DUBE TRADEPORT CORPORATION

ANNUAL PERFORMANCE PLAN

For

2017/18

KwaZulu-Natal

February 2017

FOREWORD

Dube TradePort Corporation (DTPC) was created by the KwaZulu-Natal (KZN) provincial government to drive the development of the Dube TradePort (DTP). This strategic infrastructure project is a key component of the realization of KZN's vision, as it becomes a logistics and manufacturing platform for Africa and the world, and plays a leading role in the master planning and implementation of the Durban Aerotropolis. Centred around King Shaka International Airport (KSIA) and in close proximity to the two largest sea-ports in Southern Africa – Durban and Richards Bay – DTP is ideally located to attract new investment to the province, and this, together with DTP's designation as a Special Economic Zone (SEZ), creates a highly competitive spatial and operational environment to accommodate international and domestic investment, particularly in manufacturing, assembly, and value added logistics. To stimulate economic growth and development, DTPC also drives backward and forward linkages from industries located in the zone into the wider provincial economy.

In developing its 2017/18 Annual Performance Plan, DTPC has taken into account its mandate to attract long term investment to the province, create sustainable jobs, provide efficient and effective infrastructure and facilities, support export growth, promote and support target sectors and new industries, enable new air services, and undertake leading edge spatial planning and sustainable development. DTPC has ensured that its goals and objectives remain aligned to those of the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), the SEZ programme, facilitated by the Department of Trade and Industry (dti), and the wider provincial and national plans, including the National Development Plan (NDP), for inclusive economic growth and development, in particular the drive to re-industrialize the national economy. Its commitment to radical economic transformation has been reaffirmed with the development of DTPC's own B-BBEE Strategy, and a number of the targets contained in this Annual Performance Plan are aligned to ensure the achievement of those transformational goals, with a particular focus on black industrialists and property developers.

In 2017/18, DTPC intends to:

- Utilize the advantages of the DTP SEZ, particularly the 15% corporate tax rate now available to qualifying companies locating in the DTP SEZ, to attract direct foreign investment, as well as national and local investment;
- Implement a One Stop Shop delivery service for the DTP SEZ in partnership with the provincial One Stop Shop;
- Develop a building for lease to Cipla Biotech at Dube TradeZone 1b for the establishment of a state-of-the-art Biotech manufacturing facility, whilst also providing a shared infrastructure zone as part of the same project to enable further private sector investment in the pharmaceutical sector;
- Begin the construction of phase 2 of the Dube TradeZone, which will open up 50ha of industrial property in the SEZ for investment by 2018;
- Initiate the provision of infrastructure for phase 2 of the Dube AgriZone;
- Provide high quality service to core investors, developers, tenants and customers utilizing DTPC's property zones, facilities and service offerings;
- Implement DTPC's B-BBEE Strategy; and

- Harness the full potential of new airlines utilizing KSIA to increase cargo throughput volumes and passenger numbers which will ultimately lead to growth in the KZN economy.

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. Sihle Zikalala
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. Sihle Zikalala (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 2017/18 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 (CEO)

Signature: ______________________________

Dr. B. Gasa
On behalf of the Accounting Authority

Signature: ______________________________

Approved by:
Mr. S. Zikalala
Executive Authority (MEC)

Signature: ______________________________

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PART A: SITUATIONAL ANALYSIS

1. UPDATED SITUATIONAL ANALYSIS

1.1. OVERVIEW OF DUBE TRADEPORT

Dube TradePort Corporation (DTPC), a Schedule 3C Provincial Public Entity, and the operator of the Dube TradePort Special Economic Zone (SEZ), is charged by the KwaZulu-Natal (KZN) Provincial Government to drive the province's biggest infrastructural development. Situated 30km north of the city of Durban, Dube TradePort (DTP) is a 3 800 hectare greenfield development, purpose-built to facilitate airport-related businesses. A combination of cutting-edge infrastructure, with an emphasis on local economic development, Dube TradePort is home to King Shaka International Airport (KSIA) and phase 1 of DTPC's 50-year Master Plan consists of 4 main development zones, aimed at driving the development of air logistics business and attracting investment to the province.

Dube TradePort's four existing development zones are:

- **Dube TradeZone:** Phase 1 and 2 of this zone consist of 76 net developable hectares of specialised, prime and fully-serviced industrial real estate within the Dube TradePort SEZ. In close proximity to Dube Cargo Terminal, and containing Dube TradeHouse (the first facility in Africa to house freight forwarders and shippers in a single facility), this zone is ideally positioned for new-generation warehousing, manufacturing, assembling, air-related cargo distribution, and more. This zone will ultimately increase to 300 hectares once all future development phases are added.

  Phase 1 of Dube TradeZone has been either let, is under construction or is fully completed and operational. An interim phase, Dube TradeZone 1b, incorporating an additional 4 hectares is under construction and a number of firm investment options are being finalised for this portion with a plan to cluster specific industries with the potential to share services supporting these operations. In light of these positive commercial circumstances, Phase 2, which will ultimately encompass 50 hectares, is being fast-tracked for development. Pre-letting marketing is underway and the zone will be launched in 2017 for occupation of the first sites by 2018.

- **Support Zones**: Phase 1a of this premium office, retail and hospitality space, known as Dube City, comprises 12 hectares and provides level, fully-serviced stands. Dube City, which will increase to 24 hectares with the completion of the second development phase, 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.

  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 July 2017. This construction project is intended to provide a portion of the parking required for the 21 500m^2 office complex, called 31° East, 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 same site. Design of a Multi-Storey Parkade (MSP) on Blocks A and B is underway, with construction planned to begin in 2017/18, 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 cargo facility is owned and partially occupied by DTPC and is one of the most technologically advanced cargo facilities in the world. With digital tracking and secure cargo flow through six on-site statutory bodies, and ultra-modern facilities, Dube Cargo Terminal prides itself on providing an ideal 24/7 cargo handling solution, capable of handling 100 000 tonnes of cargo annually. It is one of the most secure facilities of its kind in Africa and boasts 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. Licenced as part of the Dube TradePort SEZ, Dube AgriZone provides world-class facilities and technical support for propagating, growing, packing, and distributing high-value perishables and horticultural products. This facility is particularly well-positioned for those products requiring immediate post-harvesting airlifting, thereby creating Africa's first integrated perishables supply chain. Dube AgriZone also includes a distribution centre, a nursery and **Dube AgriLab**, a highly specialised tissue culture laboratory, and the range of "green" initiatives offered in this zone include rainwater harvesting, solar energy usage, on-site waste management and the growth of indigenous plants for site-wide rehabilitation activities.

  Phase 1 of Dube AgriZone is fully developed, with 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. This business unit focuses on offering services in the cloud, and provides superior service solutions, including voice and broadband, virtual computing platforms, secure virtual storage, back-up and recovery, data centre hosting, and dark fibre.

Additionally, **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 or 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, with the intention that this would transition into an SEZ within three years of the SEZ regulations being passed. In February 2016, these regulations were adopted and the Special Economic Zones Act (Act No. 16 of 2014) came into operation. The main aim of this Act is to create enabling platforms for the effective and efficient implementation of the SEZ programme.

In recognition of the shortfalls in the IDZ programme, government introduced clear governance and management reforms for the IDZs, with the old IDZs becoming a type of SEZ. Government has prioritized the SEZs as essential instruments to fast-track implementation of government's industrial development agenda as reflected in documents such as the Industrial Policy Action Plan (IPAP) and the National Development Plan (NDP). Qualifying companies located in the designated zones would have access to the value proposition of the SEZ programme as articulated in the SEZ legislation. These interventions seek to enable the country to attract targeted foreign and domestic investments that promote strong local production capabilities in targeted manufacturing activities. In this regard, the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) also seeks to develop Industrial Economic Hubs as a means to drive industrial development and thereby create a globally sustainable and resilient regional economy. The establishment and effective operation of the DTP SEZ forms a key component of this plan as it will drive backward and forward economic linkages between the enterprises located in the SEZ and district industrial hubs throughout KZN and, together with DTPC's economic development focus, will continue to strengthen DTPC's ability to attract key local and international businesses to KZN.

The DTP SEZ currently consists of two sectors: Dube AgriZone phase 1 and Dube TradeZone phases 1 and 2, with the possibility of more areas being added in the future. In terms of the gazette designating DTP as an IDZ, the Dube AgriZone will focus on high-value, niche agricultural and horticultural products, while Dube TradeZone will focus on manufacturing and value-addition primarily for automotive, electronics and fashion garments.

Automotive Supplier Park:
Over the course of 2014/15 EDTEA together with the eThekwini Municipality undertook a pre-feasibility study for a KZN Automotive Supplier Park (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. The KZN provincial government mandated DTPC to acquire a site from Illovo Sugar SA Ltd located to the south of Durban in close proximity to Toyota SA Motors' plant in Prospecton. This site was acquired in 2015/16.

In June 2016, DTPC and EDTEA entered into a Memorandum of Understanding whereby DTPC agreed to undertake the next phase of technical work required for the project. This includes master-planning, engineering, design and construction oversight. A project steering committee including DTPC, EDTEA, eThekwini Municipality and Toyota SA Motors has been formed and is finalising the terms of reference for the technical work, after which a service provider will be procured and the first phase of the project will be undertaken by DTPC in 2017/18.

1.1.1. VISION

To be the leading global manufacturing and air logistics platform in Southern Africa, seamlessly integrated with inter-modal road, rail and port infrastructure.[1]

1.1.2. MISSION

- To enable the development of an aerotropolis by providing leading edge spatial planning and infrastructure;
- To attract and sustain investment through the creation and operation of a special economic zone and related commercial zones[2]; and
- To grow business and trade through enabling new regional and international air services.

1.1.3. STRATEGIC GOALS[3]

DTPC's strategic outcome oriented goals are as follows:

- To drive the development of a sustainable aerotropolis, to create new economic opportunities within the region;
- To operate a world-class and globally competitive special economic zone, supported by high end infrastructure;

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[1] The Vision has been amended to include the word "manufacturing" to ensure that it adequately encompasses DTPC's focus on the DTP SEZ. The operation of this zone and effective use of the incentives available to attract investment, particularly by companies operating in targeted manufacturing sectors, is key to DTPC delivering on its mandate. In addition, the word "sea" has been replaced by "port".

[2] This part of the Mission has been amended to include the word "sustain" as it is not only important to attract investment to DTP, but also to assist and provide services to investors which enable them to remain in business and to grow.

[3] The Strategic Goals have been reworded to ensure that they remain relevant and adequately express the key components of how DTPC intends to achieve its mission and ultimately its vision. The strategic objectives required to achieve these goals remain unchanged as the changes made do not represent a change in planned activities, but is rather a rewording of the same goals. Details of how each of these goals relates to the strategic goals contained in the 2015/16 – 2019/20 Strategic Plan is detailed in Part E: Annexure 1.

- To secure private sector investment in targeted logistics, agri-processing, manufacturing, commercial and services sectors;
- To provide high quality competitive and sustainable services to those utilizing DTPC's cargo terminal, property zones, facilities and commercial operations;
- To sustain and grow cargo and air services;
- To pursue financial sustainability by driving revenue growth and increasing operational efficiencies;
- To maintain effective corporate governance and human capital management; and
- To ensure the efficacy of Supply Chain Management (SCM) for radical economic transformation.

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 and Communications Technology (ICT)
- Programme 6: Development Planning and Infrastructure
- Programme 7: Dube TradePort Special Economic Zone[4].

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

The International Monetary Fund's (IMF) baseline projection for global growth for 2016 is estimated at 3.1%. Economic activity in emerging markets and developing economies is forecast to accelerate in 2017 and 2018 with global growth projected at 3.6%, although there is a wide dispersion of possible outcomes around these projections.[5] Real growth in the third quarter of 2016 accelerated somewhat, although world trade volumes remained lacklustre.[6]

In South Africa, the erratic pattern of economic activity continued in the third quarter of 2016, with real economic growth slowing to a mere 0.2%. This deterioration was largely brought on by

[4] This programme was previously referred to as the Dube TradePort Industrial Development Zone / Special Economic Zone. With the SEZ regulations now effective, the DTP IDZ is now an SEZ and is required to comply with all legislation applicable to SEZs.

[5] World Economic Outlook: A Shifting Global Economic Landscape – January 2017

[6] South African Reserve Bank – Full Quarterly Bulletin – No. 282 – December 2016.

a contraction in manufacturing output, with the most pronounced declines registered in the subsectors producing petroleum, basic iron and steel, and motor vehicles and, with the agricultural sector also in the doldrums in the wake of the widespread drought conditions, only the mining sector managed a firm increase in real value added in the third quarter.[7]

The diverse structure of the South African economy is a critical aspect of its historical and current growth performance.[8] In July 2016, the IMF projected South Africa's GDP growth to remain flat over the year, with a modest recovery in 2017.[9] By January 2017, this remained largely unchanged, with year-on-year growth for 2016 estimated at 0.3%. Since mid-2016, the rate of consumer price inflation has accelerated to levels slightly above the upper limit of the inflation target range, pushed higher by food prices which reflected the impact of the drought alongside a depreciated rand. However, with international food price inflation fairly well-behaved and the exchange value of the rand having recovered recently, some of the food-related inflationary pressures are expected to moderate in the near future.[10]

In KZN, annual regional GDP growth was only 1% in 2015, mainly due to an increase in the manufacturing sector, while agriculture, mining and electricity fell into recession.[11]

While largely unaffected by drought conditions, the poor performance in the agricultural sector does not bode well for tenants of the Dube AgriZone, nor for DTPC's other property zones as the persistent weakness in the manufacturing and retail sectors means that demand for industrial space to rent and consequently growth in market rentals have been adversely affected. In the first quarter of 2016, prime industrial rentals, on a national basis, were up by a yearly rate of 4% while, over the same period, import volumes were down by 4%.[12]

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. In 2015, a major milestone was achieved in this industry with airlines generating a return on invested capital exceeding the cost of that capital for the first time in its history. Air cargo, in particular, is a crucial enabler of the global economy but, while passenger traffic is currently enjoying robust growth, the cargo business continues to struggle.[13] In 2015/16, 4 new air routes were added to those already flying from KSIA, with a further 3 secured in 2016/17, and this has resulted in

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[7] South African Reserve Bank – Full Quarterly Bulletin – No. 282 – December 2016.

[8] Stats SA

[9] World Economic Outlook Update – July 2016.

[10] South African Reserve Bank – Full Quarterly Bulletin – No. 282 – December 2016.

[11] KwaZulu-Natal State of the Province address, 22 February 2016.

[12] Rode and Associates – Falling import volumes could place a damper on industrial-rental growth – June 2016.

[13] IATA Annual Review 2016.

significant growth in both passenger numbers and international cargo volumes. This growth is unlikely to continue at such a high level without the continual addition of new air routes, although this increased connectivity, together with DTP's status as a SEZ, will provide much needed impetus for local and regional economic growth.

On the back of generally poor economic growth, rising debt and higher interest rates, and in an effort to reduce the national budget deficit, National Treasury implemented a strict programme of fiscal consolidation. This resulted in DTPC's budget being cut by 38.5% in 2016/17 and, as this was a baseline cut, it carries forward into the years following. In addition to this, the continued focus on cost-cutting saw the implementation of more stringent measures aimed at reducing expenditure on Compensation of Employees. This included a moratorium on filling vacant posts and the imposition of additional approval structures for any critical vacant posts. The impact of this has been to extend the timeframes for the filling of all vacant posts, whether arising through natural attrition or increased operational requirements, and, in many areas within DTPC this is expected to directly impact on service delivery, particularly where operations are not yet fully established.

1.2.2. ALIGNMENT WITH RELEVANT POLICIES AND STRATEGIES

KZN's 2035 vision is to be a prosperous province with a healthy, secure and skilled population, living with dignity and harmony, acting as a gateway to Africa and the world. As one of the two Special Economic Zones established in the province, and a key infrastructure project for KZN, DTPC has a significant role to play in the achievement of this vision. The development and implementation of Durban's aerotropolis is a vital part of DTPC's mission, as DTPC aims to create an enabling environment to secure new international and regional air services, facilitate growth in air cargo volumes, produce sustainable volumes of perishables in support of an integrated air logistics platform, while promoting direct foreign and local private sector investment in the province through the operation of the DTP SEZ.

As a Schedule 3C public entity, falling under the auspices of EDTEA, DTPC seeks to align its strategic objectives with those of EDTEA, as well as 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 identified the following key deliverable areas, along with targets for the next 3 years. These targets include all activities of DTPC, including those of the DTP SEZ, and are aligned to DTPC's 2015/16 – 2019/20 Strategic Plan:

Key Deliverable areas	Actual	Estimated	Targets		
	2015/16	2016/17	2017/18	2018/19	2019/20
KEY DELIVERY AREA 1: STRATEGIC INFRASTRUCTURE					
% increase in international/regional passengers through KSIA	(2.3%)	3.6%	18%[14]	8%[15]	13%[16]
No. of new international/regional routes (additional frequency or new route) using KSIA	5	2	2	2	2
Tonnage throughput from Dube Cargo Terminal annually (international)	8 062	9 100	10 200	11 700	13 300
Value of produce produced and processed at the Dube AgriZone annually	R36.3 million	R87.6 million	R95.5 million	R124 million	R175 million
% Occupancy of available AgriZone facilities	77%	85%	85%	90%	90%
KEY DELIVERY AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS					
Private sector investment committed	R254.3 million	R174 million	R723 million	R1.348 billion	R2 billion
Public sector investment committed	R172 million	R76 million	R140 million[17]	R190 million[18]	R240 million[19]
Total revenue generated	R47.3 million	R69 million	R80 million	R90 million	R100 million
Value of goods sold to other countries (exports)[20]	R247.8 million	R841 million	R800 million[21]	R1.7 billion	R1.75 billion

[14] Target adjusted upwards from 3.3% in the 2016/17 APP to take into account the current levels of achievement in the 2016/17 year. See Part E: Annexure 1 for details.

[15] Target adjusted upwards from 3.1% in the 2016/17 APP to take into account the current levels of achievement in the 2016/17 year, as well as the growth expected as additional air routes are secured annually. See Part E: Annexure 1 for details.

[16] Target adjusted upwards from 2.8% in the 2016/17 APP to take into account the current levels of achievement in the 2016/17 year, as well as the growth expected as additional air routes are secured annually. See Part E: Annexure 1 for details.

[17] Target adjusted upwards from R90 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for details.

[18] Target adjusted upwards from R133 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for details.

[19] Target adjusted upwards from R189 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for details.

[20] In the 2016/17 APP, this item was measured as a programme performance indicator under Programme 7: DTP SEZ. It has now been relocated to Key Delivery Area 2: Economic Development and Competitiveness as, while it is a key objective of the DTP SEZ, it is largely beyond DTPC's control. It will still be measured and reported on by DTPC but will not be used as a direct measure of DTPC's effectiveness.

[21] Target adjusted downwards from R1.2 billion in the 2016/17 APP as the downturn in the global economy has resulted in a decline in the demand for exports.

Key Deliverable areas		Actual 2015/16	Estimated 2016/17	Targets 2017/18	2018/19	2019/20
KEY DELIVERABLE AREA 3: JOB CREATION						
Number of direct jobs created	Temporary	1 052	605	1 324	2 014	2 844
	Permanent	662	271	546	563	1 936
KEY DELIVERABLE AREA 4: ENVIRONMENTAL SUSTAINABILITY						
Contribution to carbon offset		16.6% 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		60.8ha	153ha	206ha[22]	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 a 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.

Four airlines introduced new routes to KSIA in 2015/16. These were Qatar Airways, Turkish Airlines, Ethiopian Airlines and Proflight Zambia. African destinations now directly accessible from Durban include Lusaka, Harare, Addis Ababa and Mauritius, while direct international destinations include Dubai, Doha and Istanbul. DTPC aims to continue increasing air-traffic through KSIA over the next year, either through attracting additional new routes or increasing the frequency of established routes. This will in turn increase the number of passengers passing through Durban and will drive up the volume of air cargo being processed through the Dube Cargo Terminal, which will ultimately assist in growing export volumes from KZN.

In 2015/16, 8 062 tonnes of international cargo and 6 427 tonnes of domestic cargo was processed through the Dube Cargo Terminal. This is expected to increase to 10 200 and 7 257 tonnes respectively in 2017/18.

The KZN PEMP identifies agriculture as the most critical sector of the economy which can impact on poverty eradication. The Dube AgriZone aims to support this sector through its service offerings to tenants, which are intended to enhance their business productivity and decrease costs, particularly those related to energy consumption. This area also forms part of the DTP SEZ

[22] Target adjusted downwards from 225ha in the 2016/17 APP, after being adjusted upwards from 80ha in the 2015/16 – 2019/20 Strategic Plan. The revised target takes into account the actual areas that require rehabilitation after the new land parcel planned for purchase in 2016/17, as well as all remaining areas to be rehabilitated which are not currently under sugarcane. See Part E: Annexure 1 for details.

and agricultural products are one of the key target sectors for the DTP SEZ. This means that the incentives available to enterprises located in an SEZ are available to agricultural businesses, should they wish to locate at the Dube AgriZone, which will assist in promoting the agricultural potential of KZN.

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 2016/17, although negotiations to fill this space are at an advanced stage. DTPC aims to maintain occupancy at an average of 85% over 2017/18, with R95.5 million worth of agricultural produce being produced or processed at the Dube AgriZone over the next year.

ECONOMIC DEVELOPMENT AND COMPETITIVENESS:

This key delivery area is linked to the objectives of the SEZ programme 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 and with this in mind, DTPC developed a 10-year Investment Plan which spans the period from 2015 to 2025 and outlines the market segments DTPC intends to target for private sector investment, as well as the commercial implementation processes best suited to balancing DTPC's primary mandate of economic development with its increasingly important responsibility to move towards commercial sustainability.

By the end of 2015/16, DTPC had attracted more than R1.3 billion in private sector investment to DTP, and this is expected to grow by an additional R723 million in 2017/18. DTPC also aims to commit at least R90 million of the public funds allocated to it to infrastructure projects, thereby adding to its already significant asset base of more than R3.2 billion, of which approximately two thirds is revenue-generating.

DTPC also aims to facilitate an increase of value added products through infrastructure, incentives and other administrative support and, in so doing, aims to increase the value of exports from the DTP SEZ by R800 million in 2017/18. The negative economic outlook and subdued economic growth have invariably led to the decline in export demand, however, DTPC intends to target export-oriented investment to assist in remedying this situation.

JOB CREATION:

Inclusive economic growth through 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 a SEZ, DTPC is ideally situated to facilitate the generation of new employment by enhancing sectoral development through trade and industry.

Over the past 5 years, from 2011/12 to 2015/16, 3 909 jobs (2 236 temporary, during construction, and 1 673 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 SEZ areas over the five years from 2015/16 to 2019/20, with 1 870 of these in 2017/18.

ENVIRONMENTAL SUSTAINABILITY:

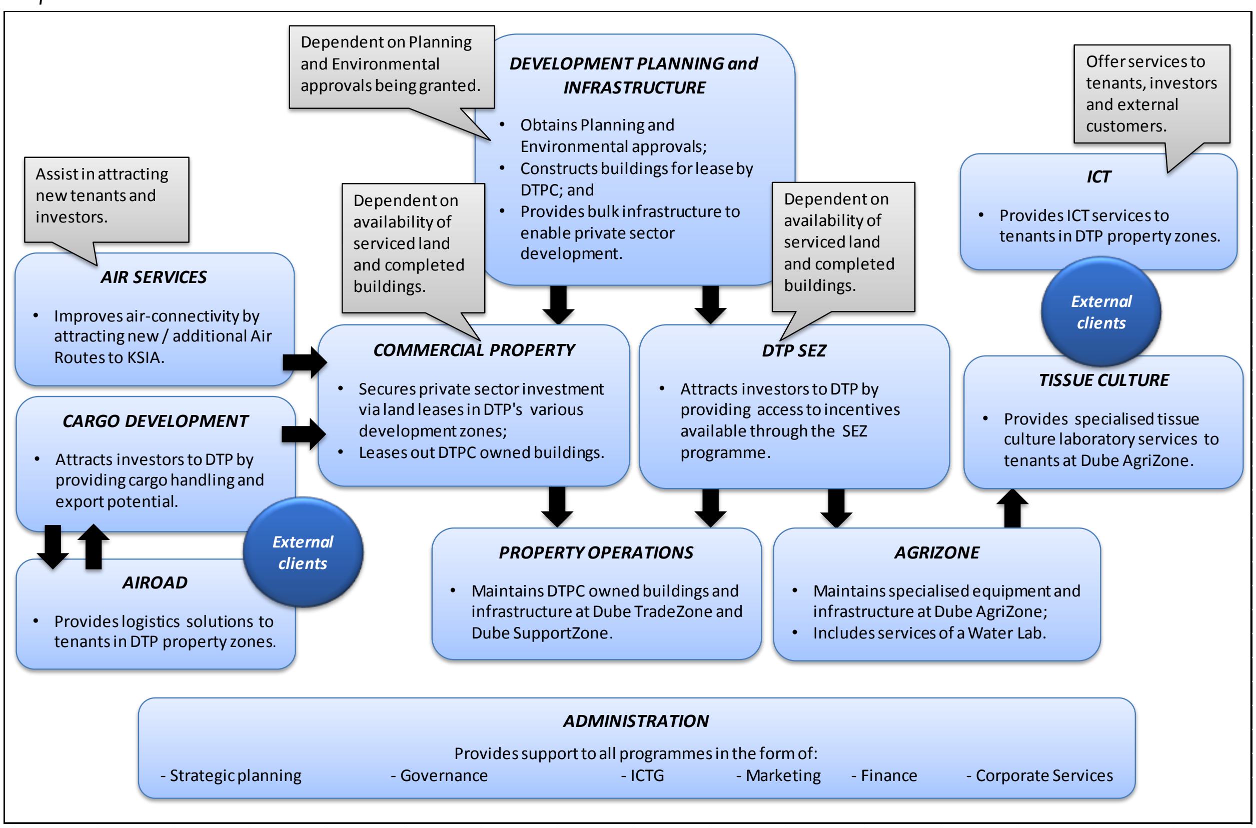
DTPC is committed to creating an aerotropolis that is environmentally sustainable, aligned to the Millennium Development Goal developed by the member states of the United Nations to ensure environmental sustainability, as well as the 5th strategic goal of the PGDP, 3rd strategic priority of the NDP and the provisions of the Constitution.

In addition to rehabilitating 206 hectares of land in 2017/18, DTPC aims to reduce its carbon emissions by 7% each year, in line with national targets and 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

On 23 December 2016, Dube TradePort was formally gazetted as a SEZ and, as such, DTPC is now required to fully comply with the SEZ Act no. 16 of 2014 and its related regulations which came into effect in February 2016. These regulations provide for a three year transition period for an IDZ Operator to convert to a SEZ and during this time, DTPC will evaluate which of the models provided for in the SEZ Act are most beneficial to the achievement of its overall goals.

The South African SEZ concept recognises that an SEZ 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.

There is currently one CCA designated within the DTP SEZ, and DTPC is therefore required to comply with all conditions set out by SARS in the registration of this CCA.

In addition, the SEZ Programme makes the following incentives available to qualifying enterprises operating within a SEZ designated in terms of S23 and S24 of the SEZ Act:

- 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.)

The above mentioned tax incentives are now available to enterprises locating in the DTP SEZ.

DTPC is also required to comply with the conditions of any Funding Agreements entered into between the dti and DTPC, as well as any future agreements for additional funding that may be approved. Currently, DTPC has received funding from the SEZ Start-up Fund, intended to assist SEZ Operators to plan and develop the SEZ for successful investment attraction, and from the SEZ Infrastructure Fund for specific infrastructure projects within the DTP SEZ. (See Part C: Links to other plans for more information.)

With the exception of the legislation and other documentation mentioned above, 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 2017/18 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ESTIMATES

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Administration	(4,105,505)	5,434,332	23,441,295	29,466,371	60,871,765	75,837,499	74,220,853
Cargo Development	29,286,722	76,131,794	19,708,287	41,940,122	22,128,667	22,387,236	22,617,920
Property	22,089,722	36,182,145	38,549,723	39,141,033	38,879,736	28,676,069	28,179,480
AgriZone	29,283,345	21,941,222	30,463,337	28,741,496	35,978,861	33,304,533	35,262,579
Information Communication & Technology	8,770,602	21,217,495	12,220,007	14,290,128	12,724,178	13,209,673	9,863,453
Development Planning & Infrastructure	520,874,191	325,453,128	322,742,434	227,064,364	240,993,022	276,303,015	304,765,784
DTP IDZ / SEZ	-	-	-	3,579,486	3,590,769	3,186,974	3,357,932
SUBTOTAL	**606,199,078**	**486,360,116**	**447,125,083**	**384,223,000**	**415,167,000**	**452,905,000**	**478,268,000**
Revenue	**100,415,503**	**102,110,697**	**95,298,326**	**120,862,816**	**119,509,076**	**129,240,768**	**137,249,678**
Current payments	**179,631,217**	**262,506,869**	**208,273,909**	**313,437,757**	**324,052,428**	**336,697,547**	**355,564,703**
Compensation of employees	57,270,280	78,701,770	74,906,022	91,283,873	111,834,776	120,780,018	130,440,790
Goods and services of which:	-	-	-	-	-	-	-
Computer services	2,347,911	707,191	546,155	1,630,330	972,638	715,727	720,252
Consultants, contractors and special services	22,000,539	18,037,138	18,068,857	85,688,940	57,262,570	55,417,141	55,201,085
Maintenance Repairs and running costs	84,160,522	146,338,367	101,305,025	113,580,317	127,491,290	133,650,610	142,053,793
Operating Leases	198,626	292,530	406,445	500,573	364,200	385,324	407,672
Travel and subsistence	1,333,340	1,512,420	1,470,493	2,280,125	2,205,911	2,335,224	2,440,825
Advertising	11,269,544	13,247,540	9,708,514	14,706,621	17,698,000	19,015,634	19,581,251
Training	1,050,454	3,669,913	1,862,398	3,766,977	6,223,044	4,397,869	4,719,035
PAYMENT FOR CAPITAL ASSETS	**526,983,364**	**325,963,944**	**334,149,500**	**191,648,059**	**210,623,647**	**245,448,220**	**259,952,975**
Building and other fixed structures	18,662,951	110,304,459	55,689,026	122,122,572	160,160,066	213,208,980	249,183,008
Machinery and equipment	7,072,300	17,979,274	19,923,443	33,931,330	18,526,649	13,745,140	10,134,967
Software and other intangible assets	7,068,831	1,103,755	789,967	5,641,745	11,936,932	9,049,685	635,000
Land and subsoil assets	494,179,283	196,576,456	257,747,064	29,952,412	20,000,000	9,444,415	-
TOTAL	**606,199,078**	**486,360,116**	**447,125,083**	**384,223,000**	**415,167,000**	**452,905,000**	**478,268,000**

3.2. RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

- As DTPC's core mandate is to provide strategic infrastructure in the form of the Dube TradePort, 43.4% of its total budget is allocated to land, buildings and other fixed structures, and 58% 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 a SEZ which provided greater impetus for the attraction of private sector investment and new air routes, but has also been hampered by the overall reduction in budget in 2016/17 which is expected to yield slower growth in the asset base off which revenue is earned.

- The Administration programme accounts for 14.7% of the budget and this percentage is expected to increase marginally over the MTEF as interest revenues decline. This expected decline is as a result of the utilization of committed funds held.

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 and Communications 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 Special Economic Zone[4]	7.1 DTP 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 and human capital management	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 sustain and grow cargo and air services	To facilitate new international and regional air services
Sub-programme 1.2: **FINANCE**	To pursue financial sustainability by driving revenue growth and increasing operational efficiencies	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 and human capital management	To effectively manage human resource recruitment, learning and development and corporate support services

4.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	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%	81%	78%	84%	85%	85%	85%	85%
	Strategic Objective: To secure beneficial partnerships for DTPC								
1.2	No. of partnerships secured[23]	10	2	1	2	2	2	2	2
	Strategic Objective: To promote sound corporate governance to DTPC and its Board								
1.3	Board effectiveness as determined by comparison to the appropriate recommendations of King IV[24]	90%	New indicator		80%	80%	80%	85%	90%

[23] 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.

[24] This indicator, as defined in the 2015/16 – 2019/20 Strategic Plan, refers to King III. However, as King IV is effective from 1 April 2017, the indicator title has been amended to reference the most relevant and up-to-date version of this report.

			Audited / Actual Performance			Estimated	Medium-Term Targets		
	Key Performance Indicator	5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO								
	Strategic Objective: To facilitate DTPC's B-BBEE Strategy								
1.4	DTPC's B-BBEE level	Level 1	New indicator		Level 3	Level 3	Level 2	Level 1	Level 1
	Strategic Objective: To facilitate new international and regional air services								
1.5	% Increase in international / regional passengers through KSIA	9.22% (average per annum)	New indicator		(2.3%)	3.6%	18%[25]	8%[26]	13%[27]
	SUB-PROGRAMME 1.2: FINANCE								
	Strategic Objective: To provide effective, efficient and transparent financial management								
1.6	External audit opinion	Clean audit	Unqual.	Unqual.	Clean audit	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		78%[28]	35%	40%	45%	50%
	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%	7.8%	6.7%	7%	7%	6%	6%
1.9	% of employee costs spent on learning and development	2%	New indicator		2.1%	2%	2%	2%	2%

[25] Target adjusted upwards from 3.3% in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan to take into account the current levels of achievement after 3 new airlines introduced new routes via KSIA in the last quarter of 2015/16. Additional air routes are expected to be secured annually which will result in the number of passengers through KSIA increasing by a higher percentage than would otherwise be achievable. See Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[26] Target adjusted upwards from 3.1% in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan. See note 25 above, and Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[27] Target adjusted upwards from 2.8% in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan. See note 25 above, and Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[28] In 2015/16, the procurement spend on targeted businesses was calculated based on the old B-BBEE Codes of Good Practice (CoGP). These placed more emphasis on the B-BBEE level achieved by suppliers, whereas the new CoGP measure procurement spend based on the make-up of suppliers ownership. The method of calculation for this target was therefore amended from 2016/17 onwards to better reflect DTPC's contribution towards radical economic transformation.

Key Performance Indicator		5-year Strategic Plan Target	Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 1.3: CORPORATE SERVICES								
	Strategic Objective: To effectively manage human resource recruitment, learning and development and corporate support services								
1.10	% Implementation of DTPC's Workplace Skills Plan[29]	95%	New indicator				95%	95%	95%

4.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

Programme Performance Indicator		Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
1.11	% Customer satisfaction (survey)	New indicator			80%	80%	80%	80%
1.12	% Increase in own revenue	New indicator		27.8%	9%	10%	12%	12%
1.13	% Implementation of the ICT Governance Framework and Policies requirements	76.7%	90%	96.8%	90%	90%	90%	90%
1.14	% Increase in Brand Value	45%	17%	n/a[30]	5% increase year-on-year	5% increase year-on-year	5% increase year-on-year	5% increase year-on-year
1.15	No. of successful marketing campaigns implemented	12	11	n/a[31]	9	9	9	9
	SUB-PROGRAMME 1.2: FINANCE							
1.16	% of prior period external audit report items resolved prior to commencement of the audit	100%	92%	100%	80%	80%	80%	80%

[29] New indicator added to measure the extent to which DTPC implements its Workplace Skills Plan, as submitted annually to the Services Seta. This indicator will take into account, not only the amount spent, but whether or not the interventions undertaken meet employees' development needs.

[30] This indicator was not measured in 2015/16, but a new baseline was calculated instead. This measure was 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.

[31] In 2015/16, the number of marketing *campaigns* implemented was measured as the number of marketing *activities* developed instead, with 12 being achieved during that year.

	Programme Performance Indicator	Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 1.2: FINANCE							
1.17	% Increase in the value of assets	New indicator		11.5%	2%[32]	2.5%	3%	3%
	SUB-PROGRAMME 1.3: CORPORATE SERVICES							
1.18	No. of CSI projects	5	3 new projects 3 expanded projects	4	4	4	4	4
1.19	No. of apprenticeships and internships	New indicator	22	28	30	35	30	20
1.20	Achievement of Employment Equity Targets	New indicator			85%	85%	90%	90%

PROGRAMME PERFORMANCE INDICATOR REMOVED:

The following Programme Performance Indicator, included in the 2016/17 APP, has been removed:

	Programme Performance Indicator	Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 1.1: OFFICE OF THE CEO							
1.15	No. of air services business cases or business opportunity proposals submitted	8	15	14	9	10	10	10

This indicator has been removed as it measures inputs into the broader target to increase the number of new air routes using KSIA and also overlaps with KPI 1.5: *% Increase in international / regional passengers through KSIA*. Submitting business cases or proposals to airlines is only one step in the process of securing new air routes and does not measure the success of these efforts.

[32] After DTPC's budget was cut by 38.5% in 2016/17, targets for this indicator were reduced as a smaller budget means that fewer funds are available for capital assets thereby reducing the amount by which the value of assets held by DTPC can grow.

4.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

Office of the CEO

- Drive the marketing of the new international air services secured in 2015/16 and 2016/17.
- Identify and engage airlines for the London, Mumbai, and regional routes.
- Identify suitable potential partnerships, particularly in the ICT, Pharmaceuticals and electronics sectors.

Risk and Governance

- Continue to strive for improved Corporate Governance.
- Implement, monitor and report against the compliance framework.
- Implement, monitor and report against the DTPC B-BBEE Strategy and policy developed in terms of the new codes.

ICTG

- Implement and monitor ICTG governance strategy.
- Implement Enterprise Architecture road map.
- Implement Information Security road map.
- Implement ICTG project framework.

Marketing

- Implement an effective brand and marketing strategy in order to 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 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

- Update the sustainability model and develop short and medium term parameters to drive financial sustainability.
- Implement phase two of the electronic procurement system.
- Refine and streamline the Call for Proposal process.

Corporate Services

- Facilitate organisational development initiatives to create the desired corporate culture.
- Implement an HR Information Management system.
- Facilitate training interventions aimed at enhancing sound labour relations.

4.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18	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 IV	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 2	To be measured in the 4th quarter			
1.5	% Increase in international / regional passengers through KSIA	Office of the CEO	Quarterly	18%	18%	18%	18%	18%
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	40%	40%	40%	40%	40%
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	Quarterly	2%	2%	2%	2%	2%

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2017/18	1st	2nd	3rd	4th
1.10	% Implementation of DTPC's Workplace Skills Plan	Corporate Services	Quarterly	95%	5%	40%	80%	95%
1.11	% Customer satisfaction (survey)	Office of the CEO	Annual	80%	To be measured in the 4th quarter			
1.12	% Increase in own revenue	Office of the CEO	Quarterly	10%	10%	10%	10%	10%
1.13	% Implementation of the ICT Governance Framework and Policies requirements	Office of the CEO	Quarterly	90%	25%	45%	70%	90%
1.14	% Increase in Brand Value	Office of the CEO	Annual	5% increase year-on-year	To be measured in the 2nd quarter			
1.15	No. of successful marketing campaigns implemented	Office of the CEO	Quarterly	9	0	0	3	6
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	2.5%	To be measured in the 4th quarter			
1.18	No. of CSI projects	Corporate Services	Quarterly	4	1	2	3	4
1.19	No. of apprenticeships and internships	Corporate Services	Quarterly	35	10	20	35	35
1.20	Achievement of Employment Equity Targets	Corporate Services	Quarterly	85%	40%	50%	75%	85%

4.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

4.5.1. PROGRAMME 1: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
Office of the CEO, Finance & Corporate Services	(4,105,505)	5,434,332	23,441,295				
Office of the CEO				36,515,584	44,778,812	53,738,735	45,827,550
Finance				(29,878,118)	(10,792,092)	(4,908,780)	(208,686)
Corporate Services				22,828,905	26,885,045	27,007,544	28,601,989
SUBTOTAL	**(4,105,505)**	**5,434,332**	**23,441,295**	**29,466,371**	**60,871,765**	**75,837,499**	**74,220,853**
Revenue	62,317,192	60,089,858	46,541,502	57,841,000	41,644,100	37,953,030	34,777,263
Current payments	**55,983,310**	**63,633,657**	**69,087,726**	**84,349,146**	**98,287,065**	**104,574,389**	**108,142,469**
Compensation of employees	21,872,864	32,214,070	31,052,777	35,223,785	43,084,808	46,530,052	50,250,827
Goods and services of which:			-		-	-	-
Communication	-	-	-		-	-	-
Computer services	1,645,380	94,720	84,991	751,428	761,138	550,000	550,000
Consultants, contractors and special services	8,324,819	5,042,651	9,683,823	17,119,750	18,086,380	19,181,931	17,571,367
Maintenance Repairs and running costs	14,069,981	15,486,493	19,096,380	18,430,791	21,023,347	21,984,700	23,184,136
Operating Leases	97,946	148,540	336,935	291,100	240,200	254,132	268,871
Travel and subsistence	546,925	649,585	571,247	1,080,250	803,811	870,923	910,444
Advertising	9,121,431	8,473,671	7,406,141	10,725,000	11,880,000	14,216,600	14,348,873
Training	303,964	1,523,927	855,432	727,041	2,407,381	986,050	1,057,951
PAYMENT FOR CAPITAL ASSETS	**2,228,377**	**1,890,533**	**895,071**	**2,958,225**	**4,228,800**	**9,216,140**	**855,647**
Building and other fixed structures	-		-	-	-	-	-
Machinery and equipment	797,645	786,778	745,056	600,000	643,800	2,181,140	720,647
Software and other intangible assets	1,430,732	1,103,755	150,015	2,358,225	3,585,000	7,035,000	135,000
Land and subsoil assets	-		-	-	-	-	-
TOTAL	**(4,105,505)**	**5,434,332**	**23,441,295**	**29,466,371**	**60,871,765**	**75,837,499**	**74,220,853**

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 an average of 43% of its total payments allocated for this annually.

- Advertising costs to market DTPC's product offerings and promote awareness of its brands amounts to 11.6% of this programme's budget. This assists with both revenue generation and attracting private sector investment to the precinct and will ultimately contribute towards DTPC's goal of achieving sustainability.

- The capital assets budgeted for under this programme relate primarily to ICTG initiatives which will improve efficiency and integration across all operational areas.

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 (IATA) 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. Dube Cargo Terminal currently handles international cargo only, whilst domestic operations are carried out by tenants in the Dube Cargo Terminal, such as SAA Cargo and Bidair Cargo; thus domestic cargo volumes are linked to the activities and operations of these tenants. Whilst all airfreight volumes are linked to global economic conditions, domestic cargo volumes are closely linked to the South African economic outlook and consumer consumption trends.

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

CARGO DEVELOPMENT	Strategic Goal	Strategic Objective
Sub-programme 2.1: **CARGO OPERATIONS**	To provide high quality competitive and sustainable services to those utilising DTPC's cargo terminal, property zones, facilities and commercial operations	To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs
		To facilitate effective air cargo security measures in line with national and international standards
Sub-programme 2.2: **AIR CARGO BUSINESS DEVELOPMENT**	To sustain and grow cargo and air services	To grow the volume of cargo through the Dube Cargo Terminal

5.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
	Key Performance Indicator	5-year Strategic Plan Target	2013/14	2014/15	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%	100%	100%	100%	85%	90%	90%	90%
	Strategic Objective: To facilitate effective air cargo security measures in line with national and international standards								
2.2	Results of Annual SACAA audit: Dube Cargo Terminal	Part 108 Certifica-tion received	100%	100%	Part 108 Certifica-tion received	Part 108 Certifica-tion received	Part 108 Certifica-tion received	Part 108 Certifica-tion received	Part 108 Certifica-tion 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)	7 681	7 149	8 062	9 100	10 200	11 700	13 300
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	36 272 (total over 5 years)	n/a[33]	n/a[22]	6 427	6 750	7 257	7 620	8 000
2.5	Value of international goods through Dube Cargo Terminal	R30.6 billion	New Indicator		R4.8 billion	R4.8 billion	R5.8 billion	R7.2 billion	R8.8 billion

[33] Domestic tonnages were not measured in 2013/14 and 2014/15 as this information was not available.

5.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 2.1: CARGO OPERATIONS							
2.6	Revenue from cargo handling (imports and exports)	New indicator		R9.1 million	R10.2 million	R11.1 million	R12.1 million	R12.6 million
2.7	Increase in revenue generated by trucking services	0%	32% year-on-year	65.4% year-on-year	18% year-on-year	12% year-on-year	15% year on year	15% year on year
	SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT							
2.8	No. of business cases presented to freighter operators[34]	New indicator				2	2	2
2.9	No. of business cases or logistics solutions initiated	New indicator		6	4	4	4	4

PROGRAMME PERFORMANCE INDICATOR REMOVED:

The following Programme Performance Indicator, included in the 2016/17 APP, has been removed:

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT							
2.8	No. of freighters using KSIA	0	0	0	0	1	1	1

This indicator has been replaced with PPI 2.8: *No. of business cases presented to freighter operators*. The economic downturn across the globe has resulted in lower demand for freighter services, coupled with a modal shift of commodities to lower cost options. The increased belly-hold capacity offered in passenger aircraft also meets the needs of the air cargo market, with only outsized shipments needing the use of dedicated freighter aircraft. This is therefore more likely to be on an ad hoc basis rather than as a scheduled service and the amendment to this indicator is therefore an approach that sees direct engagement with freighter operators with targeted business cases rather than securing additional scheduled freighters.

[34] New indicator added to measure the number of business cases presented to freighter operators. This indicator replaces the number of freighters using KSIA as additional scheduled freighters are unlikely to be secured while there is still excess capacity in the bellies of passenger aircraft. With the increase in the number of new passenger aircraft utilizing KSIA, the cargo capacity on those aircraft has increased, thus reducing the likelihood of more expensive dedicated cargo freighters being secured.

5.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

Cargo Operations

- Maintain the existing excellent operational benchmarks already achieved in the Dube Cargo Terminal.
- Ensure that all air carriers handled by the Dube Cargo Terminal receive levels of service that are efficient, reliable and cost effective, which in turn facilitates the growth of cargo volumes for those carriers.
- Ensure that Dube Cargo Terminal staff are well prepared through training, supervision, roster management and increasing efficiencies, to handle customers' air cargo in an efficient and professional manner and in keeping with the latest requirements and legislation in air cargo handling.
- 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.
- 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 (where 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.
- Participate in marketing campaigns for airlines.

5.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18**	**1st**	**2nd**	**3rd**	**4th**
2.1	Processing time against SLA's	Cargo Operations	Quarterly	90%	90%	90%	90%	90%
2.2	Results of Annual SACAA audit: Dube Cargo Terminal	Cargo Operations	Annual	Part 108 Certification received	To be measured in the 1st quarter			
2.3	Tonnage throughput from Dube Cargo Terminal – International	Air Cargo Business Development	Quarterly	10 200	2 345	2 700	2 870	2 285
2.4	Tonnage throughput from Dube Cargo Terminal - Domestic	Air Cargo Business Development	Quarterly	7 257	1 900	1 780	1 977	1 600
2.5	Value of international goods through Dube Cargo Terminal	Air Cargo Business Development	Annual	R5.8 billion	To be measured in the 4th quarter			
2.6	Revenue from cargo handling (imports and exports)	Cargo Operations	Quarterly	R11.1 million	R2.5 million	R3.0 million	R3.2 million	R2.4 million
2.7	Increase in revenue generated by trucking services	Cargo Operations	Quarterly	12% year-on-year	12%	12%	12%	12%
2.8	No. of business cases presented to freighter operators	Air Cargo Business Development	Annual	2	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 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
Air Services	236,668	50,490,379					
Cargo Operations	29,050,055	25,641,415	19,708,287	41,940,122	22,128,667	22,387,236	22,617,920
SUBTOTAL	**29,286,722**	**76,131,794**	**19,708,287**	**41,940,122**	**22,128,667**	**22,387,236**	**22,617,920**
Revenue	14,657,486	15,352,132	16,608,815	18,260,721	23,521,757	25,666,065	27,941,459
Current payments	**36,343,732**	**90,420,908**	**27,735,744**	**38,790,837**	**45,540,424**	**47,649,300**	**50,501,059**
Compensation of employees	13,606,510	16,239,960	12,849,459	15,961,996	18,835,965	20,342,842	21,970,270
Goods and services of which:			-		-	-	-
Computer services	421,511	246,195	42,570	67,766	61,500	65,727	70,252
Consultants, contractors and special services	161,908	581,812	130,927	2,076,404	771,500	781,220	791,718
Maintenance Repairs and running costs	20,552,505	69,291,934	13,415,031	17,084,271	22,040,449	22,627,665	23,630,714
Operating Leases	99,711	115,659	54,020	99,000	99,000	104,742	110,817
Travel and subsistence	410,344	156,071	447,295	429,400	474,000	499,752	526,998
Advertising	754,666	2,247,779	319,752	1,070,000	1,127,000	1,074,966	1,075,714
Training	336,577	1,541,498	476,690	2,002,000	2,131,010	2,152,386	2,324,577
PAYMENT FOR CAPITAL ASSETS	**7,600,476**	**1,063,018**	**8,581,358**	**21,410,006**	**110,000**	**404,000**	**58,320**
Building and other fixed structures	-	128,935	97,763	-	-	-	-
Machinery and equipment	2,106,621	934,083	8,483,595	21,410,006	110,000	404,000	58,320
Software and other intangible assets	5,493,855	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
TOTAL	**29,286,722**	**76,131,794**	**19,708,287**	**41,940,122**	**22,128,667**	**22,387,236**	**22,617,920**

5.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The primary objective of Cargo Development is to increase cargo throughput, and sufficient resources have therefore been allocated for the maintenance and general running costs of the Dube Cargo Terminal. Close to half of this programme's budget has been allocated for this, with maintenance, repairs and running costs expected to increase by 29% from 2016/17 to 2017/18. This increase is as a result of the additional airlines flying from KSIA from the latter part of 2015/16, which is expected to grow cargo volumes as airlines operations and customer bases become more established.
- Similar growth is expected in cargo revenues with an increase of 28.8% expected over the same period.
- Payment for capital assets has mainly been for the upgrading of X-ray machines as this is critical to ensuring continued compliance with the latest aviation standards. This was largely completed by the end of 2016/17 and minimal additional capital expenditure is expected over the MTEF.

6. PROGRAMME 3: PROPERTY

Programme 3 consists of 2 sub-programmes: Commercial and Operations, and 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.

Sub-Programme 3.1 Property Commercial: The Commercial sub-programme broadly focuses on the marketing and leasing of DTP land to potential investors and developers, and facilitates development on land controlled by DTPC. It is responsible for managing occupancy levels within DTPC's property zones and buildings, and aims to attract new and retain existing tenants by offering competitive and market-related rentals as well as providing high levels of service to tenants and developers. With poor economic growth being experienced within South Africa, including continued weaknesses in the manufacturing sector, market rentals and property development have experienced particularly low growth. This should be seen in conjunction with building cost inflation, higher prices of utilities (electricity, water and municipal rates), rising debt levels, government austerity measures and the moratorium on hiring new staff which, all combined, is likely to have an impact on DTPC's ability to attract new investment and maintain high occupancy rates.

Another integral part of this sub-programme is the **Property Administration** function which includes lease administration and debtors' management as well as the management of all leviable services such as cleaning, landscaping, pest control and waste removal within the common areas of Dube City and Dube TradeZone.

Private Sector Investment
The target market includes 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 in 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 1a) 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 an 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 Special Economic Zone. The Dube 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 a SEZ. Tenants already established in the zone include Samsung, DB Schenker, Retractaline, Laser Junction, Air chefs, Tuf Bags and Amsted-Reelin.

The second is **Dube City** (SupportZone 1a) 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. Work is continuing on the design for the Multi-storey parkades to be situated on Blocks A & B, with construction due to start in 2017. DTPC continues to market the balance of 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.

In measuring private sector investment in these zones, the value of investment is split based on the geographical location of the investment – i.e. within SEZ-designated areas (Phase 1 and 2 of the Dube TradeZone and phase 1 of the Dube AgriZone) and areas outside of the DTP SEZ, currently comprising mainly of Dube City. Key Performance Indicators have been defined both in this programme and in Programme 7 – DTP SEZ and the overall targeted investment is detailed in the table below:

		Actual	**Estimated**	**Medium-Term Targets**		
Key Performance Indicator		2015/16	2016/17	2017/18	2018/19	2019/20
7.2	Total value of new private sector investment (buildings and capital equipment) committed in **SEZ-designated areas**[35]			R461 million	R1.227 billion	R1.7 billion
3.2	Total value of new private sector investment (buildings and capital equipment) committed in **Non SEZ-designated areas**			R262 million	R121 million	R300 million
	Total private sector investment committed	**R254.3 million**	**R174 million**	**R723 million**	**R1.348 billion**	**R2 billion**

[35] This indicator is measured under Programme 7: DTP SEZ.

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 security services, facilities maintenance and asset management.

DTPC's strategy is to utilize a mix of its own staff and 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, the maintenance of plant and equipment (e.g. generators, HVAC, lifts) and general maintenance. 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. 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 pursue financial sustainability by driving revenue growth and increasing operational efficiencies	To increase long term property rental revenues for DTPC
	To secure private sector investment in targeted logistics, agri-processing, manufacturing, commercial and service sectors	To secure private sector investment in DTPC's property zones
Sub-programme 3.2: **OPERATIONS**	To provide high quality competitive and sustainable services to those utilizing DTPC's cargo terminal, property zones, facilities and commercial operations	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 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15	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	New indicator		R24.3 million	R35 million	R38 million[36]	R46 million[37]	R51 million[38]
	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 **Non SEZ-designated areas**[39]	R683 million[40]	New indicator				R262 million	R121 million	R300 million
3.3	Total value of new investment (buildings and capital equipment) by black owned and/or black empowered companies. (Including SEZ investments)	R1.184 billion	New indicator		R84 million	R40 million	R200 million	R400 million	R500 million

[36] Target adjusted downwards from R41 million in the 2016/17 APP and R49 million in the 2015/16 – 2019/20 Strategic Plan as a result of the delay in releasing phase 2 of the Dube TradeZone to the market. This zone was originally expected to be launched in 2016, however, delays in environmental and other approvals has resulted in a similar delay in the revenue receivable from this zone. The revenue targeted for 2018/19 and 2019/20 has been increased to compensate for this reduction. See Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[37] Target adjusted upwards from R45 million in the 2016/17 APP, but downwards from R54 million in the 2015/16 – 2019/20 Strategic Plan. See note 28 above, and Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[38] Target adjusted upwards from R49 million, as revised in the 2016/17 APP, but downwards from R59 million in the 2015/16 – 2019/20 Strategic Plan. See note 28 above, and Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[39] New indicator added to measure the value of investment made in DTP outside of the SEZ-designated areas. Previously, this target included investment in all of DTPC's property zones and only excluded investment made by companies designated as IDZ Enterprises. As the SEZ Act no longer makes a clear distinction between IDZ Enterprises and non-IDZ Enterprises, it was considered more appropriate to report based on the geographical location of investors – i.e. those located in the SEZ-designated areas and those located outside of it, rather than based on the investors' IDZ Enterprise status. Investment committed within the SEZ-designated areas will now be measured under Programme 7: DTP SEZ. See Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[40] This indicator was added in 2017/18 and the cumulative total therefore represents 3 year period rather than 5 years.

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	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%	Trade Zone: 98% Dube City: 100%	Trade Zone: 93.8% Dube City: 99.7%	90.23%	91%	92.5%	93.5%	95%
3.5	% of sites leased to private sector developers levied	100%	New indicator		50%	50%	70%	90%	100%
	Strategic Objective: To effectively maintain DTPC's infrastructure, buildings, and facilities								
3.6	% Completion of planned maintenance programmes	95%	98%	86%	91%	91%	93%	94%	95%
3.7	% Completion of tenant logged job cards	95%	New indicator		99%	95%	95%[41]	95%[42]	95%[43]

6.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	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	254 761 m²	260 000 m²	310 000 m²	400 000 m²	450 000 m²
3.9	No. of bulk square meters let in Dube City *(cumulative)*	New Indicator	21 500 m²	40 740 m²	44 000 m²	47 000 m²	50 000 m²	55 000 m²
3.10	Total value of new investment by companies with at least 51% Black African ownership for property developments (Including SEZ investments)	New Indicator		R27.8 million	R20 million	R80 million	R160 million	R200 million
3.11	Total value of new investment by companies with > 25% Black African ownership locating their operations at DTP (Including SEZ investments)	New Indicator		R56.2 million	R15 million	R50 million	R100 million	R150 million

[41] Target adjusted downwards from 97% in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan to take into account the fact that equipment across the precinct is getting older and is therefore more prone to failure. More effort and resources will therefore be required to maintain the current levels of performance and, with more buildings and equipment being rolled out, the maintenance burden will increase placing increasing demand on limited resources.

[42] Target adjusted downwards from 99% in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan. See note 33 above.

[43] Target adjusted downwards from 99% in the 2015/16 – 2019/20 Strategic Plan. See note 33 above.

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 3.2: OPERATIONS							
3.12	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube TradeZone)*	R52.10	R59.47	R57.72	R56/m²	R58/m²	R60/m²	R60/m²
3.13	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube City)*	R62.69	R63.02	R68.24	R68/m²	R72/m²	R75/m²	R80/m²

KEY PERFORMANCE INDICATOR REMOVED:

The following Key Performance Indicator, included in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan, has been removed:

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 3.1: COMMERCIAL								
3.2	Total value of new private sector investment (buildings and capital equipment) committed in all of DTPC's property zones	R2,475 billion	R184.5 million	R353.5 million	R117 million	R96 million	R455 million	R808 million	R1 001 million

This indicator has been replaced with KPI 3.2: *Total value of new private sector investment (buildings and capital equipment) committed in Non SEZ-designated areas*, as well as KPI 7.2: *Total value of new private sector investment (buildings and capital equipment) committed in SEZ-designated areas*, reflected under Programme 7: DTP SEZ. This change has been made to improve the level of information being provided, particularly in relation to SEZ-designated areas, and to provide a clearer distinction between investment made in the DTP SEZ and that made in DTP but outside of the SEZ area. (See Part E: Annexure 1 for further details.)

6.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

Property Commercial

- Conclude lease agreements on targeted private sector investment projects in Dube TradeZone Phases 1b, 2 and 3 (Ushukela) and Dube City (SupportZone 1a, 1b and 2).

- Drive property development in Dube City and future zones by undertaking strategic infrastructure projects i.e. parking on Block D, A and B.
- Support companies undertaking developments in Dube TradeZone Phases 1,1b, 2 and 3 (Ushukela) and Dube City (Support Zone 1a, 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 Dube TradeZone 2, 3 and 4 and Dube Support Zone 1b and 2.
- Ongoing management and levy collection at Dube TradeZone and Dube SupportZone under the Management Association and implement new Management Associations for future zones.
- Administer new DTPC led developments and ensure tenants are billed correctly and that the tenants are properly managed according to the lease agreements.

Property Operations

- Implement site wide maintenance strategies such that it improves the asset reliability, lifecycle and management.
- Develop an integrated Asset Maintenance Management System, to enable analysis and reporting of the performance and monitoring of life cycle cost of infrastructure assets.
- Develop and implement a precinct-wide, integrated Building Management System to improve efficiencies, reporting and asset performance monitoring.
- Implement energy and water saving initiatives and projects to optimise consumption within all precincts.
- Build capacity within the programme to improve in-house engineering innovation in terms of maintenance of critical plant and overall infrastructure management.
- Train operating personnel and tenants in the principles of asset care, the functioning of the equipment and the correct operating procedures.
- Implement Security policy and strategies to ensure a secure environment in all DTPC facilities and operations.

6.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18	1st	2nd	3rd	4th
3.1	Total revenue from all DTPC properties	Commercial	Quarterly	R38 million	R8.5 million	R9 million	R10 million	R10.5 million

					Quarterly Targets			
Performance Indicator		**Sub-Programme**	**Reporting Period**	**Annual Target 2017/18**	**1st**	**2nd**	**3rd**	**4th**
3.2	Total value of new private sector investment (buildings and capital equipment) committed in **Non SEZ-designated areas**	Commercial	Bi-annual	R262 million	R130 million		R132 million	
3.3	Total value of new investment (buildings and capital equipment) by black owned and/or black empowered companies. (Including SEZ investments)	Commercial	Quarterly	R200 million	R50 million	R50 million	R50 million	R50 million
3.4	% Occupancy of DTPC's owned buildings	Operations	Quarterly	92.5%	91%	91.5%	92%	92.5%
3.5	% of sites leased to private sector developers levied	Operations	Quarterly	70%	60%	60%	65%	70%
3.6	% Completion of planned maintenance programmes	Operations	Quarterly	93%	93%	93%	93%	93%
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	310 000 m²	270 000 m²	280 000 m²	295 000 m²	310 000 m²
3.9	No. of bulk square meters let in Dube City *(cumulative)*	Commercial	Bi-annual	47 000 m²	45 500m²		47 000m²	
3.10	Total value of new investment by companies with at least 51% Black African ownership for property developments (Including SEZ investments)	Commercial	Bi-annual	R80 million	R40 million		R40 million	
3.11	Total value of new investment by companies with > 25% Black African ownership locating their operations at DTP (Including SEZ investments)	Commercial	Bi-annual	R50 million	R25 million		R25 million	
3.12	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube TradeZone)*	Operations	Quarterly	R58/m²	R56.50/m²	R57/m²	R57.50/m²	R58/m²
3.13	Minimum average rental rate per m² (total rental/area rented): *Owned buildings (Dube City)*	Operations	Quarterly	R72/m²	R70/m²	R71/m²	R71.50/m²	R72/m²

6.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

6.5.1. PROGRAMME 3: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
Operations	19,806,870	33,091,086	25,144,619	34,755,836	40,103,646	34,691,387	36,715,980
Commercial	2,282,852	3,091,059	13,405,104	4,385,197	(1,223,910)	(6,015,319)	(8,536,500)
SUBTOTAL	**22,089,722**	**36,182,145**	**38,549,723**	**39,141,033**	**38,879,736**	**28,676,069**	**28,179,480**
Revenue	11,784,847	14,733,537	20,026,793	28,976,595	35,391,450	43,015,093	48,523,669
Current payments	**33,477,800**	**50,031,260**	**57,430,480**	**65,787,629**	**66,541,442**	**70,191,162**	**75,203,149**
Compensation of employees	4,416,143	5,382,455	7,109,106	8,976,982	9,867,240	10,656,619	11,509,149
Goods and services of which:			-		-	-	-
Computer services	17,875	-	61,609	-	-	-	-
Consultants, contractors and special services	1,390,972	859,072	955,874	977,350	2,108,760	1,734,490	1,761,470
Maintenance Repairs and running costs	27,231,265	42,604,457	48,346,514	54,563,246	52,475,294	56,167,912	60,023,070
Operating Leases	-	7,234	2,000	2,140	-	-	-
Travel and subsistence	35,162	101,542	32,844	36,700	96,300	102,780	109,908
Advertising	335,207	1,002,652	703,211	1,070,000	1,541,000	1,316,228	1,569,369
Training	51,176	73,848	219,322	161,211	452,848	213,132	230,183
PAYMENT FOR CAPITAL ASSETS	**396,769**	**884,422**	**1,146,036**	**2,330,000**	**7,729,744**	**1,500,000**	**1,500,000**
Building and other fixed structures	49,020	419,207	691,565	515,024	1,000,000	-	-
Machinery and equipment	347,749	465,215	429,513	1,814,976	850,000	1,500,000	1,500,000
Software and other intangible assets	-		24,958	-	5,879,744	-	-
Land and subsoil assets	-		-	-	-	-	-
TOTAL	**22,089,722**	**36,182,145**	**38,549,723**	**39,141,033**	**38,879,736**	**28,676,069**	**28,179,480**

6.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- More than 70% of the total payments allocated to Property are earmarked for maintenance, repairs 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, and maintenance contracts are concluded with suitable service providers thereafter 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 by this programme is expected to increase by an average of 18.8% over the MTEF and, as a result, the total allocated to this programme will gradually decrease. The ability of this programme to meet these projected revenue targets is dependent on the extent and speed at which land is released for development, and is also a good indication of the level of private sector investment secured in previous years as new investment translates to additional tenants, which in turn results in increased rental income.

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, which has been identified in the KZN PEMP as the most critical sector of the economy. 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 through 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.
The freezing of all vacant posts in an effort to cut costs across the Province has posed a serious challenge for this sub-programme as it has been unable to resource itself sufficiently to meet its desired growth rates. Commercial Tissue Culture is a highly technical industry and human resources with sufficient expertise are difficult to find. Technical capacity has also been a challenge, however, with the hardening facility completed in 2015/16 and a new technical area expected to become operational before the end of 2016/17, some of the post production and quality control challenges should be alleviated.

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.

This sub-programme has also been affected by the moratorium on the filling of vacant posts, particularly those arising through natural attrition, and this is likely to have an impact on maintenance activities in particular, as these are labour intensive and rely on the availability of staff.

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 provide high quality competitive and sustainable services to those utilising DTPC's cargo terminal, property zones, facilities and commercial operations	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 pursue financial sustainability by driving revenue growth and increasing operational efficiencies	To manage, operate and maintain the tissue culture facility
Sub-programme 4.4: **LANDSCAPING AND REHABILITATION**	To provide high quality competitive and sustainable services to those utilising DTPC's cargo terminal, property zones, facilities and commercial operations	To assist in providing rehabilitation and maintenance services for DTPC's ROD requirements
Sub-programme 4.5: **AGRIZONE EXPANSION**	To secure private sector investment in targeted logistics, agri-processing, manufacturing, commercial and services sectors	To identify and conclude agreements with suitable operators and producers

7.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2017/18

	Key Performance Indicator	5-year Strategic Plan Target	Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 4.1: AGRIZONE SERVICES								
	Strategic Objective: To provide reliable, effective and efficient AgriZone services								
4.1	Value of produce produced and processed / handled at Dube AgriZone[44]	R562.5 Million	New indicator		R36.3 million	R87.6 million	R95.5 million	R124 million	R175 million
4.2	% Occupancy of available AgriZone facilities	90%	New indicator		77%	85%	85%	90%	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%	18%	20%	31%	15%	20%	20%	25%
	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		28%	12%	20%	20%	12%
	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	60.8 ha	20 ha	20 ha	25 ha	30 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	4	6	10	5	5	10	10

[44] The words "of produce" have been added to the title of this target to clarify what is being measured. In the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan, it was titled "Value produced and processed / handled at Dube AgriZone".

7.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 4.1: AGRIZONE SERVICES							
4.7	% Completion of tenant logged job cards	New indicator			85%	90%	95%	95%
	SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES							
4.8	No. of projects initiated	2	0	2	2	2	2	2
	SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY							
4.9	Revenue generated from tissue culture sales	New indicator	R97 390	R94 915	R1.2 million	R725 000[45]	R800 000[46]	R900 000
4.10	No. of research projects completed	New indicator			2	2	2	2
	SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION							
4.11	% of rehabilitated land maintained[47]	75.4 ha	82 ha	100%	100%	100%	100%	100%

7.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

AgriZone Services

- Ongoing maintenance of existing infrastructure and facilities through external and internal resources.
- Maintain water quality management to tenant standards and refine the water balance system.
- Contribute to developing an electronic maintenance system that also links with asset and inventory management.
- Continue work 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.

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[45] Target adjusted downwards from R2.5 million in the 2016/17 APP to better align this target with expected production growth rates, as measured in indicator no. 4.4. Resource constraints have restricted the production capacity of the Tissue Culture Lab, resulting in actual revenue achieved in the past couple years being lower than expected. A reduction in this target is therefore required to align it with the baseline levels of performance.

[46] Target adjusted downwards from R3 million in the 2016/17 APP. See note 37 above.

[47] The achievement of this target largely depends on the availability of additional human resources as the area that requires maintenance continually increases as additional land is rehabilitated.

- Work with tenants and use in-house services to align Dube AgriZone activities with the broader agricultural sector in KZN.

Sustainable Farming Initiatives

- Research and scope new projects – feasibility studies, business cases, etc.
- Monitor existing projects, e.g. performance of solar system.
- Implement new projects.
- Partner with relevant institutions such as tertiary institutions and industry players.
- Particular focus on two strategic resources – water and energy.

Tissue Culture Facility

- Enhance performance on existing production.
- Develop new markets and secure new clients.
- Improve productivity.
- Conduct research on improvements and collaborate with key industry players on improvements or support.
- In-house hardening of materials with the recent availability of the hardening facility and the adjacent technical area to be completed in 2016/17.

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.
- Consolidation of all rehabilitation activities.
- Auditing of work carried out.
- Working with authorities and stakeholders to ensure satisfaction with rehabilitation work.

AgriZone Expansion

- 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.
- Conclude agreements based on approved guidelines.
- Develop agreements with potential partners and other stakeholders who may enhance the development of the AgriZone, such as funding entities.
- Research into new prospective facilities and agri-businesses.
- Assist in monitoring construction.
- Undertake projects in partnership with organisations such as the Department of Agriculture and EDTEA to enhance linkages with broader agri-business sector.

7.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18	1st	2nd	3rd	4th
4.1	Value of produce produced and processed / handled at Dube AgriZone	AgriZone Services	Quarterly	R95.5 million	R15 million	R25 million	R30 million	R25.5 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	20%	20%	20%	20%	20%
4.4	% Increase in production volumes	Tissue Culture Facility	Quarterly	20%	6%	12%	15%	20%
4.5	No. of hectares rehabilitated	Landscaping and Rehabilitation	Quarterly	20 ha	10 ha	5 ha	3 ha	2 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	Quarterly	90%	90%	90%	90%	90%
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	Quarterly	R725 000	R10 000	R175 000	R300 000	R240 000
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%	25%	25%	25%	25%

7.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

7.5.1. PROGRAMME 4: EXPENDITURE ESTIMATES

The expenditure estimates over the period 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
AgriZone Services	19,179,863	9,784,620	20,267,324	18,114,018	22,645,116	19,207,165	20,249,081
Sustainable farming initiatives (Green projects)				-	-	-	-
Tissue Culture Facility	2,345,049	4,267,323	3,192,963	5,329,471	5,740,262	5,839,205	6,216,015
Landscaping and Rehabilitation (Nursery)	7,758,433	7,889,279	7,003,050	5,298,007	7,593,484	8,258,163	8,797,483
AgriZone Expansion				-	-	-	-
SUBTOTAL	**29,283,345**	**21,941,222**	**30,463,337**	**28,741,496**	**35,978,861**	**33,304,533**	**35,262,579**
Revenue	8,909,426	8,606,933	6,636,253	9,227,039	9,986,066	11,184,611	11,850,151
Current payments	**27,940,903**	**27,398,720**	**27,436,828**	**34,182,036**	**43,464,928**	**44,489,144**	**47,112,730**
Compensation of employees	6,836,250	9,591,180	8,941,132	11,568,398	13,591,782	14,679,125	15,853,455
Goods and services of which:			-		-	-	-
Computer services	-	-	5,392	-	-	-	-
Consultants, contractors and special services	786,863	421,386	47,221	750,402	417,440	443,600	467,038
Maintenance Repairs and running costs	19,730,492	16,704,541	17,708,932	20,474,625	28,049,907	28,246,481	29,568,284
Operating Leases	969	21,097	13,490	108,333	25,000	26,450	27,984
Travel and subsistence	44,800	82,329	154,594	259,475	187,500	198,375	209,881
Advertising	287,755	504,338	381,675	830,000	885,000	601,530	669,019
Training	253,774	73,849	184,392	190,802	308,298	293,582	317,069
PAYMENT FOR CAPITAL ASSETS	**10,251,868**	**3,149,435**	**9,662,762**	**3,786,500**	**2,500,000**	**-**	**-**
Building and other fixed structures	9,083,089	1,745,707	7,259,162	136,500	-	-	-
Machinery and equipment	1,168,779	1,403,728	2,135,225	3,650,000	2,500,000	-	-
Software and other intangible assets	-		268,375	-	-	-	-
Land and subsoil assets	-		-	-	-	-	-
TOTAL	**29,283,345**	**21,941,222**	**30,463,337**	**28,741,496**	**35,978,861**	**33,304,533**	**35,262,579**

7.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- In 2017/18, 62.9% of the AgriZone budget is allocated to AgriZone Services. This sub-programme 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, all of which is aimed at maximizing customer satisfaction and consequently, occupancy levels in the zone.

- 21.1% has been allocated to the Landscaping and Rehabilitation (Nursery) sub-programme which ensures that DTPC continues to meet its environmental obligations. One of the primary functions of this sub-programme is to ensure that landscaping throughout the DTP precinct is maintained to a high standard, as this forms an important part of visitors, customers and potential investors' first impressions of the precinct.

- The Tissue Culture Facility accounts for 16% of the AgriZone budget and this is expected to remain relatively constant over the MTEF. Initially, this sub-programme's allocation was expected to decrease, however, with production difficulties, particularly as a result of an inability to recruit much-needed resources after the moratorium on hiring additional staff was introduced, it is more likely that the Tissue Culture Facility will continue to require a similar amount annually, as revenues are not expected to grow as quickly as previously projected.
- Capital expenditure planned for 2017/18 relates mainly to installations aimed at reducing energy usage.

8. PROGRAMME 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY (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 on-site 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. Recent years of operations have continued to demonstrate and support this decision and Dube iConnect has a solid product base including:

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

The trend towards migrating to the Cloud continues, and will gain further headway with the core focus of traditional hardware and software vendors being redirected into the provision of Cloud services and increased numbers of companies leveraging increasing services in the Cloud. The extension of Dube iConnect's Data Centre services to off-site resellers has resulted in the ability for ICT SMME's to leverage the world-class infrastructure in modeling their own Cloud offerings. This enables the migration of traditional ICT companies into Cloud based companies, thus transforming business models, improving business agility and expanding the potential client base.

Dube iConnect's current network investment includes two tier-3 compliant 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 offered to on-site clients and off-site resellers. Portions of this infrastructure is starting to reach end-of-support and will need to be replaced in the next two to three years and Dube iConnect will further look to expand both its real-estate and infrastructure capacity by replacing the one data centre with a larger facility in order 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 clients and off-site resellers 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, MetroConnect and Telkom.

This 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 on-site and off-site 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 AND COMMUNICATIONS TECHNOLOGY	Strategic Goal	Strategic Objective
Sub-programme 5.1: **COMMERCIAL**	To pursue financial sustainability by driving revenue growth and increasing operational efficiencies	To develop and provision cost competitive and reliable commercial ICT services to DTPC clients.
Sub-programme 5.2: **OPERATIONS**	To provide high quality competitive and sustainable services to those utilizing DTPC's cargo terminal, property zones, facilities and commercial operations	To operate and maintain Dube iConnect IT infrastructure and commercial IT services.

8.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
	Key Performance Indicator	5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	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		R4.96 million	R6.13 million	R7.97 million	R10.03 million	R12.45 million
	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%	100%	99.5%	99.68%	99%	99%	99%	99%

8.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

		Audited / Actual Performance			Estimated	Medium-Term Targets		
	Programme Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 5.1: COMMERCIAL							
5.3	% Margin achieved on voice services	New indicator	18.4%	22.77%	11%	12%	12%	12%
5.4	% Margin achieved on internet access bandwidth.	New indicator		13.56%	12%	15%	15%	15%
5.5	% Growth in revenue derived from off-site resellers[48]	New indicator				10%	12%	15%
	SUB-PROGRAMME 5.2: OPERATIONS							
5.6	Resolution of all faults logged within SLA specification	100%	96%	96.08%	95%	95%	95%	95%

[48] New indicator added to to measure the number of off-site entities who are able to take advantage of the ICT infrastructure delivered by DTPC. This measure is aligned to the PGDP objective to develop ICT infrastructure, in particular this is relevant where the infrastructure is used by off-site resellers to improve their economic competitiveness.

8.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

Commercial

- Manage and extend relationships with bulk service providers to ensure maximum access, technical viability and cost relevance of services procured.
- Grow 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.
- Extend support and service offerings to tenants in increase cross selling with the Property Commercial division.
- 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.
- Continuous improvement on self-provisioning services in order to provide improved customer service in line with industry standards.
- 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 2017/18

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 2017/18	1st	2nd	3rd	4th
5.1	Total iConnect revenue	Commercial	Quarterly	R7.97 million	R1.85 million	R1.95 million	R2.07 million	R2.1 million
5.2	% Uptime of commercial IT services	Operations	Quarterly	99%	99%	99%	99%	99%
5.3	% Margin achieved on voice services	Commercial	Quarterly	12%	12%	12%	12%	12%

					Quarterly Targets			
Performance Indicator		**Sub-Programme**	**Reporting Period**	**Annual Target 2017/18**	**1st**	**2nd**	**3rd**	**4th**
5.4	% Margin achieved on internet access bandwidth.	Commercial	Quarterly	15%	15%	15%	15%	15%
5.5	% Growth in revenue derived from off-site resellers	Commercial	Quarterly	10%	2.5%	5%	7.5%	10%
5.6	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 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18
Operations	8,770,602	21,217,495	12,220,007	17,232,037	17,541,713	19,742,581	18,086,930
Commercial				(2,941,909)	(4,817,534)	(6,532,908)	(8,223,477)
SUBTOTAL	**8,770,602**	**21,217,495**	**12,220,007**	**14,290,128**	**12,724,178**	**13,209,673**	**9,863,453**
Revenue	2,746,551	3,328,237	5,484,963	6,557,460	8,965,703	11,421,969	14,157,136
Current payments	**8,721,405**	**10,156,262**	**9,574,916**	**11,607,720**	**12,804,844**	**13,956,957**	**15,664,588**
Compensation of employees	5,132,518	6,504,091	6,197,466	6,679,533	7,625,452	8,235,488	8,894,327
Goods and services of which:			-		-	-	-
Computer services	263,145	366,076	351,593	631,136	150,000	100,000	100,000
Consultants, contractors and special services	198,923	190,379	97,584	339,667	96,000	105,600	116,160
Maintenance Repairs and running costs	2,556,666	2,250,539	2,633,282	3,013,385	3,828,292	4,548,459	5,570,725
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	190,997	253,192	45,320	174,000	315,100	315,100	315,100
Advertising	364,404	335,067	246,382	320,000	395,000	306,310	318,276
Training	14,753	256,918	3,289	450,000	395,000	346,000	350,000
PAYMENT FOR CAPITAL ASSETS	**2,795,748**	**14,389,470**	**8,130,054**	**9,239,868**	**8,885,037**	**10,674,685**	**8,356,000**
Building and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	2,651,505	14,389,470	8,130,054	5,956,348	7,812,849	9,660,000	7,856,000
Software and other intangible assets	144,243	-	-	3,283,520	1,072,188	1,014,685	500,000
Land and subsoil assets	-	-	-	-	-	-	-
TOTAL	**8,770,602**	**21,217,495**	**12,220,007**	**14,290,128**	**12,724,178**	**13,209,673**	**9,863,453**

8.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- The ICT budget is expected to decrease over the MTEF as revenues increase. Revenue is earned on the provision of data centre services, such as disaster recovery and hosted cloud-based applications, as well as voice and internet bandwidth, and is expected to increase by an average of 29.4% over the MTEF.
- Compensation of employees accounts for 35.2% of this programme's total costs in 2017/18, and maintenance, repairs and running costs for 17.7%. These costs are necessary to ensure that all equipment remains well-maintained, which in turn ensures that faults are either avoided or are able to be resolved within set timeframes. Additionally, these costs assist in increasing sales 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, as well as ensuring all assets are adequately covered by support contracts, thereby ensuring the best possible services are provided to customers at all times.

9. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

Programme 6 is pivotal to DTPC's sustainable growth and future existence, 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 as 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 have been adversely affected by the cut in DTPC's budget in 2016/17.

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 is now also 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: This 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 drive the development of a sustainable aerotropolis, to create economic opportunities within the region	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 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 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
	Key Performance Indicator	5-year Strategic Plan Target	2013/14	2014/15	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 hectares of industrial or commercial land released[49]	130 ha[50]	New indicator				20 ha	50 ha	50 ha
	Strategic Objective: To identify and acquire strategic land parcels for future developments								
6.2	No. of hectares acquired in terms of signed agreements	700ha	490 ha	170 ha	1258 ha	50 ha	150 ha	150 ha	250 ha
	SUB-PROGRAMME 6.2: ENVIRONMENT								
	Strategic Objective: To ensure that the aerotropolis is environmentally sustainable								
6.3	% Reduction in enterprise-wide carbon off-set from the previous year's baseline[51]	7% reduction from revised baseline annually	New indicator		16.6% reduction from baseline	7% reduction from revised baseline[52]	7% reduction from revised baseline	7% reduction from revised baseline	7% reduction from revised baseline
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT								
	Strategic Objective: To adequately plan for DTP's public infrastructure requirements								
6.4	No. of public infrastructure projects delivered	13	New indicator		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	New indicator		3	2	2	3	2

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[49] New indicator added to measure the area of land released for development, either by DTPC or private sector tenants. This indicator replaces the "Number of land use rights acquisitions and environmental authorisations obtained" as it is considered to be a more tangible measure of DTPC's service delivery.

[50] This indicator was added in 2017/18 and the cumulative target therefore represents a 3 year period rather than 5 years.

[51] The words "Reduction in" and "from the previous year's baseline" have been added to the title of this indicator to clarify that the percentage measured relates to the percentage by which DTPC's carbon emissions have reduced since the previous year's measurement.

[52] Revised baseline will be quantified at the beginning of each year. DTPC's 2015/16 baseline was 5 406 tons CO_2e for Scope 1 and 2 emissions. The target for 2016/17 is therefore for DTPC's Scope 1 and 2 carbon emissions to be 7% less than this amount (5 028 tons CO_2e; or a reduction of 378 tons CO_2e).

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT								
6.6	No. of construction jobs created	4 966	New indicator		823	495	944	1 345	1 601
	Strategic Objective: To provide technical support and manage the roll-out of services to all DTPC programmes								
6.7	Construction expenditure on SMMEs	R329 million	New indicator		R22 million	R38 million	R53 million[53]	R69 million	R95 million
6.8	Public sector investment in infrastructure	R859 million	New indicator		R172 million	R76 million	R140 million[54]	R190 million[55]	R240 million[56]

9.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 6.1: PLANNING							
6.9	Deliver and implement the Aerotropolis master plan	New indicator		Draft masterplan in progress	Draft master plan tabled at ESID cluster for approval	Implement intervention s stated in the master plan	Implement intervention s stated in the master plan	Implement intervention s stated in the master plan
	SUB-PROGRAMME 6.2: ENVIRONMENT							
6.10	No. of strategic reports on environmental sustainability[57]	0	1	2	1	1	1	1

[53] Target adjusted downwards from R63 million in the 2016/17 APP. This decrease was required to align the target to DTPC's expected investment in infrastructure which significantly decreased in 2016/17 as a result of budget cuts. Approximately one third of DTPC's budget for construction projects is expected to be spent on SMMEs annually. See Part E: Annexure 1 for further details.

[54] Target adjusted upwards from R90 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for further details.

[55] Target adjusted upwards from R133 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for further details.

[56] Target adjusted upwards from R189 million in the 2016/17 APP to align the target with DTPC's budget for construction projects. See Part E: Annexure 1 for further details.

[57] In the 2016/17 APP, this indicator made reference to the State of Environment Report. This reference has been removed as the indicator is intended to measure any sustainability indicator report, which may not necessarily always be a State of the Environment Report.

	Programme Performance Indicator	Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 6.2: ENVIRONMENT							
6.11	% Compliance with environmental authorisations and licenses	98.5%	96.6%	90.9%	90%	90%	90%	90%
6.12	No. of hectares of land rehabilitated annually	420.38 ha	Plantation: 106ha Alien Clearing: 124ha	0 ha	133	186[58]	35[59]	30[41]
	SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT							
6.13	No. of projects designed[60]	6	4	5	4	4	4	4
6.14	Maximum % deviation above contract budget	0%	8%	0%	10%	10%	10%	10%
6.15	Maximum % deviation from construction programme timelines	2%	37%	4%	15%	15%	15%	15%
6.16	% Construction projects with 1% of budget allocated to enterprise development	New indicator	25%	67%	30%	30%	30%	35%

[58] Target adjusted downwards from 205 in the 2016/17 APP. This takes into account the actual areas that require rehabilitation after the new land parcel planned for purchase in 2016/17 as well as all remaining areas to be rehabilitated which are not currently under sugarcane.

[59] This target may require adjustment in the next financial year as the area to be rehabilitated is dependent on the quantity of new land purchased annually that requires clearing, as well as offset commitments stemming from the outcome of Environmental Impact Assessment processes. In terms of compliance with the Record of Decision, a phased approach has been adopted in rolling out rehabilitation efforts within the DTP precinct. The delineation of the conservation area has been finalized and an in-depth rehabilitation implementation plan, which will define rehabilitation targets over a 5-year timeframe, is being developed.

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

KEY PERFORMANCE INDICATOR REMOVED:

The following Key Performance Indicator, included in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan, has been removed:

			Audited / Actual Performance			Estimated	Medium-Term Targets		
	Key Performance Indicator	5-year Strategic Plan Target	2013/14	2014/15	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	0	0	3	2	n/a	n/a	n/a

It was noted in the 2016/17 APP that this indicator would be removed in 2017/18 as it overlaps with indicators 6.4 and 6.5. Obtaining land use rights and environmental authorisations is closely linked to DTPC's ability to deliver public infrastructure and top structures, the delivery of which is considered a more tangible demonstration of DTPC's service delivery.

9.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

Planning

- Securing positive decision notices in respect of the planning and development applications for phase 2 of Dube TradeZone and Dube Support Zone.
- Focus on securing a positive decision notice for uShukela Highway Development (Dube TradeZone phase 3).
- Approval of completed Aerotropolis masterplan and initiate implementation of initial intervention projects identified and packaged.
- In order to progress the development of the ASP, the following activities will be undertaken:
  - Work on the feasibility study, and further detailed planning for phase 1 of the total development area, including:
    - Bulk services infrastructure and transportation planning;
    - Environmental scoping and specialist studies; and
    - Master planning and precinct planning.

Environment

- Development of in-depth implementation plan for rehabilitation and restoration.
- Undertaking of the ROD (12/12/20/686) amendment application.

- Implementation of the Environment Strategy and Environmental policy.
- Climate Resilience Framework Plan and Sustainability Reporting.
- On-going Environmental compliance monitoring.
- Scoping and implementation of green projects.

Infrastructure and Development

- Construction of the Guardhouses and Dube TradeZone 1 road realignment, double basement parkade on block D at Dube City, 2nd phase of Air Chefs Catering facility and Dube AgriZone facilities will be completed.
- Construction of the following facilities will commence:
  - Multi-Storey Parkade on blocks A and B at Dube City;
  - Mini-factories at Dube TradeZone 1;
  - Hlawe Trunk Sewer;
  - Dube TradeZone 2 bulk infrastructure;
  - Purpose-built facility for pharmaceutical company; and
  - Water reservoir.
- Construction of public transport infrastructure site-wide solution to be undertaken.

9.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18	1st	2nd	3rd	4th
6.1	No. of hectares of industrial or commercial land released	Planning	Annual	20 ha	To be measured in the 4th quarter			
6.2	No. of hectares acquired in terms of signed agreements	Planning	Annual	150 ha	To be measured in the 4th quarter			
6.3	% Reduction in enterprise-wide carbon off-set from the previous year's baseline	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	944	300	260	192	192
6.7	Construction expenditure on SMMEs	Infrastructure and Development	Quarterly	R53 million	R4 million	R20 million	R38 million	R53 million

					Quarterly Targets			
Performance Indicator		**Sub-Programme**	**Reporting Period**	**Annual Target 2017/18**	**1st**	**2nd**	**3rd**	**4th**
6.8	Public sector investment in infrastructure	Infrastructure and Development	Quarterly	R140 million	R23 million	R61 million	R104 million	R140 million
6.9	Deliver and implement the Aerotropolis master plan	Planning	Annual	Implement interventions stated in the master plan	To be measured in the 4th quarter			
6.10	No. of strategic reports on environmental sustainability	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	186	86		100	
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%
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 2017/18 to 2019/20 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							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
Planning	496,952,859	200,761,312	260,751,432	44,159,934	32,913,303	20,173,232	10,917,635
Environment	2,078,368	4,367,792	5,345,037	14,925,706	13,834,545	9,365,832	9,917,611
Infrastructure & Development	21,842,964	120,324,024	56,645,965	167,978,724	194,245,175	246,763,952	283,930,537
SUBTOTAL	**520,874,191**	**325,453,128**	**322,742,434**	**227,064,364**	**240,993,022**	**276,303,015**	**304,765,784**
Current payments	**17,164,067**	**20,866,062**	**17,008,215**	**75,640,905**	**53,822,956**	**52,649,620**	**55,582,776**
Compensation of employees	5,405,995	8,770,014	8,756,082	12,543,693	18,024,360	19,466,308	21,023,613
Goods and services of which:			-		-	-	-
Computer services	-	200	-	180,000	-	-	-
Consultants, contractors and special services	11,137,055	10,941,838	7,153,428	61,716,989	34,682,490	32,070,300	33,393,331
Maintenance Repairs and running costs	19,614	403	104,886	14,000	74,000	75,392	76,865
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	105,112	269,701	219,193	300,300	329,200	348,294	368,495
Advertising	406,081	684,033	651,353	650,000	200,000	300,000	300,000
Training	90,210	199,873	123,273	235,922	512,907	389,326	420,472
PAYMENT FOR CAPITAL ASSETS	**503,710,125**	**304,587,066**	**305,734,219**	**151,423,460**	**187,170,066**	**223,653,395**	**249,183,008**
Building and other fixed structures	9,530,842	108,010,610	47,640,536	121,471,048	159,160,066	213,208,980	249,183,008
Machinery and equipment	-	-	-	-	6,610,000	-	-
Software and other intangible assets	-	-	346,619	-	1,400,000	1,000,000	-
Land and subsoil assets	494,179,283	196,576,456	257,747,064	29,952,412	20,000,000	9,444,415	-
TOTAL	**520,874,191**	**325,453,128**	**322,742,434**	**227,064,364**	**240,993,022**	**276,303,015**	**304,765,784**

9.5.2. *PERFORMANCE AND EXPENDITURE TRENDS*

- This programme plays an important role in DTPC's ability to deliver on its mandate and the budget allocated to it therefore increases by an average of 10.4% over the MTEF as the revenue generating programmes utilize the infrastructure provided by this one to increase DTPC's revenue.
- The main focus of Development Planning and Infrastructure is on the provision of infrastructure and top structures within the DTP precinct and an average of 80% of the total budget allocated to this programme over the MTEF has therefore been earmarked for the purchase of capital assets. Projects planned for 2017/18 include mini-factories at Dube TradeZone and a multi-storey parkade at Dube City.
- Another significant component of this programme's budget is consultants and contractors fees, which make up 14.4% in 2017/18. These funds are linked to the design and monitoring of construction projects planned, as well as planning approvals required prior to construction taking place, ensuring the environmental compliance requirements are met and the establishment and implementation of the Aerotropolis master plan.
- The acquisition of another 150 hectares of land to enable the further expansion of the precinct in support of DTPC's 50-year master plan is also planned for 2017/18 and budget has accordingly been provided for this.

10. PROGRAMME 7: DTP SPECIAL ECONOMIC ZONE

The Special Economic Zones Act, 16 of 2014 section 39(2) stipulates that the existing Industrial Development Zones designated in terms of the IDZ Regulations will be regarded as Special Economic Zones under the Act. On 1 July 2014, DTP was officially designated as an IDZ, initially consisting of two sectors – Dube AgriZone phase 1 and Dube TradeZone phases 1 and 2, with the potential for additional land portions within DTP, which exhibit potential for industrial growth, job creation and economic growth, to be considered for further designation as part of the SEZ.

The SEZ 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 SEZ programme is to:

- Develop targeted industrial capabilities and attract both domestic and foreign direct investment;
- Create new industrial hubs through value chain development, technology and skills development;
- Develop world-class infrastructure (hard and soft) in line with the targeted industries in each region;
- Promote beneficiation of the country's minerals and other resources;
- Contribute to the acceleration of economic growth, job creation and export of value added products; and
- Provide one stop shop services to simplify administrative processes.

In line with the objectives of this programme, the DTP SEZ will focus on the following targeted sectors:

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

In 2015/16, DTPC was mandated by the KZN provincial government to facilitate the purchase of approximately 1 000 hectares in the south of Durban. The KZN provincial government and the eThekwini Municipality have been working towards establishing and supporting the development of the automotive industry and, in support of this initiative, an Automotive Supplier Park (ASP) will be developed to support Toyota SA Motors (currently the only vehicle manufacturer based in KZN) and other Original Equipment Manufacturers.

In the regulatory environment, the DTP SEZ is in the process of fully aligning to the requirements of the SEZ Act no. 16 of 2014 and the SEZ Regulations. The Act provides for a three year transition period for an IDZ operator to convert to a SEZ operator and, in this regard, DTPC has developed an implementation plan to enable its smooth transition and to effectively implement the programme. DTPC is also developing a single point of contact (One Stop Shop) for investors in order to ensure that applications for permits and licenses are expedited and investor aftercare is given.

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 Special Economic Zone**	To operate a world-class and globally competitive special economic zone, supported by high end infrastructure	To establish a world class 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 SEZ

10.1. STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2017/18

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15[61]	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone								
	Strategic Objective: To establish a world class SEZ operated in an effective and compliant manner								
7.1	% Compliance with conditions of SEZ Operator permit	90%	New indicator		81%	80%	85%	90%	90%
	Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP SEZ								
7.2	Value of private sector investment committed (buildings and capital equipment) in **SEZ-designated areas**[62]	R3.388 billion[63]	New indicator				R461 million	R1.227 billion	R1.7 billion
7.3	No. of new jobs created - Permanent	1 643	New indicator	153	344	120	200	235	968

[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 SEZ. These targets were not included in DTPC's 2014/15 APP.

[62] New indicator added to measure the value of private sector investment committed within the designated SEZ area. Previously, this indicator measured the value of investment made by IDZ Enterprises only, with the remainder of the private sector investment committed in all of DTPC's property zones measured under Programme 3: Property. As the SEZ Act no longer makes a clear distinction between IDZ Enterprises and non-IDZ Enterprises, it is considered more appropriate to report based on the geographical location of investors rather than their IDZ Enterprise status. See Annexure 1: Revisions to 2015/16 – 2019/20 Strategic Plan.

[63] This indicator was added in 2017/18 and the cumulative target therefore represents a 3 year period rather than 5 years.

Key Performance Indicator		5-year Strategic Plan Target	Audited / Actual Performance 2013/14	2014/15[64]	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone								
7.4	No. of new jobs created – Temporary (during construction)	2 539	New indicator	119	229	110	380	669	1 243

10.2. PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2017/18

Programme Performance Indicator		Audited / Actual Performance 2013/14	2014/15	2015/16	Estimated 2016/17	Medium-Term Targets 2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone							
7.5	No. of new SEZ investors approved by the Board[65]	New indicator				4	6	10
7.6	No. of approved SEZ investors newly operational [66]	New indicator				2	4	6
7.7	No. of operational investors in the DTP SEZ at the reporting date[67]	New indicator		1	2	4	6	10
7.8	Total number of operational businesses in SEZ-designated areas [68]	New indicator				33	37	43
7.9	No. of indirect jobs created in KZN as a result of the DTP SEZ (cumulative to date)	New indicator		3 272	360	5 200[69]	8 760[70]	12 560

[64] 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 SEZ. These targets were not included in DTPC's 2014/15 APP.

[65] New indicator added to measure the number of new investors in the DTP SEZ which have been approved by the DTPC Board. This indicator will enhance the information provided regarding the success of the DTP SEZ and, in particular, the number of investors poised to begin operations in the zone.

[66] New indicator added to measure the number of investors in the DTP SEZ which have become operational during the year as this will provide valuable information regarding the success of the DTP SEZ.

[67] The words "at the reporting date" have replaced the word "cumulative" in the title of this indicator to further clarify what is being measured.

[68] New indicator added to measure the total number of operational businesses in the DTP SEZ at the end of each financial year. This indicator will provide valuable information regarding the success of the DTP SEZ as it takes into account both new investors locating in the SEZ and investors ceasing to operate in the DTP SEZ, which will provide an indication of the extent to which companies locating in the DTP SEZ are sustainable.

[69] Target adjusted upwards from 1 564 in the 2016/17 APP to take into account the current level of performance. This target is measured cumulatively and, as the 2017/18 target was exceeded in 2015/16, an increase is necessary.

[70] Target adjusted upwards from 3 560 in the 2016/17 APP to take into account the current level of performance.

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone							
7.10	% One Stop Shop implemented	New indicator			50%	70%	100%	100%

KEY PERFORMANCE INDICATOR REMOVED:

The following Key Performance Indicator, included in the 2016/17 APP and 2015/16 – 2019/20 Strategic Plan, has been removed:

			Audited / Actual Performance			Estimated	Medium-Term Targets		
Key Performance Indicator		5-year Strategic Plan Target	2013/14	2014/15[71]	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone								
	Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP SEZ								
7.2	Value of private sector investment committed in the DTP SEZ	R1 964 million	New indicator	R228 million	R137.3 million	R78 million	R268 million	R540 million	R1 001 million

This indicator has been replaced with KPI 7.2: *Total value of new private sector investment (buildings and capital equipment) committed in SEZ-designated areas* and KPI 3.2: *Total value of new private sector investment (buildings and capital equipment) committed in Non SEZ-designated areas*, as reflected under Programme 3: Property. This change has been made to improve the level of information being provided, particularly in relation to SEZ-designated areas, and to provide a clearer distinction between investment made in the DTP SEZ and that made in DTP but outside of the SEZ area. Previously, this indicator measured the value of investment made by IDZ Enterprises only, but, as the SEZ Act no longer makes a clear distinction between IDZ Enterprises and non-IDZ Enterprises, it is considered more appropriate to report based on the geographical location of the investment instead. (See Part E: Annexure 1 for further details.)

PROGRAMME PERFORMANCE INDICATOR REMOVED:

The following Programme Performance Indicator, included in the 2016/17 APP, has been removed:

		Audited / Actual Performance			Estimated	Medium-Term Targets		
Programme Performance Indicator		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	SUB-PROGRAMME 7.1: DTP Special Economic Zone							
7.7	Value of goods sold to other countries (exports)	New indicator		R247.8 million	R841 million	R1.2 billion	R1.7 billion	R1.75 billion

[71] 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 SEZ. These targets were not included in DTPC's 2014/15 APP.

This indicator has been removed as it is a function of exogenous factors, such as the global economy and market forces, and is therefore outside of DTPC's control and largely beyond DTPC's investors' control as well. Since this is a key objective of the DTP SEZ, it will still be measured under DTPC's Key Deliverable Areas, but will not be reported against as an indicator of programme performance.

10.3. KEY ACTIVITIES

In order to achieve the strategic objectives of each sub-programme, the focus during the 2017/18 financial year will be on the following key activities:

- Undertake sector analysis and develop sector strategies.
- Investigate and assess viability of DTP SEZ investment projects.
- Implement incubation programme in support of supplier development and SMMEs.
- Actively undertake targeted investment promotion.
- Implement the SEZ Implementation Plan.
- Implement the One Stop Shop.
- Review KZN DTPC Act no. 2 of 2010 and align with the SEZ Act no. 16 of 2014.

10.4. QUARTERLY TARGETS FOR 2017/18

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 2017/18	1st	2nd	3rd	4th
7.1	% Compliance with conditions of SEZ Operator permit	DTP Special Economic Zone	Annual	85%	To be measured in the 4th quarter			
7.2	Value of private sector investment committed (buildings and capital equipment) in **SEZ-designated areas**	DTP Special Economic Zone	Bi-annual	R461 million	R200 million		R261 million	
7.3	No. of new jobs created - Permanent	DTP Special Economic Zone	Quarterly	200	50	50	50	50
7.4	No. of new jobs created – Temporary (during construction)	DTP Special Economic Zone	Quarterly	380	50	100	100	130
7.5	No. of new SEZ investors approved by the Board	DTP Special Economic Zone	Quarterly	4	1	1	1	1

					Quarterly Targets			
Performance Indicator		Sub-Programme	Reporting Period	Annual Target 2017/18	1st	2nd	3rd	4th
7.6	No. of approved SEZ investors newly operational	DTP Special Economic Zone	Bi-annual	2	1		1	
7.7	No. of operational investors in the DTP SEZ at the end of the reporting period	DTP Special Economic Zone	Quarterly	4	2	3	3	4
7.8	Total number of operational investors in SEZ-designated areas	DTP Special Economic Zone	Bi-annual	33	32		33	
7.9	No. of indirect jobs created in KZN as a result of the DTP SEZ (cumulative to date)	DTP Special Economic Zone	Annual	5 200	To be measured in the 4th quarter			
7.10	% One Stop Shop implemented	DTP Special Economic Zone	Quarterly	70%	55%	60%	65%	70%

10.5. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

10.5.1. PROGRAMME 7: EXPENDITURE ESTIMATES

This programme receives funding from two different sources: DTPC's MTEF allocation received via EDTEA and conditional grant funding from the dti. The table below reflects the MTEF funding allocated to this programme. A separate business plan is submitted to the dti annually detailing how the conditional grant funding is utilized. (See Part C: Links to other plans for more details.)

The expenditure estimates over the period 2017/18 to 2019/20 take into account the expected increase in operating activities and the impact on the budget.

Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
Dube TradePort Industrial Development Zone / Special Economic Zone							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19
DTP IDZ / SEZ				3,579,486	3,590,769	3,186,974	3,357,932
SUBTOTAL	-	-	-	**3,579,486**	**3,590,769**	**3,186,974**	**3,357,932**
Current payments	-	-	-	**3,079,486**	**3,590,769**	**3,186,974**	**3,357,932**
Compensation of employees				329,487	805,169	869,583	939,149
Goods and services of which:					-	-	-
Computer services				-	-	-	-
Consultants, contractors and special services				2,708,378	1,100,000	1,100,000	1,100,000
Maintenance Repairs and running costs				-	-	-	-
Operating Leases				-	-	-	-
Travel and subsistence				-	-	-	-
Advertising				41,621	1,670,000	1,200,000	1,300,000
Training				-	15,600	17,392	18,783
PAYMENT FOR CAPITAL ASSETS	-	-	-	**500,000**	-	-	-
Building and other fixed structures				-			
Machinery and equipment				500,000			
Software and other intangible assets				-			
Land and subsoil assets				-			
TOTAL	-	-	-	**3,579,486**	**3,590,769**	**3,186,974**	**3,357,932**

10.5.2. PERFORMANCE AND EXPENDITURE TRENDS

- This programme was added to DTPC's programme structure in 2015/16 after DTP was officially designated as a Special Economic Zone. Prior to 2016/17, this programme was funded entirely from the SEZ start-up fund administered by the dti, but since this programme is now moving towards full implementation and has acquired the human resources necessary to drive it, financial resources are also required. Budget has therefore now been allocated to it.
- The majority of the budget allocated to this programme will assist in identifying sector-specific investors to be targeted for location at the DTP SEZ, as well as marketing materials and promotions to further attract investment.

PART C: LINKS TO OTHER PLANS

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

No	Project name[72]	Prog	Municipal location	Output	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
					13/14	14/15	15/16	2016/17			2017/18	2018/19	2019/20
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			4 689						
4	TradeZone 1b	6	Ethekwini	Serviced land		14 765							
5	Dube City – Block F	6	Ethekwini	Offices				5 768	(5 768)	0	6 000	26 785	43 960
6	Multi-storey parkade	6	Ethekwini	Parking							74 616	81 324	144 217
7	AgriZone 2	6	Ethekwini	Greenhouses & Packhouses			10 000	20 000	(17 000)	3 000	30 200	17 800	
8	Solar panel installations	4	Ethekwini	Solar panels			8 500						
9	TradeZone 1 Mini-Factories	6	Ethekwini	Mini-Factories				39 523			26 544	24 500	
10	Hlawe Trunk Sewer	6	Ethekwini	Trunk sewer				40 000					
11	Ushukela (TradeZone 3)	6	Ethekwini	Serviced land				5 000			3 000	5 000	
12	TradeZone 4	6	Ethekwini	Serviced land							2 000	2 000	2 000
13	Expansion of aprons	6	Ethekwini	Airside facilities									5 000
14	DTP Internal public transport	6	Ethekwini	Public amenities			3 000	5 000					
15	Water Reservoir	6	Ethewini	Water Reservoir				11 000					

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

No	Project name[42]	Prog	Municipal location	Output	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
					13/14	14/15	15/16	2016/17			2017/18	2018/19	2019/20
Maintenance and repairs (R'000)													
1	Billboards	1	Ethekwini	Billboards			34	37			40	42	44
2	Dube City (SupportZone 1a)	3	Ethekwini	Offices, Communication Building	2 346	3 581	1 562	1 629	4 106	5 735	3 296	3 310	3 326
3	TradeZone	3	Ethekwini	Access control system, warehouse and other buildings									
4	Dube Cargo Terminal	2	Ethekwini	Cargo Terminal and equipment	427	937	3 652	3 534	(1 862)	1 672	5 097	4 411	4 593
5	AiRoad trucks	2	Ethekwini	Trucks	355	180	514	524	(150)	374	597	327	359
6	AgriZone	4	Ethekwini	Office Building and equipment	83	7	1 931	2 125	(536)	1 589	3 075	2 570	2 591
7	Tissue Culture Lab	4	Ethekwini	Tissue Culture Lab, Hardening facility and equipment	75	103	921	1 009			775	769	773
8	Greenhouses & Packhouses	4	Ethekwini	Greenhouses	2 077	557	2 865	3 345	(46)	3 299	4 838	4 860	5 110
9	Nursery	4	Ethekwini	Nursery, misting tunnel and equipment	14	12	228	140	(35)	105	150	150	150
10	Water Treatment Works	4	Ethekwini	Water Treatment Works	697	798	1 569	523	650	1 173	1 350	1 428	1 511
11	Landscaping	2, 3, 4	Ethekwini	Landscaping	4 489	4 094	7 217	6 218	(1 090)	5 128	6 120	6 827	7 192
Upgrades and additions (R'000)													
1	Tenant Installations	6	Ethekwini	Tenant installations				5 000			1 000	1 000	1 000
Rehabilitation, renovation and refurbishments (R'000)													
No major refurbishment required as construction has only recently come to an end													

12. CONDITIONAL GRANTS

12.1. SEZ START-UP FUND

In March 2014, DTPC signed a funding agreement with the dti to receive R22 720 503 from the SEZ Start-up fund. These funds were to be received over a 4 year period from 2013/14 to 2016/17 and are to be used for the following:

- Project management for the zone;
- Detailed environmental impact assessments;
- Detailed engineering and site assessment services;
- Planning and development of strategic industrial clusters;
- Detailed skills assessment and plans; and
- Investment facilitation and promotion.

Approximately R9.2million will have been spent by the end of 2016/17, with the remaining R13.5million expected to be utilized over the next three years. This is linked to the compensation of posts for the project management team, funded by the dti and hosted within the SEZ programme.

12.2. SEZ INFRASTRUCTURE FUND

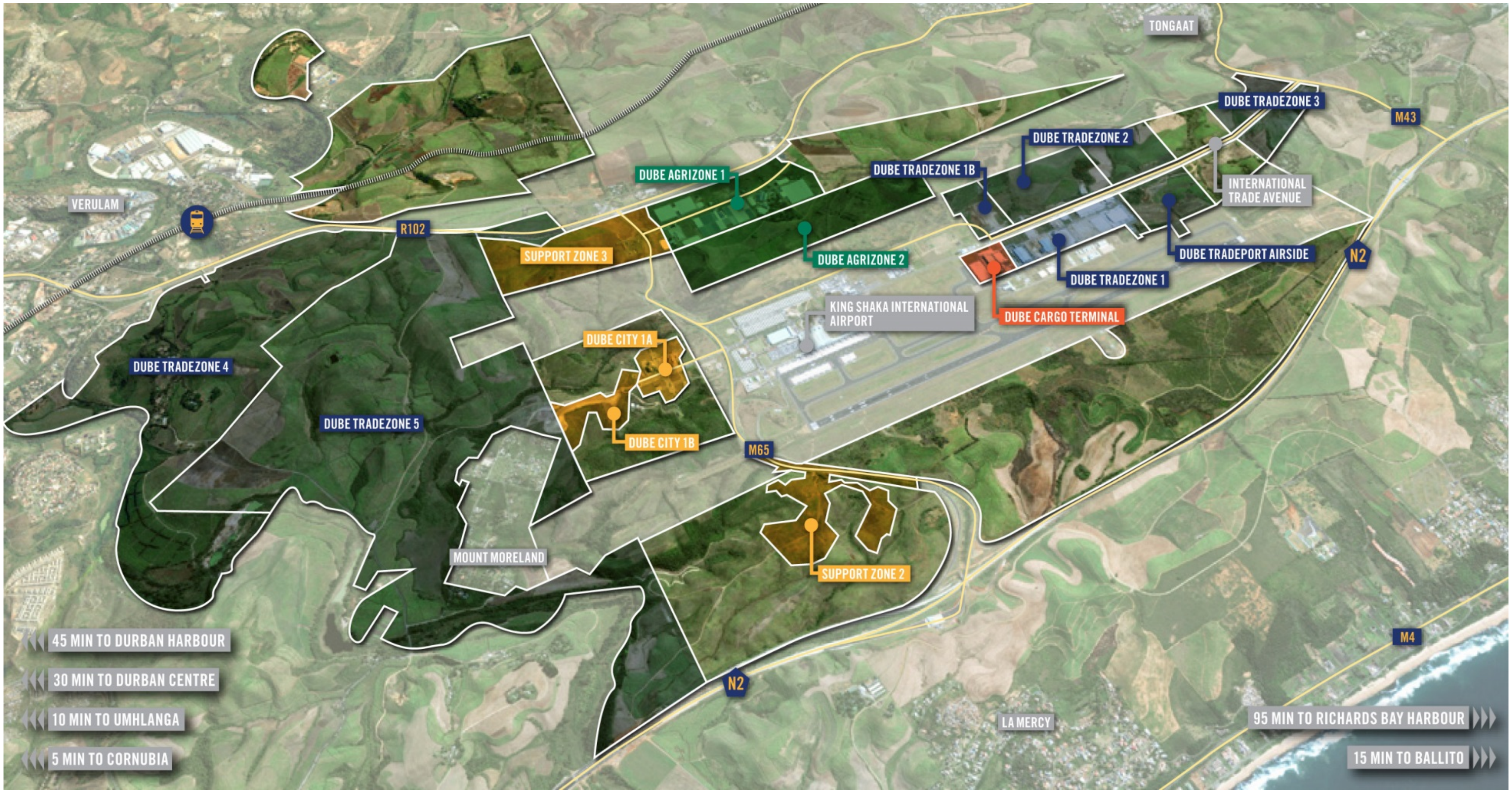
SEZ Operators may request funding from the SEZ Infrastructure Fund, administered by the dti, for specific infrastructure projects within the SEZ. DTPC has been granted the following amounts:

Project	Amount approved	Status
TradeZone 1b: Installation of bulk earthworks and water infrastructure	R14 765 000	Funding received in full. This project has been completed and only the retention due to the contractor remains to be paid out.
TradeZone 1: Road realignment and construction of two guardhouses	R11 891 000	Funding received in full. This project is in progress with approximately 30% of the funds utilized to date. The contract price has increased since this funding was approved by the dti as the original contract was cancelled and the project re-advertised, with a new contractor subsequently appointed. An application for further funding for this project has been submitted and is awaiting approval by the dti.
Cipla Project: Construction of biotechnology manufacturing facility	R360 980 048	Funding approved for 75% of the projected project cost. The approved funds will be received based on the projected cash flows for the project once a lease agreement has been signed with the prospective tenant.

Further funding will be requested from this fund in 2017/18 for the remaining 25% for the Cipla project and for the provision of bulk infrastructure for Phase 2 of the Dube TradeZone.

PART D: APPENDICES

13. 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.*

14. 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 PGDS 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[73]	INDICATORS	DTPC ALIGNMENT (RELATING TO KEY DELIVERY AREAS)
Strategic Goal 1: Inclusive Economic Growth	Develop and promote the agricultural potential of KZN	Increase employment within the agricultural sector	Relates to Dube AgriZone i.e. **value of produce produced and processed at the Dube AgriZone** as well as employment created in this particular precinct, which forms part of the DTP SEZ.
		Real value of output from the agricultural sector	
	Enhance sectoral development through trade, investment and business retention	Absolute growth in provincial exports	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, as well as the number of indirect jobs created in the province as a result of the DTP SEZ, and the **value of goods sold to other countries (exports)**. One of DTPC's strategic goals is to act as a catalyst for targeted private sector investment and DTPC measures **private sector investment committed per annum.**
		Absolute growth in provincial investment	
		Growth in employment in key manufacturing and service sectors	
Strategic Goal 4: Strategic Infrastructure	Development of seaports and airports	Increase in efficiencies and volumes (of cargo and passengers) of Dube TradePort	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 and passenger arrivals/departures. DTPC measures the **number of international and regional routes secured, the percentage increase in international passengers through KSIA, tonnage throughput from Dube Cargo Terminal and the delivery** and implementation of the aerotropolis master plan. In addition, as a key infrastructure project for KZN, a significant portion of the budget allocated to DTPC is invested in infrastructure.
		Advance collaborative planning and development of the Aerotropolis with relevant authorities to ensure its realisation	
	Develop ICT infrastructure		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	Enhance resilience of ecosystem services	Hectares of land rehabilitated annually	One of DTPC's strategic goals is to plan and enable the development of a sustainable aerotropolis, cargo and air services, which includes ensuring 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.**
		Coordination of the systematic reduction of carbon emissions	

[73] KZN Provincial Planning Commission, 2035 Provincial Growth and Development Strategy (2016).

15. 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
CoGP	Codes of Good Practice
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
SMME	Small, Medium and Micro-sized Enterprise
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

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

16.1. AMENDMENT TO VISION AND MISSION:

DTPC's vision and mission have been amended as follows:

	Original version – Strategic Plan 2015/16 – 2019/20	Revised version	Reason for the change
Vision	To be the leading global air logistics platform in Southern Africa, seamlessly integrated with inter-modal road, rail and sea infrastructure.	To be the leading global **manufacturing and** air logistics platform in Southern Africa, seamlessly integrated with inter-modal road, rail and **port** infrastructure.	The Vision has been amended to ensure that it adequately encompasses DTPC's focus on the DTP SEZ. The operation of this zone and effective use of the incentives available to attract investment, particularly by companies operating in targeted manufacturing sectors, is key to DTPC delivering on its mandate.
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.	• To enable the development of an aerotropolis by providing leading edge spatial planning and infrastructure; • To attract **and sustain** 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.	The Mission has been amended to include the word "sustain" as it is not only important to attract investment to DTP, but also to assist and provide services to investors which enable them to remain in business and to grow.

16.2. AMENDMENT TO STRATEGIC GOALS:

DTPC's Strategic Goals have been reworded to ensure that they remain relevant and adequately express the key components of how DTPC intends to achieve its mission and ultimately its vision. The strategic objectives required to achieve these goals were reviewed and remain unchanged. The original Strategic Goals reflected in the 2015/16 – 2019/20 Strategic Plan and the changes in the 2017/18 APP are reflected below:

Original strategic outcome oriented goals 2015/16-19/20 Strategic plan		Updated strategic goals per 2017/18 APP
To plan and enable the development of a sustainable aerotropolis, cargo and air services.	→	1. To drive the development of a sustainable aerotropolis, to create new economic opportunities within the region.
To establish and effectively operate the DTPC IDZ/SEZ.	→	2. To operate a world-class and globally competitive special economic zone, supported by high end infrastructure.
To act as a catalyst for targeted private sector investment.	→	3. To secure private sector investment in targeted logistics, agri-processing, manufacturing, commercial and services sectors.
To provide infrastructure and service the development and operational needs of DTP.	→	4. To provide high quality competitive and sustainable services to those utilizing DTPC's cargo terminal, property zones, facilities and commercial operations.
To plan and enable the development of a sustainable aerotropolis, cargo and air services.	→	5. To sustain and grow cargo and air services.
To maintain effective corporate governance.	→	6. To pursue financial sustainability by driving revenue growth and increasing operational efficiencies. 7. To maintain effective corporate governance and human capital management.
To ensure the efficacy of SCM for radical economic transformation.	→	8. Remains unchanged.

16.2.1. STRATEGIC OUTCOME ORIENTED GOAL 1

Strategic Outcome Oriented Goal 1	**To drive the development of a sustainable aerotropolis,**
Goal statement	To drive the development of an integrated sustainable urban environment whose layout, infrastructure and economy is centred around the King Shaka International Airport.
Justification	Dube TradePort is the hub of an aerotropolis initiative which will ultimately include commercial, residential and production activities and will greatly expand KZNs capacity to import and export goods. The planning and enabling of this aerotropolis is central to achieving the greater growth and development objectives of the province and the success of this is largely dependent on air connectivity to key regional and global destinations.
Links	This goal links to National Government's 6^{th} of 14 priority outcomes defined in the MTSF as it will lead to an efficient, competitive and responsive economic infrastructure. It is also directly linked to Strategic Goal 4 of the PGDP: Strategic Infrastructure, which includes as one of its key objectives the development of airports, with the tonnage through the Dube Cargo Terminal as one of its primary indicators. Advance collaborative planning and development of the Aerotropolis with relevant authorities to ensure its realization is a specific intervention reflected in the PGDP Strategic goal 4. In addition, this objective links to Strategic Goal 5 of the PGDP: Environmental Sustainability as the entire Dube TradePort is being developed with the principles of environmental sustainability in mind.

16.2.2. STRATEGIC OUTCOME ORIENTED GOAL 2

Strategic Outcome Oriented Goal 2	**To provide infrastructure and facilities to service the development, investment and operational needs of the Dube TradePort**
Goal statement	To provide sufficient infrastructure and supporting facilities to enable DTP to operate efficiently and create a conducive environment for public utilization of the precinct.
Justification	The construction of bulk infrastructure attracts private and public sector investment in DTP. The effective and efficient operation of all zones within DTP creates customer satisfaction which attracts further investment.
Links	This goal is linked to Strategic Goal 4 of the PGDP: Strategic Infrastructure in that the provisioning of infrastructure and the development of DTP will assist in maximizing growth opportunities within KZN and will attract foreign direct investment and national and local investment through the growth of new businesses. This goal is also aligned to Chapter 4 of the NDP – Economic Infrastructure and National Government's 6th of 14 priority outcomes defined in the MTSF and - as per the outcome statement - will lead to the establishment of an efficient, competitive and responsive economic infrastructure network that will enhance the competitive edge of local business and trade - especially those businesses that compete on global markets.

16.2.3. STRATEGIC OUTCOME ORIENTED GOAL 3

Strategic Outcome Oriented Goal 3	**To operate a world-class and globally competitive special economic zone, attractive to targeted manufacturing sectors**
Goal statement	To operate a world-class special economic zone that is globally competitive and attractive to targeted manufacturing sectors such as automotive, electronics, pharmaceuticals, agriculture, agro-processing, etc in a manner that effectively drives private sector investment, job creation and economic growth, as envisioned by the DTI.
Justification	DTP SEZ aims to enhance manufacturing by leveraging investment in export-oriented industries and promoting competitiveness of South African enterprises through the export of value-added manufacturing products with the ultimate objective of achieving inclusive economic growth.
Links	This goal is linked to Strategic Goal 1 of the PGDP: Inclusive Economic Growth as the development of SEZs is intended to enhance sectoral development through trade and investment and ultimately expand provincial economic output and employment. It is also linked to IPAP2 which identifies SEZs as a key component for the achievement of government's strategic objectives of industrialization, regional development and job creation, as well as the policies and objectives of the DTI which is responsible for overseeing the implementation of all SEZs, the development of Provincial Industrial Economic Hubs and the key priority of the NDP which focuses on Economy and Employment.

16.2.4. STRATEGIC OUTCOME ORIENTED GOAL 4

Strategic Outcome Oriented Goal 4	**To provide high quality value-added services to investors, developers, tenants and customers utilizing DTPC's cargo terminal, property zones, facilities and service offerings**
Goal statement	To provide high quality value-added services to business partners such as investors, developers, tenants and customers that utilize DTPC's cargo terminal, property zones (including the AgriZone), facilities and a variety of services. The continued provision of these services in a seamless manner results in the retention of business partners and serves to attract both local and foreign direct investment into the Dube TradePort.
Justification	The effective and efficient operation of all zones within DTP creates customer satisfaction which attracts further investment and increases job creation.
Links	This goal is linked to Strategic Goal 1 of the PGDP: Inclusive Economic Growth as the effective and efficient provision of services to developers, tenants will ultimately expand provincial economic output and employment. This goal is also aligned to Chapter 3 of the NDP – Economy and employment and National Government's 6th of 14 priority outcomes defined in the MTSF and - as per the outcome statement - will lead to the establishment of an efficient, competitive and responsive economic infrastructure network that will enhance the competitive edge of local

	business and trade - especially those businesses that compete on global markets.

16.2.5. STRATEGIC OUTCOME ORIENTED GOAL 5

Strategic Outcome Oriented Goal 5	**To sustain and grow cargo and air services**
Goal statement	To sustain and grow cargo and air services which serves as catalyst to stimulate the provincial economy resulting in inclusive economic growth
Justification	Providing a catalyst to stimulate the KZN economy for tenants and developers (local, national and international) by attracting new airlines (both passenger and cargo) to KSIA resulting in economic development, employment creation and social upliftment.
Links	This goal is aligned to Chapter 3 of the NDP – Economy and employment, and Strategic objective 4.1 within Strategic goal 4, Strategic Infrastructure of the PGDP which seeks to enhance the competitive edge of local business and trade - especially those businesses that compete on global markets.

16.2.6. STRATEGIC OUTCOME ORIENTED GOAL 6

Strategic Outcome Oriented Goal 6	**To pursue financial sustainability by driving revenue growth and increasing operational efficiencies**
Goal statement	To work towards becoming financially self-sustaining by increasing revenue generation and improving operational efficiencies, thereby decreasing costs without compromising on quality service delivery.
Justification	In the current economic climate of budget constraints and increased fiscal consolidation, DTPC aims to gradually decrease its reliance on government for funding, while still maintaining its current levels of infrastructural development and growth. In addition to this, the SEZ Act requires SEZ operators to be Schedule 3D entities and DTPC will not be able to transition from a 3C to a 3D until such time as it achieves financial sustainability.
Links	This goal ties in with the requirements of the SEZ Act and links to Strategic Goal 6 of the PGDP which relates to Governance and Policy and, in particular, its objective to build government capacity though the rationalization of public entities and developing alternative funding models for catalytic projects.

16.2.7. STRATEGIC OUTCOME ORIENTED GOAL 7

Strategic Outcome Oriented Goal 7	**To maintain effective corporate governance and human capital management**
Goal statement	To facilitate and maintain effective corporate governance, risk management and human resource management, as well as sound corporate practices and efficient financial administration of DTPC.
Justification	Organisations which have good corporate governance practices coupled with sound forward thinking human resource management, entrenched within them have proved to be more successful, fair, accountable,

	transparent and responsible. Effective corporate governance and financial administration with efficient human resource management will ensure accountability and transparency and will contribute towards more efficient and effective service delivery.
Links	This goal ties in with the requirements of the PFMA, links to Strategic Goal 6 of the PGDP which relates to Governance and Policy and requires the implementation of effective and efficient governance systems across all sectors, but particularly the government sector, in order to improve the level of client satisfaction. In addition to this, the 14 priority outcomes defined in the Medium-Term Strategic Framework (MTSF) includes an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

16.2.8. STRATEGIC OUTCOME ORIENTED GOAL 8

Strategic Outcome Oriented Goal 8	**To ensure the efficacy of SCM for radical economic transformation**
Remains unchanged	

16.3. AMENDMENT TO KEY DELIVERABLE AREAS:

The indicators and targets set for the following Key Deliverable Areas have been revised:

ORIGINAL VERSION – STRATEGIC PLAN 2015/16 – 2019/20 (after amendments recorded in the 2016/17 APP)

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%
KEY DELIVERY AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS					
Public sector investment committed	R213 million	R76 million	R90 million	R133 million	R189 million
KEY DELIVERABLE AREA 4: ENVIRONMENTAL SUSTAINABILITY					
No. of hectares of land rehabilitated annually	100ha	100ha	80ha	60ha	60ha

This has been amended as follows:

REVISED VERSION

Key Deliverable areas	Actual	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%	18%	8%	13%
KEY DELIVERABLE AREA 2: ECONOMIC DEVELOPMENT AND COMPETITIVENESS					
Public sector investment committed	R213 million	R76 million	R140 million	R190 million	R240 million
Value of goods sold to other countries (exports)	R247.8 million	R841 million	R800 million	R1.7 billion	R1.75 billion
KEY DELIVERABLE AREA 4: ENVIRONMENTAL SUSTAINABILITY					
No. of hectares of land rehabilitated annually	60.8ha	153ha	206ha	60ha	60ha

REASON FOR THE CHANGE

Key Deliverable Area 1: The targets for 2017/18 – 2019/20 for the percentage increase in international/regional passengers through KSIA have been adjusted upwards to take into account the current levels of achievement in 2016/17, as well as the increases expected as a result of new air routes targeted to be secured over that same period. By the end of the third quarter of 2016/17, the number of passengers through KSIA had grown by 27.7% as compared to the same period in the prior year, and DTPC aims to secure an additional 2 new routes or additional frequencies of existing routes each year which will further increase passenger throughput.

Key Deliverable Area 2:

- The targets for 2017/18 – 2019/20 for Public sector investment committed have been adjusted upwards to ensure that these targets are aligned to DTPC's budget for construction projects.
- The value of goods sold to other countries (exports) was measured as a Programme Performance Indicator under Programme 7: DTP SEZ in 2015/16 and 2016/17. From 2017/18, this measure has been moved to Key Deliverable Area 2: Economic Development and Competitiveness as, while it remains a key objective of the DTP SEZ, it is largely beyond the control of DTPC and, as such, will no longer be used to measure DTPC's effectiveness.

Key Deliverable Area 4: The 2017/18 target for the number of hectares of land rehabilitated annually has been adjusted downwards to take into account the actual areas that require rehabilitation, including the new land parcel planned for purchase in 2016/17 and all remaining areas to be rehabilitated which are not currently under sugarcane.

While the 2018/19 and 2019/20 targets remain the same, they may require adjustment in the next financial year as the area to be rehabilitated is dependent on the quantity of new land purchased annually that requires clearing, as well as offset commitments stemming from the outcome of Environmental Impact Assessment processes. In terms of compliance with the Record of Decision, a phased approach has been adopted in rolling out rehabilitation efforts within the DTP precinct. The delineation of the conservation area has been finalized and an in-depth rehabilitation implementation plan, which will define rehabilitation targets over a 5-year timeframe, is being developed.

16.4. 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:

16.4.1. PROGRAMME 1: ADMINISTRATION

ORIGINAL VERSION – STRATEGIC PLAN 2015/16 – 2019/20

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 facilitate new international and regional air services							
1.4	% increase in international / regional passengers through KSIA	3.25% (average per annum)	3.5%	3.6%	3.3%	3.1%	2.8%

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 facilitate new international and regional air services							
1.4	% increase in international / regional passengers through KSIA	9.22% (average per annum)	3.5%	3.6%	18%	8%	13%
SUB-PROGRAMME 1.3: CORPORATE SERVICES							
Strategic Objective: To effectively manage human resource recruitment, learning and development and corporate support services							
1.10	% implementation of DTPC's Workplace Skills Plan	95%	New indicator		95%	95%	95%

Key Performance Indicator 1.10 has been added from the 2017/18 APP.

REASON FOR THE CHANGE

Key Performance Indicator 1.4: The targets for 2017/18 – 2019/20 have been adjusted upwards to take into account the current levels of achievement in 2016/17, as well as the increases expected as a result of new air routes targeted to be secured over that same period. By the end of the third quarter of 2016/17, the number of passengers through KSIA had grown by 27.7% as compared to the same period in the prior year, and DTPC aims to secure an additional 2 new routes or additional frequencies of existing routes each year which will further increase passenger throughput.

Key Performance Indicator 1.10: This indicator has been added to measure the extent to which DTPC implements its Workplace Skills Plan as submitted to the Services Seta. This is considered to be a good measure of whether or not the learning and development interventions paid for by DTPC have achieved their ultimate goal of enhancing employees' capabilities as it takes into account, not only the amount spent, but whether or not the interventions undertaken meet employee's development needs.

16.4.2. PROGRAMME 3: PROPERTY

ORIGINAL VERSION – STRATEGIC PLAN 2015/16 – 2019/20 (after amendments recorded in the 2016/17 APP)

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	R41 million	R45 Million	R49 million

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							
3.2	Total value of new private sector investment (buildings and capital equipment) committed in all of DTPC's property zones	R2.475 billion	R115 million	R96 million	R455 million	R808 million	R1 001 million
SUB-PROGRAMME 3.2: OPERATIONS							
Strategic Objective: To effectively maintain DTPC's infrastructure, buildings, and facilities							
3.7	% Completion of tenant logged job cards	99%	90%	95%	97%	99%	99%

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	R38 million	R46 million	R51 million
3.2	Total value of new private sector investment (buildings and capital equipment) committed in **Non SEZ-designated areas**	R683 million	New indicator		R262 million	R121 million	R300 million
SUB-PROGRAMME 3.2: OPERATIONS							
Strategic Objective: To effectively maintain DTPC's infrastructure, buildings, and facilities							
3.7	% Completion of tenant logged job cards	95%	90%	95%	95%	95%	95%

Key Performance Indicator 3.2: *Total value of new private sector investment (buildings and capital equipment) committed in all of DTPC's property zones* has been removed from the 2017/18 APP.

REASON FOR THE CHANGE

Key Performance Indicator 3.1: After being adjusted downwards in 2016/17, the targets for 2017/18 to 2019/20 were re-adjusted in 2017/18, to take into account the expected delay in releasing new zones to the market. In particular, this relates to phase 2 of Dube TradeZone where delays in obtaining environmental and other approvals has contributed to the delay in the provision of bulk infrastructure. In addition to this, the budget cuts to DTPC's baseline in

2016/17 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.

Key Performance Indicator 3.2: The indicator measuring the value of private sector investment across all of DTPC's property zones has been removed and replaced with 2 indicators, measuring the value of investment in SEZ-designated areas (i.e. Phase 1 of the Dube AgriZone and Phase 1 and 2 of the Dube TradeZone) and in non SEZ-designated areas (currently, mainly Dube City). This distinction has been made to improve the level of information being provided, particularly in relation to the DTP SEZ. The indicator measuring private sector investment in SEZ-designated areas is being measured under Programme 7: DTP SEZ, while the non SEZ-designated areas are being measured under Programme 3: Property. Prior to 2017/18, the value of private sector investment being measuring under these 2 programmes was divided based on whether or not the investor was designated as an IDZ Enterprise. However, the SEZ Act no longer differentiates between IDZ Enterprises and non-IDZ Enterprises and it is therefore considered more appropriate to report on the value of investment committed based on the geographical location of the investor's operations.

Key Performance Indicator 3.7: The targets for 2017/18 to 2019/20 have been adjusted downwards to take into account the age of equipment across the precinct. Equipment age-reliability studies conducted during the 1970s revealed six characteristic failure patterns of components found in equipment or machinery. The results of this study has formed the basis for formulating maintenance strategies worldwide, indicating that more effort and resources will be required to maintain a particular level of equipment performance over time, but more importantly that component failure rates will always be above zero. With more buildings and equipment being rolled out, the maintenance burden will increase placing increasing demand on limited resources.

16.4.3. PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

ORIGINAL VERSION – STRATEGIC PLAN 2015/16 – 2019/20 (after amendments recorded in the 2016/17 APP)

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 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

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 hectares of industrial or commercial land released	130 ha	New indicator		20 ha	50 ha	50 ha
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	R329 million	R74 million	R38 million	R53 million	R69 million	R95 million
6.8	Public sector investment in infrastructure	R859 million	R213 million	R76 million	R140 million	R190 million	R240 million

Key Performance indicator 6.1: *No. of land use rights acquisitions and environmental authorisations obtained* has been removed from the 2017/18 APP.

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 has been removed in 2017/18 and replaced with an indicator measuring the number of hectares of industrial or commercial land released. This is considered a better measure as it takes into account the area of land available for development and is therefore a more tangible demonstration of DTPC's service delivery.

Key Performance Indicator 6.7: Supporting SMMEs is considered to be an important part of DTPC's economic development mandate and, as such, amounts to approximately one third of DTPC's infrastructure spend. The target for 2017/18 has been adjusted downwards to ensure that it is aligned to DTPC's budgeted infrastructure spend.

Key Performance Indicator 6.8: After the targeted public sector investment in infrastructure was decreased in 2016/17, the targets for 2017/18 to 2019/20 have been re-adjusted upwards to ensure that they are aligned to DTPC's budgeted infrastructure spend.

16.4.4. PROGRAMME 7: DTP SPECIAL ECONOMIC ZONE

ORIGINAL VERSION – STRATEGIC PLAN 2015/16 – 2019/20

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							
7.2	Value of private sector investment committed in the DTP IDZ / SEZ	R1 964 million	R77 million	R78 million	R268 million	R540 million	R1 001 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 7.1: DTP SPECIAL ECONOMIC ZONE							
Strategic Objective: To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the DTP SEZ							
7.2	Value of private sector investment committed (buildings and capital equipment) in **SEZ-designated areas**.	R3.388 billion	New indicator		R461 million	R1.227 billion	R1.7 billion

REASON FOR THE CHANGE

Key Performance Indicator 7.2: The indicator measuring the value of private sector investment committed in the DTP SEZ has been removed and replaced with an indicator measuring the value of investment in SEZ-designated areas (i.e. Phase 1 of the Dube AgriZone and Phase 1 and 2 of the Dube TradeZone), while the non SEZ-designated areas are being measured under Programme 3: Property. This distinction has been made to improve the level of information being provided, particularly in relation to the DTP SEZ. Prior to 2017/18, the value of private sector investment being measuring under this programme was based on whether or not the investor was designated as an IDZ Enterprise. However, the SEZ Act no longer differentiates between IDZ Enterprises and non-IDZ Enterprises and it is therefore considered more appropriate to report on the value of investment committed based on the geographical location of the investor's operations.

17. ANNEXURE E: TECHNICAL INDICATOR DESCRIPTIONS

The Technical Indicator Descriptions for each of DTPC's Key Deliverable Areas, Key Performance Indicators and Programme Performance Indicators are detailed in a separate document which can be found on DTPC's website. Please refer to www.dubetradeport.co.za

LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED

ANNUAL PERFORMANCE PLAN FOR 2017/18

KwaZulu-Natal

February 2017

La Mercy JV Property Investments Proprietary Limited

Annual Performance Plan for 2017/18

Foreword

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

In 2017/18, the focus will be on the following:

- Land release at Support Zone 2. The Environmental Authorisation (EA) for Support Zone 2 should be in place by March 2017 and the Planning and Development Act (PDA) application would have been submitted for Council approval. Acquisition of land use rights are projected to be in place by December 2017 and the construction programme will start thereafter.
- The township establishment process for Support Zone 1b will commence after the Urban Design Framework was completed in 2016. This will include specialist studies required for the preparation of the draft Environmental Impact Report (EIR) which will be submitted to the Department of Environmental Affairs in order to obtain Environmental Authorisation (EA).
- Planning and design for the Mt Moreland access road will commence.
- The Master Plan review will commence and the administration and function of the Design Review Panel will continue as part of the master planning process. In addition to the review of the JV Master Plan and the Development Framework Plan (DFP), a scheme amendment application to the City for Special Zone 10 airport is underway to ensure that it caters for changes in land use patterns over time.

The JV Company will also begin developing a ten year business plan outlining the timing of the activation of all land parcels in its ownership, as well as the costs of development and yield potential of the various JV land portions, which will drive the commercial strategy of the organisation.

The JV Company continues to be responsible for the maintenance of common use areas in Dube City. This includes the running of the newly formed Management Association and the work on service level agreements. The JV Company will commence with the implementation of the Rehabilitation and Restoration Plan and 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. Sihle Zikalala

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 2017/18 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: ______________________________

Chairperson of the Board

Approved by:

Mr. S. Zikalala 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 2017/18 financial year will be on the land release process for Support Zone 2. In that perspective, the Environmental Authorisation (EA) would be in place and applications for land use rights will be submitted to the eThekwini Municipality for approval. Construction of Support Zone 2 is expected to commence with bulk earthworks in this year. Specialist studies for Support Zone 1 B will commence, these studies will inform the Environmental Impact Report (EIR) and Planning and Development Act (PDA)/ Spatial Planning and Land Use Management Act (SPLUMA) processes with the aim of securing land use rights to establish township establishment. The Record of Decision (ROD) will be amended.

The Department of Environmental Affairs (DEA) has approved, with stringent conditions, the delineated conservation area that comprise of 878 ha, which is a 13.4% increase to the original 773ha stipulated in the Record of Decision for the construction and operation of the airport. The decision has thus been made by the JV Board for the initiation of the process to ensure compliance thereof. This entails the implementation of the initial key objectives that will allow for the development of the detailed execution plan for the on-site rehabilitation and restoration programme as well as the Rehabilitation Plan for Mount Moreland Wetlands; while seeking mitigation strategies against the loss of developable land. There have been changes in the Rehabilitation Plan which will result in additional funding requirements for the implementation thereof and will impact on some of the targets defined herein, i.e. number of hectares of land rehabilitated. This target is informed by a number of objectives which includes development and approval of the detailed execution plan for on-site rehabilitation. Therefore the focus for this financial year shall be the development and approval of a detailed execution plan.

Following the Dube City land sale, in 2015/16, the underground basement on Block D developed by DTPC is expected to be completed in July 2017, with the development of a 21 500 square metres office and retail complex to commence thereafter. DTPC is currently planning the development of a multi storey parkade on blocks A and B with construction planned to commence in 2017/18.

The JV Company is undertaking a ten year business plan, the outcome of which may require the current use of certain land parcels to be reviewed. This plan will assess all Record of Decision (ROD) obligations and the commercial opportunities from the land parcels owned by the JV Company.

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 became 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 2017/18 budget and MTEF estimates

3.1 Expenditure estimates

Programme	Audited outcomes			Adjusted appropriation	Medium term expenditure estimate		
	R000's						
NET FUNDING REQUIRED	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Administration	-140	-125 416	444	-4 338	-7 501	-12 088	-9 952
Development Planning and Infrastructure	3 439	-3 026	10 981	7 122	34 414	76 578	64 497
Total	*3 299*	*-128 442*	*11 425*	*2 784*	*26 913*	*64 490*	*54 545*
Revenue	4 512	142 503	142 503	10 584	10 014	14 587	12 617
Economic Classification							
Current payments	*7 139*	*14 061*	*11 425*	*9 697*	*15 927*	*15 077*	*11 163*
Goods & services of which:							
Communication	-	-	109	100	100	100	100
management association costs	-	-	-	2 011	1 210	1 331	1 464
Consultants, contractors, special services	2 753	7 157	6 367	6 963	13 897	12 854	8 728
Rates & municipal charges	3 685	6 902	4 750	623	720	792	871
vat payable				-	-		
Finance costs	701	2	199	-	-	-	-
Transfers and Subsidies to:							
Payments for Capital assets	672	-	-	-	21 000	64 000	56 000
Buildings and other fixed structures	672	-	-	-	21 000	64 000	56 000
Total	*7 811*	*14 061*	*11 425*	*9 697*	*36 927*	*79 077*	*67 163*
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 2017/18 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 2017/18, this trend will continue with funds being used to rehabilitate and maintain green areas on site according to the execution plan that will be developed to implement the Rehabilitation and Restoration plan. Funding will be required for the ten year business plan and for Capital Expenditure projects in Support Zone 2 and for the Planning and design for the Mount Moreland access road which are expected to commence in the 2017/18 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 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 2017/18

Performance indicator	*Strategic plan target*	*Audited outcomes*			*Estimated performance*	*Medium term targets*		
		2013/14	*2014/15*	*2015/16*	*2016/17*	*2017/18*	*2018/19*	*2019/20*
Strategic objective – to promote sound corporate governance and to provide effective and transparent financial management systems								
External audit opinion	clean	Unqual.	clean	clean	clean	clean	clean	clean
Percentage of external audit report items cleared within 12 months of reporting date	All (100%)	67%	100%	100%	All (100%)	All (100%)	All (100%)	All (100%)

4.2 Programme performance indicators and annual targets for 2017/18

The table below lists performance indicators and annual targets for 2017/18

Programme Performance indicator (PPI)	*Audited outcomes*			*Estimated performance*	*Medium term targets*		
	2013/14	*2014/15*	*2015/16*	*2016/17*	*2017/18*	*2018/19*	*2019/20*
Programme 1 : Administration							
No. of management reports submitted to Board	4	4	4	4	4	4	4
Achievement of APP targets	57%	71%	80%	85%	85%	85%	85%

In order to achieve the strategic objectives of this programme, the focus during the 2017/18 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 reviews.
- Ongoing review of the costs of the common use areas in Dube City.

4.3 Quarterly targets for 2017/18

The following table reflects the programme performance indicators.

Performance indicator	Reporting period	Annual Target 2017/18	Quarterly targets 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 2017/18 to 2019/20 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	***2013/14***	***2014/15***	***2015/16***	***2016/17***	***2017/18***	***2018/19***	***2019/20***
Administration	-140	-125 416	-3 350	-5 880	-7 501	-12 088	-9 952
Total	***-140***	***-125 416***	***-3 350***	***-5 880***	***-7 501***	***-12 088***	***-9 952***
Revenue	1 032	125 798	3 794	6 593	8 488	13 102	11 013
Economic Classification							
Current payments	***892***	***382***	***444***	***713***	***987***	***1 014***	***1 061***
Goods & services of which:							
Consultants, contractors, special services	191	380	245	713	987	1 014	1 061
Finance costs	701	2	199	-	-	-	-
Total	***892***	***382***	***444***	***713***	***987***	***1 014***	***1 061***
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 2015 enabled the JV Company to fund its short term operating activities without any cash injections from the shareholders. The expenditure budgeted under the Administration Programme comprises mainly costs related to professional fees incurred for compliance and advisory services.

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. In order to progress the project, the JV Company has taken the decision to commence the amendment of the "Special zone 10: Airport" use zone. This will ensure that the zone is updated and reviewed to keep in line with changes in land use patterns over the precinct.

In the current 5 year strategic period, the focus has been on obtaining land use rights on Support Zone 2 for an office, retail and business park facility. Once the approvals for Support Zone 2 have been received, the project will move into the construction phase. The Urban Design Framework Plan for Support Zone 1B was completed in July 2016. Land use rights for Support Zone 1B will be initiated as part of a full township establishment process which will focus primarily on initially completing specialist studies for the EIR.

In addition, the JV Company will commence with the implementation of the Rehabilitation and Restoration Plan in 2017/18. 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 also commence and the finalisation of the memorandum of agreement between Ethekwini and DTPC may pose a challenge due to the various uncertainties aligned to the scope, key stakeholders and statutory authorisations.

The rules of the Management Association will continue to 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 Company 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.

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 2017/18

Performance indicator	*Strategic plan target*	*Audited outcomes*			*Estimated performance*	*Medium term targets*		
		2013/14	*2014/15*	*2015/16*	*2016/17*	*2017/18*	*2018/19*	*2019/20*
Strategic objective – To comprehensively implement & review the master plan								
No. of land use rights, acquisitions and environmental authorisations obtained	2	1*	1*	0	0	0	1	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	100%	80%	85%	88%	90%
No. of developments secured in new serviced property zones	15	0	0	0	0	0^	3^	8
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	90%	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 2017/18

The table below lists the programme performance indicators

Programme Performance indicator (PPI)	Audited outcomes			Estimated performance	Medium term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Programme 2 :Development Planning & Infrastructure							
No. of hectares of land rehabilitated	231	124	0	0*	0*	0*	20*
Maintenance of rehabilitated land (ha)#	new indicator			742	1484	1484	1484
Value of private sector investments secured	n/a	n/a	n/a	0	0^	R600m^	R600m^
* Target has been revised 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 are expected to start in the 2019/20 financial year. The targets are likely to be revised again once the outcome of the Rehabilitation Implementation Plan is known.							
# The total rehabilitated area is required to be maintained bi-annually and the target has been adjusted to take this into account.							
^ 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 target has been revised in the 2016/17 Annual Performance Plan (APP) as follows and is revised further in the 2017/18 APP as shown above:

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							
Maintenance of rehabilitated land (ha)#	new indicator				742	742	742

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 2017/18 year will be on the following key activities:

- To ensure ongoing compliance with the Record of decision.
- On-going rehabilitation & maintenance of rehabilitated areas
- Development and approval of detailed execution plan for on-site rehabilitation.
- Commence with township establishment process and EIR specialist studies for Support Zone 1b.
- Review of Development Framework Plan (DFP) and JV Master Plan.

- Amendment of Special Zone 10: Airport use zone and its conditions.
- To compile a ten year business plan.
- Mt Moreland Access Road concept design.
- Support Zone 2 rezoning/ development application for the approval of the local authority.
- Expected to commence with bulk earthworks in Support Zone 2

5.3 Quarterly targets for 2017/18

The following table reflects the programme indicators.

Performance indicator	*Reporting period*	*Annual Target 2017/18*	*Quarterly targets 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	1484	371	371	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	85%	60%	70%	75%	85%
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 a lease basis, are being systematically handed over so that rehabilitation can occur straight after the cane has been harvested. 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	***2013/14***	***2014/15***	***2015/16***	***2016/17***	***2017/18***	***2018/19***	***2019/20***
Development Planning and Infrastructure	3 439	-3 026	6 012	4 993	34 414	76 578	64 497
Total	***3 439***	***-3 026***	***6 012***	***4 993***	***34 414***	***76 578***	***64 497***
Revenue	3 480	16 705	4 969	3 991	1 526	1 485	1 605
Economic Classification							
Current payments	***6 247***	***13 679***	***10 981***	***8 984***	***14 940***	***14 063***	***10 102***
Goods & services of which:							
Communication	-	-	109	100	100	100	100
management association costs				2 011	1 210	1 331	1 464
Consultants, contractors, special services	2 562	6 777	6 122	6 250	12 910	11 840	7 667
Other: Rates and municipal charges	3 685	6 902	4 750	623	720	792	871
Payments for Capital assets	672	-	-	-	21 000	64 000	56 000
Buildings and other fixed structures	672	-	-	-	21 000	64 000	56 000
Total	***6 919***	***13 679***	***10 981***	***8 984***	***35 940***	***78 063***	***66 102***

Performance and expenditure trends

The expenditure for 2017/18 to 2019/20 is expected to increase, reflecting developmental initiatives as EIA and rezoning applications have commenced. Maintenance and rehabilitation activities will continue. Expenditure on professional fees consist largely various specialist studies for Support Zone 1b, township establishment for Support Zone 2, development of the proposed 10 year business plan and continuing rehabilitation efforts. Expenditure in respect of capital expenditure projects is expected to continue in the current year and is largely dependent on obtaining environmental authorisation approvals.

PART C: LINKS TO OTHER PLAN

Links to long-term infrastructure and other capital plans

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.