South Africa
KWAZULU-NATAL
Zulu Kingdom. **Exceptional**

RBIDZ
Special Economic Zone

ANNUAL REPORT 2022/2023

GATEWAY TO WORLD MARKETS

RBIDZ SPECIAL ECONOMIC ZONE

PURPOSE

The company's purpose, summarised, ultimately guides the strategic direction of the Organisation. The purpose of the RBIDZ Special Economic Zone is to:

- **Attract local and foreign investors who will beneficiate South Africa's raw materials.**
- **Create production capacity.**
- **Provide services, create employment and improve the skills base.**

VISION

To be the preferred Special Economic Zone for quality investments, whilst delivering value to our stakeholders.

MISSION

To attract sustainable investments that stimulate economic growth, job creation, beneficiation of resources and the empowerment of people.

RBIDZ STRATEGIC OUTCOMES

OUTCOME 1	Improved operationalised investment value
OUTCOME 2	Inclusive economic growth
OUTCOME 3	Land portfolio ready for investment attraction
OUTCOME 4	Good governance
OUTCOME 5	Reduced grant dependency
OUTCOME 6	More decent jobs created and sustained

VALUES

RBIDZ's vision is supported by six core values, which underpin the workings of the company (ERISSI):

EXCELLENCE
We shall conduct our business with our stakeholders & investors, with the highest levels of professionalism, competence and responsibility.

RESPECT
We shall embrace diversity by treating each other with respect, trust and dignity at all times.

INTEGRITY
We shall pursue ethical practices by being open, honest, sincere and consistent in actions and communications.

SUSTAINABILITY
We shall pursue the development of the RBIDZ to meet the present needs, without compromising the ability of future generations to meet their own needs, whilst promoting a culture of health and safety.

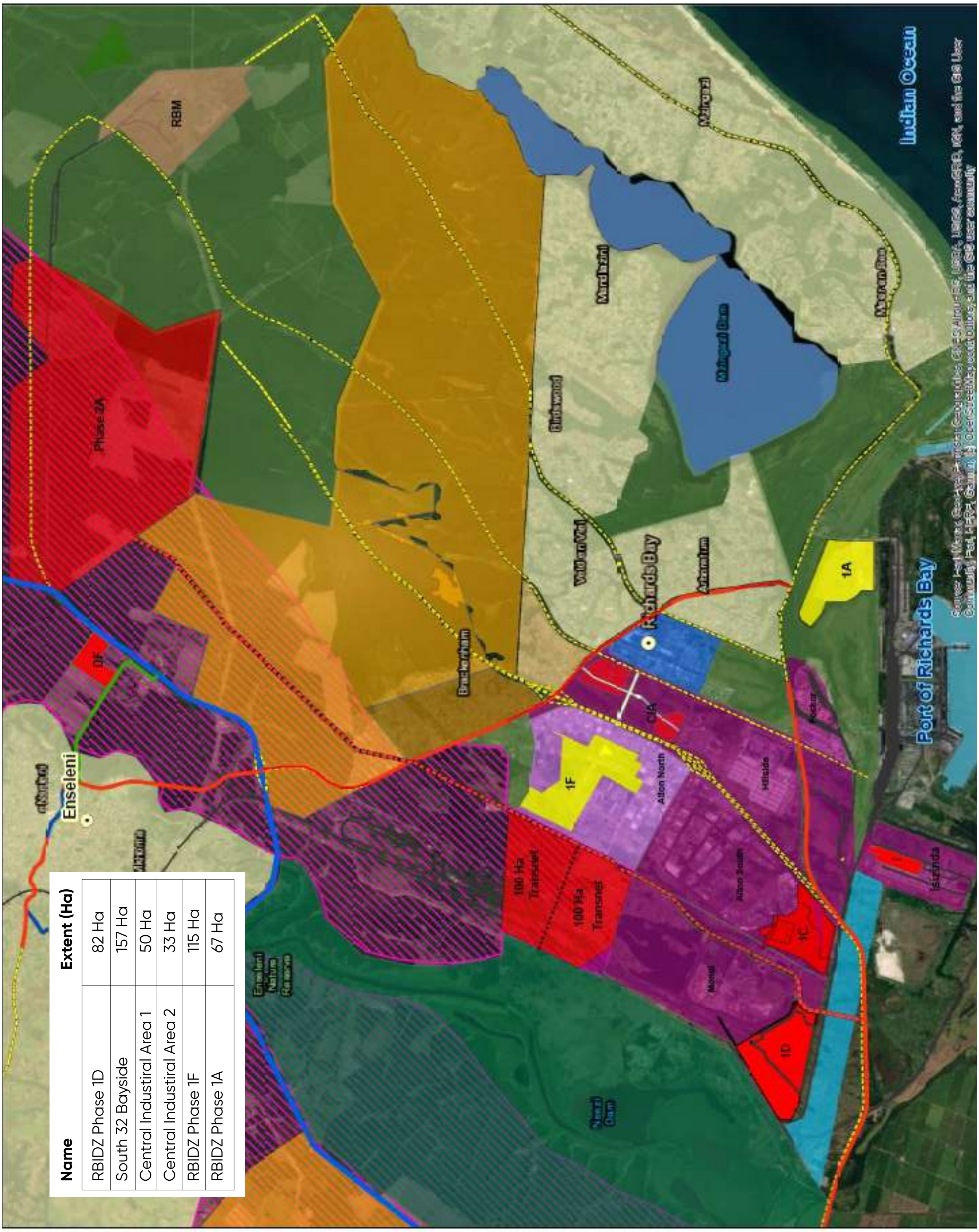
SAFETY
We shall maintain a safe working environment for our employees, contractors, and investors.

INNOVATION
We shall seek creative and novel solutions to ensure continued improvement and address the needs of RBIDZ and stakeholders.

COMPANY INFORMATION

REGISTERED NAME	Richards Bay Industrial Development Zone Company SOC Ltd
REGISTRATION NUMBER	2002/009856/30
PHYSICAL ADDRESS	4 Harbour Arterial, Richards Bay
POSTAL ADDRESS	Private Bag X 1005, Richards Bay, 3900
TELEPHONE NUMBER/S	+27 35 797 2600
EMAIL ADDRESS	info@rbidz.co.za
WEBSITE ADDRESS	www.rbidz.co.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKER	ABSA Ltd
COMPANY/BOARD SECRETARY	Adv. KN Harvey

RICHARDS BAY IDZ MAPPED PHASES



Name	Extent (Ha)
RBIDZ Phase 1D	82 Ha
South 32 Bayside	157 Ha
Central Industiral Area 1	50 Ha
Central Industrial Area 2	33 Ha
RBIDZ Phase 1F	115 Ha
RBIDZ Phase 1A	67 Ha

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EXECUTIVE AUTHORITY STATEMENT

MEC for Economic Development, Tourism and Environmental Affairs (KZN)

MR. SIBONISO A. DUMA (MPL)
MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS (EDTEA)

During the year under review 2022 - 2023, Richards Bay Industrial Development Zone Company SOC Ltd continued to facilitate the efforts to attract investors representing different sectors of the economy.

As the Executive Authority overseeing the work of the entity, I am pleased with the progress that the entity is presenting in this Annual Report. The highlights and performance aligned with the strategic outcomes that support the objectives of the department and government are reflected and clearly - pronounced in this Annual Report and Company Performance Information of 2022 – 2023 financial year.

The deliverables demonstrate profound understanding of what the Special Economic Zones Programme aims to achieve as a government component aimed at driving programmes geared towards changing the socio-economic landscape through the development of export-orientated industries, attraction of domestic and foreign direct investments, technology transfer and creation of employment opportunities.

In this Annual Report, there is a clear indication of interest and level of confidence by investors in the RBIDZ as a prime destination for investments, and this is reflected in the progress that has been attained in developing the healthy investment pipeline which is currently valued at R133.43 billion and R1,83 billion of operational investors. The pipeline represents a mix of projects within the RBIDZ economic sectors, with Energy and Renewables sector being a priority, motivated by the constrained energy supply that impedes on sustainable industrialisation and investor confidence.

We remain committed to ensure that the investments by different key sectors of the economy yield the desired job opportunities, skills development with innovation capabilities and other value chain opportunities that will contribute towards unemployment reduction, active transformation, inclusivity and participation in wealth generation.

The outcomes of the stakeholder perception and satisfaction survey conducted in the reporting year on how RBIDZ is perceived by its wider stakeholders are encouraging and point towards the right direction with regards to improvements required for the entity to deliver on its mandate.

As government we are conscious about the importance of acknowledging the needs of our people as these contribute towards improved operations and implementation of interventions to improve operations and eliminate tailbacks that slow down service delivery.

In this regard, we will strengthen quick facilitation of processes that are already supported by the KZN One-Stop-Shop for ease of investment facilitation and implementation. We are also focusing on improving incentives, environmental impact assessment processes and other general compliance issues that will contribute immensely on improving the investment conversion and operationalisation.

We further undertake to continue to seek mutual trade, private- public sector partnerships and investment cooperation with our sister provinces from other countries using 27 consulate general offices which are located in this province.

As guided by Bilateral Relations between South Africa and specific countries, KwaZulu - Natal government has signed Memorandum of Understanding and Agreements with a number of provinces and cities to strengthen relations, exchange programmes and trade explorations.

Over the years, the diplomatic corps have been encouraging entrepreneurs and multi-nationals in their respective countries to participate in sector specific joint business programmes including regular business seminars and forums hosted in KwaZulu - Natal.

In addition, the KZN government has ongoing interactions with European Ambassadors; and all of them have declared their commitment to promote people to people contacts and create business -to-business relations involving KZN based entrepreneurs and those in their respective countries.

Accordingly, the KZN government commits to work with member countries to facilitate twinning of cities, provinces, academic institutions and partnerships amongst the business fraternity, not forgetting countries along the Indian ocean with the intention to focus on the oceans economy significantly for the persuasion of interests in Oil and Gas industry with RBIDZ playing a central role.

As KwaZulu-Natal provincial government, we recognise the value of the Richards Bay Industrial Development Zone and take responsibility to provide much-needed support to the entity and ensure that its mandate is executed efficiently.

I wish to pay tribute to the Board of Directors, Chief Executive Officer and Executive Management for their concerted efforts in executing the mandate and aligning with KwaZulu – Natal government's programme of action.

Mr. Siboniso A. Duma (MPL)
KZN MEC for Economic Development,
Tourism and Environmental Affairs (EDTEA)

LIST OF ACRONYMS AND ABBREVIATIONS

AFS	Audited Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ASB	Accounting Standard Boards
BA	Bachelor of Arts
BAdmin	Bachelor of Administration
B-BBEE	Broad-Based Black Economic Empowerment
BCom	Bachelor of Commerce
BDS	Business Development and Support
BWO	Black Women-Owned
BYO	Black Youth-Owned
CA	Chartered Accountant
CCA	Customs Control Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COEGA	Coega Development Cooperation
COO	Chief Operations Officer
CIA	Central Industrial Area
CIPC	Companies and Intellectual Property Commission
CSI	Corporate Social Investment
CS	Corporate Services
DR	Commission Doctor
Dtic	Department of Trade, Industry and Competition
ED	Economic Development
EDTEA	Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EM	Executive Manager
EKZNW	Ezemvelo KZN Wildlife
ESID	Economic Sectors and Infrastructure Development Cluster
GRAP	Generally Recognised Accounting Practice
GVA	Gross Value Added
Hons	Honours
IDZ	Industrial Development Zone
IEF	International Energy Fund
IPAP	Industrial Action Policy Plan
IPP	Independent Power Producers
ISO	International Standard of Operation
IT	Information Technology
ICT	Information, Communication, and Technology

KPI	Key Performance Indicators
LLB	Bachelor of Laws
LLM	Master of Laws
LNG	Liquefied Natural Gas
MA	Master
MBA	Master of Business Administration
MBL	Master of Business Leadership
MEC	Member of the Executive Council
MPL	Member of Parliament and Legislature
MTEF	Medium-Term Expenditure Framework
MW	Megawatts
NDP	National Development Plan
NDGP	National Development Growth Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OCEO	Office of the CEO
PGDP	Provincial Growth and Development Plan
PFMA	Public Finance Management Act
PhD	Doctor of Philosophy
PWD	People with Disability
PPP	Public Private Partnership
RBIDZ	Richards Bay Industrial Development Zone
RASET	Radical Agrarian Socio-Economic Transformation
SA	South Africa
SADC	South African Development Community
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
SCM	Supply Chain Management
SEZ	Special Economic Zone
SHEQ	Safety, Health and Environmental Quality
SHE	Safety, Health and Environment
SMME	Small- Medium and Micro-Enterprises
Stats SA	Statistics South Africa
TR	Treasury Regulations
UNCTAD	United Nations Conference on Trade and Development
WUL	Water Use Licences
ZDO	Zone Development and Operations

PART A

GENERAL INFORMATION

GATEWAY TO **WORLD MARKETS**

BOARD OF DIRECTORS

The Company is led at the top by a Board of fourteen (14) astute directors, who provide strategic guidance and oversee governance adherence as well as sustainable performance of the company.

In the Board directorship, there are two (2) members who hold Executive Management portfolios, these being the Chief Executive Officer and Chief Financial Officer.

The Executive Management is responsible for the overall running and management of the RBIDZ, in consultation with the RBIDZ Board, including but not limited to, crafting the strategic direction to deliver on the mandate of the Organisation, as derived from the Special Economic Zones Act (No. 16 of 2014).

SUMMARY OF DIRECTORS PROFILES

Adv. Bhekisisa Mbili

Non-Executive Director

Board Chairperson
Appointed: 01 April 2023

BOARD DIRECTORSHIPS
- Kabelo Land Restitution and Development Trust

QUALIFICATIONS
- LLM (Masters) in Business Law;
- LLB;
- B.Juris;
- Post Graduate Diploma in Labour Law;
- Post Graduate Diploma in the Drafting and Interpretation of Contracts; and
- Certificate in Legislative Drafting

Dr. Sakhile G. Ngcobo

Non-Executive Director

Board Chairperson
Resigned: 27 February 2023

BOARD DIRECTORSHIPS
- South African Seaways;
- Siyathembana Group;
- African Thunder Platinum; and
- KZN Gaming and Betting

QUALIFICATIONS
- PhD in Business Management; and
- MA in Agriculture specialising in Rural Resource Development

Mr. Elphas F. Mbatha

Non-Executive Director

Social and Ethics Committee Chairperson

QUALIFICATIONS

- MA in Governance and Political Transformation;
- BA; and
- Executive Leadership Municipal Development Programme

BOARD DIRECTORSHIPS

- Esikhawini Traders;
- Cleaning Laboratory;
- Tradebush Investments No 27;
- Business Against Crime Zululand
- EVI Pig Farms;
- EVI Livestock Farms;
- EVI Poultry Farms;
- Bhambatha Investments;
- Musa Dladla Foundation;
- Rumdu Construction;
- Ubhedu Holdings;
- Kuzakahle Trading; and
- Bitline SA 797

Mr. Silas Z. Hlophe

Non-Executive Director

Audit, Risk and Finance Committee Chairperson

QUALIFICATIONS

- MBL;
- BCom Honours in Accounting; and
- Diploma in Cost and Management Accounting

BOARD DIRECTORSHIPS

- Board of Trustees, KZN Growth Fund;
- uMngeni-uThukela Water Board;
- Executive Director of Timely Move Investment (Pty)Ltd; and
- Mayenzeke Investment CC.

Ms. Mbali T. Ndlovu

Non-Executive Director

Human Resources and Remuneration Committee Chairperson

QUALIFICATIONS

- Admitted Attorney;
- Admitted Conveyancer;
- LLB;
- Certificate in Local Government Management; and
- Member of Institute of Directors South Africa

BOARD DIRECTORSHIPS

- Mbasa Corporate Advisory Services;
- Land Rights Law Researcher: Centre for Applied Legal Studies;
- uMngeni-uThukela Water Board;
- National Radioactive Waste Disposal Institute;
- Msinsi Resorts and Game Reserve; and
- National Radiation Waste Disposal Institute

Ms. Cynthia P. Vilakazi

Non-Executive Director

BOARD DIRECTORSHIPS

- Chairperson: Kana U Vhulunga Mvelele; and
- South African School of Practical Skills

QUALIFICATIONS

- MA in Policy and Development Studies;
- Post Graduate Diploma in Marketing Management; and
- BA (Social Work)

Ms. Susan P. Mangole

Non-Executive Director

BOARD DIRECTORSHIPS

- Tshwane Automotive SEZ

QUALIFICATIONS

- MBA;
- Post Graduate Diploma in Management;
- Post Graduate Diploma in Business Management;
- National Diploma in Office Administration;
- Advanced Management Development Programme;
- Programme in Business Management;
- Programme in Public Financial Management; and
- Programme in Leaders in Development

Mr. Sizwe Mchunu

Non-Executive Director

BOARD DIRECTORSHIPS

- None

QUALIFICATIONS

- Certificate in Local Government and Project Management; and
- Certificate in Governance and Public Leadership

Mr. Sikhumbuzo Mdlalose

Non-Executive Director

QUALIFICATIONS

- B. Tech in Public Management; and
- National Diploma in Public Management and Administration

BOARD DIRECTORSHIPS

- Msinsi Holdings SOC, Ltd (Subsidiary of Umngeni Water Board)

Ms. Sibongile G. Sikhosana

Non-Executive Director

QUALIFICATIONS

- B Com Honours in Accounting;
- National Diploma in Accounting;
- Course in Risk Management; and
- Course in ISO 14001 and OHSAS

BOARD DIRECTORSHIPS

- None

Mr. Thabane W. Zulu

Executive Director

QUALIFICATIONS

- MBA;
- B Admin (Hons); and
- B Admin

BOARD DIRECTORSHIPS

- None

Ms. Simangele Mvelase

Executive Director

QUALIFICATIONS

- B Compt Hons CTA CA (SA);
- B Compt; and
- National Diploma in Accounting

BOARD DIRECTORSHIPS

- None

Board of Directors End of Term & Re-Appointments

Board of Directors	Old Committee / Directorship	Resignation Date
Dr. SG Ngcobo	Board Chairperson	27 February 2023
Ms. MM Mashiteng	Chairperson of Infrastructure and Investment Committee	27 November 2022
Cllr. MG Mhlongo	Member of Infrastructure and Investment Committee	10 November 2022
Adv. JC Weapond	Member of Audit, Risk and Finance Committee	03 February 2023

Richards Bay Industrial Development Zone: EXECUTIVE MANAGEMENT

Mr. Thabane Zulu
Chief Executive Officer

Ms. Simangele Mvelase
Chief Financial Officer

Mr. Muzi Shange
Chief Operations Officer

Mr. Simthembile Mapu
Executive Manager: Business Development and Support

Ms. Nombuso Nsele
Executive Manager: Corporate Services

Mr. Zainul Shiekh
Executive Manager: Zone Development and Operations
Resigned: 15/02/2023

Acting Roles during the Reporting Year

Mr. Muzi Shange
Acting Executive Manager – Zone Development and Operations
Appointed: 01/03/2023 to date

CHAIRPERSON'S FOREWORD

We are progressing ….

After a long gestation period, the RBIDZ is finally beginning to achieve its potential as a game-changer for the City of uMhlathuze, KwaZulu-Natal Province and the country as a whole. The Company made steady progress, with construction continuing on the Wilmar edible oils facility, completion of the Nyanza Light Metals technical services centre and construction commencing on both an upgraded power supply for Phase 1A and the manufacturing facility for Prostar Export Paints.

The Company's investment pipeline continued to grow to well in excess of R100 billion. While there is a risk that a substantial portion of the pipeline consists of no less than five (5) gas power plants (with a combined capacity which, if they were all to become operational, would be sufficient to end load-shedding), the Company remains optimistic that at least half of these projects will be realised. This optimism is enhanced by the fact that Transnet National Ports Authority issued a tender for the operation of a Liquefied Natural Gas import terminal in the Port of Richards Bay towards the end of the year. Just three of these projects, Eskom and Richards Bay Gas Power 2 and 3 would see an additional 5,000 MW added to the national grid. The Company remains optimistic and has signed an agreement with the City of uMhlathuze to acquire Phase 1D of the Zone to accommodate the proposed 3,000 MW Eskom gas power plant.

One challenge to the Company and its tenants has been litigation by environmental groups, who have taken it upon themselves to litigate against any oil or gas projects despite the positive effect that such projects would have on the economy of KwaZulu-Natal and the curbing of loadshedding.

Quite why anyone would suggest that power plants should burn particulate-filled diesel rather than natural gas is not within our comprehension, especially as wind and solar alone, with an average energy availability factor of around 32% and 25% respectively, cannot end load shedding and gas power stations can allow increased wind and solar by providing power when the wind is not blowing, the sun is not shining, or both. Environmental groups have also delayed exploratory drilling for oil and gas in Richards Bay, which could have been a game changer for the country and for the RBIDZ.

The Company is assisting the shareholder to confront the above mentioned challenge and we shall emerge victorious in the end.

The Company also made progress in filling its existing phases, with an additional four locators being approved for Phase 1A. The projects in Phase 1F are also progressing, albeit one wishes this could be faster. The difficulty is that the majority of investments in the RBIDZ are very large and capital intensive projects with high investment values requiring thorough bankable feasibility studies, that are time comsuming. The difference however, is that each project that is realised usually results in investment amounting to hundreds of millions, if not billions, as opposed to Zones with smaller investors. To use a cricket analogy, the RBIDZ is "six or sticks" as opposed to other zones which have a steady flow of much smaller investors. The size of the investors is reflected in the demand for power, where the company has had to quadruple the electricity supply to Phase 1A to meet demand.

The Company is also seeing much greater cooperation with local businesses, such as businesses created by emerging entrepreneurs where both the Company and large local firms like South 32's Hillside smelter are providing various forms of support. The Company is particularly satisfied with the fact that it continues to attract both international investors, such a Wilmar International, a global Fortune 500 company, and local businesses like Bote Industries, a rubber products company owned by a Black entrepreneur.

The Company also seeks to contribute to the Community to assist it to benefit from the Zone and the investment in it. This includes the Nal'ithemba Enterprise Development Programme, which is operated from premises provided to the Company by the City of uMhlathuze and where the Company works with other stakeholders to provide training to emerging entrepreneurs and prepares them to participate in the value chains of future locators in the Zone. The Company is fortunate that entities like ABSA Bank, Ithala Development Finance Corporation, the KwaZulu-Natal Department of Economic Development, Tourism and Environmental affairs and Trade and Investment KwaZulu-Natal have all participated in this programme.

The Company continues to work with Transnet and the City of uMhlathuze to ensure the development of the area. The Company is fortunate to have received support from these entities and believes that, working together, not only the Province and the country, but also all three entities, gain.

I would like to thank the Premier of the Province, Premier Nomusa Dube-Ncube and the MEC for Economic Development, Tourism and Environmental Affairs, Mr Siboniso Duma, for their support for the Company and the Board. MEC Duma in particular has made himself available when needed to assist the Company, particular in regard to energy issues. The support that the Premier and the MEC give to the Company and the Board will be instrumental in helping the Company to realise its full potential.

Coming in just after the end of the financial year, I would like to thank my fellow Board members for their high standards and the substantial contribution that they have made to the Company. The Company is indeed fortunate to have a Board of the highest standard which truly has the best interests of the Company at heart. My gratitude also go to Board members who resigned during the course of the financial year for the positive contribution that they made during their term in office which propelled the Company to achieve the best performance results during the year under review.

Lastly, I would also like to thank the CEO, his team of Executive Managers and the broader members of staff for their efforts to ensure that the RBIDZ becomes the shining success story it has long had the potential to be, bringing investment and jobs and helping to fight the triple challenges of poverty, inequality and unemployment.

The best is yet to come ….

Adv. Bhekisisa Mbili
Board Chairperson

CHIEF EXECUTIVE OFFICERS' OVERVIEW

MR. THABANE W. ZULU
CHIEF EXECUTIVE OFFICER

On behalf of the Richards Bay Industrial Development Zone Company SOC Ltd (RBIDZ), I hereby submit to the KwaZulu-Natal Legislature, through the Executive Authority, the MEC for Economic Development, Tourism, and Environmental Affairs (EDTEA), Mr. Siboniso A. Duma, the Annual Report 2022 - 2023, associated with performance information, and the audited annual financial statements of the public entity for the financial year ending on the 31st of March 2023.

The RBIDZ Special Economic Zone is mandated by government to drive programmes and efforts of stimulating the economy, creation of employment opportunities and be growth engines towards government's strategic objectives of industrialisation and regional development.

The mandate and deliverables of the RBIDZ are guided and executed in accordance with the mandate of the Manufacturing Development Act (No. 187 of 1993), as well as compliant with the prescripts of the Public Finance Management Act (No. 1 of 1999, as amended). This Annual Report presents the company's performance as well as the financial management status for the reporting period.

The Performance Report illustrated in this Annual Report 2022 - 2023 is in accordance with the strategic pre-determined objectives that are contained in the Annual Performance Plan for financial year 2022 - 2023 that was approved by the RBIDZ Board, and that were tabled in the KZN Legislature by the Member of the Executive Committee (MEC) for Economic Development, Tourism and Environmental Affairs (EDTEA), Mr. Siboniso A. Duma.

HIGH LEVEL REPORTING FOCUSED ON KEY AREAS OF COMPANY PERFORMANCE

Company Overall Performance Achievement

The RBIDZ obtained an improved overall performance achievement of 94% on the set targets against 85% that was a target for the reporting year. It is pleasing to highlight that the company performance has improved compared to the 82% achievement attained in 2021 - 2022 financial year. The achievements over the past two years are indication that the company has successfully implemented concerted improvement strategies aimed at driving the company mandate and practically realising the impact.

Operational Investments and Approved Investments

Adding to the performance achievements; the RBIDZ managed to retain operational investors with investment value of R1 270 575 162 billion exceeding a set target of R1.1 billion for the year under review.

Moreover, the Board had approved investments to the value of R9 107 776 000 billion against the set target of R2 billion for the year under review.

Overall value of the investment pipeline is R133,43 billion with R131,6 billion worth of investment representing different priority sectors of the economy undergoing different stages of development whereas R1,83 billion represents operational investors.

In line with the transformation call of action and Black Industrialists inclusion in economic growth and participation, the RBIDZ had undertaken to integrate black industrialists in the investment value chain to a tune of R200 million, however through intensive strategic engagements and attraction, the Board was able to approve R8 931 796 343 billion of black industrialists investments.

The approved value interprets the commitment and focused intent for inclusive economic growth and participation of the previously marginalized and emerging businesses in the mainstream economy.

Infrastructure Development

In the previous year the company reported on various infrastructure projects that were implemented amid setbacks of the global pandemic under review, and it is pleasing to report that four (4) construction projects were implemented with the anchor investment project of Wilmar is nearing completion and commissioning by November 2023. Moreover, the Prostar Export Paints investment project valued at R141 million also commenced construction in the year under review and completion is targeted for March 2024 respectively.

To support the energy demands of investors that will be located in Phase 1A of the RBIDZ estate, the company has also commenced with the construction of the Substation that is aimed at providing sustainable electricity in support of what will be provided by the City of uMhlathuze. Completion of the Substation that is currently under construction with the value of R74 million is anticipated in March 2024.

RBIDZ Job Creation for the Reporting Year

The creation of employment opportunities remains the priority for the RBIDZ taking into account the high unemployment rate in the country. In the reporting year the company has been able to create 565 construction jobs during the implementation of all construction projects exceeding a target of 500 that was set for the reporting financial year and an additional 45 permanent and operational jobs were also created meeting the set target.

Taking a glance in the previous year 2021 – 2022, the company is well aligned with the goal of creating employment opportunities for the betterment of the people; such that the target was 650 and the actual target attained was 887 and this was influenced by the number of projects that were implemented.

The combination of construction jobs created for the past 2 financial years is 1452.

Land Expansion and Acquisition Portfolio

The company is still facing challenges with regards to land acquisition and expansion of its estates due to the various processes and engagements involved in acquiring same; however, engagements with private landowners for already identified land are ongoing in the main for the land targeted for energy related projects and Agri- hub project.

Facilitation of Energy Development Projects in Richards Bay and Readiness

With the increasing need for energy security interventions and on-going energy crisis in the country, the RBIDZ is driving various projects aimed at addressing the demand for sustainable energy. Among those is the Eskom project for the development of a 3000 MW gas fired -power plant in Richards Bay with an investment value of approximately R73 billion and to create 2000 construction jobs and between 80 to 100 operational jobs. The power plant is expected to contribute highly to alleviating the power crisis the country is currently going through.

The project has been approved and currently undergoing various other licensing and permitting compliance protocols that will lead towards the implementation. The key milestones achieved to date include an EIA and approval of the Section 34 Ministerial Determination on IPP power procurement by the Department of Mineral Resources and Energy. The RBIDZ views the progress and announcements as paving the way for procurement of new generation capacity. Energy security remains a strategic enabler for economic growth in the country whilst also addressing energy poverty.

Over and above the highlighted Eskom energy project, there are close to R100 billion energy related projects that the RBIDZ has signed as part of the investment pipeline.

Moreover, there are studies that have been previously conducted with the shareholder (EDTEA) aimed at weighing the possibility of importing Liquefied Natural Gas (LNG) into Richards Bay for use in power plants and same have presented various advantages for Richards Bay to execute energy related projects with possibilities of integrating other African countries, by railing LNG into countries such as Botswana and the Democratic Republic of Congo.

The RBIDZ remains resolute in its position to host various energy related projects since the studies have presented a sea of opportunities significantly for the Gas projects. Over and above projects facilitation, the RBIDZ has identified suitable land that is specifically designated for the gas projects; and owing to that agreements to purchase have been concluded amid minor conditions relating to site service funding that have to be closed out for the offer to be finalised with the Municipality

SMME Development towards Inclusive Economic Growth

Transformation and inclusive economic growth remains a priority for addressing economic imbalances and participation of certain groups in the mainstream economy, as such, the RBIDZ has developed strategies that will translate and implement various activities aimed at creating platforms for participation of designated groups.

In the year under review, the RBIDZ implemented capacity building training on areas such as project management, health and safety, quality management, financial management and the application of information technology.

To date a total of 582 SMMEs against a target of 32 for the year under review that were supported through various focused programmes such as training, mentorship and equipment to operate. A total of R48 889 825 was recorded for cumulative procurement expenditure inclusive of contract participation goals. The expenditure targeted various groups such as black owned businesses, black youth owned, black women owned, people with disability, local companies and others.

Contributions towards Sustainable Social Development and Corporate Citizenship

Alongside encounters of universal progression and financial strength, several countries still observe increased inequality in topical areas, caused by the societal conflicts and studies about sustainability, including environmentally sustainable growth. Acknowledging the need to be in touch with the communities is prioritised by the RBIDZ through diverse social contributions and community development programmes related to education, skills, agriculture and others that are identified as crucial in the betterment of the communities.

The year under review continued to focus on the emerging rural farmers by providing them with capabilities and tools to improve their agribusinesses and progress has been remarkable. The Agri-based programme aims to assist the rural communities with the basic working equipment that shall enhance their initiatives towards sustainability and ability to optimise their produce for commercialisation. A few of the assisted cooperatives were able to find markets for their produce and have created a number of employment opportunities with the expansion of their farming.

In the year under review the RBIDZ yet again spent R755 000 for agri-business projects whereas the amount of R1.6 million was utilised for various CSI projects such as those focusing skills, education, bursaries for tertiary students, school uniform for disadvantaged schools, prioritisation of STEM schools and various other social cohesion and welfare programmes for the communities.

Bursaries and Internship Programmes

Observing the skills gap in the market and unemployment challenges associated with poverty rendering to unskilled youth as well as mismatch in the skills the RBIDZ continues to harness skills development through various programmes such as bursaries directed to scarce skills as well as affording youth opportunity to partake in the internship and learnership programmes within the RBIDZ structure. This skills development programme is a collaborative effort with operational investors, aimed at contributing towards tackling the unemployment challenges consequent to graduates lacking practical experience and work exposure.

The RBIDZ has a bursary programme for its employees and has further developed an external Study Assistance Programme (bursary) to assist the disadvantaged students within communities to further their studies. This external Study Assistance programme is accelerated through the Corporate Social Investment (CSI) pillar that critically focusses on the scarce skills development with the intention of advancing skills sought by the market.

Through the internship programme thirty-five (35) young professionals have been afforded a 24 months' contract of on-the-job training and mentorship for the last 5 years whereas seven (7) have been enrolled for the reporting year. This programme offers a focused and practical work experience in line with the interns field of study. Over and above the inhouse work experience, the company also affords interns with company paid for external formal training for personal growth and development.

Stakeholder and Reputation Management

In compliance with various KING IV principles guiding the governance and ethical conduct, the RBIDZ has adopted the inclusive and transparent approach that seeks to ensure that stakeholder interests are recognised and managed.

Guided by the principles and mandate, the RBIDZ regards its stakeholders as an integral part of its operation by virtue of their contribution in the day-to-day existence of the company. The different stakeholders at most are those people that have high interests in the organisation through financial contributions, influence or benefits derived from the company.

In that backdrop, management and building of relationships is of utmost importance for the growth and successful execution of the company's mandate; and as such ensuring that stakeholders' satisfaction is a priority that is highly guarded. The company embarked on various activities aimed at building new relationships and managing existing ones as well as ensuring that the image of the company is not put in disrepute. For the purposes of assessing whether the company's approach in dealing with stakeholders is impactful, an independent service provider was appointed to conduct a stakeholder perception and satisfaction survey as well as brand visibility.

The study was conducted using segmented stakeholder approach which sampled different stakeholder groups. The feedback received from respondents highlighted the importance of the RBIDZ as well as its mandate coupled with various other components within its operations. In the same context they also highlighted areas of improvement where gaps were identified. The overall results presented indicated that majority of the stakeholders were 82% satisfied in their dealings with the company as well as how the company engages and communicates with them in all its operational spheres. The 82% achievement attained was a pleasing outcome against the 75% APP set target for the reporting year. The company acknowledges that various activities require implementation for improvement as recommended by the Survey Report.

The RBIDZ further recognises that contrary stakeholder perceptions could pose as hindrances for the company's growth and acceptance, and as such strategic engagement approach and communication channels continue to be prioritised and enhanced to garner continued support from all stakeholder categories.

Sustainability of Governance and Ethical Principles

The company continues to uphold principles of good governance in all areas of operation guided by various regulations and legislation of government. The affirmation towards such standards have again been affirmed by the attainment of the Clean Audit Opinion from Auditor – General, South Africa for the 2021/2022 financial year. This achievement has been achieved for three (3) consecutive years.

Moreover, the Shareholder and MEC for Economic Development, Tourism and Environmental Affairs awarded the company with the Most Improved B-BBEE Compliant Award during the B-BBEE Awarding ceremony. The award came after the company was recognised for being active on matters pertaining to transformation, preferential procurement, skills and socio-economic development. The verification process that was undertaken in 2021/2022 marked notable improvement placing the entity as a B-BBEE Level 3 contributor for the reporting year extending to the following year.

Company Awards and Recognition

The recognition of the RBIDZ's strides in their operations has been commended with various awards that are a testimony of the concerted efforts invested towards the company. In the year under review the company was nominated and awarded for various roles it plays. **The awards were conferred as follows:**

1. **Service Excellence Award (ZCCI Business Excellence Awards 2022):** The recognition encompassed various components such as professionalism, efficiency, economic impact, social impact and competitiveness in respective fields of operations.

2. **Most Improved B-BBEE Compliant Award and level 3 contributor in line with the B – BBEE Codes** (Department of Economic Development, Tourism and Environmental Affairs).

3. **African Leadership Energy Commendation Award to the RBIDZ CEO,** by the African Leadership Organisation in the United States of America – Houston.

Economic Viability and Revenue Generation

Amid setbacks and economic shifts, the RBIDZ is working tirelessly to close the gaps that hinder financial sustainability, the outputs of such will be practically realised once the investment projects under construction commence operation which is earmarked for the coming financial year. The coming year promises R1.5 billion investment projects targeted to contribute into the revenue generation followed by others soon after. The healthy investment pipeline with signed investors is also a beacon of prosperous possibilities and opportunities that will contribute positively into the economic landscape and revenue generation.

Currently the company's revenue generation is not sufficient to exempt the company from government grants for its operation however, it is in the process of developing a Financial Sustainability Strategy that aims to identify programmes that will assist with the reduction of grant dependency and generation of revenue for self sustenance.

Unsolicited Bids

No unsolicited bids were awarded during the financial period.

Challenges Experienced

- The access to incentives by qualifying investors remain a challenge experienced and reported by investors.
- Environmental Impact Assessment delays to some of the projects especially Nyanza Light Metals titanium pigment beneficiation project and the Eskom fired gas to power plant.
- Big projects requiring Infrastructure development including transportation, power supply and water availability.
- Stakeholder disputes and jobs demands disrupting operations.

Mitigation and Strategic interventions involve:

- Implementation of comprehensive environmental impact assessments and adopting environmentally friendly technologies.
- Collaboration with relevant government agencies to prioritize infrastructure development, engaging private sector partners for infrastructure investment and conducting feasibility studies to identify potential bottlenecks and address them proactively.
- Implementation of a social impact assessment programs to integrate communities.
- Frequent engagements, establishment of centralised labour sourcing and prioritisation of local content.

Company Position and Outlook

The RBIDZ has presented improvement in various areas of its operations which have collectively contributed to the performance achieved in the reporting year.

As the RBIDZ develops itself through various projects implementation, additional sector-specific private sector investments are amongst our long-term targeted goals for diverse business opportunities securing future developments.

Appreciation

My appreciation and tribute is extended to the KZN Provincial Government for presenting enormous backing for the cause of the RBIDZ, and further advance my heartfelt appreciation to the MEC for Economic Development, Tourism and Environmental Affairs, Mr. Siboniso A. Duma, for the support, leadership, and the confidence in the possibilities of the RBIDZ.

Selflessly, I would also like to outspread my gratitude to the national government in the main the Minister of the Department of Trade, Industry and Competition, Mr. Ebrahim Patel, for the ongoing sustenance and all efforts capitalised towards making the Special Economic Zones Programme an enabler and vehicle aimed at eradicating traces of poverty in the country.

Moreover, the oversight responsibilities played by the Board of Directors who continuously provide strident affluence of expertise, strategic direction and guidance towards the management of the company are humbly appreciated and acknowledged as they drive the performance of the company to where it is presently.

In conclusion, my respect and earnest gratitude goes to the RBIDZ Executive Management and all categories of staff, for their commitment and hard work in contributing towards the delivery of the RBIDZ mandate. The outcomes would not have been realised without their hard work and aspirations to translate the mandate of the Special Economic Zone into one that will make history in the lives of the people.

Mr. Thabane W. Zulu
Chief Executive Officer
Date: 30 July 2023

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT 2022 - 2023

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.
- The Annual Report is complete, accurate, and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report, as issued by the National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.
- The accounting authority is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31st of March 2023.

Yours Faithfully,

Mr. Thabane W. Zulu
Chief Executive Officer
Dated: 30 July 2023

Adv. Bhekisisa Mbili
Board Chairperson
Dated: 30 July 2023

STRATEGIC OVERVIEW OF THE COMPANY

The Richards Bay Industrial Development Zone Company (SOC) Ltd (RBIDZ) is a Special Economic Zone that is purpose-built and secure industrial estate on the north-eastern coast of KwaZulu-Natal, South Africa linked to the international deep-water port of Richards Bay. It is tailored for the manufacturing of goods and production of services to boost beneficiation, investment, economic growth and the development of skills and employment.

VISION

To be the preferred Special Economic Zone for quality investments while delivering value to our stakeholders.

MISSION

To attract sustainable investments that stimulate economic growth, job creation, beneficiation of resources, skills development and transfer.

The RBIDZ's key focus sectors:

- Metals Beneficiation (Aluminium, Iron Ore, Titanium)
- Technology and Innovation
- Energy (Solar, Fuel Cells, Biomass, Renewable)
- Agro-Processing
- Marine Industry

The strategic focus of the company is guided by its core mandate and mission as a vehicle geared towards driving the socio-economic landscape in the region as well as the province of KwaZulu – Natal. The primary objective is to attract sustainable investments that stimulate economic growth, job creation, beneficiation of resources, skills development and transfer.

The company is guided by the Special Economic Zones Act (No. 16 of 2014) that replaced the Manufacturing Development Act as the statute which regulates Industrial Development Zones, in terms of the transitional provisions to this Act, all Industrial Development Zones created in terms of the Manufacturing Development Act were deemed to be Special Economic Zones. Industrial Development Zones are one of the categories of Special Economic Zones contemplated in the Special Economic Zones Act.

THE STRATEGIC OUTCOMES OF THE RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE ARE:

- Improved Operationalised Investment Value;
- Inclusive Economic Growth;
- Land Portfolio ready for investment attraction;
- Good Governance;
- Reduced Grant Dependency; and
- More decent jobs created and sustained.

The Performance Report for 2022 – 2023 contained in this Annual Report 2022 – 2023 presents the company's Performance Information that gives details on how the company performed for the reporting year in line with the set Strategic Outcomes set out in the APP.

LEGISLATIVE AND OTHER MANDATES

Legislative Mandate

The Richards Bay IDZ is a Schedule 3D entity in terms of the PFMA. The IDZ Programme in South Africa was established in terms of a cabinet resolution of September 2002 and was regulated in terms of the Manufacturing Development Act (No. 187 of 1993), and, in particular, the specific Regulations made under that Act and contained in Regulation No: R1224 of 1st of December 2002 (Government Gazette No: 21803), which was subsequently amended by Government Notice No R1065 of 27th of October 2002 (Government Gazette No. 29320).

The RBIDZ was separately established by Government Notice No. 644 of 26th of April 2002 (Government Gazette 23369), and its area was then amended by Government Notice No. 1045 of 4th of August 2006 (Government Gazette 29094).

In terms of the Special Economic Zones Act (No. 16 of 2014) the purpose of creating Special Economic Zones, such as the RBIDZ, includes:

- Facilitating the creation of an industrial complex having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;
- Developing infrastructure required to support the development of targeted industrial activities;
- Attracting foreign and domestic direct investment;
- Providing the location for the establishment of targeted investments;
- Enabling the beneficiation of mineral and natural resources;
- Taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- Promoting regional development, creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small - micro and medium enterprises and co-operatives and promoting skills and technology transfer; and
- Generating new and innovative economic activities.

The Customs Controlled Area within an SEZ is regulated by the Customs Control Act (No. 21 of 2014). The RBIDZ shall, in conjunction and collaboration with SARS Customs and Excise Division, be responsible and facilitate compliance by SEZ Enterprises with all SEZ specific legislation, rules and regulations regarding movement of goods, persons and vehicles into and out of the proclaimed areas as well as with legislation, guidelines and standards; specifically pertaining to safety, health and environment.

In summary, the primary purpose of the RBIDZ is to develop a Special Economic Zone infrastructure with the intention to attract local and foreign direct investors who will create production capacity to beneficiate South Africa's raw materials prior to export and also to create exportable services whilst in the process stimulating the economy and creating employment opportunities as well as developing skills base.

It is thus an integral part of government's macro-economic policy to develop South Africa's manufacturing sector by encouraging investment in the manufacturing industries centred on beneficiation of the country's natural resources.

Relevant Court Rulings

The key court cases dealing with Industrial Development Zones are the decision of the Constitutional Court;

***Offit Enterprises (Pty) Ltd and Another v Coega Development Corporation (Pty) Ltd and Others* (CCT 15/10) [2010] ZACC 20; 2011 (1) SA 293 (CC); 2011 (2) BCLR 189 (CC) (18 November 2010).**

In this case, the Applicants sought a declaratory order that any expropriation of their applicants' property at the instance of the Coega Industrial Development Zone was neither permissible nor lawful.

The above makes it clear that the existence of Industrial Development Zones, such as the RBIDZ, is in the public interest and could justify the use of expropriation, if required.

The case of Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (CCT40/15) [2016] ZACC 22; 2016 (5) SA 635 (CC) (28 July 2016) is important to the Company, as it is in the process of acquiring land and there is a risk that the land it acquires may be subject to a future land claim after it is acquired. This case dealt with the Restitution of Land Rights Amendment Act 15 of 2014, which extended the deadline for lodging land claims until 2019.

The Court found that the Act was invalid as a result of insufficient public participation. The decision effectively closed the window to file further land claims unless and until a new Act is passed. Any claims subsequent to 1st of July 2014 also cannot be processed.

Industrial Policy Action Plan

The IPAP which was launched in May 2016 continues to be the compass for industrialisation and increased manufacturing base value action, employment creation and export intensity when it comes to driving socio - economic landscape in South Africa.

IPAP 2016 envisages nothing less than a massive, concerted, and focused national industrial effort, intimately involving all expanding employment the key stakeholders and economic partners.

This must be built on four pillars, viz. Policy coherence and policy certainty across government; A close collaborative effort between government, business and labour; A commitment to ensure that the linkages between the primary and secondary productive sectors of the economy are maximised; and A combined and constructive drive to overcome the key constraints to manufacturing-led, value-added growth and labour-intensive manufacturing.

Industrial Policy Action Plan in the main focuses on the following:

- **Public Procurement –** that enforces compliance, with localisation targets set for government departments and State-Owned Companies.
- **A strong focus on spill-over and labour-intensive sectors** - in particular Agro-processing, the CTLF sector, manufacturing and sub-assembly in automotive; rail, light manufacturing and engineering in the metals sector; plastics and associated sub-sectors; electro-technical assembly, sub-assembly and component manufacturing; downstream timber and pulp products, including furniture and boat building.
- **Targeted Industrial financing and incentives including:**
  - a) Stronger export credit and export credit insurance support, in combination with a wide range of sector-specific incentives; and
  - b) Energetic implementation of the recently launched Black Industrialists Incentives.
- **Leveraging the devaluation of the Rand** - to make South African manufactured products more globally competitive and create opportunities for the expansion and further development of SA's domestic manufacturing capabilities.

Export Growth is facilitated by four main pillars to the IPAP Export Strategy being:

a) Building partnerships with global Original Equipment Manufacturers (OEMs), focused on transferring technologies and growing our exports in OEM value chains;

b) Partnering with national export champions to catalyse increased national technology absorption for the development of high value exports;

c) Strengthening existing Industry Associations and Export. Councils, including establishing a dedicated new Export Council for Africa; and

d) Developing export-orientated production hubs in the SEZs and Regional Clusters and fostering industrial decentralisation.

These efforts include:

- Managing on-going relations with the Inter-Ministerial Committee (IMC) on Investments to tighten up the intra-governmental co-ordination of the South Africa's new One-Stop Shop Investment Centres, and
- A rapidly expanding partnership between the CIPC (Companies and Intellectual Property Commission) and all the major banks to provide official company registration facilities within their branches and online.

CONSTITUTIONAL MANDATE

In light of its goals for growth, development and job creation, the IDZ programme relates to the constitutional goal of improving the quality of life for all citizens and freeing the potential of each person whilst building a united and democratic South Africa that is able to take its rightful place as a sovereign state in the family of nations through job creation and enhanced dignity for all.

In order to achieve this, RBIDZ advocates for the employment of a larger percentage of South Africans in each investment project within the Zone. Furthermore, it will maximise downstream and upstream opportunities for the benefit of SMMEs.

Special Economic Zones directly relate to the functions of industrial promotion, regional planning and development, and urban and rural development, set out in Schedule 4 of the Constitution of the Republic of South Africa, 1996.

Based on the focal points and purpose aimed at driving industrialisation the Richards Bay Industrial Development Zone plays a vital role and business management and functionality of the company should be aligned with the capable workforce and align with the organisational structure to ensure sustainability.

RBIDZ ORGANISATIONAL STRUCTURE

PART B

COMPANY ANNUAL PERFORMANCE REPORT-2022/2023

GATEWAY TO WORLD MARKETS

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor – General of South Africa performed an audit on the performance information to provide reasonable assurance on an audit conclusion. The audit conclusion on the performance against predetermined outcomes is included in the Report to Management.

2. SITUATIONAL ANALYSIS: ECONOMIC GROWTH AND UNLOCKING OF INVESTMENT

The economic stimulation growth initiatives remain the priority for the country, and this is also the ambition that was cemented by the President of the Republic of South Africa in 2018 for the first five – year investment drive when he purposefully set attraction target at R1.2 trillion (US$100 billion) towards Foreign Direct Investment for the sustainability of the socio-economic landscape of the country. The 5-year investment drive closed with R1.14 trillion investment pledges with some having been implemented or towards being implemented; and these equate to 70% of the total number of the projects that were announced since 2018.

For the new year and cycle commencing in April 2023 it was announced that a new investment attraction drive is targeting R2 trillion.

The economic situation in the previous cycle shifted the confidence however major reforms still support the country as a viable destination for investors. The situation takes into account the energy supply instability that continues to affect businesses and operations resulting into shaken job creation, but that does not remove the conviction of attracting investments for the purposes of economic growth and job creation whilst also the issues of energy supply are also addressed.

The RBIDZ under these difficult times remains under immense pressure as a result of a combination of adverse factors but in the main the energy infrastructure which shakes the investor confidence.

On the infrastructure component, Transnet railway and port capabilities and constraints continue to contribute to the sluggish growth of active industrialisation in the region and the province as a whole given the fact that the RBIDZ's value proposition for investor attraction and competitiveness is closely linked with full functioning of the infrastructure for ease of production export and import.

The existence and success of the mandate execution by the RBIDZ is very much linked to various strategic stakeholders that would assist in unlocking investment opportunities in South Africa; moreover a combination of various factors is required and those include;

a) **Infrastructure:** Adequate infrastructure, including transportation, energy, telecommunications and logistics, are vital for businesses to operate efficiently. Investment opportunities are often more attractive in regions with well-developed infrastructure or areas that show significant investment in infrastructure development.

b) **Access to investment Incentives:** Government often provide incentives to attract investment, such as tax breaks, grants or special economic zones.

c) **Regulatory Reforms:** Implementing business-friendly regulations and reducing bureaucratic hurdles can attract investment and foster a conducive environment for entrepreneurship. Streamlining licensing processes, improving contract enforcement, protecting intellectual property rights and ensuring transparency in regulatory procedures are essential to unlock opportunities.

d) **Public-Private Partnerships:** Collaboration between the government, private sector and industry associations can unlock opportunities in various sectors. Public-private partnerships (PPPs) can be established to develop infrastructure projects, promote sector-specific initiatives and share resources and expertise. Such collaborations can leverage the strengths of each stakeholder and drive sustainable development.

2.1 ECONOMIC CLIMATE IMPACT OVERVIEW

The economic climate has presented various challenges and opportunities. The following are the major challenges impacting development in South Africa:

Slow Economic Growth: South Africa has experienced sluggish economic growth in recent years, impacted by factors such as high unemployment rates, inequality, low business confidence, and structural issues. Slow economic growth limits the resources available for investment in infrastructure, education, healthcare, and other developmental initiatives.

Fiscal Constraints: Economic challenges often result in fiscal constraints for governments. Limited fiscal resources can impact the ability to invest in key sectors, implement social welfare programs, and support developmental initiatives. Budgetary constraints may require governments to prioritize spending and make difficult decisions about resource allocation.

Unemployment and Inequality: The economic climate can exacerbate unemployment and income inequality. Job losses, company closures, and reduced business activity can contribute to higher unemployment rates. Income inequality can widen due to the disproportionate impact of economic downturns on marginalized communities.

The role of the Special Economic Zones programme under these challenges also remains strained however the focus is on the prosperous side and the confidence that is shown by locators that remain operational and committed to expand in the Zone as well as those that have built our healthy investment pipeline to date. We are confident that the Investment pipeline that boasts R133.43 billion, with R131,6 billion worth of investment under different stages of development and R1,83 billion operational investors will contribute immensely into the SEZ's primary intent.

The creation of employment and skills development activities in relation to procurement and preference as well as matters of good governance remain a priority and have presented improvement for the reporting year as per the below detailed **Performance Report 2022 – 2023.**

COMPANY PERFORMANCE REPORT

PERFORMANCE REPORT AGAINST THE ANNUAL PERFORMANCE PLAN 2022 – 2023 FINANCIAL YEAR.

Paragraph 29.2.1 of Treasury Regulation (TR) issued in terms of PFMA, 1999 states that the public entity in consultation with its executive authority must conclude a shareholder's compact. Paragraph 29.2.2 of the TR indicates that the Shareholder's compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the Accounting Authority and the Executive Authority.

The RBIDZ concluded the Shareholder's compact with the Department of Economic Development, Tourism and Environmental Affairs for the 2022/2023 financial year with the Annual Performance Plan as an addendum indicating performance targets for the year.

The table below presents the RBIDZ's actual performance against targets as presented in the Annual Performance Plan 2022 - 2023.

PROGRAMME 1 : ADMINISTRATION

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
2. Inclusive economic growth	2.1 Businesses owned by black women supported	2.1.1 Number of businesses owned by black women supported	18	23	Target Achieved	Due to a number of initiatives on the CSI projects and the Economic Development programme, the target was exceeded
	2.2 Businesses owned by black youth supported	2.2.1 Number of businesses owned by black youth supported	10	12	Target Achieved	Due to a number of initiatives on the CSI projects and the Economic Development programme, the target was exceeded
	2.3 Businesses owned by people with disability supported	2.3.1 Number of businesses owned by people with disability supported	4	5	Target Achieved	Owing to the overwhelming needs affecting PWD a criticality to achieve the targets, more entities were engaged for supporting the PWD
	2.4 Skills Development Plan initiatives	2.4.1 Percentage of skills development plan initiatives implemented	100%	100%	Target Achieved	N/A

PROGRAMME 1 : ADMINISTRATION

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
	2.5 Stakeholder Engagement	2.5.1 Stakeholder satisfaction survey	75%	82%	Target Achieved	Improved and increased stakeholder engagements with diverse stakeholders as well as prompt responses on issues raised as well as focused and consistent communication utilising various platforms of communication integrated with brand and marketing visibility initiatives
3. Land portfolio ready for investment attraction	3.1 Land fully serviced with ICT infrastructure	3.1.1 Percentage of RBIDZ new property fully serviced with ICT infrastructure	100%	100%	Target Achieved	N/A
4. Good governance	4.1 Clean Audit opinion	4.1.1 Clean Audit outcome maintained	Clean Audit	Clean Audit (2021/2022)	Target Achieved	N/A
	4.2 APP Targets achieved	4.2.1 Percentage of achieved APP targets	85%	94%	Target Achieved	Improved planning of projects and internal processes and commitment by the staff to deliver on the set targets
5. Reduced Grant Dependency	5.1 Own revenue generated	5.1.1 Percentage of own revenue generated	5%	14%	Target Achieved	N/A
	5.2 Financial sustainability strategy developed	5.2.1 Financial sustainability strategy reviewed by the EXCO	1	0	Target Not Achieved	Further input had to be sought to ensure that the desired project outcome is achieved

PROGRAMME 2: ZONE DEVELOPMENT AND OPERATIONS

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
3. Land portfolio ready for investment attraction	3.1 Land parcels procured for development	3.1.1 Number of hectares of land procured for development by 31 March 2023	40ha: Central Industrial Area	131ha	Target Achieved	An alternative land was priotised for another investment project due to the early conclusion of the sale agreement with the City
6. More decent jobs created and sustained	6.1 Construction projects implemented	6.1.1 Number of construction projects implemented	4	4	Target Achieved	N/A
	6.2 Jobs created	6.2.1 Number of construction jobs created	500	565	Target Achieved	Additional construction projects were done by RBIDZ

PROGRAMME 3 : BUSINESS DEVELOPMENT AND SUPPORT

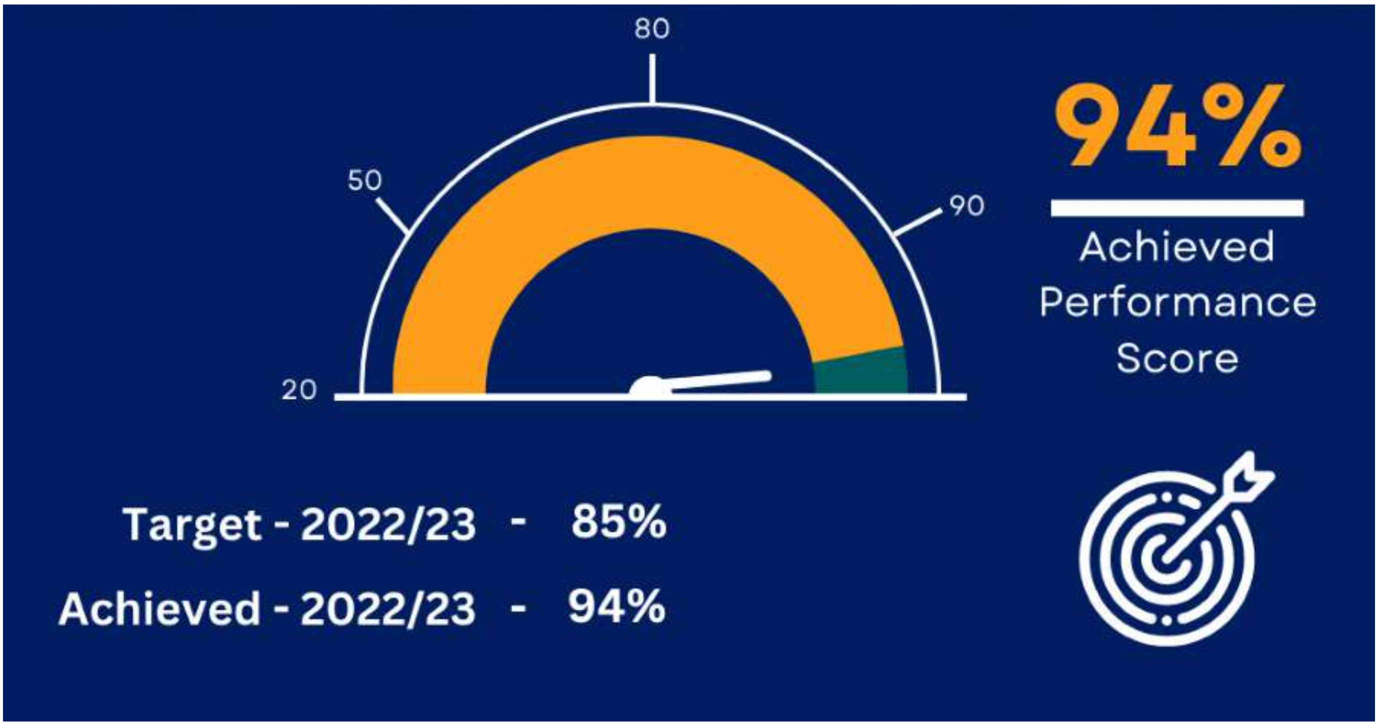
Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
1. Improved operationalised investment value	1.1 Investment value of operational domestic or foreign direct investments	1.1.1 Rand value of operational domestic or foreign direct investments	R1.1 billion	R1 270 575 162	Target Achieved	Project value has increased to R1.5 billion however, Wilmar has operationalised R1.2 billion for 2022/2023
	1.2 Investment value of investments approved by the Board	1.2.1 Rand Value of investments approved by the Board	R2 billion	R9 107 776 000	Target Achieved	The CIA- Heritage Investment Holdings and Isizinda- (AluSouth) properties led to increased approvals
2. Inclusive Economic Growth	2.1 Investments value of Black Industrialists investments approved by the Board	2.1.1 Rand value of black industrialist investments approved by the Board	R200 million	R8 931 796 343	Target Achieved	The CIA- Heritage Investment Holdings and Isizinda- (AluSouth) properties lead to increased approvals
	2.2 Black owned businesses on the enterprise and supplier development programme	2.2.1 Number of black owned businesses on the enterprise and supplier development programme	7	11	Target Achieved	Additional businesses confirmed since they passed eligibility criteria
6. More decent jobs created and sustained	6.1 Jobs created	6.1.1 Number of direct jobs created	40	45	Target Achieved	N/A

SUMMARY OF THE COMPANY PERFORMANCE ACHIEVEMENTS AGAINST THE ANNUAL PERFORMANCE PLAN : 2022 - 2023

In the year under review the company had a total of 18 key performance indicators and was able to achieve 17 of those and 1 was not achieved. The overall company achievement was 94% against the set target of 85%.

TOTAL NUMBER OF KEY PERFORMANCE INDICATORS (KPIS)	18
LEVEL OF PERFORMANCE	
Overall Achieved KPIs	17
Not Achieved	1

Significant Achievement



HIGHLIGHTS OF OPERATIONAL PROGRAMMES

EACH PROGRAMME IS UNDERPINNED WITH STRATEGIC OUTCOMES THAT ARE AIMED AT CONTRIBUTING TOWARDS THE COMPANY'S OPERATIONS AND SET TARGETS.

The table below presents the Key Programmes of the company as follows:

PROGRAMME NUMBER	NAME OF PROGRAMME	
1	ADMINISTRATION	
	Sub- Programmes:	• Finance • Corporate Governance
2	ZONE DEVELOPMENT AND OPERATIONS	
3	BUSINESS DEVELOPMENT AND SUPPORT	

PROGRAMME 1: ADMINISTRATION

The administration programme of the RBIDZ is primarily responsible for the company's governance affairs, development of company strategy and its implementation. Within the Administration programme there are other focus areas that the Office of the Chief Executive Officer provides strategic guidance and oversight responsibilities which are encompassed in the principles of corporate good governance such as management of a wide range of stakeholders, financial management and corporate affairs management.

The Administration programme supports four strategic outcomes viz:

Strategic Outcome	Outcome Number as per the Strategic Outcome	Number of Targeted Outcome Indicators	Number of Validated Actual Target Achieved
Inclusive Economic Growth	2	10	9
Land portfolio ready for investment attraction	3		
Good Governance	4		
Reduced Grant dependency	5		

PROGRAMME 1 – Outcomes, Outputs, Output Indicators, Annual Targets, Validated Actual Output, Status of Achievement/Not Achieved and Reasons for Deviation

PROGRAMME1 : ADMINISTRATION

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance	Corrective Measures
2. Inclusive economic growth	2.1 Businesses owned by black women supported	2.1.1 Number of businesses owned by black women supported	18	23	Target Achieved	Due to a number of initiatives on the CSI projects and the ED programme, the target was exceeded	N/A
	2.2 Businesses owned by black youth supported	2.2.1 Number of businesses owned by black youth supported	10	12	Target Achieved	Due to a number of initiatives on the CSI projects and the ED programme, the target was exceeded	N/A
	2.3 Businesses owned by people with disability supported.	2.3.1 Number of businesses owned by people with disability supported	4	5	Target Achieved	Owing to the overwhelming needs affecting PWD a criticality to achieve the targets, more entities were engaged for supporting the PWD	N/A
	2.4 Skills Development Plan initiatives	2.4.1 Percentage of skills development plan initiatives implemented	100%	100%	Target Achieved	N/A	N/A
	2.5 Stakeholder Engagement	2.5.1 Stakeholder satisfaction survey	75%	82%	Target Achieved	Improved and increased stakeholder engagements with diverse stakeholders as well as prompt responses on issues raised as well as focused and consistent communication utilising various platforms of communication integrated with brand and marketing visibility initiatives.	N/A

Continues - Programme 1

PROGRAMME 1 : ADMINISTRATION

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance	Corrective Measures
3. Land portfolio ready for investment attraction	3.1 Land fully serviced with ICT infrastructure	3.1.1 Percentage of RBIDZ new property fully serviced with ICT infrastructure	100%	100%	Target Achieved	N/A	N/A
4. Good governance	4.1 Clean Audit opinion	4.1.1 Clean Audit outcome maintained	Clean Audit	Clean Audit (2021/2022)	Target Achieved	N/A	N/A
	4.2 APP Targets achieved	4.2.1 Percentage of achieved APP targets	85%	94%	Target Achieved	Improved planning of projects and internal processes and commitment by the staff to deliver on the set targets	N/A
5. Reduced Grant Dependency	5.1 Own revenue generated	5.1.1 Percentage of own revenue generated	5%	14%	Target Achieved	N/A	N/A
	5.2 Financial sustainability strategy developed	5.2.1 Financial sustainability strategy reviewed by the EXCO	1	0	Target Not Achieved	Further input had to be sought to ensure that the desired project outcome is achieved	The project is underway and will be awarded by end of May and commence in June 2023 in order for the project to be completed by 31 March 2024

Continues - Programme 1

OVERSIGHT RESPONSIBILITY OF OFFICE OF THE CHIEF EXECUTIVE OFFICER IN RELATION TO COMPANY ADMINISTRATION

The RBIDZ also recognises the influence, contribution and importance of different categories of stakeholders towards its existence, sustainability and execution of its mandate. The RBIDZ understands that the views and opinions of the stakeholders both internal and external should be regarded as critical as they have huge influence in how the company is perceived which then leads to whether they are satisfied or not by the conduct of the company.

The negative views and perceptions can have a huge reputational damage towards the company that can hinder operations and overall performance.

Prioritisation of stakeholders through various engagements and platforms has an end goal for the company that has to be satisfactory and acceptable; in monitoring the company's performance the Stakeholder Perception and Satisfaction Survey is independently conducted annually for the purposes of obtaining views and recommendations for improvement from different stakeholders.

For the year under review the company had set an output indicator of 75% as a minimum target to be achieved as a satisfactory feedback to be obtained from respondents during survey consultations; it is however pleasing that the company obtained a Perception and Satisfaction score of 82% from the feedback received from all categories of stakeholders. The percentage obtained is a reflection of how the company interacts and perceived by its stakeholders from different groups and categories.

The Table below reflects on some of the key stakeholders contributing directly and indirectly towards the company's operation value chain:

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
Country Embassies	• Country relationship management and management of disputes among the sending and receiving state and to report the home state	• Facilitation of foreign direct investments; • Share advantages of represented country with host country; and • Facilitate memorandum of understanding between represented countries and host countries.
Communities and Private Landowners	• Land acquisition; • Community development programmes; • Social Investment; and • Employment Opportunities.	• RBIDZ participates in various community development projects, including provision of employment, skills development, job creation, and SMME development; • RBIDZ continues to engage various landowners for more suitable land to be prioritised for industrialisation; • 50-year Master Plan; and • Investment attraction programme.

Continues - Programme 1

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
Department of Economic Development, Tourism and Environmental Affairs	• Shareholder • Investment Promotions and Marketing with the aim of industrialisation, job creation and skills development; and • Provincial Economic Development Policies and Strategies.	• Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; • Obligations in terms of the Shareholder's Compact; • Achievement of KPIs, as per the Shareholder's Compact; and • Operating on a financially- sustainable basis, and impact on society.
Department of Education	• Management of skills development; and • Development of skills alignment deliverables.	• Compliance with skills development strategic goals.
Department of Employment and Labour	• Construction works and safety inspections, and compliance audits.	• Annual audits to strengthen RBIDZ's compliance to the applicable employment and labour requirements.
Department of Forestry and Fisheries	• Forestry and fisheries resource management, protection of endangered forest and fishery species, and comments during EIA processes.	• Critical in the sustainable development of RBIDZ, and protection of endangered species.
Department of International Relations and Cooperation	• Facilitate SA's relations with foreign countries; • Advance and promote international relations; and • Formalise partnerships and collaborations for trade purposes.	• Promotion and attraction of foreign direct investments; and • Enhancement of trade missions.
Department of Land Affairs	• Regulate land-related legislation; • Owns pockets of land; and • Intervene during land disputes.	• Approval of land use; • Provide licences for land use; • Purchase of land; and • Intervene on land claims raised against the RBIDZ by alleged private land-owners.
Department of Mineral Resources and Energy	• Identification of Richards Bay as a potential site for Energy development; • Procurement process regarding call for interested parties and the bidding processes; and • Energy regulations alignment and approvals.	• Compliance to Energy regulations. • Compliance to Environmental regulations.
Department of Co-operative Governance and Traditional Affairs	• Regulate municipalities; • Regulate levies related to land; and • Provide services to land users and tenants.	• Issuance of permits and licences.
Department of Agriculture and Rural Development	• Agro-processing initiatives alignment.	• Agro-processing being RBIDZ'S key sector; and • Location of Agri-park/hub in the Zone.
Department of Trade, Industry and Competition (the dtic)	• SEZ Policy and Incentives; and • Funding for Capital Projects.	• Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; and • Investment promotion programme focusing on exports of goods and services from the IDZ.

Continues - Programme 1

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
Department of Water Affairs	• Water resource management, wetland management, and comments during Environmental Impact Assessments.	• Water Use Licence applications, and approvals for development undertaken by the RBIDZ.
Employees	• Ensuring fair labour practices and a sustainable company.	• Internal communication programme, succession planning, wellness programmes, transformation forum, and fair labour practices.
Environmental Affairs	• Policy issues regarding environmental management and legislative changes; and • Environmental Impact Approvals and other licence approvals.	• Sustainability of IDZ programme, which is in full compliance with applicable environmental regulations.
Higher Education Institutions	• Utilisation of techno-park innovation hubs by institutions.	• Memorandum of Understanding regarding future partnerships; and • Curriculum alignment to scarce skills.
Home Affairs	• Work Permits approval for foreign investors.	• Compliance with Department of Labour regulations.
Investors	• Investments and job creation; • Industrialisation and sectoral development; • New product development and markets; and • Increase liquidity.	• 50-year Master Plan; and • Investment attraction programme.
KZN Growth Coalition	• Co-operation in the economic development of the region and the province; and • Balanced representation from local businesses.	• Regional structures driving economic development initiatives to create jobs.
KZN Legislature	• Tabulation of Annual Report.	• Compliance with PFMA legislative regulations.
KZN Provincial Treasury	• Funding allocation for the IDZ / SEZ programme; • Budget approvals; and • Ensure compliance with Finance Regulatory Acts and Policies.	• Obligation in terms of the Funding Agreement; and • Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan.
Local Businesses and Industries	• Economic landscape sustainability.	• Prospective off-takers of production; and • Stimulation of economy and reputation of the region.
Media	• News, advertisements, and branding and sustainability of RBIDZ.	• Public Relations, Stakeholder Engagements, and Reputation Management; • Brand enhancement; and • Effective communication strategy.
Municipalities	• Access to land; • Infrastructure development plans approval • Supply of electricity and water; and • Integrated Development plans	• Provision/sale of land; • Approval of infrastructure development; • Supply of electricity and water; and • Integrated Development plans

Continues - Programme 1

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
Office of the Premier	• Performance Reporting. • Approvals for company capacitation/resources and other matters as mandated in the course of operation. • International relations interaction and protocol guidance.	• Management of international interaction; • International protocol management; • Proper information sharing and co-ordination; and • International involvement and engagement guidelines.
Other state agencies, such as the CSIR and the Agricultural Development Agency	• Partnership in developing bankable feasibility for targeted sectors, and promotion of research and development.	• RBIDZ engages research institutions to tap into cutting-edge research in different sectors.
Public Entities	• Access to land and energy for the expansion of the RBIDZ footprint.	• Provision of basic services, such as energy and water, for the investors/locators.
Regulators, such as SARS and NERSA	• Customs Controlled Area (CCA) requirements; • Guidance and setting minimum regulatory requirements for the operation of RBIDZ; and • Ensuring fair competition in the market, through the Competition Commission.	• Compliance with the requirements of Customs Controlled Areas, to ensure compliance with the set parameters.
SMME's and Local Enterprise and Suppliers	• Inclusive economic growth and development.	• Participation in economic growth, and creation of a wider scope of employment opportunities.
Trade and Investment KwaZulu-Natal	• Collaboration on Investment Promotions and marketing of the IDZ internationally; and • Alignment with the overall KZN Investment strategic approach.	• Sector-specific programmes, which are aimed at attracting and channelling investments to Richards Bay.
Traditional Leaders	• Owners of pockets of land; • Responsible for communities residing within their jurisdiction; and • Land Claims	• Provision/sale of land
Transnet	• Service the Investors in terms of shipping and Cargo handling; • Offer port facility for export and import of production; and • Commercial Licences for Investors	• Port Terminal; and • Transportation of production
Unions	• Ensuring transparent and fair labour practices, and a sustainable Organisation.	• Collective agreements; and • Internal communication programme, succession planning, wellness programmes, transformation forum, and fair labour practices.
Zululand Chamber of Commerce and Industry, and other Chambers	• Industry economic development.	• Investment alignment and industry benchmarking.

Continues - Programme 1

COMPANY INVOLVEMENT IN COMMUNITY AND SOCIO-ECONOMIC DEVELOPMENT

The RBIDZ prioritises development and involvement of communities within its jurisdiction with the aim of contributing towards their welfare, participation and development in various areas such as education, skills, health, social cohesion, cooperatives and others.

The positive impact towards the socio- economic landscape cannot be detached from how the company positions its development initiatives in line with the needs of the communities.

Through various programmes, the RBIDZ continues its notable commitment through programmes that have been implemented thus far, in the main those relating to transformation, inclusive economic growth, participation of previously marginalised groups in wealth generation.

The various development initiatives find expression through Corporate Social Investment and economic and supplier development programmes.

Interventions in Education and Skills Development

The Company's outlook for its success is linked to a healthy, skilled, and safe society; hence, it is the pivotal intent to invest in opportunities that will strengthen the development of the people.

Skills development is a national priority in South Africa and a critical factor to the future success of the country. Meeting South Africa's skills needs requires input from numerous public and government institutions, as well as private organisations. If we talk about skills development, we refer to empowering capabilities and enhancing the potential of employability.

In view of this, the RBIDZ continues to play a meaningful and pro-active role towards bridging the skills gap by affording disadvantaged youth with opportunities to further their studies.

Listed below are some of the initiatives that were undertaken in the reporting year:

Study Assistance Programme (Bursaries) for Tertiary Students

Through this programme, the RBIDZ is pleased to report that the first intake of the study beneficiaries that started at the inception of the programme in 2017 have completed their studies and are employed by various companies in their field of studies.

In the year under review, the RBIDZ further afforded another group of six (6) beneficiaries who are currently pursuing their studies in various institutions of higher learning. The RBIDZ allocated a budget of R543 832,48 for the study assistance programme and has further secured another budget of R1000 000,00 for the 2023/2024 financial year intake of more students.

Back to School Programme

The Richards Bay Industrial Development Zone acknowledges the significance of education and support that is required by previously disadvantaged schools and as such continues to provide school essentials such as uniform as well as maths and science kits to the disadvantaged learners and schools.

Focusing on Sustainable Agricultural Projects for Rural Development

In the year under review the six (6) projects were assisted with agricultural implements such as fertilizers, pesticides, PPE's, seedlings, tools (e.g rakes, spades, picks and hoes). A total amount of R755 000 was spent.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PROGRAMME 1: ADMINISTRATION
SUB-PROGRAMME: FINANCE

This sub-programme establishes and maintains appropriate financial and supply chain management systems and procedures, ensuring compliance to applicable legislation, guidelines and reporting dates. It also thrives to manage the financial resources of the company efficiently, effectively and economically.

The year under review saw the RBIDZ attaining an unqualified report that attests to good governance and sound financial management in line with the PFMA guidelines.

Small-Medium and Micro-Enterprise (SMME) Development

The on-going developments from the National Treasury and KZN provincial government in public sector procurement continue to apply a compelling case to effect alignment of Supply Chain Management to ensure that government's imperatives stimulate an inclusive and transformational economy.

Government continues to prioritise entrepreneurship and the advancement of Small, Medium and Micro-Sized Enterprises (SMMEs) as the substance to achieving inclusive economic growth, transformation and socio-economic development.

Small businesses have a major role to play in the South African economy in terms of doubling employment creation, income generation and output growth. They are often the vehicle by which the people with the lowest income gain access to economic opportunities and thereby redress economic defies. It is in this context that the RBIDZ has developed a strategic plan to support sustainable enterprise and supplier development within King Cetshwayo District Municipality and beyond, through an integrated system of business support facilities linking potential investment projects.

To this consequence, the RBIDZ prioritises supplier and enterprise development, by engaging emerging businesses as well as opening vast opportunities for local Small, Medium and Micro Enterprises.

continue..
SUB-PROGRAMME: FINANCE

CPG and Involvement of Targeted Enterprises

Substantial opportunities in the form of CPG's commitments are realised from various RBIDZ projects within operation as well as infrastructure projects. For the year in review, focus on procurement spend on supplier and enterprise development initiatives, Black women-owned, Black youth-owned, and CPG's involvement of targeted enterprises gained momentum.

The table below focuses on procurement spend with regards to supplier and enterprise development initiatives to targeted groups: Total Cumulative Spend Inclusive of CPG Work Value

Targeted Groups	No. of Suppliers	Total Value	% of Total
Black Owned	503	R 42 476 384	86,9%
Black Women Owned	261	R 13 621 496	27,9%
Black Youth Owned	186	R 13 791 394	28,2%
People with Disability	11	R 869 697	1,8%
Local Companies	323	R 25 200 410	51,5%
LEVEL 1-4	530	R 46 128 567	94,4%
BEE Non-Compliant Companies	33	R 1 610 157	3,3%
C S D Registered	576	R 48 864 383	99,9%
Total Number of suppliers / value	**582**	**R 48 889 826**	

Enterprise and Supplier Skills Development

In response to diverse gaps giving rise to technical and skills needs, the RBIDZ expanded the mentorship and coaching programmes to various categories of SMMEs with the aim to equip and develop whilst also affording work opportunities, The following were focused programmes and support offered for the reporting period through Enterprise and Supply Management :

1. Development of Health and Safety Manuals;
2. Business Facilitation Support and Marketing coordination for business linkages;
3. Provision of Data, Connectivity and Support Services to ensure that the SMMEs adapt to the digital norms of doing business;
4. Financial Accounting and Statutory Compliance Services; and
5. Registration on CSD for compliance purposes.

The development of skills programme also afforded the SMMEs with marketing and advertising platforms which have posed as hindrances for business growth due to lack of funding. In the same vein of focused transformation, development and participation of Enterprise development programmes, the RBIDZ implemented the Nal'ithemba Enterprise Development Programme that focuses on the various sectors of the economy with the aim of creating linkage opportunities for SMMEs through investor value chain opportunities.

Nal'ithemba is a sector focused incubation, that will be rolled-out over a period of three (3) years and will include various components of development such as phased Masterclass Training paying attention to different areas of learning, workshops with financing partners and Sector Specific training.

The Incubation programme has enrolled eleven (11) beneficiaries representing different sectors of the economy (Agro-processing, Logistics, Chemicals, Metals Beneficiation, and ICT), however aligned with the RBIDZ investors. Apart from the expected impact of this programme, the advantages are that the SMMEs will ensure a platform for competition and increased opportunities for broad - based black economic empowerment.

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PROGRAMME 2: ZONE DEVELOPMENT AND OPERATIONS

The purpose of the programme is supported by the 50 - year Master Plan which prompts the acquisition of land for development into industrial estate, through integrated planning, design, service and management process for the attraction and location of investors.

The process involves land identification, due diligence, land valuation and engagement with landowners for the purposes of purchasing such land where upon agreement processes of development are implemented such as; layout planning and infrastructure design, obtaining development and design approvals, assessment and implementation of bulk essential infrastructure implementation as well as the operation and maintenance of these infrastructure systems.

The programme further ensures that within the owned and operational estates the RBIDZ operates within the regulations in terms of the Customs and Excise Act in its Customs Control Areas, with a fully integrated security management system as an agent on behalf of the South African Revenue Service.

The Zone Development and Operations programme supports two strategic outcomes viz:

Strategic Outcome	Outcome Number as per the Strategic Outcome	Number of Targeted Outcome Indicators	Number of Validated Actual Target Achieved
Land portfolio ready for investment attraction	3	3	3
More decent jobs created and sustained	6		

PROGRAMME 2: ZONE DEVELOPMENT AND OPERATIONS

PROGRAMME 2 – APP Outcomes, Outputs, Output Indicators, Annual Targets , Validated Actual Output, Status of Achievement/Not Achieved and Reasons for Deviation

PROGRAMME 2: ZONE DEVELOPMENT AND OPERATIONS

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
3. Land portfolio ready for investment attraction	3.1 Land parcels procured for development	3.1.1 Number of hectares of land procured for development by 31 March 2023	40ha: Central Industrial Area	131ha	Target Achieved	An alternative land was prioritised for another investment project due to the early conclusion of the sale agreement with the City
6. More decent jobs created and sustained	6.1 Construction projects implemented	6.1.1 Number of construction projects implemented	4	4	Target Achieved	N/A
	6.2 Jobs created	6.2.1 Number of construction jobs created	500	565	Target Achieved	Additional construction projects were done by RBIDZ

STATUS UPDATE OF RBIDZ EXISTING ESTATES AND INFRASTRUCTURE

Phase 1A Estate - 96 Ha

The completion for construction of the Wilmar manufacturing plant located in Phase 1A is targeted for November 2023.

Construction of Prostar Export Paints project valued at R141 million is also underway with completion targeted for March 2024.

To meet the electricity requirements and demands for the investors located in Phase 1A, the RBIDZ has commenced construction of the Substation with 40MVA capacity valued at R74 million. Completion of the Substation is earmarked for March 2024.

Phase 1F Estate - 130 Ha

The Phase 1F is designated as an estate to house heavy manufacturing industries, and currently accommodates Nyanza Light Metals' operational Product Testing and Development Centre, which is the first phase of the three rollout phases of the R4,5 billion titanium project.

Construction of Nyanza's commercial plant is due to commence in November 2023 and the construction company has been appointed.

The RBIDZ is pursuing a railway line to meet the demand for efficient logistics in Phase IF and a new bulk potable water pipeline to connect Phase IF to the City of uMhlathuze's (the City's) Mandlanzini Reservoirs to meet the increased demand for water in Phase 1F (the Mandlanzini pipeline"). The RBIDZ has applied to the dtic for funding and has applied to EDTEA for co-funding.

Phase 1D Estate - 130 Ha

KwaZulu – Natal Treasury has approved purchase of Phase 1D and the purchase agreement with the municipality has also been concluded amid further deliberations and finalisation of funding to service the site. The site is earmarked for the 3000MW Eskom fired gas-to-power project that is currently under discussions between the Department of Mineral Resources and Energy and Eskom as well as litigations that have been raised by the environmental lobbyists opposing the implementation of the project.

Prioritization of Land Expansion and Future Outlook on Land Acquisition in line with the 50-year Master Plan

As per the current status in Phase 1F, 95% of the land has been allocated to investors.

The RBIDZ continues to work tirelessly towards finding suitable land for the expansion of its land portfolio to ensure infrastructure development and readiness for prospective investors who intend locating in the Zone; this is guided by the principles of the Spatial Land Use Management Act 2013 and uMhlathuze Spatial Development Framework.

For the reporting year 2022 - 2023, the Deed of Sale for RBIDZ Phase 1D (130 ha) was concluded with the Municipality and this milestone is regarded as a huge achievement since this site is earmarked for the proposed Eskom Gas- to-Power plant (130 ha).

Future Outlook on Land Acquisition in line with the 50-Year Master Plan

The RBIDZ is working closely with various stakeholders to explore the feasibility of alternative models for land acquisition and expansion.

Deliberations on the option to acquire 41 ha of the Central Industrial Area (CIA) from the City of uMhlathuze are underway. The Board has since approved an investor (estimated investment value: R7 billion) to be located in the CIA.

Furthermore, the company is also conducting feasibilty studies on four properties owned by the Mandlanzini and Mbonambi Comminity Trust for the development of the International Convention Centre, Back-of-Port Commodity Handling Facility (Nsezi Precinct), Canal and Greenhill Precinct, and the Waterfront Precinct. These strategically located properties were identified following a land settlement that was reached between the Community Trusts, Transnet and the Land Claims Commission.

PROGRAMME 3: BUSINESS DEVELOPMENT AND SUPPORT

The core function of Business Development and Support is to attract direct and sustainable investments for the manufacturing of value-added exports and import substitutes into the Zone, provide after-care and support as well as provide market intelligence information in order to identify investment opportunities whilst creating business linkages for SMMEs and employment opportunities.

The Business Development and Support Programme supports three strategic outcomes viz:

Strategic Outcome	Outcome Number As Per The Strategic Outcome	Number of Targeted Outcome Indicators	Number of Validated Actual Target Achieved
Improved Operationalised investment value	1	5	5
Inclusive Economic Growth	2		
More decent jobs created and sustained	6		

PROGRAMME 3 – APP Outcomes, Outputs, Output Indicators, Annual Targets , Validated Actual Output, Status of Achievement/Not Achieved and Reasons for Deviation

PROGRAMME 3 : BUSINESS DEVELOPMENT AND SUPPORT

Outcome	Output	Output Indicators	Annual Target for 2022/23 as per the APP	Validated Actual Annual Output	Status	Reasons for Variance
3. Improved operationalised investment value	1.1 Investment value of Operational domestic or foreign direct investments	1.1.1 Rand value of operational domestic or foreign direct investments	R1.1 billion	R1 270 575 162	Target Achieved	Project value has increased to R1.5 billion however, Wilmar has operationalised R1.2 billion for 2022/2023
	1.2 Investment value of investments approved by the Board.	1.2.1 Rand Value of investments approved by the Board.	R2 billion	R9 107 776 000	Target Achieved	The Central Industrial Area (CIA)- Heritage Investment Holdings and Isizinda- (AluSouth) properties led to increased approvals

PROGRAMME 3 : BUSINESS DEVELOPMENT AND SUPPORT						
Outcome	**Output**	**Output Indicators**	**Annual Target for 2022/23 as per the APP**	**Validated Actual Annual Output**	**Status**	**Reasons for Variance**
2. Inclusive Economic Growth	2.1 Investments value of Black Industrialists investments approved by the Board	2.1.1 Rand value of black industrialists investments approved by the Board	R200 million	R8 931 796 343	Target Achieved	The CIA- Heritage Investment Holdings and Isizinda- (AluSouth) properties led to increased approvals
	2.2 Black owned businesses on the enterprise and supplier and development programme	2.2.1 Number of black owned businesses on the enterprise and supplier development programme	7	11	Target Achieved	Additional businesses confirmed since they passed eligibility criteria
6.More decent jobs created and sustained	6.1 Jobs created	6.1.1 Number of direct jobs created	40	45	Target Achieved	N/A

The diverse efforts invested in achieving the set goals are driven by focused strategies that are aimed at attracting the suitable direct investments that have the capability of contributing to the broader objectives of the Special Economic Zones programme.

Progress on Investment Projects Implemented during the Year under Review

The cumulative value of investment in the 2022/2023 financial year was R 1.83 billion after an additional investment of R1.27 billion by Wilmar Processing SA (Pty) Ltd which represents an increase of 331% from the previous year. The construction jobs created were 565 against the target of 500; plus an additional 45 operational jobs against the target of 40.

There was significant progress on several investment projects during the 2022/23 financial year. The dtic SEZ Fund Adjudication Committee approved a total of R115 million for the company to construct a top structure on behalf of Bote Industries (Pty) Ltd to establish a hose and valve manufacturing plant within Phase 1A. Wilmar Processing SA (Pty) Ltd has increased the investment value from R1.1 billion to R1.5 billion, construction of Phase 1 of the plant was complete and construction of the pipeline to the Port commenced.

The balance of the plant is anticipated to be complete by November 2023 with construction progressing within the 2022/23 financial year. The construction of the top structure to be occupied by Prostar Paints (Pty) Ltd commenced after the appointment of the contractor was successfully completed by RBIDZ. There have been business linkages facilitated between Prostar Export Paints and Nyanza Light Metals for the offtake of TiO2 as a result of the company's ongoing efforts to retain and expand investment, leveraging the synergies that exist amongst the investors and surrounding industry.

There has been significant progress with the Eskom 3GW gas-to-power plant. The lease agreement was ready to be signed by Eskom for the establishment of the 3GW gas-to-power plant within Phase 1D. NERSA applied to revoke the non-concurrence with the DMRE for the Section 34 Ministerial Determination which will allow the project to proceed. Additionally, Treasury has preliminarily permitted Eskom to proceed with the project.

Prostar Export Paints Project

Prostar is a local investment valued at R141 million targeting to create fifty (50) job opportunities during construction and another fifty (50) once operational.

Prostar will manufacture high-quality decorative and industrial coatings. The expansion to the RBIBZ has been motivated by the need for growth and intent to expand the market in Swaziland, Mozambique, Zimbabwe and Zambia while also supplying the local branches in Durban, Johannesburg and Cape Town. Construction is underway and completion is targeted for March 2024.

Fresh Produce Agri-Hub Project

As a strategy towards the economic stimulation and commercialisation of the agricultural sector in the KZN Province, the Provincial Department of Agriculture and Rural Development is mandated by the Executive Council to implement four (4) Agri-hubs in the province.

One of the Agri – Hubs' location is earmarked to be at the RBIDZ and currently the Department is finalising the implementing model which will guide the roll out the Agri- hub project in partnership with the RBIDZ. The RBIDZ will develop the Agri-hub and be responsible for the implementation and oversight. The Agri-hub will serve as a value add for Agro-processing and link producers to markets. Various financiers have expressed interest in funding the project however have intentions to draw lessons from the other Agri-hubs to be implemented prior to the one in Richards Bay.

Through this project the RBIDZ aims to expand its land portfolio as well as the impact of the SEZ programme beyond the urban environment to peri-urban and rural areas. The Agri-hubs programme is aligned to the National Development Plan (NDP), Provincial and National Agriculture Master Plans and other strategic policies and programmes of the country.

The Fresh Produce Hub is intended to be the trading platform and handle bulk and processed vegetables as well as fruits such as banana and others. The KZN Treasury has approved R153 million over a three-year period through the Budget Facility for infrastructure for the 2023 Medium-Term Expenditure Framework period for the establishment of the Fresh Produce Agri - Hub infrastructure.

Investment Prioritisation, Promotions and Attraction

For effective execution of the RBIDZ's Investment Promotions and Attraction Strategy and set targets considering the shift in the global markets, the investment promotions approach has been strengthened and re-aligned to the new norms during this financial year focusing on active economic sectors and digital dynamism.

Strategic Priority Focus Areas

- Image Building: Fostering the positive image of the RBIDZ and priming it as a profitable investment destination.
- Investment Promotion: Focusing on identified countries for investment attraction missions, this is further supported by sector strategies that are based on market intelligence for all the targeted sectors in that country. For the domestic market the focus is on Black Industrialists and Industrial symbiosis to exploit value chain linkages.
- Investment Facilitation, retention, and aftercare providing support to investors to facilitate their establishment phase as well as retaining existing ones and encouraging reinvestments by responding to their needs and challenges.
- Enabling local black owned companies to participate within the SEZ programme via business linkages with investors and surrounding industry.

The strategies and collective efforts for investment attraction continue to be aligned through fostering investment promotions , marketing and relationships building utilising various platforms and bilateral missions and meetings in targeted countries, These endeavours are part of strategies aimed at positioning the RBIDZ as a prime investment destination for domestic and foreign direct investments as well as business linkages.,

Activities undertaken to support Investment Promotion and Attraction

The strategies and collective efforts for investment attraction continue to be aligned through fostering investment promotions , marketing relationships building utilising various platforms such as bilateral missions, benchmarking studies and focused meetings in targeted countries. These endeavours are part of strategies aimed at positioning the RBIDZ as a prime investment destination for domestic and foreign direct investments as well as business linkages.

The following countries have had close engagements with the RBIDZ for exploration of investment opportunities.

COUNTRY	OUTWARD MISSION	PURPOSE
Turkey	Outward Trade Mission by RBIDZ	Explore potential investment opportunities at the World Energy Congress and partake in interactive energy and innovation dialogue.
United Arab Emirates	Outward Trade Mission by RBIDZ	Focused and targeted mission aimed at advancing the oil and gas strategy of the RBIDZ.

Purpose of Outward Trade Missions by RBIDZ

The primary purpose for fostering relationships with foreign countries is to promote and attract investors in various sectors critically in the energy and ICT sectors, whilst also exploring other business linkage opportunities. The outward missions by the RBIDZ delegation to Dubai and Turkey have specifically focused on enhancing deliberations and firming up interests on energy investments with the prospective investors that have shown interest in locating at the RBIDZ. To date there are energy related projects of key interests to the countries that were visited hence interaction and relationship management is on-going.

Continues - Programme 3

The RBIDZ Value Proposition

The RBIDZ seeks to attract investors that have a strategy to invest and locate in our well-developed estates. We further seek to lure the investors based on the incentives offered by government and support services available at the RBIDZ.

Regional sectors of focus ensure that whatever that the RBIDZ does is aimed at marketing the Richards Bay area as a competitive destination supported by various industrial activities, primarily the RBIDZ focuses on the fallowing sectors of the economy:

- Metals Beneficiation
- Agro-processing
- Technology and Innovation
- Energy and Renewables
- Marine Industry

Investor Support and After- Care Services

As part of ensuring investor support and after- care for investors from the first point of contact until the implementation of the project and beyond, the RBIDZ has a dedicated team that provides investor support and assistance coupled with the One - Stop - Shop that aims to fast - track services sought by the investors.

The follow through engagements and impact is managed and monitored through the Investor Satisfaction and Customer Survey conducted annually to ensure service improvement. It is pleasing to highlight that 84% was achieved against the target of 60%.

The outcomes of the Survey conducted is a quantitative and qualitative assessment which allows the company's service offerings to be rated but allows provides the platform for investors to highlight areas of improvement which assists the team to improve the experience of investors resulting in greater retention and expansion.

It is also anticipated that new projects will also commence construction in the new year (2023/24) and will further enhance job creation as engagements geared towards reaching financial close near completions. Inclusive of those multi-billion projects is Nyanza Light Metals whose first phase of the project (Product Testing and Development Centre valued at R210 million) is already operational.

Investment Attraction Outlook

Notwithstanding the economic setbacks that the economic sector as well as the country faces, the RBIDZ continues to pursue investment attraction and in the main to garner investor confidence as well as afford support to investors that are already located within the Zone. The coming months promise construction of two (2) major investment projects being completed and commissioned.

Additionally, the construction of these projects have contributed immensely towards job creation which in this financial year sits at 565 for construction as well as the value add on other value chain supplier opportunities. Wilmar project will create 202 operational jobs upon completion wherein Prostar Export Paints is expected to create just over 50 operational jobs.

The projects under construction continue to create jobs as they progress into different rollout phases to completion.

It is also anticipated that new projects will also commence construction in the new year (2023/24) and will further enhance job creation as engagements geared towards reaching financial close near completions.

Inclusive of those multi-billion projects is Nyanza Light Metals whose 1st phase of the project (Product Testing and Development Centre valued at R210 million) is already operational.

CHALLENGES HINDERING INVESTMENT ATTRACTION

Investor-Related Capacity Constraints

Due to the limited number of industrial funding institutions, numerous investors in the pipeline have gaps that limit scale. The Black Industrialist Fund has a limit of R50 million which is not enough in most instances to fill the required equity funding gap. Additionally, the lack of experience in running similar projects hinders access to funding as funders have suspensive conditions for strategic equity partners (SEP) before committing funding.

Limited Organizational Capacity

A high staff turnover challenges the organisation's ability to make timeous interventions due to the lack of internal capacity across the board.

Dynamic Stakeholder Environment

The continuously evolving stakeholder environment poses a risk to the creation of an enabling environment for investments. This varies from changes in community structures to changes in the leadership at municipal level.

Access to SEZ incentives

SPS has not been able to access the SEZ incentives due mainly to the 80:20 clause in the income tax act. The clause states that an entity cannot conduct more than 20% of the expenditure or income activities of the entity with a connected entity. SPS, located in the RBIDZ Phase 1A, conducts business with the marketing division of SPS which is located outside of the Special Economic Zone. The Company has conducted numerous presentations to the dtic and SARS on this exclusion clause. The Company ought to engage directly with parliament on the clause which prevents numerous entities from accessing the SEZ incentives.

Access to municipal incentives specific to the Zone

SEZ incentives in isolation are insufficient in attracting investment and additional municipal incentives are required which are specific to the Zone. Collaboration with the City is required in this regard.

Energy Sector Exposure

Just over 80% of the pipeline of investors are projects in the energy sector and specifically in the gas-to-power subsector. There are several uncertainties in this sector, including the bid window process for the procurement of additional electricity for supply into the grid, gas importation strategies and gas pricing.

The listed challenges have been listed in the RBIDZ Risk plan with accompanying mitigation plan.

FUTURE OUTLOOK FOR THE RBIDZ

The Organisation for Economic Cooperation and Development (OECD) estimates that Global GDP growth in 2023 is projected to be 2.7%, the lowest annual rate since the global financial crisis, bar the 2020 pandemic period. A modest improvement to 2.9% is foreseen for 2024. Higher interest rates are contributing to significant stress for developed markets with lending standards tightening across much of the developed world. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023.

The Africa Development Bank estimates the South African economy to grow by projected to grow marginally, by 0.2% in 2023 and 1.5% in 2024, supported by growth in trade, tourism, mining, and manufacturing. Inflation is projected to ease to 5.9% in 2023 and decline further to 4.5% in 2024 on account of reduced fuel and food prices, subject to evolving global dynamics. South African Reserve Bank Monetary policy assumptions are consistent with maintaining inflation within the 3.6% target band over the medium term.

The United Nations Conference on Trade and Development (UNCTAD) Investment Report 2023 noted that the value of greenfield projects announced in Africa almost quadrupled to a record of $195 billion (from $52 billion in 2021). The number of projects also increased by 39% to 766. The biggest increases were in energy and gas supply (to $120 billion), construction ($24 billion) and extractive industries ($21 billion). Six of the top fifteen greenfield megaprojects announced in 2022 were in Africa. The largest recorded project in South Africa was a Green Hydrogen Power project.

KwaZulu Natal still offers investors competitive advantage across in capital-intensive manufacturing, transport, storage, and communications, finance and business services sectors. The Gross Performance Index (2009 to 2020) based on Gross Value added (GVA) at basic prices further affirms that KZN comparative investment opportunities across agriculture, forestry and fishing, agricultural resource-intensive manufacturing, construction, retail and tourism services.

RBIDZ investment pipeline is closely aligned to sectors that have attracted green investment in the 2023 UNCTAD report. The International Energy Agency (IEA) estimates that $2.8 trillion will be invested in energy in 2023. Of this, $1.7 trillion will be invested in clean energy, including renewable power, nuclear, grids, storage, low-emission fuels, efficiency improvements, end-user renewables and electrification.

RBIDZ investment outlook are in growing subsectors of energy (fuel supply and power investment) and heavy manufacturing industries. Increased effort to operationalize and assist projects reach financial investment decision, increased research across emerging sub-sectors offering comparative and competitive advantages for locators at RBIDZ will be critical in the medium to long-term outlook.


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PART C

CORPORATE GOVERNANCE

GATEWAY TO **WORLD MARKETS**

CORPORATE GOVERNANCE

Introduction

The RBIDZ is a Company (SOC) and a provincial government business entity and is therefore governed by both the PFMA and The Companies Act. In addition to this, the RBIDZ has established a solid corporate governance framework through all Shareholder's Compact/Funding Agreement with the Executive Authority, a Board Charter and Charters for each Board Committee.

The charters all take into account the guidance of the King IV Reports on Corporate Governance, published by the Institute of Directors. Management's Executive Committee is also governed by a Charter. The reporting protocols are well- structured throughout the Organisation.

Executive Authority

The entity reports against the set targets in the Annual Performance Plan on a quarterly basis to EDTEA. Written reports are submitted 15 days after the end of the quarter, after which a meeting to discuss the reports is organised by EDTEA. During the financial year under review, all four (4) reports were submitted timeously to EDTEA, and the CEO attended all meetings to discuss progress against set targets.

The Accounting Authority/Board

The Board has an independent role with accountability to the Shareholders and the Company and is responsible as the primary oversight body of the Company. The Board appreciates that strategy, risk, performance, and sustainability are inseparable; and gives effect to this by contributing to and approving the strategy and satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management, identifying key performance and risk areas, ensuring that the strategy will result in sustainable outcomes.

The Role of the Board

The Board members have the specific responsibilities set out in the PFMA, the Companies Act, and the King IV Reports on Corporate Governance, including:

- The duty of utmost care to ensure reasonable protection of the assets and records of the Company;
- To act with fidelity, honesty, integrity, and in the best interests of the Company, in managing the financial affairs of the Company;
- To disclose to the Executive Authority responsible for the Company or the Provincial Legislature on request all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or legislature;
- To act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders, and other stakeholders of the Company along sound corporate governance principles;
- To ensure that the Company is, and is seen to be, a responsible corporate citizen, by having regard to not only the financial aspects of the business of the Company, but also the impact that business operations have on the environment and the society within which it operates;
- To be responsible for the governance of risk;
- To be responsible for information technology (IT) governance; and
- To ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards and to ensure the integrity of the Company's Annual report; and to appoint and evaluate the performance of the Chief Executive Officer.

The Board acts collectively and does not assume the operational functions of Management, which remain the responsibility of the executive directors, officers, and other senior management members.

BOARD CHARTER

The Board has adopted a Board Charter setting out its roles and responsibilities.

Name	Designation	Area of Expertise	Other Committees (e.g. Audit, Risk and Finance Committee)	Meetings for the year as at end of the Third Quarter	
				No. of Meetings (days)	Days Attended
Dr. SG Ngcobo[1]	Chairperson Non-Executive Director	Management, Business and Economics	None	7	6
Ms. MM Mashiteng[2]	Deputy Chairperson Non-Executive Director	Management, Accounting and Finance	Chairperson of Infrastructure and Investment Committee; and Member of Audit, Risk and Finance Committee **Served until 27/11/2022**	7	2
Mr. SZ Hlophe	Non-Executive Director	Management, Accounting and Finance	Chairperson of Audit, Risk and Finance Committee; and Member of Infrastructure and Investment Committee	7	7
Ms. SP Mangole	Non-Executive Director	Management and Trade and Industry	Member of HR and Remuneration Committee; and Member of Infrastructure and Investment Committee	7	6
Mr. EF Mbatha	Non-Executive Director	Management and Local Government	Chairperson of Social and Ethics Committee; and Member of Audit, Risk and Finance Committee	7	7
Mr. S Mchunu	Non-Executive Director	Management and Local Government Management	Chairperson of Infrastructure and Investment Committee	7	7
Mr. S Mdlalose	Non-Executive Director	Management and Labour	Member of HR and Remuneration Committee	7	7
Cllr. MG Mhlongo[3]	Non-Executive Director	Management and Local Government	Member of Infrastructure and Investment Committee **Served until 10/11/2022**	7	2
Ms. MT Ndlovu	Non-Executive Director	Management, Law, and Local Government	Chairperson of HR and Remuneration Committee	7	7
Ms. SG Skosana	Non-Executive Director	Management and Risk	Member of Social and Ethics Committee	7	7
Ms. CP Vilakazi	Non-Executive Director	Management and Economic Development	Member of Social and Ethics Committee; and Member of Audit, Risk and Finance Committee	7	7
Adv. JC Weapond[4]	Non-Executive Director	Management, Law, Risk and Information Systems	Member of Audit, Risk and Finance Committee **Served until 03/02/2023**	7	5
Mr. TW Zulu	CEO / Executive Director	Management and Energy	None	7	7
Ms. S Mvelase	CFO / Executive Director	Management, Finance, Accounting, taxation and Auditing	None	7	7

[1] Resigned 27/2/23 [2] Resigned 27/11/22 [3] Resigned 10/11/22 [4] Resigned 03/02/23

COMPOSITION OF THE BOARD

BOARD COMMITTEES

BoD	Committee Meetings							
	Audit, Risk and Finance		Social and Ethics		Infrastructure and Investment		HR and Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. SZ Hlophe	4[A]	3			6	6		
Ms. SP Mangole							5	3
Ms. MM Mashiteng	3[B]	2			4[AB]	3		
Ms. G Sikhosana			5	5				
Mr. EF Mbatha	1	1	5[A]	5				
Cllr. MG Mhlongo					3[B]	1		
Mrs. MT Ndlovu							5[A]	5
Adv. JC Weapond	3[B]	3						
Ms. CP Vilakazi	2	2	5	5			4	4
Mr. S Mchunu					3[A]	3		
Mr. S Mdlalose							5	5

[A]Committee Chairperson

[B]Resignations

REMUNERATION OF BOARD MEMBERS

The remuneration of directors is determined by the shareholders. The Company reimburses / does travel bookings for directors, other than those in the employ of government departments. During the course of the year, the method of remuneration for Board meetings was amended to include a retainer, that is only paid if the scheduled meeting is attended.

Executive and Non- Executive Directors of RBIDZ	Fees for services as Directors	Managerial Services		2023	2022
	R	Salary R	Retirement Fund & Medical Aid Contribution	Total R	Total R
Executive Directors of RBIDZ					
TW Zulu[A]	-	2 878 171	-	2 878 171	2 641 492
S Mvelase[A]	-	1 561 870	-	1 561 870	1 395 800
Non-Executive Directors of RBIDZ					
B Mbili[B]	-	-	-	-	-
SG Ngcobo[C]	369 418	-	-	369 418	365 481
SP Mangole[D]	-	-	-	-	-
MM Mashiteng[E]	-	-	-	-	-
M Clark[F]	-	-	-	-	193 720
EF Mbatha	208 285	-	-	208 285	245 646
MG Mhlongo[G]	-	-	-	-	-
MT Ndlovu[H]	41 674			41 674	-
SZ Hlophe	234 977	-	-	234 977	260 978
CP Vilakazi	187 951	-	-	187 951	218 248
S Zondi[I]	-	-	-	-	108 440
S Mchunu	160 317	-	-	160 317	106 712
S Mdlalose[J]	-	-	-	-	-
SG Skosana	-	-	-	-	112 750
JC Weapond[K]	-	-	-	-	-

Notes

A: Executives are not paid for meeting attendance
B: Appointed as Board Chairperson from 03/04/2023
C: Appointed as Board Chairperson until 27/02/2023
D: Civil servant in the employ of the dtic
E: Civil servant in the full time of the state in another province
F: Term ended as Board Chairperson until 04/09/21
G: Full-time Councillor of the uMhlathuze Municipality
H: Appointed as Municipal Manager of a District Municipality until 28/02/22
I: Appointed as Board Member until 04/09/21
J: Civil servant employed by KZN DOT
K: Full time Commissioner of the Information Regulator

RISK MANAGEMENT

In accordance with the PFMA and King IV, the Company is keenly aware of the need to manage its risks effectively. To this end, the Company conducts an annual risk assessment as part of the strategic planning process, where both high-level strategic risks and operational risks affecting the different business units are identified. These are then included in the Company's Strategic Plan and Annual Performance Plan.

The risks identified are included in the monthly dashboard reports, where the different business units report to Executive Management on the steps taken to address the identified risks. Emerging risks are also identified and reported at monthly Executive Committee meetings, as the Executive Committee serves as the internal risk committee of management, thus ensuring buy- in at an executive level.

While the Legal Manager/Company Secretary is responsible for risk management in the company, all Executive Managers are risk champions for the operational risks emanating from their business units.

Management reports to the Audit, Risk and Finance Committee four times per year, on both the steps being taken to address identified risks as well as on any emerging risks which have been identified.

Internal Audit and Audit Committees

The Company has adopted both an Internal Audit Charter and an Audit, Risk and Finance Committee Charter, to ensure that the internal audit function is able to operate as an independent appraisal function, to examine and evaluate the company's processes in the effective discharge of its responsibilities Its objectives include promoting effective risk management and operational efficiency at reasonable cost, in accordance with the standards for the Professional Practice of Internal Audit established by the Institute of Internal Auditors (IIA).

The internal audit function evaluates governance processes; assesses the effectiveness of risk management, analyses and evaluates business processes; and controls and provides. information on fraud, corruption, unethical behaviour, and irregularities, and performs other related activities The function, which is outsourced to Ukukhanya Advisory Services who succeeded Bonakude Consulting, who were the entity's previous internal auditors, reports to the Audit, Risk and Finance Committee.

During the yearly audits and/or follow-up audits were conducted on review of the annual financial statements, performance information and Zone Development and Operations.

The functions of the Audit, Risk and Finance Committee are set out in a Committee's Charter, which is based on the recommendations of the King VI Report on Corporate Governance issued by the Institute of Directors and which was reviewed and updated during the year.

The key functions of the Committee are to assist the Board in fulfilling its oversight functions in terms of the PFMA, including assisting the Chief Executive Officer and Executive Management in carrying out their functions as prescribed in sections 38(1), 76(4)(d), and 77 of the PFMA Regulation 3.1.8 of the Treasury Regulations, the Companies Act, and principles of sound corporate governance; to evaluate the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes; to give an opinion and introduce measures that may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Company, to facilitate, promote and maintain effective communication and work relations with the Board of directors, Management and the internal and external auditors; to monitor compliance with laws, code of business conduct and regulations; to publicly issue a statement to the shareholders confirming the effectiveness of the internal financial controls and provide a written assessment of Company's system of internal control; to review an integrated annual report with special emphasis on the impact of the company in the economic, environmental and social spheres; to ensure that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives; and to ensure that the disclosure regarding risk is comprehensive, timely and relevant.

Table below presents relevant information on the members of the Audit, Risk and Finance Committee

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date of 1st Appointm.	End of Appointm.
Mr. SZ Hlophe	• MBL; • BCom Honours in Accounting; and • Diploma in Cost and Management Accounting	External	Non-Executive Director	28/11/2017	2025 AGM
Ms. MM Mashiteng	• MBA; • BCom Accounting; • Post Graduate Diploma in Management; and • Municipal Finance Management Programme	External	Non-Executive Director	28/11/2017	Resigned 27/11/2022
Adv. JC Weapond	• MA in Business Systems; • MTech in Information Technology; • MTech in Forensic Investigation; • BCom Honours in Information Technology; • LLB; • B Tech in Policing; • Diploma in Business Management; • Diploma in Education; and • Certificate in Leadership Programme	External	Non-Executive Director	04/09/2021	Resigned 03/02/2023

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date of 1st Appointment	End of Appointment
Mr. EF Mbatha	• MA in Governance and Political Transformation; • BA, and • Executive Leadership Municipal Development Programme	External	Non – Executive Director	04/09/2017	2025 AGM
Ms. CP Vilakazi	• MA in Policy and Development Studies; • Post Graduate Diploma in Marketing Management; and • BA Social Work	External	Non-Executive Director	04/09/2017	2025 AGM

The members of the Committee are appointed / re-appointed at the Annual General Meeting, as contemplated in the Companies Act, 2008.

Compliance with Laws and Regulations

The Legal Manager/Company Secretary is responsible for the Compliance Function. The Company has adopted a comprehensive Compliance Policy. Research is conducted on applicable laws and various open-source databases are used to determine upcoming legislation, as well as relevant judgments.

Checklists are compiled on key legislation, which is prioritised based on a risk-based approach. Compliance issues are reported to the Board through the Audit, Risk and Finance Committee on a quarterly basis.

Fraud and Corruption

The Company has adopted a comprehensive Fraud Prevention Policy and compiles a Fraud Prevention Plan on an annual basis. This includes a response plan to allegations of fraud and corruption; probity investigations of prospective staff and even suppliers, thereby creating an open and transparent culture; protection of whistle-blowers; annual declarations of financial interests, as well as declarations at certain meetings; mandatory reporting of gifts and gratuities received by staff and encouragement of staff to report suspected fraud and corruption. The Company also has a whistleblowing hotline utilised to report fraud related activities.

The Company is particularly proud of the conflict-of-interest review, where the Company was the first to request such a review where various databases are interrogated, to ensure that directors and employees of the Company do not have any undisclosed conflicts of interest. It is understood that this is being rolled out to other public entities in KwaZulu-Natal.

Another innovative way that the Company addresses the risk of fraud and corruption is in the field of procurement. The Company has adopted a transparent process, where all unsuccessful tenderers for public tenders are invited to a debriefing session, where the reasons for awarding the tender and reasons each tenderer was disqualified or scored low are given. This reduces the possibility of tender awards being manipulated by corrupt persons.

Where fraud is reported, the policy provides for the investigation of the matter by a person independent of the division in which the fraud is suspected.

Minimising Conflict of Interest

In addition to the afore- mentioned Fraud Prevention Policy, the Company has an adopted Code of Conduct, which also addresses the issue of conflicts of interest. These are further supported by a Supply Chain Management Policy, which also seeks to avoid undisclosed conflicts of interest, and persons being in a position to make decisions where they have a conflict of interest. While the Fraud Prevention Policy relies on gifts and conflicts of interest being declared, conflict of interest reviews are also conducted to ensure that all conflicts of interest are disclosed.

With regard to external parties, the Company's procurement processes require that potential service providers complete and sign a form indicating any conflicts of interest in the processes or any linkages they may have with directors or staff members of the Company.

Code of Conduct

The Company has adopted a Code of Conduct which is applicable to all directors and staff and is intended to guide the behaviour that the Company expects in its interaction with all internal and external stakeholders, with special emphasis on the interactions of internal stakeholders with each other, and with the communities within which the Company operates. The Code of Conduct seeks to ensure that behaviour is guided by socially established principles of honesty, fairness, accountability, non- discrimination and respect for human dignity.

The Policy requires staff members to report dishonest activities and provides for the investigation of all infringements of the Code, followed by the taking of appropriate remedial action, which may include disciplinary action, termination of relationships with a supplier, or taking steps to prevent a reoccurrence.

Health, Safety, Environmental and Wellbeing

The RBIDZ has a commitment to the health, safety and well-being of employees as well as the protection and enhancement of the natural environment. This commitment is embodied in our SHEQ policy and is expressed in our certification to internationally recognised quality (ISO 9001) and environmental (ISO 14001) management systems. The objectives of our management systems include preventing work-related injuries, illnesses and diseases, providing a safe and healthy workplace, promoting worker health and productivity through the Employee Assistance Programme.

In line with the RBIDZ's good governance and the application of SHE specifications, all contractors on site are required to exercise full control of their activities and processes. Amongst others, this includes risk assessment and duty of care for people and the environment.

In line with the RBIDZ's good governance and the application of SHEQ's specification standards, all contractors on site are required to exercise full control of their activities and processes. Amongst others, this includes risk assessment and duty of care for people and the environment.

The highlights for the financial year in the scope of SHE included the following:

- Zero contractor loss time injuries or fatalities;
- Zero major environmental incidents or compliance notices;
- Successful undertaking of an occupational health and safety audit by an independent auditor;
- Successful implementation of the 5 – year (2018 – 2023) SHEQ Strategy;
- 90% score of customer satisfaction against 80% target;
- ISO 9001 and 14001 standards certifications retained with no major findings;
- Introduction of a quarterly SHEQ Newsflash;
- Collaborated with EDTEA, City of uMhlathuze and Mhlathuze Water for national environmental initiatives including Arbor Day, International Coastal Clean-up, World Food Day and Water Awareness Week; and
- Migrated the ISO Document Management System to SharePoint.

The Company remains committed to upholding safe working environment and the application of SHE legislation and quality standards, while striving for a prompt turnaround time on environmental approvals.

B – BBEE COMPLIANCE PERFORMANCE INFORMATION

Through the independent verification the company has been confirmed to be a Level 3 contributor in line with the B- BBEE Codes and further awarded by the Department of Economic Development, Tourism and Environmental Affairs with the Most Improved B-BBEE Compliant Award for 2021 / 2022 and 2022 / 2023 Financial year.

The company applied the following criteria with regards to Code of Good Practice (B-BBEE Certificate – Levels 1 – 8):

CRITERIA	RESPONSE YES/NO	DISCUSSION (Includes discussion based on the response and indicating measures that have been taken to comply)
Determining qualification criteria for issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	NO	The RBIDZ does not perform such functions.
Developing and implementing a preferential procurement policy?	YES	SCM Policy
Determinig qualification criteria for the sale of state- owned enterprises?	NO	The RBIDZ has not been involved in such activities.
Developing criteria for entering into partnerships with the private sector?	NO	The RBIDZ has not been involved in such activities.
Determining criteria for the awarding of incentives, grants, investment schemes in support of Broad-Based Black Economic Empowerment?	NO	The RBIDZ has not been involved in such activities.

SCHEDULE : FORMS OF REGULATION

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISION FORM: B-BBEE 1 LEVEL: 3

COMPLIANCE REPORT BY SPHERE OF GOVERNMENT, PUBLIC ENTITIES, ORGANS OF STATE OR COMPANY LISTED ON THE JOHANNESBURG STOCK EXCHANGE (in terms of section 13G (2) of the Act).

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation:	Richards Bay Industrial Development Zone SOC Ltd
Registration Number:	2002/009856/30
Physical Address:	RBIDZ Office Complex, Harbour Arterial, Richards Bay
Telephone number:	035 797 2600
Email Address:	info@rbidz.co.za
Indicate Type of Entity or Organisation:	Operator of Special Economic Zone
Industry/ Sector:	Public Entity
Relevant Code of Good Practice:	B-BBEE Codes of Good Practice (Gazette Number 38076) of 10 October 2014
Name of Verification Agency:	Inkomba Verification Agency
Name of Technical Signatory:	Khulekani Ziphozonke Mvubu

SECTION B: INFORMATION AS VERIFIED BY THE BROAD- BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONALS AS PER THE SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Management Control	20	0	18,73
Skills Development	25	0	17,68
Enterprise and Supplier Development	50	0	52,00
Socio- Economic Development	5	0	5,00
Total Score	**100**		**93,41**
Broad-Based BBBEE Status Level	3		
Priority Elements Achieved	Yes		
Empowering Supplier Status	Yes		

SECTION C: FINANCIAL REPORT

BASIC ACCOUNTING DETAILS:

- Accounting Officer’s name: Thabane Wiseman Zulu
- Address: RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay
- Accounting Policy: Monthly/ Quarterly, Annually
  The Annual Financial Statements and Annual Report were approved by the entity at the Board meeting on the 30th July 2023

SOCIAL AND ETHICS COMMITTEE REPORT

We are satisfied to present our report for the financial year ended 31st of March 2022.

Social and Ethics Committee Responsibility

The Social and Ethics Committee reports that it has complied with its responsibilities arising from Regulation 43(5) of the Regulations issued in terms of the Companies Act and has, inter alia, monitored the company's activities with regard to matters relating to social and economic development; good corporate citizenship; the environment, health and public safety; stakeholder relationships and labour and employment, including taking into account the various specific requirements in regard to each of those elements as set out in the regulation. The Committee has also brought matters falling within its mandate to the Board's attention, as required.

Company Achievements

The Committee is satisfied with the Company's contributions to socio-economic activity, in particular its contribution to bringing investment and creating employment, which is the very reason it exists.

It has also noted the Company's promotion and compliance with Employment Equity and Black Economic Empowerment, as shown by its improving BEE rating as well as the passing of a Preferential Procurement Policy.

The Company strives to make use of small local Black suppliers where feasible within the Constitutional provisions. Key highlights are the development of the Nal 'ithemba Enterprise Development Programme to develop potential suppliers to the Company and locators in the Richards Bay Industrial Development Zone as well as the support that has been given to agricultural cooperatives.

The Company seeks to promote both environmental sustainability and renewable energy but also supports gas which, over time, can replace coal while supplementing the weaknesses of solar and wind by providing dispatchable energy at times the sun is not shining and the wind is not blowing or both. The Committee has noted Management's commitment to safety and the environment as well as ensuring good employment relationships.

Mr. EF Mbatha
Chairperson of the Social and Ethics Committee
Date: 30 July 2023

COMPANY SECRETARY

The Company's Legal Manager functions as its Company Secretary, with functions including being; the central source of guidance and advice to Board and within Company on matters of good governance and changes in legislation, responsibility for Board and Committee Charters, preparation of the annual work plan and meeting schedules, circulation of Board and Committee papers, induction, orientation and on-going training of directors; ensuring that returns are provided to the Companies and Intellectual Property Commission; and assisting with Board evaluations.

Certification by Company Secretary

I, the undersigned, KN Harvey, in my capacity as Company Secretary, certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a State-owned company in terms of the Companies Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date, save that the 2021/22 Annual Financial Statements, which were due after 31 March 2023, are still to be submitted in iXBLR format.

Adv. K.N Harvey
Company Secretary
Date: 31 July 2023

AUDIT, RISK AND FINANCE COMMITTEE REPORT

We are satisfied to present our report for the financial year ended 31st of March 2023.

Audit, Risk and Finance Committee Responsibility

The Audit, Risk and Finance Committee reports that it has complied with its responsibilities arising from Section 51(1) (a)(ii) of the Public Finance Management Act, and Treasury Regulation 3.1.13. The Committee has adopted appropriate formal terms of reference contained in its Audit, Risk and Finance Committee Charter, which was reviewed during the reporting period. The Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Audit, Risk and Finance Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the executive management of the entity during the year under review.

In-Year Management and Monthly/Quarterly Report

The Company has reported monthly and quarterly to the Treasury, as stipulated by the PFMA.

Evaluation of Financial Statements

The Audit, Risk and Finance Committee has:

- reviewed and discussed the audited annual financial statements to be included in the Annual Report, with the Auditor-General and the executive management;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed the entities compliance with legal and regulatory provisions and;
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs with, and accepts the Auditor-General of South Africa's report to the annual financial statements and that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal Audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor's Report

The Audit, Risk and Finance Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

The Audit, Risk and Finance Committee concurs and accepts the conclusions of the External Auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the External Auditor.

Mr. Silas Z. Hlophe
Chairperson of the Audit, Risk and Finance Committee
Date: 26 July 2023

PART D

HUMAN RESOURCES MANAGEMENT

GATEWAY TO **WORLD MARKETS**

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

INTRODUCTION

The RBIDZ aims to position itself as an employer of choice; and to this end impactful progress has been yielded through the appointment and functioning of the fully fledged executive management team within the organisational structure.

The success of the company lies in the pool of talent and sound leadership that possess diverse acumen contributing to the strategic guidance of the company. The focused outcomes were as a result of a functional human resource planning and aligned strategies that are also geared towards enhancing the organisational culture as well as skills development and re-skilling.

HUMAN RESOURCE OVERSIGHT STATISTICS

Human Resources Priorities

The Human Resources priorities embedded in the Human Resources Strategy address short and long-term organisational challenges, including:

- Skills Development
- Leave Management
- Disciplinary Code of Conduct
- People management
- Staff rewards and benefits

Escalating rate of unemployment youth and majority of them are school leavers as well as graduates is a matter that is considered as high priority to all Company programmes.

Through the implementation of the investment skills development plan, the Company has subjected a number of 22 young graduates who are job seekers to the upskilling/reskilling programme.
The purpose of this intervention sought to empower job seekers with skills for mastering job interviews as it has been observed as one of the competences required for them in the labour market so that they able to showcase their value to potential employers.

Furthermore, utilising internship/leanership programme, 17 young graduates were placed in various Business Units within the Company and some of them were placed at the RBIDZ's strategic partners.

THE BELOW TABLES PRESENT THE HUMAN RESOURCE STATISTICS

PERSONNEL COSTS FOR BUSINESS UNITS

	Total Budget for the year	Total Personnel Budget for the year	Personnel Budget as a % of Total Opex Budget	No. of Permanent Employees
	R	R		
OCEO	25 673 843,26	11 653 686,00	45%	10
ZDO	53 894 121,16	11 269 265,00	21%	11
BDS	16 714 746,92	7 073 126,00	42%	6
Finance	58 818 208,79	11 110 087,00	19%	15
Corporate Services	31 771 298,88	11 062 986,00	35%	12
Total	186 872 219,02	52 169 150,00	28%	54

Table Includes the Cost of Interns

ACTUAL PERSONNEL COST VS BUDGET

Business Units	2022/2023 Total Personnel Budget YTD	2022/2023 YTD Actual Personnel Expenditure	% of Personnel Budget Spent
	R	R	
OCEO	11 653 686	11 581 328	99%
ZDO	11 269 265	10 380 424	92%
BDS	7 073 126	7 150 957	101%
Finance	11 110 087	10 985 538	99%
Corporate Services	11 062 986	11 098 680	100%
Total	**52 169 150**	**51 196 927**	**98%**

Notes: The table above excludes bonus provision and leave pay provision charges in the statement of financial perfomance

TRAINING COSTS

Business Units	Total Personnel Budget for the year	Training Expenditure	Training Expenditure as a % of Personnel Cost.	Number of Employees Trained	Average Training Cost per Employee
	R	R			R
OCEO	11 653 686	101 781	1%	8	12 723
ZDO	11 269 265	51 212	0,5%	11	4 656
BDS	7 073 126	278 890	4%	9	30 988
Finance	11 110 087	331 457	3%	12	27 621
CS	11 062 986	233 611	2%	17	13 742
Total	**52 169 150**	**996 950**	**2%**	**57**	**17 490**

EMPLOYMENT AND VACANCIES BY BUSINESS UNITS

(Staff Complement Approved vs Current Complement)

Vacancies by Business Unit	2022/23 Board Approved Posts	2022/2023 No. of Employees by 31/03/2023	2022/2023 Vacancies	% of Vacancies
OCEO	11	10	1	9%
ZDO	14	11	3	21%
BDS	10	6	4	40%
Finance	15	15	0	0%
CS	13	12	1	8%
Total	**63**	**54**	**9**	**14%**

EMPLOYMENT AND VACANCIES BY SALARY BANDS

Salary Bands/Level	2022/2023 Board Approved Posts	2022/23 No. of Employees by 31/03/2023	2022/2023 Vacancies	% of Vacancies
Senior Management [E1-E3]	2	2	0	0%
Professionally qualified and experienced specialists and middle management [D1- D5]	24	20	4	17%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	29	24	5	17%
Semi-skilled and discretionary [B1-B5]	8	8	0	0%
Unskilled and defined decision making [A1-A3]	0	0	0	0%
Total	**63**	**54**	**9**	**14%**

EMPLOYMENT CHANGES / TERMINATIONS

Occupational Level	Employment as at 31/03/2023	Appointments	Terminations	Employment as at 31/03/2023
Senior Management [E1-E3]	2	0	0	2
Professionally qualified and experienced specialists and middle management [D1- D5]	23	1	4	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	27	0	3	24
Semi-skilled and discretionary [B1-B5]	7	1	0	8
Unskilled and defined decision making [A1-A3]	0	0	0	0
Total	**59**	**2**	**7**	**54**

PERSONNEL REASONS FOR LEAVING

Reason	Number	% of Total no. of Staff Leaving
Death	0	0%
Resignation	6	11%
Dismissal	0	0%
Retirement	1	2%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	**7**	**13%**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	None
Written Warning	None
Final Written warning	None
Dismissal	None
Total	**None**

Grievances Lodged

None

Disputes Lodged with CCMA

None

Precautionary Suspensions

In the year under review two(2) employees were subjected to precautionary suspension.

Equity Target goals and Employment Equity Status 2022/2023

Below is the breakdown of employment equity targets, based solely on the provincial demographics for the 5- year period ending 2023.

RACIAL EQUITY TARGET GOALS

Reason	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Racial Equity (HDI) – Target	88%	90%	92%	94%	96%	98%
Racial Equity (HDI) - Actual	5.7%	90.7%	89.4%	91%	95%	95%
Gender Equity - Target (females in management)	37%	39%	41%	43%	45%	47%
Gender Equity - Actual (females in management)	41%	50%	50%	41%	41%	43%

EQUITY RACIAL AND GENDER

		African	Coloured	Indian	White	Total
Males	Target	43,2%	2,1%	6,4%	2,3%	54%
	Actual	34%	0%	2%	5%	41%
	Staff numbers	19	0	1	3	23
		African	**Coloured**	**Indian**	**White**	**Total**
Females	Target	41,1%	0,4%	3,8%	1,8%	47,1%
	Actual	48,2%	1,8%	5,4%	3,6%	58,9%
	Staff numbers	27	1	3	2	33
Total	Target	84,3%	2,5%	10,2%	4,1%	101,1%
	Actual	82,1%	1,8%	7,1%	8,9%	100,0%
	Staff numbers	46	1	4	5	56

Disabled Employees						
	Male			Female		
	Current	Target	Goal	Current	Target	Goal
Top Management	0	1	1	0	0	0
Senior Management	0			0		
Professional Qualified	0			0		
Skilled	0			0		
Semi-Skilled	0			0		
Unskilled	0			0		
Total	0	1	1	0	0	0

PART E

FINANCIAL STATEMENTS

GATEWAY TO **WORLD MARKETS**

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2023

Country of incorporation and domicile	South Africa
Controlling Entity	Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs (EDTEA)
Legal form of Entity	State-owned Company
Nature of Business and principal activities	Richards Bay Industrial Development Zone Company SOC Ltd was formed to undertake the development of industrial land in the region.
Bankers	ABSA Ltd
Auditors	Auditor - General of South Africa
Secretary	Adv. Keith Harvey
Company Registration Number	2002/009856/30

NOTICE

These financial statements were prepared on the 30th of May 2023 and have been independently audited by the Auditor-General of South Africa in accordance with the provisions of the Public Audit Act 2006, as well as any applicable provisions of the Companies Act 2008.

The Annual Financial Statements were prepared , under the supervision of Ms. Simangele Mvelase the Chief Financial Officer of the Company.

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SUPPLEMENTARY SCHEDULE

Detailed Statement of Comprehensive Income

The Annual Financial Statements, set out on pages 108 to 155, and the Statement of Responsibility by the Directors, on page 92, were approved by the Board of Directors and signed on its behalf by:

Adv. Bhekisisa Mbili
Board Chairperson
Date: 30 July 2023

Mr. Thabane W. Zulu
Chief Executive Officer
Date: 30 July 2023

STATEMENT OF RESPONSIBILITY PAGE BY DIRECTORS

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared by management in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act. They are based on appropriate accounting policies, which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates.

The directors are responsible for the preparation of Annual Financial Statements that fairly present the state of affairs and the results of the Company. The external auditors are responsible for independently auditing and reporting on these Annual Financial Statements, in conformity with International Audit Standards.

Internal Control

The Board of Directors is responsible for the Company's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of its assets, and to detect and minimise significant fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The controls concentrate on critical risk areas. These areas are identified by operational management and are monitored by the directors. All controls relating to the critical risk areas are closely monitored and subject to internal audit. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the company has occurred during the year.

Performance Management

The Company reports on its own performance against pre- determined objectives, as contained in the Annual Performance Plan for the 2022/23 financial year and in accordance with the Public Finance Management Act No. 1 of 1999, as amended. The performance report is tabled on a quarterly basis to the following structures: Audit, Risk and Finance Committee, the Accounting Authority (RBIDZ Board) and the Executive Authority (Department of Economic Development, Tourism, and Environmental Affairs).

Board Remuneration

The remuneration of directors and senior managers is set out in Note 36 to the Annual Financial Statements. The financial statements set out on pages 108 to 155, which have been prepared on the going concern basis, were approved by the Board of Directors, and signed on its behalf by:

Adv. Bhekisisa Mbili
Board Chairperson
Date: 30 July 2023

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the reporting period and the results of its operations and cash flows for the period then ended. The internal auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board of directors acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and place considerable importance on maintaining a strong control environment. To enable the board of directors to meet these responsibilities, the executive management sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board of directors is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The board of directors reviewed the entity’s cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the controlling entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external and internal auditors.

The internal auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's internal auditors and their report are available for inspection.

The annual financial statements set out on pages 108 to 155, which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2023 and were signed on its behalf by:

Adv. Bhekisisa Mbili
Board Chairperson
Date: 30 July 2023

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year a number of 4 meetings were held and members attended as follows.

Name of Member	Date of Appointment	Number of Meetings
Mr. SZ Hlophe - Chairperson	04 September 2021	3
Ms. MM Mashiteng	04 September 2021 - Resigned 27 November 2022	2
Mr. JC Weapond	03 September 2021 - Resigned 03 February 2023	3
Ms. CP Vilakazi	04 September 2021	2
Mr. EF Mbatha	04 September 2021	1

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 77 of the PFMA and Treasury Regulation 27. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal controLs

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the executive management of the entity during the year under review

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the executive management;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report to the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Mr. Silas Z. Hlophe
Chairperson of the Audit Committee
Date: 26 July 2023

REPORT OF THE AUDITOR – GENERAL OF SOUTH AFRICA

Report of the Auditor - General of South Africa to KwaZulu – Natal Provincial Legislature on Richards Bay Industrial Development Zone Company SOC Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Richards Bay Industrial Development Zone Company SOC Limited set out on pages 89 to 155, which comprise the statement of financial position as of 31 March 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Richards Bay Industrial Development Zone Company SOC Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material Impairment - Receivables from exchange transactions

7. As disclosed in note 8 of the Financial Statements, a material impairment of R41,06 million (2022: R14,56 million) was recognised as a result of uncertainty relating to the recoverability of receivables.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

National Treasury Instruction No. 4 of 2022-2023: PFMA Compliance and Reporting Framework

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-2023 in terms of Section 76 (1)(b), (e) and (f), 2(e) and 4(a) and (c) of the PFMA,

which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure note of the annual financial statements, only the current year and prior year figures are disclosed in note 42 and 43 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Richards Bay Industrial Development Zone Company SOC Limited.

The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the Accounting Authority for the Financial Statements

10. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA and Companies Act and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's Responsibilities for the audit of the Financial Statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

Introduction and Scope

14. In accordance with the Public Audit Act of South Africa 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

15. I selected the following material perfomance indicators related to Zone Development and Operations presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on it's primary mandated functions and that are of significant national, community or public interest.

- Number of hectares of land procured for development by 31 March 2023
- Number of construction projects implemented
- Number of construction jobs created

16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the perfomance managment and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on it's mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on perfomance can be linked directly to the entity's mandate and the achievement of it's planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievemnt of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and the reasons provided for any over or underachievement of targets

18. I performed the procedures for the purpose of reporting material findings only.

19. I did not identify any material finding on the reported performance information for the selected material performance indicators.

Report on the Audit of Compliance with Legislation

Introduction and Scope

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion and conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this Auditor's report

23. I did not identify any material non-compliance with the selected legislative requirements.

Other Information

24. The Accounting Authority is responsible for the other information included in the annual report, which includes the foreword by the responsible MEC, foreword by the Chairperson of the Board, the Chief Executive Officers' overview, the Audit Committee's Report, the company secretary's certificate, as required by the

Companies Act and the human resources report. The other information to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that has been specifically reported in this auditor's report.

25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on the compliance with legislation do not cover the other information included in annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected.

If it is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal Control Deficiencies

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

29. I did not identify any significant deficiencies in internal control.

Auditor-General

Auditor – General - SA
Pietermaritzburg
Date: 31st of July 2023

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

ANNEXURE: AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

The Annexure includes the following:

- The Auditor-General's Responsibility for the audit
- The selected legislative requirements for compliance testing

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the material performance indicators and on the entity's compliance with selected requirement in key legislation.

Financial Statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Richards Bay Industrial Development Zone Company SOC Ltd to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements.

  My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Communication with those charged with Governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation-elected lagislative requirements

The selected legislative requirements are as follows:

Legislation	Consolidation firm level requirements
Public Finance Management Act 1 of 1999	Section 50(3) Section 51 (1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii);51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b);57(d) Section 66(3)(d);66(5);67
Treasury Regulations for public entities (TR)	Treasury Regulation 29.1.1; 29.1.1(a) 29.1.1(c); 29.2.1;29.2.2; 29.3.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.5; 31.2.7((a) Treasury Regulation 32.1.1(a); 32.1.1(b) 32.1.1(c) Treasury Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(2); 45(3)(a)(ii); 45(3)(b)(1); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1) Section 22(3)

Legislation	Consolidation firm level requirements
CIDB Regulations, 2004	CIDB regulation 17; 25(1); 25(5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
The Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1; 12.2
The Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.2(b); 4.3; 4.4; 4.4(c); 4.4(d); 4.6 Paragraph 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph Par 5.5.1(iv); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(a); 3.4(b);3.9: 6.1; 6.2; 6.7
PFMA SCM Instruction Note 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
NT Instruction Note 5 of 2020/21	Paragraph 5.1 and 5.3

DIRECTORS' REPORT

The directors presenting their report for the year ended on the 31st of March 2023.

1. Incorporation

The entity was incorporated on 29 April 2002 and obtained its certificate to commence business on the same day.

2. Review of Activities

Main business and operations

Richards Bay Industrial Development Zone Company SOC Ltd was formed to undertake the development of industrial land in the Richards Bay area and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Going Concern

We draw attention to the fact that on 31 March 2023, the entity had an accumulated surplus of R1 064 291 326 and that the entity's total assets exceed its liabilities by R1 215 492 326. The entity is liquid and is able to meet its financial obligations in the near future with current ratio of 2.57 (2022: 2.96) as at end of the financial year.

The Annual Fnancial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the entity.

4. Subsequent Events

Other than the appointment of the new board chairperson effective 01 April 2023 which has no impact in the annual financial statements, there were no material subsequent events that occurred between the end of the reporting period and the date these financial statements were authorised for issue.

5. Accounting Policies

The Annual Fnancial Statements were prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury. These accounting policies are consistent with those used in the prior year.

6. Share Capital and Premium

There were no changes in the authorised or issued share capital of the entity during the year under review.

Richards Bay Industrial Development Zone Company SOC Limited has 1 000 authorised no par value shares and issued share capital. The share capital is as follows: 1000 shares held by Province of KwaZulu Natal represented by the Department of Economic Development, Tourism and Environmental Affairs.

DIRECTORS' REPORT (continues..)

7. Board of Directors

The directors of the entity during the year and to the date of this report are as follows:

DIRECTORATE	NATIONALITY	CHANGES	DATES
Non-Executive Directors			
Adv. B Mbili	South African	Appointed Chairperson	01 April 2023
Dr. SG Ngcobo	South African	Resigned	27 February 2023
Ms. SM Mangole	South African	Reappointed	04 September 2021
Ms. MM Mashiteng	South African	Resigned	27 November 2022
Mr. M Clark	South African	Term ended	04 September 2021
Mr. EF Mbatha	South African	Reappointed	04 September 2021
Cllr. MG Mhlongo	South African	Resigned	10 November 2022
Ms. MT Ndlovu	South African	Reappointed	04 September 2021
Mr. SZ Hlophe	South African	Reappointed	04 September 2021
Ms. CP Vilakazi	South African	Reappointed	04 September 2021
Mr. S Zondi	South African	Term ended	04 September 2021
Mr. S Mchunu	South African	Appointed	04 September 2021
Mr. S Mdlalose	South African	Appointed	04 September 2021
Ms. SG Skosana	South African	Appointed	04 September 2021
Mr. JC Weapond	South African	Resigned	03 February 2023
Executive Directors			
Mr. T.W Zulu (CEO)	South African		
Ms. S Mvelase (CFO)	South African		

8. Company Secretary

The Secretary of the entity is - **Adv. K.N. Harvey**	**Business Address** 4 Harbour Arterial Alton Richards Bay 3900	**Postal Address** Private Bag X1005 Richards Bay 3900

9. Corporate Governance

General

The board of directors is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board of directors supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2016. The board of directors discuss the responsibilities of management in this respect at Board meetings and monitor the entity's compliance with the code on a three-monthly basis.

The salient features of the entity's adoption of the Code are outlined below:

Board of Directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and
- regulations, effective risk management and performance measurement, transparency and effective
- communication both internally and externally by the entity;
- is of a unitary structure comprising:
- - non-executive directors, all of whom are independent directors as defined in the Code; and
- - executive directors.
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer, and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by the Parent entity, and the board of directors will determine the remuneration within the above-mentioned limits.

Internal Audit

The entity has outsourced its internal audit function to Bonakude Consulting (Pty) Ltd who succeeded Ukukhanya Advisory Services who were the entity's previous internal auditors.

10. Controlling Entity

The entity's controlling entity is Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs incorporated in South Africa.

11. Bankers

ABSA

12. Auditors

Auditor General of South Africa will continue in office for the next financial period.

The Annual Financial Statements set out on page 108 to 155, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 July 2023 and were signed on its behalf by:

Adv. Bhekisisa Mbili
Chairperson of the Board
Date: 30 July 2023

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88 (2) (e) of the Companies Act.

In terms of Section 88 (2) (e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date save that the 2021/22 Annual Financial Statements, which were due after 31 March 2023, are still to be submitted in iXBLR format.

Adv. K.N. Harvey
Company Secretary
Date: 31 July 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022 Restated*
		R	R
Assets			
Non-Current Assets			
Investment property	3	690 379 032	715 040 856
Property, plant and equipment	4	36 904 381	37 806 845
Intangible assets	5	2 493 235	1 887 845
Deposits receivable	6	2 222 597	2 222 597
		731 999 245	**756 958 143**
Current Assets			
Prepayments	7	49 287 501	47 296 271
Deposits receivable	6	-	531 516
Receivables from exchange transactions	8	8 321 353	5 416 885
VAT receivable	9	539 482	1 623 870
Cash and cash equivalents	10	738 749 777	686 208 946
		796 898 113	**741 077 488**
Total Assets		**1 528 897 358**	**1 498 035 631**
Liabilities			
Current Liabilities			
Operating lease liability	11	22 569	22 587
Unspent conditional grants	12	285 669 290	231 487 308
Provisions	13	12 884 476	11 438 281
Payables from exchange transactions	14	12 075 476	7 291 979
		310 651 811	**250 240 155**
Non-Current Liabilities			
Deposits payable	15	2 753 221	1 823 210
Total Liabilities		**313 405 032**	**252 063 365**
Net Assets		**1 215 492 326**	**1 245 972 266**
Share capital and premium	16	151 201 000	151 201 000
Accumulated surplus		1 064 291 326	1 094 771 266
Total Net Assets		**1 215 492 326**	**1 245 972 266**

See Note 37

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022 Restated*
		R	R
Revenue			
Revenue from exchange transactions			
Rental of facilities	18	23 203 759	13 792 757
Management Fee Income	17	2 864 237	2 730 529
Sundry income	17	1 223 453	88 429
Tender Fee Income	17	130 434	172 979
Finance Income	20	30 408 496	16 574 068
Gain on disposal of assets and liabilities	4	98 250	-
Total revenue from exchange transactions		**57 928 629**	**33 358 762**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	21	97 551 268	136 884 490
Total revenue	17	**155 479 897**	**170 243 252**
Expenditure			
Employee related costs	22	(56 099 932)	(47 447 587)
Depreciation and amortisation	23	(34 945 523)	(32 089 077)
Impairment of assets	24	(78 804)	(69 392)
Lease rentals on operating lease	25	(1 630 729)	(2 870 385)
Debt Impairment	26	(26 497 424)	(13 328 889)
Loss on disposal of assets and liabilities	4	-	(16 887)
General Expenses	27	(66 707 425)	(51 929 457)
Total expenditure		**(185 959 837)**	**(147 751 674)**
Taxation	29	-	-
(Deficit) /surplus for the year		**(30 479 940)**	**22 491 578**

See Note 37

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2023

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
	R	R	R	R	R
Opening balance as previously reported	1 000	151 200 000	151 201 000	1 071 820 252	1 223 021 252
Adjustments					
Correction of errors	-	-	-	459 436	459 436
Balance on 01 April 2021 as restated*	**1 000**	**151 200 000**	**151 201 000**	**1 072 279 688**	**1 223 480 688**
Changes in net assets					
Surplus for the year	-	-	-	22 491 578	22 491 578
Total changes	-	-	-	22 491 578	22 491 578
Restated* Balance on 01 April 2022	**1 000**	**151 200 000**	**151 201 000**	**1 094 771 266**	**1 245 972 266**
Changes in net assets					
Deficit for the year	-	-	-	(30 479 940)	(30 479 940)
Total changes	-	-	-	(30 479 940)	(30 479 940)
Balance on 31 March 2023	**1 000**	**151 200 000**	**151 201 000**	**1 064 291 326**	**1 215 492 326**
Note(s)	16	16	16		

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities		R	R
Receipts			
Sale of goods and services		26 513 681	70 221 429
Grants		151 733 250	102 218 922
Interest income		30 408 496	16 574 068
		208 655 427	189 014 419
Payments			
Employee costs		(51 408 362)	(47 447 587)
Suppliers		(95 664 704)	(37 860 596)
		(147 073 066)	(85 308 183)
Net cash flows from operating activities	**31**	**61 582 361**	**103 706 236**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3 139 544)	(1 995 670)
Proceeds from sale of property, plant and equipment	4	128 585	30 432
Purchase of investment property	3	(5 393 363)	(35 736 117)
Purchase of other intangible assets	5	(637 208)	(1 125 000)
Net cash flows from investing activities		**(9 041 530)**	**(38 826 355)**
Net increase/(decrease) in cash and cash equivalents		**52 540 831**	**64 879 881**
Cash and cash equivalents at the beginning of the year		686 208 946	621 329 065
Cash and cash equivalents at the end of the year	**10**	**738 749 777**	**686 208 946**

The accounting policies on pages 113 to 132 and the notes on pages 133 to 155 form an integral part of the annual financial statements.

See Note 37

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

Budget on accrual basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance **Revenue** **Revenue from exchange transactions**						
Rental of facilities	13 261 316	10 216 710	**23 478 026**	23 203 759	**(274 267)**	
Management Fee income	2 864 237	-	**2 864 237**	2 864 237	**-**	
Sundry income	-	1 145 762	**1 145 762**	1 223 453	**77 691**	
Tender Fee income	240 000	(34 130)	**205 870**	130 434	**(75 436)**	A
Finance Income	14 400 000	6 612 417	**21 012 417**	30 408 496	**9 396 079**	B
Total revenue from exchange transactions	**30 765 553**	**17 940 759**	**48 706 312**	**57 830 379**	**9 124 067**	
Revenue from non-exchange transactions						
Transfer revenue Government grants & subsidies	95 604 347	-	**95 604 347**	97 551 268	**1 946 921**	C
Total revenue	**126 369 900**	**17 940 759**	**144 310 659**	**155 381 647**	**11 070 988**	
Expenditure Employee related costs	(58 224 278)	1 104 470	**(57 119 808)**	(56 099 932)	**1 019 876**	D
Depreciation and amortisation	(39 900 529)	4 955 006	**(34 945 523)**	(34 945 523)	**-**	
Impairment loss/ Reversal of impairments	-	(78 804)	**(78 804)**	(78 804)	**-**	
Lease rentals on operating lease	(1 677 360)	44 172	**(1 633 188)**	(1 630 729)	**2 459**	
Debt Impairment	-	(1 934 696)	**(1 934 696)**	(26 497 424)	**(24 562 728)**	E
General Expenses	(114 241 178)	22 982 728	**(91 258 450)**	(66 707 425)	**24 551 025**	F
Total expenditure	**(214 043 345)**	**27 072 876**	**(186 970 469)**	**(185 959 837)**	**1 010 632**	
Operating deficit	**(87 673 445)**	**45 013 635**	**(42 659 810)**	**(30 578 190)**	**12 081 620**	
Gain on disposal of assets and liabilities	-	98 250	**98 250**	98 250	**-**	
Deficit before taxation	**(87 673 445)**	**45 111 885**	**(42 561 560)**	**(30 479 940)**	**12 081 620**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(87 673 445)**	**45 111 885**	**(42 561 560)**	**(30 479 940)**	**12 081 620**	

A - Tender fee income

The actual amount represents the actual tender documents purchased by bidders.

B - Finance income

The increase in the repo rate has resulted in the increase in the interest rates yield offered by the financial institutions holding the entity funds and the interest on overdue accounts, which is not budgeted for, has significantly increased in the current year due to non-payment by two of our major customers

C - Government grants and subsidies

The actual grant recorded is directly related to the recognition of revenue from non-exchange transactions (conditional and non-conditional grants) which includes both EDTEA and dtic (grant applied), whilst the budget is only reflecting the EDTEA allocation for the year. There is no budget allocation for dtic grant in the current financial year.

The revenue from non-exchange transactions (conditional grants) are recognised as the expenditure on capital projects is incurred.

D - Employee related costs

The slight under-spending is due to the delay in filling vacancies that were expected to be filled during the year. We had also budgeted a cost-of-living adjustment of 7.8% for all employees however only 4.5% was approved for executive committee and 5% for the rest of the employees and this contributed to the variance.

E - Debt impairment

The actual movement in the provision reflects an increase in the provision. This is due to tenants not paying the rental and management fees that are being billed on a monthly basis. This has contributed to the increase in the long-outstanding debt over 90 days in ageing. This was not included in the budget.

F - General Expenses

The following contributed largely to the under-expenditure against budget:

License fees - Various licenses were still in the procurement process as at end of the financial year. The budget appears underspend.

Professional fees – The following contributed to the underspending against the budget, amongst other things, projects were planned to be initiated in the period under review but have not been initiated or are still within the various stages of the SCM process on 31 March 2023. The budget also catered for ad-hoc land valuations, legal fees, surveys and engineering consulting and these services were not required during the year. There were few initiatives deferred to the next financial year.

Property Rates and Taxes - The underspent was due to adjustments processed by the City in their billings for the previous months' overcharges. These have contributed significantly to the underspent. In addition, there are two accounts that have not yet been billed by the City, yet they were included in the budget.

Repairs and Maintenance - Part of the underspending on this line is due to the amounts spent on the rates-based contracts not being as high as the budget estimates. Additionally, it was expected that there would be additional electrical work done on the transformers as part of annual shutdown and the work invoiced as at end of December was less than the budgeted amount.
The civil engineering maintenance work has also not started as yet but year end and these were anticipated to commence in February 2023.

Water and Electricity - The electricity charges for Phase 1A are being over-recovered due to the difference in recovery rates versus the bulk billing rates.

The deficit of R30.5 million is fully funded from our rollover funds carried from the previous financial year.

The accounting policies on pages 113 to 132 and the notes on pages 133 to 135 form an integral part of the annual financial statements.

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation Currency

These annual financial statements are presented in South African Rand (ZAR), which is the functional currency of the entity.

1.2 Going Concern Assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. This basis presumes that the entity will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the conditions on which the assets are being used may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount.

1.5 Investment Property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost Model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	5 to 40 years

Property that is being constructed or developed for future use as investment property is recognised as work in progress under investment property during the construction phase. Once construction is completed, the property is transferred to the completed category. During the construction phase, the property is considered for impairment on an annual basis and is not depreciated. The cost of work in progress is recognised on a stage of completion basis.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

1.6 Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Buildings	Straight-line	25 years
Machines	Straight-line	5 to 10 years
Furniture and fixtures	Straight-line	10 to 20 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	5 to 10 years
IT equipment	Straight-line	3 to 15 years
Billboards	Straight-line	5 to 10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Intangible Assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 12 years
Computer software, other	None	Indefinite

The entity discloses relevant information relating to assets under development, in the notes to the financial statements (see note 5).

1.8 Deposits Receivable

Deposits receivable are recognised as an asset on an accrual basis and are measured as the consideration receivable. These are subsequently measured at cost.

Deposits receivable within 12 months from reporting date are classified under current assets and all other deposits are classified under non-current.

1.9 Deposits Payable

Deposits payables are recognised as a liability on an accrual basis and are measured as the consideration payable.Based on contractual arrangements, these are subsequently measured at cost or at amortised cost.

Deposits payable within 12 months from reporting date are classified under current liabilities and al other deposits are classified are classified under non-current.

1.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

Initial measurement

When a financial asset or financial liability is recognised initially, the entity measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

An entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review accordingly.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition of financial assets

The entity derecognise a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;

- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:

(i) derecognise the asset; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

Derecognition of financial liabilities

The entity remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Prepayments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial asset measured at amortised cost
Unspent conditional grants	Financial asset measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Share capital and share premium	Measured at cost

1.11 Tax

Current Tax Assets and Liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax Assets and Liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating Leases - Lessor

Income from operating leases is recognised as revenue. The lease payments are straight lined over the lease term depending on the stage of establishment within the zone:

Pre-occupation – the period from signing of lease agreement to construction date. Due to the conditional nature of the lease agreements, the minimum lease payments are accounted for on a month-to-month basis. Should conditions not be fulfilled, or the investor decide not to continue with the investment, the lease agreement is then subject to cancellation.

Construction – the accounting treatment is dependent on the lease terms and each agreement is assessed separately. Treatment of the minimum lease payments will either be recognised on a straight-line basis or month-to- month basis, depending on the terms and conditions of the lease agreements.

Operational – minimum lease payments are calculated as per lease agreement and are accounted for on a straight-line basis excluding the effect of changes in CPI as this is considered contingent rental.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash- generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash- generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.15 Impairment of non-cash -generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash- generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash- generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value In Use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

1.16 Share capital and premium

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.18 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

Tender Fee Income

This is revenue generated from the sale of tender documents. Revenue is recognised upon delivery of tender documents purchased to the prospective bidder and is measured as the consideration received.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, Royalties and Dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Recognition

An inflow of resources from a non-exchange transaction recognised as revenue immediately on receipt.

An inflow of resources from non-exchange transaction is recognised as a liability until an obligation to perform is met. Once a condition is met, revenue from non-exchange transaction will be recognised.

Measurement

Revenue from a non-exchange transaction is measured as a consideration received net of VAT and to the extent that the grant conditions are met.

1.22 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.23 Finance Income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.24 Translation of Foreign Currencies

Foreign Currency Transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.26 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with its nature and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Irregular Expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.28 Budget Information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 Events after Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations issued, but not yet effective

The entity has not applied the following standards (amendments), which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standards / Interpretations	Effective Date	Expected Impact
GRAP 25: Employee Benefits	Not yet effective	Unlikely there will be a material impact as a result of the amendments
Amendments to GRAP 1 on Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact
IGRAP 21 on The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
Improvements to Standards of GRAP (2021)	01 April 2023	Unlikely there will be a material impact
GRAP 104: Financial Instruments	01 April 2023	Unlikely there will be a material impact as a result of the amendments

3. Investment Property

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Investment property	849 681 012	(159 301 980)	690 379 032	843 379 431	(128 338 575)	715 040 856

Reconciliation of Investment Property - 2023	Opening balance	Additions	Depreciation	Total
	R	R	R	R
Investment Property	715 040 856	6 301 582	(30 963 406)	690 379 032

Reconciliation of Investment Property - 2022	Opening balance	Additions	Depreciation	Total
	R	R	R	R
Investment Property	708 605 844	35 736 117	(29 301 105)	715 040 856

Detailed reconciliation of the investment property is provided below:

Detailed Investment Property Reconciliation - 2023	Opening balance	Additions	Depreciation	Transfers	Total
	R	R	R	R	R
Land	158 004 392	-	-	-	158 004 392
Buildings - Completed	499 764 147	-	(30 963 406)	51 582 682	520 383 423
Buildings - Work in Progress	57 272 317	6 301 582	-	51 582 682	11 991 217
	715 040 856	**6 301 582**	**(30 963 406)**	-	**690 379 032**

Detailed Investment Property Reconciliation - 2022	Opening balance	Additions	Depreciation	Impairment	Total
	R	R	R	R	R
Land	158 004 392	-	-	-	158 004 392
Buildings - Completed	529 065 252	-	(29 301 105)	-	499 764 147
Buildings - Work in Progress	21 536 200	35 736 117	-	51 582 682	57 272 317
	708 605 844	**35 736 117**	**(29 301 105)**	-	**715 040 856**

Investment Property in the process of being constructed or developed

	2023	2022
	R	R
Cumulative expenditure recongnised in the carrying value of Investment Property		
Buildings	11 991 217	57 272 317

Amounts Recognised in Surplus or Deficit

Rental revenue from Investment property	23 203 759	13 792 757
From Investment property that generated rental revenue Repairs and maintenance	5 388 134	5 958 732
From Investment property that did not generate rental revenue Repairs and maintenance	396 144	79 891

4. Property, Plant and Equipment

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land and Buildings	34 294 503	(6 658 177)	27 636 326	34 051 066	(5 282 278)	28 768 788
Furniture and fixtures	5 113 971	(3 084 989)	2 028 982	5 111 234	(2 647 981)	2 463 253
Motor vehicles	1 517 484	(783 356)	734 128	971 563	(708 552)	263 011
Office equipment	3 548 313	(2 774 735)	773 578	3 326 336	(2 419 165)	907 171
IT equipment	11 050 173	(6 641 696)	4 408 477	10 015 511	(5 010 599)	5 004 912
Machines	1 205 756	(166 666)	1 039 090	151 713	(130 403)	21 310
Billboards	473 000	(189 200)	283 800	473 000	(94 600)	378 400
Total	**57 203 200**	**(20 298 819)**	**36 904 381**	**54 100 423**	**(16 293 578)**	**37 806 845**

Reconciliation of Property, Plant and Equipment - 2023

	Opening balance	Additions	Disposals	Take on assets	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land and Buildings	28 768 788	243 437	-	-	(1 375 899)	-	27 636 326
Furniture and fixtures	2 463 253	-	-	2 737	(417 226)	(19 782)	2 028 982
Motor vehicles	263 011	545 921	-	-	(74 804)	-	734 128
Office equipment	907 171	213 670	-	8 307	(351 740)	(3 830)	773 578
IT equipment	5 004 912	1 082 473	(30 335)	6 387	(1 599 768)	(55 192)	4 408 477
Machines	21 310	1 054 043	-	-	(36 263)	-	1 039 090
Billboards	378 400	-	-	-	(94 600)	-	283 800
Total	**37 806 845**	**3 139 544**	**(30 335)**	**17 431**	**(3 950 300)**	**(78 804)**	**36 904 381**

Reconciliation of Property, Plant and Equipment - 2022	Opening balance	Additions	Disposals	Take on assets	Other adjustments	Depreciation	Impairment loss	Impairment reversal	Total
	R	R	R	R	R	R	R	R	R
Land and Buildings	30 128 292	-	-	-	-	(1 359 504)	-	-	28 768 788
Furniture and fixtures	2 938 207	35 267	-	1 501	-	(427 559)	(84 163)	-	2 463 253
Motor vehicles	360 167	-	-	-	-	(97 156)	-	-	263 011
Office equipment	1 091 736	-	-	20 417	1 173	(193 094)	(13 061)	-	907 171
IT equipment	3 687 507	1 960 403	(47 319)	2 360	(1 173)	(591 965)	(4 901)	-	5 004 912
Machines	3 916	-	-	-	-	(15 339)	-	32 733	21 310
Billboards	473 000	-	-	-	-	(94 600)	-	-	378 400
	38 682 825	**1 995 670**	**(47 319)**	**24 278**	**-**	**(2 779 217)**	**(102 125)**	**32 733**	**37 806 845**

The prior year figures have been restated. Please refer to note 37 for the disclosure of prior year adjustments.

Compensation received for losses on Property, Plant and Equipment

	2023	2022
	R	R
IT equipment	128 585	30 432

Property, Plant and Equipment with a net book value of R30 335 (2022: R47 319) was disposed and/or lost and a total consideration amounting to R128 585 (2022: R30 432) in the current financial year resulting in a gain on disposal of R98 250 (2022: loss on disposal of R16 887). The consideration amount received is mainly insurance proceeds received from assets derecognised in the prior year with the loss recognised in that year.

Expenditure incurred to repair and maintain Property, Plant and Equipment

	2023	2022
	R	R
Land and buildings	426 452	162 989
Furniture and fixtures	11 884	35 799
IT Equipment	2 043 204	793 292
Office equipment	269 961	37 075
Machines	3 449	8 989
	2 754 950	**1 038 144**

Reassessment of Useful Lives

The estimated useful lives of assets (property, plant and equipment , intangible assets (note 5) and investment property (note 3)) were reviewed during the year taking into account changes in circumstances. The effect of the change is recognised in the year in which the estimate is reviewed so that in subsequent years the depreciation cost is consistent with the revised remaining useful life of the asset. Each asset class was evaluated for condition and utilization during the asset verification process

Take on Assets

	2023	2022
	R	R
Aggregate of items valued using deemed cost	17 431	24 278

During the physical verification process conducted during the year, management identified assets on the floor that were not in the register. These assets belong to the RBIDZ and have been included in the accounting records. These are labelled as Take on assets in the reconciliation above. These assets were given a deemed cost estimated to be equal to the asset's fair value. The fair value was determined by using the assets condition, current market prices adjusted for CPI and the estimated age of the assets. The cumulative impact in cost is R17 431 (2022: R24 278) and the assumed acquisition date for each of these is 1 April 2022.

Fair value was used as deemed cost as there was sufficient data available to provide accurate base for fair value determination.

5. Intangible Assets

	2023			2022		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying Value
	R	R	R	R	R	R
Computer software, other	2 771 015	(277 780)	2 493 235	2 133 806	(245 961)	1 887 845

Reconciliation of Intangible Assets - 2023	Opening Balance	Additions	Amortisation	Total
	R	R	R	R
Computer software, other	1 887 845	637 208	(31 818)	2 493 235

Reconciliation of Intangible Assets - 2022	Opening Balance	Additions	Depreciation	Total
	R	R	R	R
Computer software, other	771 599	1 125 000	(8 754)	1 887 845

Review of Useful Lives

The entity conducted a review of all intangible assets useful lives during the year. During the review it was identified that certain items of intangible assets should have indefinite useful lives and not finite. It was also determined that the information used for this assessment was available during the acquisition of each of these assets. The impact of this adjustment has resulted in a prior period error adjustment and details and disclosed in note 37 - prior year adjustments.

During the review it was further identified that certain items of intangible assets didn't meet the definition and recognition criteria to be capitalised as assets. These have been derecognised and the impact of the adjustment is disclosed under note 37 - prior year adjustments.

Intangible Assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

	2023	2022
	R	R
Customer Relationship Management system	-	1 125 000

Customer Relationship Management system that was under development in the prior year was completed during the current financial year. Additional costs to the value of R637 208 were incurred.

6. Deposits Receivable

The balance relates to rental and electricity deposits paid. The prior year current portion was settled in the current year and there are no current deposits in the current year.

Deposits Split

	2023	2022
	R	R
Rental	432 924	964 440
Electricity	1 789 673	1 789 673
	2 222 597	**2 754 113**

Deposits Split

	2023	2022
	R	R
Current	-	531 516
Non-current	2 222 597	2 222 597
	2 222 597	**2 754 113**

7. Prepayments

Included in prepayments is a cash balance of R49.3 million (2022: R47.3 million) which is the balance of funds transferred to Shepstone and Wylie for capital contributions (Allumina Alley, Phase 1F Industrial substation, Medway road), purchase price of Phase 1F Land and full service cost for phase 1F. With all the projects now complete, the process to facilitate the refund back to RBIDZ is underway and is expected to be finalised within the next financial year.

Prepayments

	2023	2022
	R	R
Cash balance with Shepstone and Wylie	49 287 501	47 296 271

Reconciliation of the balance is provided below:
Reconciliation of prepayments

	2023	2022
	R	R
Opening balance	47 296 271	76 058 462
Interest earned	2 229 981	1 621 996
Commission paid	(127 108)	(92 866)
Refund processed	-	(30 216 944)
Other movements	(111 643)	(74 377)
	49 287 501	**47 296 271**

8. Receivables from Exchange Transactions

	2023	2022
	R	R
Trade debtors	45 907 125	18 296 321
Sundry debtors	3 473 567	1 682 479
Provision for doubtful debts	(41 059 339)	(14 561 915)
	8 321 353	**5 416 885**

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, R 975 791 (2022: R 821 955) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2023	2022
	R	R
1 month past due	664 803	821 955
2 months past due	310 988	-

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R 41 059 339 (2022: R 14 561 915) were impaired and provided for.

The ageing of these receivables is as follows:

	2023	2022
	R	R
Less than 3 months	6 563 255	5 229 972
3 to 6 months	4 658 938	3 043 796
Over 6 months	29 837 146	6 288 147

Reconciliation of provision for impairment of trade and other receivables

	2023	2022
	R	R
Opening balance	14 561 915	1 233 026
Provision for impairment	26 497 424	13 328 889
	41 059 339	**14 561 915**

9.VAT Receivable

	2023	2022
	R	R
VAT	539 482	1 623 870

10. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2023	2022
	R	R
Cash on hand	169	169
Bank balances	10 475 380	25 372 069
Short-term deposits	728 274 228	660 836 708
	738 749 777	**686 208 946**

The entity had the following bank accounts

Account Description / Number	Bank Statement Balances			Cash Book Balances		
	31 March 2023	31 March 2022	31 March 2021	31 March 2023	31 March 2022	31 March 2021
	R	R	R	R	R	R
ABSA - current account - 4072219190	10 475 380	25 372 069	11 195 820	10 475 380	25 372 069	11 195 820
ABSA - call account - 9223273582	413 200	392 595	380 658	413 200	392 595	380 658
ABSA - call account - 9305663726	2 260 107	2 148 471	3 330 790	2 260 107	2 148 471	3 330 790
ABSA - call account - 9330654257	48 629 890	46 158 881	44 710 752	48 629 890	46 158 881	44 710 752
ABSA - dtic grant account - 9241181797	73 383 266	70 515 129	28 523 096	73 383 266	70 515 129	28 523 096
ABSA Call - Invest Tracker	117 609 646	110 521 596	116 653 440	117 609 646	110 521 596	116 653 440
ABSA - call account - 9258960039	3 069 187	2 917 588	2 830 287	3 069 187	2 917 588	2 830 287
ABSA - call account - 9310493415	72 967 602	78 726 003	76 144 325	72 967 602	78 726 003	76 144 325
ABSA - call account - 9371144532	40 287 208	-	-	40 287 208	-	-
FNB - call account - 62689927419	57 865 671	54 640 376	52 769 505	57 865 671	54 640 376	52 769 505
FNB - call account - 62407957755	29 576 593	27 928 065	26 971 815	29 576 593	27 928 065	26 971 815
FNB - call account - 62407956848	10 174 773	9 608 130	9 279 615	10 174 773	9 608 130	9 279 615
Investec - call account - 50007013249	86 913 436	82 069 087	79 259 065	86 913 436	82 069 087	79 259 065
Investec - call account - 500011909214	27 072 552	25 563 592	24 688 302	27 072 552	25 563 592	24 688 302
Nedbank - 03/7881104074/0002	106 300 563	100 648 344	97 247 981	106 300 563	100 648 344	97 247 981
Nedbank - 03/7881104074/0003	51 750 533	48 998 851	47 343 445	51 750 533	48 998 851	47 343 445
Total	**738 749 607**	**686 208 777**	**621 328 896**	**738 749 607**	**686 208 777**	**621 328 896**

11. Operating Lease Asset / (Liability)

	2023	2022
	R	R
Current liabilities	(22 569)	(22 587)

The entity entered into an operating lease for its office building. The lease escalate on an annual basis at the anniversary of the lease.

12. Unspent Conditional Grants

The entity receives two types of grants from dtic (earmarked for capital projects and are conditional) and EDTEA (mainly for operational costs and minor projects and are unconditional), the other distinction between the two is that interest earned on EDTEA grant can be used for operational purposes without any prior approval whereas the interest earned from dtic grants cannot be used without the necessary prior approval.

Unspent grant from dtic is disclosed below:

	2023	2022
	R	R
dtic Interest	75 735 907	61 746 235
Nyanza Light Metals Top Structure	2 272 998	2 154 870
Elegant Afro-Line Chemicals Top Structure	48 913 476	46 302 227
Phase 1A Electrical upgrade	118 178 328	110 963 379
Prostar Paint Top Structure	40 568 581	10 320 597
	285 669 290	**231 487 308**

Reconciliation of dtic unspent conditional grants

	2023	2022
	R	R
Balance at the beginning of the year	231 487 308	222 476 211
Additions during the year	30 961 790	48 439 160
Grant applied during the year	(1 946 920)	(43 676 664)
Reclassification from receivables	-	(4 296 918)
Interest received from conditional grants	15 675 116	8 545 519
VAT recovery	9 491 996	-
	285 669 290	**231 487 308**

During the year, the entity recovered VAT from SARS that was incorrectly declared in the prior years. This reflects as an inflow to the conditional grants.

13. Provisions

Reconciliation of Provisions - 2023		Opening Balance	Additions	Utilised during the Year	Total
		R	R	R	R
Provision for leave pay		3 901 350	1 799 323	(2 155 047)	3 545 626
Performance bonus		-	4 691 569	(4 353 144)	338 425
Other provisions		7 536 931	2 608 133	(1 144 639)	9 000 425
		11 438 281	**9 099 025**	**(7 652 830)**	**12 884 476**

Reconciliation of Provisions - 2022	Opening Balance	Additions	Utilised during the Year	Reversed during the Year	Total
	R	R	R	R	R
Provision for leave pay	3 164 727	2 088 136	(1 351 513)	-	3 901 350
Performance bonus	2 997 315	-	(1 632 454)	(1 364 861)	-
Other provisions	8 664 645	2 311 815	(3 439 529)	-	7 536 931
	14 826 687	**4 399 951**	**(6 423 496)**	**(1 364 861)**	**11 438 281**

				2023	2022
				R	R
Non-current liabilities				-	-
Current liabilities				12 884 476	11 438 281
				12 884 476	**11 438 281**

				2023	2022
				R	R
Other provisions					
Litigation claims				5 486 757	5 486 757
COIDA				1 378 000	1 109 463
Retentions				1 227 449	940 711
Project provision - Nyanza TS				908 219	-
				9 000 425	**7 536 931**

Litigation Claims - these are claims against the entity where the entity is more likely to settle the liability and are expected to be finalised within the next financial year. The provision amount is estimated as the amount expected to be settled plus estimated legal fees.

COIDA - provision is raised for the submission of annual returns for the 2023 assessment year. This is estimated to be paid by end of May 2023 as the filing seasons for employers opens.

Retention - these are retentions from construction projects held. The percentage retention held is agreed with service provider as well as period to be held after project completion.

Project Provision - a provision was raised for a completed project whose final claim has not been settled due to administrative issues in finalising the project.

14. Payables from Exchange Transactions

				2023	2022
				R	R
Trade payables				10 278 624	6 756 489
Other payables				117 352	124 971
Accrued expenses				1 678 785	409 101
Debtors with credit balances				715	1 418
				12 075 476	**7 291 979**

	2023	2022
	R	R

15. Deposits Payable

This balance represents rental and utility deposits paid by our customers as per the lease agreement:		
Rental and Utility Deposits		
Deposits - non-current	2 753 221	1 823 210

16. Share Capital and Premium

Issued		
Ordinary	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

17. Revenue

Rental of facilities	23 203 759	13 792 757
Management fee income	2 864 237	2 730 529
Sundry income	1 223 453	88 429
Tender Fee income	130 434	172 979
Finance Income	30 408 496	16 574 068
Government grants & subsidies	97 551 268	136 884 490
	155 381 647	**170 243 252**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities	23 203 759	13 792 757
Management fee income	2 864 237	2 730 529
Sundry income	1 223 453	88 429
Tender Fee income	130 434	172 979
Finance income	30 408 496	16 574 068
	57 830 379	**33 358 762**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants	97 551 268	136 884 490

18. Rental of Facilities

Premises		
Rental of facilities	23 203 759	13 792 757

Contingent Rentals
Contingent rentals recognised from leasing of premises and included under rental of facilities in the statement of comprehensive income is R415 070 (2022: R178 446). These contingent rentals are as a result of lease escalations linked to changes in CPI.

Brief Description of Leases
The entity enters into lease agreements with investors for the rental of land and/or buildings. Each lease arrangement is unique to the investor's business case and caters for the different stages of establishment, i.e pre-occupation, construction and operational. The rental rates at each of these stages will also differ accordingly and escalate on the 1st of April annually, based on changes in CPI.

	2023	2022
	R	R

19. Other Revenue

Management fees	2 864 237	2 730 529
Sundry income	1 223 453	88 429
Tender fee income	130 434	172 979
	4 218 124	**2 991 937**

20. Finance Income

Interest revenue		
Interest charged on trade debtors	3 345 123	610 418
Bank	27 063 373	15 963 650
	30 408 496	**16 574 068**

21. Government Grants

Operating Grants		
EDTEA	95 604 348	93 207 826
Capital grants		
dtic (Grant applied)	1 946 920	43 676 664

Breakdown of Grant Income		
Included above are the following government grants received:		
EDTEA	95 604 348	93 207 826
dtic (Grant Applied)	1 946 920	43 676 664
	97 551 268	**136 884 490**

22. Employee related Costs

Basic	49 113 115	46 868 667
Bonus provision	4 691 569	(1 364 861)
Medical Aid	872 813	-
UIF	133 539	130 129
SDL	515 991	454 449
Leave pay provision charge	244 420	1 018 387
Overtime payments	47 985	5 116
Cellphone Allowance	480 500	335 700
	56 099 932	**47 447 587**

Included in the above employee related costs is remuneration for the following key management personnel:

Chief Executive Officer - (Appointed 01/07/2020)

Annual Remuneration	2 878 171	2 641 492
Back pay	-	189 798
Performance Bonuses	177 395	-
Contributions to Medical Aid, UIF and SDL	30 958	28 712
Cellphone allowance	24 000	18 000
	3 110 524	**2 878 002**

	2023	2022
	R	R
Chief Operations Officer - (Appointed 01/08/2021)		
Annual Remuneration	1 760 874	1 102 281
Back pay	-	21 083
Contributions to Medical Aid, UIF and SDL	55 623	11 999
Cellphone allowance	24 000	12 000
	1 840 497	**1 147 363**
Chief Financial Officer - (Appointed 05/11/2018)		
Annual Remuneration	1 561 870	1 395 800
Back pay	80 979	111 533
Contributions to Medical Aid, UIF and SDL	33 931	17 364
Cellphone allowance	24 000	18 000
Acting allowance (CEO)	-	101 332
Performance bonus	371 069	47 688
	2 071 849	**1 691 717**
Executive Manager - Business Development and Support (Appointed 01/05/2020)		
Annual Remuneration	1 539 241	1 395 800
Back pay	12 186	107 786
Contributions to Medical Aid, UIF and SDL	55 027	16 311
Cellphone allowance	24 000	18 000
Performance bonus	134 696	-
	1 765 150	**1 537 897**
Executive Manager - Zone Development and Operations - (Resigned - 15/02/2023)		
Annual Remuneration	1 296 079	1 357 782
Back pay	-	72 046
Leave payout	102 899	-
Contributions to Medical Aid, UIF and SDL	41 923	15 597
Cellphone allowance	22 000	18 000
	1 462 901	**1 463 425**
Executive Manager - Corporate Services (Appointed 11/10/2021)		
Annual Remuneration	1 439 064	646 095
Back pay	-	7 289
Performance Bonuses	41 312	-
Contributions to Medical Aid, UIF and SDL	60 610	7 235
Cellphone allowance	24 000	9 000
	1 564 986	**669 619**
Executive Manager - Corporate Services (Resigned 31/12/2020)		
Performance Bonuses	-	56 755
Contributions to Medical Aid, UIF and SDL	-	1 815
Termination leave	-	124 717
	-	**183 287**

The employee's termination leave payout was withheld until her new employer paid, on her behalf, the bursary owed to RBIDZ. This was paid for in the prior financial year. Employee was entitled to a performance bonus which was approved in the prior financial year and paid out in July 2021.

	2023	2022
	R	R
Acting Chief Operations Officer (1/04/2021 to 31/07/2021)		
Annual Remuneration	-	309 154
Acting allowance	-	216 720
Performance Bonuses	-	64 922
Contributions to Medical Aid, UIF and SDL	-	6 192
Cellphone allowance	-	6 000
	-	**602 988**

The amounts above reflects remuneration paid to the employee during the acting period only.

Acting Chief Financial Officer (01/11/2020 to 30/04/2021)

Annual Remuneration	-	75 000
Acting allowance	-	38 542
Contributions to Medical Aid, UIF and SDL	-	1 224
Cellphone allowance	-	1 500
	-	**116 266**

The amounts above reflects remuneration paid to the employee during the acting period only.

Acting Executive Manager - Corporate Services (01/01/2021 to 10/10/2021)

Annual Remuneration	-	636 416
Acting allowance	-	122 622
Performance Bonuses	-	76 370
Contributions to Medical Aid, UIF and SDL	-	9 077
Cellphone allowance	-	10 500
	-	**854 985**

The amounts above reflects remuneration paid to the employee during the acting period only.

23. Depreciation and Amortisation

Property, plant and equipment	3 950 300	2 779 217
Investment property	30 963 404	29 301 106
Intangible assets	31 819	8 754
	34 945 523	**32 089 077**

Prior year amortisation amount has been restated. Refer to disclosure of prior year adjustments in note 37

24. Impairment Loss

Impairments		
Property, plant and equipment	78 804	69 392

During asset verification exercise, a conditional assessment was conducted for each asset. Assets with poor, very poor and scrap conditions were impaired. The RBIDZ has adopted depreciated replacement cost method for determining impairment of assets in use. Refer to note 3 and 4 for the detailed breakdown of the impairment per each asset class.

25. Lease Rentals on Operating Lease

Premises		
Contractual amounts	1 630 729	2 870 385

Included in the above rentals are operating lease rentals at straight-lined amounts of R19 (2022: R328 783).

	2023	2022
	R	R

26. Debt Impairment

Debt impairment	26 497 424	13 328 889

Refer to note 8 for detailed disclosure of the debt impairment.

27. General Expenses

Advertising	1 565 391	1 386 210
Assessment rates & municipal charges	10 378 999	2 860 417
Auditors remuneration	2 072 279	1 542 872
Bank charges	41 637	42 227
Bursaries	428 520	752 341
COID	1 378 000	1 109 463
CSI Expenses	2 022 661	1 890 587
Cleaning	984 579	826 439
Commission paid	110 529	80 753
Consulting and professional fees	9 547 401	9 033 061
Contributions to Fidelity Fund	111 498	74 233
Directors' fees	1 202 622	1 612 975
Electricity	7 141 175	6 282 058
Employee Assistance	35 971	34 405
Employee wellness	41 561	75 955
Foreign exchange gains and losses	7 452	2 116
IT expenses	123 324	56 932
Insurance	1 653 259	1 323 411
Marketing	584 564	1 012 699
Motor vehicle expenses	93 038	88 674
Office accessories	36 707	-
Printing and stationery	220 686	173 309
Recruitment Fees	81 982	226 624
Refreshments and consumables	993 764	686 199
Repairs and maintenance	8 539 228	7 076 767
SMME Development	5 113 862	3 382 865
Security	3 546 395	3 057 324
Skills development expenses	114 641	-
Subscriptions and membership fees	2 373 375	3 490 940
Telephone and fax	778 668	753 022
Training	996 950	609 392
Travel - local	2 030 641	800 200
Travel - overseas	62 912	313 929
Venue expenses	1 628 752	814 394
Water	664 402	456 664
	66 707 425	**51 929 457**

Professional fees prior year total has been restated and disclosure of prior year adjustment is presented in note 37.

28. Auditors' Remuneration

Fees	2 072 279	1 542 872

The total audit fees above includes both fees paid to external and internal auditors during the year, breakdown is provided as follows:

Auditors' remuneration split

External	1 293 555	1 219 682
Internal	778 724	323 190
	2 072 279	**1 542 872**

	2023	2022
	R	R

29. Taxation

Reconciliation of the tax expense

Grant income and finance income are exempt for income tax purposes. All expenses that are funded by exempt income are also not deductible. The entity has therefore claimed deductions to the extent that it is linked to taxable income. No provision has been made for 2023 tax as the entity has no taxable income.

The probability of entity realising the deferred tax benefit is remote, deferred tax asset has therefore not been recognised in the current and prior years. Management will assess if there is a change in the income structure which may result in taxable income on a regular basis.

30. Operating Deficit / Surplus

Operating deficit or surplus for the year is stated after accounting for the following and the deficit for the year ended 31 March 2023 is fully funded from our budget:

Operating Lease Charges

Premises

Contractual amounts	1 630 729	2 870 385

Gain /(Loss) on sale of property, plant and equipment	98 250	(16 887)
Impairment on property, plant and equipment and investment property	78 804	69 392
Amortisation on intangible assets	31 819	8 754
Depreciation on property, plant and equipment	3 950 300	2 779 217
Depreciation on investment property	30 963 404	29 301 106
Employee related costs	56 099 932	47 447 587

31. Net Cash Flows from Operating Activities

(Deficit) / Surplus	(30 479 940)	22 491 578
Adjustments for:		
Depreciation and amortisation	34 945 523	32 089 077
Loss / (Gain) on disposal of assets	(98 250)	16 887
Sundry income	(17 431)	(24 278)
Impairment loss	78 804	69 392
(Reversal of debt impairment) / Debt impairment	26 497 424	13 328 889
Movements in operating lease assets and accruals	(18)	(328 873)
Movements in provisions	537 976	(3 388 406)
Changes in working capital:		
Receivables from exchange transactions	(29 402 595)	(10 735 830)
Receivables from non-exchange transactions	-	4 296 918
Prepayments	(1 991 230)	28 762 191
Payables from exchange transactions	5 315 717	(8 105 667)
VAT Receivable	1 084 388	14 558 264
Unspent conditional grants	54 181 982	9 011 097
Deposits payable	930 011	1 664 997
	61 582 361	**103 706 236**

32. Financial Instruments Disclosure
Categories of financial instruments
March 2023

Financial Assets

	At amortised cost	At cost	Total
	R	R	R
Receivables from exchange transactions	8 321 353	-	8 321 353
Cash and cash equivalents	-	738 749 777	738 749 777
Prepayments	-	49 287 501	49 287 501
	8 321 353	**788 037 278**	**796 358 631**

Financial Liabilities

	At cost	Total
	R	R
Payables from exchange transactions	12 075 476	12 075 476
Unspent conditional grants	285 669 290	285 669 290
	297 744 766	**297 744 766**

Residual Interest

	At cost	Total
	R	R
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

March 2022

Financial Assets

	At amortised cost	At cost	Total
	R	R	R
Receivables from exchange transactions	5 416 885	-	5 416 885
Cash and cash equivalents	-	686 208 946	686 208 946
Prepayments	-	47 296 271	47 296 271
	5 416 885	**733 505 217**	**738 922 102**

Financial Liabilities

	At amortised cost	Total
	R	R
Payables from exchange transactions	7 291 982	7 291 982
Unspent conditional grants	231 487 307	231 487 307
	238 779 289	**238 779 289**

Residual Interest

	At cost	Total
	R	R
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

	2023	2022
	R	R

33. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
Property, plant and equipment	292 201	-
Investment property	214 463 918	38 313 829
Intangible assets	31 463 320	732 790
	246 219 439	**39 046 619**

	At cost	Total
Total capital commitments Already contracted for but not provided for	246 219 439	39 046 619
Authorised operational expenditure **Already contracted for but not provided for** • Operational expenditure	58 000 800	47 831 436
Total operational commitments Already contracted for but not provided for	58 000 800	47 831 436

Total commitments

Authorised capital expenditure	246 219 439	39 046 619
Authorised operational expenditure	58 000 800	47 831 436
	304 220 239	**86 878 055**

This committed expenditure relates to property and operational expenditure and will be financed by available retained surpluses, existing cash resources, funds internally generated, grants received etc. The expenditure above is inclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due (excl VAT)		
- within one year	798 049	1 550 996
- in second to fifth year inclusive	-	798 085
	798 049	**2 349 081**

Operating lease payments represent rentals payable by the entity for certain of its office administration building. Leases are negotiated variable with a fixed annual escalation. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	8 814 726	5 238 142
- in second to fifth year inclusive	22 350 164	19 346 882
- later than five years	100 526 593	104 897 314
	131 691 483	**129 482 338**

The minimum lease payments above are for operational investors and have been estimated using changes in the CPI as at April 2023. The effect of CPI is disclosed as contingent rentals as per GRAP13 requirements. Refer to note 18.

34. Contingencies

The entity has the following contingent liabilities as at the end of the of the financial year:

A claim from one of the investors for the recovery of professional fees and construction costs incurred. Management is assessing the validity of these claims taking into account the existing contract and the basis of the claim. These will be referred to the Board and dtic for approval before any payment can be made, the total claim amount is R5 650 000.

Claims for potholes damages on two vehicles on the road contructed by RBIDZ on the Allumina Alley road have been received. Additional documents has been requested from the claimants to acertain the validity of the claims. If successful, the entity is more likely to pay R28 450.

	2023	2022
	R	R

35. Related parties

Relationships

Directors	Refer to directors' emoluments in note 36
Controlling entity	Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs
Members of key management	Refer to disclosure in note 22

Related party balances		
Unspent conditional grants		
dtic	(285 669 290)	(231 487 308)
Related party transactions		
Administration fees paid to / (received from) related parties		
Directors fees	1 202 622	1 612 975
Professional fees (Dube Tradeport)	104 487	60 950
Travel and accommodation (DIRCO)	-	120 593
Grant income		
EDTEA	(95 604 348)	(93 207 826)
dtic (Grant applied)	(1 946 920)	(43 676 664)

36. Directors' Emoluments

Executive

The only two executive directors are the Chief Executive Officer and the Chief Financial Officer and their remuneration is disclosed in note 22.

Non-executive

2023

	Directors' Fees	Committees Fees	Total
	R	R	R
Adv Bhekisisa Mbili	-	-	-
Dr S Ngcobo	369 418	-	369 418
Ms S Mangole	-	-	-
Ms M Mashiteng	-	-	-
Mr M Clark	-	-	-
Mr E Mbatha	118 091	90 194	208 285
Cllr M Mhlongo	-	-	-
Ms M Ndlovu	26 167	15 507	41 674
Mr S Hlophe	118 091	116 886	234 977
Ms C Vilakazi	118 091	69 860	187 951
Mr S Zondi	-	-	-
Mr S Mchunu	118 091	42 226	160 317
Mr S Mdlalose	-	-	-
Ms S Skosana	-	-	-
Mr J Weapond	-	-	-
	867 949	**334 673**	**1 202 622**

2022

	Directors' Fees	Committees Fees	Total
	R	R	R
Adv Bhekisisa Mbili	-	-	-
Dr S Ngcobo	319 996	45 485	365 481
Ms S Mangole	-	-	-
Ms M Mashiteng	-	-	-
Mr M Clark	193 720	-	193 720
Mr E Mbatha	147 994	97 652	245 646
Cllr M Mhlongo	-	-	-
Ms M Ndlovu	-	-	-
Mr S Hlophe	117 122	143 856	260 978
Ms C Vilakazi	147 994	71 254	219 248
Mr S Zondi	61 922	46 518	108 440
Mr S Mchunu	106 712	-	106 712
Ms S Skosana	96 875	15 875	112 750
	1 192 335	**420 640**	**1 612 975**

37. Prior-year Adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of Financial Position
March 2022

Note	As previously reported	Correction of error	Restated
	R	R	R
Property, plant and equipment	37 718 449	88 396	37 806 845
Intangible assets	1 728 904	158 941	1 887 845
Accumulated surplus (opening balance)	(1 071 820 252)	(459 436)	(1 072 279 688)
	(1 032 372 899)	**(212 099)**	**(1 032 584 998)**

Statement of Financial Performance
March 2022

Note	As previously reported	Correction of error	Restated
	R	R	R
Depreciation and amortisation	(32 144 280)	55 202	(32 089 078)
General expenses	(51 662 157)	(267 300)	(51 929 457)
Surplus for the year	**(83 806 437)**	**(212 098)**	**(84 018 535)**

Errors

The following prior period errors adjustments occurred:

Correction of PPE items incorrectly classed

During the review of the fixed asset register it was identified that certain items of property, plant and equipment were incorrectly classed and there were inconsistencies with the classification of certain asset types. Items acquired in the prior years were corrected as prior period adjustment and new items were corrected in the current year. The net impact on the property, plant and equipment line was Nil.

Derecognition of intangible assets incorrectly capitalised

During the review of intangible assets, it was identified that certain intangible assets were incorrectly capitalised as assets. The assessment considered the use of these assets for at least the last 5 financial years. They did not meet either the definition or recognition criteria to be capitalised. A decrease in cost of R537 373.26, a decrease in accumulated amortisation of R209 059.67 and a decrease in accumulated surplus of R328 313.59.

Included in the R537 373.26 is expenditure recognised in the prior year of R267 300 and this has been expensed against professional fees as cost incurred to customise sharepoint. The respective depreciation of the affected items has also been adjusted in the prior year with overall imact being R25 939.20.

Correction of useful lives from finite to indefinite

During the review of intangible assets useful lives it was identified that certain softwares were incorrectly set as having definite useful lives instead of indefinite due to their nature and management's intention. The information used to make this determination was also available during the acquisition of each of these assets. Reversal of cumulative amortisation has been processed amounting R487 254.85 and this resulted in a similar increase in accumulated surplus of R457 991.83 and prior year depreciation of R29 263.02.

Fully depreciated assets still in use

During the verification of assets it was identified that various items of property, plant and equipment were fully depreciated and are still being used and were still in good condition. The useful lives of these assets were reassessed as at 31 March 2021 and previous depreciation recognised was reversed based on the new useful lives. The impact of this was a reduction in accumulated depreciation equal to R88 396 and this has been recognised as a prior period error.

	2023 R	2022 R
Irregular Expenditure		
Opening balance	-	2 250 020
Adjustments made	-	(62 400)
Restated opening balance	**-**	**2 187 620**

During the investigation of irregular expenditure disclosed in the prior year annual financial statements it was identified that certain item that was disclosed as irregular had no actual expenditure incurred. The order was cancelled with no cost to RBIDZ. This has resulted in expenditure reducing by R62 400.

38. Comparative Figures

Comparative figures have been restated and these are detailed in note 37.

39. Risk Management

Financial Risk Management

Liquidity Risk

The entity's exposure to liquidity risk is very minimal as it is 100% funded by the EDTEA (operations) as well as the dtic (special infrastructure projects). Budgets are approved at the beginning of each fiscal year and funding agreements concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities for raising income to ensure the sustainability of the organisation and to reduce grant dependency.

Credit Risk

The entity does not have a significant debtors book, as a result, its exposure to credit risk is minimal. Defaulting debtors have been provided for as per debt management policy. The cash and cash equivalents are deposits which are placed with A1 rating financial institutions.The entity limits its exposure by dealing with well-established financial institutions. The entity does not have significant exposure to an individual debtor or counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument

	2023	2022
	R	R
Trade debtors	45 906 410	18 296 321
Cash and cash equivalents	738 749 777	686 208 946
Prepayments	49 287 501	47 296 271
Deposits receivable - non-current	2 222 597	2 222 597
Deposits receivable - current	-	531 516

Market Risk

Interest rate risk

Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds but monitors the fluctuations in interest rates and obtains advice from bank officials on a regular basis. Further the entity doesn't have any interest bearing liabilities in its books.

Foreign exchange risk

The entity doesn't have significant exposure to foreign exchange risk as foreign denominated transactions are ad hoc. Transactions are recognised using the spot rate on transaction date and balances are revalued to closing rate at each reporting date. Management will monitor the number and value of foreign transactions and a decision will be taken on whether to hedge the foreign exchange rate or not.

40. Going Concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R1 064 291 326 and that the entity's total assets exceed its liabilities by R1 215 492 326.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Events after the Reporting Date

No material events occurred from the reporting date to the date the financial statements were presented to Board.

42. Fruitless and Wasteful Expenditure

	2023	2022
	R	R
Fruitless and wasteful expenditure	-	31 929

43. Irregular Expenditure

	2023	2022
	R	R
Irregular Expenditure	280 001	517 303

Correction of prior period error

Refer to note 37 for disclosure of prior year adjustments.

SCHEDULE : FORMS OF REGULATION

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISION FORM: B-BBEE 1 LEVEL: 3

COMPLIANCE REPORT BY SPHERE OF GOVERNMENT, PUBLIC ENTITIES, ORGANS OF STATE OR COMPANY LISTED ON THE JOHANNESBURG STOCK EXCHANGE (in terms of section 13G (2) of the Act).

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation:	Richards Bay Industrial Development Zone SOC Ltd
Registration Number:	2002/009856/30
Physical Address:	RBIDZ Office Complex, Harbour Arterial, Richards Bay
Telephone number:	035 797 2600
Email Address:	info@rbidz.co.za
Indicate Type of Entity or Organisation:	Operator of Special Economic Zone
Industry/ Sector:	Public Entity
Relevant Code of Good Practice:	B-BBEE Codes of Good Practice (Gazette Number 38076) of 10 October 2014
Name of Verification Agency:	Inkomba Verification Agency
Name of Technical Signatory:	Khulekani Ziphozonke Mvubu

SECTION B: INFORMATION AS VERIFIED BY THE BROAD- BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONALS AS PER THE SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Management Control	20	0	18,73
Skills Development	25	0	17,68
Enterprise and Supplier Development	50	0	52,00
Socio- Economic Development	5	0	5,00
Total Score	**100**		**93,41**
Broad-Based BBBEE Status Level	3		
Priority Elements Achieved	Yes		
Empowering Supplier Status	Yes		

SECTION C: FINANCIAL REPORT

BASIC ACCOUNTING DETAILS:

- Accounting Officer's name: Thabane Wiseman Zulu
- Address: RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay
- Accounting Policy: Monthly/ Quarterly, Annually
  The Annual Financial Statements and Annual Report were approved by the entity at the Board meeting on the 30th July 2023


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