



SOUTHERN AFRICA'S PREMIER
AIR LOGISTICS PLATFORM

Dube TradePort Company

Association incorporated under section 21 of the Companies Act

Annual Performance Plan

**for
2010/11**

KwaZulu-Natal

March 2010

Foreword

The 2010/11 financial year will mark the operational phase of the Dube TradePort (DTP). This will transform the Dube TradePort Corporation from a project development company into an operational entity with a legislative mandate to drive through the range of activities that are required to serve as a catalyst for jobs, investment, planning, co-ordination, etc. This new entity will also act as the sole shareholder as the DTP business gains value over time.

The impact of the construction as its indirect, direct and induced impacts are taken into account is phenomenal. On average the country's GDP will be approximately R16 billion higher as a result of the DTP. In addition employment in the country has increased by 58 792 jobs, with KwaZulu-Natal claiming 48 295 of these jobs.

While DTPC continues to pursue the provincial strategic priorities of establishing **an efficient, competitive and responsive economic infrastructure network**; and creating **decent employment through inclusive economic growth**, some of the challenges faced during this operational phase are to facilitate sustainable full time jobs, both within the DTP, around the DTP and province wide. In this regard, DTP will require strong support and co-ordination from all government departments and spheres of government in order to be effective in achieving its role as a catalyst for economic development.

The opening of the new facilities is marked with the 2010 world cup which provides the platform in which the opportunities of the DTP can be maximized on a global stage.

As MEC of Economic Development and Tourism and on behalf of the Government of KwaZulu-Natal, I fully endorse the Dube TradePort strategy, programmes and targets 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.

Mr Michael Mabuyakhulu
MEC for Economic Development & Tourism
KwaZulu-Natal Province

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of Dube TradePort Company under the guidance of both the Dube TradePort Board and Mr. Michael Mabuyakhulu (MEC for Economic Development and Tourism) in his capacity as the Executive Authority
- Was prepared in line with the current Strategic Plan of Dube TradePort Company
- Accurately reflects the performance targets which Dube TradePort Company will endeavour to achieve given the resources made available in the budget for the 2010/11 financial year and within the constraints and opportunities of the market conditions

Mr. O. Mungwe
Chief Financial Officer

Ms. A. B. Swalah
Responsible for Planning

Mr. R. Persad
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Approved by:

Mr. M. Mabuyakhulu
Executive Authority

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Part A: Strategic Overview

1 Updated situational analysis

1.1 Introduction

The Dube TradePort Section 21 Company (DTPC) was established to facilitate the development of a world class aviation linked export platform which will serve as a catalyst for sustainable job creation, and private sector investment. The Dube TradePort is a long term master planned development phased over the next 60 years. Key elements include: an international airport; a cargo terminal; a TradeZone; an AgriZone; an Information Technology Platform and associated property developments in the Support Zone.

- The new **international airport** includes a 3,700m runway (able to expand to 4,000m), a passenger terminal and a number of retail and other related concessions.
- **The Cargo Terminal**, includes development of a state-of-the-art cargo terminal with the ultimate aim of establishing reliable and effective cargo operations and positioning Durban as a Cargo Hub for the SADC region.
- **The TradeZone**, provides a specialised property and facilities environment adjacent to the Cargo Terminal for the import and export of air cargo where tenants, operators, producers and service industries can achieve high levels of productivity, logistical efficiencies and competitiveness by taking advantage of a technologically advanced node.
- **The AgriZone** provides a growing area for perishables of export quality, pack houses and associated training and research and development facilities.
- **The IT** platform is an integrated platform created to provide value added services to DTP facilities, clients, tenants and users with the main objective of enabling our clients to operate efficiently within a paperless environment.
- **The Support Zone 1, referred to as Dube City**, comprises a 12ha platform adjacent to the passenger terminal where land will be released for the development of office, hotel and retail facilities for companies that require location near the airport as well as providing an urban environment that will support developments which look to serve the adjoining communities and wider region. The full extent of the Support Zone is in excess of 400ha of gross land surrounding the aeronautical footprint.

It is planned that the Dube TradePort will be operational by 2010 and accommodate 7.5 million passengers and approximately 100 000 tons of cargo. These facilities will grow in terms of the long term master plan and capacity requirements as set out in the master plan.

The DTPC established in 2005, serves as a special purposed vehicle to oversee the project development, the planning and construction of the first phase of the master plan. New legislation has been presented to Cabinet to approve the KZN DTP Corporation Bill in order to create a public entity that would drive the operational phase of the project and fulfill the objectives set out in the long term master plan.

The strategic goals of the DTPC are therefore focused on:

- Serving as a **catalyst** for aviation linked economic development
- **Operationalising** the core DTP business units
- Adhering to good **corporate governance**
- Proactively **engage** relevant stakeholders and **manage** processes

The strategic goals and associated strategic objectives drive the four programmes of the DTPC. The programmes are divided into administration; technical services; commercial development and infrastructure and development.

1.2 Performance delivery environment

The 2009/10 year has culminated in a number of significant milestone achievements for DTPC, which include noteworthy progress in respect of completion of the Trade House; linking of the Trade House with the Cargo Terminal; Procurement and installation of the equipment in the Cargo Terminal; training of Cargo Terminal staff; commencement of construction within Dube City and the integration of the nursery (situated within the AgriZone) into DTPC.

In addition to the operational progress highlighted above, exceptional progress within the key delivery areas in respect of DTPC's economic development mandate has also been achieved. As at January 2010, the number of temporary jobs created during the construction phase was reported at 6 216 against a target of 2 600 for the 2009/10 year. It is pleasing to note that the number of temporary jobs created on site peaked at 8 084 in August 2009.

Another noteworthy achievement has been the economic empowerment impact emanating from the construction of the Dube TradePort, where the targets have consistently been exceeded since the inception of the project. During the 2009/10 financial year, the target of R1.6 billion was exceeded by an astounding 68.75% at the end of January 2010 when the economic empowerment impact was noted at R 2 695 530 871. As the construction of the Dube TradePort draws to an end, the targets for the following years have been adjusted accordingly.

The following table presents the progress to date and minimum targets for DTPC on key delivery areas.

Key delivery areas	2008/9 (Act)	2009/10 (Est.)	2010/11 (Target)	2011/12 (Target)	2012/13 (Target)
Competitiveness: Secure new routes to DTP (cumulative) Tonnage throughput (import/export) from Cargo Terminal (cumulative)	Secured 1 international carrier to DTP	1	1	1	1
			10,000 tons of throughput from DTP	20,000 tons of throughput from DTP	25,000 tons
Job creation Number of temporary jobs created (<i>Construction phase</i>) Number of permanent jobs created (<i>post construction</i>)	5 488 (target = 1 200)	6 216 (Actual @ January 2010)	800	n/a	n/a
			450	500	300
Economic empowerment Impact (cumulative)	R 898 million	R 2.7 billion (Actual @ January 2010)	R 3.2 billion	R 3.3 billion	R 3.4 billion
Investment leveraging (cumulative)	n/a	n/a	R 250 million	R 350 million	R 1 billion

Table 1: Projected delivery targets for the MTEF period

Significant investment leveraging is only expected to be initiated during the 2010/11 financial year, as the awareness of project grows and some of the initiatives are launched and become operational.

1.3 Organisational environment

DTPC has evolved from a small dedicated team of project executives and support staff to an expanded organisation employing experts across varied fields including agriculture, planning, IT and horticulture to name a few. The addition of the nursery staff to DTPC has increased the staff compliment to almost 40 people.

The transition to the public entity in the course of the 2010/11 year will also provide challenges for DTPC as management seeks to staff the new entity with appropriate skills and capacity to drive the

business of DTPC while meeting employment equity targets and other compliance issues. In this regard the current economic recession might provide the environment for the new public entity to recruit highly skilled personnel provided packages are competitive.

Finally, the institutional design of the new entity and the commercial structure will present interesting challenges for the DTPC management to grapple with. These issues will be tackled whilst developing the new strategic plan for the entity and will require close definitions of what the nature of the DTPC's core business is, going forward. A balance will have to be struck between taking a commercial approach versus meeting the development mandate and facing the challenges of a start up business.

2 Revisions to legislative and other mandates

Although there have been no significant changes to DTPC's legislative and other mandates, the slow progression of the draft DTP Bill continues to hamper the operational readiness of DTPC.

The draft DTP Bill was certified by the Office of the Premier in 2009 and published in the government gazette on 12 January 2010. Public hearings are scheduled for late March 2010 and there is an expectation that the Bill will be presented to the Legislature for approval by June 2010.

3 Review of 2010/11 budget and MTEF estimates

3.1 Expenditure estimates

EXPENDITURE ESTIMATES							
Programme	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Administration	8,505,074	9,820,430	13,954,515	24,912,731	31,953,167	37,441,459	40,185,605
Technical services	7,913,582	5,725,966	13,527,392	107,500,000	69,351,833	17,000,000	14,000,000
Commercial Development	926,273	1,740,863	11,989,839	296,522,503	40,000,000	70,000,000	75,000,000
Infrastructure & Development	38,677,220	529,298,360	568,602,265	1,169,318,497	385,600,000	385,000,000	572,000,000
SUBTOTAL	56,022,149	546,585,619	608,074,011	1,598,253,731	526,905,000	509,441,459	701,185,605
Direct charges against the national revenue fund.	-	-	-	-	-	-	-
Total							
Change to 20-1 budget estimate							
Economic Classification							
Current payments	4,607,030	5,657,901	6,174,042	136,653,849	145,365,000	154,571,459	187,385,605
Compensation of employees	3,619,739	4,731,540	5,128,985	8,611,034	30,056,501	17,232,886	18,849,330
Goods and services of which:							
Communication	-	-	-	9,000,000	10,330,000	11,797,605	12,576,408
Computer services	65,172	73,552	84,806	131,000	5,780,000	585,880	628,820
Consultants, contractors and special services	239,980	529,695	1,882,257	114,513,887	63,763,205	97,280,637	128,294,371
Maintenance Repairs and running costs	175,254	71,086	69,544	2,939,787	33,569,294	25,515,281	24,772,922
Operating Leases	491,014	620,040	791,381	934,659	1,000,000	1,171,760	1,257,641
Travel and subsistence	255,851	161,683	81,806	523,482	866,000	987,408	1,006,113
Specify	-	-	-	-	-	-	-
Specify	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Interest and rent on land	-	-	17,520	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
TRANSFERS AND SUBSIDIARIES TO:							
PAYMENT FOR CAPITAL ASSETS	-	454,440,969	578,831,166	1,461,599,882	381,540,000	354,870,000	513,800,000
Building and other fixed structures	-	454,134,444	578,696,885	1,460,341,000	186,108,716	346,870,000	493,800,000
Machinery and equipment	204,898	282,139	41,524	1,058,882	5,866,576	3,000,000	11,000,000
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	121,353	24,386	92,757	200,000	9,564,708	5,000,000	9,000,000
Land and subsoil assets	-	-	-	-	180,000,000	-	-
of which: capitalised compensation							
TOTAL	4,607,030	460,098,870	585,005,208	1,598,253,731	526,905,000	509,441,459	701,185,605

Table 2: Review of 2010/11 Budget and MTEF Estimates

3.2 Relating expenditure trends to strategic goals

- The increase in programme 1 over the MTEF period emanates directly from the strategic goal of DTPC to operationalise the core DTP business units. As business units shift from a development phase to an operational phase, the staffing requirements increase accordingly. It should be noted that all remuneration related expenditure resides in programme 1
- Programmes 2,3 and 4 (which are aligned to the strategic goal of serving as a catalyst for aviation linked economic development) peak during the 2009/10 financial year as construction is accelerated and the reduction over the MTEF phase is largely due to certain sub-programmes becoming operational.

Part B: Programme and Sub-programme plans

In order to efficiently carry out its mandate, the DTPC currently operates a four programme structure. The four programmes are:

Programme 1 – Administration

Sub-programmes

- Office of the CEO
- Financial Management
- Corporate Services
- Marketing

Programme 2 – Technical Services

Sub-programmes

- Master Planning
- EIA Record of Decision
- Air Services
- Cargo Terminal Operations
- Spatial Planning

Programme 3 – Commercial Development

Sub-programmes

- TradeZone
- Support Zone
- Joint Venture

Programme 4 – Infrastructure & Development

Sub-programmes

- EPC & Infrastructure Investment
- Business development
- Regional Development Investment Programme
- IT Platform
- AgriZone

4 Programme 1: Administration

The programme, *Administration*, provides support to the operational programmes of the DTPC, which in turn focuses on the development and operationalisation of the Dube TradePort and related activities. Support to the operational programmes takes the forms of administrative; financial and budgetary; performance; human resources management and development; information technology; marketing and communication services. Due to the transversal nature of this programme, it is imperative that it operates as efficiently and effectively as possible. Its main function is to ensure that DTPC's strategic plan remains relevant (as circumstances surrounding the project change); is well implemented and effectively monitored. It also provides direction, integration and co-ordination of the various operational programmes of DTPC. The following table presents the structure of the programme and its aim or purpose, as well as its strategic goals and strategic objectives.

Programme 1: Administration	
<p><i>Aim/Purpose:</i></p> <p>To provide leadership and strategic management in accordance with legislation, regulations and policies and to provide appropriate support services to all other programmes</p> <p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> To proactively engage and manage relevant stakeholders To adhere to good corporate governance 	<p>Sub-programme 1: Office of the CEO</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> To provide strategic direction and ensure successful operationalisation of the Dube TradePort To monitor the socio-economic impact in the operational phase of DTP
	<p>Sub-programme 2: Financial management</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> To ensure statutory compliance in respect of financial management To implement sound financial management practises
	<p>Sub-programme 3: Corporate Services</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> To develop and maintain strategic capability within DTPC and to promote sound labour relations To provide efficient support services to DTPC in the management of information technology and communication To implement best practise in terms of corporate governance
	<p>Sub-programme 4: Marketing</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> To promote project awareness and market interest (public by-in)

4.1 Strategic objective annual targets for 2010/11

As DTPC progresses from a project development to an operational phase, the strategic objectives of the organisation become more operational in nature. Historically, the strategic objectives were linked to measurable objectives (as required in the 2005 National Treasury Framework) which were measured by performance indicators and monitored in terms of targets set, as **illustrated** on the table below:

Sub Programme Office of the CEO		Strategic Goal: To proactively engage and manage relevant stakeholders					
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Est	2010/11 Target	2011/12 Target	2012/13 Target
To provide strategic direction and ensure successful operationalisation of the DTP	To implement mechanisms to monitor the DTPC's strategies	Achievement of APP targets	85%	90%	90%	90%	90%
	To facilitate effective performance management	No. of appraisals (management team) conducted annually	4 (all)	All on ¼ly basis	All on ¼ly basis	All on ¼ly basis	All on ¼ly basis
To monitor the socio-economic impact emanation from the project	Establish a monitoring and evaluation framework and supporting mechanism	Annual assessment concluded with a report indicating the impact	Not completed	Report completed in Nov 2009	Annual	Annual	Annual

Table 3: Previous reporting of actual performance in terms of National Treasury Framework

Thus historical baseline information against each strategic objective is not always available as the targets were measured against measurable objectives. The actual performance for each of the relevant performance indicators are reflected in Tables 4-11 below.

4.2 Sub-programme: Office of the CEO

4.2.1 Specific policies, priorities, and strategic objectives

One of the specific priorities that form part of this sub-programme is stakeholder engagement, which includes securing ongoing support from government and the creation of effective partnerships from both the private and public sectors. The monitoring of the socio-economic impact emanating from this project is the second strategic objective of this sub-programme as the provision of world-class facilities for inter-continental passengers and freight transfers will create an international trade platform capable of serving as a major source of permanent and sustainable employment.

4.2.2 Progress analysis

All stakeholders are kept abreast of latest project developments through our regular report Portfolio Committee, Cabinet, Local Government Portfolio Committee, and Quarterly performance meetings with DEDT, etc. The success of the project to date, has also been enhanced as a result of the regular joint executive meetings held with project stakeholders such as ACSA, Customs, Airlines, etc.

4.2.3 Analysis of constraints and measures planned to overcome them

The single largest constraint in achieving our strategic goal of proactively engaging and managing relevant stakeholders within the public sector is the lack of alignment between the operational plans of the various departments and municipalities and the requirements of Dube TradePort, particularly in respect to the provision of bulk services and infrastructure. As an example, the budgeting and bulk services provision from eThekweni municipality (regarding the sewer treatment works and electricity substation) does not adequately cater for the operational requirements of the TradePort. We continue to extensively engage with the City to find appropriate solutions.

4.2.4 Description of planned quality improvement measures

Once the statutory identity of DTPC has been legislated, the strategic plan will be updated; the financial delegations of authority will be amended and a new operating model will be implemented as one of our many efficiency enhancing measures.

4.2.5 Programme performance indicators and annual targets for 2010/11

Table 4 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
1.1	Achievement of APP targets	n/a*	n/a*	85%	90%	90%	90%	90%
1.2	No. of appraisals (executive's) conducted annually	n/a*	n/a*	4 (all Quarterly)	6 (All on a quarterly basis)	All (24)	All (24)	All (24)
1.3	Annual assessment concluded with a report indicating impact	n/a*	n/a*	Not completed	Completed	Annual Report	Annual Report	Annual Report

*: Different programme structure used in 2007/8 and prior

Table 4: Programme performance indicators: Office of the CEO

- Lack of sufficient budget during the 2007-2009 financial years meant that the impact assessment could not be conducted for those periods.
- The strategic objectives are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

4.2.6 Quarterly targets for 2010/11

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Achievement of APP targets	Annual	90%				
1.2	No. of appraisals (executive's) conducted annually	Quarterly	24	6	6	6	6
1.3	Annual assessment concluded with a report indicating impact	Annual	Annual Report				

Table 5: Quarterly targets for 2010/11: Office of the CEO

4.3 Sub-programme: Financial management

4.3.1 Specific policies, priorities, and strategic objectives

The strategic objective of this sub-programme is to ensure statutory compliance in respect of financial management and to implement sound financial management practises. Statutory compliance is primarily in terms of the Public Finance Management Act (PFMA) and related Treasury Regulations. Provincial and National Treasury guidelines are also taken into account in creating and implementing financial policies. Compliance with the relevant standards of the Generally Recognised Accounting Practise (GRAP) and Generally Accepted Accounting Practise (GAAP) are a key priority within this sub-programme.

4.3.2 Progress analysis

The financial management, internal control and payroll administration functions continue to be outsourced to maximise operational efficiencies. The internal audit was conducted in terms of the three year coverage plan and the materiality and significant framework was approved by the Audit Committee. It has also been pleasing to note that an unqualified audit report was received for the 2008/9 financial year.

4.3.3 Analysis of constraints and measures planned to overcome them

The current statutory identification status of DTPC as an agency has posed difficulty in applying some of the accounting principles relating to the recording and disclosure of certain assets. Extensive consultations with both Treasury and the Office of the Auditor-General have assisted in identifying the correct interim treatment of assets, until the proposed Bill is promulgated.

The delay of the promulgation of the KwaZulu-Natal Dube TradePort Corporation Bill continues to create uncertainty around the statutory identification of DTPC. To this end, we are happy to report that the Bill has been certified by the Office of the Premier; published in the provincial gazette and aims to be approved June 2010.

The overall cash flow difficulty experienced by Provincial Treasury (emanating from provincial over-expenditure) has resulted in delays in DTPC receiving the approved grant timeously. A cash flow crisis was averted by continuous proactive actions taken by the management team, led by the CEO and championed by the MEC in his capacity as the Executive Authority.

4.3.4 Description of planned quality improvement measures

A transition framework has been created and the transition process is well underway. Once the public entity has been created, a suitable operating model will be implemented and all policies and procedures updated accordingly.

4.3.5 Programme performance indicators and annual targets for 2010/11

Table 6 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
1.4	Submission of reports on time (AFS; QPR; APP, etc)	n/a	n/a	100%	100%	100%	100%	100%
1.5	Number of report items included in the external audit management report relating to tax	n/a	1	0	2	2	2	1
1.6	Unqualified audit report	Unqualified	Unqualified	unqualified	Unqualified	Unqualified	unqualified	Unqualified
1.7	Implementation of Transitional plan	n/a	n/a	n/a	Approval transition framework	50%	100%	Review
1.8	Number of report points included in	6	5	4	4	4	3	2

	the external audit management reports (relating to compliance with policies and procedures)							
1.9	% budget variance per programme	New indicator			15%	10%	10%	
1.10	Number of report points on internal audit report per cycle		7	5	5	5	4	4

Table 6: Programme performance indicators: Financial Management

- The 2010/11 financial year budget includes an allocation relating to the transition into the public entity which is a critical aspect of this programme during the upcoming year.
- The strategic objectives for financial management are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

4.3.6 Quarterly targets for 2010/11

Table 7 below sets out the quarterly targets for the sub-programme performance indicators identified above:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.4	Submission of reports on time - AFS; APP, - QPR	Annual Quarterly	2 4	1 1	1 1	1	1
1.5	Number of report items included in the external audit management report relating to tax	Annual	2				
1.6	Unqualified audit report	Annual	Unqualified				
1.7	Implementation of Transitional plan (% completed)	Biannual	50%	Detailed plan approved		50% implemented	
1.8	Number of report points included in the external audit management reports (relating to compliance with policies and procedures)	Annual	4				
1.9	% budget variance per programme	Quarterly	15%	15%	15%	15%	15%
1.10	Number of report points on internal audit report per cycle	Biannual	5 per cycle	5		5	

Table 7: Quarterly targets for 2010/11: Financial Management

4.4 Sub-programme: Corporate Services

4.4.1 Specific policies, priorities, and strategic objectives

The strategic objective of this sub-programme is to provide support services to DTPC in the areas of human resource management and development, information technology and to provide effective support to the Board. An independent service provider provides key IT support which is done in accordance with DTPC's IT security policy, among other pieces of legislation and policies.

There are a number of human resource policies and associated legislation including the Employment Equity Act; Basic Conditions of Employment Act; etc, that provide the governance framework for human resource management. A key priority within HRM remains the development of our staff.

4.4.2 Progress analysis

An internal audit was conducted in terms of the three year coverage plan as approved by the Audit Committee and all practical recommendations are currently being implemented. An internal risk assessment was conducted and the fraud prevention plan updated. The materiality and significance framework was also approved by the Audit Committee.

During the 2009/10 year under review staff appraisals were conducted and the executive team was subjected to quarterly performance appraisals

A key focus has been on ensuring that DTP has sufficient numbers, skills/competencies required to achieve DTPC's strategic objectives. Having identified the key skills required for the financial year, 4 recruitment agencies were approached to source relevant personnel. Following a recruitment drive and interview process the following 6 positions were filled:

#	Position	Appointment Date
1	Chief Compliance & Risk Manager	01 June 2009
2	IT Architect	01 August 2009
3	Administration Assistant	01 September 2009
4	Property Manager	01 January 2010
5	Senior AgriZone Project Officer	01 January 2010
6	Junior AgriZone Project Officer	01 January 2010

In addition, as DTPC took over the running of the nursery within the AgriZone, an additional 25 employees joined the DTPC team with effect from 1 February 2010.

Our organisational performance management system was reviewed and improved by establishing a reporting system and using the APP to report against, resulting in standardisation of reporting. In November 2009 the organogram of the company was updated and approved by the Dube TradePort Board.

A DRAFT functional diagram for the DTP Corporation was prepared and approved by the MEC in December 2009. This draft will inform the HR Planning process Dube TradePort is currently undertaking.

In terms of IT support, the internal DTPC IT environment has been upgraded to meet the growing internal IT requirements of users. Support to the Board of DTPC in the form of preparation of board packs; minutes; co-ordination of meetings; etc, has been successfully executed during the year and no significant improvements in this respect has been planned for the next year.

4.4.3 Analysis of constraints and measures planned to overcome them

The constraints experienced by this sub-programme relate to the inherent dynamic nature of the project which means that other operational programmes experience difficulty in planning resource requirements and consequently, the human resource plan is constantly changing. In order to overcome this constraint, the human resource plan (originally developed for the 2008/9 and 2009/10 financial years) is reviewed periodically, to address any changes in strategic direction of DTPC. It is further understood that the dynamic nature of DTPC operations may necessitate an abrupt deviation from this HRP, in order to allow adequate response to the changing circumstances. This was evident during the financial year when it became evident that the position of AgriZone Project Officer did not sufficiently address the requirements of management of the AgriZone and therefore the position was split into Senior AgriZone Project Officer and Junior AgriZone Project Officer.

4.4.4 Description of planned quality improvement measures

It is imperative that Dube TradePort develop a Human Resource Plan to address the needs of the company when it is converted into a public entity.

4.4.5 Programme performance indicators and annual targets for 2010/11

Table 8 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
1.11	Registration of public entity	Cabinet approval obtained in Nov 2008			Certified by Office of the Premier Public participation	Registered Full compliance with PFMA checklist for PE within six months of legislation being approved	Monitor compliance	Monitor compliance
1.12	No. of corporate governance report items included in the: - internal - external audit reports	Board met as required. Amendments to Board composition effected	0 0	1 0		2 1	2 1	2 1
1.13	HR Plan (aligned to operational plan)	HR plan aligned to APP and Strategic plan was developed in 2008			Fill posts per HR plan	Implement PE HR plan	Impl. 2010/11 HR plan	Impl. 2011/12 HR plan
1.14	Develop a staff mentoring programme	New indicator				Implement 1 successful mentoring intervention for a period of 18 months	1	1
1.15	Updated performance plan/agreements	Performance agreements updated annually				Facilitate annual performance agreements	Annual	Annual
1.16	No. of HR report items included in: - internal audit - external audit reports	New indicator			0 0	5 1	4 1	3 1
1.17	Level of success in implementation of relocation plan	New indicator				80%	100%	Review
1.18	Availability of system to DTTPC users (%)	Not measured			90%	95%	98%	98%

Table 7: Programme performance indicators: Corporate Services

- Historically, the performance of this sub-programme has not adversely affected by budget allocations.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.
- The key measures (during 2010/11) in order to achieve the strategic plan objectives revolves around recruiting skilled and competent staff to cope with the challenges of operations.

4.4.6 Quarterly targets for 2010/11

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.11	Registration of public entity	Annual	Registered Full compliance with PFMA checklist for PE within six months of legislation being approved				
1.12	No. of corporate governance report items included in the: - internal audit - external audit reports	Biannual Annual	2 1	0		2	
1.13	HR Plan (aligned to operational plan)	Quarterly	Implement 2010/11 PE HR Plan	Draft PE HR plan	Final PE HR plan	Implement 2010/11 PE HR plan	
1.14	Develop a staff mentoring programme Annual report against KPA's set for mentoree/protégé	Annual	Implement 1 successful mentoring intervention for a period of 18 months				
1.15	Updated performance plan/agreements	Annual	Facilitate annual performance agreements				
1.16	No. of HR report items included in the: - internal audit - external audit reports	Biannual Annual	5 1	2		3	
1.17	Level of success in implementation of relocation plan	Quarterly	80% completed	Q1: Finalise space requirements & uses	Draft look and feel	Sign off of furniture and fittings and office requirements & relocation plan	Relocate to DTP Head Office at Dube City
1.18	Availability of system to DTPC users (%)	Quarterly	95%	95%	95%	95%	95%

Table 9: Quarterly targets for 2010/11: Corporate Services

4.5 Sub-programme: Marketing

4.5.1 Specific policies, priorities, and strategic objectives

The Marketing sub-programme focuses on promoting project awareness through communication and building the Dube TradePort brand. It is effectively the “face” of DTPC to the larger community.

This sub-programme obtains its mandate from the co-operation agreement signed with ACSA. In addition all advertising is done in good taste and in compliance with the relevant regulations governing advertising. Its strategic objective is to promote **project awareness** and **market interest** (public buy-in). A priority of this sub-programme is to ensure the project receives sufficient media attention in order to attract investment thereby ensuring the sustainability and success of the project.

4.5.2 Progress analysis

During the 2009/10 year, a key milestone achieved was the appointment of marketing and communications consultants to develop and implement a 3 year marketing strategy and creative roll out. This then set the scene for significant progress within the sub-programme, which included:

- An integrated and comprehensive 3 year Marketing and Communication and 360 degree creative roll out plan to launch Dube TradePort as the gateway of choice
- Develop and establish a strong and differentiated brand identity for the Dube TradePort Company and its sub-components
- Preparations to launch the Dube TradePort development to local and international markets to create awareness and establish DTP's proposition, competitive advantage and strategic intent over the next 60 years
- Identified strategic partnerships, alliances and direct marketing opportunities to opportunistically drive Dube TradePort's strategic objectives
- Outlined opportunities to link DTP to and leverage off Emirates (first international carrier in almost a decade to resume a non-stop international flight to Durban) and World Flight Services (leading global Cargo Operator) with whom DTP has already concluded contracts.
- Created regional and national pride and engagement with the development – captured the imagination of the public. A Dube TradePort visitor's centre, to facilitate the transfer of knowledge and information to the broader community was established

4.5.3 Analysis of constraints and measures planned to overcome them

Securing the right expertise and experience for this strategic work was critical. Therefore, the procurement was split into 2 stages. In order to be successfully short-listed in Stage 1, the agency/consortium/joint venture had to demonstrate agency/consortium/joint venture AND the Daily Account Team experience and capability in:

- Strong proven strategic capability
- Capability, experience and a proven track record in developing and implementing 360 degree marketing and communications' strategies with creative executions that have met client objectives
- Affiliation with global networks and global brand experience

- PR, Digital and BTL experience
- Media contacts in TV & Radio, print, and online
- Experience in media planning and buying

4.5.4 Description of planned quality improvement measures

A significant improvement measure planned for the 2010/11 period is the use of innovative advertising aids such as branded airport shuttles, mobile billboards, etc, which will serve to increase public and market interest in the project.

4.5.5 Programme performance indicators and annual targets for 2010/11

Table 10 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
1.19	Completion of Comprehensive 3yr marketing and communication (M&C) strategy	2008/9 strategy approved and implemented in terms of budget allowance			Procured agency to develop an integrated 3yr M&C strategy and roll out plan for pre-launch (Phase 1)	Approved M&C strategy	Review and finalise phase 3	Review M&C strategy
1.20	Level of implementation of strategy	New indicator				Implement 80% of annual activity plan	Implement 70% of annual activity plan	Implement 70% of annual activity plan
1.21	% increase in brand value	New indicator				Est. measurement tool to measure brand value Est. a baseline measurement value	20% from baseline	15% from previous year
1.22	% increase in registrations of interest on the database	n/a	n/a	47% from prior year	30% from prior year	15% from prior year	15% from prior year	15% from prior year
1.23	% increase in website hits	New indicator				15% from prior year	20% from prior year	20% from prior year
1.24	% increase in positive press articles in the press	New indicator				5 per quarter	15% from prior year	15% from prior year

Table 10: Programme performance indicators: Marketing

- The lack of adequate operational budget has impacted on the marketing activities. This has not been too serious in previous years, as marketing was undertaken on an ad hoc basis. However, with a strategy and roll out plan in place, budget allocations for 2010/11 and the

MTEF period are relatively small and may impact on the number of interventions DTPC is able to undertake.

- The 2010/11 financial year budget includes the appointment of a marketing manger to assist with the implementation and direction of the marketing strategy.
- The strategic objectives for marketing are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

4.5.6 Quarterly targets for 2010/11

Table 11 below sets out the quarterly targets for the sub-programme performance indicators identified above:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.19	Completion of Comprehensive 3yr marketing and communication (M&C) strategy	Annual	Approved strategy	Implement key pre-launch activities: <ul style="list-style-type: none"> • Signage • Media • PR • Public Art • Launch 	Build understanding of & confidence in DTP: <ul style="list-style-type: none"> • Brochure • Update website • Business print & press 	Provide marketing support to building volumes: <ul style="list-style-type: none"> • Sales kits • Direct marketing • Sales presentations • Industry print & conferences 	
1.20	Level of implementation of strategy (cumulative)	Quarterly	80%	20%	40%	60%	80%
1.21	% increase in brand value	Annual		Est. measurement tool Est. baseline measurement value			
1.22	% increase in registrations of interest on the database	Annual	15% from prior year				
1.23	% increase in website hits	Annual	15% from prior year				
1.24	% increase in positive press articles in the press	Quarterly	20	5	5	5	5

Table 11: Quarterly targets for 2010/11: Marketing

4.6 Reconciling performance targets with the Budget and MTEF

The funding trends over the period 2009/10 to 2012/13 take into account the expected increase in operating activities and the impact on the budget as shown in the Table 12 below.

EXPENDITURE ESTIMATES							
Programme One - Administration	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Office of CEO, Corporate & CFO Services	8,628,044	9,171,642	11,791,471	15,912,731	21,953,167	27,441,459	30,185,605
Marketing	171,357	622,402	2,297,325	9,000,000	10,000,000	10,000,000	10,000,000
SUBTOTAL	8,799,401	9,794,044	14,088,796	24,912,731	31,953,167	37,441,459	40,185,605
Direct charges against the national revenue fund.	-	-	-	-	-	-	-
Total							
Change to 20--1 budget estimate							
Economic Classification							
Current payments	8,505,074	9,794,044	13,954,515	24,357,731	31,953,167	37,441,459	40,185,605
Compensation of employees	3,619,739	4,731,540	5,128,985	8,611,034	13,000,000	15,232,886	16,349,330
Goods and services of which:							
Communication	171,357	622,402	2,297,325	9,000,000	10,000,000	10,000,000	10,000,000
Computer services	155,052	95,022	69,544	131,000	500,000	585,880	628,820
Consultants, contractors and special services	239,980	529,695	1,882,257	2,277,769	3,653,167	5,998,242	7,170,779
Maintenance Repairs and running costs	4,205,493	4,037,589	6,046,251	3,814,446	3,000,000	3,515,281	3,772,922
Operating Leases	-	-	-	-	1,000,000	1,171,760	1,257,641
Travel and subsistence	353,433	307,491	412,410	523,482	800,000	937,408	1,006,113
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
TRANSFERS AND SUBSIDIARIES TO:							
PAYMENT FOR CAPITAL ASSETS	294,327	282,139	134,281	555,000	-	-	-
Building and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	172,974	282,139	134,281	555,000	-	-	-
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	121,353	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
of which: capitalised compensation							
TOTAL	8,799,401	10,076,183	14,088,796	24,912,731	31,953,167	37,441,459	40,185,605

Table 12: Expenditure estimates: Programme 1 – Administration

Performance and expenditure trends

- Indicate (in point form) how budget allocations impacted on performance targets
- Indicate what measures will be put in place to ensure that the strategic objectives for this programme continue to be realised
- A few points on analysis of expenditure within this programme like illustrated below
- Over the MTEF period, the increase in administration costs is largely due to the additional posts budgeted for.
- The lack of available budget during the last 3 years, have seriously curtailed the operational activities within the marketing programme
- With the launch of the Dube TradePort scheduled for May 2010, a series of pre-launch events have occurred during the 2009/10 financial year
- The significant projected increase in marketing costs is directly related to the level of activity reflected in section 4.5 above

5 Programme 2: Technical Services

The programme, Technical Services, is the basic building block of the Dube TradePort development. The programme is essentially responsible for all technical aspects including the development of Dube Tradeport's future facilities as envisioned in the planned Master Plan review. The programme comprises of five sub-programmes, each with a specific area of work relating to the technical aspects of the overall project.

Sub-programme 1, referred to as *Master Planning* will focus on the review of the Master Plan against variations and design changes as incurred during the construction phase via an effective planning exercise and in line with the necessary regulatory approvals and planning framework guidelines. Master Planning is essentially a high level integrated precinct planning exercise. This entails that the plan is based on the future forecasting of passenger and cargo markets in order to inform facility sizing and phasing for an unimpeded expansion of the airport in a methodical, cost-effective and sustainable manner. The reviewed and redefined master plan will serve as a guide and the framework for the future development and expansion of the facility

In terms of developmental legislation an EIA was undertaken by DTPC prior to the commencement of the project. This was approved by DEAT with specific conditions as reflected by the RoD. Sub-programme 2 will focus on monitoring of the adherence and compliance to ROD obligations via the transfer of the EOMP responsibilities as contained in contractual agreements with tenants, lessees and commercial partners. This will be supported by an ROD/EOMP audit programme.

Sub-programme 3, referred to as "Air services" focuses on developing international and regional air connectivity by attracting new carriers from identified international and regional routes to Durban by using the PRAXIS sourced data, developing business cases and securing airlines. In addition DTPC representation on the bilateral air services commission will help promote this programme. The establishment of a Route Incentive Fund will positively contribute towards developing the airport as an International destination.

The Cargo Terminal Operations, in sub-programme 4, is to be developed in to Southern Africa's premier Cargo Hub through providing reliable; efficient and timeous cargo operations on the airport. The introduction of a fully mechanised cargo terminal operational system, managed by the world's leading cargo operations management company, supported by an IATA approved IT management system will contribute towards achieving this goal.

Sub-programme 5: Spatial planning is aimed at acquiring further development rights as per the Master plan as well as re-zoning applications as per local government requirements. Longer term, project planning within the DTP region is also undertaken under this sub-programme.

The following table below presents the structure of the programme and its aim or purpose, as well as its strategic goals and strategic objectives.

Programme 2: Technical Services	
<p><i>Aim/Purpose:</i></p> <p>To provide technical expertise in Master Planning; Environmental Management; Spatial Planning; Cargo Operations and the development of an Air Services Strategy</p> <p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> • To serve as a catalyst for aviation linked economic development • To proactively engage and manage relevant stakeholders 	<p>Sub-programme 1: Master Planning</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To review the DTP Master Plan (2010-2015) • To ensure that the further development of the site is efficiently planned for • To ensure that all development is in line with necessary regulatory approvals and planning framework guidelines.
	<ul style="list-style-type: none"> • Sub-programme 3: ROD-EOMP <p>Strategic objective:</p> <ul style="list-style-type: none"> • To effectively monitor implementation of and adherence to DTP's ROD obligations post commissioning of the project
	<p>Sub-programme 3: Air Services</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To establish Regional and International Air Connectivity
	<p>Sub-programme 4: Cargo Terminal Operations</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To position the DTP Cargo Terminal as the Terminal of choice
	<p>Sub-Programme 5: Spatial Planning</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To draw down development rights with regard to Special Zone 10 as well as acquire further development rights as required • To comprehensively plan for specific projects within the Dube Tradeport region

5.1 Strategic objective annual targets for 2010/11

As DTPC progresses from a project development to an operational phase, the strategic objectives of the organisation become more operational in nature. Historically, the strategic objectives were linked to measurable objectives (as required in the 2005 National Treasury Framework) which were measured by performance indicators and monitored in terms of targets set.

5.2 Sub-programme 1: Master Planning

5.2.1 Specific policies, priorities, and strategic objectives

In the past, this sub-programme has focused on ensuring that the construction of the project adheres to the design and layout as prescribed in the Master Plan Phase1. This adherence was undertaken through the Joint Monitoring Committee (JMT) which is composed of specialists in the different sub-disciplines of the project.

5.2.2 Progress analysis

The establishment of the JMT in 2007 was to oversee the quality and delivery of the project in line with the Master plan. The technical team making up the JMT embarked on a co-ordination programme where the project was broken down into different areas of specialisation, e.g. air side, land side, buildings, roads, bulk, etc. This effectively resulted in more specialists on the JMT, across the various disciplines.

The contract for the first phase of construction is due to be completed by May 2010, and the contract for the joint monitoring team will be concluded in conjunction with this. However, a significant body of information, skills, and knowledge relating to this project has been developed over this time. Retaining these skills and ensuring that there is adequate specialist skills available to monitor the development into the future is therefore a priority. In addition to this, there will still be development commencing on site post May 2010, and a team of consultants will need to monitor the progression of the development and ensure that it is complying with the necessary regulatory and statutory approvals.

The master plan process does not only entail pure planning but also includes aspects such as the costing of projects, the environmental impact assessment including noise impact assessment, transportation planning, etc. It was agreed that the master plan would be reviewed, post the first phase of construction.

A detailed review of the master plan needs to take place which should focus on the following aspects:

- Status Quo Assessment – including an assessment of how the development “as built” differs from the approved master plan
- Forecast – passenger / cargo etc
- Demand Assessment
- Comparison of Capacity and Demand
- Assessment and Collation of External and Internal Influences – including Site related and surrounding influences such as existing infrastructure, topography, public transport, zoning, etc.
- Preparation of Master Plans; and
- Identification and Scoping of Catalyst Projects

This review of the master plan will provide DTP with a clear direction of the ongoing development of the site. This plan will provide a clear sense of the direction, and expected speed of expansion within the

precinct. It will also address issues that relate to the broader region, such as public transportation. Having a clear master plan in place also provides secondary developers and investors with a level of certainty into the future.

5.2.3 Analysis of constraints and measures planned to overcome them

The delays in obtaining the regulatory approvals from eThekweni have been a significant constraint in the past and will continue to do so. Future developments may be constrained by the fact that regulatory approvals still need to be obtained for portions of the site that do not have developmental rights. The planned review of the Master Plan will outline the next phase of the development and allow for the development rights to be acquired in advance of the development taking place.

The continued absence of a final integrated and comprehensive northern spatial plan on the part of the City has resulted in the inadequate supply of essential services (sewer treatment) to the airport. This inability of the City to meet its commitments to developers could constrain the pace at which developments planned by DTP could be slowed. The conclusion of a Bulk Services Agreement with the City would extend its obligation with regard to provision of essential services to the post construction phase.

5.2.4 Description of planned quality improvement measures

The retention of core members of the JMT team going forward will allow the project to continue seamlessly to the next phase of development. The team will also ensure that construction on the part of secondary developers is up to specification, and complies with all the necessary obligations as set out in the EIA/ROD obligations, as well as the regulatory approvals governing the site.

The following quality improvement measures will be implemented:

- Improved project management as each expert focussed on his/her area of specialisation
- Intense monitoring
- Ongoing pre-planning (working closer with the contractor)
- Providing more hands on support
- Increased frequency in inspections
- Daily technical audits

The review of the Master Plan (MP) will determine the extent to which the “As-Built” construction of the project has deviated from the originally agreed Master Plan. In addition a revised forecast based on the low, medium, and high growth scenarios will allow for a more refined demand analysis to be arrived at. This together with a phased approach and proper detailed planning will prevent excessive capacity and fruitless expenditure. The Master Planning exercise will be based on the standards and recommendations as contained in the ICAO Airport Planning Manual. Key refinements to the Master Plan will include:

- Accommodation of public transport
- Expansion of the terminal footprint
- Layout of the roads and buildings in the terminal precinct
- Preparation of the development plan for the area between the N2 and the main runway
- Refinement of the Trade Zone layout taking in to account potential requirements beyond Phase 1.
- Planning of a Commercial node in the Trade Zone.
- Planning and development of a Biogas facility.
- Revise TIA in the operational phase of the R 102.
- Further development of the Agri-Zone.
- Finalisation of Support Zone 1 and the planning of the remaining support zones 2,3 and 4.
- Assessment of the operations environment needs to be taken in to account to determine under/over supply of infrastructure capacity.

5.2.5 Programme performance indicators and annual targets for 2010/11

Table 13 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
2.1	% complete of detailed review of MP (2010/15)	n/a			Agree TOR with ACSA	25%	50%	100%
2.2	Quarterly progress reports (development , construction monitoring and master plan review report)	n/a	n/a	4	4 (1 report per quarter)	4	4	4

Table 13: Programme performance indicators: Master Planning

- The 2010/11 financial year budget includes the review of the master plan which is a critical aspect of this programme during the upcoming year.
- The strategic objectives for master planning are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

5.2.6 Quarterly targets for 2010/11

Table 14 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	% complete of detailed review of MP	Quarterly	25%	Receive project proposal	Team orientation; obtain relevant data	Obtain info from ACSA; analyse data	25%
2.2	Quarterly reports (development , construction monitoring and master plan review report)	Quarterly	4	1	1	1	1

Table 11: Quarterly targets for 2010/11: Master Planning

5.3 Sub-programme 2: EIA RoD

5.3.1 Specific policies, priorities, and strategic objective

The key priority of this sub-programme is to successfully implement the record of decision (RoD) obligations as related to DTP. This will be via the environmental operational management plan EOMP as well as through contractual obligations transferred to tenants, lessees, JV Partners etc. The strategic objective of the sub-programme is to monitor the implementation of the obligations (both by DTPC and those transferred to the tenants, lessees etc). Relevant environmental regulations; legislation and policies provide the framework for this sub-programme

5.3.2 Progress analysis

During the current year, the following amendments to the RoD were proposed and accepted:

- Approval to build certain infrastructure in the conservation area
- Design changes (minor amendments) - storm water design and location
- Location change - waste water treatment plan
- Realignment of some of the road networks
- Location change - navigation equipment of aircraft
- Design change – N2 interchange
- Provision of the link to the R102

Both the northern and southern package plants are working successfully with transfer to the on-site sewer treatment plant to be effected prior to commissioning of the airport. All of the developments storm water

needs and requirements have been met with permanent attenuation dams and culverts completed. Registration of no-site dams with DWAF has been completed. The alien plant control programme is nearing completion with rehabilitation and landscaping proceeding on schedule.

5.3.3 Analysis of constraints and measures planned to overcome them

One of the challenges facing the development post-commissioning is to ensure that each stakeholder on site be it an office tenant, operations service provider or development investor adheres to and complies with the injunctions of the ROD and the requirements of the DTP – EOMP. DTP has included in all contractual agreements with all service providers, tenants, JV Partners and other stakeholders a stringent requirement for adherence and respect of all applicable EIA Legislation, the ROD as issued by DEAT in 2007 as well the comprehensive EOMP.

Another constraint that could delay further development is the lack of pace with regard to EIA applications being processed by regulatory authorities. Without a written approval from the authorities development projects cannot proceed thereby constraining the pace of development. The procurement of the appropriately experienced and knowledgeable team of EIA Specialists focussing on development strategies in support of the technical team will avert this potential delay.

In addition to this, the city has proposed that large portions of the site (covering mostly JV land) be rezoned as a conservation area. The Durban Metropolitan Open Space System (DMOSS) is currently being introduced as an amendment to the scheme. While the city argue otherwise, DTP's view is that this amendment would make portions of the site extremely difficult to develop and could result in the effective sterilisation of the land. To this end, DTP have resolved to object to the amendment, and we are currently awaiting the Municipality's response to the objection.

5.3.4 Description of planned quality improvement measures

Some of the planned quality improvement measures include:

- Acquiring the services of an Internationally recognised Environmental Management Specialist to conduct monthly audits on DTP and it's commercial partners adherence to the ROD/EOMP obligations
- Develop an environmental operational management plan
- Separate the functions of the Environmental Team into:
 - ROD/EOMP Monitoring.
 - EIA applications for future developments.
 - Regular EIA/ROD/EOMP audits.

This will ensure that each division has clear mandates and responsibilities without one area slowing down the other. In addition, the rehabilitation of the wetlands within the conservation area is also planned. Although not a RoD obligation, we have embarked on a project to remove alien plants and replace them with indigenous plants. Each of these measures will improve compliance with the RoD obligations.

5.3.5 Programme performance indicators and annual targets for 2010/11

Table 15 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
2.3	Independent audit results (To track progress of the implementation of the EIA/RoD obligations)	n/a			Agree TOR with ACSA	90%	95%	n/a
2.4	Level of compliance with environmental operations plan (EOP)	n/a	n/a	n/a	Appoint a consultant	Develop plan	20%	40%
2.5	% of development initiatives/contractual agreements that incorporate EOP obligations	n/a	n/a	n/a	Formulate relevant clauses	100%	100%	100%

Table 15: Programme performance indicators: EIA RoD

- The budget relating to this sub-programme is included in Programme 4
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

5.3.6 Quarterly targets for 2010/11

Table 16 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.3	Independent audit results	Quarterly	90%	90%	90%	90%	90%
2.4	Level of compliance with environmental operations plan (EOP)	Quarterly	Develop plan	Confirming & consolidating RoD injunctions	Extracting relevant EIA legislation & obtain ACSA co-operation	Develop the plan	Finalise the plan
2.5	% of development initiatives/contractual agreements that incorporate EOP obligations	Annual	100% (All)				

Table 16: Quarterly targets for 2010/11: EIA RoD

5.4 Sub-programme: Air Services

5.4.1 Specific policies, priorities, and strategic objective

This sub-programme focuses on establishing air services between Durban and viable destinations. This is done through the development of Business Cases based on IATA-MIDT references and presented to airlines. The bi-lateral agreements signed between South Africa and various countries has a significant impact on this programme as this agreement, more often than not, dictates which South African international airport will be used by the various carriers. The strategic objective of this sub-programme is to secure international air services to viable source markets.

5.4.2 Progress analysis

In addition to securing daily flights to Durban with Emirates Airlines, an agreement has also been concluded with a major UK carrier. As a result of our involvement in the bi-lateral air services commission, revised bilateral agreements (adding Durban as a point of entry and a destination for additional frequencies) with the following countries have been concluded:

- United Kingdom
- United Arab Emirates
- Australia
- New Zealand
- Holland
- Angola
- Tanzania

Ongoing discussions and exchanges of information are currently underway with Jet Airways (India); Singapore Airlines and Lufthansa. At the recent Dubai Air Show both Qatar Airways and Etihad expressed their intentions of operating the route between their respective countries and Durban. Through DTP's presence on the Bi-Lateral Air Services Commission this request will be managed without compromising other airlines operating similar routes.

DTP has already had discussions with airlines operating regionally in to SADC with the view of introducing regional connections to Lusaka, Maputo, Harare, Luanda and Dar –as – Salaam. The development of this initiative will further position Durban as Hub with connections in to Sub- Saharan Africa

5.4.3 Analysis of constraints and measures planned to overcome them

Given the global recession, there has been a reduction in the number of airline passengers, which forces airlines to start rationalising their routes. Factors such as the fluctuations in the crude oil price and delays in delivery of aircrafts also negatively impacted on airlines, making them wary of embarking on expansion and experimenting with new routes. The recent global economic recession has severely impacted on

airline revenues and profitability; resulting in reduction of frequencies and in some cases closing down of marginal routes. This recent development has negatively affected the Air Services Strategy implementation as airlines are reluctant to introduce new routes to their schedules.

To overcome this constraint, we will package attractive offers to airlines which include preferred arrival and departure slots; advantages of a sea-level operation; lower fuel costs and congestion free airspace. We will participate at the 2009 annual air routes conference and present our business cases supported by PAXIS data. In addition DTP will continue liaising and conferring with selected airlines towards introducing schedules into Durban.

5.4.4 Description of planned quality improvement measures

Discussions had taken place at the Routes 2009 Conference with British Airways who plan to resume services into Durban in 2010/11 and Lufthansa who have targeted 2011/12 for launching a service.

Discussions are also planned with Jet Airways from India who indicated at the Routes meetings their intentions to investigate the Durban – Mumbai route further

In the 2010 DTP plans to embark on an aggressive marketing campaign in partnership with the travel and tourism industry. This will allow global exposure for the wider KZN region's tourism and hospitality industry. To this end contact has been made with Emirates with the view of positioning the new airport and the KZ-N region positively on the Emirates Holidays Global Network. This first initiative is among a series of joint initiatives planned for 2010.

In consultation the DTP ASS advisors, we will begin fully transfer the passenger data analysis for developing business cases from MIDT to PRAXIS which is a much more flexible tool allowing for specific data retrieval and analysis. In addition DTP will work with strategic partners to develop a route development partnership that will prove mutually beneficial.

During 2010 DTP will monitor the performance of Emirates Airlines which began operations in October 2009. This will provide us with a good analysis as to the future potential of the international market in to KZN by analysing the origin and destination of passengers on Emirates and how best to strategise on negotiations with carriers from identified global regions. We will continue working with S A Express and SA Airlink on taking further discussions on developing regional connectivity in to Durban. In conjunction we will further update the PRAXIS data base with the 2009 passenger trends. We will also develop further the 7th Freedom strategy for cargo charters.

5.4.5 Programme performance indicators and annual targets for 2010/11

Table 17 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
2.6	Number of business cases reviewed and presented (To refine business cases for targeted carriers)	n/a	n/a	5	1	2	2	1
2.7	Number of business cases developed (To establish a Route Development partnership and revisit negotiations with carriers)	n/a			1	1	1	1
2.8	No of routes identified (To establish regional connectivity)	n/a				1	1	1

Table 17: Programme performance indicators: Air Services

- The 2010/11 financial year budget and MTEF period include an allocation relating additional studies that need to be carried out in respect of analysing passenger and cargo volumes in a concerted effort to attract additional airline to KSIA. A focused effort is concentrated on establishing regional connectivity from KSIA.
- The strategic objectives for air services are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

5.4.6 Quarterly targets for 2010/11

Table 18 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.6	Number of business cases reviewed and presented	Quarterly	2	Interrogation of PAXIS 2009 passenger data	Data analysis of PAXIS 2009 passenger data	Present	Negotiate with carrier
2.7	Number of business cases developed	Quarterly	1	To identify strategic partners	Propose mutually beneficial partnerships	Identify airline and develop business case	Secure 1 new carrier
2.8	No of routes identified	Quarterly	1	Interrogation of PAXIS 2009 regional passenger data	Data analysis of PAXIS 2009 regional passenger data	Present to 3 regional carriers	Select and Negotiate with carrier

Table 18: Quarterly targets for 2010/11: Air Services

5.5 Sub-programme: Cargo Terminal Operations

5.5.1 Specific policies, priorities, and strategic objective

The strategic objective of this sub-programme is to establish effective cargo operations. This entailed the design and development of a facility that is technically “state of the art”; functional and approved by SARS. The design and development of this facility will contribute towards changing the culture of air cargo operations in South Africa. From 2010 DTP will embark on a marketing campaign in conjunction with WFS highlighting the cargo terminal and its operational advantages and benefits to the global and regional air freight industry. Ultimately DTP aims to make its cargo terminal operations the cargo hub of choice for the regional freight industry.

5.5.2 Progress analysis

The cargo terminal was completed on schedule and within budget. We achieved synergy with SARS (Customs and Excise) regarding the operational process within the customs terminal, use of suitable information technology, design, layout and equipment.

The appointment of a Cargo Terminal Operator Company WFS was completed in August 2009. To date WFS have progressed their programme towards commissioning by completing the following responsibilities:

- Registered WFS South Africa
- Secured all Regulatory approvals and permits to operate the cargo terminal.
- Procured all equipment; vehicles; materials; IT systems; consumables; etc to successfully begin terminal operations.
- Employed senior personnel in key management positions
- Recruited staff locally and undertook intensive training programmes.
- Contracted service providers i.e. security, cleaning etc.
- Contracted all cargo terminal tenants, service providers and regulatory services.
- Embarked on a marketing campaign
- Developed a start –up programme for the penultimate 3 months prior to commissioning of the terminal

The Valuable Cargo Terminal development is progressing on schedule for completion in June 2010.

5.5.3 Analysis of constraints and measures planned to overcome them

The SARS approval of the transit shed posed a constraint as SARS did not initially approve the design layout of this component of the cargo terminal. After working closely with industry experts and SARS we amended the design to achieve a mutually agreeable solution and the necessary approval was obtained.

The operational layout of the cargo terminal posed a problem in that the airports consultative committee ACC did not support the proposed layout. After extensive collaboration, the operational layout was divided into an International and Domestic section with the domestic section designed to accommodate the 3 operators presently operating at DIA.

Owing to the global recession and its impact on the aviation industry; it proved difficult to acquire the services of a globally networked cargo terminal operator that was prepared to risk a start-up operation with no substantive record. DTP in consultation with the wider global air cargo industry eventually sourced the appropriate cargo operator (WFS) with extensive experience in small to medium cargo operations.

5.5.4 Description of planned quality improvement measures

A significant planned quality improvement was the appointment of a world class cargo terminal operator. Once WFS had been appointed, DTP integrated the operator's system (Cargospot) with the TradePort's cargo facilities and IT infrastructure. A programme towards commissioning of the cargo terminal was then based on a 3 phased approach i.e. pre-operations (documentation, recruitment, training, marketing); operational phase (commissioning of operations) and the post-operations phase (stabilisation).

In addition the ongoing development of the Valuable Cargo Terminal (to be completed in June 2010) will be the first in Africa to be designed to international security standards and benchmarks. The VCT will add value not only to the cargo operations but to the regional logistics industry itself.

A joint marketing initiative between DTP and WFS is being planned to harness the WFS global connection in 70 countries and 120 stations to establish connectivity between Durban and identified regions with the support of dedicated cargo operators in addition to commercial passenger airlines. A series of meetings have been planned for early 2010 between DTP/WFS; Emirates Cargo; Toyota South Africa and various other KZ-N based export manufacturers with the view of consolidating their export initiatives with Emirates operating out of the DTP Cargo Terminal from May 2010.

In addition to establishing their operations at the Durban, WFS have also been appointed to provide cargo support services to Delta Airlines (USA) in Nairobi. WFS are already in discussions with cargo operators and airlines in Nairobi with the view to agreeing a regional connectivity relationship between East Africa and Durban.

5.5.5 Programme performance indicators and annual targets for 2010/11

Table 19 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
2.9	Bi-annual audit to ensure adherence to licensing conditions Number of exceptions noted on bi-annual audit	n/a. Cargo terminal not in operation			License to operate. Lodge Performance Bond (SARS)	9	4	4
2.10	Annual international volume throughput ¹				n/a	11 600	19 300	28 700
2.11	Availability of equipment				n/a	97%	97%	97%
2.12	Level of success of marketing and PR campaign in partnership with WFS and selected airlines				Develop marketing strategy	Identify passenger airline/ dedicated freight carrier	TBD ²	TBD
2.13	Level of conformance with security and operational regulations per CAA audit (%)				n/a	100%	100%	100%

Table 19: Programme performance indicators: Cargo Terminal Operations

- A five year contract for the operation of the Cargo Terminal was signed in 2009 and consequently the 2010/11 budget and MTEF include the cost of this contract, without which the cargo terminal will no longer be operational.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

¹ International cargo volumes to be confirmed with cargo operator after review of business plan

5.5.6 Quarterly targets for 2010/11

Table 20 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.9	Number of exceptions noted on bi-annual audit	Biannual	9	5		4	
2.10	Annual international volume throughput ²	Quarterly	11 600	2 000	3 200	3 200	3 200
2.11	Availability of equipment	Quarterly	97%	97%	97%	97%	97%
2.12	Level of success of marketing and PR campaign in partnership with WFS and selected airlines	Quarterly	Identify passenger airline/dedicated freight carrier	Obtain historical trends and assess key info in respect of trading partners		Identify 5 most important trade destinations for KZN	Identify passenger airline/dedicated freight carrier
2.13	Level of conformance with security and operational regulations per CAA audit (%)	Annual	100%				

Table 20: Quarterly targets for 2010/11: Cargo Terminal Operations

5.6 Sub-programme: Spatial Planning

5.6.1 Specific policies, priorities, and strategic objectives

This sub-programme is responsible for providing a planning service to the other programmes within Dube Tradeport. This includes ensuring that the necessary regulatory approvals are obtained on the site, prior to construction, as well as specific identified projects within the Dube Tradeport region are effectively and comprehensively planned for. The key objective of this sub-programme is to manage and facilitate the planning process relating to the DTP site and region, and to ensure that the ongoing development of the site is in line with the relevant planning legislation and within the development framework plan.

5.6.2 Progress analysis

During the 2009/2010 financial year, the documents for the Mount Moreland rezoning application were finalised. As part of the EIA record of decision, DEAT placed responsibility with ACSA for mitigating against noise within the settlement of Mount Moreland. It was suggested that Mount Moreland be rezoned as mixed use, and this activity has been conducted under this sub-programme. A number of documents were prepared as part of this process, including a precinct plan, an environmental assessment, an engineering (bulk services) assessment, a traffic impact assessment, and the rezoning application. Several meetings with both the municipality and the residents of Mount Moreland were held as part of this process.

² To be determined after the marketing strategy has been confirmed

Regarding the acquisition of development rights on site, the subdivision of the site was worked on extensively in the past financial year. A condition of the subdivision approval was that the rezoning of the entire site to Special Zone 10 (Airport) or another appropriate zone would need to commence within three months of the subdivisions being finalised. The planned activity for the 2009/2010 financial year was to consider the various options regarding acquiring further rights on site. However, given the condition of the subdivision it was necessary to do a far more limited study than initially anticipated. Despite this, various options regarding development rights on site were considered.

In order to ensure that there is a co-ordinated approach to planning and administration of rights on the site; the Design and Review Panel was created. It is responsible for lodging future applications on behalf of DTPC and ACSA and ensuring that all developments meet the requirements of the framework and precinct plans for the site. This past financial year, a finishes and colour palette has been formulated along with a booklet to guide secondary developers. The GIS system and rights database has progressed significantly in the 2009/2010 year, and is now close to completion.

Planning for two further projects (Watson Highway and Inyaninga) was conducted under this programme in the 2009/2010 financial year. Detailed assessments of the wetlands were completed in each area, as well as layouts. However, the Inyaninga area is owned by Tongaat Hulett, and indications are at this stage that they wish to develop this piece of land on their own. The Inyaninga work was therefore put on hold towards the end of 2009, and the Watson Highway area was focussed on. Engineering services were costed for the Watson Highway / Herwood portion of land, and a valuation and land survey was also completed. During the forthcoming financial year, acquiring the necessary development rights for the Watson Highway / Herwood portion of land will be focussed on.

5.6.3 Analysis of constraints and measures planned to overcome them

A key constraint encountered in this sub-programme relates to the fact that the success of most of the planning processes lie with the Municipality, which is outside of the control of Dube Tradeport. The Mount Moreland rezoning application and the rezoning application for the entire site will ultimately have to be approved by the Municipality. In order to minimise this constraint, the Municipality are engaged with on a regular basis. For example, through the preparation of the Mount Moreland rezoning application 6 separate meetings with the Municipality were held.

A further challenge is the uncertainty of the demarcation of the site into the future. At this stage, a proposal is before the demarcation board which, if accepted, would result in the entire site being located in KwDukuza Municipality as opposed to eThekweni. This has significant implications for planning processes, as the uncertainty means that the current local authority is less willing to engage with DTP as the ultimate responsibility for planning approvals may in the near future, lie with Ilembe / KwaDukuza.

5.6.4 Description of planned quality improvement measures

A key issue that needs to be addressed relates to the design and review panel, which currently administers rights over the entire site, and co-ordinates the development process via assessing building plans for the site. Up until now, the focus of the design and review panel has been on assessing plans relating to the ACSA/DTP first phase build. This focus will shift in the coming financial year to assessing concept plans of secondary developers in the Support zone, TradeZone, and AgriZone. The changing nature of the panel will ensure that development still occurs in accordance with the development framework plan.

Much of the activities undertaken in this sub-programme involve interactions with the Municipality. This coming financial year, monthly planning meetings with the Municipality will be put in place where all the relevant planning issues can be discussed. This meeting will allow for a structured forum where issues can hopefully be resolved timeously.

5.6.5 Programme performance indicators and annual targets for 2010/11

Table 21 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
2.14	Level of completion of development rights application (To drawdown development rights with regard to Special Zone 10 as well as acquire further development rights as required.)	New indicator			n/a	Application prepared (1/3 complete)	Application prepared (2/3 complete)	Application 100% complete and submitted
2.15	Number of precinct plans completed				n/a	2 plans completed - Layout for Support Zone 2 -Amendment of precinct plan P1	1 Plan Completed Review the Development Framework Plan	1 Plan Completed
2.16	Level of completion of the development rights (To facilitate the rezoning of Watson Highway)				n/a	EIA application 50% complete	EIA application and rezoning applications completed and submitted	Applications under consideration
2.17	No. of articles written				1	1	1	1

Table 21: Programme performance indicators: Spatial Planning

- The 2010/11 financial year budget includes an allocation to rezoning applications made to the City which will require the use of consultants to undertake various impact assessments and other studies that are required to be submitted with the application.
- The strategic objectives for spatial planning are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

5.6.6 Quarterly targets for 2010/11

Table 22 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.14	Level of completion of development rights application (Special Zone 10)	Biannual	Application prepared (1/3 complete)	Approved project team and programme of work		Traffic impact assessment completed Environmental assessment 25% completed	
2.15	Number of precinct plans completed	Biannual	2	Amendment of precinct plan P1 submitted to the City		Layout for S2 finalised	
2.16	Level of completion of the rezoning application (Watson Highway)	Quarterly	EIA Application 50% complete	Identify areas of work and put together programme	Enter into partnership agreement with THD to undertake work jointly	Commence with topographical survey and geotech survey	Topographical survey and geotech survey completed Commence layout planning and engineering design
2.17	No. of articles written	Annual	1				

Table 22: Quarterly targets for 2010/11: Spatial Planning

5.7 Reconciling performance targets with the Budget and MTEF

The funding trends over the period 2009/10 to 2012/13 take into account the expected increase in operating activities and the impact on the budget as shown above.

EXPENDITURE ESTIMATES							
Programme Two - Technical Services	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Masterplanning	5,372,859	1,615,327	10,632,034	20,000,000	4,351,833	5,000,000	2,000,000
Spatial Planning	-	-	-	200,000	5,000,000	2,000,000	2,000,000
EIA RoD	-	-	-	-	-	-	-
Air Services	2,540,723	1,215,576	1,880,690	5,000,000	10,000,000	10,000,000	10,000,000
Cargo Terminal Operations	-	-	-	80,500,000	50,000,000	-	-
SUBTOTAL	7,913,582	2,830,903	12,512,724	105,700,000	69,351,833	17,000,000	14,000,000
Direct charges against the national revenue fund.	-	-	-	-	-	-	-
Total							
Change to 20--1 budget estimate							
Economic Classification							
Current payments	7,913,582	2,830,903	12,512,724	105,700,000	69,351,833	17,000,000	14,000,000
Compensation of employees	-	-	-	-	15,056,501	-	-
Goods and services of which:							
Communication	-	-	-	-	330,000	-	-
Computer services	-	-	-	-	5,280,000	-	-
Consultants, contractors and special services	7,913,582	2,830,903	12,512,724	105,700,000	26,050,038	17,000,000	14,000,000
Maintenance Repairs and running costs	-	-	-	-	22,569,294	-	-
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	66,000	-	-
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
TRANSFERS AND SUBSIDIARIES TO:							
PAYMENT FOR CAPITAL ASSETS	-	-	-	-	-	-	-
TOTAL	7,913,582	2,830,903	12,512,724	105,700,000	69,351,833	17,000,000	14,000,000

Table 23: Expenditure Estimates: Programme 2 – Technical Services

Performance and expenditure trends

- No budget has been allocated to the EIA/RoD obligations as these are included in Programme 4, linked with the EPC
- Increase in the budget allocated to Air Services within the MTEF is attributable to the identification of new routes and the development of strategic partnerships
- The most significant expenditure emanating from the master planning sub-programme arises from the master plan review, which is a significant milestone that will influence the proposed development over the next few phases.

6 Programme 3: Commercial Development

The programme Commercial Development focuses on the economic development mandate of the DTPC and includes the operationalisation and commercialisation of the TradeZone, Support Zone1, and the Joint Venture Land. The TradeZone provides a specialised property and facilities environment adjacent to the Cargo Terminal for the import and export of air cargo where tenants, operators, producers and service industries can achieve high levels of productivity, logistical efficiencies and competitiveness.

Support Zone 1 comprises a 12ha platform adjacent to the passenger terminal where land will be released for the development of office, hotel and retail facilities for companies that require location near the airport as well as providing an urban environment that will support developments which look to serve the adjoining communities and wider region. Support Zone 1 will be undertaken by DTPC in terms of a 15 year exclusive notarial lease acquired from ACSA.

The Joint Venture land is 880ha falling outside of the footprints of the Aeronautical, TradeZone and AgriZone sites and will be developed commercially by the JV company in line with the objectives of the 2060 Master Plan, including Support Zones 2 and 3. It will also identify and undertake new commercial and/or property projects on its land holdings. The following table below presents the structure of the programme and its aim or purpose, as well as its strategic goals and strategic objectives:

Programme 3: Commercial Development	
<p><i>Aim/Purpose:</i></p> <p>To stimulate the economic development objectives of the DTPC by securing both public and private sector investment into the TradeZone and Support Zone</p> <p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> • To operationalise the core DTP business units • To proactively engage relevant stakeholders and manage processes 	<p>Sub-programme 1: TradeZone</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To establish effective operation, management and maintenance of the TradeZone • To secure investment into the TradeZone
	<p>Sub-programme 2: Support Zone 1 (Dube City)</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To establish effective operation, management and maintenance of the Support Zone • To master develop and secure investment into the Support Zone
	<p>Sub-programme 3 Joint Venture</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To master develop and secure investment into the Joint Venture Land

6.1 Sub-programme: TradeZone

6.1.1 Specific policies, priorities, and strategic objectives

The strategic objectives within this programme over the next three years focus on the ensuring that the Tradezone is fully functional as soon as possible after construction has been completed under the EPC Contract / DTP Variation Agreement. To this end the following strategic objectives have been established:

- To establish effective operation, management and maintenance of the Tradezone, including the Trade House spec build facility.
- To secure tenants and investment into the Tradezone, in particular the Trade House in the initial years.
- To plan, design and construct bulk infrastructure to support ultimate development of the Tradezone
- To acquire additional development rights on the un-zoned portions of the Tradezone.

This sub-programme receives its mandate from the Dube TradePort Strategic Plan as approved by the Board of Directors, and its operational mandate from the DTP Commercial Property Development Policy and associated planning manuals.

6.1.2 Progress analysis

The pre-operations stage of the Tradezone is close to completion for Phase 1 of the Tradezone and the Trade House is nearing completion.

Trade House Spec Build Facility (Trade House)

Core to determining the commercial approach of the business plan was market testing with potential tenants and users which revealed that although a significant number of companies indicated that they would require operations space at the Tradezone, the low volume quick turnaround nature of airfreight meant that companies' space requirements were relatively low. They therefore indicated that it would be premature for them to establish stand alone facilities at the Tradezone. During subsequent consultations companies indicated that their first preference would be to rent space in a purpose built environment in the early years of operation in which time they could better ascertain their long term space requirements.

The outcome of this process was very positive and as a result of firm market interest, a Logistics Spec Build Facility (or Trade House) was designed to accommodate the requirements of these companies and is being constructed as part of the DTP variation order. The building will be completed by 15 May 2010 and tenants will be given six weeks until 1 July 2010 to fit out their facilities. The facility has 23 individual warehouse/office units. An important design element of the Trade House will be its operational integration with the Cargo Terminal via a conveyor mechanism. This will reduce handling and transportation costs and increase operational efficiencies.

By December 2009 eighteen companies had signed letters of intent for a total of 21 units. This had been preceded by a second round of tenant consultation where final tenant specific requirements such as loading ramps, parking and office layouts were confirmed.

Lease agreements were then drafted for each tenant and distributed at the beginning of 2010. The leases are currently in the process of being signed.

Operations

In November 2009 a Property Manager was appointed and she started work on 4th January 2010. This was a major step towards the operationalisation of the Tradezone. With a new dedicated resource available the key elements of the establishment plan were able to put in place.

Investment

As part of the plan a tenant policy and phasing/land release plan was finalised to guide the early commercial establishment of the Tradezone. The land release is guided by a strict tenant profile policy incorporated into the DTP Commercial Property Development Policy. The intention of this policy is to ensure that the use of the Tradezone retains its strategic intention which is to provide specialist real estate for the air cargo industry. As is the case of most airports benchmarked globally this space is premium and high value and it is not appropriate to market to general domestic take up. Tenants will therefore need to be service providers to the air cargo industry such as freight forwarders, clearing agents, airfreight distributors/warehouses, integrators, ground handlers, express freight operators or airlines. Assemblers, manufacturers, and distribution centres wishing to locate in the zone will need to demonstrate a minimum of 50%-60% air cargo usage.

The policy also clearly outlines the various development options available for sites. In summary these are:

- Tenant specific build and rental of facilities by DTP
- Land Lease to approved tenants
- Land lease to approved developers i.e. developers representing confirmed and approved tenants.

The commercialisation and investment facilitation of the Tradezone began in February 2010 with the public release of the call for proposals. This was accompanied by a precinct plan, development manual and colour and finishes palette. Potential tenants and investors are now able to submit to DTP full development proposals which are assessed by a technical team and recommendations made to the DTP Board. As at end March 2010 DTP has handled a high level of enquiries and a number of companies have indicated that they will be submitting proposals.

Commercial Support Facility

A commercial support zone has also been planned for development in the initial years of operations, and a suitable site has been identified and reserved. This facility will serve the general day to day needs of those working and visiting the Tradezone. These include convenience shopping, postal and banking services, food outlets, taxi

facilities etc.. DTP has indicated to the market that the commercial node is a development opportunity, however building the taxi facility will need to be undertaken during the coming financial year.

Other notable progress recorded in respect to the Tradezone was the conclusion of a Land Sale Agreement with ACSA in April 2009 converting the 99 year notarial leases to free hold. A major benefit of the change to free hold for DTP is that it greatly simplifies the legal leasehold relationship with tenants as well as allowing for a greater range of leasehold options. Transfer of the land was completed in January 2010.

6.1.3 Analysis of constraints and measures planned to overcome them

Implementation of the establishment plan will begin in June 2009 and completed by operations commencement in May 2010

An initial constraint experienced was ensuring that all proposed activities at the Cargo Terminal and Tradezone were compliant and approved (from SARS Head Office) and that resource planning and allocation for the new operation was undertaken by Customs. In order to progress the above a consultation and joint planning process was initiated with Customs Head Office. The process has now moved to a local level, and ongoing joint planning and consultation are in place to address problems as they arise. A significant constraint has been the requirement from Customs for projected volume throughputs for the Cargo Terminal. It has been agreed that resource allocation will be as per DIA and that quarterly reviews of volumes will be done once the terminal is operational in order to monitor activity and respond to resource requirements.

Other constraints encountered include:

- Physical and operational integration of the Cargo Terminal with the Logistics Spec Build Facility and wider Tradezone. A proposal to integrate the two facilities via a conveyor system has now been designed and is under construction to be ready by May 2010.
- Ensuring security of the Tradezone whilst ensuring free flow of vehicles to the Logistics Facility, Cargo Terminal, and ACSA's airside facilities. It has been agreed that the Tradezone will be fenced and the second access point closed. Access to the Zone area will be electronically monitored whilst the Logistics Facility will be accessed via a controlled gate.

The Trade House building was designed with a 1.3m dock loading platform. This is in keeping with modern logistics requirements and gives the building an extended commercial life. However, in consultation with tenants a short term constraint was identified whereby smaller vehicles would be operationally limited by the dock height. Various options are being considered to overcome this constraint.

6.1.4 Description of planned quality improvement measures

Infrastructure and Planning

The first phase of the Tradezone is 26ha which has been prepared under the EPC contract. However, the full extent of the zone is 250ha with the potential to extend a further 30ha to the Watson Highway on a portion of land

known as Herwood. In order to truly establish the Tradezone as a world class development which can attract global tenants it is critical at this stage that:

- Design, costing and development of bulk infrastructure, particularly roads, is undertaken in the first years of operations in order to provide certainty to international investors and ensure a facility that can compete globally. Most critical to this is the northward road connection to the Watson Highway.
- In support of this infrastructure a rezoning process will be undertaken so that DTP acquires full development rights over the ultimate extent of the Tradezone. This process will be undertaken in conjunction with similar rezonings intended for the Agrizone and Support Zone where the intention is to expand the current footprint of Special Zone 10 and will started in April 2010.

A shared screening facility for outbound cargo is being designed within the Trade House. This will ensure that tenants of the facility are Part 108 compliant which is a recently introduced mandatory screening obligation. The shared screening facility will provide a significant advantage to companies located in the facility as they will be able to avoid the high capital costs of purchasing their own screening equipment. The proposed conveyor system linking the Cargo Terminal and the Logistics Facility is a significant quality improvement as it will largely eliminate the requirement to move consignments to the terminal by vehicle over a short distance. This will reduce all risks and costs associated with double handling and decrease consignment handling times.

6.1.5 Programme performance indicators and annual targets for 2010/11

Table 24 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
3.1	Level of operationalisation of the TradeZone (To establish effective operation, management and maintenance of the Tradezone)	New indicator			Partial operationalisation	Approved site handover Construct taxi pick up/drop off	Ongoing operation (Monitor and review ops plan)	Ongoing operation (Monitor and review ops plan)
3.2	Level of commissioning of the Trade House	New indicator			Partial completion Start of commissioning	Facility handed over in August 2010 Contract necessary facilities management SP's	Operation of the Trade House	Operation of the Trade House
3.3	% of tenants secured for the Trade House (Based on signed lease agreements)	New indicator			80% (agreement in principle)	75% (signed contracts)	100% occupancy	Maintain 100% occupancy
3.4	Level of tenant satisfaction (per survey) of leivable services	New indicator			n/a	70%	90%	95%
3.5	Number of TradeZone stands	New indicator			Initiate lease	4 proposals	20%	40%

	leased and/or developed		and development negotiations	(negotiated and agreed)		
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Table 24: Programme performance indicators: TradeZone

- To date, budget allocations have allowed for the measurable objectives to be met. The 2010/11 financial year budget includes an allocation relating to the construction of a taxi drop-off point which is a critical aspect of this programme during the upcoming year.
- The strategic objectives for the TradeZone are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

6.1.6 Quarterly targets for 2010/11

Table 25 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Level of operationalisation of the TradeZone	Biannual	Approved site handover Construct taxi pick up/drop off	Approve site handover Approved subdivisonal plan Complete plan for public transport provision/taxi pick up/drop off		Construct taxi pick up/drop off adjacent to commercial node	
3.2	Level of commissioning of the Trade House	Biannual	Facility handed over in August 2010 Contract necessary facilities management SP's	Contract with service providers negotiated and signed		Monitor service providers performance against SLA's	
3.3	% of tenants secured for the Trade House (Based on signed lease agreements)	Quarterly	75% (signed contracts)	50%	60%	70%	75%
3.4	Level of tenant satisfaction (per survey) of leivable services	Biannual	70%		Develop questionnaire	Administer questionnaire and analyse results	Ongoing tenant liaison Review questionnaire
3.5	Number of TradeZone stands leased and/or developed	Annual	4 stands leased (negotiated and agreed)				

Table 25: Quarterly targets for 2010/11: TradeZone

6.2 Sub-programme: Support Precinct 1 (Dube City)

6.2.1 Specific policies, priorities, and strategic objectives

This sub-programme has been established in terms of the Co-operation Agreement with ACSA. The JV Shareholders Agreement with ACSA, (incorporating the DTP 15 year lease on Support Zone 1), will drive the initial mandate of this sub-programme.

The key objective of the programme is to provide an urban design and infrastructure environment to attract and support private sector investment in the precinct. DTP's first phase developments will lay the cornerstone for this investment to occur. Both local and international tenants will be targeted for investment, in particular those companies which can add value to the strategic objectives of the overall DTP development e.g. Hotels owned and /or supported by International Airlines.

This sub-programme receives its mandate from the Dube Tradeport Strategic Plan as approved by the Board of Directors, and its operational mandate from the JV Commercial Property Development Policy and associated planning manuals.

The overall strategic objectives of the sub-programme are to:

- Develop an operations and commercial plan for Phase 1 of the Support Precinct
- Complete the design and construction of the first build lead development undertaken by DTP through the Variation Agreement.
- Complete an Urban Design Framework and phased site release plan for SP1
- Finalise a marketing and investment facilitation strategy
- Complete the design and construction of additional bulk services to the site boundary as required by the EIA RoD.

6.2.2 Progress analysis

DTPC and ACSA have concluded negotiations with respect to the JV Shareholders Agreement and the Land Sale Agreement, the provisions of which included in the JV Shareholders Agreement. These changes give DTPC more leverage in determining the development of commercial property within the broader 2000ha precinct and better enable DTP to fulfil its broad economic development mandate. An urban design framework, urban design guidelines and commercial development plan has been completed for the 12ha lease area and the Phase 1 development plan will include DTP's offices, supporting public infrastructure and landscaping, and provision for a hotel development. A phased land release strategy and commercial development policy has been finalised.

The commercialisation and investment facilitation of Dube City began in February 2010 with the public release of the Development Policy and Guidelines Document. Potential tenants and investors are now able to submit to DTP full development proposals which are assessed by a technical team and recommendations made to the DTP Board. DTP is currently awaiting proposals for a hotel and conferencing complex.

The first development in the Support Precinct is Dube House (DTP Office Complex) and the provision of associated landscaping and public realm infrastructure. Construction of Dube House started in November 2009 and the landscaping and public realm infrastructure was started in January 2010. Both will be completed by February 2011.

Infrastructure and Planning

Further infrastructure provision and planning issues relating to bulk services to the boundary of the site (Mt. Moreland) as required by the RoD issued on the EIA are currently being assessed and implemented. These include water, electricity, waste water and roads. The provision of this infrastructure will also allow for the development of the second phase of Support Precinct 1 beyond the current 12ha sub-division. As with the Tradezone the objective of providing this infrastructure up front gives greater certainty to the investor community and provides a product more on scale with similar global developments. The design and ultimately the construction of this infrastructure have been provided for as part of the DTP Variation Contract.

6.2.3 Analysis of constraints and measures planned to overcome them

The eThekweni Municipality continues to be consulted with in designing the infrastructure as required by the RoD to ensure alignment and consistency with the relevant regional planning and infrastructure investment programmes, in particular roads and waste water. The risk was that DTP's provision of infrastructure to the site boundary may at a later stage become an abortive cost or require significant restructuring to align it with future Municipal plans.

6.2.4 Description of planned quality improvement measures

The inclusion of energy efficiency, green building design, and sustainability as elements of the commercial and design strategy to the original development objectives of the Support Precinct serves to enhance the development opportunities of Dube City.

6.2.5 Programme performance indicators and annual targets for 2010/11

Table 26 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
3.6	Level of completeness of financial model	New indicator			n/a	Completed model	Review and update	Review and update
3.7	% Complete of DTPC building (including detailed design)	New indicator			15%	80%	100%	n/a
3.8	% of DTPC building leased	New indicator			n/a	60%	Maintain 100% occupancy	Maintain 100% occupancy

3.9	% Complete of design and construction of bulk infrastructure	New indicator	Finalised high level design, costing and phasing plan for ultimate infrastructure, landscaping and public realm requirements	90% complete	100%	n/a
3.10	% of SP1 sites leased/developed (1 st year based on number; thereafter %)		Initiate lease and development negotiations	4 proposals (agreed and negotiations completed)	10% of sites leased	20% of sites leased

Table 26: Programme performance indicators: Dube City (Support Precinct 1)

- Allocations in the budget have allowed the contract for the infrastructure in support zone 1 to be signed. Construction is due to commence in June 2010 and be 60% complete by the end of 2010/11 financial year. Budget allocations over the MTEF are sufficient to cover expenditure.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

6.2.6 Quarterly targets for 2010/11

Table 27 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator	Reporting Period	Annual target 2010/11	Quarterly targets				
			1 st	2 nd	3 rd	4 th	
3.6	Level of completeness of financial model	Annual	Completed model				
3.7	% Complete of DTPC building (including detailed design)	Quarterly	80%	20%	45%	65%	80%
3.8	% of DTPC building leased	Biannual	60%	Determine rental space & advertise		Negotiate leases and sign lease agreements	
3.9	% Complete of design and construction of bulk infrastructure	Quarterly	90% complete	Commence with implementation of infrastructure plan (infrastructure 20% complete)	Implement infrastructure (45% complete)	Implement Infrastructure (65% complete)	Implement infrastructure (90% complete)
3.10	% of SP1 sites leased/developed	Annual	4 proposals (agreed and negotiations completed)				

Table 27: Quarterly targets for 2010/11: Dube City (Support Precinct 1)

6.3 Sub-programme: Joint Venture

6.3.1 Specific policies, priorities, and strategic objectives

The specific policies which will ultimately guide this sub-programme include:

- JV Shareholders Agreement
- JV Commercial Property Development Policy
- Tenant Profile policies and land use requirements
- Land Release Policies; Precinct Plans and Development Manuals; Property Act, etc
- Tender submission requirements

The strategic objective of this sub-programme is to master develop and secure investment into the Joint Venture land. The priorities which drive the programme are the strategic economic development objectives of the Provincial Government and commercial development objectives of DTP and ACSA. The objective will be to develop the land over time in response to both economic development and market needs in order to provide complementary and supporting developments to the overall DTP concept.

6.3.2 Progress analysis

DTPC has a 60% majority shareholding in the JV Company. DTPC has acquired a registered company through which the JV has been established. Although most of the land is currently zoned “Undetermined” and consists of sugar cane leases areas, sections of coastal forest, and infrastructure servitudes, it has extremely high commercial development potential as large portions of the land sit adjacent to the N2 and N2 interchange, the R102 interchange, as well as bordering all of the key DTP and ACSA developments. The commercial development strategy (planned to be completed in 2013) will be developed in line with the rezoning of the land undertaken in Programme 2. DTPC continues to act as master developer of this land in its capacity as majority shareholder in the JV Company. A long term commercial development strategy will be developed to drive ongoing investment on this land. This will take into account land development planned under the 2060 master plan as well as the identification of new projects. It will then formulate detailed project plans as well as preferred implementation and/or commercialisation plans.

In the interim the JV Board has convened and approved the Commercial Property Development Policy, established a loan account term sheet, and agreed a way forward for the development of advertising boards and a petrol filling station.

6.3.3 Analysis of constraints and measures planned to overcome them

It is a difficult task to ensure that the planned developments do not create negative competition with the Tradezone and Support Precinct 1 as this may result in a weakening or dissipation of market response to these projects as well as

sending confusing signals to potential developers. To overcome this, the Joint Venture has identified key projects that are not accommodated in the existing DTP development but instead will be in support of the additional requirements of the overall development. A further constraint is market demand for the projects identified for the JV land. In this respect the JV will closely monitor market demand and take-up in the Tradezone and Support Precinct 1 looking to identify market gaps and better understand the wider requirements of developers.

6.3.4 Description of planned quality improvement measures

Now that the institutional arrangements of the JV Company have been established, the key focus over the coming year will be on operationalising its mandate.

6.3.5 Programme performance indicators and annual targets for 2010/11

Table 28 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
3.11	Quarterly management pack (Approval and implementation of JV business plan)	New indicator			Approved JV business plan	4 Management meetings (4 reports)	4 Management meetings (4 reports)	4 Management meetings (4 reports)
3.12	Approved DTP commercial strategy for JV land (2011/12)	New indicator			Initiate the implementation of DTP priority commercial projects	Complete market assessment and identify first JV projects	Complete land development commercial strategy and identify first phase projects	Complete detailed Plans for 1st Phase
3.13	Number of projects identified	New indicator			n/a	2	2	2

Table 28: Programme performance indicators: Joint Venture

- There has been no significant budget allocation required for this sub-programme for 2010/11 and over the MTEF period.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

6.3.6 Quarterly targets for 2010/11

Table 29 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.11	Quarterly management pack (at management meetings) (Approval and implementation of JV business plan)	Quarterly	4 management meetings	1 Finalise loan agreement	1 Mngt meetings to approve expenditure; review management acc's and assess operational efficiency of service providers used	1 Mngt meetings to approve expenditure; review management acc's and assess operational efficiency of service providers used	1 Mngt meetings to approve expenditure; review management acc's and assess operational efficiency of service providers used
3.12	Approved DTP commercial strategy for JV land (2011/12)	Annual	Complete market assessment and identify first JV projects				
3.13	Number of projects identified	Annual	2				

Table 29: Quarterly targets for 2010/11: Joint Venture

6.4 Reconciling performance targets with the Budget and MTEF

The funding trends over the period 2009/10 to 2012/13 take into account the expected increase in operating activities and the impact on the budget as shown above.

EXPENDITURE ESTIMATES							
Programme Three - Commercial Development	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
TradeZone	-	85,654	709,096	121,150,000	20,000,000	50,000,000	60,000,000
Support Zone	-	-	1,266,093	175,372,503	20,000,000	20,000,000	15,000,000
Joint Venture	-	-	-	-	-	-	-
SUBTOTAL	-	85,654	1,975,189	296,522,503	40,000,000	70,000,000	75,000,000
Direct charges against the national revenue fund.	-	-	-	-	-	-	-
Total							
Change to 20--1 budget estimate							
Economic Classification							
Current payments	-	85,654	1,266,093	269,522,503	19,500,000	42,000,000	45,000,000
Compensation of employees	-	-	-	-	-	-	-
Goods and services of which:							
Communication	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-
Consultants, contractors and special services	-	85,654	1,266,093	269,522,503	11,500,000	22,000,000	25,000,000
Maintenance Repairs and running costs	-	-	-	-	8,000,000	20,000,000	20,000,000
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
TRANSFERS AND SUBSIDIARIES TO:							
PAYMENT FOR CAPITAL ASSETS	-	-	-	-	20,500,000	28,000,000	30,000,000
Building and other fixed structures	-	-	-	-	20,000,000	28,000,000	30,000,000
Machinery and equipment	-	-	-	-	-	-	-
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	500,000	-	-
Land and subsoil assets	-	-	-	-	-	-	-
of which: capitalised compensation							
TOTAL	-	85,654	1,266,093	269,522,503	40,000,000	70,000,000	75,000,000

Table 30: Expenditure Estimates: Programme 3 – Commercial Development

Performance and expenditure trends

- Budget allocation has allowed for strategic objectives, realised via measurable objectives to be met over the last few years, in so far as market conditions have permitted.
- Quarterly reporting will ensure that milestones regarding each sub-programme are met regularly
- Majority of the expenditure over the next financial year is likely to focus on the following:
 - Construction of a taxi drop off point in the TradeZone
 - Facilities management, and the upkeep of buildings and infrastructure in the TradeZone and support zone
- No budget has been allocated to the Joint Venture as the nature of the operating activities of the JV are currently being defined with ACSA

7 Programme 4: Infrastructure & Development

The Infrastructure and Development programme focuses on five sub programmes: the Engineer, Procure and Construct Contract commitments for the first phase build, business development, the regional development initiative, IT platform and the AgriZone development.

The EPC programme consists of processing payments to the ACSA in respect of DTP financial commitments to the project. This involves monitoring the progress of the contract against the build programme and on the ground monitoring and verification of invoices received. To date more than 65% of the build has been completed.

The business development programme is aimed at scoping out and facilitating new business ventures related to increasing the volumes and capitalising on the passenger and cargo businesses. The stimulation of specific business opportunities, if successful is undertaken with the key objective of add value to DTP's core business, in the trade zone, agrizone, support zone and demand for its IT services.

The regional development initiative is aimed at ensuring synergistic land uses and zonings for ease of private and public sector investment in a 15 km radius. The bulk of the land is owned by Tongaat Hullet Group. This programme has therefore entered into a partnership agreement with THG to develop a wider regional spatial plan to accommodate the new international airport and tradeport.

The IT programme focuses on developing an integrated platform in order to provide value added services to DTP facilities, clients, tenants and users. The key objective is to enable our clients to operate efficiently and in a paperless environment.

The Agrizone is focussed on providing facilities for the production of perishable goods including flowers and vegetables in a supportive environment that meets international standards. The objective of the programme is to export products and penetrate global markets.

The following table presents the structure of the programme and its aim or purpose, as well as its strategic goals and strategic objectives.

Programme 4: Infrastructure & Development	
<p><i>Aim/Purpose:</i></p> <p>To facilitate and monitor the development of the Dube TradePort and surrounding area.</p>	<p>Sub-programme 1: EPC</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To provide effective implementation and management of the EPC related agreements • To implement the EIA Record of Decision Mitigations

<p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> To serve as a catalyst for aviation linked economic development To proactively engage and manage relevant stakeholders 	<p>Sub-programme 2: Business Development</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> To facilitate commercial opportunities and new business development
	<p>Sub-programme 3: Regional Development Investment Programme</p> <p>Strategic Objective:</p> <ul style="list-style-type: none"> To develop a shared strategic vision, strategy and projects within a 15 km radius of the DTP site and within
	<p>Sub-programme 4: IT Platform</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> To design and plan an IT platform that supports all zone. Establish effective operation and management of the IT Platform
	<p>Sub-programme 5: AgriZone</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> To design and construct the AgriZone To operate and investment into the AgriZone

7.1 Sub-programme: EPC

7.1.1 Specific policies, priorities, and strategic objectives

The EPC Contract requires effective management and oversight and represents the major expenditure item of the DTP budget. It is managed through a complex mechanism involving agreements between DTP and ACSA, namely the agency and co-operation agreements. The programme's strategic objective is to ensure the effective implementation and management of the EPC related agreements.

7.1.2 Progress analysis

Significant progress has been achieved on this program, in particular as the completion date draws closer. Approximately 90% of work under this programme has been completed.

The project is scheduled to be completed on time as previously contracted. Some key milestones achieved, relate to the multi storey parkade, calibration of the runways, structural completion of terminal

buildings, the air traffic control tower, baggage reclaim conveyor, air bridges being erected, the launch of the N2 sectional incremental main bridge and the express cargo conveyors. Variation orders are being negotiated, which will see the fast deliver of other buildings to the process.

7.1.3 Analysis of constraints and measures planned to overcome them

The approval process within the relevant regulators is still posing a significant constraint as delays are experienced in obtaining plan approvals. This had a direct impact on the commencement of the construction however significant improvement has been achieved. The municipality has been engaged to resolve the impulse. The procurement process was challenged by the non-compliant bidder, Indiza Group, in December 2006. Indiza Group sought an urgent interdict to prevent DTP from concluding an agreement with the preferred bidder. The legal process is still ongoing.

7.1.4 Description of planned quality improvement measures

As the EPC project draws closer to completion, specialists are being drawn in to assist with specific areas of operations. This has implied an increased specialist to support the existing team.

7.1.5 Programme performance indicators and annual targets for 2010/11

Table 31 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
4.1	No. Of internal and external report items relating to non-compliance with the Agency an Co-oration agreements	New indicator			n/a	2	1	1
4.2	% variance against the contracted budget per addendum	New indicator			n/a	15%	10%	10%
4.3	% of construction completed (cumulative)	73% (until 03/2009)			97%	100%	n/a	n/a
	Adherence to payment schedule	100%			100%	100%	n/a	n/a
4.4	% of deviations from contract price (arising from on-site verification reports and EPC compliance reports)	10%			5%	5%	5%	n/a
4.5	Provision of R102 link	Design complete			80%	Construction complete		
4.6	Provision of sewer treatment works	Design complete			Construction completed	Commissioning 100%		

Table 31: Programme performance indicators: EPC

- The budget allocation the 2010/11 financial year allow for the main EPC contract to conclude. There is unlikely to be any change in targets as a result of budget allocation.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

7.1.6 Quarterly targets for 2010/11

Table 32 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.1	No. Of internal and external report items relating to non-compliance with the Agency an Co-orporation agreement s	Annual	2				
4.2	% variance against the contracted budget per addendum	Annual	15%				
4.3	% of construction completed (cumulative)	Annual	100%				
	Adherence to payment schedule	Quarterly	100%	100%	100%	100%	100%
4.4	% of deviations from contract price (arising from on-site verification reports and EPC compliance reports)	Quarterly	5%	5% Per quarter	5% Per quarter	5% Per quarter	5% Per quarter
4.5	Provision of R102 link	Annual	Construction complete				
4.6	Provision of sewer treatment works	Annual	Commissioning 100%				

Table 32: Quarterly targets for 2010/11: EPC

7.2 Sub-programme: Business Development

7.2.1 Specific policies, priorities, and strategic objectives

This sub-programme's strategic objective is to facilitate commercial opportunities and new business development. Various legislation and Regulations such as the BBBEE Act; BEE codes; Employment Equity Act; PFMA and other relevant BEE prescripts inform and shape the legislative environment of this sub-programme. In addition, the EPC contract is fundamental to this sub-programme as it clearly

stipulates the B-BBEE targets that should be achieved. A key priority is to facilitate the creation of new businesses for BEE enterprises to enhance and improve Dube Trade port's business.

7.2.2 Progress analysis

The two projects under review currently are Tissue culture operations and the fresh produce market to be located in the support zone. The feasibility studies / business plans are in the final stages and are being investigated for implementation. The proposed projects will contribute to ultimately the volume growth for the Dube Tradeport operations within the agrizone program. High level explorations are underway to undertake a feasibility studies for the regional carrier, primarily within the SADC region. The emphasis will be on both cargo and passenger movements and this service will assist in providing the connectivity at a regional level.

7.2.3 Analysis of constraints and measures planned to overcome them

Most of the intended interventions are in areas of new operations or new economic sectors in particular for the KZN province, therefore, finding companies with relevant experience is proving to be a challenge. The planned measure to overcome this obstacle is through streamlining the proposals received and aligning them with enterprises with relevant skills or demonstrating capacity. The other planned measure of intervention is to acquire the expertise of the international organisations with relevant experience.

7.2.4 Description of planned quality improvement measures

Technical assistance in terms of drafting the proposal and or assessing them is being procured. This will result in relevant specialist being utilised for relevant projects

7.2.5 Programme performance indicators and annual targets for 2010/11

Table 33 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
4.7	No. of construction trades opportunities identified and facilitated for previously disadvantaged grouping.	New indicator			n/a	6 Identified 4 implemented	4 Identified 3 implemented	3 Identified 2 Implem.
4.8	No. of opportunities identified and/or ventures successfully facilitated	New indicator			4	4	4	2
4.9	No. of opportunities implemented	New indicator			n/a	2	2	2

Table 33: Programme performance indicators: Business Development

- There has been no change to the performance targets as a result of budget allocations for this programme. However, the number of construction trades to be supported will be lower due to reducing spending on the EPC.

- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

7.2.6 Quarterly targets for 2010/11

Table 34 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.7	No. of construction trades opportunities identified and facilitated for previously disadvantaged grouping.	Annual	6 Identified 4 implemented				
4.8	No. of opportunities identified and/or ventures successfully facilitated	Biannual	4	2		2	
4.9	No. of opportunities implemented	Annual	2				

Table 34: Quarterly targets for 2010/11: Business Development

7.3 Sub Programme: Regional Development Investment Programme

7.3.1 Specific policies, priorities and strategic objectives

The DTP site is surrounded by private land ownership. Tongaat Hulett is the majority land holder with approximately 11 900 hectares in their possession. This represents a unique opportunity for DTP to create a win-win partnership to establish a synergistic land uses opening the way for private sector investment in compatible air related value chains that will benefit volume growth at DTP. We are currently finalising a co-operation agreement with Tongaat Hulett for the use of the land surrounding the airport.

7.3.2 Progress analysis

In addition, a letter of commitment has been received from the CEO of THG to negotiate a win-win commercial arrangement with DTP. In December 2009, an agreement was reached with Tongaat Hulett on the sale of the Herwood site to DTP.

7.3.3 Analysis of constraints and measures planned to overcome them

The lack of funding to secure long term commercial arrangement with THG poses a severe constraint for this sub-programme as DTPC has budgeted for this anticipated expenditure but the budget cuts in 2010/11 and 2011/12 has severely curtailed the size and scale of the commercial deal. Furthermore, while a proposal for a regional Development Council has been developed, to expedite the provision of services to area surrounding the DTP site, it has not been approved, thus creating delay on certainty on the institutional and regulatory environment for development.

7.3.4 Description of planned quality improvements

DTPC will have to put forward an attractive commercial position to secure THG shareholder and Board support.

7.3.5 Programme performance indicators and annual targets for 2010/11

Table 35 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
4.10	Influence IDP to account for shared vision and strategy (DTP/THG)	New sub-programme			Creation of planning framework	Inclusion of relevant aspects of RDP in IDP of: Ilembe and eThekweni	IDP to allocate infrastructure resources for implementation of the plan	IDP to allocate infrastructure resources for implementation of the plan
4.11	Roll-out of projects within the 15km radius of the DTP site (No. of projects initiated)	New sub-programme			Secured purchase of additional land	1 (by the end of Q4)	1	1
4.12	Initiation of on-site specific DTP projects (No. of projects initiated)	New sub-programme			1 project	2	2	1
4.13	Approved ToR for RDC	New sub-programme			Develop proposal for RDC	Draft ToR for RDC	Establish RDC	n/a (operational)

Table 35: Programme performance indicators: Regional Development Investment Programme

- Due to budget allocations in the 2010/11 financial year, the number of projects initiated might be reduced during the year.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

7.3.6 Quarterly targets for 2010/11

Table 36 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.10	Influence IDP to account for shared vision and strategy (DTP/THG)	Annual	Inclusion of relevant aspects of RDP in IDP of: Ilembe and eThekweni				
4.11	Roll-out of projects within the 15km radius of the DTP site (No. of projects initiated)	Annual	1				
4.12	Initiation of on-site specific DTP projects (No. of projects initiated)	Biannual	2	1		1	
4.13	Approved ToR for RDC	Biannual	Draft ToR for RDC	Obtain response from Office of the premier		Draft ToR	

Table 36: Quarterly targets for 2010/11: Regional Development Investment Programme

7.4 Sub Programme: IT Platform

7.4.1 Specific policies, priorities, and strategic objectives

The objective of this programme is to provide a full range of telecommunication and IT services for DTP and to clients of DTP spread across the TradeZone, AgriZone and Support Zone. The current EPC contract has procured a telecommunication and IT environment which provides a sub-set of services. This sub-set will be supplemented by other core IT services that will be procured through variations of the EPC contract. In total, these services will support the business operations of DTP, and allow DTP to manage the services provided to its clients. The intention is to develop a full range of value added services for tenants and DTP to support amongst other things trade support services, a trading platform, an eOffice service and a broad range of other services that will be identified through an IT Vision for DTP.

The first step in this journey is create an IT Vision which clearly defines DTP's business objectives and identifies the services that must be procured to support DTP's business and the business of its clients. These services will be provided through an IT Platform that will adhere to many international and open standards. This therefore increases its interoperability with other systems and allows for IT planners to appropriately plan the performance and capacity requirements of the platform ensuring its alignment with business.

With the Vision in place, the next step is to then procure additional services, supplementing those already in place and thereby laying the foundation of the IT platform, The services will be phase in over time aligned to business development and to ensure that DTP;s overall plan is appropriately supported by IT.

7.4.2 Progress analysis

An IT Vision document is in place that defines the business objectives of DTP and the set of IT services required to support these business objectives. Following on from generating the IT Vision, a procurement contract is in place that allows DTP to procure the services using a roadmap also contained in the IT Vision document.

By the end of financial year 2010, through existing procurement contracts, the following are in place:

- A cargo management system,
- CCTV equipment with back end servers for real-time storage,
- An access control system to manage access into the building,
- A materials handling system that is fully integrated with the cargo management system,
- A Voice over IP telephony system that provides telecommunications services to tenants in the Cargo Terminal Building.
- All the required networking in place for a local area network (LAN), access to a wide area network (WAN), and access to the internet.

The new IT procurement contract will leverage all of the above and will either enhance them or supplement them with the following IT services.

- Virtual Offices – clients of DTPs can rent a variety of application and infrastructure services,
- VOIP services – DTP and its clients can use the DTP owned telephone service for its data and voice requirements,
- Call centre services – DTP and its clients can use the services provided by a call centre to manage interactions with customers, service providers, public enquiries, etc.
- Monitoring services to control and manage DTP facilities, IT infrastructure, and security
- Portal and Web service – this allows DTP to use web- technology to communicate with its stakeholders and to manage access to its services from stakeholders.
- Integrated Security Services – this allows for DTP and its clients to use state of the art security technology to monitor assets, access to respective areas, and to perform analysis should it be needed on critical video information.
- Enterprise Resource Planning – this set of services allows DTP to manage its business with respect to HR, payroll, recruitment, procurement, financials, asset management, and billing and invoicing.
- Digital advertising services – this allows DTP and its clients to offer advertisements through one of many media including digital bill-boards, portal, emails, print.
- Trading platform – this allows clients to offer their products on a trading platform and for buyers to find it and to then complete all transactions electronically.

7.4.3 Analysis of constraints and measures planned to overcome them

Constraints facing the IT programme going forward include:

- IT will be implemented in silos and could stay as silos of information over time.
A measure to counter this is to ensure that the holistic view of an IT platform is fully understood and implemented along those lines. The platform must incorporate basic tenants such as scalability, flexibility, usability interoperability, and similar characteristics to ensure that silo system can expand and integrate as needed.
- Initial uptake by clients of IT service provided by DTP may be low as many clients of DTP may already have their own IT. The challenge is to market and provide DTP's IT platform at very cost effective rates to these clients. The scope, reliability, functionality and cost of the service must be made attractive to these clients.

7.4.4 Description of planned quality improvement measures

A framework of IT initiatives have been planned with each having a quality programme designed to ensure a quality product in the specific area.

7.4.5 Programme performance indicators and annual targets for 2010/11

Table 37 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
4.14	Approved Master Plan and Phase 1 implementation (of the plan) completed	New sub-programme			IT in place for operational readiness of Cargo Terminal.	Completion of Master IT Plan Implementation of Phase 1 Specification of DTP internal operational requirements - Implementation of DTP internal operational requirements (Phase1)	Implementation Phase 2	Implementation Phase 3
4.15	No. of pilot projects specified and implemented					2 Agrizone Pilot Solution Specification -eCargo Solution Specification	Implement Agrizone Pilot Implement eCargo Pilot	Monitor and review Agrizone pilot Monitor and review eCargo pilot

						Specify Trading Platform (online purchasing, order fulfilment) Implement pilot of Trading Platform
4.16	No of software applications specified and Implemented			4 GIS and Property Management System ICT Regulatory Review including assessment of licensing requirements Obtain ISP License Gated Services Platform Advertising Platform Billing and payment	Expansion of IT Platform to include ERP functions to support DTP operations Integrated Security Messaging Platform	Portal Enterprise Content and Knowledge Management Expansion of Digital Advertising Platform off the real-time messaging platform Information Management eOffice productivity and collaboration tools
4.17	No. of areas for which technical Infrastructure is specified and implemented			6 areas -Networking to Tradehouse 1 Tradehouse 1 Security and CCTV solution -Agrizone Networking Infrastructure - Networking to Dube House. Digital Billboards Servers to support advertising	- Networking to new Dube City buildings Video Conferencing	On-site Call Centre

Table 37: Programme performance indicators: IT Platform

- The budget allocations for the 2010/11 financial year, allow for the implementation of Phase 1 of the IT master plan and the specification and implementation of the 2 pilot projects.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above.
- The planned quality improvement measures are also included in the preceding paragraph.

7.4.6 Quarterly targets for 2010/11

Table 38 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator		Reporting Period	Annual target 2010/11	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.14	Approved Master Plan and Phase 1 implementation (of the plan) completed	Quarterly	Approved master plan Phase 1 implemented	Completion of Master IT Plan	IT Master plan approved	Specification of DTP internal operational requirements	Implementation of Phase 1 Implementation of DTP Internal Requirements (Phase 1)
4.15	No. of pilot projects specified and implemented	Quarterly	2			Agrizone Pilot Solution Specification	-eCargo Solution Specification
4.16	No of software applications specified and Implemented	Quarterly	4	GIS and Property Management System ICT Regulatory Review including assessment of licensing requirements	Gated Services Platform Advertising Platform	Obtain ISP License	Billing and payment
4.17	No. of areas for which technical Infrastructure is specified and implemented	Quarterly	6 areas	Networking to Tradehouse 1	-Agrizone Networking Infrastructure		Networking to Dube House.

				Tradehouse 1 Security and CCTV solution	re Digital Billboards Servers to support advertising		
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Table 38: Quarterly targets for 2010/11: IT Platform

7.5 Sub Programme: AgriZone

7.5.1 Specific policies, priorities, and strategic objectives

The aim of this sub-programme is to develop a cluster of facilities (including greenhouses, pack-houses and a tissue culture lab) and support services (in the form of a training centre and a research facility to assist growers in producing high value perishable products primarily for export purposes. The strategic objectives within this sub-programme over the next three years focus on ensuring that the AgriZone is fully functional as soon as construction and the necessary infrastructure has been completed.

Some of the relevant regulations and policy directives affecting this sub-programme include PPECB; National Department of Agriculture Regulations; GLOBAL-GAP and HACCP (governing food safety standards, including tracking and traceability, use of insecticides, etc).

This sub-programme receives its mandate from Dube TradePort's Strategic Plan which has been approved by the Board of Directors.

7.5.2 Progress analysis

Negotiations with tenants for the AgriZone have led to the securing of users for the greenhouses. Agreements were signed with users for the following precincts:

- Block A – 4 hectares for peppers
- Block B – 8 hectares for cucumbers and tomatoes
- Block D for Anthuriums which had been negotiated earlier.

Furthermore, an EOI for the Tissue Culture facility was undertaken. This led to two companies being selected as the operator for the Tissue Culture Lab. They have are working on a joint business plan and a joint operational plan for the facility. The design of the facility is almost complete. A Bills of Quantities document is being developed to be used in procuring the facility and equipment.

Contractors have been appointed for the construction of AgriZone facilities and infrastructure. The nursery has secured 200 of the required 600 species for the rehabilitation of the airport site as required by the Record of Decision. Alien Vegetation control has also been underway for 6 months. Most of the equipment required for this programme has been sourced.

7.5.3 Analysis of constraints and measures planned to overcome them

The Basic Environmental Assessment was delayed largely due to the failure of various authorities (Economic Development, Agriculture, Water Affairs, eThekweni Municipality) to submit the required comments on time. This places huge pressure on the construction aspects to be fast tracked. This necessitates putting in place measures to accelerate the construction of infrastructure and facilities.

The scope of the project has been reduced due to the high cost of the glass greenhouses. This has meant that the R&D greenhouse has been put on hold for at least the next financial year. This constraint can be overcome through implementing R&D through a partnership with other stakeholders and bringing their financial resources into the project. This means talks have to be initiated with the Agricultural Research Council and the Department of Agriculture over the next financial year.

Additional Staffing has been delayed by the unavailability of suitable preferred candidates for the positions. However, this has been resolved. Another challenge for the project is operational readiness. Within a year, DTP will have to manage a 20 hectare development comprising of new high tech equipment and facilities. Commencing operations will require additional resources and readiness to deal with day to day operational issues.

7.5.4 Description of planned quality improvement measures

Quality improvements planned for the year ahead include increasing the staffing of the AgriZone especially the nursery and preparing for operations. This will require a maintenance plan, operational manuals and agreed procedures with tenants. Decisions will have to be made on revenue models (e.g. rental vs commission) as these would have to be agreed with tenants and included in the detailed contracts. Managing the integration of various components of the programme in both construction and operational readiness will be a key issue over the next year. Therefore, integration agreements will be signed with the relevant contractors.

7.5.5 Programme performance indicators and annual targets for 2010/11

Table 39 below lists the sub-programme performance indicators:

Programme performance indicator		Audited/Actual Performance			Estimated performance	Medium-term targets		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
4.16	% Construction completed (cumulative)	20%			30%	80%	100%	n/a
4.17	% of obligations fulfilled	n/a			n/a	10%	40%	50%
4.18	Approved Financial, Operational and Maintenance Model for the entire AgriZone	80%			100%	Finalise Phase 1 of operationalising the model	80% model operational Source operational requirements for Block D	100% model operational Model operational (including revenue generation)
4.19	% of Agrizone facilities occupied for each of the following facilities (to commence in 2010/11): Greenhouses Block A Block C Block D Tissue culture facility	n/a			Draft agreements with tenants Sign Heads of Agreement Sign mngt contract Operator selected	100% 100% 50% 100%	100% 100% Local mkt production Initiate research into own varieties	Local mkt Local mkt 40% exports Registratio n of own varieties
4.20	Successful monthly EIA audit results	n/a			n/a	10	11	11
4.21	Area of plant rehabilitation completed	n/a			20 hectares	40	40	40

Table 39: Programme performance indicators: AgriZone

- The AgriZone programme has been reduced due to budget allocations. The Research, Development and Programme will be put on hold.
- Measures that will be taken to realise these targets will be to pursue the project through a partnership with other agencies. This has implications on timing as this will require a longer process to form agreements with other role players.
- The strategic objectives for this sub-programme are realised via measurable objectives and these are measured using the performance measure indicators as reflected above. Progress to date in respect of this sub-programme as well as the highlights of the challenges experienced during the 2009/10 financial year is reflected above. The planned quality improvement measures are also included in the preceding paragraph.

7.5.6 Quarterly targets for 2010/11

Table 40 below sets out the quarterly targets for the sub-programme performance indicators:

Performance Indicator	Reporting Period	Annual target 2010/11	Quarterly targets			
			1 st	2 nd	3 rd	4 th
4.16 % Construction completed (cumulative)	Quarterly	80%	10%	35%	60%	80%
4.17 % of obligations fulfilled (cumulative)	Quarterly	10%	Approve plan	Source requirements for implement.	5%	10%
4.18 Approved Financial, Operational and Maintenance Model for the entire AgriZone	Biannual	Finalise Phase 1 of operationalising the model	Complete operational plan for block D		Gather info and complete plan	
4.19 % of Agrizone facilities occupied for each of the following facilities (to commence in 2010/11): Greenhouses Block A Block C Block D Tissue culture facility	Annual Annual Annual Quarterly	100% 100% 50% 100%	Complete business plan	Construction		Ops commence
4.20 Successful monthly EIA audit results	Quarterly	10	2	2	3	3
4.21 Area of plant rehabilitation completed (cumulative)	Quarterly	40	5	15	25	40

Table 40: Quarterly targets for 2010/11: AgriZone

7.6 Reconciling performance targets with the Budget and MTEF

The funding trends over the period 2009/10 to 2012/13 take into account the expected increase in operating activities and the impact on the budget as shown above.

EXPENDITURE ESTIMATES							
Programme Four - Infrastructure & Development	AUDITED OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM TERM EXPENDITURE ESTIMATE		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
EPC	38,677,220	469,307,942	-	560,191,000	10,000,000	-	-
EPC Contingencies (incl. RoD Mitigations)	-	-	-	200,000,000	100,000,000	20,000,000	10,000,000
Business Development	-	-	-	10,000,000	20,000,000	20,000,000	20,000,000
Regional Investment Initiative	-	-	934,698	177,127,497	200,000,000	300,000,000	507,000,000
IT Platform	-	-	-	76,000,000	20,000,000	5,000,000	5,000,000
AgriZone	926,273	1,739,388	10,014,650	146,000,000	35,600,000	40,000,000	30,000,000
SUBTOTAL	38,677,220	469,307,942	934,698	1,169,318,497	385,600,000	385,000,000	572,000,000
Direct charges against the national revenue fund.	-	-	-	-	-	-	-
Total							
Change to 20--1 budget estimate							
Economic Classification							
Current payments	-	-	-	86,000,000	24,560,000	38,130,000	78,200,000
Compensation of employees	-	-	-	-	2,000,000	2,000,000	2,500,000
Goods and services of which:							
Communication	-	-	-	-	-	80,000	-
Computer services	-	-	-	-	-	-	-
Consultants, contractors and special services	-	-	-	86,000,000	22,560,000	4,000,000	74,700,000
Maintenance Repairs and running costs	-	-	-	-	-	2,000,000	1,000,000
Operating Leases	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	50,000	-
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	30,000,000	-
TRANSFERS AND SUBSIDIARIES TO:							
PAYMENT FOR CAPITAL ASSETS	926,273	1,739,388	10,014,650	1,083,318,497	361,040,000	326,870,000	483,800,000
Building and other fixed structures	926,273	1,739,388	10,014,650	1,083,318,497	166,108,716	318,870,000	463,800,000
Machinery and equipment	-	-	-	-	5,866,576	3,000,000	11,000,000
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	9,064,708	5,000,000	9,000,000
Land and subsoil assets	-	-	-	-	180,000,000	-	-
of which: capitalised compensation							
TOTAL	926,273	1,739,388	10,014,650	1,169,318,497	385,600,000	365,000,000	562,000,000

Table 41: Expenditure Estimates: Programme 4 – Infrastructure & Development

Performance and expenditure trends

- Budget allocations have affected the AgriZone and Regional Investment sub programmes.
- For the AgriZone, it will push the targets on R&D to later years if a partnership is established
- For the Regional Development sub-programme, it may mean that the target on projects within the site is not achieved if no capital is made available for the initiation of the Biogas project.
- Significant reduction in EPC as a result of the completion of the project
- The MTEF reflects an increase in the budgeted expenditure in regional development investment sub-programme as it broadens to provide bulk infrastructure and explore development opportunities surrounding the Dube TradePort but reduced it for onsite projects.

Part C: Links to Other Plans

8. Links to the long-term infrastructure and other capital plans

The bulk of the infrastructure plans revolve around the construction of specific elements of the Dube TradePort over the next 12-18 months specifically within Dube City, the AgriZone and potentially within the TradeZone. This will include the procurement of the necessary bulk infrastructure. Details of expenditure over the MTEF period have been included in the relevant programmes above.

Annexure

9. Medium-term revenues

9.1 Summary of revenue

At this stage, DTPC is fully reliant on grant funding:

Table 20: Sources of funding for DTPC

Total Receipts	2006/7 Actual	2007/8 Actual	2008/9 Actual	2009/10 Estimate	2010/11 Budget	2011/12 Target	2012/13 Target
Provincial Allocation	56,022,149	546,585,619	608,074,011	1,598,253,731	526,905,000	509,441,459	701,185,605

9.2 Departmental revenue collection

Source of revenue	2010/11	2011/12	2012/13
Trade House	233,064	226,937	130,983
Dube House	-	540,000	583,200
Regional investment	-	-	2,000,000
Business Development		-	3,000,000
AgriZone		4,000,000	8,000,000
Total	233,064	4,766,937	13,714,183

10. List of acronyms and abbreviations used in the document

AMP	Asset Management Plan
ASGISA	Accelerated Shared Growth Initiative of South Africa
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
DEAT	National Department of Environmental Affairs and Tourism
DED	Department of Economic Development
DTPC	Dube TradePort Company (Section 21)
EAP	Employee Assistance Programme
EEP	Employment Equity Plan
EIA	Environmental Impact Assessment
EPC	Engineer, Procure and Construct
EXCO	Executive Committee
FET	Further Education and Training
GLOBAL-GAP	Global Good Agricultural Practise
HACCP	Hazardous Analysis Critical Control Point
HOD	Head of Department
HR	Human Resources
IDP	Integrated Development Plan
ITC	Information Technology and Communication
KZN	KwaZulu-Natal
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
NSIC	National Small Industry Corporation
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PPECB	Perishable Product Export Control Board
PSEDS	Provincial Spatial Economic Development Strategy
RSA	Republic of South Africa
SCM	Supply Chain Management
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises

End