DUBE TRADEPORT CORPORATION

ANNUAL PERFORMANCE PLAN

For

2016/17

KwaZulu-Natal

February 2016

FOREWORD

In July 2014, Dube TradePort (DTP) was designated as an Industrial Development Zone (IDZ) with the intention that this would further enable the attraction of direct foreign and local investment in KwaZulu-Natal (KZN). This in turn would stimulate economic development through the backward and forward linkages created by the IDZ, while increasing the number of employment opportunities available. The DTP IDZ is poised to become a Special Economic Zone (SEZ), once the relevant regulations have been put in place and this, together with Dube TradePort Corporation's (DTPC) mandate to enable new air services, provide state-of-the-art facilities, leading edge spatial planning, facilitate the supply of products to export markets and attract long-term investment to the province, has been taken into account in developing this Annual Performance Plan.

Dube TradePort Corporation (DTPC), a Schedule 3C public entity established by the KZN Provincial Government, is an important component of KZN's 2030 vision of becoming a gateway to Africa and the world. Centred around the King Shaka International Airport (KSIA) in close proximity to the two largest sea-ports in Southern Africa – Durban and Richards Bay – DTP is central to the master planning and implementation of Durban's Aerotropolis. DTPC has ensured that its goals and objectives, as contained in this 2016/17 Annual Performance Plan, remain aligned to those of the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), the IDZ / SEZ programme, facilitated by the Department of Trade and Industry (dti), and the wider provincial and national plans for economic growth and development.

In 2016/17, DTPC intends to:

- Utilise the advantages of the DTP IDZ to attract direct foreign investment, as well as national and local investment, while preparing for its ultimate transition to an SEZ;
- Establish a One Stop Shop delivery model pilot for the DTP IDZ;
- Harness the full potential of new airlines utilizing KSIA, including Turkish Airlines, Qatar Airways and Ethiopian Airlines, to increase cargo throughput volumes and passenger numbers which will ultimately lead to growth in the KZN economy;
- Complete the construction on the double underground basement at Dube City, with an office complex and hotel to be built thereafter; and
- With the bulk infrastructure for the interim phase of the Dube TradeZone (1b) in place, finalise and secure private sector investment in the zone, while fast-tracking the development of Phase 2.

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 2016/17 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 2 840 hectare greenfield site, centred around the King Shaka International Airport (KSIA) at La Mercy. It is master-planned to become a multi-modal development and world-class aerotropolis (or airport city), situated in close proximity to the two largest sea-ports in Southern Africa – Durban and Richards Bay. This strategic location together with the recent designation of two of DTP's development zones as an Industrial Development Zone (IDZ), 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 (KZN) to import and export goods.

Phase 1 of Dube TradePort Corporation's (DTPC) 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. In 2014/15, DTPC developed an Investment Plan to provide the framework within which DTPC will target and secure private sector investment in existing and future development zones. This Investment Plan spans a 10-year period from 2015 to 2025 and details the market segments that DTPC intends to target, as well as the commercial implementation process for securing such investment, while balancing DTPC's economic development mandate and its commercial sustainability requirements.

DTPC's 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.

  The majority of Phase 1 of Dube TradeZone has been either let, is under construction or is completed and operational. An interim phase, TradeZone 1b incorporating an additional 4 hectares is under construction and a number of firm investment options are being finalised for this portion. In these positive commercial circumstances, Phase 2, which will ultimately encompass 51 hectares, is being fast-tracked for development. Pre-letting marketing is underway and the zone will be launched in 2016 for occupation of the first sites by late 2017.

- **Support Zones**: 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. Proposed land uses include a mix of hotel, conference, entertainment, retail and knowledge-intensive activities, supported by fully-reticulated fibre-optic cabling from which all tenants may access voice and data services at competitive rates.

In 2014/15, DTPC purchased 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%. As the outright owner of these sites, DTPC is now in a position to actively drive the realisation of the full vision for Dube City.

DTPC's building, 29° South, situated on Block F at Dube City, is now fully occupied and plans for further construction on this block are being evaluated. Construction of a double underground basement on Block D is underway, and is expected to be completed by September 2016. This construction project is intended to provide a portion of the parking required for the 21 500m^2 office complex that will be built by an international private sector investor in 3 phases over the following 3 years. The remaining underground parking has been reserved for a future hotel to be developed on the site. Design of a Multi-Storey Parkade (MSP) on Blocks A and B is expected to be completed in 2016/17, with construction planned for the following year, and this will provide the remaining parking required for the office development as well as sufficient capacity for future buildings.

- **Dube Cargo Terminal:** This 14 000m^2 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. Further energy efficiency projects are planned for 2016/17.

  Phase 1 of Dube AgriZone is fully developed, with construction on Phase 2 due to begin in 2017. 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, data centre hosting, 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 KSIA'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 transition into a Special Economic Zone (SEZ) within three years of the SEZ regulations being passed. 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 has strengthened DTPC's ability to attract key local and international market-players to the area.

The 2015/16 – 2017/18 Industrial Policy Action Plan (IPAP) identifies SEZs as key contributors to economic development and the revitalisation of previously under-served regions by drawing in greater volumes of foreign direct investment (FDI), strengthening the local manufacturing sector and creating significant numbers of new jobs. In this regard, the Department of Economic Development, Tourism and Environmental Affairs (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.

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

The main objective of the KZN ASP is to support Toyota SA Motors who is the only OEM based in KZN and to further attract other OEMs. Sites were therefore considered within a 32km radius of the Toyota Plant in Prospecton, south of Durban. A preferred site was identified at Illovo and this site formed the base of the pre-feasibility study. In November 2015 the MEC for Economic Development, Tourism and Environmental Affairs requested that DTPC join the project team and take responsibility for acquiring the site from Illovo Sugar SA Ltd. DTPC is expected to complete this process before the end of the 2015/16 financial year, after which a detailed feasibility study will be initiated in 2016/17. It is envisaged that once acquired, DTPC will apply for the ASP site to be designated as part of the DTP Special Economic Zone (SEZ). The automotive sector is a priority sector of Industrial Policy Action Plan (IPAP) and the SEZs are seen as policy instruments to advance industrialisation in South Africa. Making the Durban ASP part of the DTP IDZ / SEZ will therefore ensure strategic alignment with government policies.

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 DTP 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 growth has remained moderate in 2015, with uneven prospects across the main countries and regions. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies, as projected by the International Monetary Fund (IMF), is expected to be lower. Global growth is projected at 3.3% in 2015, marginally lower than in 2014. Growth in emerging market and developing economies is projected to slow from 4.6% in 2014 to 4.2% in 2015, but to pick up again in 2016, reaching 4.7%, largely due to the projected improvement in economic conditions in a number of distressed economies.[1]

In South Africa, Gross Domestic Product (GDP) grew by 4.1% in the final quarter of 2014, but moderated significantly in the first quarter of 2015.[2] Fixed capital expenditure recorded slower but still positive growth in the first quarter of 2015, after brisk capital spending by government pushed this higher, and the volume of exports advanced further, albeit at a slower pace than previously.[3] Overall, the South African economy grew by 1.3% in 2015, with growth of only 0.9% expected in 2016.[4]

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[1] From the "World Economic Outlook: Uneven Growth: Short and Long-Term Factors", published by the IMF in April 2015 and updated in July 2015.

[2] EDTEA Budget Policy Speech 2015/16.

[3] South African Reserve Bank Quarterly Bulletin – June 2015.

[4] Pravin Gordhan's 2016 Budget Speech.

While the state of and outlook for the international and national economy is not ideal, the KZN provincial economy is not in recession, and provincial economic growth was estimated at 2.4% for 2015,[5] slightly above the predicted national average. With the country and province now into the second five-year term of the National Development Plan (NDP) and the Provincial Growth and Development Plan (PDGP), KZN's focus is now firmly on achieving its 2030 vision of becoming a gateway to Africa and the world, and DTPC and its part in the development and implementation of an aerotropolis is a key component of achieving this goal.

In general, the aviation industry is considered a leader in stimulating economic growth, with a clear link between air connectivity and GDP growth, particularly in emerging markets. Demand for cargo and passenger services accelerated in 2014 and international trade is expected to continue growing at the same pace in 2015.[6] With DTP holding an estimated 21% of KZN's perceived air cargo market (with close to 80% being freighted through OR Tambo International Airport because of KZN's limited air connectivity, particularly to sub-Saharan Africa), DTPC aims to continue expanding air connectivity through KSIA. The addition of 4 new air routes in 2015/16, operated by Proflight Zambia, Turkish Airlines, Ethiopian Airlines and Qatar Airways, means that cargo volumes through the Dube Cargo Terminal are expected to grow at a rate higher than that anticipated for GDP growth. This, together with DTP's IDZ / SEZ status, presents a significant opportunity for the development of cargo handling and passenger markets throughout KZN.

Overall, results for the South African property market were unspectacular in 2014, despite rental growth and occupancies being stronger than they have been for some time. Industrial property was the top performing sector in 2014, showing total returns of 14.1%, while the office sector continued to underperform.[7] According to Erwin Rode, property economist and professional valuer at Rode & Associates, risks to the manufacturing sector, and hence, to the demand for industrial property, remain labour unrest, modest growth in retail sales, sliding hard-commodity prices, power supply interruptions and the economic health of Europe.[8] Significantly, the best growth in nominal rentals in the fourth quarter of 2014 was seen in Durban, where rentals were up by 7%. However, coupled with growth of roughly 9% in building-cost inflation over the same period, industrial rentals contracted in *real* terms.[9] This means that, while Durban, and DTP, are able to provide good returns for private sector investors, relative to the rest of the country, attracting private sector property investment is likely to be difficult in 2016/17. Additionally, since DTPC's primary mandate is that of driving economic development in the Province, there is often a trade-off between achieving market-related returns on investment and economic growth. DTPC must consider positive economic development factors such as job creation and the ability to stimulate further private sector investment in the precinct, and this can often result in reduced

[5] KwaZulu-Natal State of the Province address, 27 February 2015.

[6] IATA Annual Review 2015.

[7] SA Commercial Property News, 27 March 2015.

[8] Rode Review – February 2015.

[9] Rode's Report 2015:1.

rental rates being offered to strategically-beneficial tenants, which can result in a lower return on investment being achieved by DTPC.

One of the greatest incentives DTP offers to new investors is its IDZ / SEZ status. Currently, DTPC remains an IDZ Operator, with DTP poised to transition to an SEZ within three years of the relevant regulations being passed. Although there were major achievements with the IDZs across the country, there were also weaknesses and this, together with developments in national economic policies and strategies such as the National Industrial Policy Framework and the New Growth Path, led to a policy review and the SEZ programme being established in its place. Unlike the older IDZ model, which was narrowly focused on one category of the zones that were confined to the major sea and air ports, the new SEZ concept is broader and allows for various categories of zones to be designated anywhere in the country in the interest of industrialisation. The SEZ programme is intended to support government's industrial policy objectives and, with the various incentives available to ensure economic growth, job creation, revenue generation and attraction of foreign and domestic direct investment, will assist DTPC to attract new investment to the precinct.

1.2.2. BUDGET CUTS

With fiscal consolidation being accelerated on the back of slow growth, rising debt and higher interest rates, and in an effort to reduce the national budget deficit, DTPC's baseline has been cut by 38.5% in 2016/17. In the 2016 National Budget Speech, the Minister of Finance detailed several stringent cost containment measures that would be put in place across all departments. These included a reduction in transfers for operating budgets of public entities and DTPC has received a disproportionate reduction in its budget to accommodate this. The significant amount cut from DTPC's budget cannot be accommodated purely within its planned operating expenditure without significantly curtailing the entity's operations and its ability to deliver on its mandate, and DTPC has therefore been forced to cut from its construction budget too. This has resulted in a number of planned infrastructure projects being postponed or cancelled and is expected to reduce the number of construction jobs created, and decrease the value of private sector investment attracted to DTP over the Medium Term Expenditure Framework (MTEF). This too, will delay DTPC's plans to ultimately become financially self-sustaining, and the entity will remain dependent on the fiscus for a longer period as a result.

The budget cuts imposed on DTPC are as follows:

	2016/17	**2017/18**	**2018/19**
Original budget	R 625 071 000	R 656 325 000	R 694 392 000
Reduction	(R 240 848 000)	(R241 158 000)	(R 241 487 000)
Revised budget	R 384 223 000	R 415 167 000	R 452 905 000
% Reduction	**38.5%**	**36.7%**	**34.8%**

1.2.3. 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.

As a Schedule 3C public entity, falling under the auspices of EDTEA, DTPC seeks to align its strategic objectives with the relevant policies and strategies of national and provincial government. These include the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF), KZN Provincial Growth and Development Strategy (PGDS), Provincial Growth and Development Plan (PGDP), the New Growth Path, the Industrial Policy Action Plan (IPAP) and KZN Poverty Eradication Master Plan (PEMP).

With this in mind, DTPC has identified the following key deliverable areas, along with targets for the next 5 years. These targets include the activities of DTPC and the DTP IDZ / SEZ and are aligned to DTPC's 2015/16 – 2019/20 Strategic Plan.

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	R76 million	R90 million	R133 million	R189 million
Total revenue generated		R59 million	R69 million	R80 million	R90 million	R100 million
KEY DELIVERABLE AREA 3: JOB CREATION						
Number of direct jobs created	Temporary	718	605	1 324	2 014	2 844
	Permanent	300	271	546	563	1 936

Key Deliverable areas	Targets				
	2015/16	2016/17	2017/18	2018/19	2019/20
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	153ha	225ha	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 an 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 14 key outcomes set out in the MTSF and the 2nd priority listed in the NDP of providing economic infrastructure.

In 2015/16, the three regional routes already in operation via KSIA – Lusaka, Harare and Mauritius – and the highly successful daily international service to Dubai operated by Emirates, were joined by Proflight Zambia flying to Lusaka, Qatar Airways to Doha, Turkish Airlines to Istanbul and Ethiopian Airlines flying to Addis Ababa. Over the next year, DTPC aims to continue increasing air-traffic through KSIA, be it through availability of additional routes, increased frequency of established routes or an increase in passenger numbers, all of which will assist in increasing KZN's exposure to greater numbers of people and businesses. Ultimately, this will drive increases in cargo tonnages processed through the Dube Cargo Terminal and growth in KZN's exports.
In 2014/15, 7 149 tonnes of international cargo was processed through the Dube Cargo Terminal, and this is expected to increase to 9 100 tonnes in 2016/17.

The value of agricultural goods produced by Dube AgriZone is dependent on all space available in the greenhouses and packhouses being fully utilised. One greenhouse remains vacant at this point in 2015/16, however negotiations are underway in an effort to fill this space as quickly as possible. DTPC aims to achieve an average of 85% occupancy in 2016/17, with R87.6 million worth of agricultural produce being produced or processed at the Dube AgriZone over the year.

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, EDTEA. A key component of achieving economic development is the attraction of foreign direct investment as well as local investment. By the end of 2014/15, DTPC had attracted R1.063 billion in private sector investment and, with the incentives offered to investors in an IDZ / SEZ, this level of investment is expected to grow. An additional R174 million investment is targeted for 2016/17 and a total of R4 billion over the five year period from 2015/16 to 2019/20.

JOB CREATION:

Job creation remains a key objective of DTPC, in line with the 4th of governments 14 Key Outcomes: *Decent employment through inclusive economic growth*, as set out in the MTSF, the 1st strategic goal of the PGDP, the 1st key priority area outlined in the NDP, IPAP and KZN's PEMP. With DTP now established as an IDZ / SEZ, DTPC is ideally situated to facilitate the generation of new employment by enhancing sectoral development through trade and industry. Over the past 4 years, from 2011/12 to 2014/15, 2 195 jobs (1 184 temporary, during construction, and 1011 permanent) were created on-site at the DTP precinct. DTPC expects to create 11 121 jobs (7 505 temporary and 3 616 permanent) both inside and outside of the DTP IDZ / SEZ areas over the five years period from 2015/16 to 2019/20, with 876 of these in 2016/17.

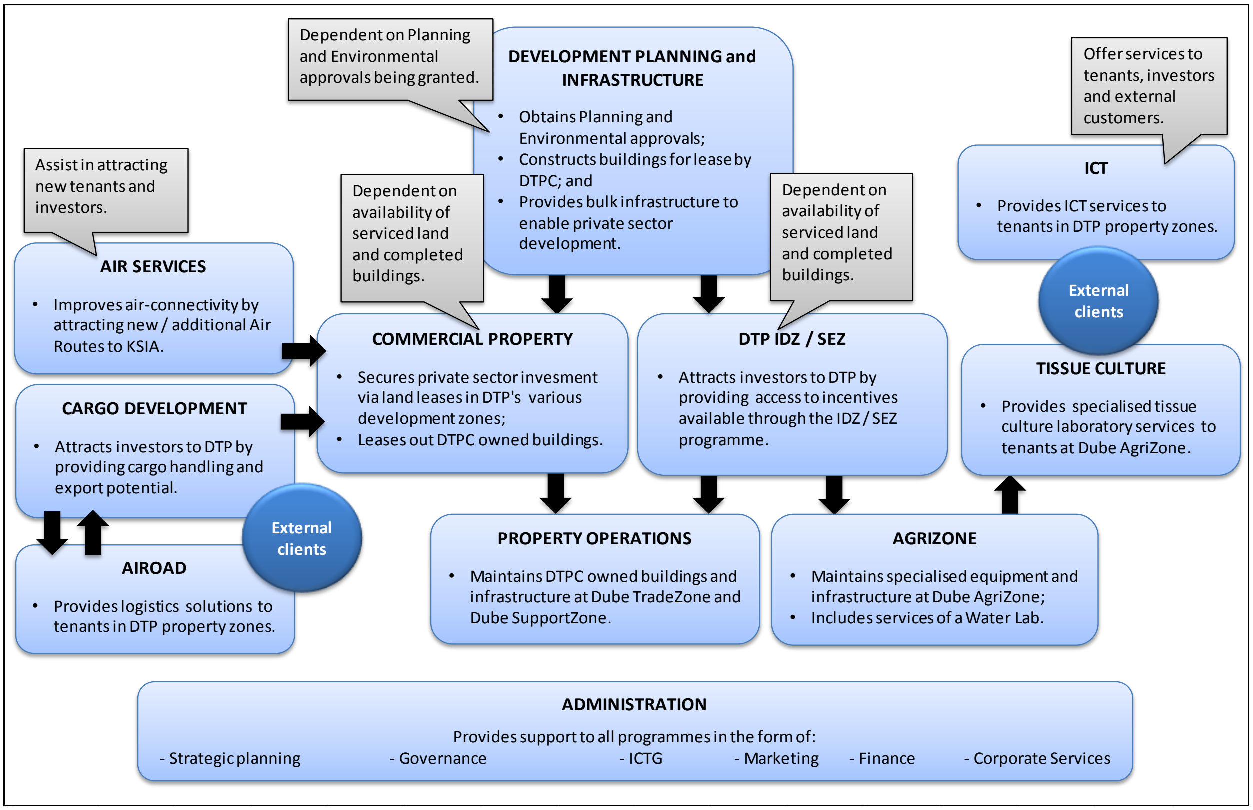
ENVIRONMENTAL SUSTAINABILITY:

DTPC is committed to creating an aerotropolis that is environmentally sustainable, 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 153 hectares of land in 2016/17, DTPC aims to reduce its carbon emissions by 7% each year, in line with national targets and, in particular, the carbon off-set targets 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 in his capacity as the Executive Authority. DTPC's Board consists primarily of non-executive members, appointed by the MEC, and are drawn from both the public and private sectors in such a manner as to ensure a diverse mix of skills and experience pertinent to DTPC's business operations and the diverse environment in which it operates.

Figure 1: *A high-level overview of DTPC's operational structure and its various programmes inter-dependencies*



2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

In July 2014, DTPC was granted an operator permit by the Department of Trade and Industry (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 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. 187 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 required to comply with the SEZ Act no. 16 of 2014 and its related regulations, once these are finalised, as well as the conditions of the Funding Agreements entered into between the dti and DTPC, and any future agreements for any additional funding which may be approved. The SEZ 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.

Once the SEZ Programme is effective, the following incentives will also be available to qualifying enterprises operating within an SEZ designated in terms of S23 and S24 of the SEZ Act, Act 16 of 2014:

- 15% Corporate tax rate;
- Building allowances;
- Employment Tax Incentive;
- VAT and customs duty relief for enterprises locating in a CCA; and
- Section 12i tax allowances on qualifying assets and training.

(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 issued by SARS, there have not been any other changes to DTPC's legislative and other mandates since the adoption of its 2015/16 – 2019/20 Strategic Plan.

3. OVERVIEW OF 2016/17 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ESTIMATES

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Administration	(18,224,887)	(4,105,505)	5,434,332	51,141,994	47,230,477	49,721,704	65,980,533
Cargo Development	68,147,704	29,286,722	76,131,794	33,716,103	30,137,632	21,299,290	21,957,082
Property	81,055,148	22,089,722	36,182,145	47,421,713	24,907,930	23,811,613	23,832,701
AgriZone	123,577,715	29,283,345	21,941,222	40,927,658	27,654,402	21,761,610	23,057,555
Information Communication & Technology	24,277,410	8,770,602	21,217,495	21,327,306	14,315,259	5,861,526	11,284,401
Development Planning & Infrastructure	128,674,051	520,874,191	325,453,128	320,964,890	239,977,301	292,711,257	306,792,728
SUBTOTAL	**407,507,141**	**606,199,078**	**486,360,116**	**515,499,664**	**384,223,000**	**415,167,000**	**452,905,000**
Revenue	**100,521,397**	**100,415,503**	**102,110,697**	**96,427,681**	**106,063,066**	**115,693,534**	**115,760,203**
Current payments	**232,362,974**	**179,631,217**	**262,506,869**	**297,044,755**	**301,624,294**	**315,360,682**	**318,018,072**
Compensation of employees	51,624,857	57,270,280	78,701,770	89,048,296	91,039,643	94,874,714	100,377,447
Goods and services of which:							
Computer services	1,507,185	2,347,911	707,191	2,231,009	1,450,330	2,039,231	1,833,658
Consultants, contractors and special services	53,203,541	22,000,539	18,037,138	50,641,193	82,401,725	83,951,187	67,714,095
Maintenance Repairs and running costs	89,216,388	84,160,522	146,338,367	128,600,442	105,564,436	112,417,920	122,277,791
Operating Leases	25,110,461	198,626	292,530	419,862	498,433	522,509	547,981
Travel and subsistence	913,937	1,333,340	1,512,420	2,946,389	2,237,750	2,381,920	2,533,762
Advertising	10,191,115	11,269,544	13,247,540	17,312,999	14,665,000	15,168,840	18,624,433
Training	595,491	1,050,454	3,669,913	5,844,566	3,766,977	4,004,362	4,108,905
PAYMENT FOR CAPITAL ASSETS	**275,665,564**	**526,983,364**	**325,963,944**	**314,882,590**	**188,661,772**	**215,499,852**	**250,647,130**
Building and other fixed structures	168,478,635	18,662,951	110,304,459	63,635,806	126,291,266	211,800,701	231,878,044
Machinery and equipment	51,728,542	7,072,300	17,979,274	27,018,915	30,059,868	3,428,013	9,171,618
Software and other intangible assets	1,324,039	7,068,831	1,103,755	5,486,180	2,358,225	271,138	153,053
Land and subsoil assets	54,134,348	494,179,283	196,576,456	218,741,689	29,952,412	-	9,444,415
TOTAL	**407,507,141**	**606,199,078**	**486,360,116**	**515,499,664**	**384,223,000**	**415,167,000**	**452,905,000**

3.2. RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

- DTPC's mandate is primarily focused on providing strategic infrastructure and developing the Dube TradePort, however, after significant budget cuts were made to the baseline in 2016/17, only 40.7% of its total budget is allocated to land, buildings and other fixed structures. 62.5% of the budget is allocated to the Development Planning and Infrastructure programme to carry out these capital projects.
- The budget allocated to the four main revenue generating programmes (Cargo Development, Property, AgriZone and ICT) is generally expected to decline over the MTEF as these business units seek to grow their revenues and gradually move towards financial sustainability. These efforts were enhanced by DTP's designation as an IDZ which provided greater impetus for the attraction of private sector investment and new air routes, but have been hampered by the overall reduction in budget which will result in slower growth in the asset base off which revenue will be earned in the future.
- 12.3% of DTPC's 2016/17 budget is allocated to the Administration programme. Interest revenues are expected to decline as committed funds held are utilized.

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, providing infrastructure 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 consists of Risk and Governance, internal ICTG, Marketing and Air Services and is responsible for providing 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's offerings and programmes within targeted audiences. It also takes responsibility for increasing air 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 with the ultimate goal of securing new routes flying into and out of KSIA. This sub-programme also facilitates the implementation of DTPC's B-BBEE strategy.

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).

Programme 1's structure, strategic goals, and strategic objectives are summarised below:

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 promote sound corporate governance to DTPC and its Board
		To facilitate DTPC's B-BBEE Strategy
	To plan and enable the development of a sustainable aerotropolis, cargo and air services	To facilitate new international and regional air services
Sub-programme 1.2: **FINANCE**	To maintain effective corporate governance	To provide effective, efficient and transparent financial management
	To ensure the efficacy of Supply Chain Management (SCM) for radical economic transformation	To promote radical economic transformation through the adoption of relevant supply chain management practices.
Sub-programme 1.3: **CORPORATE SERVICES**	To maintain effective corporate governance	To effectively manage human resource recruitment, learning and development and corporate support services

4.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2016/17

			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	2018/19
	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%	78%	85%	85%	85%	85%
	Strategic Objective: To secure beneficial partnerships for DTPC								
1.2	No. of partnerships secured[10]	10	1	2	1	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%	80%[11]	80%	85%

[10] DTPC will continue to pursue strategic partnerships with institutions which can add value to DTPC's operations and infrastructure, particularly State-Owned Enterprises and Development Finance Institutions.

[11] Target adjusted upwards from 75% in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan to align with DTPC's current levels of achievement on this target. In 2015/16 Board effectiveness was measured at 80% and the target for 2016/17 has therefore been adjusted in line with that.

			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	2018/19
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO								
	Strategic Objective: To facilitate DTPC's B-BBEE Strategy[12]								
1.4	DTPC's B-BBEE level[13]	Level 1	New indicator			Level 4	Level 3	Level 2	Level 1
	Strategic Objective: To facilitate new international and regional air services								
1.5	% Increase in international / regional passengers through KSIA	3.25% (average per annum)	New indicator			3.5%	3.6%	3.3%	3.1%
	SUB-PROGRAMME 1.2: FINANCE								
	Strategic Objective: To provide effective, efficient and transparent financial management								
1.6	External audit opinion	Clean audit	Unqual.	Unqual.	Unqual.	Clean audit	Clean audit	Clean audit	Clean audit
	Strategic Objective: To promote radical economic transformation through the adoption of relevant supply chain management practices.								
1.7	Procurement spend on targeted businesses	40% (average)	New indicator			30%	35%	40%	45%
	SUB-PROGRAMME 1.3: CORPORATE SERVICES								
	Strategic Objective: To effectively manage human resource recruitment, learning and development and corporate support services								
1.8	No. of vacant positions as a percentage of total staff requirement	6%	7.7%	7.7%	7.8%	7%	7%	7%	6%
1.9	% of employee costs spent on learning and development	2%	New indicator			2%	2%	2%	2%

[12] Strategic objective moved from Corporate Services sub-programme to Office of the CEO as it encompasses a wide range of activities across the entity that combine to achieve the B-BBEE level. The potential impact of DTPC's B-BBEE Scorecard on radical economic transformation is of particular strategic importance and, by including this objective under the Office of the CEO, it ensures that the underlying principles of the target receive the focused attention of the entire organization, while establishing a single point of responsibility for the co-ordination of these activities.

[13] Target moved from Corporate Services sub-programme to Office of the CEO, in line with the strategic objective that it is intended to achieve. See note 12 above.

4.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
1.10	% Customer satisfaction (survey)[14]	New indicator				80%	80%	80%
1.11	% Increase in own revenue	New indicator			8%	9%	10%	12%
1.12	% Implementation of the ICT Governance Framework and Policies requirements	74%	76.7%	90%	80%	90%	90%	90%
1.13	% Increase in Brand Value	7.3%	45%	17%	n/a[15]	5% increase year-on-year	5% increase year-on-year	5% increase year-on-year
1.14	No. of successful marketing campaigns implemented	12	12	11	n/a[16]	9	9	9
1.15	No. of air services business cases or business opportunity proposals submitted	17	8	15	8	9	10	10
	SUB-PROGRAMME 1.2: FINANCE							
1.16	% of prior period external audit report items resolved prior to commencement of the audit	86%	100%	92%	80%	80%	80%	80%
1.17	% Increase in the value of assets	New indicator			10%	2%[17]	2.5%[18]	3%

[14] New indicator added to measure the extent to which customers, clients and tenants are satisfied with DTPC's service offerings. This is considered a good measure of whether or not DTPC is meeting customer expectations and is therefore able to attract high quality business to the precinct.

[15] This indicator was not measured in 2015/16, but a new baseline, based on 2014/15 audited figures, was calculated instead. This measure has now been re-instated in the 2016/17 year to measure the development of a strong, differentiated brand for Dube TradePort. This is an important measure for DTPC as improved brand awareness will lead to increased investor interest which will ultimately translate into increased levels of investment, economic growth and job creation.

[16] In 2015/16, the number of marketing campaigns implemented was measured as the number of marketing activities developed instead. This measure has now been removed.

[17] Target adjusted downwards from 12% in the 2015/16 APP. A 38.5% reduction in DTPC's baseline has meant that the budget allocated for capital assets has been reduced by more than 50% and therefore the value of assets held by DTPC is expected to grow by a significantly smaller percentage each year.

[18] Target adjusted downwards from 14% in the 2015/16 APP. See note 17 above.

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 1.3: CORPORATE SERVICES							
1.18	No. of CSI projects	4	5	3 new projects 3 expanded projects	4	4[19]	4[20]	4
1.19	No. of apprenticeships and internships	New indicator		22	25	30	35	30
1.20	Achievement of Employment Equity Targets[21]	New indicator				85%	85%	90%

PERFORMANCE INDICATORS REMOVED:

The following Programme Performance Indicator, included in the 2015/16 APP, has been removed:

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
1.12	No. of marketing activities developed and implemented to support the external business communication channels	12	11	11	12	12	12	n/a

This indicator has been replaced with PPI 1.14: *No. of successful marketing campaigns implemented* as marketing campaigns usually consist of a number of activities and are therefore a better measure of the overall effectiveness of the marketing division. The targeted number of campaigns is lower than was measured when this indicator measured activities as activities are unusually combined to form campaigns.

[19] Target adjusted downwards from 5 in the 2015/16 APP as the budget allocated for CSI projects has been cut in line with the overall reduction in DTPC's budget.

[20] Target adjusted downwards from 6 in the 2015/16 APP. See note 19 above.

[21] New indicator added to track DTPC's progress in achieving Employment Equity targets set by the entity and aligned to National and Provincial legislative requirements, as this is regarded as a key strategic focus of the Corporate Services sub-programme.

4.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 financial year will be on the following key activities:

Office of the CEO

- Identify suitable potential partnerships.
- Investigate and assess viability of DTPC investment projects.
- Undertake socio-economic impact assessment studies.
- Implement DTPC's B-BBEE Strategy.

Risk and Governance

- Implement, monitor and report against the compliance framework.
- Continue to embed effective Enterprise Risk Management processes.

ICTG

- Implement and monitor ICTG governance strategy.

Marketing

- Review, update and implement the brand and marketing strategy.
- Increase positive brand awareness of DTPC within defined target audiences.
- Create a perceived sense of activity and scale that engenders confidence in the target audience, especially through profiling secured deals and developments.
- Work with DTPC programmes to translate their business objectives into marketing support in order to build their respective brands and businesses.
- Provide marketing support for new air services routes in order to activate the service locally and highlight cargo and business opportunities in both markets.

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

- Monitor DTPC's progress towards financial sustainability.
- Implement electronic procurement system.
- Prepare for governance and compliance requirements for transition from IDZ to SEZ.

Corporate Services

- Facilitate organisational development initiatives to create the desired corporate culture.
- Implement Enterprise Development Strategy within DTPC B-BBEE Framework.
- Implement an electronic performance management system.

4.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
1.1	% Achievement of APP targets	Office of the CEO	Annual	85%	To be measured in the 4th quarter			
1.2	No. of partnerships secured	Office of the CEO	Annual	2	To be measured in the 4th quarter			
1.3	Board effectiveness as determined by comparison to the appropriate recommendations of King III	Office of the CEO	Annual	80%	To be measured in the 4th quarter			
1.4	DTPC's B-BBEE level	Office of the CEO	Annual	Level 3	To be measured in the 4th quarter			
1.5	% Increase in international / regional passengers through KSIA	Office of the CEO	Quarterly	3.6%	3.6%	3.6%	3.6%	3.6%
1.6	External audit opinion	Finance	Annual	Clean audit	To be measured in the 2nd quarter			
1.7	Procurement spend on targeted businesses	Finance	Quarterly	35%	35%	35%	35%	35%
1.8	No. of vacant positions as a percentage of total staff requirement	Corporate Services	Quarterly	7%	7%	7%	7%	7%
1.9	% of employee costs spent on learning and development	Corporate Services	Annual	2%	To be measured in the 4th quarter			
1.10	% Customer satisfaction (survey)	Office of the CEO	Annual	80%	To be measured in the 4th quarter			
1.11	% Increase in own revenue	Office of the CEO	Quarterly	9%	9%	9%	9%	9%
1.12	% Implementation of the ICT Governance Framework and Policies requirements	Office of the CEO	Quarterly	90%	25%	45%	70%	90%

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
1.13	% Increase in Brand Value	Office of the CEO	Annual	5% increase year-on-year	To be measured in the 2nd quarter			
1.14	No. of successful marketing campaigns implemented	Office of the CEO	Quarterly	9	0	1	2	6
1.15	No. of air services business cases or business opportunity proposals submitted	Office of the CEO	Quarterly	9	2	3	2	2
1.16	% of prior period external audit report items resolved prior to commencement of the audit	Finance	Annual	80%	To be measured in the 4th quarter			
1.17	% Increase in the value of assets	Finance	Annual	2%	To be measured in the 4th quarter			
1.18	No. of CSI projects	Corporate Services	Annual	4	To be measured in the 4th quarter			
1.19	No. of apprenticeships and internships	Corporate Services	Quarterly	30	5	5	15	5
1.20	Achievement of Employment Equity Targets	Corporate Services	Quarterly	85%	60%	75%	80%	85%

4.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

4.5.1. PROGRAMME 1: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2016/17 to 2018/19 take into account the expected increase in operating activities and the impact on the budget.

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Administration							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Office of the CEO, Finance & Corporate Services	(18,224,887)	(4,105,505)	5,434,332				
Office of the CEO				41,835,075	40,402,980	38,883,590	43,001,726
Finance				(16,409,380)	(13,270,058)	(10,369,479)	605,260
Corporate Services				25,716,299	20,097,555	21,207,594	22,373,548
SUBTOTAL	**(18,224,887)**	**(4,105,505)**	**5,434,332**	**51,141,994**	**47,230,477**	**49,721,704**	**65,980,533**
Revenue	76,480,775	62,317,192	60,089,858	41,904,688	39,151,000	37,894,780	28,554,021
Current payments	**57,979,721**	**55,983,310**	**63,633,657**	**92,279,569**	**83,423,252**	**86,710,546**	**93,709,883**
Compensation of employees	19,723,607	21,872,864	32,214,070	38,395,844	37,699,920	39,423,111	41,709,651
Goods and services of which:				-	-	-	-
Computer services	828,946	1,645,380	94,720	713,472	751,428	1,134,628	1,219,877
Consultants, contractors and special services	18,901,856	8,324,819	5,042,651	12,653,017	14,108,071	14,533,110	14,710,902
Maintenance Repairs and running costs	9,621,022	14,069,981	15,486,493	25,743,294	18,040,441	17,866,839	19,037,634
Operating Leases	58,673	97,946	148,540	199,717	291,100	307,984	325,847
Travel and subsistence	201,237	546,925	649,585	1,145,629	1,080,250	1,155,743	1,234,772
Advertising	8,405,575	9,121,431	8,473,671	11,711,313	10,725,000	11,519,920	14,657,375
Training	238,805	303,964	1,523,927	1,717,282	727,042	769,211	813,825
PAYMENT FOR CAPITAL ASSETS	**276,168**	**2,228,377**	**1,890,533**	**767,113**	**2,958,225**	**905,938**	**824,671**
Building and other fixed structures		-		-	-	-	-
Machinery and equipment	276,168	797,645	786,778	650,199	600,000	634,800	671,618
Software and other intangible assets	-	1,430,732	1,103,755	116,914	2,358,225	271,138	153,053
Land and subsoil assets	-	-		-	-	-	-
TOTAL	**(18,224,886)**	**(4,105,505)**	**5,434,332**	**51,141,994**	**47,230,477**	**49,721,704**	**65,980,533**

4.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- Overall, this programme's budget increases over the MTEF as its revenue decreases. Administration's revenue consists primarily of interest earned on committed and other funds held, and the sale of advertising slots on electronic billboards. Interest income is expected to decrease as the funds held are utilized.
- As a service division, this programme's budget goes primarily towards compensation of employees, with 44% of its total payments allocated for this annually.
- Although reduced in 2016/17 due to budget cuts, advertising costs make up a significant portion of this programme's budget at 12.4%. These funds will be used to support the marketing requirements of DTPC's product offerings, as well as to promote DTPC brands to assist with both revenue generation and attracting private sector investment to the precinct.

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; and
- Air Cargo Business Development.

Sub-programme 2.1 Cargo Operations: aims to ensure that the Dube Cargo Terminal is operated in line with national (SACAA) and 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 necessary capital and IT required for the facility, supported by good working relationships with regulatory agencies and 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, developing tailor made solutions for identified shippers and forwarders while promoting 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.

Programme 2's structure, strategic goal, and strategic objectives are summarised below:

<table>
<tr><th>CARGO DEVELOPMENT</th><th>Strategic Goal</th><th>Strategic Objective</th></tr>
<tr><td rowspan="2">Sub-programme 2.1:
CARGO OPERATIONS</td><td rowspan="3">To plan and enable the development of a sustainable aerotropolis, cargo and air services</td><td>To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs</td></tr>
<tr><td>To facilitate effective air cargo security measures in line with national and international standards</td></tr>
<tr><td>Sub-programme 2.2:
AIR CARGO BUSINESS DEVELOPMENT</td><td>To grow the volume of cargo through the Dube Cargo Terminal</td></tr>
</table>

5.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2016/17

			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	2018/19
	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%	100%	90%	85%[22]	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	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	7 149	8 300	9 100	10 200	11 700
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	36 272 (total over 5 years)	3 396	n/a[23]	n/a[23]	6 645	6 750[24]	7 257	7 620
2.5	Value of international goods through Dube Cargo Terminal	R30.6 billion	New Indicator			R4 billion	R4.8 billion	R5.8 billion	R7.2 billion

[22] Target adjusted downwards from 90% in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. With restrictions imposed on the filling of new positions, coupled with the recent addition of 3 new airlines flying via KSIA, operational pressures within the Dube Cargo Terminal are expected to increase and this may result in longer processing times initially as operations adapt to the new circumstances. Given time, however, it is expected that measures will be put in place to ensure that processing times revert back to their high standards in the following year.

[23] 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.

[24] Target adjusted downwards from 6 911 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan, due to projected GDP growth rates being very low. After discussions held with domestic carriers, it was determined that the domestic tonnages achievable in 2016/17 would be lower than initially expected because of the poor economic outlook for the South African economy in the coming year.

5.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

		Audited / Actual Performance			Estimated	Medium-Term Targets		
	Programme Performance Indicator	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	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	12.1 million
2.7	Increase in revenue generated by trucking services	New indicator	0%	32% year-on-year	12% year-on-year	18% year-on-year[25]	12% year-on-year	15% year on year
	SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT							
2.8	No. of freighters using KSIA	0	0	0	1	Develop freighter proposal[26]	1	1
2.9	No. of business cases or logistics solutions initiated	New indicator			4	4	4	4

5.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 financial year will be on the following key activities:

Cargo Operations

- Maintain the existing excellent operational benchmarks already achieved in the Dube Cargo Terminal.
- Focus on ensuring that new carriers settle into KSIA in a co-ordinated and efficient manner utilizing DTPC's facilities, services, networks and partners.
- Ensure that Dube Cargo Terminal staff are well prepared, through training, supervision, roster management and increasing efficiencies, to ensure that the increase in carriers and volumes does not produce any major teething problems.
- Maintain the existing excellent aviation security standards achieved in the Dube Cargo Terminal and achieve certification from SACAA as an approved Aviation Security Training Organization, in order to provide world class aviation security training in the Province and to neighboring African States.
- Ensure that all SACAA requirements to be carried out by the Cargo Operations sub-programme are implemented.

[25] Target adjusted upwards from 12% year-on-year in the 2015/16 APP to align to current business expectations. Trucking revenue is currently growing off a small base so a higher growth percentage is expected to be achievable. Revenue from trucking services is expected to reach R865 000 (excl. VAT) in 2015/16. This means that the 18% increase targeted for 2016/17 equates to revenue of R1.02 million.

[26] Target adjusted from 1 in the 2015/16 APP as a new research project will be undertaken to identify suitable air freighters to be targeted for location at KSIA. Once this project is complete, DTPC will be able to employ a more focused strategy in pursuing these freighters' business.

- Ensure that Valuable Cargo is reintroduced as part of DTPC's comprehensive air freight service through attracting private sector operators.

Air Cargo Business Development

- Review, update (if necessary) and implement air cargo strategy.
- Maintain and expand the air cargo connectivity at KSIA, specifically focusing on regional routes.
- Ensure cargo requirements are accommodated in KZN's Air Services Committee.
- Prepare specific business cases and present to potential air cargo operators.
- Increase marketing of the Dube Cargo Terminal to potential users and clients.
- Collate data and market information regarding target carriers, market segments, logistics companies, etc. to assist in ongoing engagements with air cargo role players.
- Facilitate the establishment of freighter operations from KSIA and the expansion of existing operations.

5.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
2.1	Processing time against SLA's	Cargo Operations	Quarterly	85%	85%	85%	85%	85%
2.2	Results of Annual SACAA audit: Dube Cargo Terminal	Cargo Operations	Annual	Part 108 Certification received	To be measured in the 1st quarter			
2.3	Tonnage throughput from Dube Cargo Terminal – International	Air Cargo Business Development	Quarterly	9 100	2 045	2 385	2 570	2 100
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	Air Cargo Business Development	Quarterly	6 750	1 775	1 640	1 860	1 475
2.5	Value of international goods through Dube Cargo Terminal	Air Cargo Business Development	Annual	R4.8 billion	To be measured in the 4th quarter			
2.6	Revenue from cargo handling (imports and exports)	Cargo Operations	Quarterly	R10.2 million	R2.3 million	R2.65 million	R2.9 million	R2.35 million

Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	Quarterly Targets 1st	2nd	3rd	4th
2.7	Increase in revenue generated by trucking services	Cargo Operations	Quarterly	18% year-on-year	15%	15%	18%	18%
2.8	No. of freighters using KSIA	Air Cargo Business Development	Annual	Develop freighter proposal	To be measured in the 4th quarter			
2.9	No. of business cases or logistics solutions initiated	Air Cargo Business Development	Bi-annual	4	2		2	

5.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

5.5.1. PROGRAMME 2: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2016/17 to 2018/19 take into account the expected increase in operating activities and the impact on the budget.

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Cargo Development							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Air Services	12,445,981	236,668	50,490,379				
Cargo Operations	55,701,723	29,050,055	25,641,415	33,716,103	30,137,632	21,299,290	21,957,082
SUBTOTAL	**68,147,704**	**29,286,722**	**76,131,794**	**33,716,103**	**30,137,632**	**21,299,290**	**21,957,082**
Revenue	11,554,131	14,657,486	15,352,132	16,664,167	18,415,043	20,412,602	22,529,331
Current payments	**45,752,698**	**36,343,732**	**90,420,908**	**41,419,730**	**38,482,674**	**41,711,892**	**44,486,413**
Compensation of employees	11,538,905	13,606,510	16,239,960	14,589,606	15,771,770	16,509,846	17,467,417
Goods and services of which:				-	-	-	-
Computer services	293,114	421,511	246,195	73,800	67,766	71,696	75,855
Consultants, contractors and special services	12,693,171	161,908	581,812	1,707,266	1,918,848	1,246,682	1,389,989
Maintenance Repairs and running costs	19,604,898	20,552,505	69,291,934	19,481,126	17,123,891	20,236,044	21,696,866
Operating Leases	51,788	99,711	115,659	133,882	99,000	104,742	110,817
Travel and subsistence	227,395	410,344	156,071	627,895	429,400	454,305	480,655
Advertising	1,103,799	754,666	2,247,779	1,980,137	1,070,000	970,460	1,023,847
Training	239,627	336,577	1,541,498	2,826,019	2,002,000	2,118,116	2,240,967
PAYMENT FOR CAPITAL ASSETS	**33,949,136**	**7,600,476**	**1,063,018**	**8,960,540**	**10,070,000**	**-**	**-**
Building and other fixed structures	-	-	128,935	-	-	-	-
Machinery and equipment	33,949,136	2,106,621	934,083	8,960,540	10,070,000	-	-
Software and other intangible assets	-	5,493,855	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
TOTAL	**68,147,704**	**29,286,722**	**76,131,794**	**33,716,103**	**30,137,632**	**21,299,290**	**21,957,082**

5.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The main objective of this programme is to increase cargo throughput, and additional resources have therefore been allocated for this.
- Between 35% and 48% of the total annual payments budgeted for Cargo Development has been allocated to maintenance, repairs and running costs. Increases in such operational expenditure have been necessitated by the additional airline carriers that will be utilizing the Dube Cargo Terminal from the latter part of 2015/16. These additional airlines should also lead to increased revenues, and an average annual revenue increase of 11.7% has been provided for.
- Following investments made in 2015/16, another batch of X-ray machines are expected to be upgraded in 2016/17 in line with new regulations to ensure that all security equipment is fully compliant and that the excellent cargo security record achieved to date by the Dube Cargo Terminal is maintained. An additional vehicle to boost the revenue potential of the Dube AiRoad trucking division is planned for 2016/17, and no further capital expenditure is anticipated over the MTEF.

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. This programme 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.

Private Sector 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) as well as soon to be released serviced zones such as Phase 1b of Dube TradeZone and pre-marketing on future zones such as Dube TradeZone 2 and 3. 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 constructing 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 obliged 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 3). Tenants already established in the zone include Samsung, DB Schenker, Retractaline and Brenco-Reelin.

The second is **Dube City** (SupportZone) 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 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, leviable 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 appropriate 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.

Programme 3's structure, strategic goals, and strategic objectives are summarised below:

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 2016/17

			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	2018/19
	SUB-PROGRAMME 3.1: COMMERCIAL								
	Strategic Objective: To increase long term property rental revenues for DTPC								
3.1	Total revenue from all DTPC properties	R192 million	New indicator			R22 million	R35 million	R41 million[27]	R45 million[28]
	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)	R2,475 billion	R225 million	R184.5 million	R353.5 million	R115 million	R96 million	R455 million	R808 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	R400 million
	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: 93.8% Dube City: 99.7%	90%	91%	92.5%	93.5%
3.5	% of sites leased to private sector developers levied	100%	New indicator			35%	50%	70%	90%
	Strategic Objective: To effectively maintain DTPC's infrastructure, buildings, and facilities								
3.6	% Completion of planned maintenance programmes	95%	96%	98%	86%	90%	91%	93%	94%
3.7	% Completion of tenant logged job cards	99%	New indicator			90%	95%	97%	99%

[27] Target adjusted downwards from R49 million to take into account the expected delay in releasing new zones to the market. This delay is as a result of budget cuts which have resulted in the amount allocated for the provision of bulk infrastructure, required to service new zones, being shifted out to future years.

[28] Target adjusted downwards from R54 million in 2015/16 – 2019/20 Strategic Plan. See note 27 above.

6.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

		Audited / Actual Performance			Estimated	Medium-Term Targets		
	Programme Performance Indicator	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 3.1: COMMERCIAL							
3.8	No. of square meters of land leased in Dube TradeZone Phases 1 and 2 *(cumulative)*	New Indicator		217405 m²	240 000 m²	260 000 m²	310 000 m² [29]	400 000 m²
3.9	No. of bulk square meters let in Dube City *(cumulative)*	New Indicator		21 500 m²	28 500 m²	44 000 m²	47 000 m² [30]	50 000 m²
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	R160 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	R100 million
	SUB-PROGRAMME 3.2: OPERATIONS							
3.12	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube TradeZone)*	R44.62	R52.10	R59.47	R52/m²	R56/m²	R58/m²	R60/m²
3.13	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube City)*	R50.62	R62.69	R63.02	R65/m²	R68/m²	R72/m²	R75/m²

6.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 financial year will be on the following key activities:

Property Commercial

- Conclude lease agreements on targeted private sector investment projects in Dube TradeZone Phases 1,1b, 2 and 3 (Ushukela) and Dube City (SupportZone 1, 1b and 2).
- Drive property development in Dube City by undertaking strategic infrastructure projects i.e. parking on Block D, A and B.

[29] Target adjusted downwards from 340 000m² in the 2015/16 APP to take into account the expected delay in the release of TradeZone 2 to market. This delay is as a result of budget cuts which have resulted in the amount allocated for the provision of bulk infrastructure, required to service new zones, being shifted out to future years.

[30] Target adjusted downwards from 52 000m² in the 2015/16 APP. After 40% of Dube City was sold to ACSA, the bulk available for lease by DTPC has been reduced. In addition to this, 2 of the 6 sites owned by DTPC were allocated in the Masterplan as parking and will therefore be developed by DTPC rather than leased out.

- Support companies undertaking developments in Dube TradeZone Phases 1,1b, 2 and 3 (Ushukela) and Dube City (Support Zone 1, 1b and 2) 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.
- Implement Management Associations in the TradeZone and SupportZone and manage levy implementation.

Property Operations

- Implement site wide maintenance strategies such that it improves the asset lifecycle and management.
- Annual assessment, analysis and reporting of the life cycle cost of infrastructure assets under the maintenance strategies.
- Develop and implement a precinct-wide, integrated Building Management System to improve efficiencies, reporting and asset performance monitoring.
- Implement energy saving initiatives and projects to reduce consumption within all precincts.
- Build capacity within the programme to start to undertake in-house engineering maintenance of critical plant and equipment.
- Train operating personnel and tenants in the principles of asset care, the functioning of the equipment and the correct operating procedures.
- 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.
- Security department to ensure a secure environment in all the DTPC facilities and operations.

6.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
3.1	Total revenue from all DTPC properties	Commercial	Quarterly	R35 million	R8.00 million	R8.75 million	R9.00 million	R9.25 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	R96 million	R48 million		R48 million	

					Quarterly Targets			
Performance Indicator		**Sub-Programme**	**Reporting Period**	**Annual Target 2016/17**	**1st**	**2nd**	**3rd**	**4th**
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	R40 million	R20 million		R20 million	
3.4	% Occupancy of DTPC's owned buildings	Operations	Quarterly	91%	91%	91%	91%	91%
3.5	% of sites leased to private sector developers levied	Operations	Quarterly	50%	35%	40%	45%	50%
3.6	% Completion of planned maintenance programmes	Operations	Quarterly	91%	91%	91%	91%	91%
3.7	% Completion of tenant logged job cards	Operations	Quarterly	95%	95%	95%	95%	95%
3.8	No. of square meters of land leased in Dube TradeZone Phases 1 and 2 *(cumulative)*	Commercial	Quarterly	260 000 m^2	240 000 m^2	245 000 m^2	250 000 m^2	260 000 m^2
3.9	No. of bulk square meters let in Dube City *(cumulative)*	Commercial	Bi-annual	44 000 m^2	36 000m^2		44 000m^2	
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	R20 million	R10 million		R10 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	R15 million	R5 million		R10 million	
3.12	Minimum average rental rate per m^2 (total rental/area rented): *Owned buildings (Dube TradeZone)*	Operations	Quarterly	R56/m^2	R56/m^2	R56/m^2	R56/m^2	R56/m^2
3.13	Minimum average rental rate per m^2 (total rental/area rented): *Owned buildings (Dube City)*	Operations	Quarterly	R68/m^2	R68/m^2	R68/m^2	R68/m^2	R68/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 2016/17 to 2018/19 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							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Property Operations	53,681,540	19,806,870	33,091,086	37,917,339	32,373,144	33,178,433	34,948,649
Commercial	27,373,608	2,282,852	3,091,059	9,504,374	(7,465,214)	(9,366,820)	(11,115,949)
SUBTOTAL	**81,055,148**	**22,089,722**	**36,182,145**	**47,421,713**	**24,907,930**	**23,811,613**	**23,832,701**
Revenue	7,978,680	11,784,847	14,733,537	22,051,767	33,132,059	37,422,201	41,788,355
Current payments	**67,430,077**	**33,477,800**	**50,031,260**	**67,860,539**	**56,539,989**	**60,233,814**	**65,121,056**
Compensation of employees	4,234,936	4,416,143	5,382,455	8,001,350	8,398,323	8,758,465	9,266,456
Goods and services of which:				-	-	-	-
Computer services	255,409	17,875	-	-	-	-	-
Consultants, contractors and special services	699,559	1,390,972	859,072	973,756	457,350	502,938	553,073
Maintenance Repairs and running costs	36,966,667	27,231,265	42,604,457	57,015,478	46,416,406	49,632,320	53,684,914
Operating Leases	25,000,000	-	7,234	2,000	-	-	-
Travel and subsistence	22,731	35,162	101,542	195,030	36,700	40,370	44,407
Advertising	180,400	335,207	1,002,652	1,389,999	1,070,000	1,129,160	1,391,751
Training	70,376	51,176	73,848	282,925	161,211	170,561	180,454
PAYMENT FOR CAPITAL ASSETS	**21,603,751**	**396,769**	**884,422**	**1,612,942**	**1,500,000**	**1,000,000**	**500,000**
Building and other fixed structures	20,278,045	49,020	419,207	-	-	-	-
Machinery and equipment	1,323,707	347,749	465,215	1,262,942	1,500,000	1,000,000	500,000
Software and other intangible assets	1,999	-		350,000	-	-	-
Land and subsoil assets	-	-		-	-	-	-
TOTAL	**81,055,148**	**22,089,722**	**36,182,145**	**47,421,713**	**24,907,930**	**23,811,613**	**23,832,701**

6.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The majority of the total payments allocated to Property are earmarked for maintenance and running costs. This includes maintenance of new facilities and equipment, security for the DTP precinct, rates, utilities and other property related functions. On purchase or construction of new assets, warrantees are initially utilized to ensure the proper functioning of these assets, after which maintenance contracts are concluded with suitable service providers to ensure that all DTPC assets are effectively maintained and safeguarded. This enables DTPC to manage its buildings and property zones in such a manner as to maximize the revenue potential of the precinct.
- The revenue earned through this programme is expected to increase by 50% in 2016/17 as occupancy levels increase and private sector developments on DTPC-owned land reach completion. Because of this increase in revenue – steep initially but levelling off over time – the total allocated to this programme is expected to decrease over the MTEF.

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. This programme consists of the following:

- Greenhouses and Packhouses operated by the private sector;
- A tissue culture facility operated and managed by DTPC;
- An indigenous plants nursery operated by DTPC;
- Management of operational systems – water for irrigation, energy, electrical supply, equipment, 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 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 though the Dube Cargo Terminal.

Sub-Programme 4.2 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 footprint and contribute to the goal of developing a sustainable aerotropolis based on a balance between ecological, social and economic factors.

Sub-Programme 4.3 Tissue Culture Facility: The main intention of this sub-programme is to ensure that the Tissue Culture 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.

Programme 4's structure, strategic goal, and strategic objectives are summarised below:

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 2016/17

			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	2018/19
	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	R124 million
4.2	% Occupancy of available AgriZone facilities	90%	New indicator			75%	85%	85%	90%
	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%	20%	15%	15%	20%	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	14% (average per annum)	New indicator			8%	12%[31]	20%[32]	20%[33]

[31] Target adjusted upwards from 8% in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. Production volumes have been slowly picking up but, since the Tissue Culture Facility is still a new business for DTPC, these volumes are increasing off an initial low base. This means that, in percentage terms, the increase is higher than initially thought.

[32] Target adjusted upwards from 10% in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 31 above.

[33] Target adjusted upwards from 12% in the 2015/16 – 2019/20 Strategic Plan. See note 31 above.

Key Performance Indicator		5-year Strategic Plan Target	Audited / Actual Performance 2012/13	2013/14	2014/15	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION								
	Strategic Objective: To assist in providing rehabilitation and maintenance services for DTPC's ROD requirements								
4.5	No. of hectares rehabilitated	100 hectares	New indicator		82 ha	15 ha	20 ha	20 ha	25 ha
	SUB-PROGRAMME 4.5: AGRIZONE EXPANSION								
	Strategic Objective: To identify and conclude agreements with suitable operators and producers								
4.6	No. of hectares leased to or reserved by operators and/or tenants	35	5	4	6	5	5	5[34]	10

7.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

Programme Performance Indicator		Audited / Actual Performance 2012/13	2013/14	2014/15	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 4.1: AGRIZONE SERVICES							
4.7	% Completion of tenant logged job cards[35]	New indicator				85%	90%	95%
	SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES							
4.8	No. of projects initiated	3	2	0	1	2	2	2
	SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY							
4.9	Revenue generated from tissue culture sales	New indicator		R97 390	R1.5 million	R1.2 million[36]	R2.5 million	R3 million
4.10	No. of research projects completed[37]	New indicator				2	2	2

[34] Target adjusted downwards from 10 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. As a result of significant budget cuts, the provision of bulk infrastructure for Phase 2 of the AgriZone will be delayed, which will in turn result in a delay in the release of this zone to the market.

[35] New indicator added to measure the effectiveness of the maintenance services provided by Dube AgriZone to tenants. Timeous resolution of maintenance queries logged by tenants will improve tenant satisfaction and positively contribute to the retention of tenants.

[36] Target adjusted downwards from R2 million in the 2015/16 APP, in line with current levels of achievement. Revenue generated from Tissue Culture sales has been lower than anticipated in 2014/15 and 2015/16 which has necessitated a decrease in the 2016/17 target. In addition to this, the restrictions on hiring new employees is likely to hamper the potential productivity of the Tissue Culture Lab, which is still building up and capacitating its business operations.

[37] New indicator added to measure research done into new methods, products and processes in support of improved production and revenue generation at the Tissue Culture Facility.

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION							
4.11	% of rehabilitated land maintained	100%	75.4 ha	82 ha	100%	100%	100%	100%

PERFORMANCE INDICATORS REMOVED:

The following Programme Performance Indicators, included in the 2015/16 APP, have been removed:

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 4.1: AGRIZONE SERVICES							
4.7	% of Tenant Satisfaction (customer survey)	85%	91%	86%	85%	85%	85%	85%
4.12	% Satisfaction with landscaping and landscape maintenance to DTP precincts	New indicator		85%	80%	85%	85%	85%

These indicators have been removed to avoid duplication as an over-arching indicator measuring entity-wide customer satisfaction has been added under the Office of the CEO instead (PPI 1.10: % Customer satisfaction (survey)).

7.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 financial year will be on the following key activities:

AgriZone Services

- Ongoing maintenance of existing infrastructure and facilities through external and internal resources.
- Maintaining water quality management to tenant standards and refining the water balance system.
- Contributing to developing an electronic maintenance system that also links with asset and inventory management.
- Working towards implementing standards such as ISO, Fair Trade & SANAS.
- Continue marketing the zone together with DTPC's Marketing division under the Office of the CEO.
- Working with tenants and using some in house services to align AgriZone activities with the broader agricultural sector in KZN.

Sustainable Farming Initiatives

- Research and scoping new projects – feasibility studies, 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.
- Particular focus on two strategic resources – water and energy.

Tissue Culture Facility

- Enhancing performance on existing production.
- Developing new markets and obtaining new clients.
- Improved productivity.
- Research on improvements and collaborating with key industry players on improvements or 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 rehabilitation plans.
- Managing landscape maintenance throughout the site.
- Sale of excess plants where necessary.

AgriZone Expansion

- Finalise project development work for AgriZone Phase 2.
- Undertake a concerted effort to market the zone following regulatory approvals.
- 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 design of facilities and procurement of contractors for implementation.

7.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
4.1	Value produced and processed / handled at Dube AgriZone	AgriZone Services	Quarterly	R87.6 million	R21.9 million	R21.9 million	R21.9 million	R21.9 million
4.2	% Occupancy of available AgriZone facilities	AgriZone Services	Quarterly	85%	85%	85%	85%	85%
4.3	% of energy derived from renewable sources	Sustainable Farming Initiatives	Quarterly	15%	15%	15%	15%	15%
4.4	% Increase in production volumes	Tissue Culture Facility	Bi-annual	12%	6%		12%	
4.5	No. of hectares rehabilitated	Landscaping and Rehabilitation	Quarterly	20 ha	5 ha	5 ha	5 ha	5 ha
4.6	No. of hectares leased to or reserved by operators and/or tenants	AgriZone Expansion	Annual	5	To be measured in the 4th quarter			
4.7	% Completion of tenant logged job cards	AgriZone Services	Bi-annual	85%	85%		85%	
4.8	No. of projects initiated	Sustainable Farming Initiatives	Annual	2	To be measured in the 4th quarter			
4.9	Revenue generated from tissue culture sales	Tissue Culture Facility	Annual	R1.2 million	To be measured in the 4th quarter			
4.10	No. of research projects completed	Tissue Culture Facility	Bi-annual	2	1		1	
4.11	% of rehabilitated land maintained	Landscaping and Rehabilitation	Quarterly	100%	100%	100%	100%	100%

7.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

7.5.1. PROGRAMME 4: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2016/17 to 2018/19 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							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
AgriZone Services	115,933,298	19,179,863	9,784,620	21,263,396	18,047,572	13,149,883	14,916,877
Sustainable farming initiatives (Green projects)				6,900,000	550,000	900,000	-
Tissue Culture Facility	2,475,770	2,345,049	4,267,323	6,163,128	4,147,152	2,821,695	2,973,706
Landscaping and Rehabilitation (Nursery)	5,168,647	7,758,433	7,889,279	5,391,134	4,909,679	4,890,033	5,166,972
AgriZone Expansion				1,210,000	-	-	-
SUBTOTAL	**123,577,715**	**29,283,345**	**21,941,222**	**40,927,658**	**27,654,402**	**21,761,610**	**23,057,555**
Revenue	2,727,501	8,909,426	8,606,933	10,216,772	9,227,040	11,980,299	12,869,224
Current payments	**33,115,560**	**27,940,903**	**27,398,720**	**37,543,939**	**33,231,442**	**33,341,909**	**35,926,779**
Compensation of employees	5,851,703	6,836,250	9,591,180	10,385,199	9,915,957	10,314,396	10,912,631
Goods and services of which:				-	-	-	-
Computer services	-	-	-	-	-	-	-
Consultants, contractors and special services	6,377,777	786,863	421,386	2,338,390	583,400	588,237	93,355
Maintenance Repairs and running costs	20,446,034	19,730,492	16,704,541	23,292,898	21,385,849	21,392,992	23,821,558
Operating Leases	-	969	21,097	84,263	108,333	109,783	111,317
Travel and subsistence	298,930	44,800	82,329	300,300	217,100	229,692	243,014
Advertising	127,720	287,755	504,338	861,548	830,000	504,940	531,327
Training	13,395	253,774	73,849	281,341	190,802	201,869	213,577
PAYMENT FOR CAPITAL ASSETS	**93,189,656**	**10,251,868**	**3,149,435**	**13,600,490**	**3,650,000**	**400,000**	**-**
Building and other fixed structures	92,262,146	9,083,089	1,745,707	10,203,615	-	-	-
Machinery and equipment	927,510	1,168,779	1,403,728	3,128,500	3,650,000	400,000	-
Software and other intangible assets	-	-		268,375	-	-	-
Land and subsoil assets	-	-		-	-	-	-
TOTAL	**123,577,715**	**29,283,345**	**21,941,222**	**40,927,658**	**27,654,402**	**21,761,610**	**23,057,555**

7.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The bulk of the AgriZone budget has been allocated to AgriZone Services, with this sub-programme accounting for 65.3% of the total programme budget in 2016/17. AgriZone Services is responsible for the on-going maintenance of greenhouse and packhouse facilities, service provision to the operators in the zone and ensuring that the AgriZone runs smoothly.
- 17.8% has been allocated to the Landscaping and Rehabilitation (Nursery) sub-programme which ensures that DTPC continues to meet and exceed its environmental obligations. Furthermore, this sub programme also ensures that landscaping at DTPC is maintained to a high standard, which is crucial as it influences the first impressions of visitors, potential investors, partners and customers of the precinct.

- 15% has been allocated to the Tissue Culture Facility. This sub-programme's allocation is expected to decrease over time as the facility gradually moves towards self-sustainability.
- The remaining 2% of this programme's budget has been allocated to Sustainable Farming Initiatives (Green projects). This budget has been earmarked for energy efficiency projects and is primarily aimed at ensuring the long-term environmental sustainability of the AgriZone.

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 differs 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 have 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 using the Cloud will continue and will gain tremendous movement by 2017 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 consists of 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 DTPC's property and business growth ensuring ongoing capacity planning and technology advancement.

Programme 5's structure, strategic goals, 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 2016/17

			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	2018/19
	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	R10.03m
	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%	99.5%	99%	99%	99%	99%

8.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 5.1: COMMERCIAL							
5.3	% Margin achieved on voice services	New indicator		18.4%	10%	11%	12%	12%
5.4	% Margin achieved on internet access bandwidth.	New indicator			10%	12%	15%	15%
	SUB-PROGRAMME 5.2: OPERATIONS							
5.5	Resolution of all faults logged within SLA specification	99%	100%	96%	95%	95%	95%	95%

8.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 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 Tenant revenue base and manage Cost of Sales to ensure optimal Gross Profitability on services offered.
- Evaluation of product offerings to ensure that services offered by iConnect are market and price related.
- Maintain and extend customer relationships to ensure that iConnect sell 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 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
5.1	Total iConnect revenue	Commercial	Quarterly	R6.13m	R1.30m	R1.41m	R1.60m	R1.82m
5.2	% Uptime of commercial IT services	Operations	Quarterly	99%	99%	99%	99%	99%
5.3	% Margin achieved on voice services	Commercial	Quarterly	11%	10%	10%	11%	11%
5.4	% Margin achieved on internet access bandwidth.	Commercial	Quarterly	12%	10%	11%	11%	12%
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 2016/17 to 2018/19 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							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
Operations	24,277,410	8,770,602	21,217,495	23,124,591	17,169,277	10,017,826	16,692,243
Commercial				(1,797,285)	(2,854,019)	(4,156,300)	(5,407,842)
SUBTOTAL	**24,277,410**	**8,770,602**	**21,217,495**	**21,327,306**	**14,315,259**	**5,861,526**	**11,284,401**
Revenue	1,780,310	2,746,551	3,328,237	5,590,287	6,137,925	7,983,651	10,019,271
Current payments	**9,483,660**	**8,721,405**	**10,156,262**	**12,507,646**	**11,213,315**	**12,451,965**	**13,303,672**
Compensation of employees	5,507,584	5,132,518	6,504,091	6,630,760	6,778,163	7,093,533	7,504,958
Goods and services of which:				-	-	-	-
Computer services	127,716	263,145	366,076	1,443,738	631,136	832,906	537,926
Consultants, contractors and special services	1,541,013	198,923	190,379	295,952	276,167	288,760	302,611
Maintenance Repairs and running costs	2,079,964	2,556,666	2,250,539	3,042,485	2,583,849	3,274,913	4,021,147
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	88,443	190,997	253,192	196,434	174,000	184,092	194,769
Advertising	105,653	364,404	335,067	370,000	320,000	282,760	346,260
Training	33,288	14,753	256,918	528,277	450,000	495,000	396,000
PAYMENT FOR CAPITAL ASSETS	**16,574,060**	**2,795,748**	**14,389,470**	**14,409,947**	**9,239,868**	**1,393,213**	**8,000,000**
Building and other fixed structures	-	-	-	393,213	-	-	-
Machinery and equipment	15,252,020	2,651,505	14,389,470	10,016,734	9,239,868	1,393,213	8,000,000
Software and other intangible assets	1,322,040	144,243	-	4,000,000	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
TOTAL	**24,277,410**	**8,770,602**	**21,217,495**	**21,327,306**	**14,315,259**	**5,861,526**	**11,284,401**

8.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The ICT budget is expected to decrease over the MTEF as revenues increase. Revenue earned on the provision of data centre services, such as disaster recovery and hosted cloud-based applications, as well as voice and internet bandwidth is expected to increase by 9.8% in 2016/17 and between 25% and 30% in each of the outer years.
- Maintenance, repairs and running costs, which enable ICT to ensure that all faults are either avoided or resolved within the set timeframes, decreases in 2016/17 after higher costs were incurred in 2015/16 in an effort to further increase sales. These costs are budgeted to increase by an additional 26% and 22% in 2017/18 and 2018/19 respectively and this increase, which is higher than inflation, is intended to increased capacity which is necessary to achieve the anticipated revenue growth rates.
- The budget provided for capital assets reflects this programme's focus on increasing data centre capacity and capabilities thereby ensuring the best possible services are provided to customers.

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 KZN. 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 the Aerotropolis region. The KZN integrated Aerotropolis Strategy, as approved by the provincial cabinet, mandates DTPC to be an implementing agent for the Aerotropolis on behalf of the KZN Government. 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. The infrastructure development and implementation will be adversely affected by the budget cuts that DTPC has experienced.

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 the area is increased. An airport presents obvious opportunities for businesses to tie into global markets, particularly where ease of accessibility 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 and service industries, which offer opportunities that can stimulate economic growth. Embracing the concept of the Aerotropolis has meant that the current DTP footprint is viewed as the core Airport City and development pulse for the northern region.

Key to the development of the Airport City, this sub-programme also focuses on securing land use rights, land use management in line with all applicable legal statutory legislation relating to land, and the preparation of precinct plans and development manuals for each distinct development zone within the precinct.
Most recently, this sub-programme will be responsible for a more detailed feasibility study on the back of the existing pre-feasibility studies being completed for the proposed Automotive Supplier Park (ASP) (see Programme 7). A pre-feasibility study and inputs to the spatial planning for the study area for inclusion in the Illovo South Local Area Plan was carried out through a collaborative effort and partnership between eThekwini Municipality and EDTEA. DTPC's mandate is to secure ownership of the associated land portions, prepare a detailed feasibility study, thereafter securing all the required land use rights and environmental authorisations. The land uses, consisting of mainly industrial and manufacturing of automotive components, bear relevance to the Aerotropolis concept and contribute to increased regional growth and development.

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. This sub-programme is also responsible for all the environmental regulatory approvals and authorisations, as well as environmental compliance, in particular during the construction phase. It also recognizes the benefits and importance of developing innovative measures to ensure the long term protection of the environment. It gives the operations and products of companies located at DTP a competitive advantage and production efficiency in the modern and global economy through benchmarking international best practice as well as developing climate resilience strategies.

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

- The planning and implementation of public infrastructure - Roads, water, energy, sewer systems, public transport infrastructure, etc.;
- Implementation of DTPC's own property developments – ranging from DTPC's own building construction, as master developer on site, to properties built for rental by third parties;
- Monitoring the construction of third party owned buildings constructed on DPTC's landholdings; and
- Contributing to the planning, implementation and construction of energy efficiency solutions and green projects site wide, in collaboration with the Environment sub-programme.

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 goals, 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
		To identify and acquire strategic land parcels for future developments
Sub-programme 6.2: **ENVIRONMENT**		To ensure that the aerotropolis is environmentally sustainable
Sub-programme 6.3: **INFRASTRUCTURE AND DEVELOPMENT**	To provide infrastructure and service the development and operational needs of DTP	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 2016/17

			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	2018/19
	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	4	1	0	0	2	2	n/a[38]	n/a[38]
	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	170 ha	100ha	50ha	150ha	150ha
	SUB-PROGRAMME 6.2: ENVIRONMENT								
	Strategic Objective: To ensure that the aerotropolis is environmentally sustainable								
6.3	% of enterprise-wide carbon off-set	7% reduction from revised baseline annually	New indicator			7% reduction from baseline	7% reduction from revised baseline [39]	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	13	New indicator			2	2[40]	2[41]	3[42]

[38] This target, included in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan, will be removed in 2017/18 as obtaining such authorisations is closely linked to DTPC's ability to deliver public infrastructure and top structures and is therefore considered to overlap with indicators 6.4 and 6.5, which are more tangible demonstrations of DTPC's service delivery.

[39] Revised baseline will be quantified at the beginning of each year. DTPC's 2014/15 baseline was 5 406 tons CO_2e for Scope 1 and 2 emissions and an estimated 1 057 tons CO_2e for Scope 3 (indirect emissions, outside of DTPC's control).

[40] Target adjusted downwards from 3 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan as a result of budget cuts. DTPC's Infrastructure Plan has been adjusted accordingly with the timelines for many projects being shifted out to accommodate the reduced budget expected to be available over the MTEF.

[41] Target adjusted downwards from 4 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 40 above.

[42] Target adjusted downwards from 5 in the 2015/16 – 2019/20 Strategic Plan. See note 40 above.

	Key Performance Indicator	5-year Strategic Plan Target	Audited / Actual Performance			Estimated	Medium-Term Targets		
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT								
	Strategic Objective: To procure, manage and monitor DTP infrastructure provisioning								
6.5	No. of construction (top structures) projects delivered	14	New indicator			5	2[43]	2	3[44]
6.6	No. of construction jobs created	4 966	New indicator			581	495[45]	944[46]	1 345[47]
	Strategic Objective: To provide technical support and manage the roll-out of services to all DTPC programmes								
6.7	Construction expenditure on SMMEs	R340 million	New indicator			R74 million	R38 million[48]	R63 million[49]	R69 million[50]

[43] Target adjusted downwards from 3 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan due to budget cuts. DTPC's Infrastructure Plan has been adjusted accordingly with the timelines for many projects being shifted out to accommodate the reduced budget expected to be available over the MTEF.

[44] Target adjusted upwards from 2 in the 2015/16 – 2019/20 Strategic Plan to align with DTPC's Infrastructure Plan. After DTPC's baseline was reduced in 2016/17, the timing of planned projects was adjusted to accommodate the reduced budget expected to be available over the MTEF. The change in this target is informed by DTPC's investment pipeline and takes into account construction projects necessary for the advancement of the DTP IDZ / SEZ.

[45] Target adjusted downwards from 659 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. After the timelines for a number of infrastructure and development projects were shifted out, less construction activity is expected to take place annually, which will result in fewer jobs created.

[46] Target adjusted downwards from 1 349 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 45 above.

[47] Target adjusted downwards from 1 922 in the 2015/16 – 2019/20 Strategic Plan. See note 45 above.

[48] Target adjusted downwards from R96 million in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan, as a result of the budget cuts. DTPC's budget for infrastructure spend has been decreased and the amount expected to be spent on SMMEs is therefore proportionately lower as well.

[49] Target adjusted downwards from R107 million in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 48 above.

[50] Target adjusted downwards from R97 million in the 2015/16 – 2019/20 Strategic Plan. See note 48 above.

			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	2018/19
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT								
6.8	Public sector investment in infrastructure	R701 million	New indicator			R213 million	R76 million[51]	R90 million[52]	R133 million[53]

9.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 6.1: PLANNING							
6.9	Deliver and implement the Aerotropolis master plan	New indicator			Submit draft master plan to the secretariat (EDTEA)	Draft master plan tabled at ESID cluster for approval[54]	Implement intervention s stated in the master plan[55]	Implement intervention s stated in 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	1
6.11	% Compliance with environmental authorisations and licenses	98%	98.5%	96.6%	90%	90%	90%	90%

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[51] Target adjusted downwards from R276 million in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan as a result of budget cuts which have necessitated a decrease in DTPC's expected investment in infrastructure.

[52] Target adjusted downwards from R306 million in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 51 above.

[53] Target adjusted downwards from R279 million in the 2015/16 – 2019/20 Strategic Plan. See note 51 above.

[54] Target adjusted from "Approval of master plan", as reported in the 2015/16 APP. This target has been adjusted in line with the revised project programme and timeframes for the delivery and implementation of the Aerotropolis masterplan.

[55] Target adjusted from "Implement the 1st phase of the master plan", as reported in the 2015/16 APP. Once the master plan is concluded and has been approved, this target will be amended to reflect the specific interventions required.

Programme Performance Indicator		Audited / Actual Performance 2012/13	2013/14	2014/15	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 6.2: ENVIRONMENT							
6.12	No. of hectares of land rehabilitated annually	357ha	420.38 ha	Plantation: 106ha Alien Clearing: 124ha	85	133[56]	205[57]	35
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT							
6.13	No. of projects designed[58]	3	6	4	5	4[59]	4[60]	4
6.14	Maximum % deviation above contract budget	0%	0%	8%	10%	10%	10%	10%
6.15	Maximum % deviation from construction programme timelines	25.6%	2%	37%	15%	15%	15%	15%
6.16	% Construction projects with 1% of budget allocated to enterprise development	New indicator		25%	30%	30%	30%	30%

[56] Target adjusted upwards from 80ha in the 2015/16 APP. This increase is informed by DTPC's land acquisition strategy and the requirements of the delineation process which has resulted in the need to rehabilitate a greater area of land over the next 2 years.

[57] Target adjusted upwards from 60ha in the 2015/16 APP. See note 56 above.

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

[59] Target adjusted downwards from 5 in the 2015/16 APP due to the budget cuts which have resulted in a number of construction projects being delayed. With the timelines for various construction projects being shifted out to accommodate the decreased funding available, the design related to those projects has also been delayed.

[60] Target adjusted downwards from 5 in the 2015/16 APP. See note 59 above.

9.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 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 and SupportZone 2 for approval once the EIA process has been completed.
- Focus on concluding the EIA process for TradeZone 3 (Ushukela Highway Development).
- Township establishment process for Cottonlands will continue. This will include engineering design, refining the planning concept and commencing with the EIA process.
- Aerotropolis master planning will continue for the development of the airport city masterplan and implementation thereof.
- In order to progress the development of the ASP, the following activities will be undertaken:
    - Conclusion of the purchase of the proposed ASP site;
    - Appointment of a consultant team to produce an updated feasibility study, focusing on different work streams, including:
        - Bulk services Infrastructure and transportation planning;
        - Bulk services infrastructure;
        - Environmental scoping; and
        - Associated costing for the development.
    - Appointment of consultants and preparation of statutory applications and all necessary supporting studies in preparation for the submission of the Environmental Impact Report.

Environment

- Delineation of the conservation area will be concluded and rehabilitation plan implemented whilst undertaking the ROD amendment application.
- Implementation of the Environment Strategy and policy will continue.
- On-going Environmental compliance monitoring.
- Scoping and implementation of green projects.

Infrastructure and Development

- Construction of the Guardhouses and Dube TradeZone 1 road alignment will continue.
- Construction of the following facilities will be completed: general purpose warehouse, 2nd phase of Air Chefs Catering facility, AgriZone facilities, TradeZone Mini-Factories, the Multi-Purpose Office block will be assessed and many other projects.
- Construction of double basement at Dube City to be completed.
- Construction of public transport infrastructure site wide solution being undertaken.

9.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
6.1	No. of land use rights acquisitions and environmental authorisations obtained	Planning	Annual	2	To be measured in the 4th quarter			
6.2	No. of hectares acquired in terms of signed agreements	Planning	Annual	50ha	To be measured in the 4th quarter			
6.3	% of enterprise-wide carbon off-set	Environment	Annual	7% reduction from revised baseline	To be measured in the 4th quarter			
6.4	No. of public infrastructure projects delivered	Infrastructure and Development	Annual	2	To be measured in the 4th quarter			
6.5	No. of construction (top structures) projects delivered	Infrastructure and Development	Bi-annual	2	1		1	
6.6	No. of construction jobs created	Infrastructure and Development	Quarterly	495	123	124	124	124
6.7	Construction expenditure on SMMEs	Infrastructure and Development	Annual	R38 million	To be measured in the 4th quarter			
6.8	Public sector investment in infrastructure	Infrastructure and Development	Annual	R76 million	To be measured in the 4th quarter			
6.9	Deliver and implement the Aerotropolis master plan	Planning	Annual	Draft master plan tabled at ESID cluster for approval	To be measured in the 4th quarter			
6.10	No. of strategic reports on environmental sustainability (State of the Environment Report)	Environment	Annual	1	To be measured in the 4th quarter			
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	Bi-annual	133	66		67	
6.13	No. of projects designed	Infrastructure and Development	Quarterly	4	1	1	1	1
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%

Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	Quarterly Targets			
					1st	2nd	3rd	4th
6.16	% Construction projects with 1% of budget allocated to enterprise development	Infrastructure and Development	Annual	30%	To be measured in the 4th quarter			

9.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

9.5.1. PROGRAMME 6: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2016/17 to 2018/19 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							
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Planning	64,044,569	496,952,859	200,761,312	229,197,113	44,816,157	15,195,042	21,278,369
Environment	1,064,734	2,078,368	4,367,792	12,598,495	10,140,702	10,540,906	9,717,278
Infrastructure & Development	63,564,748	21,842,964	120,324,024	79,169,282	185,020,442	266,975,310	275,797,080
SUBTOTAL	**128,674,051**	**520,874,191**	**325,453,128**	**320,964,890**	**239,977,301**	**292,711,257**	**306,792,728**
Current payments	**18,601,258**	**17,164,067**	**20,866,062**	**45,433,332**	**78,733,623**	**80,910,556**	**65,470,269**
Compensation of employees	4,768,122	5,405,995	8,770,014	11,045,537	12,475,511	12,775,362	13,516,333
Goods and services of which:				-	-	-	-
Computer services	2,000	-	200	-	-	-	-
Consultants, contractors and special services	12,990,164	11,137,055	10,941,838	32,672,811	65,057,890	66,791,460	50,664,165
Maintenance Repairs and running costs	497,804	19,614	403	25,161	14,000	14,812	15,671
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	75,200	105,112	269,701	481,100	300,300	317,717	336,145
Advertising	267,967	406,081	684,033	1,000,000	650,000	761,600	673,873
Training	-	90,210	199,873	208,722	235,922	249,605	264,082
PAYMENT FOR CAPITAL ASSETS	**110,072,792**	**503,710,125**	**304,587,066**	**275,531,558**	**161,243,678**	**211,800,701**	**241,322,459**
Building and other fixed structures	55,938,444	9,530,842	108,010,610	53,038,978	126,291,266	211,800,701	231,878,044
Machinery and equipment	-	-	-	3,000,000	5,000,000	-	-
Software and other intangible assets	-	-	-	750,891	-	-	-
Land and subsoil assets	54,134,348	494,179,283	196,576,456	218,741,689	29,952,412	-	9,444,415
TOTAL	**128,674,051**	**520,874,191**	**325,453,128**	**320,964,890**	**239,977,301**	**292,711,257**	**306,792,728**

9.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- This programme's main focus is on the provision of infrastructure and top structures within the DTP precinct. In order to achieve this, two thirds of the total budget allocated to Development Planning and Infrastructure has been earmarked for the purchase of capital assets annually.
- Another significant component of this budget is consultants and contractors fees, which make up 27.1% in 2016/17. These funds are linked to the construction projects planned, planning approvals required prior to construction taking place and ensuring the

environmental compliance requirements are met, as well as the establishment and implementation of the Aerotropolis master plan.

- With a significant reduction in DTPC's baseline in 2016/17, the number of infrastructure and development projects planned for 2016/17 has been reduced. Those still to be undertaken include a general purpose warehouse and mini-factories at the TradeZone.
- Budget has also been provided for the acquisition of another land parcel to enable the further expansion of the precinct in support of DTPC's 50-year master plan. This land will be primarily focused on providing for the environment off-set requirements of the precinct.

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

The Special Economic Zones Act, 16 of 2014 section 39(2) stipulates that the existing Industrial Development Zones (IDZs) designated in terms of the IDZ Regulations prior to the Act coming into operation will be regarded as Special Economic Zones under the Act. On 1 July 2014, DTP was officially designated as an Industrial Development Zone, consisting of two sectors – Dube AgriZone and Dube TradeZone. The operator permit was officially handed over to DTPC by His Excellency, President Jacob Zuma on 7 October 2014 at the official launch of the DTP IDZ. The designation of Dube TradePort, as an IDZ, is in a process where additional pieces of land which exhibit the potential for industrial growth, job creation and economic growth, are under consideration for further designation.

The IDZ programme is aimed at enhancing manufacturing by leveraging investment in export-oriented industries and promoting the competitiveness of South African enterprises 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 one stop shop services to facilitate overcoming administrative hurdles for investors securing permits required for their operations.

The DTP IDZ aims to promote regional industrial 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.

In the 3rd Quarter of 2015/16, DTPC was mandated by the MEC for EDTEA to facilitate the purchase of a ±1 000 hectare property in the Illovo area, south of Durban. The site abuts the N2 in a westerly direction. The Provincial Government of KZN and the eThekwini Municipality have been working towards establishing and supporting the development of the automotive industry with the greater eThekwini Metro in line with the provisions of the IPAP. Therefore, the conceptualized development on the property is the development of an Automotive Supplier Park (ASP) for the production of parts and components for the automotive industry. This investment will support and benefit Toyota SA Motors, currently the only vehicle manufacturer based in KZN. The ASP poses significant benefit to DTPC as a possible extension of the DTP IDZ / SEZ implying an extended value proposition to investors in the industrial park.

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. DTPC is planning to put in place a single point of contact (One Stop Shop) for investors in order to ensure that applications for permits are expedited, after care is given to exiting investors and investor information is provided timeously to all investors. Because of this, a separate programme was established to oversee the operation of the DTP IDZ / SEZ.

Programme 7's structure, strategic goal and strategic objectives are summarised below:

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 DTP 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 2016/17

	Key Performance Indicator	5-year Strategic Plan Target	Audited / Actual Performance 2012/13	2013/14	2014/15[61]	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone								
	Strategic Objective: To establish a world class IDZ / 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%	90%
	Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP IDZ / SEZ								
7.2	Value of private sector investment committed in the DTP IDZ / SEZ	R1 964 million	New indicator		R228 million	R77 million	R78 million	R268 million	R540 million

[61] 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.

Key Performance Indicator		5-year Strategic Plan Target	Audited / Actual Performance 2012/13	2013/14	2014/15	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone								
7.3	No. of new jobs created - Permanent	1 643	New indicator		153	120	120[62]	200[63]	235[64]
7.4	No. of new jobs created – Temporary (during construction)	2 539	New indicator		119	137	110[65]	380[66]	669[67]

10.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2016/17

Programme Performance Indicator		Audited / Actual Performance 2012/13	2013/14	2014/15	Estimated 2015/16	Medium-Term Targets 2016/17	2017/18	2018/19
	SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone							
7.5	No. of operational investors in the DTP IDZ / SEZ (cumulative)	New indicator			1	1[68]	4	6
7.6	No. of indirect jobs created in KZN as a result of the DTP IDZ / SEZ (cumulative to date)	New indicator			285	360[69]	1 564	3 560
7.7	Value of goods sold to other countries (exports)	New indicator			R100 million	R841 million	R1.2 billion	R1.7 billion

[62] Target adjusted downwards from 181 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. Budget cuts have resulted in reduced development within the DTP IDZ / SEZ, resulting in fewer investors and therefore fewer permanent jobs created.

[63] Target adjusted downwards from 302 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 62 above.

[64] Target adjusted downwards from 351 in the 2015/16 – 2019/20 Strategic Plan. See note 62 above.

[65] Target adjusted downwards from 138 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. Budget cuts have resulted in reduced construction activity within the DTP IDZ / SEZ and therefore fewer construction jobs are expected to be created.

[66] Target adjusted downwards from 475 in the 2015/16 APP and 2015/16 – 2019/20 Strategic Plan. See note 65 above.

[67] Target adjusted downwards from 957 in the 2015/16 – 2019/20 Strategic Plan. See note 65 above.

[68] Target adjusted downwards from 2 in the 2015/16 APP. Budget cuts have resulted in provision of bulk infrastructure being delayed and therefore less serviced land will be available for lease, resulting in fewer operational investors in the DTP IDZ / SEZ.

[69] Target adjusted downwards from 573 in the 2015/16 APP. Budget cuts have resulted in reduced construction activity within the DTP IDZ / SEZ and therefore fewer jobs are expected to be created or induced.

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone							
7.8	% One Stop Shop implemented[70]	New indicator				50%	70%	100%

PERFORMANCE INDICATORS REMOVED:

The following Key Performance Indicator, included in the 2015/16 APP, has been removed:

			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	2018/19
	SUB-PROGRAMME 7.1: DTP Industrial Development Zone / Special Economic Zone								
7.3	No. of investors established at the DTP IDZ / SEZ	14	New indicator		1	1	1	3	4

This indicator has been removed due to its overlaps with PPI 7.5: No. of operational investors in the DTP IDZ / SEZ (cumulative), which is considered to be the more useful measure when evaluating the effectiveness of the DTP IDZ / SEZ.

10.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2016/17 financial year will be on the following key activities:

- Undertake sector analysis and develop sector marketing strategy;
- Actively undertake investment promotion;
- Prepare for the transition from an IDZ to SEZ; and
- Develop an implementation plan for the establishment and roll out of an One Stop Shop.

[70] New indicator added to measure progress in implementing a One Stop Shop to assist investors in the DTP IDZ / SEZ with the applications and permits required to take advantage of the incentives offered as a result of their location in the IDZ / SEZ.

10.4. QUARTERLY TARGETS FOR 2016/17

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:

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2016/17	1st	2nd	3rd	4th
7.1	% of compliance with conditions of IDZ / SEZ Operator permit	DTP Industrial Development Zone	Annual	80%	To be measured in the 4th quarter			
7.2	Value of private sector investment committed in the DTP IDZ / SEZ	DTP Industrial Development Zone	Annual	R78 million	To be measured in the 4th quarter			
7.3	No. of new jobs created - Permanent	DTP Industrial Development Zone	Quarterly	120	25	25	30	40
7.4	No. of new jobs created – Temporary (during construction)	DTP Industrial Development Zone	Quarterly	110	20	20	20	50
7.5	No. of operational investors in the DTP IDZ / SEZ (cumulative)	DTP Industrial Development Zone	Annual	1	To be measured in the 4th quarter			
7.6	No. of indirect jobs created in KZN as a result of the DTP IDZ / SEZ (cumulative to date)	DTP Industrial Development Zone	Annual	360	To be measured in the 4th quarter			
7.7	Value of goods sold to other countries (exports)	DTP Industrial Development Zone	Quarterly	R841 million	R210 million	R210 million	R210 million	R211 million
7.8	% One Stop Shop implemented	DTP Industrial Development Zone	Quarterly	50%	Draft implementation plan	Final implementation plan	Draft Agreements with various entities and departments	50% of OSS implemented - Final Agreements with various Stakeholders

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[71]	Prog	Municipal location	Output	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
					12/13	13/14	14/15	2015/16			2016/17	2017/18	2018/19
New and replacement assets (R'000)													
1	Waste facility	6	Ethekwini	Waste facility			3 228						
2	AgriZone workshop	6	Ethekwini	Workshop			4 226						
3	AgriZone technical facility	6	Ethekwini	Laboratory				3 000	1 689	4 689			
4	TradeZone 1b	6	Ethekwini	Serviced land			14 765						
5	Dube City – Block F	6	Ethekwini	Offices							5 768	66 946	98 500
6	Multi-storey parkade	6	Ethekwini	Parking				31 246	-31 246	0		30 000	73 378
7	AgriZone 2	6	Ethekwini	Greenhouses & Packhouses				15 000	-5 000	10 000	20 000	40 000	40 000
8	Solar panel installations	4	Ethekwini	Solar panels				6 000	2 500	8 500			
9	TradeZone 1 Mini-Factories	6	Ethekwini	Mini-Factories							39 523	54 854	
10	Hlawe Trunk Sewer	6	Ethekwini	Trunk sewer							40 000		
11	Ushukela (TradeZone 3)	6	Ethekwini	Serviced land							5 000	5 000	5 000
12	Expansion of aprons	6	Ethekwini	Airside facilities				5 000	-5 000	0		15 000	15 000
13	DTP Internal public transport	6	Ethekwini	Public amenities				8 000	-5 000	3 000	5 000		

[71] Many of these projects encompass one or more Public Infrastructure projects.

No	Project name	Prog	Municipal location	Output	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
					12/13	13/14	14/15	2015/16			2016/17	2017/18	2018/19
New and replacement assets (R'000)													
14	Water Reservoir	6	Ethewini	Water Reservoir							11 000		
Maintenance and repairs (R'000)													
1	Billboards	1	Ethekwini	Billboards				34		34	37	40	42
2	Dube City (SupportZone 1a)	3	Ethekwini	Offices, Communication Building	405	2 346	3 581	962		962	931	910	967
3	TradeZone	3	Ethekwini	Access control system, warehouse and other buildings				600		600	698	704	751
4	Dube Cargo Terminal	2	Ethekwini	Cargo Terminal and equipment	991	427	937	1 652	2 000	3 652	3 534	3 372	3 642
5	AiRoad trucks	2	Ethekwini	Trucks	814	355	180	364	150	514	524	555	587
6	AgriZone	4	Ethekwini	Office Building and equipment	8	83	7	1 075	856	1 931	2 125	1 735	2 225
7	Tissue Culture Lab	4	Ethekwini	Tissue Culture Lab, Hardening facility and equipment	0	75	103	921		921	1 009	1 048	1 088
8	Greenhouses & Packhouses	4	Ethekwini	Greenhouses	799	2 077	557	2 865		2 865	3 345	2 996	4 020
9	Nursery	4	Ethekwini	Nursery, misting tunnel and equipment	50	14	12	296	-68	228	140	140	140
10	Water Treatment Works	4	Ethekwini	Water Treatment Works	56	697	798	1 569		1 569	523	670	670
11	Landscaping	2, 3, 4	Ethekwini	Landscaping	3 177	4 489	4 094	7 500	-283	7 217	6 218	6 580	6 964
Upgrades and additions (R'000)													
1	Tenant Installations	6	Ethekwini	Tenant installations				1 000	-1 000	0	5 000		
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[72]	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 as 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	

[72] KZN Provincial Planning Commission, Provincial Growth and Development Plan, August 2014 Revision.

14. APPENDIX C: LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ACSA	Airports Company South Africa
APP	Annual Performance Plan
ASP	Automotive Supplier Park
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
CO_2e	Carbon dioxide equivalent
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
OEM	Original Equipment Manufacturers
OSS	One Stop Shop
PEMP	Poverty Eradication Master Plan
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

PART E: ANNEXURES

15. ANNEXURE 1: REVISIONS TO 2015/16 – 2019/20 STRATEGIC PLAN

15.1. AMENDMENT TO KEY DELIVERABLE AREAS:

After assessing the performance environment in which DTPC operates and, taking into account the various National and Provincial policies and strategies with which DTPC aims to be aligned, four Key Deliverable Areas – Strategic Infrastructure, Economic Development and Competitiveness, Job Creation and Environmental Sustainability – were identified and targets set to measure the extent to which DTPC is achieving its key objectives.

The significant reduction in DTPC's baseline necessitated the re-evaluation of a number of the targets set for these Key Deliverable Areas, and the following targets were revised:

ORIGINAL VERSION

Key Deliverable areas		Targets				
		2015/16	2016/17	2017/18	2018/19	2019/20
KEY DELIVERY AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS						
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

This has been amended as follows:

REVISED VERSION

Key Deliverable areas		Targets				
		2015/16	2016/17	2017/18	2018/19	2019/20
KEY DELIVERY AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS						
Public sector investment committed		R213 million	R76 million	R90 million	R133 million	R189 million
Total revenue generated		R59 million	R69 million	R80 million	R90 million	R100 million
KEY DELIVERABLE AREA 3: JOB CREATION						
Number of direct jobs created	Temporary	718	605	1 324	2 014	2 844
	Permanent	300	271	546	563	1 936

REASON FOR THE CHANGE

All of the changes shown above are as a result of the budget cuts which have resulted in a reduction in the funding available for infrastructure and development. This means that DTPC's investment in infrastructure, the jobs created through this investment and the revenue which DTPC is able to earn as a result of such infrastructure development have been reduced.

15.2. AMENDMENT TO STRATEGIC OBJECTIVES:

The following Strategic Objective, and the Key Performance Indicators linked to this objective, has been moved from **Sub-programme 1.3: Corporate Services**, as reflected in the 2015/16 – 2019/20 Strategic Plan, to **Sub-programme 1.1: Office of the CEO**.

No.	Strategic Goal	Strategic Objective	Key Performance Indicators	Output
1.3.2	To maintain effective corporate governance	To facilitate DTPC's B-BBEE Strategy and manage Corporate Social Investment	DTPC's B-BBEE level	Level 1

The wording of the objective has also been amended to "To facilitate DTPC's B-BBEE Strategy".

REASON FOR THE CHANGE

This objective and its related performance indicators have been moved because the objective encompasses a number of different areas throughout the entity and, with its potential impact on radical economic transformation, it is considered of strategic importance to DTPC. Including this objective under the Office of the CEO ensures that the underlying principles of the target receive the focused attention of the entire organization, while establishing a single point of responsibility for the co-ordination of these activities.

15.3. AMENDMENTS TO KEY PERFORMANCE INDICATORS AND TARGETS:

The targets for the following Key Performance Indicators, included in the 2015/16 – 2019/20 Strategic Plan, have been amended:

15.3.1. PROGRAMME 1: ADMINISTRATION

ORIGINAL VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
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%	70%	75%	80%	85%	90%

This has been amended as follows:

REVISED VERSION

	Key Performance Indicator	5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
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%	70%	80%	80%	85%	90%

REASON FOR THE CHANGE

The target for 2016/17 has been adjusted upwards from 75% to 80%. After this target was measured in 2015/16, it was found that the Board effectiveness as compared to the recommendations of King III is already at 80%. The 2016/17 target was therefore adjusted to take into account the current levels of achievement.

15.3.2. PROGRAMME 2: CARGO DEVELOPMENT

ORIGINAL VERSION

	Key Performance Indicator	5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
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%	90%	90%	90%	90%	90%
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	36 433 (total over 5 years)	6 645	6 911	7 257	7 620	8 000

This has been amended as follows:

REVISED VERSION

	Key Performance Indicator	5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
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%	90%	85%	90%	90%	90%
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	36 272 (total over 5 years)	6 645	6 750	7 257	7 620	8 000

REASON FOR THE CHANGE

Key Performance Indicator 2.1: The 2016/17 target has been adjusted downwards as restrictions imposed on the filling of posts, coupled with the recent addition of 3 new airlines flying via KSIA, has meant that operational pressures within the Dube Cargo Terminal are expected to increase and this may result in longer processing times initially as operations adapt to the new circumstances. Given time, however, it is expected that measures will be put in place to ensure that processing times revert back to their high standards in the following year.

Key Performance Indicator 2.4: The 2016/17 target has been adjusted downwards, due to projected GDP growth rates being very low. After discussions held with domestic carriers, it was determined that the domestic tonnages achievable in 2016/17 would be lower than initially expected because of the poor economic outlook for the South African economy in the coming year and this target has been adjusted accordingly.

15.3.3. PROGRAMME 3: PROPERTY

ORIGINAL VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 3.1: COMMERCIAL							
Strategic Objective: To increase long term property rental revenues for DTPC							
3.1	Total revenue from all DTPC Properties	R219 million	R22 million	R35 million	R49 million	R54 million	R59 million

This has been amended as follows:

REVISED VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 3.1: COMMERCIAL							
Strategic Objective: To increase long term property rental revenues for DTPC							
3.1	Total revenue from all DTPC Properties	R192 million	R22 million	R35 million	R41 million	R45 million	R49 million

REASON FOR THE CHANGE

The targets for 2017/18 to 2019/20 have been adjusted downwards to take into account the expected delay in releasing new zones to the market. This delay is as a result of budget cuts which have resulted in the amount allocated for the provision of bulk infrastructure, required to service new zones, being shifted out to future years, and the revenue related to prospective leases on these zones has similarly been affected.

15.3.4. PROGRAMME 4: AGRIZONE

ORIGINAL VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY							
Strategic Objective: To manage, operate and maintain the tissue culture facility							
4.4	% Increase in production volumes	10% (average per annum)	8%	8%	10%	12%	12%
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	5	10	10	10

This has been amended as follows:

REVISED VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY							
Strategic Objective: To manage, operate and maintain the tissue culture facility							
4.4	% Increase in production volumes	14% (average per annum)	8%	12%	20%	20%	12%
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	35	5	5	5	10	10

REASON FOR THE CHANGE

Key Performance Indicator 4.4: The targets for 2016/17 to 2018/19 have been adjusted upwards as the production volumes for the Tissue Culture Lab will be growing off a low base. The production volumes have been picking up slowly but, since the initial base off which the percentage growth will be calculated is low, in percentage terms, the anticipated growth is higher than initially thought. After a few years at this high level of growth, the production volumes will be sufficiently high that the annual growth rate is expected to return to normal.

Key Performance Indicator 4.6: The 2017/18 target has been adjusted downwards as a result of the budget cuts, which have meant that the provision of bulk infrastructure for Phase 2 of the AgriZone will be delayed. This will in turn result in a delay in the release of this zone to the market and therefore fewer sites available for lease in the 2017/18 year.

15.3.5. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

ORIGINAL VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
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	2	2	2	1	1
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	19	2	3	4	5	5
Strategic Objective: To procure, manage and monitor DTP infrastructure provisioning							
6.5	No. of construction (top structures) projects delivered	14	5	3	2	2	2
6.6	Number of construction jobs created	6 799	581	659	1 349	1 922	2 287
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	R74 million	R96 million	R107 million	R97 million	R101 million
6.8	Public sector investment in infrastructure	R1.362 billion	R213 million	R276 million	R306 million	R276 million	R291 million

This has been amended as follows:

REVISED VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
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	4	2	2	n/a	n/a	n/a
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	13	2	2	2	3	4
Strategic Objective: To procure, manage and monitor DTP infrastructure provisioning							
6.5	No. of construction (top structures) projects delivered	14	5	2	2	3	2
6.6	Number of construction jobs created	4 966	581	495	944	1 345	1 601

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT							
Strategic Objective: To provide technical support and manage the roll-out of services to all DTPC programmes							
6.7	Construction expenditure on SMMEs	R340 million	R74 million	R38 million	R63 million	R69 million	R95 million
6.8	Public sector investment in infrastructure	R701 million	R213 million	R76 million	R90 million	R133 million	R189 million

REASON FOR THE CHANGE

Key Performance Indicator 6.1: With the initial phase of development completed and DTPC moving into an interim phase of the master plan, the quantum of land use rights and environmental authorisations obtained is no longer considered an effective measure of performance. This target will be removed in 2017/18 as obtaining such authorisations is closely linked to DTPC's ability to deliver public infrastructure and top structures and is therefore considered to overlap with indicators 6.4 and 6.5, which are more tangible demonstrations of DTPC's service delivery.

Key Performance Indicator 6.4: As a result of budget cuts, DTPC's Infrastructure Plan has been adjusted and the timelines for many public infrastructure projects have been shifted out accordingly to accommodate the reduced budget available. The targeted number of public infrastructure projects to be delivered has therefore been decreased from 2016/17 onwards.

Key Performance Indicator 6.5: As a result of budget cuts, DTPC's Infrastructure Plan has been adjusted and the timelines for many construction projects have been shifted out accordingly to accommodate the reduced budget available. The adjustments to the targets for 2016/17 onwards have been informed by DTPC's investment pipeline and take into account the construction projects necessary for the advancement of the DTP IDZ / SEZ as well.

Key Performance Indicator 6.6: After the timelines for a number of infrastructure and development projects were shifted out to accommodate the budget cuts, less construction activity is expected to take place each year and this will result in fewer construction jobs created. The targeted number of jobs created has therefore been adjusted from 2016/17 onwards to take this into account.

Key Performance Indicator 6.7: As a result of the budget cuts, DTPC's infrastructure budget has decreased and the amount expected to be spent on SMMEs has therefore decreased proportionately.

Key Performance Indicator 6.8: Budget cuts have necessitated a decrease in DTPC's expected investment in infrastructure and the target for this has been decreased accordingly.

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

ORIGINAL VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 7.1: DTP INDUSTRIAL DEVELOPMENT ZONE / SPECIAL ECONOMIC ZONE							
Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP IDZ / SEZ							
7.3	No. of investors established at the DTP IDZ / SEZ	14	1	1	3	4	5
7.4	No. of new jobs created - Permanent	2 399	120	181	302	351	1 445
7.5	No. of new jobs created – Temporary (during construction)	3 482	137	138	475	957	1 775

This has been amended as follows:

REVISED VERSION

Key Performance Indicator		5-year Strategic Plan Target	2015/16	2016/17	2017/18	2018/19	2019/20
SUB-PROGRAMME 7.1: DTP INDUSTRIAL DEVELOPMENT ZONE / SPECIAL ECONOMIC ZONE							
Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP IDZ / SEZ							
7.4	No. of new jobs created - Permanent	1 643	120	120	200	235	968
7.5	No. of new jobs created – Temporary (during construction)	2 539	137	110	380	669	1 243

Key Performance Indicator 7.3 has been removed in the 2016/17 APP.

REASON FOR THE CHANGE

Key Performance Indicator 7.3: This indicator is very similar to the Programme Performance Indicator – No. of operational investors in the DTP IDZ / SEZ (cumulative), which is considered to be the more useful measure when evaluating the effectiveness of the DTP IDZ / SEZ. Due to the overlaps between these two indicators, one has been removed.

Key Performance Indicator 7.4: The 2016/17 target has been adjusted downwards due to the budget cuts, which have resulted in reduced development within the DTP IDZ / SEZ, resulting in fewer investors and therefore fewer permanent jobs created.

Key Performance Indicator 7.5: The 2016/17 target has been adjusted downwards due to the budget cuts, which have resulted in reduced construction activity within the DTP IDZ / SEZ and therefore fewer construction jobs are expected to be created.

KHWEZELA

LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED

ANNUAL PERFORMANCE PLAN FOR 2016/17

Kwa Zulu Natal

March 2016

La Mercy JV Property Investments Proprietary Limited

Annual Performance Plan for 2016/17

Foreword

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

The JV Company's activities are currently limited to undertaking the Master Plan review, continuing with the rehabilitation and restoration project, undertaking a number of Environmental Impact Assessments (EIAs) and completing conceptual layout plans until such time that EIA approvals and rezoning rights are granted.

In 2016/17, the focus will be on the process for land release at Support Zone 2. This 30 hectare development is expected to house an office, retail and business park facility and, while an EIA has been registered on this site and the scoping report has been approved, the EIA Phase is currently underway and the EIR has been completed. All of the required specialist studies in support of the environmental impact report have been finalised. The project will be submitted for planning approval with eThekwini Municipality once the environmental authorisation has been granted. High level land uses and layout will be prepared for Support Zone 1b. This will assist with the future road alignment to Mt. Moreland.

The JV Company continues to be responsible for the maintenance of common use areas in Dube City. In addition, the JV Company will continue its work in rehabilitating new sites taken over, while maintaining those areas already rehabilitated.

As MEC of Economic Development, Tourism and Environmental Affairs and on behalf of the Government of KwaZulu-Natal, I fully endorse the strategy, programmes and targets of La Mercy JV Property Investments Proprietary Limited as contained in this Annual Performance Plan and have no doubt that they reflect our policies, strategies and goals which are realistic, appropriate and deliverable.

Signature: ______________________________

Mr. Michael Mabuyakhulu

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 the La Mercy JV Property Investments (the JV Company);
- Was prepared in line with the current Strategic Plan of the JV Company; and
- Accurately reflects the performance targets which the JV Company will endeavour to achieve given the resources made available in the budget for the 2016/17 financial year and within the constraints and opportunities of the market conditions.

Ms. A.B. Swalah Signature: ___________________________

Chief Financial Officer

Ms. F.A. Carodia Signature: ___________________________

Head Official responsible for Planning

Mr. H. Erskine Signature: ___________________________

Acting Chairperson of the Board

Approved by:

Mr. M. Mabuyakhulu Signature: ___________________________

Executive Authority (MEC)

Contents

PART A: STRATEGIC OVERVIEW

1. Updated situational analysis

La Mercy JV Property Investments Proprietary Limited (hereinafter referred to as "the JV Company") is a joint venture between Dube TradePort Corporation (DTPC) (60%) and Airports Company of South Africa (SOC) Limited (ACSA) (40%). The JV Company is registered as a private, limited liability company which was formed as per the Co-operation Agreement dated 12 December 2006 between ACSA and DTPC.

The JV Company was formed to lead the developments of the land jointly owned by DTPC and ACSA and in doing so, to support the broader objectives of DTPC, its major shareholder.

The focus of activities in the 2016/17 financial year will be on the land release process for Support Zone 2. The EIA process for this 30 hectare development is underway and the final scoping report has been accepted by the Department of Environmental Affairs (DEA). Upon the finalisation and implementation of the conservation area delineation, the EIA process for Support Zone 2 will reach finality. In addition, LMJV will be required to implement the rehabilitation measures as encompassed in the rehabilitation plan on the landholding that are applicable to the rehabilitation plan.

The land sale between ACSA, DTPC and the JV Company in Dube City/Support Zone 1 has been concluded. DTPC has started construction of an underground basement on Block D of its portion and has signed a notarial lease with a private developer to build a 21 500 square metres office complex above the basement.

Both ACSA and DTPC are actively marketing the sites they independently own in Dube City. This is being undertaken on a co-operative basis and a joint marketing programme is underway and a combined sales brochure has already been produced and distributed widely in the market. The year 2016/2017 is expected to see a continuation of this process.

In terms of the land sale agreement the JV Company, ACSA and DTPC as owners of their respective portions, have formed a management association to:

- represent the common interests of the owners of property in Dube City;
- coordinate and control development in Dube City with particular reference to aesthetic standards through design, construction and signage review;
- advance the interests of its members;
- provide for the landscaping, waste removal, security, cleaning, common areas maintenance;
- provide for all common area electricity and water consumption;
- provide for the administration of Dube City and all properties falling therein as contemplated by its founding and regulating documents;
- manage service providers of security, cleaning, landscaping, general maintenance, design review and administration services;
- make rules for all matters falling within its authority; and

- assume liabilities for contributions by way of levies to be paid to the fund established or to be established for the repair, upkeep, control, management and administration of the common property and common areas falling within Dube City.

The rules of the Management Association have been approved by the Board of the JV Company and will guide the day to day management of the Dube City precinct. The JV Company is the vehicle through which services such as street cleaning, security and maintenance are provided to the Management Association, and the JV is also responsible for the recovery of operating costs such as water and electricity from the landowners/Management Association members, who will remain ACSA and DTPC for the foreseeable future.

The JV Company's strategic goals are as follows:

- To maintain effective corporate governance;
- To provide effective integrated spatial planning; and
- To provide efficient environmental management

The strategic goals and associated strategic objectives drive the JV Company's two programmes:

Programme 1 - Administration

Programme 2 – Development Planning and Infrastructure

1.1 Performance delivery environment

The JV Company is focused on creating superior commercial precincts in supporting the broader aerotropolis. A key objective is the development of key mixed use developments, which will support passenger and freight growth into the future.

1.2 Organisational environment

The management of the JV Company is vested in the Board. The operations are executed by DTPC and ACSA and the finance and administration functions are executed by DTPC.

2. Revisions to legislative and other mandates

There has been no significant change to La Mercy JV Property Investments Proprietary Limited's legislative and other mandates. The JV Company has become a deemed schedule 3C public entity upon deregistration and transfer of the shares from Dube TradePort Company to Dube TradePort Corporation (DTPC). The Dube TradePort Company, section 21 Company, was deregistered on 31 August 2013 and the schedule 3C public entity commenced operations on 1 September 2013.

3. Overview of 2016/17 budget and MTEF estimates

3.1 Expenditure estimates

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
				R000's			
NET FUNDING REQUIRED	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Administration	-274	-140	-125 416	11 379	-4 178	-7 329	-8 296
Development Planning and Infrastructure	2 416	3 439	-3 026	42 632	16 091	56 467	72 875
Total	**2 142**	**3 299**	**-128 442**	**54 011**	**11 913**	**49 138**	**64 579**
Revenue	7 017	4 512	142 503	5 357	6 913	9 743	10 770
Economic Classification							
Current payments	**8 378**	**7 139**	**14 061**	**59 368**	**15 826**	**14 881**	**13 016**
Goods & services of which:							
Communication	57	-	-	-	-	-	-
management association costs	-	-	-	806	1 011	1 112	1 223
Consultants, contractors, special services	2 766	2 753	7 157	42 102	14 023	12 898	10 835
Rates & municipal charges	3 541	3 685	6 902	3 093	792	871	958
vat payable				13 367	-		
Finance costs	2 014	701	2	-	-	-	-
Transfers and Subsidies to:							
Payments for Capital assets	781	672	-	-	3 000	44 000	62 333
Buildings and other fixed structures	781	672	-	-	3 000	44 000	62 333
Total	**9 159**	**7 811**	**14 061**	**59 368**	**18 826**	**58 881**	**75 349**
Negative amounts relected under the Administration Programme are due to vat claims receivable on projected expenditure							

3.2 Relating expenditure trends to strategic outcome oriented goals

The 2016/17 budget and allocations will be used to plan future phases of expansion on JV Company land, as well as the on-going funding of the design and review panel, which is a panel of experts who interrogate the designs submitted by secondary developers, in order to ensure the overall integrity of the precinct. In prior financial years, funds have been used to fulfil environmental obligations, in terms of rehabilitation undertaken for the first phase of the development and in 2016/17, this trend will continue with funds being used to rehabilitate and maintain green areas on site. Funding will be required for Capital Expenditure projects which are expected to commence in the 2016/17 year.

PART B: PROGRAMME PLANS

4. Programme 1: Administration

The support offered by the Administration programme includes strategic direction, financial and budgetary support including Supply Chain Management, contract, financial reporting and performance monitoring and evaluation in a transparent, accountable manner as envisaged by the PFMA and Treasury Regulations thus ensuring that all management and financial reports are produced are valid, accurate and complete. The Board of Directors provide strategic direction and is responsible for the effective management of the Company including Risk and Governance.

The table below presents the strategic goal and strategic objective of the programme:

Programme 1: Administration	
Strategic goal: To maintain effective corporate governance	**Strategic objective:** To promote sound corporate governance and to provide effective and transparent financial management systems

4.1 Strategic objective annual targets for 2016/17

Performance indicator	Strategic plan target	Audited outcomes			Estimated performance	Medium term targets		
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Strategic objective – to promote sound corporate governance and to provide effective and transparent financial management systems								
External audit opinion	clean	Unqual.	Unqual.	clean	Unqual.	clean	clean	clean
Percentage of external audit report items cleared within 12 months of reporting date	All (100%)	75%	67%	100%	All (100%)	All (100%)	All (100%)	All (100%)

4.2 Programme performance indicators and annual targets for 2016/17

The table below lists performance indicators and annual targets for 2016/17

Programme Performance indicator (PPI)	Audited outcomes			Estimated performance	Medium term targets		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Programme 1 : Administration							
No. of management reports submitted to Board	4	4	4	4	4	4	4
Achievement of APP targets	75%	57%	71%	85%	85%	85%	85%

In order to achieve the strategic objectives of this programme, the focus during the 2016/17 year will be on the following key activities:

- Ongoing review of the budget structure
- Ensure ongoing compliance of management accounts for deemed public entity
- Conduct on-going legislative compliance review
- Achievement of APP targets
- Review the costs of the common use areas in Dube City

4.3 Quarterly targets for 2016/17

The following table reflects the programme performance indicators.

Performance indicator	Reporting period	Annual Target	Quarterly targets			
		2016/17	1st	2nd	3rd	4th
External audit opinion	Annual	clean	-	clean	-	-
Percentage of external audit report items cleared within 12 months of reporting date (cumulative)	Quarterly	All (100%)	-	-	50%	All (100%)
No. of management reports submitted to Board	Quarterly	4	1	1	1	1
Achievement of APP targets	Annual	85%	to be measured in the 4th quarter			

4.4 Reconciling performance targets with the Budget and MTEF

The expenditure estimates over the period 2016/17 to 2017/18 take into account the expected operating activities and the impact on the budget.

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
	R000's						
NET FUNDING REQUIRED	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Administration	-274	-140	-125 416	11 379	-4 178	-7 329	-8 296
Total	**-274**	**-140**	**-125 416**	**11 379**	**-4 178**	**-7 329**	**-8 296**
Revenue	2 448	1 032	125 798	2 605	5 051	8 217	9 285
Economic Classification							
Current payments	**2 174**	**892**	**382**	**13 984**	**873**	**888**	**989**
Goods & services of which:							
Consultants, contractors, special services	160	191	380	617	873	888	989
Vat payable				13 367			
Finance costs	2 014	701	2	-	-	-	-
Total	**2 174**	**892**	**382**	**13 984**	**873**	**888**	**989**
Negative amounts relected under the Administration Programme are due to vat claims receivable on projected expenditure							

Performance and expenditure trends

The proceeds from the sale of Dube City in the prior year enabled the JV Company to fund its short term operating activities without any cash injections from the shareholders.

5. Programme 2: Development Planning & Infrastructure

The overall purpose of this programme is to plan for and create an enabling environment for the vision of the Dube TradePort to be realised, and to implement construction projects in line with this vision. Expansion on the Dube TradePort site is governed by the "Dube TradePort: King Shaka International Airport Master Plan". As per the cooperation agreement with ACSA, this needs to be reviewed on a 5 yearly basis. The review of the plan commenced in October 2010 and was adopted on 13 March 2013. The process commenced with a review of the "as built" first phase of the DTP, against the approved Master Plan. In addition, problem areas were identified and a full assessment of the bulk infrastructure took place. In order to update the Master Plan, a demand and capacity analysis was concluded, and finally the plans for further expansion were updated. The assessment of the bulk infrastructure is continually being reviewed, as the post-2010 demand and capacity assessment may have run its course.

Obtaining land use rights is critical to ensuring that land can be released to the property market in reasonable time frames. Initially, a decision was made to rezone the entire Dube TradePort site as "Special zone 10: Airport", however Council subsequently indicated that they would not accept a full rezoning application until such time that an environmental authorisation was acquired. In the 5 year strategic period, the focus will be to obtain land use rights on Support Zone 2 for an office, retail and business park facility. Once the approvals for Support Zone 2 have been achieved, the project will move into the construction phase. The Urban Design Framework Plan for Support Zone 1B has been initiated. It is anticipated that the process will be completed in the 2016/17 year. Land use rights for Support Zone 1B would be initiated once demand warrants. Professional services for the detailed design of the Mount Moreland Access Road to improve access between the Mount Moreland residential settlement and Dube City will be initiated in 2016/ 2017 financial year.

Programme 2: Development Planning & Environment	
Strategic goal: To provide effective integrated spatial planning	**Strategic objective:** • To comprehensively implement & review the master plan • To optimise the commercial development of JV land
Strategic goal: To provide efficient environmental management	**Strategic objective:** • To fully comply with the conditions contained within the Record of Decision (ROD)

5.1 Strategic objective annual targets for 2016/17

Performance indicator	Strategic plan target	Audited outcomes			Estimated performance	Medium term targets		
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Strategic objective – To comprehensively implement & review the master plan								
No. of land use rights, acquisitions and environmental authorisations obtained	5	0*	1*	1*	0	0	0	1
Strategic objective – To optimise the commercial development of JV land								
Percentage of Dube City operating costs recovered via the Management Association	90%	n/a	n/a	n/a	75%	80%	85%	88%
No. of developments secured in new serviced property zones	15	0	0	0	0	0	0^	3^
Strategic objective – To fully comply with the conditions contained within the Record of Decision (ROD)								
Percentage compliance with environmental authorisations and licences #	90%	n/a	n/a	n/a	n/a	n/a	n/a	90%
* The Strategic Plan for 2011/12 - 2015/16 reflected the target as "No. of Statutory applications submitted". This has subsequently been defined.								
^ The target has been revised from '2' in 2017/18 and '5' in 2018/19 in the 2015/16 - 2019/20 Strategic Plan as commercial lease agreements cannot be finalised until developmental rights are obtained.								
# The target is not measurable until the 2018/19 and 2019/20 years since it is dependant on obtaining land use rights and environmental authorisations.								

5.2 Programme performance indicators and annual targets for 2016/17

The table below lists the programme performance indicators

Programme Performance indicator (PPI)	Audited outcomes			Estimated performance	Medium term targets		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Programme 2 :Development Planning & Infrastructure							
No. of hectares of land rehabilitated	357	231	124	85	0*	50*	50*
Maintenance of rehabilitated land (ha)#	new indicator				742	742	742
Value of private sector investments secured	n/a	n/a	n/a	n/a	0	0^	R600m^
* Target has been revised from 80 for 2016/17, 60 for 2017/18 and 35 for 2018/19 in the 2015/16-2019/20 Strategic Plan and 2015/16 APP due to the Rehabilitation Implementation Plan that was approved in December 2015 by the National Department of Environmental Affairs (NDEA). The plan outlined specialist studies that are currently outstanding that are pre-requisites for the implementation of rehabilitation activities on the LMJV site. For this reason, planting activities cannot go forward in the 2016/2017 financial year.The 2017/18 and 2018/19 targets are likely to be revised again once the outcome of the Rehabilitation Implementation Plan is known.							
# a new indicator added to measure maintenance on previously rehabilitated areas							
^ The target has been revised from R300m in 2017/18 in the 2015/16 APP as commercial lease agreements cannot be finalised until developmental rights are obtained.							

The number of hectares of land rehabilitated was reflected as a key deliverable area in the Strategic Plan for 2015/16 to 2019/20 as follows:

Key Deliverable Areas	Target				
	2015/16	2016/17	2017/18	2018/19	2019/20
No. of hectares of land rehabilitated	85	80	60	35	30

The reason for the change in targets is as explained in the table above.

In order to achieve the strategic objectives of this programme, the focus during the 2016/17 year will be on the following key activities:

- To ensure ongoing compliance with the Record of decision
- On-going rehabilitation & maintenance of rehabilitated areas
- The recommendations of the delineation of the conservation area will be negotiated with the National Department of Environmental Affairs (DEA). Whilst the implementation of some components of the ROD for delineation will commence, an amendment application will be made to the DEA.
- Land use rights will be secured once EIA process is completed (Support Zone 2)
- Preparation of the Support Zone 1b Urban Design Framework

5.3 Quarterly targets for 2016/17

The following table reflects the programme indicators.

Performance indicator	Reporting period	Annual Target	Quarterly targets			
		2016/17	1st	2nd	3rd	4th
No. of land use rights, acquisitions and environmental authorisations obtained	Annual	0	0	0	0	0
No. of hectares of land rehabilitated	Quarterly	0	0	0	0	0
Maintenance of rehabilitated land (ha)	Quarterly	742	0	0	371	371
No. of developments secured in new serviced property zones	Annual	0	0	0	0	0
Percentage compliance with environmental authorisations and licences	Annual	n/a	n/a	n/a	n/a	n/a
Percentage of Dube City operating costs recovered via the Management Association (cumulative)	Quarterly	80%	60%	70%	75%	80%
Value of private sector investment secured	Annual	0	0	0	0	0

Number of hectares rehabilitated includes both alien clearing and/ or planting within areas cleared. Those areas currently being farmed by Tongaat Hulett for sugar cane on the lease basis are being systematically handed over so that rehabilitation can occur straight after harvesting of the cane has occurred. Some areas are cleared and planted restoring the areas to habitats representative of what historically would have occurred in the area. Some natural areas only require clearing because the existing indigenous species are in a good enough state and thus planting is not required. The total area rehabilitated includes all of the above scenarios on site. Maintenance will continue indefinitely in all areas that are to remain as offsets.

5.4 Reconciling performance targets with the Budget and MTEF

The expenditure estimates over the period take into account the expected increase in operating activities and the impact on the budget as shown below.

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
	R000's						
NET FUNDING REQUIRED	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Development Planning and Infrastructure	2 416	3 439	-3 026	42 632	16 091	56 467	72 875
Total	**2 416**	**3 439**	**-3 026**	**42 632**	**16 091**	**56 467**	**72 875**
Revenue	4 569	3 480	16 705	2 752	1 862	1 526	1 485
Economic Classification							
Current payments	**6 204**	**6 247**	**13 679**	**45 384**	**14 953**	**13 993**	**12 027**
Goods & services of which:							
Communication	57	-	-	-	-	-	-
management association costs				806	1 011	1 112	1 223
Consultants, contractors, special services	2 606	2 562	6 777	41 485	13 150	12 010	9 846
Other: Rates and municipal charges	3 541	3 685	6 902	3 093	792	871	958
Payments for Capital assets	781	672	-	-	3 000	44 000	62 333
Buildings and other fixed structures	781	672	-	-	3 000	44 000	62 333
Total	**6 985**	**6 919**	**13 679**	**45 384**	**17 953**	**57 993**	**74 360**

Performance and expenditure trends

The expenditure for 2016/17 to 2019/20 will increase to reflect developmental initiatives as EIA and rezoning applications have commenced. The maintenance and rehabilitation activities will continue. Expenditure will be largely for professional fees, and continuing rehabilitation efforts. Expenditure in respect of Capital expenditure projects are expected to commence in the current year.

PART C: LINKS TO OTHER PLAN

Until development rights are acquired there is no significant development expenditure expected. Once development rights are acquired, platforming and the installation of bulk infrastructure will commence.