 2016/17, is expected to become financially self-sustaining. The facility became operational in 2012/13 and is set to increase its production once the hardening facility which entered construction in 2014/15 is complete.
- The remaining 3.5% of this programme's budget has been allocated for the expansion of the AgriZone, with preparations for phase 2 required before its launch.

8. PROGRAMME 5: ICT

Programme 5: ICT defines DTPC's requirement and/or demand for information technology infrastructure, services and systems to support the overall growth strategy of the business. The ICT Programme develops and provisions commercial ICT services to DTPC customers including onsite tenants, developers, investors, and off-site resellers. This programme is also referred to as Dube iConnect, and is different from DTPC's Office of the CEO IT team (under Programme 1), which caters for DTPC's internal IT needs.

As an economic development agency with the primary objective of job creation, business development and the provision of enabling infrastructure, Dube iConnect has made the strategic decision to focus a large part of its business on offering IT services in the cloud. The last two years of operations have demonstrated and supported this trend and has led to Dube iConnect refocusing its efforts on the following:

- Infrastructure and software services;
- Backup services;
- Disaster recovery services;
- Hosting services for key cloud based business applications;
- Internet and fixed line access; and
- Aggregation and leased cost routing of Voice services.

It is expected that the trend towards Cloud will continue and will gain tremendous movement by 2015 with a large number of companies leveraging services in the Cloud. Dube iConnect's current network investment includes two tier-2 data centres that utilize the latest generation of virtualization technologies to provide high availability business continuity services and these data centre services (Value Added Services) are now offered to on-site and off-site resellers. This infrastructure is sufficient to support growth for the next two to three years, however, beyond that Dube iConnect will look to expand both its real-estate and infrastructure capacity with a third, larger data centre to best position Dube iConnect to leverage its growing brand and to meet future demand, thus positioning Dube iConnect as a strategic regional service provider in the market. This programme's budgets and targets have been aligned with these objectives.

Another critical role played by Dube iConnect is supporting on-site customers with voice and internet access services, and ensuring that all new developments are incorporated into the network. DTPC has also installed a fully reticulated fibre optic network and IT platform which serves all property development zones, sites and buildings within the precinct, offering the most advanced metro Ethernet network in the country. These services are provided under ICASA ECS and ECNS licenses, allowing Dube iConnect to provide cost competitive voice and internet access services through

wholesale reseller agreements with Tier 1 service providers, including Neotel, Internet Solutions, MetroConnect and Telkom.

This full suite of ICT services provides DTPC with the ability to offer investors, developers, tenants and users an unparalleled and proactive set of turnkey IT solutions. Dube iConnect's bundle of services aims to give businesses located at DTP a cost and operating edge which includes:

- An operationally tested and proven environment deploying some of the most advanced technologies;
- Infrastructure investment architected to scale on demand;
- A highly available IT environment with multiple levels of redundancy and failover capability;
- Onsite international gateway(s) that scale on demand;
- A highly skilled team of onsite and offsite resources to support the environment;
- The highest levels of security, integration and on-site support;
- A geographically well positioned Disaster Recovery location;
- A highly available, completely redundant environment to cost effectively provision services;
- Real-time data replication; and
- Strategic partnerships with various ICT telecom companies through which DTPC can ensure the highest quality of service management interconnectivity.

In support of these services and objectives the ICT programme is structured into 2 sub-programmes:

- **Sub-Programme 5.1 Commercial:** This sub-programme focuses on the **development of** ICT Strategy and Planning of new commercial services, generating revenue from commercial ICT services, ensuring compliance with ICASA and other regulatory bodies and policies and working with marketing to identify, plan and implement campaigns, sales plans and marketing collateral.
- **Sub-Programme 5.2 Operations:** This sub-programme's functions include operations planning and IT maintenance, managing voice services, managing uptime of systems, ongoing evaluation of the existing environment, capacity building and managing the procurement of services, upgrades and new products.

Dube iConnect, through its operations and commercial sub-programmes, focuses on providing sustainable, high quality commercial IT services in line with DTP's property and business growth ensuring ongoing capacity planning and technology advancement.

Programme 5's structure, strategic goal, and strategic objectives are summarised below:

| INFORMATION COMMUNICATION AND TECHNOLOGY | Strategic Goal | Strategic Objective |
|---|--|---|
| Sub-programme 5.1: COMMERCIAL | To act as a catalyst for targeted private sector investment | To develop and provision cost competitive and reliable commercial ICT services to DTPC clients. |
| Sub-programme 5.2: OPERATIONS | To provide infrastructure and service the development and operational needs of DTP | To operate and maintain Dube iConnect IT infrastructure and commercial IT services. |

8.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|---|------------------------------------|-------------------------------------|---------------|------------------|----------------------------|---------|---------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 5.1: COMMERCIAL | | | | | | | |
| Strategic Objective: To develop and provision cost competitive and reliable commercial ICT services to DTPC clients. | | | | | | | |
| 5.1 | Total iConnect revenue | R41.11m | New indicator | | R4.53m | R6.13m | R7.97m |
| SUB-PROGRAMME 5.2: OPERATIONS | | | | | | | |
| Strategic Objective: To operate and maintain Dube iConnect IT infrastructure and commercial IT services | | | | | | | |
| 5.2 | % uptime of commercial IT services | 99% | 99.5% | 100% | 99% | 99% | 99% |

8.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|--|--|-------------------------------------|---------|------------------|----------------------------|---------|---------|
| Programme Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| 5.3 | % Margin achieved on voice services | New indicator | | 10% | 10% | 11% | 12% |
| 5.4 | % Margin achieved on internet access bandwidth. | New indicator | | | 10% | 12% | 15% |
| 5.5 | Resolution of all faults logged within SLA specification | 99% | 100% | 95% | 95% | 95% | 95% |

8.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Commercial

- Manage relationships with bulk service providers to ensure technical and cost relevance of services procured.
- Grow the iConnect Reseller and revenue base, particularly in the provision of Hosting and DR services (Data Centre).
- Evaluation of product offerings to ensure that services offered by iConnect are market and price related.
- Maintain and extend customer relationships to ensure that we are selling across all possible product verticals.
- Actively attend more vendor events to increase iConnect visibility.

Operations

- Ensure that staff are trained and certified in all relevant technologies with a view to minimizing the requirement for upstream support contracts.
- Ongoing optimization and updating of the IT environment to ensure consistent and effective delivery of services.
- Management of proactive reporting to ensure maintenance of service levels is sustained.
- Ensure effective capacity planning in line with DTP and reseller growth.

8.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|---------------|------------------|-----------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 5.1 | Total iConnect revenue | Commercial | Quarterly | R4.53m | R1.13m | R1.13m | R1.13m | R1.14m |
| 5.2 | % uptime of commercial IT services | Operations | Quarterly | 99% | 99% | 99% | 99% | 99% |
| 5.3 | % Margin achieved on voice services | Commercial | Quarterly | 10% | 10% | 10% | 10% | 10% |
| 5.4 | % Margin achieved on internet access bandwidth. | Commercial | Quarterly | 10% | 2% | 5% | 7.5% | 10% |
| 5.5 | Resolution of all faults logged within SLA specification | Operations | Quarterly | 95% | 95% | 95% | 95% | 95% |

8.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

8.5.1. PROGRAMME 5: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|---|-------------------|-------------------|------------------|------------------------|----------------------------------|-------------------|-------------------|
| Information Communication & Technology | | | | | | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Operations | 91 855 868 | 24 277 410 | 8 770 602 | 24 851 600 | 19 181 014 | 16 893 846 | 18 064 031 |
| Commercial | | | | (310 708) | (1 458 272) | (2 470 183) | (3 691 843) |
| SUBTOTAL | 91 855 868 | 24 277 410 | 8 770 602 | 24 540 892 | 17 722 742 | 14 423 663 | 14 372 188 |
| Revenue | 2 571 792 | 1 780 310 | 2 746 551 | 3 334 097 | 4 632 293 | 6 137 925 | 7 983 651 |
| Current payments | 17 226 701 | 9 483 660 | 8 721 405 | 11 784 989 | 11 787 635 | 12 685 587 | 15 855 839 |
| Compensation of employees | 3 935 030 | 5 507 584 | 5 132 518 | 6 494 726 | 6 464 261 | 6 871 509 | 7 304 414 |
| Goods and services of which: | | | | | | | |
| Communication | | - | - | - | - | - | - |
| Computer services | 10 778 | 127 716 | 263 145 | 1 735 000 | 1 399 354 | 1 401 337 | 3 603 617 |
| Consultants, contractors and special services | 11 596 294 | 1 541 013 | 198 923 | 250 384 | 274 976 | 326 265 | 286 332 |
| Maintenance Repairs and running costs | 1 620 712 | 2 079 964 | 2 556 666 | 1 906 997 | 2 166 382 | 2 628 615 | 3 215 177 |
| Operating Leases | 2 023 | - | - | - | - | - | - |
| Travel and subsistence | 40 365 | 88 443 | 190 997 | 166 008 | 182 662 | 175 062 | 173 396 |
| Advertising | 21 499 | 105 653 | 364 404 | 830 000 | 850 000 | 787 800 | 876 903 |
| Training | - | 33 288 | 14 753 | 401 874 | 450 000 | 495 000 | 396 000 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 77 200 959 | 16 574 060 | 2 795 748 | 16 090 000 | 10 567 399 | 7 876 000 | 6 500 000 |
| Building and other fixed structures | - | - | - | 400 000 | 393 213 | 393 213 | - |
| Machinery and equipment | 77 200 959 | 15 252 020 | 2 651 505 | 15 690 000 | 6 174 186 | 7 482 787 | 6 500 000 |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | - | 1 322 040 | 144 243 | - | 4 000 000 | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - |
| TOTAL | 91 855 868 | 24 277 410 | 8 770 602 | 24 540 892 | 17 722 742 | 14 423 663 | 14 372 188 |

8.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The ICT budget is expected to decrease by 27.8% from 2014/15 to 2015/16 and a further 18.6% in 2016/17. This is largely due to increased revenue earned from the provision of data centre services such as disaster recovery and hosted cloud-based application, as well as voice and internet bandwidth services.
- The budget provided for capital assets reflects this programme's focus on increasing data centre capacity and capabilities, while the budget for maintenance, repairs and running costs ensures all faults are either avoided or resolved within the allowed standards as specified in service level agreements.

9. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

Programme 6 is pivotal to DTPC's sustainable growth and existence well into the future, providing meaningful contribution to the infrastructure fabric of Kwa-Zulu Natal. It is the backbone and the lifeblood for the development of this urban establishment and its overall purpose is to plan for and create an enabling environment for the vision of Durban's Aerotropolis precinct. The overarching objective is to deliver and improve infrastructural facilities, to create a durable public asset and quality-oriented service within DTP. The roll-out of the DTP development is guided by DTPC's 10-year Infrastructure Plan which is based on the 2060 Master Plan and influenced by various studies undertaken relating to DTP's establishment

Programme 6 consists of the following sub-programmes:

Sub-Programme 6.1 Planning: This sub-programme focuses on the establishment and implementation of an aerotropolis as a strategic spatial planning tool in order to guide development within the region well into the future. The concept of an aerotropolis argues that a city can benefit substantially through structuring the use of land surrounding an airport in such a manner that the efficiency of the spatial dynamics of such an area is increased. An airport presents obvious opportunities for businesses to tie into global markets, particularly where quick and easy access to and from the airport for business and passengers is of critical importance. In addition an airport also acts as an attractor for a range of aviation and non-aviation related activities, including offices, retail, leisure, service industries, etc., which offers opportunities that can stimulate economic growth. The other focus area of this sub-programme is to secure statutory right and to define the urban fabric of DTPC's precincts.

Sub-Programme 6.2 Environment: The Environmental sub-programme is aimed at ensuring that all development planning practices are environmentally sustainable through minimizing and preventing environmental impacts by setting policy related objectives and targets. It also recognizes the benefits and importance of developing innovative measures to ensure the long term protection of the environment. It gives the company's operations and products a competitive advantage and production efficiency in the modern and global economy through benchmarking international best practice.

Sub-Programme 6.3 Infrastructure and Development: This sub-programme provides a service to other DTPC programmes through the provisioning of infrastructure required to enable the DTP precinct to operate efficiently and effectively. The following three categories define its main strategic roles and responsibilities:

- Public Infrastructure - Roads, water, energy, sewers systems, public transport infrastructure, etc.;
- DTPC's own property developments - Ranges from DTPC's buildings for own utilization to properties built for rentals by third parties; and
- Third party owned properties constructed on DTPC's land.

Programme 6's role in each of these categories is varied and is defined by the needs of the stakeholders involved.

Programme 6's structure, strategic goal, and strategic objectives are summarised below:

| DEVELOPMENT PLANNING AND INFRASTRUCTURE | Strategic Goal | Strategic Objective |
|---|--|---|
| Sub-programme 6.1: PLANNING | To plan and enable the development of a sustainable aerotropolis, cargo and air services | To ensure the availability of land for future expansion in support of the establishment of the aerotropolis |
| Sub-programme 6.2: ENVIRONMENT | | To identify and acquire strategic land parcels for future developments |
| Sub-programme 6.3: INFRASTRUCTURE AND DEVELOPMENT | To provide infrastructure and service the development and operational needs of DTP | To ensure that the aerotropolis is environmentally sustainable |
| | | To adequately plan for DTP's public infrastructure requirements |
| | | To procure, manage and monitor DTP infrastructure provisioning |
| | | To provide technical support and manage the roll-out of services to all DTPC programmes |

9.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|---|---|------------------------------|---------|-----------|---------------------|---------|---------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 6.1: PLANNING | | | | | | | |
| Strategic Objective: To ensure the availability of land for future expansion in support of the establishment of the aerotropolis | | | | | | | |
| 6.1 | No. of land use rights acquisitions and environmental authorisations obtained | 8 | 1 | 0 | 1 | 2 | 2 |
| Strategic Objective: To identify and acquire strategic land parcels for future developments | | | | | | | |
| 6.2 | No. of hectares acquired in terms of signed agreements | 700ha | 109 ha | 490 ha | 90 ha | 100ha | 50ha |

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|---|---|---|---------------|-----------|----------------------------|------------------------------------|------------------------------------|---|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 6.2: ENVIRONMENT | | | | | | | | |
| Strategic Objective: To ensure that the aerotropolis is environmentally sustainable | | | | | | | | |
| 6.3 | % of enterprise-wide carbon offset | 7% reduction from revised baseline annually | New indicator | | 7% reduction from baseline | 7% reduction from revised baseline | 7% reduction from revised baseline | |
| SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT | | | | | | | | |
| Strategic Objective: To adequately plan for DTP's public infrastructure requirements | | | | | | | | |
| 6.4 | No. of public infrastructure projects delivered ¹⁰ | 19 | 0 | 2 | 0 | 2 | 3 | 4 |
| Strategic Objective: To procure, manage and monitor DTP infrastructure provisioning | | | | | | | | |
| 6.5 | No. of construction (top structures) projects delivered ¹¹ | 14 | 0 | 3 | 3 | 5 | 3 | 2 |
| 6.6 | No. of construction jobs created | 6 799 | New indicator | | 581 | 659 | 1 349 | |
| Strategic Objective: To provide technical support and manage the roll-out of services to all DTPC programmes | | | | | | | | |
| 6.7 | Construction expenditure on SMMEs | R475 million | New indicator | | R74 million | R96 million | R107 million | |
| 6.8 | Public sector investment in infrastructure | R1.362 billion | New indicator | | R213 million | R276 million | R306 million | |

¹⁰ In 2012/13 to 2014/15, this indicator was measured as the no. of public infrastructure projects **undertaken**.

¹¹ In 2012/12 to 2014/15, this indicator was measured as the no. of construction projects **undertaken**.

9.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| Programme Performance Indicator | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|--|--|------------------------------|----------|--|---|-------------------------|--|
| | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 6.1: PLANNING | | | | | | | |
| 6.9 | Deliver and implement the Aerotropolis master plan | New indicator | | | Submit draft master plan to the secretariat (EDTEA) | Approval of master plan | Implement the 1 st phase of the master plan |
| SUB-PROGRAMME 6.2: ENVIRONMENT | | | | | | | |
| 6.10 | No. of strategic reports on environmental sustainability (State of Environment Report) | 1 | 0 | 1 | 1 | 1 | 1 |
| 6.11 | % compliance with environmental authorisations and licenses | 98% | 98.5% | 90% | 90% | 90% | 90% |
| 6.12 | No. of hectares of land rehabilitated annually | 357ha | 420.38ha | Plantation: 50ha Alien Clearing: 100ha | 85 | 80 | 60 |
| SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT | | | | | | | |
| 6.13 | No. of projects designed ¹² | 3 | 6 | 2 | 5 | 5 | 5 |
| 6.14 | Maximum % deviation above contract budget | 0% | 0% | 10% | 10% | 10% | 10% |
| 6.15 | Maximum % deviation from construction programme timelines | 25.6% | 2% | 15% | 15% | 15% | 15% |
| 6.16 | % construction projects with 1% of budget allocated to enterprise development | New indicator | | 50% | 30% | 30% | 30% |

¹² In 2012/13 to 2014/15, this indicator measured the number of projects **scoped** and designed.

9.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

Planning

- Acquisition of land use rights relating to the submission of the rezoning application for TradeZone 2 for approval once EIA has been achieved.
- Planning for SupportZone 2 and AgriZone 2 will continue and land use rights will be secured once EIA process is completed.
- Township establishment process for Cottonlands will continue. This will include preliminary engineering design, refining the planning concept, and commencing with the EIA process.
- Aerotropolis Master planning will be initiated during this period.

Environment

- Appointment of the Ecologist to undertake the conservation delineation will proceed,
- Implementation of the Environment Strategy and policy will continue,
- On-going Environmental compliance monitoring,
- Scoping of green projects will continue

Infrastructure and Development

- Construction of the Guardhouses and Dube TradeZone 1 road alignment will continue,
- Construction of the following facilities will continue: Gift of the Givers warehouse, Facilities Maintenance, Air Chefs Catering facilities, AgriZone facilities.

9.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|--|--------------------------------|------------------|---|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 6.1 | No. of land use rights acquisitions and environmental authorisations obtained | Planning | Annual | 2 | To be measured in the 4 th quarter | | | |
| 6.2 | No. of hectares acquired in terms of signed agreements | Planning | Annual | 100ha | To be measured in the 4 th quarter | | | |
| 6.3 | % of enterprise-wide carbon offset | Environment | Annual | 7% reduction from baseline | To be measured in the 4 th quarter | | | |
| 6.4 | No. of public infrastructure projects delivered | Infrastructure and Development | Annual | 2 | To be measured in the 4 th quarter | | | |
| 6.5 | No. of construction (top structures) projects delivered | Infrastructure and Development | Quarterly | 5 | 1 | 2 | 1 | 1 |
| 6.6 | No. of construction jobs created | Infrastructure and Development | Quarterly | 581 | 145 | 145 | 145 | 146 |
| 6.7 | Construction expenditure on SMMEs | Infrastructure and Development | Annual | R74 million | To be measured in the 4 th quarter | | | |
| 6.8 | Public sector investment in infrastructure | Infrastructure and Development | Annual | R213 million | To be measured in the 4 th quarter | | | |
| 6.9 | Deliver and implement the aerotropolis master plan | Planning | Annual | Submit draft master plan to the secretariat (EDTEA) | To be measured in the 4 th quarter | | | |
| 6.10 | No. of strategic reports on environmental sustainability (State of the Environment Report) | Environment | Annual | 1 | To be measured in the 4 th quarter | | | |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|--------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 6.11 | % compliance with environmental authorisations and licenses | Environment | Quarterly | 90% | 90% | 90% | 90% | 90% |
| 6.12 | No. of hectares of land rehabilitated annually | Environment | Quarterly | 85 | 30 | 30 | 15 | 10 |
| 6.13 | No. of projects designed | Infrastructure and Development | Quarterly | 5 | 1 | 1 | 1 | 2 |
| 6.14 | Maximum % deviation above contract budget | Infrastructure and Development | Quarterly | 10% | 10% | 10% | 10% | 10% |
| 6.15 | Maximum % deviation from construction programme timelines | Infrastructure and Development | Quarterly | 15% | 15% | 15% | 15% | 15% |
| 6.16 | % construction projects with 1% of budget allocated to enterprise development | Infrastructure and Development | Annual | 30% | To be measured in the 4 th quarter | | | |

9.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

9.5.1. PROGRAMME 6: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2015/16 to 2017/18 take into account the expected increase in operating activities and the impact on the budget.

| Programme | AUDITED OUTCOMES | | | ADJUSTED APPROPRIATION | MEDIUM TERM EXPENDITURE ESTIMATE | | |
|--|-------------------|--------------------|--------------------|------------------------|----------------------------------|--------------------|--------------------|
| Development Planning & Infrastructure | | | | | | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| Planning | 1 457 429 | 64 044 569 | 496 952 859 | 275 476 857 | 119 686 500 | 108 378 762 | 99 530 176 |
| Environment | 6 979 207 | 1 064 734 | 2 078 368 | 8 809 987 | 14 845 176 | 17 053 495 | 21 197 599 |
| Infrastructure & Development | 16 342 197 | 63 564 748 | 21 842 964 | 84 814 766 | 247 698 526 | 309 788 381 | 329 584 102 |
| SUBTOTAL | 24 778 833 | 128 674 051 | 520 874 191 | 369 101 610 | 382 230 202 | 435 220 638 | 450 311 877 |
| Current payments | 11 993 597 | 18 601 258 | 17 164 067 | 45 003 581 | 63 359 339 | 61 978 388 | 58 990 532 |
| Compensation of employees | 3 692 048 | 4 768 122 | 5 405 995 | 9 848 209 | 14 773 537 | 15 474 661 | 16 449 565 |
| Goods and services of which: | | | | | | | |
| Communication | | - | - | - | - | - | - |
| Computer services | 5 726 | 2 000 | - | - | - | - | - |
| Consultants, contractors and special services | 7 260 469 | 12 990 164 | 11 137 055 | 33 437 250 | 46 523 086 | 44 325 776 | 40 243 042 |
| Maintenance Repairs and running costs | 723 506 | 497 804 | 19 614 | 9 598 | 14 576 | 15 363 | 16 177 |
| Operating Leases | 595 | - | - | - | - | - | - |
| Travel and subsistence | 268 254 | 75 200 | 105 112 | 446 650 | 470 769 | 496 191 | 522 489 |
| Advertising | 42 998 | 267 967 | 406 081 | 680 000 | 1 150 000 | 1 212 100 | 1 276 341 |
| Training | - | - | 90 210 | 581 874 | 427 372 | 454 297 | 482 918 |
| TRANSFERS AND SUBSIDIARIES TO: | | | | | | | |
| PAYMENT FOR CAPITAL ASSETS | 12 785 236 | 110 072 792 | 503 710 125 | 324 098 029 | 318 870 863 | 373 242 250 | 391 321 345 |
| Building and other fixed structures | 12 418 803 | 55 938 444 | 9 530 842 | 68 250 000 | 213 746 147 | 276 200 000 | 306 321 345 |
| Machinery and equipment | 366 433 | - | - | - | 3 000 000 | 2 000 000 | - |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | 1 000 000 | - | - | - |
| Land and subsoil assets | - | 54 134 348 | 494 179 283 | 254 848 029 | 102 124 716 | 95 042 250 | 85 000 000 |
| TOTAL | 24 778 833 | 128 674 051 | 520 874 191 | 369 101 610 | 382 230 202 | 435 220 638 | 450 311 877 |

9.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- Programme 6's budget is predominantly made up of funds for the provision of relevant infrastructure and top structures within the DTP precinct, with 83.4% of its total allocation earmarked for capital assets.
- The infrastructure and development projects expected to be undertaken in the 2015/16 year include the double basement parkade on Block D at Dube City and AgriZone facilities.

- Budget has also been provided for the acquisition of another 100 hectares of land. This is in support of DTPC's 50-year master plan for the expansion and development of the precinct.
- 9.1% of the Development Planning and Infrastructure budget has been set aside for contractors and consulting fees. This amount is linked to the construction projects planned, but also provides for the establishment and implementation of the Aerotropolis master plan which is being developed in conjunction with the Department of Transport and in line with the recommendations of the PGDP.
- This budget also includes provision for monthly environmental audits to monitor DTPC's environmental compliance.

10. PROGRAMME 7: DTP INDUSTRIAL DEVELOPMENT ZONE / SPECIAL ECONOMIC ZONE

In 2011, the Department of Trade and Industry (DTI) recommended that all Industrial Development Zones (IDZs) be re-designated as Special Economic Zones (SEZs), along with additional areas within each province that exhibited the potential to stimulate economic growth and create jobs. DTP was put forward by KZN EDTEA as an area that would benefit from SEZ status and DTPC was therefore invited to interact, along with KZN EDTEA, on the proposed SEZ.

On 1 July 2014, DTPC was officially designated as an Industrial Development Zone, consisting of two sectors within DTP – Dube AgriZone and Dube TradeZone. The operator permit was officially handed over by His Excellency, President Jacob Zuma on 7 October 2014 at the official launch of the DTP IDZ.

The IDZ programme is aimed at promoting the competitiveness of South African enterprises through leveraging investment in export-oriented manufacturing industries and promoting the competitiveness of South African firms through the export of value-added manufacturing products. The key objectives and rationale behind the IDZ programme is to:

- Position South African-based manufacturing industries to meet the challenges of globalization;
- Attract advanced foreign production and technology methods in order to gain experience in global manufacturing and production networks through attracting foreign direct investment;
- Develop linkages between local and international-based industries;
- Provide world class infrastructure and proximity to international ports to offer low cost and efficient logistics services; and
- Provide services to facilitate overcoming administrative hurdles for investors securing permits required for their operations.

The DTP IDZ aims to promote regional development, stimulate the creation of new employment opportunities and enhance current skills and technology transfer levels. The primary sectors targeted by the DTP IDZ include:

- Aerospace and aviation-linked manufacturing and related services;
- Agriculture and agro-processing, inclusive of horticulture, aquaculture and floriculture;
- Electronics manufacturing and assembly;
- Medical and pharmaceutical production and distribution; and
- Clothing and textiles.

The DTP IDZ is expected to be converted to an SEZ once the SEZ regulations are adopted and the SEZ Act no. 16 of 2014, which was signed into law in May 2014, becomes effective. The Act provides for a three year transition period for an IDZ operator to convert to an SEZ.

The establishment and effective operation of the DTP IDZ (SEZ) has been identified as a key focus area for DTPC as it is a key component of its ability to deliver on its mandate to facilitate economic growth and attract long-term investment to the Province. Because of this, a separate programme has been established to oversee the operation of the DTP SEZ.

| DTP SPECIAL ECONOMIC ZONE | Strategic Goal | Strategic Objective |
|---|---|--|
| Sub-programme 7.1: DTP Industrial Development Zone / Special Economic Zone | To establish and effectively operate the DTPC IDZ / SEZ | To establish a world class IDZ / SEZ operated in an effective and compliant manner To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP IDZ / SEZ |

10.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | | |
|--|---|------------------------------|---------------|-----------------------|---------------------|-------------|-------------|--------------|
| Key Performance Indicator | 5-year Strategic Plan Target | 2012/13 | 2013/14 | 2014/15 ¹³ | 2015/16 | 2016/17 | 2017/18 | |
| SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone | | | | | | | | |
| Strategic Objective: To establish a world class SEZ operated in an effective and compliant manner | | | | | | | | |
| 7.1 | % of compliance with conditions of IDZ / SEZ Operator permit | 90% | New indicator | | 75% | 80% | 85% | |
| Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP SEZ | | | | | | | | |
| 7.2 | Value of private sector investment committed in the DTP IDZ / SEZ | R1 964 million | New indicator | | R200 million | R77 million | R78 million | R268 million |
| 7.3 | No. of investors established at the DTP IDZ / SEZ | 14 | New indicator | | 1 | 1 | 1 | 3 |
| 7.4 | No. of new jobs created - Permanent | 2 399 | New indicator | | 200 | 120 | 181 | 302 |
| 7.5 | No. of new jobs created – Temporary (during construction) | 3 482 | New indicator | | 150 | 137 | 138 | 475 |

10.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2015/16

| | | Audited / Actual Performance | | Estimated | Medium-Term Targets | | |
|---|---|------------------------------|---------|-----------|---------------------|--------------|--------------|
| Programme Performance Indicator | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone | | | | | | | |
| 7.6 | No. of operational investors in the DTP IDZ / SEZ (cumulative) | New indicator | | | 1 | 2 | 4 |
| 7.7 | No. of indirect jobs created in KZN as a result of the DTP IDZ / SEZ (cumulative to date) | New indicator | | | 285 | 573 | 1 564 |
| 7.8 | Value of goods sold to other countries (exports) | New indicator | | | R100 million | R841 million | R1.2 billion |

¹³ 2014/15 targets were reported to the DTI in terms of the requirements of the SEZ programme and the Business Plan submitted for the DTP IDZ. These targets were not included in DTPC's 2014/15 APP.

10.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2015/16 financial year will be on the following key activities:

- Finalise and implement Standard Operating Procedures for the Customs Controlled Area;
- Finalise and implement rules and procedures for the DTP IDZ;
- Complete IDZ infrastructure for TradeZone 1 and 1b;
- Appropriately resource the IDZ programme;
- Undertake sector analysis and develop sector marketing strategy;
- Actively undertake investment promotion; and
- Develop an implementation plan for the establishment of a One Stop Shop.

10.4. QUARTERLY TARGETS FOR 2015/16

The following table reflects the programme and sub-programme performance indicators. In order to realise the strategic objectives detailed in the strategic plan, the performance indicators used to measure the achievement of strategic objectives have also been included:

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|---------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 7.1 | % of compliance with conditions of IDZ / SEZ Operator permit | DTP Industrial Development Zone | Annual | 75% | To be measured in the 4 th quarter | | | |
| 7.2 | Value of private sector investment committed in the DTP IDZ / SEZ | DTP Industrial Development Zone | Annual | R77 million | To be measured in the 4 th quarter | | | |
| 7.3 | No. of investors established at the DTP IDZ / SEZ | DTP Industrial Development Zone | Annual | 1 | To be measured in the 4 th quarter | | | |
| 7.4 | No. of new jobs created - Permanent | DTP Industrial Development Zone | Quarterly | 120 | 30 | 30 | 30 | 30 |
| 7.5 | No. of new jobs created – Temporary (during construction) | DTP Industrial Development Zone | Quarterly | 137 | 34 | 34 | 34 | 35 |
| 7.6 | No. of operational investors in the DTP IDZ / SEZ | DTP Industrial Development Zone | Annual | 1 | To be measured in the 4 th quarter | | | |

| Performance Indicator | | Sub-Programme | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|-----------------------|---|---------------------------------|------------------|-----------------------|---|-----------------|-----------------|-----------------|
| | | | | | 1 st | 2 nd | 3 rd | 4 th |
| 7.7 | No. of indirect jobs created in KZN as a result of the DTP IDZ / SEZ (cumulative to date) | DTP Industrial Development Zone | Annual | 285 | To be measured in the 4 th quarter | | | |
| 7.8 | Value of goods sold to other countries (exports) | DTP Industrial Development Zone | Quarterly | R100 million | R0 | R20 million | R40 million | R40 million |

10.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

10.5.1. PROGRAMME 7: EXPENDITURE ESTIMATES

At this stage, DTPC's MTEF allocation received via EDTEA will not be used for this programme's activities. A Funding Agreement has been signed with the DTI to provide funding for the DTP IDZ / SEZ for an initial period of 4 years from 2013/14 to 2016/17 and it is expected that additional funding will be obtained through the DTI for specific expenditure relating to the establishment and operation of the DTP IDZ / SEZ, should it be required

PART C: LINKS TO OTHER PLANS

11. LINKS TO LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

| No | Project name ¹⁴ | Prog | Municipal location | Output | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|---|-------------------------------|------|--------------------|--------------------------|---------|-------|-------|--------------------|------------------------|------------------|-----------------------|---------|---------|
| | | | | | 11/12 | 12/13 | 13/14 | | | | 2014/15 | 2015/16 | 2016/17 |
| New and replacement assets (R'000) | | | | | | | | | | | | | |
| 1 | Waste facility | 6 | Ethekwini | Waste facility | | | | | | 2 200 | 1 000 | | |
| 2 | AgriZone workshop | 6 | Ethekwini | Workshop | | | | | | 3 800 | 3 000 | | |
| 3 | Lab facility | 6 | Ethekwini | Laboratory | | | | | | 3 250 | 3 000 | | |
| 4 | TradeZone Guardhouses | 6 | Ethekwini | Roads and Guardhouses | | | | | | 14 000 | | | |
| 5 | TradeZone 1b | 6 | Ethekwini | Serviced land | | | | | | 10 000 | 6 000 | | |
| 6 | TradeZone 2 | 6 | Ethekwini | Serviced land | | | | | | | 47 500 | 56 500 | 50 000 |
| 7 | TradeHouse 2 | 6 | Ethekwini | Warehouse | | | | | | | | 13 500 | 21 500 |
| 8 | Dube City – Block D | 6 | Ethekwini | Parking | | | | | | | 70 000 | 35 000 | |
| 9 | Dube City – Block D | 6 | Ethekwini | Hotel | | | | | | 3 000 | 46 000 | 66 000 | 20 000 |
| 10 | SupportZone 1b | 6 | Ethekwini | Serviced land | | | | | | | | 5 000 | 15 000 |
| 11 | SupportZone 2 | 6 | Ethekwini | Serviced land | | | | | | | | 18 000 | 38 000 |
| 12 | Multi-storey parkade 1 | 6 | Ethekwini | Parking | | | | | | 2 100 | 31 246 | 37 700 | 39 700 |
| 13 | Multi-storey parkade 2 | 6 | Ethekwini | Parking | | | | | | | | | 24 621 |
| 14 | AgriZone 2 | 6 | Ethekwini | Greenhouses & Packhouses | | | | | | | 15 000 | 40 000 | 50 000 |
| 15 | Solar panel installations | 4 | Ethekwini | Solar panels | | | | | | | 6 000 | | |
| 16 | Mt Moreland | 6 | Ethekwini | Road | | | | | | 3 000 | 12 000 | | |
| 17 | Hlawe River Trunk Sewer | 6 | Ethekwini | Trunk sewer pipeline | | | | | | | 20 000 | | |
| 18 | Ushukela (TradeZone 3) | 6 | Ethekwini | Serviced land | | | | | | | | 25 000 | 52 500 |
| 19 | Cottonlands (TradeZone 4) | 6 | Ethekwini | Serviced land | | | | | | | | 10 000 | |
| 20 | Maintenance Repair & Overhaul | 6 | Ethekwini | MRO facility | | | | | | | | 5 000 | 20 000 |

¹⁴ Many of these projects encompass one or more Public Infrastructure projects.

| No | Project name | Pr og | Municipal location | Output | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|--|-------------------------------|---------|--------------------|--|---------|-------|-------|--------------------|------------------------|------------------|-----------------------|--------|--------|
| | | | | | 11/12 | 12/13 | 13/14 | | | | 2014/15 | | |
| 21 | Expansion of aprons | 6 | Ethekwini | Airside facilities | | | | | | | 5 000 | 15 000 | 25 000 |
| 22 | DTP Internal public transport | 6 | Ethekwini | Public amenities | | | | | | | 8 000 | 7 000 | |
| Maintenance and repairs (R'000) | | | | | | | | | | | | | |
| 1 | Billboards | 1 | Ethekwini | Billboards | | | | | | | 34 | 45 | 50 |
| 2 | Dube City (SupportZone 1a) | 3 | Ethekwini | Offices, Communications Building | | | | | | | 962 | 1 108 | 1 203 |
| 3 | TradeZone | 3 | Ethekwini | Access control system, warehouse and other buildings | | 405 | 2 346 | | | 5 994 | 600 | 424 | 449 |
| 4 | Dube Cargo Terminal | 2 | Ethekwini | Cargo Terminal and equipment | | 991 | 427 | | | 1 254 | 1 652 | 1 849 | 1 965 |
| 5 | AiRoad trucks | 2 | Ethekwini | Trucks | | 814 | 355 | | | 615 | 364 | 383 | 404 |
| 6 | AgriZone | 4 | Ethekwini | Office Building and equipment | | 8 | 7 | | | 208 | 1 075 | 712 | 756 |
| 7 | Tissue Culture Lab | 4 | Ethekwini | Tissue Culture Lab, Hardening facility and equipment | | 0 | 75 | | | 158 | 921 | 1 086 | 1 165 |
| 8 | Greehouses & Packhouses | 4 | Ethekwini | Greenhouses | | 799 | 2 077 | | | 2 816 | 2 865 | 3 194 | 3 415 |
| 9 | Nursery | 4 | Ethekwini | Nursery, misting tunnel and equipment | | 50 | 14 | | | 67 | 296 | 209 | 222 |
| 10 | Water Treatment Works | 4 | Ethekwini | Water Treatment Works | | 56 | 817 | | | 1 333 | 1 569 | 1 663 | 1 763 |
| 11 | Landscaping | 2, 3, 4 | Ethekwini | Landscaping | | 3 177 | 4 489 | | | 4 154 | 7 500 | 7 950 | 8 427 |
| Upgrades and additions (R'000) | | | | | | | | | | | | | |
| 1 | Shade cover at 29 South | 6 | Ethekwini | Shade cover for parking | | | | | | 1 500 | 1 500 | | |
| 2 | Tenant Installations | 6 | Ethekwini | Tenant installations | | | | | | 1 000 | 1 000 | 1 000 | |
| Rehabilitation, renovation and refurbishments (R'000) | | | | | | | | | | | | | |
| No major refurbishment required as construction has only recently come to an end | | | | | | | | | | | | | |

PART D: APPENDICES

12. APPENDIX A: 50-YEAR MASTER PLAN



Ultimate Development. The first phase of the airport, Cargo Terminal, AgriZone, TradeZone and SupportZone (Dube City) has been completed and is fully operational.

13. APPENDIX B: DTPC ALIGNMENT WITH PGDS AND PGDP

The following table provides a general overview of the particular objectives and primary indicators identified in the KZN PGDP that relate specifically to DTPC. The list of objectives and indicators below is by no means exhaustive and only indicative of those that relate in one way or another to DTPC.

| PROVINCIAL STRATEGIC GOAL | OBJECTIVES ¹⁵ | INDICATORS | DTPC ALIGNMENT (RELATING TO KEY DELIVERY AREAS) |
|---|---|---|--|
| Strategic Goal 1: Job Creation | Unleash agricultural potential | Total employment in the agricultural sector | Relates to Dube AgriZone i.e. value produced and processed at the Dube AgriZone as well as employment created in this particular precinct. |
| | | Value of agricultural contribution to the provincial economy | |
| | | Hectares of land under agricultural production | |
| | Enhance sectoral development through trade and investment | Total employment within all sectors excluding primary agriculture | DTPC is focused on job creation and economic development. DTPC monitors the number of (temporary and permanent) direct jobs created on-site on a quarterly basis and has recently been designated an SEZ which will enhance its contribution to both. One of DTPC's strategic objectives is to act as a catalyst for targeted private sector investment and DTPC measures private sector investment committed per annum. |
| Total value of provincial economy excluding primary agriculture | | | |
| Strategic Goal 4: Strategic Infrastructure | Development of Airports | Volume of cargo through Dube Cargo Terminal (Int) | DTPC's Air Services Strategy focuses on increasing direct international and regional air services to and from KZN which will lead to increased cargo throughput (i.e. exports) and passenger arrivals/departures. DTPC measures the number of international and regional routes secured, tonnage throughput from Dube Cargo Terminal (international) and the delivery and implementation of the aerotropolis master plan. |
| | Development of ICT infrastructure | Number of ICT Infrastructure nodes | Dube iConnect offers the most advanced metro Ethernet network in South Africa, is a dedicated and world-class telecommunications and IT platform which digitally links members of the DTP business community with each other, their respective global partners and the rest of the world. |
| Strategic Goal 5: Environmental Sustainability | Increase productive use of land | Hectares of land rehabilitated annually | One of DTPC's strategic goals is to plan and enable the development of a sustainable aerotropolis i.e. to ensure that the aerotropolis is environmentally sustainable. DTPC measures the number of hectares of land rehabilitated annually, the percentage of energy derived from renewable sources, as well as DTPC's contribution to carbon offset. |
| | Advance alternative energy generation and reduce reliance on fossil fuels | Units of energy saved through energy efficiency interventions | |

¹⁵ KZN Provincial Planning Commission, Provincial Growth and Development Plan, September 2013 Revision.

14. APPENDIX C: LIST OF ABBREVIATIONS

| ABBREVIATION | DESCRIPTION |
|---------------|---|
| ACSA | Airports Company South Africa |
| APP | Annual Performance Plan |
| B-BBEE | Broad-based Black Economic Empowerment |
| BRICS | Brazil, Russia, India, China and South Africa |
| CCA | Customs Controlled Area |
| CCTV | Closed-Circuit Television |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CSI | Corporate Social Investment |
| DPI | Development Planning and Infrastructure |
| DTI | Department of Trade and Industry |
| DTP | Dube TradePort |
| DTPC | Dube TradePort Corporation |
| ECNS | Electronic Communications Network Services |
| ECS | Electronic Communications Services |
| EDTEA | Department of Economic Development, Tourism and Environmental Affairs |
| EE | Employment Equity |
| EIA | Environmental Impact Assessment |
| EPCM | Engineering, Procurement and Construction Management |
| GA | General Aviation |
| GDP | Gross Domestic Product |
| HVAC | Heating, Ventilation and Air Conditioning |
| IATA | International Air Transport Association |
| ICASA | Independent Communications Authority of South Africa |
| ICT | Information Communication and Technology |
| ICTG | Information Communication and Technology Governance |
| IDZ | Industrial Development Zone |
| IMF | International Monetary Fund |

| | |
|--------------|--|
| IPAP | Industrial Policy Action Plan |
| IT | Information Technology |
| KSIA | King Shaka International Airport |
| KZN | KwaZulu-Natal |
| MEC | Member of the Executive Committee |
| MIIT | Mega Integrated Industrial Town |
| MRO | Maintenance Repair and Overhaul |
| MSP | Multi-Storey Parkade |
| MTEF | Medium Term Expenditure Framework |
| MTSF | Medium Term Strategic Framework |
| NDP | National Development Plan |
| NGP | New Growth Path |
| PFMA | Public Finance Management Act |
| PGDP | Provincial Growth and Development Plan |
| PGDS | Provincial Growth and Development Strategy |
| RFID | Radio Frequency Identification |
| ROD | Record of Decision |
| SACAA | South African Civil Aviation Authority |
| SADC | Southern African Development Community |
| SARS | South African Revenue Service |
| SCB | SupportZone Communications Building |
| SCM | Supply Chain Management |
| SEZ | Special Economic Zone |
| SIP | Strategic Infrastructure Project |
| SLA | Service Level Agreement |
| TCB | TradeZone Communications Building |
| UPS | Uninterrupted Power Supply |
| VAS | Value Added Services |
| VCB | Valuable Cargo Building |