

Dube TradePort Company



Strategic Plan 2009/10 to 2013/14

Foreword

One of the most significant economic development infrastructure initiatives of the KwaZulu-Natal province is the Dube TradePort, which comprises an international airport, a state of the art Cargo Terminal, a TradeZone, an AgriZone, an IT platform and associated property developments in the Support Zone. The key objective of the Dube TradePort is to establish a globally competitive integrated export platform to serve aviation linked economic sectors and to serve as a catalyst for sustainable job creation and private sector investment over the next 60 years.

The new international airport and tradeport must serve the province's key economic and development objectives of re-positioning our economy in the global supply chain. In this process it must serve to stimulate private sector investments and sustainable job creation in the tourism and high value low weight manufacturing, trade and logistics sectors of our economy. Even though this term of government has been marked by a global economic recession, our priorities in sustainable job creation revolve around defending existing jobs and creating new ones.

The Government of KwaZulu-Natal fully endorses the Dube TradePort's strategy and service delivery targets as contained in this Strategic and Performance Plan, certain that they reflect relevant provincial and Departmental policies, strategies, and goals, and believing them to be realistic, appropriate, and well thought through.

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Part A: Strategic Overview

1 Overview of Strategic Plan

1.1 Introduction

The Dube TradePort Section 21 Company (DTPC) was established to facilitate the development of a world class aviation linked logistics platform which will serve as a catalyst for sustainable job creation, and private sector investment. The Dube TradePort (DTP) is a 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 and Communications (ITC) 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 with initial capacity to handle 7.2 million passengers 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.
- **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.
- **The AgriZone** provides a growing area for perishables of export quality, pack houses and associated training 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** 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 Dube TradePort will be operational by the 1st of May 2010 and will have the capacity to accommodate 7.2 million passengers and 100 000 tons of cargo. Further upgrades of these core facilities will develop in terms of the long term master plan and capacity requirements as set out in the master plan.

The DTPC was established in 2005 and 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 finalised between DTPC and DED to establish a 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 its legislative mandate.

2 Vision

To be the **catalyst** for the creation of a **globally competitive** tradeport in Southern Africa.

3 Mission

To **stimulate** economic development through the provision of integrated world class air logistics facilities including a TradeZone, AgriZone, IT Platform and associated services.

4 Values

To ensure that the strategies it formulates are executed effectively and efficiently, DTPC upholds the principles of:

- Effective management and co-ordination of service providers
- Facilitating the participation of relevant stakeholders in the implementation of its strategies.

The agreed DTPC values are:

- *Professional excellence*: being passionate about value-adding professionalism;
- *Ubuntu*: creating open, honest relationships built on trust, mutual respect, dignity and fairness;
- *Empowerment*: actively embracing the economic transformational and developmental agenda of the stakeholders;
- *Innovation and creativity*: succeeding through innovative, creative and adaptable teams;
- *Service Excellence*: providing unsurpassed service excellence that our clients can be proud of

5 Sectoral situation analysis

The DTP project is an infrastructural investment that provides the aviation and associated facilities for both the private and public sector to undertake its business. In this regard, the cargo facility, trade, agri, support zones and the provision of value added IT services platform are provided either for private sector investment, leasing and/or to become users of the facilities in the instances of airlines.

The new international airport and DTP is also a relocation project from the current Durban International site to La Mercy. This requires that the businesses dependant on the aviation market have to adjust to these changes and configure their position with respect to whether they would want to operate their business at the DTP, stay where they are or locate as close as possible.

In a global environment where the aviation business has slowed down, passenger and cargo tonnages are dropping drastically, aviation dependant firms find themselves in an increasingly difficult position to take firm decisions regarding their future location and business expansion. In addition, South African major aviation markets in Europe are in recession and it is now commonly assumed that these markets would take between 5 and 7 years to show positive growth.

5.1 Summary of service delivery environment and challenges

DTPC in its current form is still a Special Purpose Vehicle and is primarily focussed on the construction process and its various associated activities including regulatory approvals, co-ordination with various agencies, EIA obligations, etc, to date. Much more attention and resources need to be directed towards addressing the competitive issues, including air connectivity, pricing of facilities and logistics, product and service offerings before the project becomes operational.

With Europe in recession DTPC will have to look more closely at developing air connectivity with growing new eastern markets such as India, Middle East and China. The current aviation numbers are significant but not large enough to sustain commercially viable air services on their own. In addition, the SADC market will need closer examination for potential opportunities for connectivity via the introduction of new types of aircraft to support low volume routes. All these will have to be stimulated through new implementing mechanisms such as the provision of Route Development Funds and marketing assistance. These instruments, although standard practices globally, are relatively new in South Africa and KwaZulu-Natal. In this regard proposals have been made to the executing authority about how such a Fund can be established and what criteria would be used to negotiate with various airlines.

In the first five years of operations, pricing of property and land leases can be benchmarked against local market rates, however, going forward on the assumptions of increased international air connectivity pricing would have to be aligned with similar global tradeport businesses. The biggest immediate challenge is the pricing of air cargo handling within the DTPC Cargo Terminal. The key

objective of DTPC is to stimulate and attract air cargo tonnage to the cargo terminal. As the first multi-user cargo terminal on South Africa airports pricing per kilogram movement needs to be a balanced exercise between seeking to secure sustainable revenue to the operator while at the same time ensuring that costs are low enough to attract and retain users of the terminal. Predictability of price over a ten year period will also be critical to ensure that the TradeZone is attractive for tenants, users and investors.

Similar challenges also present themselves with respect to the IT services offerings. The provision of value added IT services will have to develop a critical mass of users before charges can be phased-in, in order to make these service offerings financially sustainable.

Issues of increased international air connectivity cannot only be the responsibility of DTPC. Government and its agencies have to play a supportive and enabling role to ensure a better tourism product and service offering geared at international markets, as an example. In addition policy reforms are required to be made by the National Department of Transport aimed at relaxing the bi-lateral agreements governing landing frequencies between South Africa and other countries, to include the new international airport and tradeport.

Finally, as a greenfields start up project, once in operation, DTP will have a significant impact in a 30 km radius around the site. There will be increased pressure for allocating land use on what are now predominantly sugar cane fields. In addition, further infrastructural investments by government will have to be made and planned such as public transportation, bulk infrastructure provision, new roads and designated areas for residential use compatible with the noise footprint. All of these issues require government alignment and effective private sector co-ordination through an appropriate institutional vehicle. DTPC has already mooted to the executing authority the need for a Regional Development Council, however a more statutory institution may be more effective as an ongoing authority responsible to oversee and direct a more co-ordinated development.

5.2 Summary of organisational environment and challenges

DTPC has a small dedicated team of project executives and support staff. This has allowed the organisation to operate in a highly integrated way and has an operating environment through which there is continual feedback, support and critical input on project issues as they arise.

The increasing project work load however has demanded an increase in staff requirements in specialist skill areas such as IT, risk management, biogas/renewable energy and other support staff. An expanded staff compliment will have an impact on the integrated operating environment of DTPC. More attention will have to be given to integrate new staff members into the core team as the management team expands.

The transition to the public entity in the course of this year will also provide challenges to DTPC. Management on the one hand has to pursue the project development approach to complete the first phase build while at the same time focus on the competitive issues in order to prepare the ground work for a commercial operational approach once the new public entity is established.

Once the transition is completed, new challenges present themselves in staffing 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 have to be tackled whilst developing the corporate plan for the new 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.

6 Legislative and other mandates

The DTPC derives its mandates from a number of pieces of legislation; government policy frameworks and stakeholder agreements, which include the following:

Legislation

- Division of Revenue Act Act 12 of 2009
- Promotion of Access to Information Act Act 2 of 2000
- Basic Conditions of Employment Act Act 75 of 1997
- Broad Based Black Economic Empowerment Act Act 53 of 2003
- Companies Act Act 61 of 1973
- Constitution of the Republic of South Africa Act 108 of 1996
- Electronic Communications and Transactions Act Act 25 of 2002
- Employment Equity Act Act 55 of 1998
- Income Tax Act Act 28 of 1997
- Labour Relations Act Act 66 of 1995
- National Empowerment Fund Act Act 105 of 1998
- National Small Enterprise Act Act 102 of 1996
- National Treasury Regulations Gazette 225 dated 15/03/2005
- Occupational Health and Safety Act Act 85 of 1993
- Pension Funds Act Act 24 of 1956

- Preferential Procurement Policy Framework Act Act 5 of 2000
- Public Finance Management Act Act 1 of 1999
- Public Service Act Proclamation 103 of 1994
- Public Service Regulations No. R.1 of 5 January 2001
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000
- Framework for Supply Chain Management Gazette 25767 dated 5/12/2003
- Skills Development Act Act 97 of 1998
- Compensation for Occupational Injuries and Diseases Act Act 130 of 1993
- Customs and Excise Act, as amended Act 91 of 1964
- National Land Transport Transition Act Act 22 of 2000
- National Land Transport Transition Amendment Act Act 31 of 2001
- Airports Company Act; Airports Company Amendment Act,1998 Act 44 of 1993
- International Civil Aviation Organisation (ICAO) requirements & Annexure
- Part 108 of SACAA
- ICAO Airport Planning Manual
- Agricultural Product Standards Act Act 119 of 1990
- Perishable products Export Control Act (PPECB) Act 9 of 1983
- Town Planning Ordinance 27 of 1949
- Development Facilitation Act Act 67 of 1995
- KwaZulu-Natal Planning and Development Act Act 5 of 1998
- National Environmental Management Act Act 107 of 1998
- National Key Point Act Act 21 of 1981
- The Subdivision of Agricultural Land Act Act 70 of 1970
- Plant Breeders' Rights Act Act 15 of 1976
- Electronic Communications and Transactions Act (ECTA) Act 25 of 2002
- Regulation Against the Interception of Communications Act Act 70 of 2002
- Promotion of Access to Information Act (PAIA) Act 2 of 2000
- National Archive Act of SA Act 43 of 1996

Contracts, Agreements, Etc

- DED Funding Agreements
- Co-Operation Agreement with ACSA
- EPC Contract between Ilembe Consortium and ACSA
- Agency Agreement between ACSA and Dube TradePort
- International Air Transport Association (IATA) Design Guidelines
- COMSEC Guidelines
- International EUREP-GAP Guidelines
- HACCP Guidelines

7 Broad policies, priorities and strategic goals

The strategic goals of the DTPC are focused on:

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

The strategic goals and associated strategic objectives (per goal as indicated below) drive the four programmes of the DTPC. The programmes are divided into administration; technical services; commercial development and infrastructure and development.

Strategic goal 1: To serve as a catalyst for aviation linked economic development

Strategic objectives

- To establish regional and international air connectivity
- To position the DTP Cargo Terminal as the terminal of choice
- To facilitate commercial opportunities and new business development
- To attract long term investment from the both the private and public sector
- To review the DTP Master Plan (2010-2015)
- To draw down development rights with regard to Special Zone 10 and acquire further development rights as required with surrounding growth patterns
- To plan and secure additional development rights for specific projects within the Dube TradePort region
- To master develop and secure investment into the Support Zone
- To master develop and secure investment into the Joint Venture land

Strategic Goal 2: To operationalise the core DTP business units

Strategic objectives

- To develop and maintain strategic capability within DTP
- To optimise the operational model of DTP
- To co-ordinate and ensure the successful execution of the EPC Contract
- To effectively monitor implementation of and adherence to DTPC's EIA obligations post commissioning of the project
- To establish effective operation, management and maintenance of the TradeZone
- To design, construct and operate the AgriZone efficiently

- To establish effective operation, management and maintenance of the Support Zone
- To establish and maintain an effective IT platform

Strategic Goal 3: To adhere to good corporate governance

Strategic objectives

- To ensure statutory compliance in respect of financial management
- To implement sound financial management practices
- To implement best practice in terms of corporate governance

Strategic Goal 4: To proactively engage relevant stakeholders and manage processes

Strategic objectives

- To commercialise DTP economic opportunities utilising strategic partnerships
- To identify and establish key public and private sector partnerships
- To promote project awareness and develop a DTP brand

8 Information systems to monitor progress

DTPC is wholly funded by the Department of Economic Development. As such the funding of DTPC and monitoring of performance is contained within the Grant Funding Agreement. In terms of the Grant Funding Agreement DTPC must report, on a quarterly and annual basis, against the achievement of set performance measure indicators as set out in the Annual Performance Plan. The Performance Measure Indicators are quantitative and linked to time drivers making achievement of targets easier to measure.

Programme Executives review and report on their programmes on a monthly basis at Executive Committee meetings where constraints are discussed and resolved. On a quarterly basis a written report is submitted to the CEO for review and submission to the Department of Economic Development.

An Annual Report is prepared and reports on the overall annual performance of the DTPC. Expenditure is also reported on a monthly basis to the Department of Economic Development and monthly reports are submitted to the DTPC Board.

Internal audit is monitored via a three year rolling integrated internal audit plan, which is updated on an annual basis by the audit committee. In addition to adhering to the internal audit charter, the audit committee evaluates the effectiveness of the internal audit function at least once a year.

The accounting function is outsourced to an accounting service provider who uses 'Pastel'.

9 Description of strategic planning process

The development of the 5 year strategic plan reflects the culmination of a comprehensive assessment of the DTPC operational mandate and the nature of its programmes. This process commenced with a detailed discussion with the MEC regarding the nature of the operating activities of DTPC over the next 5 years. This was then followed up with a detailed review of the nature of operating activities within each programme, development of measurable objectives and linked performance measure indicators as well as estimated targets over the next five years. The process followed can be summarised as:

- All programme managers were given clear instructions to analyse the broad and detailed issues affecting their programme over a five year period.
- Constructive meetings were held with all programme managers to discuss operational issues and appropriate solutions were discussed
- All programme managers were requested to draft their detailed plans into the draft strategic plan for circulation and individual reflection before the Strategic Planning Workshop.
- Finally, a comprehensive strategic planning workshop, comprising the entire DTPC team, was held over the 8 and 9 of June where detailed discussion took place on the each of the programmes, using the draft strategic plan as a basis. This allowed for more focussed discussion on substantial issues within each programme and programme managers then updated the content of their sections.

Both national and provincial priorities were taken into account in the development of this 5 year strategic plan which is closely aligned to DTPC's Annual Performance Plan, as the APP obtains its strategic mandate from this 5 year strategic plan.

The Board of DTPC were involved in providing strategic direction to the DTPC strategic planning process and all suggestions from the Board were further incorporated into this strategic plan.

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 Initiative
- IT Platform
- AgriZone

10 Programme 1: Administration

The programme, *Administration*, provides strategic leadership, ensures sound financial management, implements and monitors corporate governance and provides strategic management support services. Support to the operational programmes takes the forms of administrative; financial and budgetary; human resources management and development; information technology; marketing and communication services. A significant portion of the activities within this programme are transversal in nature as this programme facilitates the coordination and direction of all the operational programmes.

10.1 Situation Analysis

A noteworthy achievement of this programme has been the attainment of an unqualified audit report for the last 5 financial years. This is a remarkable achievement, given the complexity and nature of DTPC. There has also been a significant improvement in the quality of performance information available and implementation of suitable policies and procedures.

Since its inception, the main focus of DTPC has been on the construction of the DTP. Consequently, most of the non-core functions such as accounting, internal control, legal services and payroll administration functions were (and still remain) outsourced. With the construction phase of the DTP nearing completion, attention has now been shifted to the effective operationalisation of the key components of the DTP (i.e. the Cargo Terminal, TradeZone, AgriZone, Support Zone, etc). In designing and creating each of these components, we have amassed a wealth of information, reviewed and analysed global comparative best practises and developed a clear vision of the nature of the operations of each of these components. With this in mind, DTPC has embarked on a journey in uncharted waters, leading KwaZulu-Natal and indeed Southern Africa to claim its place in the global supply chain by providing world class air logistics.

In order to achieve this mission, a key focus of this programme, over the next few years will include the transition of DTPC to a Section 3D public entity in terms of the PFMA and the creation of appropriate entities/structures to house the various operating components of the DTP.

10.2 Policies, Priorities and Strategic Objectives

As this programme provides fundamental support to the operations of DTPC, it should operate 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. 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> 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 emanating from this project
	<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 buy-in)

10.3 Analysis of constraints and measures planned to overcome them

The promulgation of the draft Corporation Bill will finalise the statutory identification of DTPC, which has posed a significant constraint for the past few years. Plans are currently underway to prepare for the transition to a public entity and a transition framework has been developed.

Another constraint affecting the administration programme relates to the inherent nature of the project which boasts a significant number of variables resulting in continuous changes being made to the business plan, strategic plan and budgets. More often than not, these variables are beyond our control. To this end, we engage relevant stakeholders on an ongoing basis to ensure that they are apprised of all significant developments timeously.

10.4 Description of planned quality improvement measures

The operational requirements of each of the key components of the Dube TradePort will be analysed and suitable entities designed and created over the strategic period under review. This exercise will be widely consultative and include an assessment of the proposed operating activities, skills and staffing requirements, funding requirements and legislative and institutional requirements. Once the design has been accepted, the relevant entities/structures will be created.

Once the statutory identification of DTPC has been finalised, a comprehensive legislative compliance review will be conducted. The objective of this exercise will be to identify gaps in terms of compliance with legislation (especially the PFMA and Treasury Regulations) and corporate governance and to implement measures to ensure compliance with the necessary legislation.

10.5 Sub-programme: Office of the CEO

10.5.1 Situation Analysis

In addition to the monthly Board meetings continuous consultation has been established with strategic national (Department of Transport), provincial department as well as local government (eThekweni Municipality) in an effort to align their priorities to compliment those of DTPC. There are also on going consultations and accountability to the provincial cabinet, portfolio committees on Economic Development and SCOPA. Increasingly, more interactions are being undertaken with the private sector firms with an interest in the aviation business, as the construction of the DTP progresses towards completion.

10.5.2 Specific policies, priorities, and strategic objectives

Once the project is completed it is envisaged that the DTP Corporation would be responsible for the ongoing management and commercial roll out of the DTP business. In this regard legislation has been tabled by the Department of Economic Development to establish the DTP Corporation (a section 3D public entity). It is therefore imperative that preparation for the transition from the DTP Section 21 to the DTP Corporation begins in earnest. These preparations include the compliance framework, the institutional design for the new entity, the commercial structure, the asset transfer process and the preparation of current human resources for the transition into a new institution.

A second area of focus would be to ensure more effective monitoring of the socio-economic impacts of the project going forward in its operational phase. A new macro economic framework will need to be developed to measure and quantify impacts going forward.

Interactions with the private sector and business will have to become more focussed away from simply providing information on construction progress and plans, to concrete discussions on their specific interests and converting these into transactions.

10.5.3 Analysis of constraints and measures planned to overcome them

One of the key constraints relate to the ongoing interaction with the various government departments. Meetings with officials more often than not, do not lead to action which is required to be undertaken. Future engagements with officials should be recorded and copied to the Head of Department concerned and the CEO. This will allow for timeous follow up on urgent issues.

The second issue relates to strategic leadership and decisions that have to be made with respect to the private sector that may conflict with government policy particularly with respect to BBBEE. In this regard a clear process needs to be put into place between DTPC and the executing authority between trade offs of BBBEE objectives and sustainable job creation impacts. Not all tenants, investors etc would be able to meet BBBEE objectives and the MEC would be best placed to make a policy call. It is anticipated that this would be done on a case by case basis.

10.5.4 Description of planned quality improvement measures

In anticipation of the transition to a public entity, a shareholders compact will be developed and agreed between the Executing Authority and the Accounting Authority, which will provide the basis to measure the performance of the entity going forward and give the shareholder the right to intervene and issue directives if necessary.

In order to become financially viable over time programme executives are developing revenue models that underpin their plans. These models identify the range of revenue that can be generated through different forms of transactions with the private sector. This will lay the basis for developing a commercialisation strategy for the new entity going forward.

Once a socio economic impact analysis of the current construction has been completed it would provide a more informed basis of what variables need to be measured and fixed into a macro economic model. This will guide the development of new terms of reference for the ongoing monitoring of the impacts of the project going forward.

10.5.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

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 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 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%	85%	85%	85%	85%	85%
	To facilitate effective performance management	No. of appraisals (management team) conducted annually	4 (all)	All on quarterly basis				
To monitor the socio-economic impact emanating from the project	Establish a monitoring and evaluation framework and supporting mechanism	Annual assessment concluded with a report indicating the impact	Not completed	Completed	Completed	Completed	Completed	Completed

10.6 Sub-programme: Financial management

10.6.1 Situation Analysis

Financial management tools are all in place and the organisation is operating efficiently. Accounting services are currently outsourced as the transactions volumes are low at this stage. Governance and risk management are all in place with a comprehensive risk assessment being implemented annually and various policies concluded. The fraud prevention plan and asset management plan are also in place. As DTPC is in the process of being legislated to become listed as a public entity, this will have significant implications for the financial management component and will result in drastic overhaul of the structure, operations and management of this component.

10.6.2 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 polices. 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.

10.6.3 Analysis of constraints and measures planned to overcome them

The current statutory structure of the organisation and the field of operations have resulted in SARS withholding the tax exemption status for DTPC. Tax consultants have been employed to assist the organisation to regain its exemption status from SARS. Various communiqué with SARS are underway with the matter getting closer to finalisation. The appropriate recognition and measurement criteria to be used for assets (relating to the construction of the project) have continued to steer up some debate. In this regard ongoing consultations with the relevant stakeholders are proving to yield some results with a common understanding of treatment of these assets in financial statements. The lack of a clear institutional arrangement and or the organisational structure for a corporatized institution creates pressing challenges for this component. Services of business consultants are being procured to assist with options analysis leading to optimal solutions for the various aspects.

10.6.4 Description of planned quality improvement measures

Development of a fully integrated financial management system is being sort, with emphasis on the treatment and compliance with IFRS. Additional resources have been acquired with special focus to compliance and risk management issues of the organisation. This intervention will ensure improvements to the corporate governance sphere of the organisation

10.6.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To adhere to good corporate governance						
Financial Management								
Strategic Objective	Measurable Objective	Perf. Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To ensure statutory compliance in respect of financial management	To provide timeous and accurate: <ul style="list-style-type: none"> Annual Financial Statements (AFS) in accordance with GAAP/ GRAP. Organisational performance reports such as quarterly report; annual report; APP, etc. 	Submission of reports on time	100%	100%	100%	100%	100%	100%
	To effectively guide DTPC in complying with all tax requirements	Full compliance with SARS requirements	100%	100%	100%	100%	100%	100%
	To ensure full compliance with the PFMA, Treasury Regulations & other relevant regulations/ legislation	Unqualified audit opinion	Annual	Annual	Annual	Annual	Annual	Annual
	To develop and implement a financial management plan for transition into a public entity	Implementation of transition plan	N/A	Approval of plan 40%	100%	Review	N/A	Review
	To ensure full compliance with policies and procedures	Number of report points included in the external audit management reports	5	4	4	3	2	2
	To implement sound financial management practises	To ensure an efficient and effective budget control process by leading the budgeting process and ensuring standardisation thereof	Timeous implementation of budget policy		100%	100%	100%	100%
	Develop effective internal audit controls	Number of report points on internal audit report	5	3	5	3	2	2

10.7 Sub-programme: Corporate Services

10.7.1 Situation Analysis

Dube TradePort currently employs eleven staff. During the 2008/9 financial year two resignations were received and these staff were replaced. An HR Plan was developed in 2008. The HRP planning process was an inclusive and dynamic process. The plan (which was updated in September 2008) will be implemented in the 2009/10 financial year. The HR Plan provides information on:

- The number of staff required, skills / competencies required to achieve strategic objectives within a specified period of time and the availability of such human resources.
- Surpluses or deficiencies in certain occupational categories & levels; and skills that impact on the organisation to achieve its strategic goals.
- Availability of suitably qualified and experienced successors.

The IT administration is currently outsourced. All computers were upgraded with MS Office 2007, the anti-virus programme was updated and a back up system upgraded. A new server was purchased to increase processing speeds and reduce downtimes.

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. The Board composition was amended and all administrative preparations for this were carried out effectively and amendments reflected in DTPC records.

10.7.2 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 and information technology and to provide effective support to the Board.

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. The key priorities within this sub-programme are staff retention, employment of additional staff (as DTPC enters the operational phase) and the development of our staff.

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.

10.7.3 Analysis of constraints and measures planned to overcome them

The dynamic nature of DTPC operations may necessitate an abrupt deviation from the HRP, in order to allow adequate response to the changing circumstances. This is already evident in that the organogram reflected in the HRP in April 2008 was insufficient for DTPC's needs by September 2008. A key restraint in the HR Plan is that the job gradings did not match the skills level required in DTPC. As a result recommended remuneration scales would not attract the right personnel for the posts. As such a review of the posts was undertaken and these amendments were taken to the DTPC Board for approval.

A formal approach to implement and sustain the management of performance information relating to DTPC as an entity does not exist. Consequently, the quarterly reports lack relevant qualitative performance information. A culture of embracing performance information has been adopted and an organisational performance management process is currently being created. This will ensure that qualitative information relating to the DTPC's performance is accessible in the strategic plan, annual performance plan and quarterly reports.

10.7.4 Description of planned quality improvement measures

Importantly, as DTPC is in the process of converting to a public entity, this will have significant human resource implications which will require that we revisit the HR Plan and organisational structure. Consequently, the review of the HR Plan will ensure that the new public has the staff numbers, skills and competencies required to achieve the strategic objectives. HR Plan will also address organisational structure, remuneration, skills gaps and staff training and development.

The current HR Plan has identified new positions and necessitated the revision of the organisational structure. There are approximately 10 jobs that need to be filled. DTPC will embark on a recruitment drive to fill these positions. As the project moves from a developmental to operational phase training will be essential. Therefore DTPC will embark on a more focused training programme to ensure that current staff are equipped with the necessary skills to take DTPC forward into an operational phase.

A review of all human resource management policies is scheduled for the forthcoming year to ensure compliance with the relevant legislation. This will include the creation all outstanding policies and the updating of potentially non-aligned policies. Where necessary, a related procedure manual will be created to ensure sound implementation of the approved policy.

The employment of an IT specialist will assist with the administration of the company's IT systems.

10.7.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme Corporate Services		Strategic Goal: To adhere to good corporate governance						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To implement best practise in terms of corporate governance	To establish DTPC as a public entity	Registration of public entity	Draft Bill submitted to Provincial Legislature	Registration of a public entity	Implement transition framework Full compliance	Monitor compliance	Monitor compliance	Monitor compliance
	To provide efficient and effective support to the DTPC Board	No. of corporate governance report items included in the internal and external audit reports	None	0	0	0	0	0
To develop and maintain strategic capacity within DTPC and to promote sound labour relations	To create a strategy for Human Resource Management and Development	HR Plan (aligned to operational plan)	HR Plan aligned to APP and Strategic Plan was developed in 2008	Fill posts as per 2008 HR Plan Develop HR Plan for the public entity	Implement public entity HR Plan	Review HR Plan	Implement 2011 HR Plan	Review HR Plan
	To efficiently monitor the performance of staff	Updated performance plan/agreements	All performance appraisals completed	Update performance agreements annually	Annual review	Annual review	Annual review	Annual review
	To review, update and amend relevant human resource management policies and procedures	Level of compliance with employment laws; HR directives and policies	HR Plan completed in 2008 which identified compliance gaps	100%	100%	100%	100%	100%
To provide efficient IT support services to DTPC in the management of IT and communication	To efficiently and effectively facilitate the provision of IT support services	Availability of system to DTPC users	Introduced new server to reduce down times. This was successful	90%	95%	98%	98%	98%

10.8 Sub-programme: Marketing

10.8.1 Situation Analysis

The Marketing Sub-Programme has not been driven by a clear strategy. Roll out has been undertaken on an ad hoc basis responding initially to sceptics and objectors in the EIA process. Marketing projects during the 2008/9 financial year focused on creating certainty that the project is actually happening. Roll out included updating of the DTP website, placement of strategic advertisements including newspapers, magazines and billboards. Associated with this was the development of new marketing and promotional material and presentations were made to key stakeholders in both the public and private sector.

The focus over the next year is to procure marketing expertise with global experience to develop an integrated 3 year marketing and communications strategy and roll out plan that will take the objectives of the various programmes into account.

10.8.2 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.

Through the marketing sub-programme DTPC aims to achieve the following business objectives:

Phase I (Launch of DTP – May 2010)

- Develop a strong brand identity for the DTP and its key components
- Identify the channels through which key opinion formers, potential investors, tenants, users may be effectively reached
- Market the Dube TradePort nationally and internationally as a preferred investment opportunity
- Secure airfreight related tenants for the TradeZone
- Leverage/secure investment in the Support Zone
- Secure AgriZone tenants
- Generate positive public perceptions of the development and guiding media
- Develop joint Cargo Brand with WFS (Cargo Operator) for the Cargo Terminal
- Position DTP as key initiator of the project

Phase II (Post Launch)

- Strengthen the strong brand identity already established for Dube TradePort and its key components
- Identify the channels through which key opinion formers, potential investors, tenants, users may be effectively reached
- Market the Dube TradePort nationally and internationally as a preferred investment opportunity

- Reassure existing and secure new airfreight related tenants for the TradeZone
- Reassure existing and secure new tenants/users for the Cargo Terminal
- Leverage/secure investment in the Support Zone
- Reassure existing and secure new AgriZone tenants
- Leverage positive public perceptions through highlighting actual successes i.e. employment, revenue for KZN etc

10.8.3 Analysis of constraints and measures planned to overcome them

The most significant constraint within this programme has been the lack of clearly defined “products” and “investment opportunities” within each of the DTP core components to market. It is expected that this will take place during the course of the 2009/10 financial year which will enable a more concerted marketing effort to be put in place to specifically cater for the potential customers/investors and partners.

In addition, there has been a budget constraint as variations in other programmes required the marketing and communications budget to be cut during the course of the 2008/9 financial year. This has been rectified in the subsequent MTEP period. It is imperative that we employ a marketing manager to manage the implementation of the marketing and communications strategy.

10.8.4 Description of planned quality improvement measures

A key improvement measure is the proposed appointment of marketing and communication specialists for a three year period to allow for the development of an integrated marketing and communications strategy; creative roll out plan and ensure skills transfer to DTPC staff. In order to achieve Phase 1 of the marketing imperatives of the marketing strategy specific activities, which include honing DTP’s competitive proposition; confirming the business architecture; fine tuning brand identity; identifying target audience(s) aligned to the business architecture and launching DTP will be conducted.

10.8.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme: Marketing		Strategic Goal: To proactively engage and manage relevant stakeholders						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/2 Target	2012/13 Target	2013/14 Target
To promote project awareness and market interest (public buy-in)	To develop a comprehensive and effective marketing and communications strategy	<i>Approved strategy</i>	<i>2008/9 strategy approved and implemented in terms of budget allowance</i>	<i>Procure agency to develop an integrated 3 year marketing and communications strategy and roll out plan.</i>	<i>Implementation (Phase 1)</i>	<i>Implementation (Phase 2)</i>	<i>Review M & C Strategy</i>	<i>Implement recommendations of review</i>
	To increase public and market interest in the project	<i>% increase in registrations of interest on the database</i>	<i>47% from prior year 438 registrations of interest</i>	<i>30% from prior year</i>	<i>10% from prior year</i>	<i>10% from prior year</i>	<i>10% from prior year</i>	<i>10% from prior year</i>

10.9 Resource Information

This programme has been adequately resourced to date; however, as the organisation has been growing in the recent past, human resources shortage has been identified as a possible constraint for the organisation to effectively implement its objectives. This constraint has been mitigated by the identification of several posts which were subsequently approved by the board and have been adequately budgeted for in the current financial year. The recruitment process is well underway.

Sub-programme	2007/8 Actual (R000's)	2008/9 Estimate (R000's)	2009/10 Budget (R000's)	2010/11 Target (R000's)	2011/12 Target (R000's)
Office of the CEO, Corporate & CFO Services	9,198	11,792	15,913	21,953	27,441
Marketing	622	2,297	9,000	10,000	10,000
Total programme	9,820	14,089	24,913	31,953	37,441

Financial information beyond the current MTEF period is not available.

11 Programme 2: Technical Services

The programme, Technical Services, houses the fundamental building block of the Dube TradePort, referred to as *Master Planning*, which is essentially a high level integrated spatial 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 overall integrated master plan then serves as a guide for the development of the specifications of the first phase of construction and a framework for future expansions. The Technical Services Programme also comprises of the EIA/ROD; the Air Services Strategy; development of the Cargo Terminal and Spatial Planning.

The focus of Master planning ensures that DTP has a clear spatial vision and development plan into the future and that developments occur in accordance with the plan.

The EIA commenced prior to construction of the project and the focus of this sub-programme was to ensure that conditions in the ROD were clearly understood and adhered to. Upon completion of the construction of the project the compliance with the EIA/ROD requirements will be transferred to ACSA

The Air Service Programme focuses on a strategy to identify air routes; stimulate old routes and attract identified carriers to Durban with the ultimate objective of growing passenger throughput and cargo volumes

Sub-programme 4 focuses on the 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.

Spatial Planning is concerned with onsite planning issues relating to the Dube Tradeport development. This includes the securing of development rights; providing guidelines for development and obtaining regulatory approvals. It also deals with planning for projects with the wider Dube Tradeport region.

11.1 Situation analysis

The project is nearing the completion phase with physical construction completion scheduled for December 2009 with testing and commissioning planned for the 1st Quarter of 2010.

Once the 1st phase of the development nears completion; the Masterplan Phase 1 (2010) will be reviewed in line with the 5 year review programme. This will entail accommodating the amendments as a result of the changes incurred to the development during construction. The review will be undertaken in conjunction with ACSA.

A significant portion of the EIA/ROD adherences; amendments and appeals have been addressed. The EMP which is the responsibility of the construction company will continue until commissioning where after ACSA will assume this responsibility under the OMP (operations management plan). The

outstanding ROD requirement i.e. the re-zoning of Mt.Moreland will be addressed during the current year.

Having identified routes and carriers the Air Services objective will focus on continually updating the pax per route statistics and refining the development of an Airline Support Programme based on a robust incentive model to attract carriers on identified routes.

The Cargo Terminal is scheduled to be completed ahead of other developments on the airport. DTP is to focus on appointing an appropriate operator prior to commissioning of the facility based on a programme detailing a pre-operational phase; commissioning phase and post-commissioning phase. This will allow the operator the advantage of familiarising itself with the systems and facilities as they are being installed and tested. The appointed operator will also be responsible for maintaining the facility; marketing the operation and growing tonnage throughput via a cargo services strategy.

11.2 Policies, priorities and strategic objectives

The following table 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 planning the ongoing development of the Dube TradePort</p> <p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> To serve as a catalyst for aviation linked economic 	<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)
	<p>Sub-programme 2: EIA RoD</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> To effectively monitor implementation of and adherence to DTPC's EIA obligations pre and 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

development <ul style="list-style-type: none"> To proactively engage and manage relevant stakeholders 	Sub-programme 4: Cargo Terminal Operations Strategic objective: <ul style="list-style-type: none"> To position the DTP Cargo Terminal as the Terminal of choice
	Sub-Programme 5: Spatial Planning Strategic objective: <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

11.3 Analysis of constraints and measures planned to overcome them

The immediate constraint to the successful completion of the development on time is the lack of progress on the part of the eThekweni Municipality (referred to as the “City”) to competently and timeously meet it’s obligations with regard to the provision of services and regulatory approvals of development plans. This is particularly relevant in the approval by the City of the TIA which will impact on the provisioning of an adequate road network in line with operational requirements. This is a significant constraint and may affect future development plans.

The major short to medium term constraint to the further development of the project is the current global economic downturn and the resultant downward trend in global passenger volumes in particular from our identified points of origin. This will impact on future forecast exercises; demand analysis and capacity planning resulting in a possible re-alignment of capital investment.

This negative global economic trend has also affected the air cargo industry resulting in negative growth trends emanating from key identified routes. This will be incorporated in the cargo business plan as well as operational expansion programme.

The reluctance on the part of the Municipality to be a partner in the Dube Tradeport development will negatively impact on the re-zoning of Mt. Moreland as required in the ROD. This continuous negative attitude may result in the delay in effecting our development scenario for Mt.Moreland and more importantly result in not meeting a key requirement of the ROD.

11.4 Description of planned quality improvement measures

In order to ensure that the Master Plan remains a relevant and living document; a detailed review will be undertaken in partnership with ACSA. An experienced and competent Master planning team will be procured under a detailed Terms of Reference and a Scope encompassing all planning scenarios over the next 5 years.

DTP will with the co-operation of the City and in conjunction with ACSA and Tongaat-Hulett Developments, initiate the process to re-zone Mt. Moreland in line with the ROD; unlocking the development potential of the area and adding value to the DTP project and the surrounding communities.

The development of a robust model on which to base the Route Development Fund will form the basis of the Air Services Strategy. This will entail an in-depth analysis of historical route trends as well as load factors per airline resulting in a model that benefits the carrier and the region. The implementation of the Route Development Fund will be dependent on the financial support and approval of the Provincial Government.

The appointment and subsequent monitoring of an experienced global cargo operator that has operated small, medium and large cargo terminals will become the core focus of the programme. The review of the Cargo Terminal Business Plan by the cargo operator will contribute towards improving the operational model of the business.

DTP will consolidate its working relationship with both the City and ACSA to ensure a more effective resolution to obtaining approvals for development projects.

11.5 Sub-programme 1: Master Planning

The Master Planning Phases I and II have been completed. During Phase I an agreed master plan for 2015, 2025, 2030 and 2060 was achieved with ACSA, our partners in this project. Phase II defined all the specifications required for the first phase of the build that was incorporated into the procurement documentation. Phase II was concluded with the technical evaluation of the final bid submission which informed the technical and adjudication committees of the procurement process.

Phase III of the current Master Plan came into effect once construction commenced. This phase focussed on the extensive monitoring of the implementation of the EPC Contract via the JMT focussing on project management; design and technical reviews; construction monitoring and environmental management.

11.5.1 Situation Analysis

Phase 3 of the current Master Plan is nearing conclusion as the construction programme is scheduled for completion in December 2009 and commencement of systems testing and commissioning planned for the 1st quarter of 2010.

A joint review of the Master plan with ACSA will take into account and accommodate the following:

- Amendments to the current master plan due to changes effected during the construction arising out of variations and design changes.
- Assessment and review of the current airport; trade zone; support zone; agrizone layouts and capacities
- Revision of forecast per sector i.e passengers; cargo; industrial development; commercial development and agrizone production to ensure that the review responds to different economic conditions
- Demand assessment as a result of the forecast review will provide a good understanding of what needs to be developed over what time frames.
- A comparison between capacity and demand will determine the surplus or shortfall of areas to be developed and capacity to be provided.
- Integration with the wider area development initiatives.

This will ensure that future planning initiatives and investments will inform the Master plan going forward.

11.5.2 Specific policies, priorities, and strategic objectives

As the South African Civil Aviation Authority is a signatory to the International Civil Aviation Organisation (ICAO) strict compliance with the requirements of ICAO (Annex 14) must be taken into account when reviewing the detailed design of the Master Plan. In addition strict adherence to the ICAO Airport Planning Manual as well as IATA's Design Guidelines must be respected.

The overall objective is to ensure that DTP has a clear spatial planning vision and development plan and that future developments occurs in line with this plan and in the time frames agreed.

The DTP policy as regards Master planning takes in to account:

- The plan addresses the total DTP site

- The plan is reviewed on an annual basis to establish whether existing developments makes it unsuitable to guide future developments in the next planning cycle.
- The plan is updated as a minimum every 5 years.
- The plan is shared with strategic shareholders.

DTP will target the completion of the Master plan review by the end of 2011/12 which should then guide the development over the next 5 years. Once the Master plan is in place it should be reviewed annually to ensure that planning applications be made in time for the next budget cycles

11.5.3 Analysis of constraints and measures planned to overcome them

The delays in obtaining regulatory approvals from the City 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 development 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 development taking place.

The absence of a Northern Spatial Plan has resulted in an inadequate supply of essential services to the site. The conclusion of a Bulk Services Agreement with the City has contributed towards an improvement in the supply of these services.

11.5.4 Description of planned quality improvement measures

The review of the Master Plan 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 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 transportation
- Expansion of the terminal area
- Layout of roads and buildings in the terminal precinct
- Preparation of a development plan for the area between the N2 and the main runway
- Refinement of the TradeZone layout taking into account potential requirements beyond Ph 1

- Planning of a commercial node in the TradeZone
- Planning and development of the biogas facility
- Revised TIA in the operational phase of the R102
- Further development of the AgriZone
- Finalisation of Support Zone 1 and the planning of the remaining support zones
- Assessment of the operations environment needs to taken in to account to determine under/over supply of infrastructure capacity

11.5.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Master Planning								
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To monitor the "As built" construction development of the DTP against the approved Master Plan ¹	To assess the delivery of the Master Plan Phase1 Aeronautical; Cargo Terminal and Bulk Infrastructure of the EPC contract via construction monitoring; acceptance testing and monitoring of commissioning phases	Progress report highlighting key indicators (output = quarterly reports)		4	N/A	N/A	N/A	N/A

¹ This strategic objective will be concluded at the end of the construction phase within the 2009/2010 financial year and has not been included in section 11.2 above.

Sub Programme Master Planning		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To review the Master Plan (MP) (2010-2015)	To conduct a detailed review of the MP inclusive of construction variations and forecasted demand and capacity requirements	Master Plan review	N/A	Publish RfP	Review in progress	Review concluded MP revised	N/A	N/A

11.6 Sub-programme 2: EIA RoD

11.6.1 Situation Analysis

The project is nearing conclusion with physical construction due for December 2009 with testing in the 1st quarter of 2010 and commissioning in May 2010.

During Phase 3 of the Master planning the EIA/ROD was closely monitored through the structures of the JMT with specific focus on adherence and compliance to the requirements of the ROD. In addition the construction company was also monitored for compliance to the EMP. All appeals and amendments to the ROD were challenged and overturned with both internal and DEAT audits returning an average score of 92%. Upon commissioning of the airport the EMP responsibilities will be assumed by ACSA under the OMP (Operations Management Plan)

The remaining requirement of the ROD i.e. the rezoning of Mt. Moreland as mixed-use DTP will jointly undertake this process with ACSA and THG with the expected date of completion scheduled for the 2nd quarter of 2010. The rezoning process will be dealt with under the Spatial Planning sub-programme. Now that we are moving into the operational phase of the project, a key objective will be to monitor all EIA obligations with regard to future planning and development.

11.6.2 Specific policies, priorities, and strategic objective

Post commissioning, DTP will adhere to and be compliant with EIA regulations with regard to monitoring of rehabilitation of wetlands, EIA requirements on developments on the TradeZone, AgriZone, support zones and joint venture land. The strategic objective is to comply with all environmental legislation in DTP operations as well as future developments. The finalisation of an

appointment of an EIA consultant / expert to develop an environmental management plan is imperative.

11.6.3 Analysis of constraints and measures planned to overcome them

Factors outside the direct control of DTP poses a risk to the key activities within this programme, within the different sub-programmes. There is an inherent risk that tenants, lessees and business partners will not implement or comply with EIA obligations. In order to mitigate against this constraint ongoing engagement with developers will be undertaken resulting in an agreement clearly stipulating the relevant allocated responsibilities of each entity that is operating on DTP land. The design and review panel has formulated a secondary developer’s manual, which take into account the EIA obligations.

11.6.4 Description of planned quality improvement measures

A significant planned quality improvement measure is the appointment of an EIA expert, familiar with large infrastructure development and obligations. This expert will guide all future planning and development initiatives undertaken by DPTC to ensure adherence to compliance with environmental legislation.

Another important improvement measure is the development of DTPC environmental management plan (EMP). This plan will contain clear instructions to all stakeholders (e.g. DTPC, service providers, lessee’s, tenants, etc) on their respective duties and legal obligations towards managing the environment.

In addition a DTPC stakeholders EIA forum / committee will be established to enhance communication between stakeholders and agree on responsibility areas with regard to environmental regulations. There will also be clear demarcation of EIA responsibilities in lease and rental agreements to ensure that all lessee’s and tenants continue to fulfil the environmental obligations as reflected in the EMP.

11.6.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To proactively engage relevant stakeholders and manage processes						
EIA RoD and RoD Mitigations								
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>To effectively monitor implementation of and adherence to DTP’s EIA obligations pre and post</i>	<i>To track progress of the implementation of the EIA/RoD obligations</i>	<i>Audit result per DEAT audit conducted</i>	88%	90%				

Sub Programme EIA RoD and RoD Mitigations		Strategic Goal: To proactively engage relevant stakeholders and manage processes						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>commissioning of the project</i>	<i>To develop an environmental operations plan (EOP)</i>	<i>Approved EOP (2010/11)</i>	<i>N/A</i>	<i>Appoint consultant</i>	<i>Develop plan</i>			
	<i>To incorporate EOP obligations into both development initiatives and contractual agreements (e.g. with lessees, tenants and business partners for implementation)</i>	<i>% of development initiatives/ contractual agreements that incorporate EOP obligations</i>	<i>N/A</i>	<i>Formulate relevant clauses</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

11.7 Sub-programme: Air Services

11.7.1 Situation Analysis

Connectivity is critical for the development of the new airport as a hub and introduction of new entrants. The need for a clear blue print to actively develop new International services to stimulate the local economy was recognised in 2003/04. DTP commissioned the development of an Air Services Strategy in 2006/07 with the strategy concentrated on intercontinental passenger services which provided the most economic benefit. In addition the belly-hold cargo capacity of these wide-body aircraft operating these services provide the opportunity to develop air freight exports/imports.

The research analysis based on IATA derived data indicate there is a demand for long haul services to and from KZN; but the services need to be built up gradually. Implementation of the strategy followed in 2007 supplemented by presentation at the Routes Conference to targeted airlines providing them with estimates of potential demand of their services. The demand estimates have since twice been updated and continue to show a strong demand to and from Durban.

Over the last 18 months the strategy has become clearer following discussions with the industry. Five routes and points of origin were identified and confirmed as targets i.e. Middle East (Dubai); U.K (London); Europe (Frankfurt); South East Asia (Singapore) and South Asia (Mumbai). Carriers that were most likely to service these routes in terms of market share, fleet size and alliance partners were Emirates; British Airways; Lufthansa; Singapore Airlines and Kingfisher.

Each of these destination/origin points revealed a strong demand combining business; leisure; history/cultural and family as reasons for travel. Further research and investigation is to be undertaken into possibly developing connectivity between Durban and an identified destination in Africa based on business and leisure market.

11.7.2 Specific policies, priorities, and strategic objective

The main strategic thrust of this sub-programme is to provide direct long haul services to stimulate the economy of KZN by bringing in passengers and taking out exports. Having identified the routes; destinations and carriers the strategy is to introduce the airline service in a manner that would not flood the market with surplus capacity. By gradually introducing a route and allowing for the build up of acceptable load factors; Durban as a destination grows on back of the success of airline route yields. An additional destination or frequency is only introduced when demand outgrows capacity.

This gradual release stimulates growth and is facilitated by ensuring that targeted bilateral agreements are reviewed by government and the rules are relaxed to allow for Durban to become an additional entry point for international flights but also allows for multiple designation carriers and not only national carriers to service a route. This allows for greater competition on the route with advantages to Durban translating into more passengers and increased volumes in freight.

The strategy to support the successful introduction of services is the development of a Route Development Fund where a model based on a multitude of factors serves as an incentive for carriers to service what they perceive as a marginal route. A combination of load factor top-ups; marketing contributions and direct operational and logistics subsidies can make an airline service at worst breakeven or at best marginally profitable. This initiative must be done in conjunction and in partnership with Tourism authorities and the Provincial Government.

An important objective that requires further investigation and ongoing research is to improve onward connectivity into and out of Durban to key commercial and leisure capitals in Sub-Saharan Africa. This will further incentivise global carriers who seek onward connections to hub into Durban. The development of this connectivity will contribute positively to cargo growth on a transshipment basis.

11.7.3 Analysis of constraints and measures planned to overcome them

A major constraint is that in light of the current global recession; the economies severely affected happen to be countries which have been identified in the Route analysis as points of origin and destination. With international traffic down 18%; carriers are either reducing frequencies or ceasing operations on certain routes. As the impact of the recession does not seem to be slowing; carriers have expressed a reluctance to implement new route schedules in the short to possibly medium term. The development and implementation of a Route Development Fund supported by the Provincial Government will provide a degree of financial support to new entrants until the route is established enough to be viable.

Another constraint was the restrictions imposed by closed bi-lateral Air Service Agreements which limited carriers to National Airlines with ORTIA being the only International Gateway. Since 2006 DTP secured representation of the Committee and this has changed the deliberations considerably with selected bi-lateral agreements reviewed to include Durban as Gateway and the route open to all designated carriers. This has allowed for the DTP Air Services Strategy to be developed and marketed with little restrictions on frequencies etc.

The constraints posed by the existing airport with regard to runway length restricting long haul services will be negated once the new airport is commissioned in early 2010. This allows for a more aggressive marketing to potential long haul carriers.

11.7.4 Description of planned quality improvement measures

The continuous review and update of air traffic and passengers statistics and trends derived from IATA together with refined Business Cases will allow for a more aggressive interaction with targeted carriers for the introduction of services.

In addition the finalisation of a Government supported and funded Route Development Fund based on an incremental series of incentives will further galvanise the case for the introduction of sustainable services over the medium to long term.

11.7.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Air Services								
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>To establish Regional and International Air Connectivity</i>	To refine business cases for targeted carriers	Number of business cases reviewed and presented	5	1	2	2	1	1
	To establish a Route Development Fund and revisit negotiations with carriers	Number of business cases developed (non-cumulative)		1	1	1	1	1
	To establish regional connectivity	No of routes identified				1	1	1

11.8 Sub-programme: Cargo Terminal Operations

11.8.1 Situation Analysis

With the cargo terminal scheduled for completion in the 3rd quarter of 2009 the procurement of a cargo terminal operator as well as appropriate equipment for the cargo terminal has become a priority. A formal management and operation contract with an operator that best suits DTP's vision for the cargo terminal will be concluded before the cargo terminal development is completed to allow for familiarisation of the systems as well as joint testing and commissioning of the facility.

The appointment of the cargo terminal operator based on an industry benchmarked SLA will be concluded in July 2009. The operator will be appointed on a fixed management fee for a period of five years. This will be preceded by a Preliminary Services Agreement which will add value to the pre-operational plans of the cargo terminal as follows:

- Review of the cargo terminal business plan
- Design and provision of a cargo management system
- Preparation of cargo operations and training manuals
- Oversee the installation and integration of systems and equipment
- Provision of support staff to manage the pre-operational requirements.
- Develop a procurement plan for equipment
- Develop a marketing plan for the operation
- Facilitate the introduction of new cargo services to the airport
- Finalise maintenance plans with service providers
- Obtain regulatory approvals from SARS
- Conclude rental agreements with regulatory authorities, service providers, domestic cargo operators and other stakeholders in the cargo terminal.
- Finalise contractual agreements with cleaning company, security provider, and maintenance company as well as cargo operating companies.
- Register the cargo operations company in South Africa

This will be followed by the operational phase to manage the commissioning of the cargo terminal and the post-operational phase where the operations will be stabilised going forward.

11.8.2 Specific policies, priorities, and strategic objective

As South Africa is a signatory to the ICAO Convention through the SACAA; the cargo terminal operation is required to adhere to and comply with the injunctions of ICAO Annex 17 as well as Part 108 of the SACAA. Globally Part 108 is being reviewed as the "Known Shipper Concept" may be amended. If this transpires then it would impact on the operations of the cargo terminal. To prepare for this eventuality DTP has pre-emptively allowed for the X-Ray of outgoing cargo shipments as well.

As a priority DTP will appoint a cargo operator in advance of the completion and commissioning of the facility to ensure that the operator is familiar with the system and is present for the testing, commissioning and handover of the facility.

The strategic objective would be to work with the cargo operator to develop a cargo network system that will be regionally and globally connected.

11.8.3 Analysis of constraints and measures planned to overcome them

A significant constraint is to change the historical cargo tariffing regime in South Africa where the cost of cargo handling was part of a comprehensive cost structure from cargo terminal to cargo terminal. With the introduction of the DTP cargo terminal model clients and forwarders will be levied a terminal charge for the first time in the history of air cargo. The challenge facing DTP is to impose a charge that is competitively structured and attractive yet economically sustainable. The pricing regime will need to be calculated in a format that allows for long term predictability but also viable in sustaining an operation.

Another constraint was the inability to secure an internationally rated cargo operator due to the downturn in the international air cargo industry negatively influencing their decision to operate a new Greenfield cargo terminal. This problem is presently being addressed by DTP which is due to announce in the third quarter the appointment of a globally experienced operator.

The international economic recession has also negatively impacted on the cargo volumes forecast for the initial years of operation. The DTP strategy to overcome this is linked to the Route Development Fund whereby an incentive package will be concluded with targeted airlines servicing identified routes. This will be inclusive of routes with the potential to yield good cargo tonnages.

11.8.4 Description of planned quality improvement measures

As part of the lessons learnt from a study of similar operations internationally, we intend to delay the procurement of cargo equipment until shortly prior to anticipated operation. This will ensure that the most advanced and efficient equipment is purchased.

In addition to procuring the latest technology in cargo equipment, the operations and management contract with the successful cargo operator will be linked to an SLA benchmarked with International best industry practices and standards. The appointed operator will also be responsible for:

- Regular review of the cargo business plan to maximise the operational and business potential of the DTP cargo terminal

- Second their most capable and experience personnel in the critical field of operations; marketing and air service development which will position the cargo terminal as the terminal of choice within the contractual period.
- Provision of a Cargo Management System that is designed and tested over a period within the company's other global operations.
- Introduce International Best Practices to the DTP cargo terminal operations
- Position the DTP Cargo Terminal globally through a joint international branding initiative
- By facilitating linkages to it's other cargo terminal operations and inter-continental airline networks the cargo operator will contribute towards eventually positioning the DTP cargo terminal as a significant regional cargo hub.
- This will be supplemented by an Air Services competency provided by the operator for the development of regional connectivity and additional international cargo routes.

The physical linking of the cargo terminal to the Tradehouse in the Trade zone will provide a seamless service inclusive of security and customs procedures in both directions thereby offering the industry a safe, secure and time sensitive service which will be distinctly superior to anything on the African continent.

11.8.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To serve as a catalyst for aviation linked economic development					
Cargo terminal operations							
Strategic Objective	Measurable Objective	Performance Measure Indicator	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>To position the DTP Cargo Terminal as the Terminal of choice</i>	<i>To appoint cargo terminal operator</i>	<i>Signed mngt contract with operator</i>	<i>Signed agreement</i>	<i>Monitor contract compliance</i>	<i>Monitor contract compliance</i>	<i>Monitor contract compliance</i>	<i>Monitor contract compliance</i>
	<i>To monitor regulatory compliance of the cargo terminal operator</i>	<i>Approved license</i>	<i>License to operate Lodge Performance Bond (SARS)</i>	<i>Monitor regulatory compliance</i>	<i>Monitor regulatory compliance</i>	<i>Monitor regulatory compliance</i>	<i>Monitor regulatory compliance</i>
	<i>To increase international cargo tonnage throughput</i>	<i>Annual international volume throughput²</i>		11 600	19 300	28 700	38 000
	<i>To appoint a valuable cargo operator</i>	<i>Signed SLA with Operator</i>	<i>Signed agreement</i>	<i>Monitor SLA compliance</i>	<i>Monitor SLA compliance</i>	<i>Monitor SLA compliance</i>	<i>Monitor SLA compliance</i>
	<i>To monitor regulatory compliance of valuable cargo operator</i>	<i>Level of conformance with security regulations (%)</i>		100%	100%	100%	100%

11.9 Sub-programme: Spatial Planning

11.9.1 Situation Analysis

This sub-programme is essentially responsible for providing a planning service to the other programmes within Dube Tradeport. The two aims of this sub-programme is firstly to ensure that development rights are efficiently draw down in special zone 10, and further development right on site are acquired when the need arises, and secondly to plan for and ensure that development rights are acquired for specific projects within the Dube Tradeport Region. The sub-programme also aims to ensure that the ongoing development of the site is in line with legislation and the development framework plan.

Currently, the first phase of development is taking place within the area known as special zone 10. This zoning specifically allows for the development of the airport and associated developments. A development framework plan has been formulated as per the zoning requirements, and this gives the spatial guidelines and vision for the first phase of the development. More specific precinct plans and development manuals have been developed to further guide development on the site.

² International cargo volumes to be confirmed with cargo operator after review of business plan

The design and review panel, ensures that development plans (including building plans, development guidelines, landscape plans etc.) are scrutinized prior to their submission to the Local Authority. Representatives from eThekweni Metropolitan Municipality are also represented on this panel. Rights are administered through a development rights bank that has been set up to assist and monitor the draw down of rights

The rezoning of Mount Moreland is also an issue that is being dealt with in this sub-programme. The EIA RoD stated that Mount Moreland must undergo a rezoning, and DTP, ACSA and Tongaat Hulett have jointly funded this exercise. The rezoning is due to be completed in 2010.

This programme is also responsible for identifying projects, and planning for the wider Dube Tradeport region. A partnership agreement was signed between DTP and Tongaat Hulett in December 2007 aimed at developing a broader regional investment plan within a 15 km radius around the DTP site. In addition the agreement would generate joint projects which the parties could pursue for mutual benefit.

A detailed regional investment plan has been developed, allocating land for preferred spatial uses within this 15 km radius of the DTP site. This plan has been agreed with Tongaat Hulett, although it is unclear at this stage the extent to which they are prepared to implement it.

Another aspect of the regional development planning initiative is the engagement with the relevant authorities and role players involved with the region surrounding the site. Dube Tradeport remains committed to engaging with the relevant local authorities regarding the planning of the surrounding region, in order to ensure that this occurs in a co-ordinated fashion and the necessary bulk infrastructure is put in place to encourage private sector development.

This programme essentially responds to the demand for development, and offers a service to other programmes. No capital investment is initiated under this sub-programme. It is therefore difficult to attach clear quantifiable measures to this sub-programme. In addition to this, the success relating to acquiring development rights is ultimately dependent on approval by the eThekweni municipality, a factor outside of the control of Dube Tradeport.

11.9.2 Specific policies, priorities, and strategic objectives

The overall vision for this sub-programme is to provide innovative planning solutions to facilitate development. The detailed strategic objectives are therefore as follows:

- To facilitate the effective draw-down of rights on the Dube Tradeport site, and to secure additional development rights where necessary.
- Comprehensively plan for specific projects within the Dube Tradeport region

The review of the master plan conducted under sub-programme 1 of this programme will provide the framework for the next phase of development for the next five years, and will essentially inform where

additional development rights need to be acquired. This sub-programme will respond to this ensuring that the necessary regulatory approvals are sought well in advance of anticipated construction.

An additional strategic objective is to plan for specific projects within the Dube Tradeport region. The key projects have been identified through a regional planning exercise that was conducted last year. This programme will assist in planning projects and securing development for them. These various projects and the provision of bulk infrastructure that will be implemented under programme 4: Regional Development Investment Initiative.

The local municipalities IDP's (Integrated Development Plan) and related frameworks (such as the Land Use Development Frameworks); provincial economic development policies (such as PGDS; PSEDS) and various town planning ordinances and Acts govern the activities of this sub-programme. Interacting with the relevant government stakeholders to influence their planning processes to accommodate for the objectives of this sub-programme is also a priority.

11.9.3 Analysis of constraints and measures planned to overcome them

The regulatory processes with the municipalities prove to be cumbersome. This is further exacerbated by a lack of understanding about the project by most municipal officials. A further constraint is the inherent uniqueness of airport development as town planning schemes and regulations cater for more generic infrastructure developments. In order to overcome this constraint, we have embarked on a series on detailed discussion and negotiations with the relevant local authorities. Extensive consultations with eThekweni have resulted in amendments to town planning schemes being made to accommodate airport related land uses.

A major constraint faced is the fact that only a portion of the site is zoned for an airport and related uses (special zone 10). The remainder of the site is zoned undetermined. In order to ultimately realise the vision as laid out in the master plan, additional rights will need to be acquired on land falling outside of special zone 10. However, the final approval of development rights lies with the local authority, which is outside of DTP's control.

Concerning the regional development planning, DTP and Tongaat Hulett successfully conducted a joint planning exercise outlining the preferred land uses within a 15Km radius of the site, and formulating a wider spatial vision for the region. However, implementing this plan depends to a large extent on Tongaat Hulett as they are the major land owner.

Implementing the broader regional development plan will also require the support from the various local authorities within the vicinity, including eThekweni Municipality, Ilembe district Municipality, and Ndwedwe Local Municipality.

11.9.4 Description of planned quality improvement measures

In order to effectively ensure that rights are properly administered on site, and that the draw down of rights occurs in a co-ordinated manner, a GIS database is being set up. This will facilitate both the overall administration of the site, as well as serve as a marketing tool. The GIS system is due to be running by May 2010. Ultimately, developers will be able to access the GIS system on the web, in order to gain information about the site in which they wish to invest.

This onsite planning aspect of this programme will ultimately respond to the next planned phased of development, outlined in the reviewed master plan. Development rights will be acquired prior to the construction of the subsequent phases. While the entire site will be rezoned as special zone 10 (an airport), additional rights may need to be acquired, and the zoning may need to be amended in areas. In addition land will need to go through the subdivision process. This programme will respond to these challenges when they arise, and an options analysis will be conducted in order to determine the best way to go about acquiring additional rights.

As this sub-programme essentially provides a planning service to other programmes within DTP, a detailed set of guidelines as to when this department is consulted will be formulated with each programme. These guidelines will take into account the master plan and the development framework plan, and will serve to ensure that development rights are acquired well in advance of the planned commencement of construction.

Concerning the regional development planning initiative that is being undertaken, additional attention needs to be paid to the international best practice examples internationally regarding planning for airport regions. Research in this area is ongoing.

In order to achieve co-ordination between the various regulatory authorities and stakeholders within the DTP region, Dube Tradeport is currently developing a framework for an institutional planning structure that will govern the region. This Regional Development Council will include representatives from provincial government, local government, as well as stakeholders from the private sector. The overall objective of this council would be to ensure that planning surrounding the site occurs in a co-ordinated fashion, and that the necessary infrastructure is put in place in order to facilitate private sector development. However, government needs to take the lead in co-ordinating this development council. Dube Tradeport does not have the necessary authority to ensure that this initiative is implemented.

As a part of the regional planning exercise undertaken with Tongaat Hulett, a spatial vision for the wider region (15Km radius from the site) was created. Phases for development, and specific projects were identified. These identified projects need to be planned for in detail, and then implemented under the regional investment sub-programme. This programme is responsible for the planning aspect of this, while programme 4 is responsible for the implementation of the plans.

11.9.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Spatial Planning								
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>To drawdown development rights with regard to Special Zone 10 as well as acquire further development rights as required.</i>	<i>To acquire further development rights and/or rezoning</i>	<i>Approved development application</i>			<i>Conduct an options analysis</i>	<i>Application prepared</i>	<i>Application submitted</i>	
	<i>To review the development framework plan</i>	<i>Stage of project completion (%)</i>					50%	100%
	<i>To develop a GIS system and rights data base</i>	<i>Stage completion (%)</i>		75%	100%	<i>Ongoing maintenance</i>	<i>Ongoing maintenance</i>	<i>Ongoing maintenance</i>
	<i>To facilitate the rezoning of Mt. Moreland</i>	<i>% of process completed</i>	<i>Explore land use option</i>	100%	<i>Completed</i>	<i>Completed</i>	<i>Completed</i>	<i>Completed</i>
<i>To comprehensively plan for specific projects within the Dube Tradeport region</i>	<i>To create detailed project plans</i>	<i>Number of project plans completed</i>	N/A	2	2	2	2	2
	<i>To review the regional plan</i>	<i>Stage completion (%)</i>					50%	100%
	<i>To conduct research on international best practice examples</i>	<i>No. of articles published</i>			1	1	1	1

11.10 Resource information

The estimated budget (over the MTEF period) for Programme 2: Technical services illustrated in the table below.

Sub-programme	2007/8 Actual (R000's)	2008/9 Actual (R000's)	2009/10 Budget (R000's)	2010/11 Target (R000's)	2011/12 Target (R000's)
Master Planning	1,615	10,632	20,000	10,000	5,000
Air Services	1,216	1,881	5,000	10,000	10,000
Cargo Terminal Operations	-	1,015	80,500	50,000	-
Spatial Planning	-	-	2,000	5,000	2,000
Total programme	2,831	13,528	107,500	75,000	17,000

The master planning sub-programme budget for the current financial year will fund the joint monitoring team (JMT), which has been set up to oversee the construction of the project. During the forthcoming financial year, it is anticipated that the budget in this sub-programme will be used to fund the review of the master plan, which will commence in the first quarter of 2010.

The spatial planning budget will be used to fund a number of different planning related activities. During the current financial year, these include the following:

- The rezoning of Mount Moreland
- An options analysis regarding acquiring additional development rights on site
- Feasibility studies regarding two identified projects within the Dube Tradeport Region (Watson Highway and Inyaninga)
- Research / Benchmarking
- GIS Training

Over the remaining two years, the planning sub-programme will be responsible for certain ongoing costs including the funding of the design and review panel, as well as the maintenance of the GIS system. Additional planning applications for acquiring additional development rights will be funded through the sub-programme.

The route development fund will be finalised once government approval and financial support is confirmed, however, a budget has been allocated for further investigation into route and traffic statistics.

DTPC is set to finalise a Cargo terminal management contract based on a fixed management fee beginning in 2010/11. Funds have been allocated for the procurement of moveable equipment and communication systems as well as IT software for the commissioning of the Cargo Terminal.

12 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.

12.1 Situation Analysis

The key building blocks of the commercial programme are now in place. These include:

- Finalisation of land sale agreements for the TradeZone and JV Land, and acquisition of a 15 notarial lease over Support 1.
- Finalisation of the sub-division of the land parcels. Final ownership transfer and registration will be complete by August 2009.
- Ratification of the Joint Venture Shareholders Agreement.
- Funding and development of bulk infrastructure, road access (N2 and R102), telecommunications infrastructure to the La Mercy site. This work is being undertaken by the eThekweni Municipality and will be completed by opening of the airport in early May 2010.
- Site preparation and provision of internal infrastructure such as roads, electricity, water and waste water to Support Zone 1 and the TradeZone. This is being built under the EPC contract and is on track for hand over to DTPC in April 2010.
- The Cyberport building, which is the switch point and point of presence for all telecoms providers on site including Telkom, Neotel, Vodacom, MTN and Cell C. This building is under construction and is located in the north-eastern section of the Support Zone. The building will also be utilised by DTP to on-sell data and voice services to tenants and support its common user platform and will be completed and operational by end April 2010.

The programme is now ready to move into the commercialisation and operationalisation phase. The three sub-programmes of Programme 3: Commercial at different stages of implementation planning and will be commercialised on a phased basis in-line with their strategic objectives over the 5 year strategic plan period.

The key principles used to guide the preparation of implementation strategies for the TradeZone, Support Zone and Joint Venture are:

- To provide unique and differentiated property products for the local and international market within the context of the DTP master plan and in line with government's economic development objectives.
- To create an infrastructure and operational environment which optimizes the opportunity for private and public sector investment into the projects.
- To be operationally and commercially sustainable from as early as possible.
- To provide long term annuity income to DTPC in support of its sustainability requirements as a public entity.
- To be responsive to market conditions and tenant requirements by ensuring flexibility and adaptability of policy, pricing, investment procurement and the development of buildings and services by DTP.

Within this framework final refinements are being completed to the development proposals for the TradeZone and Support Zone 1. These are specific to each zone and include:

- Commercial approach and investment targeting strategies
- Finalising the design and development programmes for the first phase developments being undertaken through the variation agreement.
- Finalising layouts, development phasing, infrastructure phasing and land release strategies
- Finalising tenant profile policies
- Finalising Rental/Lease policy and pricing

Other key services and requirements which need to be finalised in order for the implementation and commercial plans to be completed are the provision of:

- Maintenance
- Security
- Landscaping
- Cleaning
- IT and Telecoms services
- Facilities management software
- Revenue collection and billing systems
- GIS interfaces

The costs of the first five items will be recovered via tenant levies or direct billing whilst others will be internal business management tools utilised by DTPC. These services and management tools are, however, not only common to the TradeZone and Support Zone developments, but also will be required in the AgriZone and Cargo Terminal. DTP therefore has the opportunity to achieve significant cost savings and operational efficiencies by providing these services across of all its developments from centrally procured contracts.

12.2 Policies, priorities 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 private sector investment and tenants into the TradeZone, Support Zone 1, and the Joint Venture land.</p> <p><i>DTPC Strategic goals:</i></p> <ul style="list-style-type: none"> • To operationalise the core DTP business units • To proactively engage stakeholders and manage processes 	<p>Sub-programme 1: TradeZone</p> <p><i>Strategic objectives:</i></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</p> <p><i>Strategic objective:</i></p> <ul style="list-style-type: none"> • To master develop and secure investment into the Support Zone • To establish effective operation, management and maintenance of the Support Zone
	<p>Sub-programme 3: Joint Venture</p> <p><i>Strategic objective:</i></p> <ul style="list-style-type: none"> • To master develop and secure investment into the Joint Venture Land

12.3 Analysis of constraints and measures planned to overcome them

The primary constraint anticipated for the programme is the potential market responses and conditions which could occur in the first five years of operations. These may manifest in a number of different ways including:

- A prolonging of the current recession with a longer than expected recover resulting in market responses such as; the limiting of lending by banks to private sector developers, reluctance of companies to pursue new capital investment projects and expansions, reduced trade, and decreases in international and domestic passenger numbers. The continuation of the recession would severely constrain the market over the short to medium term.
- In response to this environment DTP could continue to lead and implement investment projects within its economic development mandate. This would support government's objectives of job creation and growth in the short term. Projects could take the form of joint ventures, partnerships or DTP driven investments and would seek to reduce initial capital risk for tenants and developers provide them with more cost effective options to locate at DTP.
- Competitive developments. The current property slowdown has resulted in an excess of space available in developments within the broader radius of DTP. Should the restrained market conditions persist an aggressive pricing strategy may be embarked on by any one of these developers. This could have a constraining affect on DTP's ability to attract marginal and cost sensitive tenants and developers who would normally provide secondary momentum and take-up.
- DTP could potentially off-set this by offering a pre-agreed rental and/or lease step-up model to those core investors who would bring prime products and anchors into the developments. Initial pricing would be structured to offset financing costs over the early years and then increase to required levels as developments mature. The early income sacrifice would be offset by secondary demand driven by the anchor developments. As demand grows DTP would then be able achieve rental premiums.

12.4 Description of planned quality improvement measures

The commercial programme has the objective of supporting DTP's broader economic development mandate. This is not limited to providing a well managed and functional property environment but also extends to creating an efficient, world class operating environment which utilises all of DTP's investments and competitive advantages to add value to the businesses locating in the commercial zones. Strategies will be pursued to enhance tenant operations, especially in respect to telecommunications and value added services.

Extremely high market interest in the launch and start-up periods and unfamiliarity with airport related developments by local developers result in problems such as inappropriate proposals being submitted in response to tenders, or an overwhelming number of proposals being received driven by high opportunity expectations. There is therefore a risk of early failure of developments or a dilution of core value proposition of the TradeZone, Support Zone and JV developments.

DTP has established a strong body of knowledge in respect to airport developments especially in regards to the aerotropolis concept.

A planned quality improvement is to utilise this knowledge base to provide clear guidance and background when preparing calls for proposals. Development objectives, submission requirements and adjudication criteria will be formulated to give clear direction to the market. In support of this, targeted investor conferences will be undertaken with the leading property developers and institutional investors.

A further quality improvement in this regard will be to review and firm up lease terms, tenant policies, developer requirements, phasing policy and land release strategies prior to going to market.

12.5 Sub-programme: TradeZone

12.5.1 Situation Analysis

The TradeZone Business Plan and Establishment Plan are now completed. The plan specifies the core elements and resources required to operationalise, manage, and commercialise the TradeZone. These include maintenance, security, landscaping, cleaning services and human resources. These resources have been priced in line with industry standards. Staffing and facilities management software has also been assessed in detail. Another component of the work was a property assessment was done to establish current rental rates being achieved across Durban for all industrial buildings and their associated office components.

Preparations to move into establishment and implementation are now at an advanced stage and could certainly be achieved in the 4 to 5 months prior to site hand over.

The planning projects also included a wide ranging market assessment of companies primarily involved in airfreight in the KZN and JHB environment and DTP canvassed their interest in locating in the TradeZone. The objective of the market assessment was to ascertain facility requirements of interested companies and the locational drivers for their choices. A series of levels of consultation has now been completed and over 19 companies have shown interest and submitted space requirements. More than 50% of these companies have confirmed that they will be renting facilities and are awaiting final square meter rates and draft rental agreements to secure space. In assessing this group of tenants they together dominate the largest volumes of airfreight leaving KZN and a high percentage are satellite branches of large international companies.

The outcome of the consultative process was a strong support for rental facilities of small warehouse and office facilities in the first 3 to five years of operations. There was not high interest shown in standalone facilities. Without direct international air connectivity the KZN air freight market has been highly constrained in achieving growth but many companies have made strategic decisions to grow their air cargo activities and see DTP as a springboard.

DTP has therefore decided a strategy of building a TradeHouse facility sized to accommodate these initial needs. This will allow DTP to quickly cluster the local players into its immediate precinct and establish a central position within the current airfreight industry. This building is in final design stage and will be complete by May 2010.

The strategic commercial approach is to establish DTPs central role in airfreight by capturing the local market. However, most of the companies are service providers to manufacturers and producers. The primary objective of DTP is to utilise its resources and competitive advantages to approach high value and sectorally strategic companies both locally and internationally to locate into the zone. This will be a highly focused and analysis driven promotion programme prioritised by the intention to conclude deals through provide partnering opportunities, JVs, and other strategic support mechanisms.

12.5.2 The Specific Policies, priorities and strategic objectives

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

- Tenant Profile policies and land use requirements
- Land Release Policies
- Precinct Plans and Development Manuals
- Tender submission requirements
- Property Act

The strategic objectives of this sub-programme are to secure tenants and investment into the TradeZone and to establish effective **operations, management and maintenance** of the TradeZone

The priorities which drive the programme are the strategic economic development objectives of the TradeZone which seek to provide a unique property zone which can provide high levels of efficiencies and locational advantages to manufactures and assemblers, as well as airfreight service providers in accordance with their proximity to the cargo terminal and airside access. The core priority is to develop this zone to attract these types of investments and hence to release sites within an economic develop environment and not simply achieve commercial returns.

12.5.3 Analysis of constraints and measures planned to overcome them

The major constraint facing the TradeZone is the challenge of securing specialist tenants such as manufacturers, assemblers, and producers to locate their facilities in the TradeZone. These target industries are generally high tech manufactures of who have high capital investment cost when establishing factories. They usually make their investment decisions after assessing a range of factors including, skills availability, international air connectivity to relevant markets, land and service costs, and locational lifestyle

Many of these companies are largely unfamiliar with the full range of advantages and opportunities available at DTP.

As a quality improvement measure DTP will undertake research primarily on value chains, but will refine this approach further into the analysis to identify and assess specific companies which could have a unique competitive advantage by locating at DTP. These companies will then be approached with the intention of providing them a well structured proposal or offer to locate in the TradeZone. In addition, a property market assessment will be conducted for the TradeZone.

12.5.4 Description of planned quality improvement measures

The Logistics Spec Build Facility (Trade House) is being designed to incorporate a shared screening facility for outbound cargo. 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.

Other quality improvements being instituted at the TradeHouse are:

- Appropriate facility sizing in the design and consultation process
- Operational solutions to integration with the cargo terminal including the conveyor bridge
- Competitive and Flexible Rental pricing
- Attracting lead players in Air /Road (RIB) freight to locate in the zone, in particular Swissport and Menzies
- Domestic Express Freight dedicated green channel to Cargo Terminal
- Specification of a quality management programme

12.5.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme TradeZone			Strategic Goal: To operationalise the core DTP business units					
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To establish effective operation, management and maintenance of the TradeZone	To develop and operationalise the TradeZone Establishment plan: Operations, Management and Maintenance Plan	Level of operationalisation		Partial operationalisation of the TradeZone	Launch TradeZone Fully operational Monitor & Review Ops Plan	Ongoing operation Monitor & Review Ops Plan	Ongoing operation Monitor & Review Ops Plan	Ongoing operation Monitor & Review Ops Plan
	To provide efficient and effective facilities management services	Level of tenant satisfaction (per survey) of leviabile services	N/A	N/A	70%	90%	95%	95%
	To establish strong operational integration between the Cargo Terminal, TradeZone and the Trade House	% of tonnage movement between TradeZone/Trade House tenants and Cargo Terminal ³	N/A	N/A	10%	20%	25%	30%
To secure investment into the TradeZone	To develop and commission the Trade House Spec Build	Complete design, construction and commissioning of Trade House	N/A	Partial completion and start commissioning of the Trade House	Opening of Trade House Ongoing operations	Ongoing operations	Ongoing operations	Ongoing operations
		% of tenants secured for the Trade House	N/A	40%	75%	100%	Maintain 100% Tenancy	Maintain 100% Tenancy
	To effectively develop individual TradeZone stands	% of TradeZone stands leased and/or developed. (TradeZone sites will only be leased in 2010/11. This measure includes DTPC spec build, tenant build, developer build, etc)		Initiate lease and development negotiations	10% Ongoing marketing and lease/development negotiation Ongoing conclusion of agreements	20% Ongoing marketing and lease/development negotiation Ongoing conclusion of agreements	40%	60%

³ Calculated as % of cargo generated in the TradeZone/Trade House as a % of total cargo handled by the Cargo terminal.

Sub Programme TradeZone			Strategic Goal: To operationalise the core DTP business units					
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
	To develop a commercial centre for the TradeZone	Completed scoping Procurement of investor % Complete of support centre	N/A	Terms of Reference approved	Complete scoping of commercial centre Procure private sector investor for commercial centre 10%	100%	N/A	N/A
	To plan and develop support infrastructure for Phase 2 of the TradeZone	Approved infrastructure requirements % Complete of design and construction of infrastructure		N/A	100%	10%	50%	75%

12.6 Sub-programme: Support Zone

12.6.1 Situation Analysis

DTPC has acquired an exclusive 15 year notarial lease over the 12ha Support Zone 1 land from ACSA and will independently master develop this site. The land and buildings will revert to the ownership of the JV Company after the 15 year period, meaning that DTPC will retain a 60% interest in the development.

DTP will act as master developer of Support Zone 1 which will include the planning and provision of all second phase infrastructure as well as conceptualising and developing certain key developments, or preparing tenders for the private sector to solicit proposals for specific land parcels.

The site has been plat formed under the EPC contract and bulk services and roads are currently being constructed. The developed is on schedule and the site will be handed over by the contractor to DTP in April 2009. The site will therefore be ready for occupation in less than 11 months.

At present an urban design framework and layout plan for the full 12ha is being completed. Final steps in this process are the finalisation of a traffic impact assessment, and the determination of the size of the internal sub-divisions. Once this work is completed a phasing plan and land release policy will be concluded. This work will be completed by July 2009.

A Property Market Assessment for the Support Zone will be concluded by August 2009 and will assess:

- demand for the suggested uses and types of spaces envisaged.
- demand for green office space and development
- tenant profiles and suggest companies to be approached
- suggested rental and land lease rates to secure
- Mix of land uses
- Densities of certain developments such as hotels

However, there is a very high level of market interest in the development. Once the sub-divisions and phasing plan is completed in July 2009 an investor conference of the leading property institutional investors and developers will be held in the same month to test assumptions and gauge market interest.

DTP will put out tenders for private sector development proposals in August 2009, especially for a hotel anchored commercial proposal.

In addition to the above, DTP will be developing its own building of 6000 m² in the precinct to be ready by July 2011. This will be complemented by additional urban infrastructure including a public square, green way, security and additional landscaping.

12.6.2 Specific Policies, priorities and strategic objectives

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

- Tenant Profile policies and land use requirements
- Land Release Policies
- Precinct Plans and Development Manuals
- Tender submission requirements
- Property Act

The strategic objectives of this sub-programme are to master develop and secure investment into the Support Zone and to establish effective **operations, management and maintenance** of the Support Zone

The priorities which drive the programme are the strategic economic development objectives of the DTP and provincial government, which seeks to provide a unique property zone and urban environment, (guided by green principles), which provides high levels of public amenity and an attractive environment for the development of offices, hotels, retail, conferencing and entertainment facilities. The Support Zone will seek to optimize both private and public investments into its various precincts.

12.6.3 Analysis of constraints and measures planned to overcome them

The most significant restraint which could be experienced in the development of Support Zone 1 is the nature of development proposals received from the private sector. These proposals may be reflective of weak market conditions and be scaled down or inappropriate to DTP objectives. This will have the dual effect of reducing the value of the property stock being developed and the reduction of future revenues. The medium term effect of this will be the dilution of core value proposition of the Support Zone and may result in density levels which do not support the commercial and spatial vision of DTP. To mitigate this risk DTP must broaden its roles in projects seeking to provide support funding through equity, partnership, turnover takings, or land provision in exchange for equity. This approach will seek to partially offset risk from specifically selected key projects that have viable and attractive proposal but capital shortfall to proceed with the developments.

12.6.4 Description of planned quality improvement measures

Understanding the nature and prevailing conditions of the market, and especially their appetite for the DTP developments is very important to how DTP phases land developments and determines its land release policy.

For this reason an initial call for proposals will be issued to the market which will prioritise a hotel but will also open the opportunity for larger integrated office, retail and conference type developments to be incorporated. The responses received from this procurement process will give DTP an opportunity to better understand market requirements and determine the quality improvements steps which may be needed to accelerate private investment in the Support Zone. These improvement steps will include:

- Conduct property market assessment
- Development of a tenant policy
- Development of land lease and land development policy
- Identification of new development opportunities
- Identification of appropriate private and public sector investors
- Development of a range of implementation options, i.e. joint developments, partnerships, etc.
- 1st phase land release plan
- Land release strategy for full development

12.6.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To operationalise the core DTP business units						
Support Zone								
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To master develop and secure investment into the Support Zone	To effectively implement the 1 st phase of the layout plan	% Complete of DTPC building	N/A	15%	40%	100%	N/A	N/A
		% Complete of Urban Design Infrastructure	N/A	10%	60%	100%	N/A	N/A
	To efficiently plan and implement the additional infrastructure requirements for the ultimate S1 development	Approved ultimate infrastructure requirements % Complete of design and construction of infrastructure		Finalise high level design, costing and phasing plan for ultimate infrastructure requirements 5%	N/A 15%			
	To secure investment into the Support Zone	% of S1 sites leased/developed		Initiate lease and development negotiations	20%	30%	50%	70%
To establish effective operation, management and maintenance of the Support Zone	To develop and implement a commercial and operations plan	Approved commercial and ops plan		80% Commence implementation of the plan	100%	Review plan	Review plan	Review plan
		Level of implementation		N/A	75%	100%	100%	100%

12.7 Sub-programme: Joint Venture

12.7.1 Situation Analysis

The Joint Venture land in extent of 880ha has been surveyed and sub-divided and will be transferred to the JV Company by August 2009. The Joint Venture Shareholders agreement was signed in February 2009 and ratified in June 2009. DTP has a 60% majority shareholding in the company.

DTPC has acquired a registered company through which the JV will be formed and the next immediate steps will be:

- the legal establishment of the JV Company including appointment of the board
- Provision of the start up funds from each party as outlined in the agreement

- the development of an interim land management strategy for the JV land holdings to address holding costs and revenues i.e. municipal rates, Tongaat-Hulett sugar leases, environmental requirements emanating from the RoD.
- The initial strategy will also need to address certain decisions required to be taken in order to release some portions of land in the short term. This would include land for the Biogas plant, the Petrol Service Station and advertising billboards.

The land is currently zone “undetermined” and consists of sugar cane leases areas, sections of coastal forest, and infrastructure servitudes. It has extremely high commercial developed 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.

The objective for DTP is now 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.

12.7.2 Specific Policies, priorities and strategic objectives

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

- Tenant Profile policies and land use requirements
- Land Release Policies
- Precinct Plans and Development Manuals
- Tender submission requirements
- Property Act

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.

12.7.3 Analysis of constraints and measures planned to overcome them

The primary constraint of this project is to ensure that planned developments do not create negative competition with the TradeZone and Support Zone. 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 will identify 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: These will include:

- Petrol Service Station
- R102 commercial zone
- Bill board advertising sites
- Biogas Plant site

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 looking to identify market gaps and better understand the wider requirements of developers. Each new project for the JV will be carefully assessed for:

- Positive or negative impact on the TradeZone, AgriZone, Support Zone
- Market conditions and requirements
- Economic development objectives of Government

12.7.4 Description of planned quality improvement measures

As no functional structure is in place to take the JV forward at this point, the primary quality improvement measure required is to set in place an appropriate institutional mechanism to manage the first three to five years of the operations of the JV. Neither DTP nor ACSA have indicated their intent to immediately establish the JV as a fully operational company. However, both parties are bound by the requirements of the shareholders agreement which include establishing the board, developing a business plan, providing start up funding contributions, and registration of the company.

Some of the key operating activities to be conducted during the first year of operation includes:

- Re-negotiation of Tongaat –Hulett farming leases
- Assessment of EIA RoD impacts on JV land
- Assessment of municipal rates policy on JV land holding plan

Developing and agreeing the most appropriate interim institutional structure will be agreed in consultation with ACSA over the course of July and August 2009.

12.7.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme		Strategic Goal: To operationalise the core DTP business						
Joint Venture		units						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To master develop and secure investment into the Joint Venture Land	To develop and operationalise the Joint Venture commercial development plan	<i>Approval and implementation of the JV business plan</i>		<i>Approved JV business plan</i>	<i>Operationalise and manage the interim structures set up for the implementation of the of the JV</i>	<i>Manage the interim structures set up for the implementation of the of the JV</i>	<i>Transform interim structures into operational Company</i>	<i>JV Company fully operational</i>
	To identify and develop key investment projects for the JV	<i>Approved DTP commercial strategy for JV land (2011/12)</i>		<i>Initiate the implementation of DTP priority commercial projects</i>	<i>Complete market assessment and identify first JV projects</i>	<i>Complete land development commercial strategy and identify first phase projects</i>	<i>Complete detailed Plans for 1st Phase</i>	<i>Implement 1st phase projects</i>
		<i>Number of projects identified</i>			2	2	2	3

12.8 Resource information

The table below highlights the funding requirements of Programme 3 over the MTEF period.

Sub-programme	2007/8 Actual (R000's)	2008/9 Actual (R000's)	2009/10 Budget (R000's)	2010/11 Target (R000's)	2011/12 Target (R000's)
TradeZone	86	710	121,150	20,000	50,000
Support Zone/Joint Venture	-	1,267	152,500	20,000	20,000
Total programme	86	1,977	273,650	40,000	70,000

Details of resources required and constraints for each of the sub-programmes are reflected in the detailed comments within this section.

13. Programme 4: Infrastructure & Development

The Infrastructure and Development programme focuses on four 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 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.

13.1 Situation Analysis

Each of the sub programmes under programme four are at different stages of development. The EPC is more than 60% complete and is tied to the construction of the first phase build. Its core activities requires accurate forecasting of anticipated invoices, determining DTP's financial contribution, verifying invoiced amounts against actual build progress and ensuring payments are made timeously. This allows the contractor to keep to its programme and deadline dates. The programme also has to monitor closely Broad Based Black Economic Empowerment targets set in the EPC contract and track expenditures to ensure that targets are met. In addition, it has to track monitor and make payments for DTP's contribution to the construction of the interchange a separate contract between the contractor and the South African Roads Agency and ACSA. Finally, it has to continually monitor the status of

insurances, guarantees that the contractor has to provide to the city for bulk infrastructure and other bulk supply entities.

The business development sub programme has to date assisted in facilitating economic opportunities for small BEE firms to gain access to the main contract. In the 09/10 financial year focus will now be given to scoping and facilitating more sustainable commercial opportunities more directly linked to the operational phase of the tradeport business.

The regional development sub programme has achieved to date a 30 year regional spatial plan outlining the all the investment opportunities going forward. In addition, it has identified with the major private sector land owner the first phase projects 2010 to 2015. Over the next five years, DTP will seek to negotiate commercial arrangements with Tongaat Hullet Group for each of the first phase projects identified. DTP will contribute to infrastructure investment including bulks with THG contributing their land. This will open opportunities for the private to invest in top structures and for firms requiring access to the aviation related business to locate in close proximity.

The IT sub programme seeks to provide over time an electronic trading platform and other value adding services to users, tenants and clients of DTP. This will allow them to operate more competitively in the global supply chain. In the next five years the focus will be on developing an integrated IT platform to allow such services provision while at the same time it has to identify opportunities to generate revenues in areas such as bulk reticulation to clients, tenants and users.

The Agrizone sub programme is currently at the stage of procurement of its major growing and support facilities, civil and construction contracts. In parallel the EIA is close to being finalised and anticipated to be handed to the National Department of Environmental Affairs by July 2009. Once a record of decision is issued, DTP will be in a position to give the various contractors the instruction to commence the works. In addition, the programme is engaging with prospective growers interested in producing in the zone.

13.2 Policies, priorities and strategic objectives

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><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: EPC</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To provide effective oversight of the EPC related agreements • To implement the EIA Record of Decision Mitigations
	<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 Plan</p> <p>Strategic Objective:</p> <ul style="list-style-type: none"> • Achieve synergistic land uses surrounding the DTP site. • Facilitate private sector investment
	<p>Sub-programme 4: IT Platform</p> <p>Strategic objective:</p> <ul style="list-style-type: none"> • To establish and maintain and grow an effective IT platform to serve the full range of requirements of DTP and the tenants and users of the TradeZone, AgriZone and Support Zone
	<p>Sub-programme 5: AgriZone</p> <p>Strategic objectives:</p> <ul style="list-style-type: none"> • To design and construct the AgriZone • To operate and secure tenants into the AgriZone

13.3 Analysis of constraints and measures planned to overcome them

The operations of the EPC sub programme has proved effective in its execution primarily through its established network of administration between ACSA, DTP, Ilembe and the Joint Monitoring Team. Officials and support teams are familiar and have established effective work practices meeting deadlines, dealing with disputes and queries. The only risk exposure DTP has is with the Department of Economic Development with respect to its slow turn- around times in meeting its commitments to the funding schedule set out in the Grant funding agreement.

The Business Development programme with its new focus on commercial opportunities faces the risk of not finding entrepreneurs/partners who want to take up the opportunities because of the economic recession. In addition, there might be constraints faced with sourcing the appropriate skills to scope and develop opportunities which are specialist in nature.

One of the central constraints facing the Regional Development Initiative sub programme is the lack of alignment between the various local authorities, provincial government departments and other infrastructure providers. This will result in the first phase projects being delayed either as a result of not receiving zoning approvals or bulk infrastructure connections not being planned and delivered by service providers.

IT platform faces constraints in particular with software provision. All value added IT services that are geared for business operations require business intelligence software that is not available in South Africa. A key challenge would be to source these and adapt them to local conditions and systems, in addition to acquiring them at reasonable prices inclusive of ongoing licencing fees and continuous upgrades.

The Agrizone faces its major risks with respect to sourcing skilled producers familiar with growing products in high tech climate control facilities. Packages for growing facilities that have been negotiated with the bidder must include training elements for targeted producers during the handover period and support over the first couple of months of production and objectives identified in the previous section.

13.4 Description of planned quality improvement measures

It is not anticipated that the EPC sub programme can be improved in terms of its anticipated performance till closure.

The Business Development programme will seek to source service providers that potential entrepreneurs/partners who are willing to take risks in the identified venture will have confidence in.

This will make the commercial ventures easier to get off the ground and address upfront concerns of potential private sector partners.

Proposals have already been made to the executing authority for the establishment of a Regional Development Council to secure government alignment around the wider regional spatial plan both in terms of encourage the plan to be incorporated into IDPs, Spatial Development Frameworks and ensuring that local authorities make provision in their budgeting process for bulk infrastructure going forward.

DTP Board has approved the appointment of a head hunted IT architect to drive the development of the IT platform who has experience in establishing such systems and global experience. This will provide the impetus the sub programme lacked to gain momentum. It will also strengthen DTP capacity to source and negotiate software providers globally for products that can be compatible with local systems and users.

The bid pricing of the growing facilities is has been too expensive and way over DTP's allocate budget for these items. The sub programme will value engineer, attempt to source local replacement products without compromising climate control systems and finally, have to reduce scope to bring down the bid price to a more affordable value for money proposition. In addition, the transaction with the preferred bidder would be in Euro DTP will take forward cover to deal with exchange rate volatility.

13.5 Sub-programme: EPC

13.5.1 Situation Analysis

The implementation of this sub-programme is in excess of 60% of the overall project implementation. The EPC works are set to be completed end April 2010; progress to date has been satisfactory barring some minor challenges with physical and administrative challenges. The contract value however, had increased from its original contract value of about R6.8bn to currently about R8bn. This is due to amongst other issues increased scope from ACSA's set of works, delayed issuance of the ROD and a pool of variation orders. The comprehensive contract also included detailed processes focusing on BEE requirements; interim works programme; key hand-over dates and liquidation damages; variation order procedure; design review process ,etc.

The Agency Agreement between ACSA and Dube TradePort which was concluded in August 2007 enabling ACSA to act as DTP's agent in procuring the DTP portion of the TradePort works continue to be an effective tool used for monitoring the project progress.

13.5.2 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 through agreements between DTP and ACSA, namely the agency and co-operation agreements.

One of the major priorities in this sub-programme is for the contractor to complete all its EPC works in time as scheduled in the contract. Physical construction progress is being monitored closely through the JMT.

The programme's strategic objective is to ensure the effective implementation and management of the EPC related agreements as well as the implementation of the obligations emanating from the Record of Decision (ROD).

13.5.3 Analysis of constraints and measures planned to overcome them

This sub-programme is approaching the end of its life, with contractual completion date set for end April 2010. Therefore this programme is no longer exposed to constraints that warrant measures to be in place to overcome them. The bulk of any perceived constraints were addressed contractually.

13.5.4 Description of planned quality improvement measures

The JMT continues to be effective within this programme, more resources have been employed by the JMT consortium members to assist with possible integration challenges.

13.5.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme: EPC		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To provide effective implementation and management of the EPC related agreements	To secure sufficient land for the development of the TradeZone, AgriZone and Support Zone	Signed shareholders agreement (SHA)	Updated	Signed SHA	Monitor JV SHA	Monitor JV SHA	Monitor JV SHA	Monitor JV SHA
		Signed sale agreements	Signed					
				Est. meas criteria to monitor SHA				

Sub Programme: EPC		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
	To monitor the implementation of the co-operation agreement	No. of disputed successfully resolved		All (100%)	All (100%)	All (100%)	All (100%)	All (100%)
	To monitor the development of Phase 1 of the DTP infrastructure	% of construction completed (cumulative)	73%	97%	100%	N/A	N/A	N/A
		Adherence to payment schedule	100%	100%	100%	N/A	N/A	N/A
	To provide effective verification of the EPC contract	% of deviations from contract price (arising from on-site verification reports and EPC compliance reports)		5%	5%			
Implement the EIA Record of Decision Mitigations	Implementation of the EIA Projects	Rehabilitation of wet lands Provision of R102 link Provision of sewer treatment works		Ongoing Constructi on complete Constr. complete	Ongoing	Ongoing	Ongoing	Ongoing

13.6 Sub-programme: Business Development

13.6.1 Situation Analysis

Business development sub-programme has gone through the evolution process, transforming from a BBBEE approach contained within the EPC Contract with targets in various structures of the contract to an approach that focuses on spawning businesses that will stimulate the various areas of operations for Dube Tradeport. The planned areas of focus will be around developing businesses of global standards, that will either lead to increased cargo volumes, increase take-up rates on the Trade-zone, Support-zone, and Agri-zone, or provide efficiencies within service delivery of Dube Tradeport.

Critical to this sub-programme will be the interaction with the private sector organisation, as they will ultimately take-over and grow the developed businesses. The development of policies to guide DTPC in the spawning process and partnering procedures will be undertaken during the course of the current

financial year. Drafting of the terms of reference for procuring business consultants to assist DTPC are well underway.

13.6.2 Specific policies, priorities, and strategic objectives

This sub-programme's strategic objective is to facilitate commercial opportunities, generation of new opportunities and enterprises, and opening up of opportunities in new product clusters, service and markets that become evident in the platform provided by DTP. 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. A key priority is to facilitate the creation of new businesses for enhancing the business of DTPC and assisting and creating opportunities for BEE enterprises.

13.6.3 Analysis of constraints and measures planned to overcome them

The uncertainty brought about by the unavailability of reliable data on the base cargo volumes originating from Kwa-Zulu Natal and catchment areas and clear transaction costs on the air-freighted products, presents some challenges for DTPC to achieve some of its intended objectives. Critical mass of users & suitability for key customers and skills base are also some of the constraint perceived for this subprogram. On-going inter-action with the industry players to verify and possible quantify the cargo volumes. Furthermore DTPC will be engaging the services of various professionals to assess business opportunities.

13.6.4 Description of planned quality improvement measures

The sub-programme has changed its form and as such no areas for improvement as the entire approach has been changed.

13.6.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme Business Development		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
<i>To facilitate commercial opportunities and new business development</i>	<i>To identify suitable opportunities emanating from the development of DTP that will enhance</i>	<i>No. of opportunities identified and/or ventures successfully facilitated</i>		4	5	4	2	2

Sub Programme Business Development		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
	<i>passenger and cargo volumes</i>	<i>No of opportunities implemented</i>			2	2	2	2

13.7 Sub Programme: Regional Development Investment Programme

13.7.1 Situation Analysis

Through a partnership agreement with between Tongaat Hullet Development and DTP a regional spatial and land use plan has been agreed for a 30 km radius around the site. In addition, a number of first phase projects were identified for development. Engagements have been held with the eThekweni Municipality regarding the incorporation of the aspects of the regional plan into the IDP. Further, engagements have also been held with the Ilembe District Council and the Ndwedwe Municipality.

Current spatial planning frameworks and instruments are fragmented and different local authorities compete with each other to secure private sector investments.

13.7.2 Specific policies, priorities and strategic objectives

The key strategic objective is to facilitate further infrastructural investments, land use zonings and private sector investments in the DTP Region. This will enhance the volumes of both passenger and cargo volumes over time resulting in stimulation of more international and regional air connectivity.

In addition, the regional planning initiative seeks to mobilise all the relevant authorities and private sector land owners to collaborate in achieving a wider and a more integrated development than is currently experienced.

DTP is particularly focussed on securing an influence over Tongaat Hullet land since they are the biggest land owner and represents an opportunity to create a win-win partnership for both parties.

In addition the mitigation measures proposed by the Record of Decision compels close co-operation with the Tongaat Hullet Group in particular with regard of off site rehabilitation of wetlands. This would require a process of trade offs between the parties with respect to reclaiming wetlands off site to meet the requirements of the ROD.

13.7.3 Analysis of constraints and measures planned to overcome them

Tongaat Hulett may not be willing to undertake joint developments with DTP choosing to rather take a commercial approach to see what government infrastructure is provided for in the early years and then capitalise on them. Tongaat Hullet may also not want to take up significant portions of their land in defence of their sugar growing activities. In addition, local authorities may not want to collaborate in incorporating elements of the Regional Plan in their statutory planning instruments IDPs, spatial framework plans and ordinances.

DTP cannot accommodate all market interest that are not fully aviation dependent with respect to their business activities. They may be better accommodated in close proximity to the DTP.

Anticipated growth of the DTP once it becomes operational will also increase energy needs. The key objective would be to diversify energy sources particularly into renewable sources to ensure that carbon footprint are offset over time and add value to waste material produced on the DTP site.

13.7.4 Description of planned quality improvements

Establish a Regional Development Council to include all relevant authorities that will focus on the wider regional planning and development issues, unblock the obstacles to preventing private sector investments and ensure a more integrated development methodology in the DTP region. In this regard proposals have been made to the executing authority to establish a council.

DTP will also need to take initiative to lead through the investments in key strategic projects such as bio-gas, public transportation planning, further infrastructural investments on site that link into the wider region.

In addition, securing a win-win binding partnership with Tongaat Hullet over the 15 to 30 km radius will provide the basis to accelerate growth and value adding to both the passenger and cargo markets.

13.7.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme Regional Development Investment Programme		Strategic Goal: To serve as a catalyst for aviation linked economic development						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To develop a shared strategic vision, strategy and Projects within a 15 km radius of the DTP site and within	To formulate an agreed vision and strategy	Influence IDP to account for shared vision and strategy (DTP/THG)	<i>Development of the Regional Plan</i>	<i>Creation of planning framework</i>	<i>40% integration with IDPs</i>	<i>50% integration</i>	<i>60% integration</i>	<i>70% integration</i>
		Roll-out of projects within the 15km radius of the DTP site (No. of projects initiated)		<i>Secure purchase of additional land</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
	To agree both joint projects and DTP specific projects	Initiation of on-site specific DTP projects (No. of projects initiated)	<i>Identified first phase projects</i>	<i>1 project</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>
	To establish an effective Regional Development Council (RDC)	Integrated development planning		<i>Develop proposal for RDC</i>	<i>Operations</i>	<i>Ops</i>	<i>Ops</i>	<i>Ops</i>

13.8 Sub-Programme: IT Platform

The IT Platform will provide a fully integrated common user platform off which all of DTP IT and Telecoms services will be provided. This platform will utilise the fibre optic backbone built as part of the EPC Contract as the infrastructural base to provide telecoms, voice, data, and value added services to the tenants and users of the DTP developments. The initial focus will be on:

- An electronic trade platform built off the cargo Terminal Inventory Management System (IMS) and the Cargo Terminal Management System (CMS). This will be linked with customs, airlines, banks, Dept of Agric, Dept of Health as well as messaging with in-house freight forwarding system to facilitate the seamless flow of information to all users of DTP' facilities. This service will be provided as a value added facility run off the DTP common user platform.
- The provision of telecoms and data services to tenants locating within DTP developments. DTP will provide a switch facility within the Cyberport located in Support Zone 1 from where it will purchase bulk telecoms and data services from the main providers and then on-sell these services to tenants.

13.8.1. Situation Analysis

The objective of the DTP IT Platform is to provide a common user platform to support all of DTP's IT and telecommunications requirements ranging from operational and administrative software, bulk telecommunications provision to tenants, as well as a range of value adding services, in particular a trade Platform to link the cargo terminal operator to users of the terminal, especially in relation to customs data and track and trace of consignments.

As part of the EPC contract the base backbone infrastructure for the system is being installed including:

- Fibre optic reticulation serving the TradeZone, Support Zone and Passenger Terminal.
- A cyberport building located in the Support Zone which will accommodate a switch room from which all telecoms and data services will be distributed site wide. Tenants in this facility include Telkom, Neotel, MTN, Cell C and Vodacom. DTP will also establish a point of presence in this facility from where it can purchase bulk services from the service providers for onward distribution to tenants.

The above infrastructure will be completed and ready for hand over from the contractor in April 2010. At present therefore no existing DTP ITC services are in place, and the key challenge of the 5 year strategic plan period is to establish a common user platform to serve both DTP's internal requirements as well as tenant requirements.

The first stage will be the design and implementation of the common user platform. This will need to be operational in advance of the airport opening. In parallel with the design of the common platform DTP's key priority will be to:

- Develop its first Value Added Service offering in the form of the Trade Platform.
- Provide basic voice and data services to tenants
- Provide DTP internal IT needs including facilities management software

In respect to the Trade Platform we have completed a feasibility study and requirements gathering exercise with SGS/Crimson Logic exploring the option of implementing the TradeNet solution. At the conclusion of this process in late May 2009 a number of serious obstacles were identified to implementing the proposed system. These included cost per transaction, regulatory restrictions, monopoly issues, and complex inter-governmental co-ordination.

The proposed approach therefore is to assess the functionality of the Cargo Terminal inventory management system as well as the Cargospot (CMS) system and to build a trade platform of this base

evolving it to integrate with customs, health, agriculture, airlines, Compuclear, and the freight forwarding in-house systems. This platform can be developed in parallel with the common user platform.

13.8.3 Specific policies, priorities, and strategic objectives

A priority of this sub-programme is to facilitate and create an electronic trading environment that allows multi-users access to user friendly and secure information technology.

13.8.4 Description of planned quality improvement measures

- Integrate and align the IT system from the EPC contract into the operations of the TradeZone and Support Zone
- Integrate the cargo terminal management system and inventory management system to the TZ and SZ, AZ IT management systems
- Establish a user platform to provide tradeport services users to the integrated system – use as an effective trading platform

13.8.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme IT Platform		Strategic Goal: To operationalise the core DTP business units						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To establish effective operation and management of the IT Platform	Development and implementation of IT and Telecoms common user platform and backbone for TradeZone, Support Zone and AgriZone including: <ul style="list-style-type: none"> • Electronic Trade facilitation Platform • Value Added Services • Revenue Collection functionality • Bulk service on-selling • Electronic billboard 	Decision on preferred option for Electronic Trade Platform and implementation of platform	SGS feasibility study completed	High level design of Trade Platform	Implementation of Trade platform Implementation of Voice and data services to tenants (bulk service on selling) Planning and design of additional value added services (VAS) e.g. electronic advertising	Ongoing implementation of additional Value Added Services	Ongoing implementation of additional Value Added Services	Ongoing implementation of additional Value Added Services

Sub Programme IT Platform		Strategic Goal: To operationalise the core DTP business units						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
	<ul style="list-style-type: none"> Advertising 	Decision on scope and first phase services of common user platform and implementation of platform.		Finalise implementation of Phase 1 of DTP IT Platform	Finalise implementation of Phase 2 of DTP IT Platform	Finalise implementation of Phase 3 of DTP IT Platform	Ongoing refinement and support	Ongoing refinement and support
		% Completion of Cargo Terminal and TradeZone warehousing system		50%	80%	100%	N/A	N/A

13.9 Sub-Programme: Agri Zone

13.9.1 Situation Analysis

The scoping report and business plan for the AgriZone were completed in 2006/7. In 2008/9 applications were made to achieve the relevant regulatory approvals such as town planning approvals, EIA approvals and water use approvals. The EIA process is underway and is nearing completion.

The initiation of the implementation phase of the AgriZone was undertaken in 2008 / 09 with the preparation of a business plan and budget for Design and Construction of the AgriZone and the procurement of a consortium for the Design and Construction of the greenhouses, mushroom facility and tissue culture facility for the AgriZone.

An Enabling Works agreement has been signed with the preferred bidder for the greenhouses contract. Negotiations are being held with the preferred bidder for the construction of greenhouses. The same is being done with the contractor for packhouses. A Value Engineering exercise is being undertaken.

The tissue culture facility is currently being redesigned after the tender was not awarded to any company. Simultaneously, a strategic partner or operator for the facility is being sourced. An Expression of Interest was issued and negotiations with industry stakeholders will commence at the conclusion of this.

The Mushroom Production facility has been put on hold due to budgetary constraints following a redesign and talks with two potential tenants.

Looking ahead, the key focus areas for this sub-programmes over the next 5 years revolves around construction of these facilities; the simultaneous sourcing and selection of strategic tenants for the various facilities of the AgriZone and developing support programmes for on site producers and off site producers.

13.9.2 Specific policies, priorities, and strategic objectives

The aim of this sub-programme is to develop a cluster of facilities (including a wholesale fresh produce market and pack-houses) and support services (in the form of a training centre; buildings for administration, research and associated activities) to assist growers in producing high value perishable products primarily for export purposes. The strategic objectives within this sub-programme over the next five years focus on ensuring that the AgriZone is fully functional as soon as construction and the necessary infrastructure has been completed.

On completion of construction, the key task will be to source tenants for the facilities. This will be done through discussion with interested producers and signing medium term to long term agreements.

Once the AgriZone has tenants, the next key phase will be to provide support aimed at assisting producers in gradually shifting towards high value overseas markets. It is expected that for the first three years the bulk of output will be destined for the local market. By the end of the 5 year cycle, the bulk of output should be destined for international markets. Key issues to address to realise this include:

- Marketing and market intelligence
- Research into appropriate cultivars and varieties
- Skills Development of producers and workers

Thus, the following programmes have to be established:

- Marketing and marketing Intelligence including an a product marketing platform for onsite producers
- Research & development programme to conduct research into appropriate cultivars, new systems and to provide technical support to producers.
- Training & Skills Development

Some of the relevant regulations and policy directives affecting this sub-programme include PPECB; National Department of Agriculture Regulations; International EUREP-GAP and HACCP (governing the use of insecticides, tracking and traceability of food and good agricultural practice). Compliance with these will require the utilising the services of accredited certification firms and working with

tenants to obtain the certification. This would guarantee that the producer meet the required quality standards for international markets. Other policy documents related to the external environment are the Strategic Plan for South African Agriculture, the Agri BEE Strategy and the National Research and Development Strategy. These documents formulate policy guidelines and strategies for agriculture that are relevant for the type of facilities and services that will be offered at the AgriZone.

13.9.3 Analysis of constraints and measures planned to overcome them

Most challenges over the strategic planning period relate the global economic environment. These include:

- Falling demand for products. The demand for imports in developed countries has decreased due to the global economic
- The emergence of protectionism in developed countries
- Food miles – campaign to reduce air freighted produce within our target market
- Export Programme depends on issues such as currency fluctuations and air services
- Some of these constraints are beyond the control of DTP. However, their risk can be mitigated by encouraging the development and expansion of local markets for the planned products.

Other challenges relate to the readiness of the local sector to effectively utilise the facilities due to a limited. Most internal constraints relate to meeting regulatory approval process for Environmental Issues, town planning Issues, Agricultural issues and budgetary issues. In particular, the following issues are the main constraints.

- Limited to 20ha per the current EIA and Master Plan. Whilst, this reduces costs, it also limits the amount of produce that can be produced and the number of tenants that can be signed.
- Lengthy Process required for training programme accreditation,
- Limited pool of local producers with experience in intensive agriculture methods such as greenhouses
- Budgetary Constraints. Intensive growing requires the use of equipment that is not available cheaply. CAPEX escalations may mean that rental rates have to be set at higher if costs are to be recovered.

The solution to these constraints are reflected in the section below.

13.9.4 Description of planned quality improvement measures

A number of issues have to be addressed over the next five years in order to realise the objectives of the project. Some of these issues are within the ambit of DTP and some require partnerships with other stakeholders.

The following must be put in place to ensure that the project meets its objectives over the next five years.

- Form partnerships with various stakeholders – producers on occupying the greenhouses, tertiary institutions on training and Research and development.
- Approach retailers of high value products directly to investigate possibility of forming partnership on certain facilities
- Develop Maintenance Plan – this should outline all maintenance areas and the types of maintenance (regular, corrective, etc) in each.
- Develop Training Plan – this should include the training modules, accreditation of course, target number of people to be trained, selection criteria for trainees and trainers,
- Market development plan - this would include target countries, communication methods, an electronic marketing platform, market intelligence plan)
- Develop Services Plan. This will include outlining all the standard and value added services, how they will be offered, how costs will be recovered, and service providers for all.

The following measures might be taken to reduce CAPAEX costs:

- Value Engineering
- Scope reduction. Some greenhouse blocks may be reduced in size.
- Changes to the master plan may also be made.
- Transfer some costs to tenants

13.9.5 Specific measurable objectives and performance indicators

The table below presents the key measurable objectives as they relate to the relevant strategic goal and objectives for the 5 year period:

Sub Programme AgriZone		Strategic Goal: To operationalise the core DTP business units						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
To design and construct the AgriZone	To design and procure AgriZone facilities for Phase 1	Approved Design Reports Completed procurement process	50%	100%	N/A	N/A	N/A	N/A
	To obtain regulatory approvals	No of approvals obtained	1	1	N/A	N/A	N/A	N/A
	To construct the AgriZone	% Construction completed	20%	60%	100%	N/A	N/A	N/A
To operate and secure investment into the AgriZone	To implement an effective financial, operational and maintenance model	Approved Financial, Operational and Maintenance Model for the entire AgriZone	80%	100%	Finalise Phase 1 of operationalising the model	80% operationalisation of the model	100% operationalisation of the model	100% operationalisation of the model
		Research & Development facility model			R&D Model approved	20% Model operational	50% Model operational	100% Model operational
		Nursery business plan approved		Approval of business plan	Implementation of Ph 1 DTPC to start ops	Implementation of Ph 2 of business plan	Implementation of Ph 3 of business plan	Full commercialisation
		Approved Training Programme			Approval of training programme	Appointment of Service Providers & develop. of content / curriculum	Accreditation Of Prog. & commencement of programme	Implementation of training for off-site producers
		Approved market development and market intelligence plan	N/A	N/A	Completion of plan	Implementation of Phase 1 - Targeting Local market	Implementation of Phase 2 -IT Platform	Implementation of Phase 3 - Target 5 countries - Create AgriZone brand
	To secure tenants for the AgriZone and to stimulate exports	<i>% of Agrizone facilities occupied for each of the following facilities:</i> Greenhouses Block A Block C Block D Tissue culture facility		<i>RfP issued</i>	<i>Draft agreements with tenants</i> <i>Sign Heads of Agreement</i> <i>Sign management contract</i> <i>Sourcing of operator or partner</i>	50% 50% 50%	100% 100% Local market production	Local mk Local mk 50% exports Registration of varieties Obtain license

Sub Programme AgriZone		Strategic Goal: To operationalise the core DTP business units						
Strategic Objective	Measurable Objective	Performance Measure Indicator	2008/9 Actual	2009/10 Target	2010/11 Target	2011/12 Target	2012/13 Target	2013/14 Target
	To establish a fully functional nursery	Necessary facilities and equipment sourced/established Area of plan rehabilitation completed	Construction completed Operator appointed	100% 40 hectares	60 hectares	60 hectares	60 hectares	60 hectares
	To conduct innovative research & development for the intensive agriculture industry	Approval of research programme and research output		Develop model for R&D Training	Research programme approved	Establish research team or select operator	10 trials into cultivars Production systems	Commercialisation of research Wider industry support
	To form effective partnerships with relevant stakeholders	No. of approved SLA's and partnerships			2 Training Research	0	0	1 Dep. of Agric (roll out projects)

13.10 Resource information

The table below highlights the funding requirements of Programme 4 over the MTEF period.

Sub-programme	2007/8 Actual (R000's)	2008/9 Actual (R000's)	2009/10 Budget (R000's)	2010/11 Target (R000's)	2011/12 Target (R000's)
EPC	530,190	1,116,447	560,191	10,000	-
EIA Mitigations	-	-	200,000	100,000	20,000
Business development	-	-	10,000	20,000	20,000
Regional Investment Initiative	-	935	200,000	200,000	300,000
AgriZone	2, 003	10,015	146,000	35,600	40,000
IT Platform		-	76,000	20,000	5,000
Total programme	532,193	1,127,397	1,192,191	385,600	385,000

Details of resources required and constraints for each of the sub-programmes are reflected in the detailed comments within this section.

14 Capital investment, maintenance and asset management plan o/s

DTPC's programmes are geared towards the delivery of the physical capital investments. There are three main categories or areas of activities providing such capital investments, namely the Trade Zone, which incorporates the cargo terminal building and the warehouse building, Agrizone- which houses the greenhouses, tissue culture facilities, nursery related buildings, & research and development areas, and support zone, which incorporates DTP' office building.

Trade-zone:

The first phase of the Trade zone to delivered within a short period (less 3 years), will include the serviced land sites of 30 hectors, Cargo Terminal Building and the warehouse building of 12 000.

Agri-zone:

The Agri-zone is set-out within a 20 hector site, and will be delivered within 1 phase. The primary objective of this programme is to improved production capabilities as well as the capacity of the growers. It comprises of 5 Greenhouses, 1 tissue culture facilities, nursery building, research and development building and some ancillary buildings. The other elements of the nursery developments include the acquisition of the movable assets to assist in the execution of rehabilitation of the wet lands in terms

Support-zone:

A property development precinct of 12 hectors of serviced sites. The first phase of this development will see the construction of the DTPC's offices and serived sites within a three year period.

The table below reflects the estimated projected value of assets, over the next five years.

5 Year	Land & Buildings	Movable Assets	Maintenance [pa]
Land	R600m	R0	R0
Warehouse Building	R150m	R0	R 1.7m
Trade-zone serviced sites & the Cargo Terminal building	R175m	R40m	R 1,5m
Support Zone Precinct 1	R170m	R0	R 1.7m
Agri-zone	R270m	R10m	R 3.0m
Regional Development	R450m	R50	R 5m
Total	R1,96bn	R100m	R12.9m

The nature of each of these operating activities are currently within the construction phase and various options are currently being reviewed to establish the most cost effective operational model taking into account maintenance and other operational costs.

15 Co-ordination, co-operation and outsourcing plans

15.1 Interdepartmental linkages

The very nature and size of the Dube TradePort demands extensive co-ordination and co-operation across all three spheres of government. To this end, DTPC plays a fundamental role in establishing, maintaining and co-ordinating the necessary linkages between Departments (e.g. Department of Transport (national and provincial), Department of Agriculture, Department of Environmental Affairs and Tourism, etc) and other stakeholders within the public sector. Success in this regard will be enhanced if all role players and stakeholders are focused on implementing the agreed project plan.

15.2 Local government linkages

DTPC continues to actively engaged with the local, district and metropolitan municipalities surrounding the site. These include Ndwedwe and KwaDukuza local municipalities, Ilembe district municipality, and eThekweni metro. Joint planning of the area is imperative if the ultimate spatial vision is to be realised, and Dube Tradeport has engaged in a planning exercise to determine the most desirable future land uses for the area surrounding the site. The company remains committed to ensuring that the planning around the airport site is conducted in a co-ordinated manner.

15.3 Public entities

Although DTPC works with a variety of public entities (e.g. ACSA, Transnet, Ithala, etc) it is not responsible for any of public entities.

15.4 Public, private partnerships, outsourcing etc

The entire construction of the Dube TradePort has been outsourced via the EPC contract which is monitored via sub-programme 4.1 EPC. The Ilembe Consortium was appointed as the preferred bidder in the Design, Construction and Maintenance procurement for the Dube TradePort and the EPC Contract was concluded between ACSA (as the Employer) and Ilembe Airport Construction Services (Pty) Ltd ("Ilembe") (as the Contractor). The Contract encourages joint problem solving through a regime of determinations, negotiations, mediation and then arbitration. The Contractor has committed to meeting certain B-BBEE targets (Procurement, Ownership, Management, Skills Development, Socio-economic Development and Enterprise Development which provides targeted support to SMMEs) and will be penalised for failure to do so. The value of the contract, which is split between ACSA and DTPC is reflected in the table below:

EPC Details	ACSA	DTP	Total
Original estimate	5,469,659,645	1,356,863,003	6,826,522,648
Contract adjustments	788,892,048	51,976,914	840,868,962
Variations	355,997,027	107,941,615	463,938,642
Total	6,614,548,720	1,516,781,532	8,131,330,252

There are daily liquidated damages payable for failure to meet completion deadlines for sections and for the entire Works. After completion, the Employer has 12 months after issuing the Taking-Over Certificate to inspect the Works and notify the Contractor of any defects (“Defects Notification Period”). The Contractor’s performance obligations are secured by a Demand Guarantee of R625 million expiring on 8 July 2011 issued by Lombard Insurance Group. This Guarantee will be reduced by 50% at the completion of construction and taking over of the Works (on issue of Taking-Over Certificate).

As mentioned in the Programme 1, the accounting services, internal audit and IT support is currently outsourced. Refer to Programme 1 for additional details. DTPC has not entered into any PPP’s as defined in the Treasury Regulations.

DTPC has entered into a partnership with ACSA in respect of development of the land in the Support Zone, outside Support Zone 1. Details are reflected in Programme 3, under the joint venture sub-programme.

In addition, the Regional Development Investment Programme, reflected as sub-programme 3 within Programme 4 illustrates details of the anticipated working relationship between DTPC and Tongaat Hullett Development.

Other potential outsourcing and/or partnerships that might emerge over the next 5 years include the potential outsourcing of the TadeZone operator, AgriZone operator, ICT operator, etc. However, these will only be defined after the initial business have been completed, reviewed and tested.