



R I C H A R D S B A Y

INDUSTRIAL DEVELOPMENT ZONE

GATEWAY TO
world
M A R K E T S

Annual Report
2017 / 2018



PURPOSE

The company's purpose summarised, ultimately guides the strategic direction of the organisation.

The purpose of the RBIDZ is to develop a Special Economic Zone in order to:

- Attract local and foreign investors who will benefit South Africa's raw materials;
- Create production capacity;
- Facilitates the provision of services; and
- 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

"We utilise the competitive advantage of the Richards Bay area to attract sustainable investments that stimulate economic growth, job creation and beneficiation of resources and the empowerment of people".

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 and 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 health and safety culture
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

STRATEGIC GOALS

Goal 1: To have a fully serviced Special Economic Zone on 3000ha land in line with the 50-year Master Plan

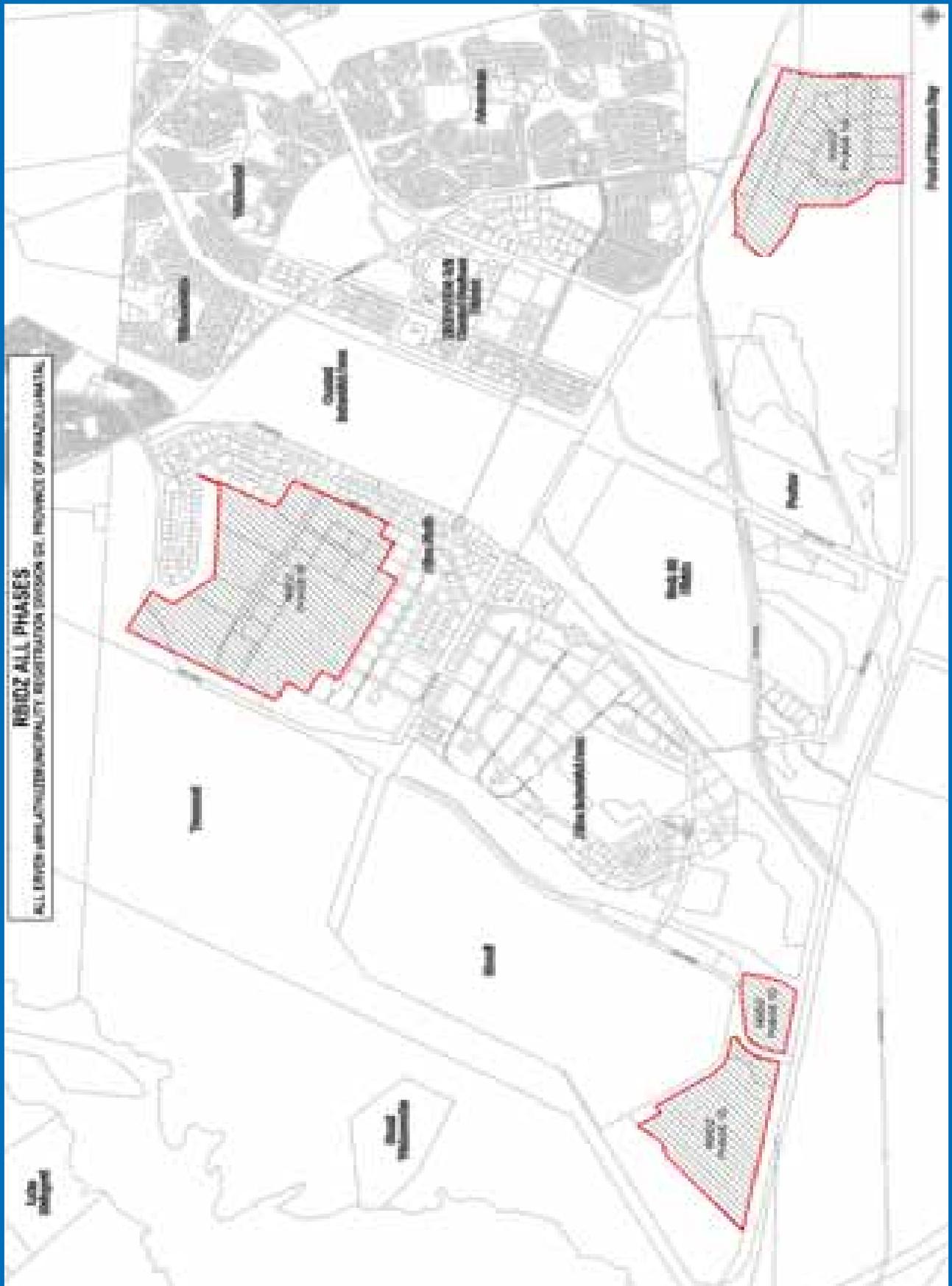
Goal 2: To attract new sustainable investments for economic empowerment

Goal 3: To secure adequate financial resources to ensure the sustainability of the RBIDZ

Goal 4: To grow the skills base and create employment opportunities

Goal 5: To build a high performing and visible organisation on a strong foundation of good governance

RBIDZ MAPPED PHASES



Company Information

REGISTERED NAME:	Richards Bay Industrial Development Zone Company SOC Ltd
REGISTRATION NUMBER (if applicable):	2002/009856/30
PHYSICAL ADDRESS:	4 Harbour Arterial, Richards Bay
POSTAL ADDRESS:	Private Bag X1005, 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
BANKERS:	ABSA Bank Ltd
COMPANY SECRETARY:	Adv. KN Harvey



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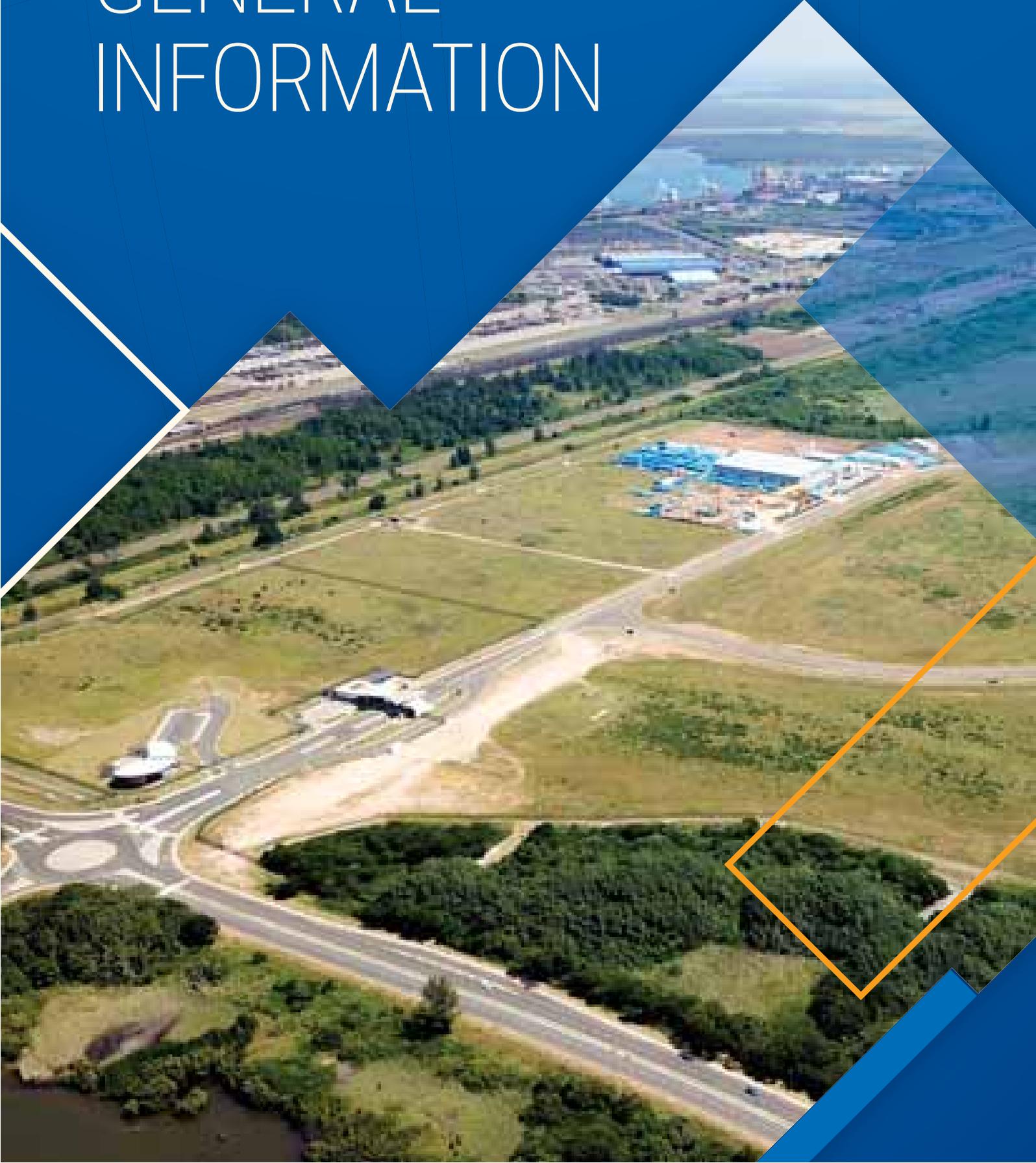


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Part A:

GENERAL INFORMATION



Foreword by the MEC

“As the Province we are committed to providing support to the RBIDZ as it is an enabler and vehicle to fast-track various empowerment opportunities for the society.”



MR SIHLE ZIKALALA, MPL

MEC: KWAZULU-NATAL, DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

During the 2017/18 period under review notable progress has been made in preparing the Special Economic Zone (SEZ) to be the anticipated gateway to world markets. This is demonstrated by well-structured and comprehensive infrastructure that is poised to assure the investors of various economic possibilities and the Richards Bay Industrial Development Zone's (RBIDZ's) readiness for its core business.

As much as the entity has delivered impressively in infrastructure development, a lot of work remains to be done to convert the investment pipeline into operational projects that will positively

impact on economic growth and creation of permanent employment opportunities.

With over R10 billion worth of investments, already undertaking various processes towards locating in the Zone, we have confidence that investments will soon start to take-off on the ground. Our ultimate goal is to provide the society with economic access and ensure that they are able to take advantage of new opportunities aimed at changing the economic scenery.

As the Province we are committed to providing support to the RBIDZ as it is an enabler and vehicle to fast-track various empowerment opportunities for the society.

We have seen a lot of activities in the SEZ which span a wide range of economic interventions; and the aim of supporting a demand-led private sector-driven approach to ensure that the economic development is realised.

In fast-tracking the ease of processes to deal with regulatory compliance, both national and provincial government have implemented One-Stop-Shops to afford the investors with a quick solution for compliance with related regulations and protocols; and beneficially, the RBIDZ also manages the satellite One-Stop-Shop at its facility. This important facility heralds a new era in the area of foreign direct

PART A: GENERAL INFORMATION ...continued

investment, especially in the Province and in the Zones, with intent to reduce both regulatory inefficiencies and the red tape for potential investors.

With this facility we anticipate efficiency in the processes and this should reduce the waiting period for the investors to kick-start operations in the Zone. Already there are concrete steps that have been taken to strengthen relations with other departments involved in this facility to ensure speed and efficiency in assisting potential investors. There is an urgent need to ensure synergy between all role-players in the provincial investment agencies, local authorities and the relevant government departments involved in regulatory, registration, permits and licensing matters.

Another highlight that is worth mentioning is the construction of the RB Energy Services logistics facility that is in progress. RB Energy Services, is an affiliate of Lovemore Brothers Group, a heavy logistics company. The company is investing about R20 million and completion of construction is anticipated in the 2018/19 fiscal year. Notably, jobs have been created during the construction phase and more will be created in the future once the facility is fully operational.

Significantly, various sectors of the economy get stimulated each time a

major foreign direct investment locates in the Zone. Some of the lauded positive spill-overs of foreign direct investments are the transfer of skills, employment creation and socio-economic development in general.

In line with the KwaZulu-Natal governments' vision of ensuring that KZN becomes a prosperous province with a healthy, secure and skilled population, the Richards Bay Industrial Development Zone (RBIDZ) understands that it has an imperative role to play in maximising all initiatives aimed at driving socio-economic development.

Critically, RBIDZ as an entity has been pronounced as one of the valuable assets in the country that is a catalyst for foreign direct investment. The world over, Foreign Direct Investment (FDI) is regarded as a tool for the transfer of skills required to grow different sectors of the local economy, and a vehicle for the integration of local economy with global economies. Throughout the period under review, the entity has ensured that FDIs continue to flow into the SEZ, with emerging entrepreneurs being prepared for integration into the mainstream economy through SMME and Enterprise Development programmes.

As guided by the Provincial Growth and Development Plan, which is linked to the National Development Plan, the entity is focusing on different sectors of the

economy such as marine development, agro-processing, renewable energy, metals beneficiation and information communication and technology. We continue to invite potential investors representing these sectors from other parts of the globe and directing them to the Richards Bay Industrial Development Zone.

Importantly, the Richards Bay area is blessed with natural resources and prospering industries and it is for these reasons that we are prioritising RBIDZ as an ideal investment destination that should suit any future investment.

Our primary goal is to add value to such resources thus growing the economy and generating wealth for the people of this province and the country as a whole, such that eventually the triple challenges of inequality, unemployment and poverty are eradicated. In doing so we are putting our focus strongly on skills development and inclusion of our previously marginalized groups. This is done through crafting various training initiatives and development. In the year under review the RBIDZ has invested in various training programmes, these done through soft skills training, SMME development projects and matching small businesses with seasoned contractors.

To highlight on the development of emerging contractors, more than 20



emerging businesses have received intensive training facilitated by RBIDZ of which 75% were black youth-owned and 54% black women-owned.

Some 60% of the contractors trained by the entity have done work for the RBIDZ, either directly or by way of sub-contracts opportunities created as a result of Contract Participation Goal (CPG) requirements.

It is also worth highlighting that there have been challenges in the scope of RBIDZ, however, the ultimate goal is to provide our people with access to the available economic opportunities to ensure that they are able to take advantage of new opportunities aimed at changing their lives and existing social ills. Nonetheless, it is encouraging to note that the institution is driving various initiatives aimed at driving the socio-economic development that have to bear the fruits towards economic emancipation and people empowerment.

Our determination as government is aimed at ensuring that wealth distribution and inclusive economic development, is anchored by initiatives such as Black Industrialists Programme and Operation Vula under Radical Agrarian Socio-Economic Transformation (RASET) and many others. Through these initiatives, institutions such as RBIDZ have a responsibility to collectively translate

and implement them to ensure alignment and integration.

It is our defiant belief that the programmes answering to the call of transformation already on the ground and those in the pipe line will contribute positively and substantially towards the collective plea to deliver on our mandate and further idealise on improving the economic status quo.

CONCLUSION

We are cognisant of the fact that globally there is fierce competition for FDI, and the province finds itself competing with a number of countries and institutions that are also trying to attract similar investments; however we will not be deterred from aggressively marketing KZN as an ideal province that has a competitive edge and unique advantages for investments.

Developing and fostering an environment that is conducive to the attraction and retention of Foreign Direct Investments (FDIs); and facilitation of export commodities is our prime focus to activate and sustain economic growth and job creation

Undoubtedly, as the provincial government, we will continue to provide support and guidance to the RBIDZ in pursuance of the dire need to create an enabling economic environment

that befits the requirements of the investors, and the realisation of the PGDP objectives. We are also indebted to the unwavering commitment, guidance and efforts put in by the RBIDZ Board of Directors led by Mr. Mel Clark, RBIDZ management and staff.

We look forward to the future with optimism and are confident in our campaign to thrive for innovative solutions for our investors and development of our enabling framework for continued growth and sustainability of the RBIDZ and the province as a whole.



MR SIHLE ZIKALALA, MPL

MEC for Economic Development, Tourism and Environmental Affairs, KwaZulu-Natal
31 July 2018



PART A: GENERAL INFORMATION ...continued

BOARD OF DIRECTORS

The Richards Bay Industrial Development Zone Company SOC LTD, is led by vibrant Board of directors who oversee governance and the performance of the company.

In Line with King Report on Corporate Governance, the Board is made up of eleven (11) non-executive directors as well as two (2) executive directors, namely CEO and CFO.

**MR MEL CLARK**BOARD
CHAIRPERSON

Since 18 January 2016

QUALIFICATIONS

B Soc, Sc. Pg. Dip IR

BOARD DIRECTORSHIPS

- Black Balance Projects
- Vuka Planning Africa
- Black Balance Logistics
- Black Balance Investments
- Black Balance Consulting
- Imvusa Trading 230

**DR SAKHILE NGOBO**AUDIT & RISK
COMMITTEE
CHAIRPERSON**QUALIFICATIONS**

MA in Agriculture specialising in Rural Resource Development, PhD in Business Management.

BOARD DIRECTORSHIPS

- South African Seaways
- Siyathembana Group
- African Thunder Platinum

**MR SANELE SIYABONGA ZONDI**INFRASTRUCTURE
AND INVESTMENT
COMMITTEE
CHAIRPERSON**QUALIFICATIONS**

NDip Marketing, B Tech Degree Marketing, Post Graduate Diploma in Business Administration , Honours Degree in Public Administration ,Cert. Executive Development Programme

BOARD DIRECTORSHIPS

- Chairperson of Alumni Association of Cape Peninsula University of Technology
- Member of the Institute of Directors of South Africa
- Chairperson of National Board of Convocations & Alumni of SA
- Non-Executive Director of KZN Gaming & Betting Board

**MR ELPHAS MBATHA**SOCIAL AND ETHICS
COMMITTEE
CHAIRPERSON**QUALIFICATIONS**

BA degree, Master's Degree in Governance and Political Transformation. Executive Leadership Municipal Development Programme

BOARD DIRECTORSHIPS

- Bhambatha Investments
- Musa Dladla Foundation
- Rumdu Construction
- Ubhedu Holdings
- Kuzakahle Trading
- Bitline SA 797



MRS MBALI NDLOVU

HUMAN RESOURCES AND REMUNERATION COMMITTEE CHAIRPERSON

QUALIFICATIONS

LLB, Cert (Local Govt Mgt), Admitted Attorney, Admitted Conveyancer.

BOARD DIRECTORSHIPS

- The Mvula Trust Board
- Msinsi Holdings
- National Radiation Waste Disposal Institute



MS GUGU MASHITENG

BOARD MEMBER

QUALIFICATIONS

MBA, BCom Accounting, Post Graduate Diploma in Management, and Municipal Finance Management Programme

BOARD DIRECTORSHIPS

- Esikhawni Traders
- Cleaning Laboratory
- Tradebush Investments No 27
- Business Against Crime Zululand
- EVI Pig Farms
- EVI Livestock Farms
- EVI Poultry Farms



MR SILAS HLOPHE

BOARD MEMBER

QUALIFICATIONS

MBL (Master of Business Leadership) BCom Honours in Accounting Diploma in Cost and Management Accounting

BOARD DIRECTORSHIPS

- Board of Trustees, KZN Growth Fund
- Executive Director of Timely Move Investment (Pty)
- Mayenzeke Investment cc



MS CYNTHIA VILAKAZI

BOARD MEMBER

QUALIFICATIONS

BA (Social Work); Post graduate Diploma in Marketing Management, Masters in Policy and Development Studies

BOARD DIRECTORSHIPS

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

PART A: GENERAL INFORMATION...continued

BOARD OF DIRECTORS...continued



**MS PHINDILE
MBANJWA**
BOARD MEMBER

QUALIFICATIONS

MPhil in Urban Infrastructure Design and Management, Bachelor of Social Science, Post Graduate Diploma in Public Policy and Development Administration, Post Graduate Diploma in Business Administration,

Financial and Accounting Management Programme, Programme and Project Management Development, Good Governance Course, HIV/AIDS Capacity Building Training and Internet Intervention Training



**MR MDUDUZI
MHLONGO**
BOARD MEMBER

QUALIFICATIONS

Executive Leadership Municipal Development Programme

BOARD DIRECTORSHIPS

None



**MS AGNES TSELE-
MASELOANYANE**
BOARD MEMBER

QUALIFICATIONS

BJuris; LLB; LLM; Advanced Diploma in Labour Law; Advanced Taxation Certificate; Corporate Governance Development Programme; Price 2 Project

Management Fundamental Course; Macro-Economics Programme; Business Writing Certificate

BOARD DIRECTORSHIPS

None

EXECUTIVE DIRECTORS



**MR PHUMELELE
MOTSOAHAE**
CHIEF EXECUTIVE
OFFICER

QUALIFICATIONS

BA Admin; MA in Town Planning & Regional Planning; PG Diploma in Shipping, Transportation & Logistics - International Maritime & Transport Academy (Rotterdam, Netherlands) & Executive Development

BOARD DIRECTORSHIPS

- Basia Afrique Artifacts
- Seruisa Gems
- Qalo Consulting Services
- Qedo Consulting Services



**MR MZAMO
KHUZWAYO**
CHIEF FINANCIAL
OFFICER

QUALIFICATIONS

CA (SA) BCom, Post Graduate Diploma in Accountancy

BOARD DIRECTORSHIPS

None

RBIDZ EXECUTIVE MANAGEMENT



BACK ROW, FROM LEFT TO RIGHT: Simphiwe Mbonambi, Executive Manager: Corporate Services, Joe Muller, Executive Manager: Zone Development and Operations, Zodwa Zikalala, Acting Executive Manager: Office of the CEO
FRONT ROW, FROM LEFT TO RIGHT: Pumi Motsoahae, Chief Executive Officer; and Mzamo Khuzwayo, Chief Financial Officer

PART A: GENERAL INFORMATION...continued

Chairperson's Foreword



“The RBIDZ continues to attract potential investors and during the year, eight recognition agreements were signed.”

MR MEL CLARK
CHAIRPERSON

The 2017/18 financial year was a further year of growth for the RBIDZ, with another eight (8) investors signing recognition agreements to come into the Zone. These include some significant foreign investments including an investment of over R 1 billion in Phase 1A.

The year also saw the opening of the upgraded Medway Road and the completion of the Techno-Park administration building. Medway Road, which was handed over to the City of Umhlatuze, connects the John Ross Parkway to Phase 1A and the southern entrance to the Port of Richards Bay and was upgraded from one lane in each direction to dual carriage ways in each direction and associated street infrastructure.

The company also moved its offices to the former Bayside smelter premises. This move signals the RBIDZ's intent to acquire the former Bayside premises for use as a downstream metals hub. Part of the building has been refurbished with the remainder to follow suit once the full property has been acquired. The acquisition is now really needed as the RBIDZ has allocated most of its available land, with demand for land still being strong.

The RBIDZ continues to attract potential investors and during the year, eight (8) recognition agreements were signed. We have no doubt that the King Cetshwayo region and the City of Umhlatuze in particular have incredible growth potential and are well located to take advantage of local and foreign direct investments. Richards Bay has

a deep water port and is the closest port with room for expansion to the economic hub of Gauteng; and since it is located closest to East and Central Africa, it can serve as a gateway into the African market of almost 1 billion people.

The Board has identified a number of areas for improvement. These include the time taken for locators to commence construction after signing recognition agreements, resulting in billions of rands in the pipeline, but not much to show for it on the ground. This has been addressed by amending the recognition agreements to make provision for lapsing should the leases not be signed within a specified time. The leases then provide for development timeframes and penalties for non-compliance. In this way, projects which were not

progressing have also been culled so as to ensure that the Zone realises its potential.

The year was also momentous from a governance point of view as a number of new directors were appointed to the Board by shareholders to replace retiring directors. I welcome my fellow directors, Councillor Mhlongo, Mr Hlophe, Ms Mashiteng, Mrs Mbanjwa, Dr Ngcobo, Ms Vilakazi and Mr Zondi. Ms Tsele-Maseloanyane was also appointed to the Board as the representative of **the dti** to replace the late Mr Naidoo. The new Board, in line with Government policy, is committed not only to growing the Zone but ensuring inclusive growth and radical economic transformation. This includes leveraging the benefits offered by the

Zone to encourage locators to adopt local black-controlled partners and make use of local black-controlled suppliers. In this way, it is sought to ensure that the zone brings benefits beyond just jobs.

I wish to thank Mrs Eboka, Mr Fihlani, Mr Mahlalutye, Mr Makhanya and Mrs J Ndlovu, who retired during the year, for their substantial contribution to the RBIDZ and taking it from having 22 ha of completed earthworks to a complete Phase 1A, and almost complete Phase 1F. When they were appointed as directors in 2012, the Board was given seven tasks by the then MEC, including appointment of a CEO, completion of infrastructure of Phase 1A and increased visibility of the RBIDZ, all of which have all been met. In the

same vein, I wish to also recognise and appreciate Mr Mbatha, Mrs M Ndlovu, and EDTEA representative, Mr Mkhize with whom we are continuing with the mandate.

I finally wish to thank the Department of Economic Development, Tourism and Environmental Affairs, and especially MEC Zikalala, for their support for the RBIDZ during the year.



MR MEL CLARK

Chairperson
31 July 2018



Consulate General of China, Mr Wang (far right) and US Consulate General's Political Economic Chief, Ms Hala Rharrit (second from left).

PART A: GENERAL INFORMATION ...continued

Chief Executive Officer's Overview



“...RBIDZ has aligned itself positively in enhancing the institution’s healthy state by critically maintaining and retaining the investment pipeline in the SEZ and signing R2,209 billion new investments...”

MR PHUMELELE MOTSOAHAE
CHIEF EXECUTIVE OFFICER

On behalf of the employees and the Board of Directors of the Richards Bay Industrial Development Zone (RBIDZ), I hereby submit to the KwaZulu-Natal Legislature, through the Executive Authority, the MEC of Economic Development, Tourism and Environmental Affairs (EDTEA), Mr. Sihle Zikalala, the annual report, associated with performance information, and the audited financial statements of the public entity for the financial year ending 31 March 2018.

The South African government has entrusted the Richards Bay Industrial Development Zone (RBIDZ) with the responsibility to improve the lives of the people and as such we are mindful of what is expected from the institution in accordance with the mandate as per the Manufacturing Development Act (Act no. 187 of 1993), and as required by the Public Finance Management Act,

1999 (Act no. 1 of 1999, as amended). This annual report fairly represents the deliverables of the RBIDZ along with its partners during the reporting period.

The deliverables and outputs in this annual report are in accordance with the strategic pre-determined objectives that are contained in the Annual Performance Plan for financial year 2017/18 approved by the Board, and tabled in the KZN Legislature by the MEC for Economic Development, Tourism and Environmental Affairs, Mr Sihle Zikalala.

PROFILING AND DELIVERY OF KEY STRATEGIC BUSINESS OPPORTUNITIES

INFRASTRUCTURE DEVELOPMENT AND JOB CREATION

As we reflect on the year under review, the reflection is directed on the outputs

that the institution has yielded. It goes without saying that regardless of hindrances that posed a threat in our achievements, strides were pulled to ensure that performance is above the margin. The 2017/18 financial year saw the re-proclamation of the RBIDZ proclaimed as the Special Economic Zone operating fully under the SEZ Act and the promulgation of the regulations. Adding to the highlights, Phase 1A (95ha) of which 62ha is developable is almost fully allocated to investors who are presently facilitating the fulfilment of regulatory requirements and protocols.

The Phase 1A Gate complex is a fully secured and serviced Customs Controlled Area (CCA). The estate currently hosts two (2) investors, one being SPS Molecor, a high pressured PVC-O pipe manufacturing company that is fully operational and RB Energy Services, a heavy logistics company

that continues to operate in the estate and has also resumed construction of the logistics facility.

Also changing the landscape of Phase 1A, is the completed state-of-the-art Techno-Park Administration Building. It is pleasing to note that out of the four Techno-Parks that will be located in the KwaZulu-Natal province, RBIDZ has been the first entity to complete construction before the estimated time.

The year under review has also seen remarkable success with the completion of other massive infrastructure projects which are the upgrade of Medway Road and the refurbishment of the RBIDZ office complex. The Phase 1F internal civil, electrical and rail infrastructure development and Industrial substation have also made commensurate progress which equates to about 50%. Key to the execution of the development being achieved is an integrated system including the regulatory approvals,

which at times are cumbersome, however, all stakeholders have pulled strides to let such not deter delivery.

The progress of the state of the RBIDZ is solidly supported by the sustained infrastructure development, technical support and services that create the base and horizon for the investors and this has been achieved through the attainment and declaration of the estate to be the Customs Controlled Area (CCA) and the state-of-the-art gate complex which seeks to ensure compliance and 24 hour security monitoring. The CCA means the secure and controlled environment where all activities are controlled and closely monitored at all times by customs.

Progressively, there has been a promising contribution towards the creation of direct and indirect employment for the people through infrastructure development and operations in the estate and for

the reporting year, the number of employment opportunities reached 2 080, categorised as follows: 93 permanent and 63 construction jobs derived from investors, and 1 924 construction jobs derived through the RBIDZ infrastructure development with the prospects of being optimised when various locators resume operation.

INVESTMENT ATTRACTION AND PROMOTION

Evidently, the RBIDZ has aligned itself positively in enhancing the institution's healthy state by critically maintaining and retaining the investment pipeline in the SEZ and signing R2.2 billion new investments for the year 2017/18 against a target of R1 billion, and the achieved target is in excess of the R1.2 billion target. Through these signed investments the economic landscape of Richards Bay is certain to change drastically and stay afloat in the future.

INVESTMENTS SIGNED FOR 2017/18

	SECTOR	VALUE R'M	STATUS
1	Chemicals	100	Applying for Feasibility study funding
2	Renewable Energy	105	Busy with building designs and plans
3	Chemicals	35	Applying for funding and looking for a BEE partner
4	Pulp and Paper	350	Applying for Funding
5	Agriculture/Agro processing	30	Applying for Feasibility study funding
6	Agriculture/Agro processing	1 300	Negotiating lease terms and working on Geo Tech
7	Textiles, Clothing Leather & Footwear	100	Busy with building designs and plans
8	Metals Beneficiation	189	Looking for BEE partner

TRANSFORMATION AND SMME ENTERPRISE DEVELOPMENT

The RBIDZ continues to train and mentor the SMMEs through formal training programmes and debriefing sessions. These initiatives are aligned to EDTEAs objective of empowering and developing SMMEs to participate in the mainstream economy.

In recognising the rapidly growing impact of the RBIDZ, there is a prioritised need to simultaneously advance a strong economic transformation agenda. Implicitly, the impact of investor attraction and infrastructure deployment programmes needs to centralise active beneficiaries and benefit the communities. Significantly, the Board has deliberately set transformation as one of the key organisational goals for the Company. This is followed by active enquiry and monitoring of transformation-oriented programmes being implemented by Management.

A number of transformation-driven initiatives are being implemented, such as ensuring that the procurement spend on goods and services give due recognition to targeted enterprises owned by youth, women, the previously marginalised

PART A: GENERAL INFORMATION ...continued

and disabled groups. Further initiatives invoke the investor community to procure from local enterprises, as well as persuasion to consider allocation of some shareholding to community-based organisations. Transformation will be deepened to provide black-owned companies preference in securing partnership and work opportunities in the various RBIDZ programmes.

In line with the CIDB Emerging Contractor Development Programme, the emerging contractors are afforded training focused on gaps or areas where emerging contractors are hit hard the most in terms of skills. These include: project management, financial management and ICT.

In addition to the Contract Participation Goals (CPGs), it is expected that these emerging contractors will be well equipped in running their businesses and wherever they land opportunities to execute projects, including in our own infrastructure development. There are active and on-going engagements with local business leadership (e.g. Zululand Chamber of Commerce) and the SMME fraternity to share an overview of Enterprise Development procurement landscape, targeted group development and an outline of upcoming opportunities.

INTERNSHIP AND LEARNERSHIP PROGRAMMES

In adhering to the regulations of the National Development Plan (NDP) and contributing towards unemployment challenges consequential to graduates lacking practical experience and work exposure, the RBIDZ was pleased to welcome again more graduates for internship, and also seconding Umfolozi TVET College students for the Learnership Programme. The programmes run for a period of two years with the aim of empowering them through training and skills development. The internship and learnership programmes provide a variety of

benefits for aspiring professionals who want to broaden their chances of securing employment and also acquire in-service training towards completion of their qualifications respectively.

STRATEGIC STAKEHOLDER ENGAGEMENTS AND BRAND MANAGEMENT

The section, under the Office of CEO Unit, provides support to the vast organisational stakeholders more over operational engagements that are conducted on a daily basis.

The section ensures that the image and reputation of the company is maintained and positively elevated to the relevant platforms that have a potential of exposing the RBIDZ services. Within the Unit, there is also facilitation and activation of stakeholder engagements that have the potential to enhance business to business relations, and further ensure that various stakeholders and inter-governmental departments have a point of contact.

Strategically, engagements with leaders of business and government are facilitated to ensure that oversight of responsibilities, exchange of information and mandate are undertaken, healthy and on-going relations that have the potential of business relations and community development are harnessed.

The Unit acknowledges that the perception of stakeholders and that of the media is imperative and as such, on-going media engagements and shared communication for the RBIDZ's publicity is also prioritised through focused content and advertisements. Various publicity, advertising and media activities have resulted in raised awareness of the brand, and this has been confirmed by the Stakeholder Brand Survey conducted to evaluate the stakeholders' perception about the RBIDZ and also to benchmark the level

of awareness by various stakeholders; the findings revealed an improved percentage of over 20%, compared to the 2016/17 financial year.

CORPORATE SOCIAL INVESTMENT

Alongside challenges of global growth and financial stability, many countries have seen rising inequality in recent decades contributing to the social stresses and questions about sustainability, including environmentally sustainable growth. Staying in touch with the communities is one other aspect that is prioritised by the RBIDZ as it continues to grow and acknowledge the needs of the surrounding communities. Corporate Social Investment significantly remains the pulse of the RBIDZ as it connects the business with people.

Giving is not a business transaction but a human connection that is also crucial in the improvement of the RBIDZ's reputation through community engagements. The RBIDZ has embarked on activities to help achieve inclusive excellence which allows the schools, businesses, health facilities and non-profit organisations to grow and succeed.

The year under review saw the adoption of the Multi-Purpose Centre as the RBIDZ's flagship project. This means that the company will see the project through its growth and contribute other none tangible benefits beyond just a once off donation of funds. The centre which is an initiative by the Beautiful Pillars Foundation a non-profit organisation is set to provide skills training to the unemployed youth of Mandlanzini Village and uMhlathuze at large. Another highlight is the Study Assistance Programme that has been implemented to assist deserving matriculants with funding to pursue tertiary studies with the focus on scarce skills.

PERFORMANCE AGAINST THE ANNUAL PERFORMANCE PLAN (APP)

The company achieved 81% of its APP objectives which is a notable increase from the 62% achieved in the previous year, and only 9% short of the 90% target. This was as a result of targets outside of the RBIDZ's control which for a full year had a knock on effect on projects that were delayed by other approvals. In the recent planning cycle, the RBIDZ has however ensured that the smartness of targets is prioritised and well thought to avoid such occurrences in the future. Also key was to measure targets that were of strategic importance to the company with minimal operational "jargon".

In hindsight, our approach to Supply Chain Management (SCM) is an area of business where we have focused our efforts in order to boost local economy and local content. Critically, we also put our focus on ensuring compliance with all mandatory regulations, like the PFMA and PPPFA. We are also mindful of the imperative to ready local businesses to be in a position of readiness once the investors seek their services and this is facilitated through on-going mentoring sessions, training and awareness seminars.

GOVERNANCE AND SUSTAINABILITY

Regardless of the challenges, the RBIDZ has remained ahead in maintaining the highest level of conduct in delivering on expectations, fiscal discipline and sound financial management, eliminating fraud and corruption. The entity has yet again upheld a Clean Audit status to provide assurance of premium conduct and governance of the RBIDZ. The company has maintained the clean audit status for the past five (5) years. This gives confidence and delight to investors and stakeholders that the

RBIDZ operates with world-class management systems and ethical principles.

Finding a healthy long term sustainable development ethos continues to be a key preoccupation of the RBIDZ. Given the latent expectation for infrastructure and investment to be visibly implemented, there needs to be a coupling of development pursuit and caring for the sensitive ecosystems within which development occurs.

It is worth mentioning that in the scope of maintaining excellent standards of quality and good governance in all our areas of business and in line with the SHEQ standards specifically, the company has been recertified with ISO 9001, after a renewal audit was undertaken successful by the SABS. The new certificate is valid for 3 years (2018/19 – 2020/21), and there has been zero environmental reportable incidents or non-conformances. Topping that has been the ISO 14001 Accreditation that has been conferred to the entity in the year under review.

OUTLOOK

The Zone was declared a Special Economic Zone by SEZ Act which came into operation on 9 February 2016. We confidently believe that all the constraints associated with the tax incentives will be resolved and access towards the due incentives will ease business dealings. As the RBIDZ becomes established, additional sector-specific private sector investments will be targeted and additional land will be secured for future development. RBIDZ is looking into avenues to optimise economic returns from mineral wealth, the deep-water port, marine-oriented industries and agricultural produce found in the northern Zululand region, in pursuit of establishing linkages with industrial hubs and in line with Operation Phakisa.

Also on top of the agenda, is to work with the Department of Energy's IPP Office to attract the right calibre of bidders for the gas - to - power plant to be located within the RBIDZ. Land remains a general challenge for the RBIDZ, however it has been identified for the gas - to - power project and a process to purchase from the Municipality is underway. There is also an effort to acquire the entire Bayside estate and Phase 2A and the negotiations between the RBIDZ and the landowners are underway.

APPRECIATION

I would like to extend my heartfelt appreciation to the entire KZN Provincial Government for showing immense support towards the cause of the RBIDZ, and further extend my heartfelt gratitude to the MEC for Economic Development, Tourism and Environmental Affairs, Mr. Sihle Zikalala for the support, guidance and the belief in the possibilities of the RBIDZ.

I would also like to extend my gratitude to Minister, Dr. Rob Davis in the Department of Trade and Industry (the dti) for the on-going support and all efforts invested towards making the Special Economic Zones Programme a reality and an enabler towards the eradication of unemployment and poverty in the country.

I would also like to express my sincerest gratitude to the previous Board of Directors, who afforded me an opportunity to be part of an organisation that beams a beacon of hope to the region and to the province as a whole, most profoundly for their boldness in presiding over the Company's 50-year Master Plan which established a long term vision of the Company's future growth trajectory, thereby setting a strong foundation for the ensuing development of the Richards Bay IDZ.

PART A: GENERAL INFORMATION ...continued

In November 2017, the Shareholder, that is the MEC for Economic Development and Environmental Affairs, Mr. Sihle Zikalala announced the new Board of Directors that undertook to take a baton to drive the strategic direction of the Company's mandate. The new Board got to the works and immediately proceeded to formulate the organisation's Strategy and the Annual Performance Plan.

It has been most encouraging to note the seamless transition when the Board took over the strategic oversight duties of the RBIDZ with vigour and composure. Continuity and intellectual capital retention at Board level has been upheld with the leadership of Mr. Mel Clark.

The Board has stated unambiguously and categorically, its stance on priority areas that need to be executed, and these include increased investment promotion, conversion of the investment pipeline, deepening of economic transformation, premium adherence to sound governance and financial prudence, execution and delivery of quality infrastructure, enhanced brand visibility and prioritisation of strategic stakeholder relationship building.

The RBIDZ is humbled by the provision of an astute wealth of expertise, strategic direction and guidance towards the management of the RBIDZ business. Without the invested time and acumen, the RBIDZ would not have achieved this much in terms of strategic guidance and governance.

Finally, my respect and heartfelt 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 results would not have been achieved without the sweat and passion to see the RBIDZ thrive towards being an active industrial hub that will bring about hope and change in the lives of the society.

CONCLUSION

The year under review saw many milestones being reached, especially in infrastructure development. In this regard, we have managed to undertake various activities which enhanced job creation, participation of local businesses and skills development. However, we have not lost sight of thriving towards turning the RBIDZ into an active industrial hub that will

contribute immensely into economic growth, skills development and vast employment opportunities.

We envisage that the RBIDZ will provide unique platforms that will fundamentally shape the future and active interplay by all parties.



MR PHUMELELE MOTSOAHAE

Chief Executive Officer

31 July 2018

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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.
- 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 31 March 2018.

Yours faithfully,



MR PHUMELELE MOTSOAHAE

Chief Executive Officer



MR MEL CLARK

Chairman of the Board
31 July 2018

PART A: GENERAL INFORMATION ...continued

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 the cabinet resolution of September 2002 and was regulated in terms of the Manufacturing Development Act, 1993 (Act No. 187 of 1993) and in particular, the specific regulations made under that Act and contained in Regulation No: R1224 of 1 December 2002 (Government Gazette No: 21803), which was subsequently amended by Government Notice No. R1065 of 27 October 2002 (Government Gazette No. 29320).

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

On the 9th of February 2016, the Special Economic Zones Act, 2014 (Act No. 16 of 2014) 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.

IN TERMS OF THE SPECIAL ECONOMIC ZONES ACT, 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 of new and innovative economic activities.

The Customs Controlled Area within an SEZ is regulated by the Customs Control Act, 2014 (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 short therefore, the purpose of the RBIDZ is to develop a Special Economic Zone in order to attract local and foreign investors who will create production capacity to beneficiate South Africa's raw materials prior to

export and also to create exportable services and will thereby create employment and improve the 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 case dealing with Industrial Development Zones is the decision of the Constitutional Court in ***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.

In ***Offit Enterprises (Pty) Ltd and Another v Coega Development Corporation (Pty) Ltd and Others (09/09) [2010] ZASCA 1; 2010 (4) SA 242 (SCA); [2010] 2 All SA 545 (SCA) (15 February 2010)***.

The Supreme Court of Appeal found: "that an expropriation of the appellants' properties for the purposes of their inclusion in the Coega IDZ would serve a public purpose and it can make no difference whether the properties are retained by the national government as the expropriating authority or transferred to Coega Development. In any event such an expropriation would plainly be in the public interest once it is accepted that it furthers the development of the Coega IDZ. That suffices to dispose of the point that an expropriation would not be permissible under S2 of the Expropriation Act".

The Constitutional Court found that *“there is no reason that the first respondent should be barred from making an application for the expropriation of the applicants’ property in the future if it so requires for the benefit of the development of the Coega IDZ, provided that it does so lawfully”*.

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.

An issue dealt with the fact that between the close of tenders and final adjudication the selected tenderer had been put under business rescue, which had not been disclosed to the employer. The Court found that the duty to disclose the financial status of a tenderer is found in paragraph F.2.2 of the department’s tender data which expressly provides that the employer will only consider tenders from tenderers who can prove to its satisfaction that they have the necessary financial resources to undertake and complete the work. It can hardly be disputed that an entity that applies to be placed under business rescue because it is financially distressed would fall outside of this tender condition. The Court found that there were sufficient grounds to award the tender to the Plaintiff.

PLANNED POLICY INITIATIVES

INDUSTRIAL POLICY ACTION PLAN

At the launch of the 8th iteration of Industrial Policy Action Plan - **IPAP2016/17-2018/19 (IPAP)** on Monday, 9 May 2016, Minister of Trade and Industry, Dr. Rob Davies, stated that there is now an even more pressing need for structural change

in the economy, to break out of commodity dependence and move to a more diversified base in which increasing manufacturing-based value addition, employment creation and export-intensity come to define South Africa’s growth trajectory.

IPAP 2016 envisages nothing less than a massive, concerted and focused national industrial effort, intimately involving all 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-adding growth and labour-intensive manufacturing.

IPAP 2016/17-2018/19: KEY FOCAL AREAS

Public Procurement – greatly enhanced and enforced 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; the component manufacturing and sub-assembly sub-sectors in automotives; 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 boatbuilding.

Carefully Targeted Industrial Financing and Incentives

– including, a) much 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 Incentive.

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.

Growing exports

- there are four main pillars to the IPAP export strategy:
- Building partnerships with global Original Equipment Manufacturers (OEMs) focused on transferring technologies and growing our exports in OEM value chains;
 - Partnering with national export champions to catalyse increased national technology absorption for the development of high value exports;
 - Strengthening existing Industry Associations and Export Councils; including establishing a dedicated new Export Council for Africa; and
 - Developing export-orientated production hubs in SEZs and Regional Clusters and fostering industrial decentralisation.

Automotive: the Department of Trade and Industry has established a team of technical experts to develop a post-2020 Automotive’s Master-Plan.

- The mandate of the team is to examine the entire automotive sector and not just the existing Automotive Policy Development Plan (APDP) - which means that it will now include light, medium and heavy vehicles and motorcycles.
- The purpose of this work will be to ensure that in the context of long term policy certainty a post-2020 Master Plan will create a framework

PART A: GENERAL INFORMATION ...continued

to secure even higher levels of investment and production, higher exports, deepening localisation and expanding employment.

Gas-based industrialisation: IPAP 2016 introduces a medium term programme to ensure that gas-based industrialisation increasingly develops into one of the spines of our industrial strategy, leveraging natural gas as both a source of power generation and a driver of industrial diversification.

Minimising red tape: to open up space for much more streamlined and business-friendly governance processes. These efforts will include:

- Managing on-going relations with the Inter-Ministerial Committee (IMC) on investments to tighten up the intra-governmental coordination of South Africa's new One-Stop 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 the light of its goals of growth, development and job creation, the IDZ programme relates to the constitutional goal of improving the quality of life of all citizens and

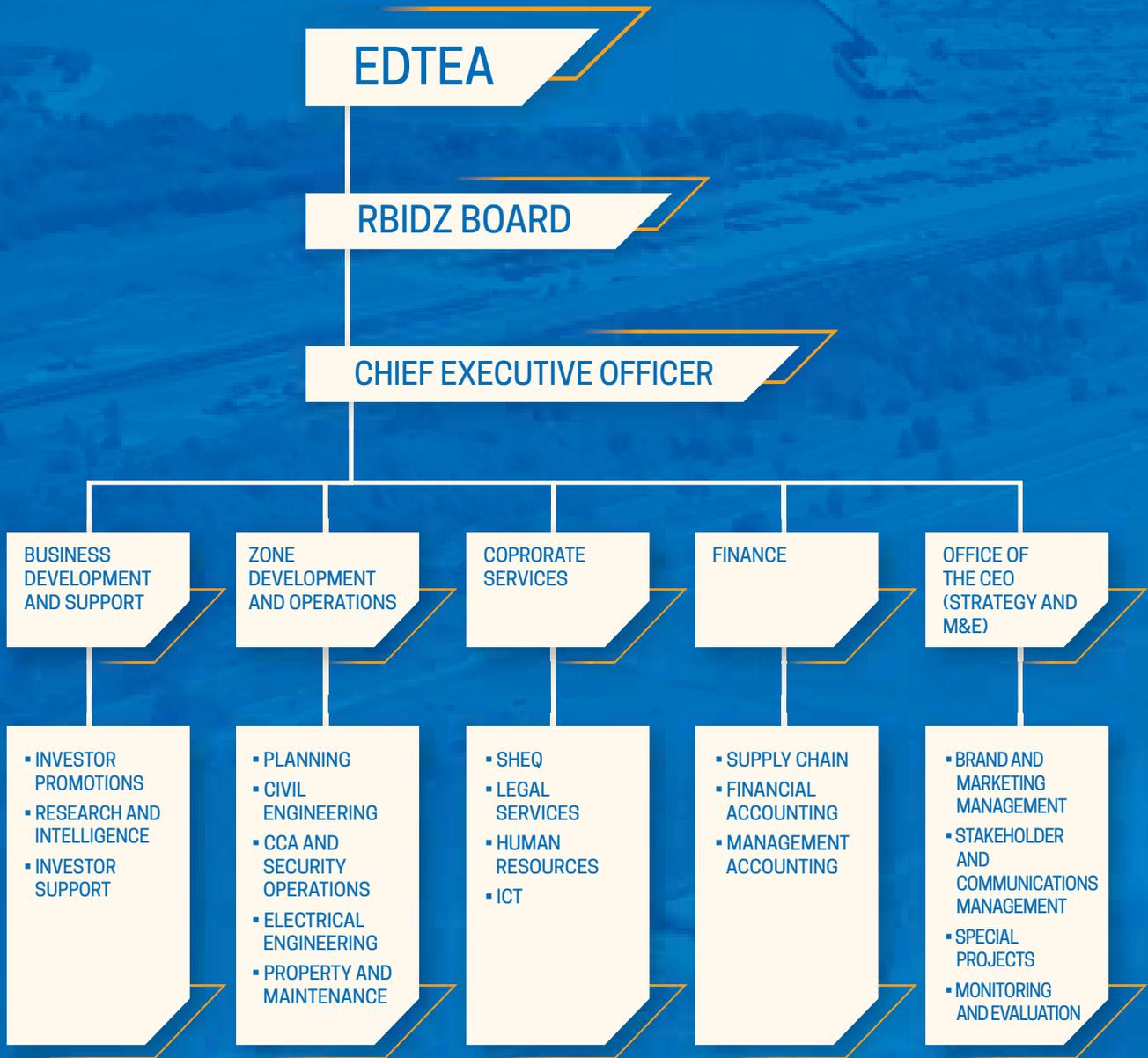
freeing the potential of each person; building a united and democratic South Africa that is able to take its rightful place as a sovereign state in the family of nations and, in creating jobs, enhancing the dignity of all. In order to achieve this, RBIDZ advocates for the employment of a larger percentage of South Africans in each investment project within the zone. Furthermore, it will maximise downstream opportunities for the benefit of SMME's.

Industrial Development 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.

As an organ of state, the RBIDZ is mandated to ensure that its procurement processes are fair, equitable, transparent, competitive and cost effective and is in accordance with the right of fair administrative action.

It is also required to ensure that, in developing the zone, it recognises that everyone has a right to an environment that is not harmful to their health or well-being and to have the environment protected, for the benefit of present and future generations.

ORGANISATIONAL STRUCTURE



Part B:

PERFORMANCE INFORMATION



PERFORMANCE AGAINST THE ANNUAL PERFORMANCE PLAN 2017/18 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 2017/18 financial year with the Annual Performance Plan as an addendum indicating performance targets for the year. The table below shows the RBIDZ's actual performance against targets as indicated in the 2017/18 Annual Performance Plan. Refer to page 65 (Auditors Report, published as Financial Information).

BUSINESS DEVELOPMENT AND SUPPORT

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Attract new sustainable investments for economic empowerment	To promote, attract and facilitate appropriate investments	Number of recognition agreements signed with investors	7	8	Target achieved
		Value of investments signed with RBIDZ	R1 billion	R2.209 billion	Target achieved
Grow the skills base and create employment opportunities	To create 1200 construction and permanent employment	Cumulative number of jobs created by investors (construction)	250	63	Target not achieved Delays in commencement of construction by investors. ProStar Paints construction delayed due to funding approval delays.
		Cumulative number of jobs created by investors (permanent)	50	93	Target achieved

ZONE DEVELOPMENT AND OPERATIONS

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Have a fully serviced Special Economic Zone on 3000ha land in line with the 50year Master Plan	To develop and maintain engineering infrastructure for all RBIDZ land parcels	Phase 1F internal engineering infrastructure implemented within approved budget	Complete 50% of the internal engineering infrastructure	Construction progress of internal civil engineering services was 67% complete on 27 March 2018. Construction progress of the internal electrical engineering services was 33% complete on 27 March 2018. • The average completion of internal engineering infrastructure is therefore 50% complete, within approved budget and the target achieved.	Target achieved
	To secure purchase or options on land parcels identified for development	Secure option or purchase agreement for acquisition of additional land.	100ha	No option or purchase agreement was signed by the RBIDZ	Target not achieved The subdivision of agricultural land applications in terms of Act 70 of 1970 can be a lengthy process with undefined timelines, nonetheless the application in terms of Act 70 of 1970 (subdivision of Agricultural Land) for the Phase 2A area as per RBIDZ Master Plan was submitted to the Department of Agriculture, Forestry and Fisheries on 13 March 2018. Delays in negotiations for Bayside also led to the missing the target, financial valuation was completed and a paper was prepared for consideration by the Board for the acquisition of the Bayside property

PART B: PERFORMANCE INFORMATION ...continued

ZONE DEVELOPMENT AND OPERATIONS ...continued

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Grow the skills base and create employment opportunities	To create 5500 construction employment opportunities	Cumulative number of people newly employed and retained for construction jobs by the RBIDZ	900	1924	Target achieved

CORPORATE SERVICES

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE	
Build a high performing and visible organisation on a strong foundation of good governance	To contribute to external People Empowerment by packaging skills needs from investors, collaborate with private and public sector to develop SMMEs therefore transferring skills to the local work force and creating decent jobs	Maintain database of recently qualified students for use by locators.	1	1	Target achieved	
	To create a high performing organisation that is solution-driven.	Develop an integrated Human Resource Strategy.	Board approved HR Strategy.	HR Strategy was approved. 13 HR Strategy initiatives completed.	Target achieved	
		Cumulative number of interns employed for the financial year by RBIDZ, locators and contractors.	15	17	Target achieved	
	To provide and maintain a world class ICT infrastructure	ICT system, governance and controls in place	3 new IT projects identified in IT Strategy developed and implemented (dependent on the finalisation of the IT Strategy).	ICT Investor Framework. Video Conferencing Services. Develop ICT Hub Strategy	Target achieved	
	Adherence to legislation, ethical standards, best practices and internal policies	Develop ICT Framework for the RBIDZ and investors	Implementation of strategy on ICT services to be offered to locators	All due actions completed	Target achieved	
	Adherence to legislation, ethical standards, best practices and internal policies	To maintain a safe work environment for our employees, contractors and investors	Cumulative number of Recognition Agreements finalised with prospective investors as a % of requests from BDS.	100%	100%	Target achieved
			Cumulative number of Lease Agreements finalised with prospective investors as a % of requests from BDS.	100%	100%	Target achieved
			RBIDZ internal safety performance (number of lost time incident)	0	0	Target achieved
			Productivity time lost as a result of unsafe working practices by contractor	2	0	Target achieved

CORPORATE SERVICES ...continued

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Build a high performing and visible organisation on a strong foundation of good governance	Adherence to legislation, ethical standards, best practices and internal policies	Environmental sustainability initiatives	Develop action plan for Environmental Sustainability initiatives	Two initiatives rolled out during the quarter: National Wetland Week and National Water Week	Target achieved
		RBIDZ reportable environmental incidents	0	0	Target achieved
	To maintain a safe work environment for our employees, contractors and investors	OHSAS 18001 and ISO 14001 obtained	OHSAS 18001, ISO 14001 and 9001 systems maintained	1. ISO 9001 certificate maintained 2. ISO 14001 certificate obtained 3. OHSAS 18001 certificate not obtained	Target not achieved 1. Not all OHSAS Management System documentation was in place for the stage 1 audit. 2. Limited resources to fully execute the HSO function due to delays with the appointment of the HSO Officer.

OFFICE OF THE CEO

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Build a high performing and visible organisation on a strong foundation of good governance	Adherence to legislation, ethical standards, best practices and internal policies	% achievement of APP targets	90%	81%	Target not achieved
		Clean audit outcome (performance information)	1	1	Target Achieved
		100% of significant internal and external audit findings for the organisation addressed in appropriate timeframe	100%	100%	Target Achieved
Promote and maintain Stakeholder Engagement	To promote active stakeholder engagement and management	Employee Survey and external stakeholder survey conducted.	1 Employee & External Survey completed	1 External & Internal stakeholder surveys conducted, Stakeholder survey report received December 2017	Target achieved
		CSI strategy developed and initiatives implemented.	Board approved CSI strategy. Identify and invest in 1 key sustainable flagship CSI programme.	Strategy Approved and 2 Flagships identified.	Target achieved
	To improve RBIDZ brand image through dynamic, outcome driven marketing.	Percentage improvement on brand visibility	1 Baseline survey: 10% improvement of Brand Awareness of the RBIDZ offerings and services by the targeted audience	The survey has been conducted and results indicate 20% improvement from the baseline in Brand Visibility / Awareness	Target achieved

PART B: PERFORMANCE INFORMATION ...continued

FINANCE

STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ANNUAL TARGET FOR 2017/18 AS PER THE APP	VALIDATED ACTUAL ANNUAL OUTPUT	STATUS/REASONS FOR VARIANCE
Secure adequate financial resources to ensure the sustainability of the RBIDZ	To develop appropriate financial supply chain management framework	Maintained unqualified audit opinion	Unqualified audit opinion	Unqualified Audit Opinion	Target achieved
		Collection of own revenue (excluding interest income)	100%	100% of income due was billed and collected during 2017/18.	Target achieved
		% of procurement spend on supplier with BBBEE rating as a percentage of total measure procurement spend	80%	94%	Target achieved
		% of black owned enterprises	35%	72%	Target achieved
		% of black women owned enterprises	12%	32%	Target achieved
		% of black youth enterprises	10%	7%	Target not achieved Youth owned enterprises not available in certain categories
	To secure adequate funding	Amount of funding secured for capital and operations projects.	R 635 million	R 127 million secured for operations.	Target not achieved Majority of the funding requirement, as estimated, relates to the purchase of Bayside (R400m) and for the refurbishment of the multi-story office building in Bayside (R50m)

HIGHLIGHTS PER PROGRAMME

BUSINESS DEVELOPMENT AND SUPPORT

BDS focuses on the attraction, promotion and retention of domestic and foreign direct investments in Richards Bay IDZ. This is achieved through trade missions, market analysis, research and identification of potential investors to target.

The programme, Business Development and Support, assists two of the organisation's strategic goals, namely;

- **Strategic Goal 2:** To attract new sustainable investments for economic empowerment
- **Strategic Goal 4:** To grow the skills base and create employment opportunities

This is achieved through formulating strategies and measures aimed at attracting fixed investments for the production of exports and import substitutes into the Zone. The principal intention of the Programme is to assist the RBIDZ to fulfil its mandate of attracting meaningful investments that create jobs and enhance production capacity. A lot of facilitation and support to the investors is a critical factor that leads to investors starting construction. During the reporting financial year, one of the investors resumed construction and this is a breakthrough in terms of tangible endeavours aimed at driving industrial activities in the Zone. As shown below, the construction is in progress – RB Energy Services (Pty) Ltd.

RB ENERGY SERVICES (PTY) LTD LOCATED AT THE PHASE 1A INDUSTRIAL ESTATE



Construction of RB Energy Services' logistics facility in progress.

PART B: PERFORMANCE INFORMATION ...continued

RB Energy Services, an affiliate of the Lovemore Brothers group, commenced construction of its logistics facility, which includes a warehouse, gantry crane set-up and offices. RB Energy Services is a heavy logistics company located in Phase 1A and is investing no less than R20 million. The completion of construction is anticipated in the third quarter of the 2018/19 fiscal year; and this will result in full operation of the company with more employment opportunities foreseen. For the reporting year, the company has created 26 permanent jobs, 50 temporal jobs and has the potential to create a total of 100 permanent jobs upon completion of construction.

SIZABANTU PIPING SYSTEMS

A PVC-O pipe manufacturing company, which is fully operational, has created 67 permanent employment opportunities and has enrolled three (3) Umfolozi TVET College students for the learnership programme. The market base for SPS has extended to the SADC region and the product demand has resulted in the investor seeking more land from the RBIDZ to expand the factory. The construction to extend the facility is in progress, and it is anticipated that more employment opportunities will be created. The students on the learnership programme were sourced through a harnessed relationship with Umfolozi TVET College, which seeks to advance and transfer skills to the local communities.

Employment and learnership opportunities in the factory are likely to increase, noting that the factory is in the process of expanding its operation base, and these will expose and afford locals with diverse development and skills opportunities in the near future.

SIGNED INVESTMENT PROJECTS:

RBIDZ signed eight (8) investment projects in the 2017/18 financial year with recognition agreements at an estimated investment value of R2.209 billion. These investment projects will all commence construction at different intervals during the course of 2018/19 and 2019/20 financial years; being guided by the approval of a regulatory body.

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)

Government has prioritised entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMMEs) as the catalyst to achieving inclusive economic growth, transformation and socio-economic development. With the assistance of other KZN Provincial Government Departments and institutions, the dti has also taken the lead in implementing SMME-related policies, to ensure that adequate financial and non-financial assistance is provided to the sector, for its long-term prosperity and that of the country as a whole.

Small businesses have a major role to play in the South African economy in

terms of 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 the economic challenges. It is in this context that RBIDZ should develop a strategic plan to support sustainable SMME development within King Cetshwayo District through an integrated system of business support facilities linking potential investment projects.

To this effect, RBIDZ recently hosted a Small, Medium and Micro-sized Enterprises Fair (4th Engagement SMME Seminar 2017/2018) at Empangeni Civic Centre, on the 20th of March 2018, whereby over 140 aspiring SMMEs attended the session.

The main objective of the seminar is to create a two-way communication platform where both SMMEs and investors engage in dialogue sessions sharing information on future business potential. In the same vein, the event enabled RBIDZ to:

- Promote its brand awareness and image;
- Contribute towards the achievement of its strategic objective of Enterprise Development and SMME Development;
- Meaningfully contribute towards local economic growth and job creation in the region; and
- Create platforms for job opportunities to reduce poverty, inequality and unemployment in the region.



RBIDZ CEO – Pumi Motsoahae (middle) with SMMEs and other stakeholders during the 4th SMME Engagement Seminar.

ZONE DEVELOPMENT AND OPERATIONS

Zone Development and Operations largely support the following strategic goals:

- **Strategic Goal 1:** To have a fully serviced Special Economic Zone on 3000ha land in line with the 50year Master Plan
- **Strategic Goal 4:** To grow the skills base and create employment opportunities

The purpose of the programme is to develop and maintain a world class industrial estate through an integrated planning, design and management process. The process involves: land identification; layout planning and infrastructure design; obtaining development and design approvals;

infrastructure implementation; and the operation and maintenance of infrastructure systems. The programme further ensures that the RBIDZ operates responsibly in terms of the Customs and Excise Act in its Customs Control Area with a fully integrated security management system as an agent on behalf of the South African Revenue Service.

A major challenge facing the RBIDZ in developing the various land parcels of the industrial estate is the time factor involved in getting all the regulatory approvals in place before infrastructure implementation can commence. Regulatory approvals that have to be obtained include Environmental approvals in terms of the National Environmental Management Act, Water Use Licences in terms of the National

Water Act, Planning Approval in terms of the KwaZulu-Natal Planning and Development Act, the Spatial Planning and Land Use Management Act and Engineering design approvals from the Local Authority. The long lead times associated with all these regulatory approvals does unfortunately extend the timeframes for developing the industrial estate.

The following infrastructure development projects were completed in the 2017/18 financial year with further detail provided in the sections below:

- Medway Road Upgrade
- Techno Hub Administration Building
- Bayside Office Refurbishment Project
- Phase 1F Construction of Civil and Electrical Engineering Infrastructure in progress

PART B: PERFORMANCE INFORMATION...continued

- Alumina Allee Road Upgrade in progress

RBIDZ INFRASTRUCTURE DEVELOPMENT

PHASE 1F ESTATE

The Phase 1F boasts **121ha** of land of which 110ha is developable. The construction of internal civil and electrical works as well as the upgrading of the surrounding road infrastructure commenced in 2017 with the financial assistance of the SEZ Fund of **the dti**. Remarkable progress towards completion has reached the milestone of over 65%.

Engagements with the Department of Agriculture Forestry & Fisheries (DAFF), Sappi, KZN Wildlife and the KZN Department of Agriculture on the release of agricultural land for industrial development in the Richards Bay area are continuing.

The RBIDZ is also upgrading the Industrial substation to accommodate the electricity demand that will be consequential to the activities in Phase 1F. The project has reached a 50% milestone towards completion. The RBIDZ has also already paid bulk contributions exceeding R101 million to the City of uMhlatuze, which will be used by the City to upgrade the upstream bulk services so as to accommodate the increased demand

for bulk services.

The project entails the supply, delivery, installation, erection, testing and commissioning of 2 x 40 MVA Transformers and the extension of the existing substation to accommodate these. Completion of the projects is expected in the 2018/19 financial year.

The land transfer transaction is underway with the Deed's Office and formal finalisation of the sale transaction will be concluded with the landowners once all regulatory requirements have been completed. The consolidation approval has been received for even 16178, 16179 and 16180.

The Phase 1F of the Richards Bay Industrial Development Zone has already been awarded a licence to operate as a Customs Controlled Area (CCA) by the South African Revenue Services (SARS) for the gate complex. Investors that will be located in Phase 1F area will have to be registered with SARS as CCA Enterprises to qualify for the incentives that are offered to locators within the estate. Incentives offered include relief from customs duties at the time of importation into the CCA for any goods for storage, raw materials for manufacturing and machinery used in the manufacturing process. No import duties and value-added tax will be payable on goods imported

for construction and maintenance of infrastructure on site.

ALUMINA ALLEE

The construction of a rail line which aims to link Phase 1F to the municipal rail network in Alton is in progress. This road construction project will see the widening of Alumina Allee from one lane in each direction to two lanes in both directions. The upgrade of the intersection of Alumina Allee and North Central is also in progress and should be completed by the end of the 2018/19 financial year. The project will reduce traffic congestion on Alumina Allee which may also be as a result of various activities taking place in Phase 1F

PHASE 1D ESTATE - 65 HA

With the announcement of the 2000mw allocation for Richards Bay area to host the gas-to-power plant, RBIDZ has been proactive in identifying the site to host the massive project, and confidently regards itself as an ideal entity to host the plant.

Phase 1D portrays itself as the ideal site for the project and it boasts 65 ha. The negotiations for the sale of land are underway with the City of uMhlatuze, whilst the announcement of the procurement process for the gas-to-power project is awaited from the Minister of Energy.

MEDWAY ROAD UPGRADE



Witnessing the cutting of the ribbon were; From L-R , RBIDZ CEO; Mr Pumi Motsoahae, District Mayor; Cllr Nonhle Mkhulisi, MEC for EDTEA; Hon. Sihle Zikalala, RBIDZ Board Chairperson; Mr Mel Clark and City Mayor, Cllr Mduduzi Mhlongo

Medway Road upgrade was completed and officially opened by MEC for Economic Development, Tourism and Environmental Affairs, Mr Sihle Zikalala on the 28th of November 2017. The R54 million projects comprises of the widening of Medway Road from one lane in each direction to two lanes in both directions, the construction of the Ngodweni Canal bridge and a large traffic circle opposite the entrance of Phase 1A. The circle serves as a turning point for taxis and busses servicing Phase 1A and a large intersection on the John Ross Parkway.

The extension of the road is beneficial to motorists and has created a fair share of job opportunities, which saw women and youth being given the opportunity to work in the male-dominated construction industry.

RBIDZ OFFICE COMPLEX IS AN OFFICIAL DOMICILE FOR THE RBIDZ



An Artist's impression of the anticipated RBIDZ Office Complex

The renovation of the Bayside premises was completed in July 2017 and the RBIDZ business operation relocated to the new office complex in August 2017. The negotiations for the purchasing of the whole 140 ha estate with the land owners is in progress.

PART B: PERFORMANCE INFORMATION...continued

ADMINISTRATION

The administration programme of the RBIDZ primarily provides strategic support to the company and maintains good corporate governance systems that guide the implementation of organisational strategy in line with the mission espoused in this plan. Administration is made up of the following sub-programmes: Office of the CEO (Strategy, Monitoring and Evaluation); Finance & Supply Chain Management; and Corporate Services. The programme supports three of the strategic goals, viz:

- **Strategic Goal 3:** To secure adequate financial resources to ensure the sustainability of the RBIDZ
- **Strategic Goal 4:** To grow the skills base and create employment opportunities
- **Strategic Goal 5:** To build a high performing and visible organisation on a strong foundation of good governance

OFFICE OF THE CEO

The purpose of the sub-programme is to establish corporate governance systems and to monitor the implementation of organisational strategy in line with the overall strategic

goal of governance and legislative compliance. It acts as a link between management and the Board as well as external stakeholders and is the overall guardian of the brand.

The RBIDZ acknowledges that stakeholders' relationships with management is an essential element of strategy implementation supporting long-term sustainability objectives. The RBIDZ considers and addresses interests of stakeholders with the knowledge that stakeholders' perceptions affect the company's reputation and stakeholders' support influences group performance.

STRATEGIC BUSINESS STAKEHOLDERS

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
KZN Department of Economic Development, Tourism and , Environmental Affairs	<ul style="list-style-type: none"> • Investment Promotions and Marketing with the aim of industrialisation, job creation and skills development • Provincial Economic Development Policies and Strategies 	<ul style="list-style-type: none"> • Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan • Obligations in terms of the Shareholder Compact • Achievement of KPIs, as per the Shareholder Compact • Operating on a financially sustainable basis and impact on society
Department of Trade and Industry (the dti)	<ul style="list-style-type: none"> • SEZ Policy and Incentives • Funding for Capital Projects 	<ul style="list-style-type: none"> • Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan • Investment promotion programme focusing on exports of goods and services from the IDZ
Department of Energy	<ul style="list-style-type: none"> • Allocation of 2000mw for Gas to Power plant in Richards Bay. • Procurement process regarding call for interested parties and the bidding processes. • Energy regulations alignment and approvals. 	<ul style="list-style-type: none"> • Compliance to Energy regulations.
KZN Legislature	<ul style="list-style-type: none"> • Tabulation of Business Performance. 	<ul style="list-style-type: none"> • Compliance with PFMA requirements.
Office of the Premier	<ul style="list-style-type: none"> • International relations interaction and protocol guidance. 	<ul style="list-style-type: none"> • Management of international interaction. • International protocol management. • Proper information sharing and coordination. • International involvement and engagement guidelines. • Approval of operational vacancies

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
KZN Provincial Treasury	<ul style="list-style-type: none"> Funding allocation for the IDZ/SEZ programme. 	<ul style="list-style-type: none"> Obligation in terms of the Funding Agreement Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan
Department of Environmental Affairs	<ul style="list-style-type: none"> Policy issues regarding environmental management and legislative changes Environmental Impact Approvals and other licence approvals 	<ul style="list-style-type: none"> Sustainability of IDZ programme, which is in full compliance with applicable environmental regulations.
Department of Water Affairs	<ul style="list-style-type: none"> Water resource management, wetland management and comments during Environmental Impact Assessments 	<ul style="list-style-type: none"> Water Use licence applications and approvals for development undertaken by the RBIDZ
Department of Forestry and Fisheries	<ul style="list-style-type: none"> Forestry and fisheries resource management, protection of endangered forest and fisheries species and comments during EIA processes 	<ul style="list-style-type: none"> Critical in the sustainable development of RBIDZ and protection of endangered species
Department of Agriculture	<ul style="list-style-type: none"> Agro-processing initiatives alignment. 	<ul style="list-style-type: none"> Agro-processing being RBIDZ'S key sector. Location of Agro-Park in the Zone.
Department of Labour	<ul style="list-style-type: none"> Construction works and safety inspections and compliance audits 	<ul style="list-style-type: none"> Annual audits to strengthen RBIDZ's compliance to the applicable labour requirements
Public Entities	<ul style="list-style-type: none"> Access to land and energy for the expansion of the RBIDZ footprint 	<ul style="list-style-type: none"> Provision of basic services such as energy and water for the investors/locators
Trade and Investment KwaZulu Natal (TIKZN)	<ul style="list-style-type: none"> Collaboration on Investment Promotions and marketing of the IDZ internationally Alignment with the overall KZN Investment strategic approach 	<ul style="list-style-type: none"> Sector specific programmes which are aimed at attracting and channelling investments to Richards Bay
Higher Education Institutions	<ul style="list-style-type: none"> Utilisation of Techno-Park innovation hubs by institutions. 	<ul style="list-style-type: none"> Memorandum of Understanding regarding future partnerships. Curriculum alignment to scarce skills.
Other state agencies such as the CSIR and the Agricultural Development Agency	<ul style="list-style-type: none"> Partnership in developing bankable feasibility for targeted sectors and promotion of research and development 	<ul style="list-style-type: none"> RBIDZ engages research institutions to tap into the cutting edge research in different sectors
Regulators such as SARS	<ul style="list-style-type: none"> Customs Controlled Area (CCA) requirements Guidance and setting minimum regulatory requirements for RBIDZ operation Ensuring fair competition in the market through the Competition Commission 	<ul style="list-style-type: none"> Compliance with the requirements of Customs Controlled Area to ensure compliance with the set parameters.
Home Affairs	<ul style="list-style-type: none"> Work Permits approval for foreign investors. 	<ul style="list-style-type: none"> Compliance with Department of Labour regulations.
Communities and Private Land Owners	<ul style="list-style-type: none"> Land acquisition Community development Social Investment Employment Opportunities 	<ul style="list-style-type: none"> RBIDZ participates in various community development projects including 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 Investment attraction program
KZN Growth Coalition	<ul style="list-style-type: none"> Cooperation in the economic development of the region and the Province Balanced representation from local business 	<ul style="list-style-type: none"> Regional structures driving economic development initiatives to create jobs
Unions	<ul style="list-style-type: none"> Ensuring transparent and fair labour practices and a sustainable organisation 	<ul style="list-style-type: none"> Collective agreements Internal communication programme, succession planning, wellness programmes, transformation forum, fair labour practices

PART B: PERFORMANCE INFORMATION ...continued

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	MAJOR OBJECTIVES OF THE STAKEHOLDER GROUP	RELEVANCE TO RBIDZ IN TERMS OF STRATEGY AND OPERATIONS
Employees	<ul style="list-style-type: none"> Ensuring fair labour practices and a sustainable company 	<ul style="list-style-type: none"> Internal communication programme, succession planning, wellness programmes, transformation forum, fair labour practices
Investors	<ul style="list-style-type: none"> Investments and job creation Industrialisation and sector development New product development and markets Increase Liquidity 	<ul style="list-style-type: none"> 50-year Master Plan Investment attraction program
Local Businesses and Industries	<ul style="list-style-type: none"> Economic landscape sustainability. 	<ul style="list-style-type: none"> Prospective off-takers of production. Stimulation of economy and reputation of the Region.
SMMEs and Local Enterprise	<ul style="list-style-type: none"> Inclusive economic growth and development 	<ul style="list-style-type: none"> Participation in economic growth and creation of a wider scope of employment opportunities.
Media	<ul style="list-style-type: none"> News, advertisements, and branding and sustainability of RBIDZ 	<ul style="list-style-type: none"> Public Relations, Stakeholder Engagements and Reputation Management. Brand enhancement Effective communication strategy
Municipalities	<ul style="list-style-type: none"> Access to land Infrastructure development plans approval Supply of electricity and water. Integrated Development plans 	<ul style="list-style-type: none"> Provision/sale of land Approval of infrastructure development Supply of electricity and water. Integrated Development plans
Transnet	<ul style="list-style-type: none"> Service the Investors Offer port facility for export and import of. 	<ul style="list-style-type: none"> Port Terminal Transportation of production



US Consular General, Ms Sherry Sykes and the delegation on a visit to the City of uMhlatuze and RBIDZ's estates.

CORPORATE SOCIAL INVESTMENT: WHEN BUSINESS ADVANCES COMMUNITY DEVELOPMENT

The RBIDZ is committed to improving the lives of communities in the areas in which they operate. The CSI programme is guided by the Policy and Strategy that is sustainable needs driven. The initiatives directed towards contributing to community development, focus on health care, skills, education and sports and recreation.

Touching ground and caring for society is one of the important responsibilities that the Richards Bay Industrial Development Zone regards as adding value in contributing towards socio-economic development.

The RBIDZ firmly believes that a healthy society is a positive influencer to the prosperity of any company; hence it can never undermine the need and impact of reaching out to the communities through various initiatives that aim to better and uplift their lives. These initiatives, amongst others, include providing study assistance funding, training, career guidance, school stationeries, school uniforms and social awareness against social ills.

The upliftment of the communities within the jurisdiction of the RBIDZ is geared towards sustainable investments that will ensure that the company is surrounded by a healthy workforce that will thrive and identify opportunities derived from the investors set to locate manufacturing factories in the area.

The RBIDZ prides itself that it has for the first time awarded study assistance funding to a number of previously

disadvantaged students from the King Cetshwayo District to pursue their studies at various universities focusing on scarce disciplines aligned with the demands of the industries. This was done with the aim to broaden opportunities for future employment.

The future and growth of the RBIDZ will be meaningless if it neglects its own communities, it is by this notion that the company will continue to identify ways to be impactful and make a difference to the lives of the communities. Some of the initiatives that were undertaken in the reporting year are listed below:

IMBUMBA FOUNDATION-CARING FOR GIRLS INITIATIVE



RBIDZ staff, Imbumba foundation CEO ; Richard Mabaso and TV star; Luyanda Mzazi during the Caring for Girls Activation at Ikusasalethu High School

The initiative currently supports over 350 000 girls nationally and the ultimate goal is to reach 2 000 000 girls by year 2020. The RBIDZ has partnered with this initiative to support the girls from previously disadvantaged communities and to curb the myths associated with girls undergoing the monthly cycle. The initiative supplies the girls with sanitary towels and further raises awareness on hygiene and puberty.

PART B: PERFORMANCE INFORMATION ...continued

MANDLAZINI MULTI-PURPOSE CENTRE, A FLAGSHIP PROJECT



RBIDZ Staff assisting with the foundation construction for the Madlanzini Multi-Purpose Centre during the 2017 Mandela Day Activation

Beautiful Pillars Foundation is a non-profit organisation based in Mandlazini Village in Richards Bay under King Cetshwayo District. The organisation focuses mainly on youth and women empowerment through skills development and training programmes.

The RBIDZ has positive intentions to adopt the project as a flagship and assist in the construction of the multi-purpose centre which aims to add sustainable value to the development of the community. The multi-purpose centre will afford the community with various skills development in various disciplines like, welding, painting, baking, farming and sewing amongst others.

RBIDZ PARTNERS WITH LIFE LINE IN SUPPORT FOR GENDER BASED VIOLENCE CAMPAIGN



LIFELINE and RBIDZ representatives showing off the donated material from RBIDZ for the Thursdays in Black Campaign.

RBIDZ acknowledges that in South Africa, a girl is more likely to be raped than to get an education. The statistics reveal that a girl is raped approximately every 17 seconds in South Africa, equating to an astonishing 1 829 520 raped victims per annum. These are alarming statistics presented by Statistics South Africa (Stats SA). A donation and participation in raising awareness and support of the 16 Days of Activism against abuse of women and children is a call to assist the Non-Profit Organisation towards broadening the knowledge to the communities, mainly those from disadvantaged communities who are still subjected to various forms of abuse.

The RBIDZ continues to support organisation and programmes that aim to bring about social change, development and emotional wellness in communities.

RBIDZ PARTNERING WITH THE KING CETSHWAYO DISTRICT TO ACKNOWLEDGE 2017 TOP MATRIC ACHIEVERS



RBIDZ CEO; Pumi Motsoahae officiating the hand over of a cheque at the KCDM Top Matric Achievers Awards

Since the attainment of freedom in South Africa, education has been made a frontal right to citizens, declared by the Constitution of the Republic; corporate and individual bodies have since established a set of shared goals and targets for achieving sustainable development around the world, amongst them is prioritisation of education, job creation and skills development.

Prioritising on its goal, the Richards Bay Industrial Development Zone answered to the call from the King Cetshwayo District Municipality, to sponsor the Matric Top Achievers Awards 2017. The District has over the years taken upon itself to set aside funds to assist the learners to pursue their tertiary education, and 2017 was not different as the District held another 100 Matric Top Achievers Awards at Empangeni Civic

Centre. The Richards Bay Industrial Development Zone played a huge role in supporting the Awards ceremony by handing over a cheque of R 25 000.00 towards university registration grants, and the amount was to be dispersed amongst five (5) learners as identified by the District.

STUDY ASSISTANCE PROGRAMME - GETTING AHEAD THROUGH EDUCATION



A group of students that were privileged to have been awarded the RBIDZ Study Assistance Programme

The Richards Bay Industrial Development Zone has implemented a Study Assistance Programme which assists learners from disadvantaged communities to pursue tertiary

education in recognised South African Universities, mainly those intending to advance in the scarce skills disciplines. The seven (7) carefully selected excellent achievers of the Matric Class

of 2017 were awarded full bursaries to assist them with their tertiary studies at universities of their choice.

PART B: PERFORMANCE INFORMATION ...continued

RBIDZ is an entity of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs, which aims to attract local and foreign direct investments into the country for economic development, job creation, skills development and transfer. It is therefore a huge responsibility for the organisation to ensure that the local youth is moulded and geared towards diverse and advanced opportunities brought along by seasoned investors of the world.

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 institutions, as well as private organisations. If we talk about skills development we talk

about changing lives, empowering capabilities and enhancing the potential of employability and alignment of the skills to the economy. South Africa is a diverse country and its economy is divided into various sectors that drive the workforce.

In view of this, RBIDZ has pledged to play a meaningful and pro-active role in assisting to bridge this gap, preparing the youth for the workplace through a variety of learning and skills development opportunities.

The liberation of youth through focus on the study areas of Engineering, Science, Town Planning, Technology and Economics is a drive to build diverse marketable talent that will enhance competitive opportunities created by the fast changing era.

The RBIDZ believes that the investment in the education of a child, critically those coming from disadvantaged backgrounds is a life time investment

to the country and the immeasurable opportunity to untangle the chains of poverty. It is undisputable that education is the greatest equaliser of circumstances and that students should use education to become globally competitive.

Youth of today are at the forefront of the struggle for economic emancipation, and the opportunity afforded to these children should allow them to spread their wings into heights for the betterment of the nation. The investment made in these children is by no means regarded as only a financial one, however it is also ammunition in the fight for economic liberation.

The dynamic team, supported by the RBIDZ, have set their goals high in the disciplines of Mechanical Engineering, Environment-Built Geosciences, Information Technology and Accounting; and the future looks bright for them.

BACK TO SCHOOL INITIATIVE- MKHANDLWINI PRIMARY SCHOOL



RBIDZ activating the Back to School campaign in needy schools around the District.

When you give a pair of shoes to a child, you give so many other things like Hope, Dignity and Joy. Giving a child a pair of shoes instills dignity and joy, and it affords a child an opportunity to reach their highest potential.

The Richards Bay Industrial Development Zone acknowledges that education and emotional stability goes together and none can be ignored; this was attested by the donation of school shoes and branded school backpacks to Mkhahlwini Primary School learners. The RBIDZ has been donating school shoes, stationery and maths sets to the needy annually as part of its Back to School campaign.

FINANCE

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

SMME DEVELOPMENT

SMME Development is an established programme, focusing on developing emerging contractors with the aim of fast tracking participation in the mainstream economy.

Government has prioritised entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMMEs) as a catalyst to achieving economic growth and development. With the assistance of other KZN Provincial Government Departments and institutions, the dti has also taken the lead in implementing SMME-related policies, to ensure that adequate financial and non-financial assistance is provided to the sector, for its long-term prosperity and that of the country as a whole.

Small businesses have a major role to play in the South African economy

in terms of 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 redressing the economic challenges. It is in this context that RBIDZ has developed a strategic plan to support SMME's by offering them accredited training in various disciplines and also linking them to potential investor projects

EMERGING CONTRACTOR SUPPORT



As part of the SMME development, the RBIDZ facilitated the Project Management Training for emerging businesses.

MEC for Economic Development, Tourism and Environmental Affairs, Mr. Sihle Zikalala, in his capacity as Leader of Government Business and Chair of the Economic Cluster, has singled out SMMEs as deserving attention. Working with various government departments, entities, financial institutions including other stakeholders, his focus is to invest in training and mentorship of SMMEs, which he believes will be the accelerator for economic transformation.

The Richards Bay Industrial Development Zone has taken a central role in contributing towards the radical economic transformation, skills development and driving socio-economic development in the province by training and developing the emerging contractors as part of efforts aimed at fast-tracking their entry into the mainstream economy. This is done through on-going interactive sessions whereby RBIDZ and SMME's engage on available opportunities and be further linked to seasoned contractors for skills transfer and development.

It is an undisputed fact that investing in skills development is similar to investing in the future and prosperity of the country, hence the RBIDZ prioritises initiatives to train and equip emerging contractors with the main focus being youth, women and black-owned companies.

PART B: PERFORMANCE INFORMATION ...continued

ALIGNMENT OF SUPPLY CHAIN MANAGEMENT TO GOVERNMENT'S IMPERATIVES

The on-going developments from National Treasury and KZN Provincial Government in the public sector procurement continue to exert a compelling case to effect alignment of Supply Chain Management to ensure that governments' imperatives stimulate an inclusive and transformed economy. This should be reflected in the manner in which preferential procurement is implemented in the supply chain activities of the organisation.

The RBIDZ has reviewed the SCM Policy twice to register these developments from the Provincial and National spheres of government. The tentacles of empowerment and radical economic transformation advocated in the Reviewed Preferential Procurement Policy Framework Regulations and B-BBEE Codes of Practice, which put a sense of urgency in the development of SMMEs, has all taken the epicentre in the process of supplying goods and services to the RBIDZ.

This has kept a constant positive margin of participation by Black, Women and

Youth enterprises demonstrated by the value of procurement spend that benefited the targeted enterprises in both capital and operational projects. In putting acceleration of participation by black youth and women, the company continues to provide support through various initiatives including but not limited to capacity building training, involving youth in infrastructure maintenance and sub-contracting of youth enterprises accompanied by mentoring and support.



Newly built (extended) Ngodweni Bridge which is part of the Medway Road upgrade

CORPORATE SERVICES

INTRODUCTION

The prosperity of a company is solidified by attracting a pool of right people that are determined to execute their expertise for the growth of the company. The desired results should then be driven through effective human resource planning and aligned strategies.

Corporate Services ensures that the RBIDZ operates responsibly and commits to long-term sustainability through implementation of international best practices with regards to Quality Management, Health and Safety, Environmental Management and Customs Control Area Management. Its other role is to ensure that the RBIDZ contractors, investors and stakeholders uphold environmental, health and safety best practices.

Other key deliverables include:

- Provision and management of human capital and related corporate matters
- Human Resource Development and Retention
- Provision and maintenance of integrated ICT systems.
- Ensuring 100% governance and legislative compliance

EMPLOYEE TRAINING AND DEVELOPMENT

The company endeavours to offer opportunities and establish a culture of fairness, transparency and recognition for performance. We are committed to maintaining a supportive management culture and to encourage open communication in all our operations. We are enforcing initiatives aimed at positioning ourselves as the employer of choice, and these initiatives, amongst

others, include: employee wellness programme, provision of bursaries and training and development opportunities. The RBIDZ also puts emphasis on organisational culture, which shall enhance the working environment leading to employees living the company values and being brand ambassadors.

The sustained long-term success of the organisation is evidenced by the strategic alignment and investment in the development of the employees' skills. The desired outcome and added value is supported by effective HR planning and workforce planning.

Significantly, the organisational performance achievements are as a result of continuous skills and career development amongst staff which will ensure that employees perform optimally. The organisation applauds the progress achieved by some of its employees, including:

POST GRADUATE HR QUALIFICATION ACCOMPLISHMENT FOR BHEKISISA NTSHANGASE; HR MANAGER



The road to success is not always an easy one, especially, if an individual has to multi-task in reaching for new elevations. Remarkably, the same journey has not been an easy one for the RBIDZ Corporate Services

Manager, Bhekisisa Ntshangase, more significantly because his role is meant to oversee the most important component of the business, ensuring a productive and thriving workforce.

Bhekisisa Ntshangase graduated with an Honours Degree in Human Resources at MANCOSA. His passion for people's management and welfare saw him thriving tenaciously between studies and work to ensure that he develops himself and achieves his goals for enhanced service delivery.

He is undoubtedly a resemblance of his title, as he continuously serves with sincerity, acting as a consultant to employees.

POST GRADUATE DIPLOMA IN BUSINESS MANAGEMENT FOR BULELWA KAFU, ICT MANAGER



The RBIDZ was proud to acknowledge Bulelwa Kafu for obtaining her Post Graduate Diploma in Business Management at Stellenbosch University - Business School.

Her dedication motivated her to pursue her studies further, and equip herself professionally. Her attainment will broaden her operational and strategic attributes in executing the organisations' mandate mainly around the space of innovation.

PART B: PERFORMANCE INFORMATION ...continued

EMPOWERING YOUTH THROUGH TRAINING AND WORK EXPERIENTIAL LEARNING



Students on a Learnership Programme in action.

LEARNERSHIP PROGRAMME

Adhering to the objectives of the National Development Plan (NDP), the Richards Bay Industrial Development Zone was pleased to engage students for the Learnership Programme and to assist them resume their trade practicals with one of the investors located in the Zone. The students were selected from a wide pool of mechanical and electrical students who have acquired their technical training at Umfolozi TVET. The Learnership programme runs for a period of two consecutive years.

A Learnership Programme provides a variety of benefits for aspiring professionals who want to broaden

their chances for securing employment to jump-start their careers. They will take advantage of the many benefits of partaking in an internship programme, being exposed to the corporate world and expanding their business background.

The thriving students who were carefully identified from Umfolozi TVET are;

- Malambule Veronica Sipehele (Electrical)
- Nyawo Njabulo Phakamani (Mechanical)
- Mpontshane Samkelo Sipho (Mechanical)

INTERNSHIP PROGRAMME

Njabulo Khuzwayo, Planning Intern: ZDO



The Richards Bay Industrial Development Zone was pleased to welcome the young and enthusiastic Njabulo Khuzwayo, as a Planning Intern, under the Zone Development and Operations Unit.

Njabulo's internship programme is set to run for a period of two consecutive years and aims to equip him with experiential training in his field of study.

Njabulo was privileged to be afforded this opportunity as he plans to advance himself in the Planning field and extend his passion for built-environment.



Construction of RB Energy Services' Logistics Facility in progress.

Part C:

CORPORATE GOVERNANCE



INTRODUCTION

The RBIDZ is a state-owned company and a provincial government business entity and is therefore governed by both the PFMA and The Companies Act. The RBIDZ has established a solid corporate governance framework through a Shareholder 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 III and 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 4 reports were submitted timeously to EDTEA and the CEO attended all 4 meetings to discuss progress against set targets.

THE ACCOUNTING AUTHORITY / BOARD

The Board has an independent role with accountability to the Shareholder 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 III and King IV Reports on Corporate Governance, including the duty of 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 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 regarding not only the financial aspects 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; to ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards; 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 functions of Management, which remain the responsibility of the executive directors, officers and other members of senior management.

BOARD CHARTER

The Board has adopted a Board Charter setting out its roles and responsibilities. The Charter was reviewed during the year under review.

COMPOSITION OF THE BOARD

NAME	DESIGNATION	AREA OF EXPERTISE	OTHER COMMITTEES (E.G. AUDIT COMMITTEE)	NO. OF BOARD MEETINGS ATTENDED (DAYS)
Mr MC Clark ¹	Chairperson/Non-executive Director	Management, public sector, governance	Member of HR & Remuneration (until 30/11/18)	6
Mrs TN Eboka ²	Non-executive Director	Management, engineering	Chairperson of Infrastructure & Investment Committee, member of Audit & Risk Committee	1
Mr ZL Fihlani ²	Non-executive Director	Management, auditing, finance	Chairperson of Audit & Risk Committee	1
Mr AA Mahlalutye ²	Non-executive Director	Management, economic zones	Member of Social & Ethics Committee	2

PART C: CORPORATE GOVERNANCE ...continued

COMPOSITION OF THE BOARD ...continued

NAME	DESIGNATION	AREA OF EXPERTISE	OTHER COMMITTEES (E. G. AUDIT COMMITTEE)	NO. OF BOARD MEETINGS ATTENDED (DAYS)
Mr AS Makhanya ²	Non-executive Director	Management, engineering, water and effluent services	Member of Social & Ethics Committee and Infrastructure & Investment Committee	2
Mr EF Mbatha ¹	Non-executive Director	Management, local government	Chairperson of Social & Ethics Committee. Member of HR & Remuneration Committee (from 30/11/17)	6
Dr MJ Ndlovu ²	Non-executive Director	Management	Member of Audit & Risk Committee and HR & Remuneration Committee	2
Mrs MTB Ndlovu ¹	Non-executive Director	Management, law, local government	Chairperson of HR and Remuneration Committee	6
Ms MA Tsele- Maseloanyane ³	Non-executive Director	Management, companies law	Member of Infrastructure & Investment Committee	4
Mr SZ Hlophe ⁴	Non-executive Director	Management, accounting, finance	Member of Audit & Risk Committee and Infrastructure & Investment Committee	4
Ms MM Mashiteng ⁴	Non-executive Director	Management, accounting, finance	Member of Audit & Risk Committee and Social & Ethics Committee	4
Mrs SP Mbanjwa ⁴	Non-executive Director	Management, economic development	Member of HR & Remuneration Committee	4
Councillor MG Mhlongo ⁴	Non-executive Director	Management, local government	Member of Infrastructure & Investment Committee	4
Dr SG Ngcobo ⁴	Non-executive Director	Management, economics	Chairperson of Audit & Risk Committee	4
Ms C Vilakazi ⁴	Non-executive Director	Management, economic development	Member of Social and Ethics Committee	4
Mr SS Zondi ⁴	Non-executive Director	Management, marketing	Chairperson of Infrastructure and Investment Committee	4
Mr P Motsoahae	Executive Director	Management		6
Mr MC Khuzwayo	Executive Director	Management, finance, accounting		6

¹. Reappointed 28/11/17 • ². Retired 28/11/17 • ³. Appointed 23/05/17 • ⁴. Appointed 28/11/17

BOARD COMMITTEES

NAME	COMMITTEE MEETINGS							
	AUDIT AND RISK		SOCIAL AND ETHICS		INFRASTRUCTURE AND INVESTMENT		HR AND REMUNERATION	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Mr MC Clark ¹							3	3
Mrs TN Eboka ²	3	2			3	3		
Mr ZL Fihlani ²	3	3						
Mr AA Mahlalutye ²			1	1				
Mr AS Makhanya ²			1	1	3	3		
Mr EF Mbatha ¹			2	2			1	1
Dr MJ Ndlovu ²	3	3					3	3
Mrs MTB Ndlovu ¹							4	4
Ms MA Tsele- Maseloanyane ³					3	3		
Mr SZ Hlophe ⁴	1	1			3	2		
Ms MM Mashiteng ⁴	1	1	1	0				
Mrs SP Mbanjwa ⁴							1	1
Councillor MG Mhlongo ⁴					3	2		
Dr SG Ngcobo ⁴	1	1						
Ms C Vilakazi ⁴			1	1				
Mr SS Zondi ⁴					3	3		
Mr P Motsoahae								
Mr MC Khuzwayo								
Mr S Mkhize ⁵					3	1		

¹. Reappointed 28/11/17 • ². Retired 28/11/17 • ³. Appointed 23/05/17 • ⁴. Appointed 28/11/17 • ⁵. Non-director member until 30/11/17

REMUNERATION OF BOARD MEMBERS

The remuneration of directors is determined by the shareholder. 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 which is only paid if the scheduled meeting is attended.

NAME	2017/18 FEES FOR SERVICES AS DIRECTORS	MANAGERIAL SERVICES		2018	2017
		SALARY	RETIREMENT FUND & MEDICAL AID CONTRIBUTIONS	TOTAL R	TOTAL R
Executive Directors of RBIDZ					
Mr P Motsoahae	-	2 725 926		2 725 926	2 654 842
Mr MC Khuzwayo	-	1 432 727		1 432 727	1 366 128
Non-Executive Directors of RBIDZ					
Mr MC Clark	583 660	-	-	583 660	514 956
Mrs TN Eboka ^C	105 600	-	-	105 600	148 447
Mr ZL Fihlani ^C	116 664	-	-	116 664	244 819
Mr AA Mahlalatye ^C	76 542	-	-	76 542	122 036
Mr AS Makhanya ^C	88 580	-	-	88 580	176 658
Mr EF Mbatha	148 504	-	-	148 504	160 704
Dr MJ Ndlovu ^C	143 560	-	-	143 560	211 598
Mrs MTB Ndlovu	222 904	-	-	222 904	217 967
Ms MA Tsele-Maseloanyane ^A	-	-	-	-	-
Mr SZ Hlophe ^B	-	-	-	-	-
Ms MM Mashiteng ^B	-	-	-	-	-
Mrs SP Mbanjwa ^B	-	-	-	-	-
Councillor MG Mhlongo ^B	-	-	-	-	-
Dr SG Ngcobo	91 721	-	-	91 721	-
Ms C Vilakazi	69 802	-	-	69 802	-
Mr SS Zondi	100 815	-	-	100 815	-
Notes:					
^A : No remuneration payable as official represented a Government Department					
^B : No remuneration payable as the director is a public sector employee					
^C : Retired during the 2017/18 year					

PART C: CORPORATE GOVERNANCE ...continued

RISK MANAGEMENT

In accordance with the PFMA, King III 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 on 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 the Chief Risk Officer of the Company, all Executive Managers are risk champions for the operational risks emanating from their business units.

Management reports to the Audit and Risk 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 and Risk 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 the KwaZulu-Natal Treasury's Internal Audit Unit, reports to the Audit and Risk Committee.

During the year audits and/or follow-up audits were conducted on review of the annual financial statements; performance information; head count; human resource management; Zone Development and Operations; asset management; and IT inventory, all of which were completed, as well as supply chain management and subsistence and travel expenditure, which had commenced but had not been completed by the end of the financial year.

The functions of the Audit and Risk Committee are set out in a Committee's Charter which is based on the recommendations of the King III 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 to assist the Chief Executive 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 Company's 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.

The table below discloses relevant information on the members of the Audit and Risk Committee

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	POSITION IN PUBLIC ENTITY	DATE FIRST APPOINTED	END OF APPOINTMENT
Mr Z Fihlani ¹	B.Com, B.Compt (Hons), CTA, H.Dip Tax and CA(SA)	Internal	Non-Executive Director	05/10/2012	28/11/2017
Mrs T Eboka	BS (Appl Mathematics), BS (Textile Engineering), MBA, Senior Executive Programme (Harvard), Certificate in Change Management (Cornell)	Internal	Non-Executive Director	18/01/2016	28/11/2017
Dr MJ Ndllovu	MBA graduate with degrees and diplomas in Human Resources Management and Transportation	Internal	Non-Executive Director	05/10/2012	28/11/2017
Dr SG Ngcobo ¹	MA (Agriculture) PhD (Business Management)	Internal	Non-Executive Director	28/11/2017	2018 AGM
Mr SZ Hlophe	MBL, BCom Honours (Accounting) and Diploma (Cost and Management Accounting)	Internal	Non-Executive Director	28/11/2017	2018 AGM
Ms MM Mashiteng	MBA, BCom (Accounting), Post Graduate Diploma (Management) and Municipal Finance Management Programme	Internal	Non-Executive Director	28/11/2017	2018 AGM

¹ Chairperson

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 and Risk 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 has a whistleblowing hotline and the Fraud Prevention Policy provides for the persons to whom fraud is to be reported.

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 losing 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 aforementioned Fraud Prevention Policy, the Company has adopted a Code of Conduct, which also addresses 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.

PART C: CORPORATE GOVERNANCE ...continued

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 AND ENVIRONMENTAL ISSUES

A key driver in ensuring a high level of safety, health and environmental compliance is the application of the company's Incident Management System. During the reporting period, the majority of all SHEQ-related non-conformances were recorded, investigated and closed out within 30

days. Lessons learnt were shared with service providers in order to improve on performance and compliance. Apart from one minor soil contamination incident which resulted from the spillage of fuel during refuelling, all incidents were related to poor housekeeping (mainly litter and off-cuts of construction materials) with no immediate impact on the environment.

During the review period the Health, Safety and Environmental principles and standards were enforced and monitored during the execution of the following complex infrastructure development projects undertaken by RBIDZ and its tenants:

- Construction of the Techno-Park Administration Building
- Medway Road upgrade
- Development of Phase 1F Civil Engineering and Electrical projects (still in progress)
- Alumina Allee upgrade
- RBIDZ 's Bayside Office Complex renovation completed

In line with the RBIDZ's good governance and the application of SHEQ's specification standards, all contractors were required to exercise full control of their activities and processes. These include, risk identification and mitigation, adherence to all SHE legislation and policies. Adherence to these were measured through internal and external SHE audits.

The abovementioned projects achieved more than 500 000 man-hours without an injury. This milestone was reached because of:

- Job task observations;
- Detailed risk assessments;
- Periodic inspections;
- Internal and external auditing;

- Toolbox talks;
- Training of contractors on key legislative changes / requirements; and
- Sharing of interactive hazards.

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

- Retained ISO 9001 certificate valid for three (3) years (2018/19- 2020/21) after a renewal audit undertaken was successful by the SABS.
- Transition from the 2004 standard to the 2015 standard was also attained. In the new standard, there is highlighted emphasis on internal and external stakeholders, risks and opportunities and organisation knowledge.
- Zero environmental reportable incidents (no major non conformances by the RBIDZ and contractors).
- Approval SHEQ Strategy that provides a framework for the SHEQ functions.
- Obtained ISO 14001 certificate valid for three (3) years.

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

COMPANY SECRETARY

The Company's Legal Manager functions as its Company Secretary, include: 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 schedule; circulation of Board and Committee

papers; induction, orientation and on-going training of directors; ensuring returns are provided to the Companies and Intellectual Property Commission and assisting with Board evaluations.

The Board has also appointed a Board secretariat. This function has been outsourced to a service provider is responsible for the recording, approval and circulation of minutes. By outsourcing the function the situation is avoided where the Board Secretary has to report on an equal basis to both Management and the Board or is, as a member of Management, in a conflict situation where issues concerning Management are considered by the Board.

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.



MR KEITH HARVEY

Company Secretary

31 July 2018

PART C: CORPORATE GOVERNANCE...continued

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk 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 and Risk 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.

INTERNAL AUDITORS

The Company had a difficult year in regard to its Internal Audit function when Provincial Treasury's Internal Audit Unit advised, in the week before

the commencement of the new financial year, that it was no longer prepared to act as the Internal Auditor of the Company. The Company then spent some time trying to persuade Provincial Treasury to review its decision. It then embarked on a procurement process for the appointment of an auditor to conduct an audit of the backlog of work to the beginning of the financial year. This resulted in the appointment of Nexia SAB&T to conduct this work. Provincial Treasury's Internal Audit did however finalise all the audits which it had commenced during the 2016/17 financial year.

The Company also then embarked on a procurement process for the appointment of an internal auditor on a long term basis, which resulted in the appointment of Bonakude Consulting (Pty) Ltd for a maximum period of three years, which the Committee is satisfied, should resolve this issue.

AUDIT AND RISK COMMITTEE

The Committee also underwent a significant change during the year when all of the members of the

Committee retired at the Annual General Meeting in November 2017 and a new Committee of three being appointed by the Shareholder in accordance with the provisions of the Companies Act

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

Follow-up on Previous Internal Audit Findings-Zone Development and Operations;

- Audit of Information, Communication and Technology (ICT Management);
- Audit of Leave Management;
- Audit of Performance Information; and
- Follow-up audit of Security Assessment undertaken on Phase 1A.



Work was also done on audits on Supply Chain Management and subsistence and travel expenditure, but these were not completed by the end of the financial year.

in the light of the above the Committee is satisfied with the Company's control environment.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the Annual Financial Statements prepared by the Company.

AUDITOR'S REPORT

We have reviewed the Company's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The Audit and Risk 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.



DR SAKHILE NGCOBO
Chairperson of the Audit Committee
31 July 2018



Part D:

HUMAN RESOURCE MANAGEMENT



INTRODUCTION

The organisation has formulated a 5-year Human Resources Strategy which is aimed at positioning the RBIDZ as an employer of choice. The Human Resources strategic priorities include:

- Leadership Development
- Employee Engagement
- Learning and Development
- Organisational Development

Progress against the execution of the Human Resources strategy is on-going with some of the prioritised projects already executed and others underway as they are long-term projects.

Attracting and recruiting skilled and capable workforce remains a business priority regardless of the delayed processes of securing approvals to recruit and fill in vacant positions.

HUMAN RESOURCE OVERSIGHT STATISTICS

Interns are excluded on the following tables as their positions are not on the approved structure even though they were compensated through the salaries and wages budget.

Personnel Cost for Business Units

BUSINESS UNITS	TOTAL BUDGET FOR THE BUSINESS UNITS (EXCL. VAT)	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES
OCEO	32 507 531	7 703 870	24%	6
ZDO	11 272 542	4 872 329	43%	5
BDS	6 823 889	3 691 346	54%	4
Finance	26 473 441	6 655 600	25%	9
Corporate Services	21 684 163	9 108 601	42%	11
Total	98 761 568	32 031 749	32%	35

Performance Rewards

BUSINESS UNITS	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
OCEO	1 093 599	7 703 870	14%
ZDO	693 105	4 872 329	14%
BDS	154 084	3 691 346	4%
Finance	782 613	6 655 600	12%
Corporate Services	734 851	9 108 601	8%
Total	3 458 254	32 031 749	11%

Training Costs

BUSINESS UNITS	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE
OCEO	7 703 870	301 714	4%	10	30 171
ZDO	4 872 329	117 590	2%	6	19 598
BDS	3 691 346	247 299	7%	5	49 459
Finance	6 655 600	283 433	4%	10	28 343
Corporate Services	9 108 601	462 498	5%	11	42 045
Total	32 031 749	1 412 535	4%	42	33 631

PART D: HUMAN RESOURCE MANAGEMENT ...continued

Employment and Vacancies

BUSINESS UNITS	2016/2017 NO. OF EMPLOYEES	2017/2018 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES	2017/2018 VACANCIES	% OF VACANCIES
OCEO	7	8	6	2	25%
ZDO	4	7	5	2	29%
BDS	2	7	4	3	43%
Finance	9	10	9	1	10%
Corporate Services	12	15	11	4	27%
Total	34	47	35	12	26%

VACANCIES BY SALARY BANDS	2016/2017 NO. OF EMPLOYEES	2017/2018 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES	2017/2018 VACANCIES	% OF VACANCIES
Top Management [Bands D5 –E4]	4	6	4	2	33%
Senior Management [Bands D1-D4]	13	19	14	5	26%
Skilled [Bands C1-C5]	10	13	11	2	15%
Semi-Skilled [Bands A1-B5]	7	9	6	3	33%
Total	34	47	35	12	26%

Employment Changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management (Bands D5 –E4)	4	2	2	4
Senior Management (Bands D1-D4)	13	1	0	14
Highly skilled production (Bands C1 – C5)	10	1	0	11
Skilled (Bands A1 – B5)	7	0	1	6
Total	34	4	3	35

Reasons for Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	3	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	3	100%

Disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Total	0

EQUITY TARGET, GOALS AND EMPLOYMENT EQUITY STATUS:

The Company has recently updated its Employment Equity reporting format and the below is the breakdown of employment equity targets, based solely on the provincial demographics, for the 5 year period ending in 2022.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Racial Equity (HDI)	86%	88%	90%	92%	94%	96%
Gender Equity (females in management)	35%	37%	39%	41%	43%	45%

		AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Males	Target	43.2%	0.6%	6.8%	2.3%	52.9%
	Actual	31%	0%	0%	9%	40%
	Staff Numbers	11	0	0	3	14
Females	Target	41.1%	0.4%	3.6%	1.8%	47.1%
	Actual	45.7%	2.9%	5.7%	5.7%	60%
	Staff Numbers	16	1	2	2	21
Total	Target	84.3%	1.0%	10.6%	4.1%	100%
	Actual	77.1%	2.9%	5.7%	14.3%	100%
	Staff Numbers	27	1	2	5	35

Part E:

ANNUAL FINANCIAL STATEMENTS

NOTICE

These financial statements were prepared on 31 May 2018 and have been independently audited by the Auditor-General in accordance with the provisions of the Public Audit Act 2006 as well as any applicable provisions of the Companies Act 2008.

The Statements were prepared by Mzamo Clement Khuzwayo, the Chief Financial Officer of the Company.

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The Annual Financial Statements set out on pages 70 to 95 and the statement of Responsibility by the Directors on page 63 were approved by the Board of Directors and signed on its behalf by:



MR MEL CLARK
Chairman of the Board
31 July 2018



MR PHUMELELE MOTSOAHAE
Chief Executive Officer
31 July 2018



STATEMENT OF RESPONSIBILITY BY THE DIRECTORS

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 judgments 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 CONTROLS

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 2017/18 financial year and in accordance with the Public Finance Management Act 1 of 1999 as amended. The performance report is tabled on quarterly basis to the following structures; Audit & Risk 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 19 to the Annual Financial Statements. The financial statements set out on pages 70 to 95, which have been prepared on the going concern basis, were approved by the board of directors and signed on its behalf by:



.....
MR MEL CLARK

Chairman of the Board

31 July 2018

AUDIT REPORT

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND BOARD OF DIRECTORS ON RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE COMPANY SOC LTD

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 Ltd set out on pages 70 to 95, which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the 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 Ltd as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the 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 this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS, WHICH CONSTITUTES THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the PFMA and Companies Act, and for such internal control as the board of directors, which constitutes 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.
7. In preparing the financial statements, the board of directors, which constitutes the accounting authority is responsible for assessing the Richards Bay Industrial Development Zone Company SOC Ltd'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 board of directors, which constitutes the accounting authority 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

8. 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.

AUDIT REPORT ...continued

9. 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 AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 2 - Zone Development and Operation	27
Programme 3 - Business Development and Support	27-28

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

OTHER MATTERS

15. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

16. The annual performance report on pages 27 to 30 includes information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

17. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

AUDIT REPORT ...continued

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION ...continued

18. The material finding on compliance with specific matters in key legislations is as follows:

ANNUAL FINANCIAL STATEMENTS

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA and section 29(1)(a) of the Companies Act. Material misstatements of property, plant and equipment; investment property; finance income; and other disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

20. The board of directors, which constitutes the accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Company's Act. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

23. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

25. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

FINANCIAL AND PERFORMANCE MANAGEMENT

26. Management did not adequately review the annual financial statements to ensure that all significant transactions were accounted for correctly and that all disclosures in the financial statements were supported by accurate and reliable evidence. This contributed to the material adjustments to the annual financial statements.

Pietermaritzburg

Pietermaritzburg
31 July 2018



SAUDITOR-GENERAAL
SOUTH AFRICA

Auditing to build public confidence

AUDIT REPORT ...continued

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT AND SCOPE

1. 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 selected objectives and on the company’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in the 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 company’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements by the board of directors, which constitutes the accounting authority. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report on the activities of the company for the year ended 31 March 2018.

NATURE OF BUSINESS AND OPERATIONS

Richards Bay Industrial Development Zone Company SOC Limited was formed to undertake the development of industrial land in the Richards Bay area.

FINANCIAL RESULTS

The results for the year are reflected in the statement of comprehensive income set out on page 71. In summary the company had no operating surplus or deficit for the financial year. An after tax surplus of R469 921 has been reported.

SHARE CAPITAL

Richards Bay Industrial Development Zone Company SOC Limited has 1000 authorised no par value shares and issued share capital. The share capital is as follows:

1000 shares - Province of Kwazulu Natal represented by its Department of Economic Development, Tourism and Environmental Affairs.

DIRECTORATE		DATE APPOINTED	
Mr. M Clark	APPOINTED AS A CHAIRPERSON ON 18 JANUARY 2016	1 JULY 2012	(RE-APPOINTED 28 NOVEMBER 2017)
Ms. T Eboka	(RESIGNED 28 NOVEMBER 2017)	1 JULY 2012	(RE-APPOINTED 18 JANUARY 2016)
Mr. Z Fihlani	(RESIGNED 28 NOVEMBER 2017)	1 JULY 2012	(RE-APPOINTED 18 JANUARY 2016)
Mr. A Mahlalutye	(RESIGNED 28 NOVEMBER 2017)	1 JULY 2012	(RE-APPOINTED 18 JANUARY 2016)
Mr. S Makhanya	(RESIGNED 28 NOVEMBER 2017)	1 JULY 2012	
Ms A Tsele- Maseloanyane		21 MAY 2017	
Mr. E Mbatha		1 JULY 2012	(RE-APPOINTED 28 NOVEMBER 2017)
Dr. J Ndlovu	(RESIGNED 28 NOVEMBER 2017)	1 JULY 2012	(RE-APPOINTED 18 JANUARY 2016)
Ms. M Ndlovu		1 JULY 2012	(RE-APPOINTED 28 NOVEMBER 2017)
Mr. P Motsoahae		1 DECEMBER 2013	
Mr. MC Khuzwayo		2 JULY 2015	
Mr S Hlophe		28 NOV 2018	
Ms MM Mashiteng		28 NOV 2018	
MS SP Mbanjwa		28 NOV 2018	
ClIr MG Mhlongo		28 NOV 2018	
Dr SG Ngcobo		28 NOV 2018	
Ms C Vilakazi		28 NOV 2018	
Mr SS Zondi		28 NOV 2018	

REPORT OF THE DIRECTORS ...continued

EXTERNAL AUDITORS

Auditor General of South Africa.

INTERNAL AUDITORS

SAB & T Inc.

SECRETARY

Adv. K.N. Harvey

BUSINESS ADDRESS:

4 Harbour Arterial, Alton
Richards Bay
3900

POSTAL ADDRESS:

Private Bag X1005
Richards Bay
3900

GOING CONCERN

On the basis of the annual financial statements for 2017/18 financial period and information regarding the forthcoming financial year, the Directors have every reason to believe that the Company will remain a going concern.

SUBSEQUENT EVENTS

No subsequent event identified

INFORMATION DISCLOSED IN TERMS OF SECTION 55(2)(B) OF THE PFMA

Particulars of irregular expenditure incurred by the company in respect of the year ended 31 March 2018 are disclosed in Note 21 of the annual financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018	2017
		R	R
ASSETS			
Non-current assets			
Property, plant and equipment	2	1 503	3 093
Intangible asset	3	-	-
Investment property	4	-	-
Deposit	5	964 440	1 165 556
Current assets		725 823 636	710 115 014
Accounts receivable	6	288 530 060	309 142 195
VAT receivable	13	4 123 805	-
Cash and cash equivalents	7	432 402 906	400 675 873
Deferred taxation	8	766 865	296 945
Total assets		726 789 579	711 283 662
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	1 000	1 000
Share premium	10	151 200 000	151 200 000
Accumulated surplus		656 300	186 380
Non-current liabilities			
Deposits payable	12.1	90 003	34 240
Current liabilities		574 842 276	559 862 042
Deferred income	11	478 480 450	410 363 147
Accounts payable	12	21 681 986	12 522 189
VAT payable	13	-	7 984 867
Provisions	23	74 679 839	128 991 838
Total equity and liabilities		726 789 579	711 283 662

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		R	R R
Gross Revenue	14	47 039 384	168 221 288
Grant applied		43 924 335	166 377 007
Other income		3 115 049	1 844 281
Operating expenses		(84 064 663)	(198 541 794)
Loss from operations before finance expense	15	(37 025 279)	(30 320 506)
Finance expense		-	-
Loss from operations before finance income		(37 025 279)	(30 320 506)
Finance income	18	37 025 279	30 320 506
Surplus before taxation		-	-
Taxation	16	469 921	(90 728)
Surplus/(Deficit) for the year		469 921	(90 728)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Notes	SHARE CAPITAL	SHARE PREMIUM	ACCUMULATED SURPLUS/(LOSS)	TOTAL
	R	R	R	R
Opening balance at 31 March 2016	1 000	151 200 000	277 108	151 478 108
Deficit for the year			(90 728)	(90 728)
Closing balance as at 31 March 2017	1 000	151 200 000	186 380	151 387 380
Surplus for the year			469 921	469 921
Closing balance as at 31 March 2018	1 000	151 200 000	656 300	151 857 300

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		84 064 663	64 376 391
Cash paid to suppliers and employees		(157 737 091)	(198 541 794)
Cash utilised from operations	17,1	(73 672 428)	(134 165 403)
Finance income		37 025 279	30 320 506
Net cash flows from operating activities		(36 647 149)	(103 844 897)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Property, Plant and Equipment/ investment property		(89 086 757)	(53 843 227)
CASH FLOWS FROM FINANCING ACTIVITIES			
		157 460 939	20 283 938
Deposits payable		55 763	-
Deposits receivable		201 116	(964 440)
Grant received		215 072 047	198 394 890
Grant applied		(57 867 987)	(177 146 512)
Net Increase/ (decrease) in cash and cash equivalents		31 727 033	(137 404 186)
Cash and cash equivalents at beginning of year		400 675 873	538 080 059
Cash and cash equivalents at end of year		432 402 906	400 675 873

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards.

BASIS OF MEASUREMENT

The financial statements have been prepared on a going concern basis utilising the historical cost concept except for financial instruments at fair value through profit or loss, which are measured at fair value.

Historical cost is generally based on the fair value (FV) of the consideration given in exchange for good & services. Fair value (FV) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the RIBDZ takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of asset, liabilities, income and expenses. These also concern the future and will thus affect the reported amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods' revisions affect both current and future periods.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to credit impairment losses on loans and receivables, as well as impairment losses on investment property. During the period under review, there were no other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

COMPARATIVES FIGURES

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

SIGNIFICANT ACCOUNTING POLICIES

Except as described otherwise, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.3 PROPERTY, PLANT AND EQUIPMENT

All Property, plant, equipment and capital work in progress is included at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Borrowing costs are capitalised in relation to plant requiring a substantial period of time for preparation for intended use. Buildings, infrastructure, plant, equipment and vehicles are depreciated on a straight line basis at rates that will reduce the historical costs to estimated residual values over the anticipated useful lives of the assets. Where buildings are erected on leasehold land or land held under a permission to occupy certificate with a finite life, the buildings are depreciated over the duration of the lease or permission to occupy certificate.

Property, plant and equipment acquired under finance lease arrangements are capitalised. Such assets are depreciated on a straight line basis at rates considered appropriate to reduce capitalised cost to estimated residual value over the anticipated useful lives of the assets. Lease finance charges are amortised over the duration of the finance leases using the effective interest rate method. Properties subject to sale and lease-back transactions, where the lease is classified as a finance lease and the value of the property implicit in the lease is higher than the carrying value, the carrying value is not adjusted and no gain is recognised. The residual value of assets is the estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already at the age and in the condition expected at the end of its useful life. A review of residual value is performed at balance sheet date each year, as well as an adjustment, if appropriate. The assets useful lives are reviewed and adjusted if appropriate, at each balance sheet date. The anticipated useful lives of the assets are as follows:

ITEM	USEFUL LIFE
FURNITURE & FITTINGS	10 YEARS
OFFICE EQUIPMENT	5 YEARS
COMPUTER EQUIPMENT	3 YEARS
MACHINES	5 YEARS
LAND	INDEFINITE

1.4 INVESTMENT PROPERTY

Investment properties include those portions¹ of office buildings that are held for long- term rental yields and/or for capital appreciation and land under operating leases² that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation in accordance with the requirement of IAS 16 for cost model.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.5 INVENTORIES AND CONTRACTS IN PROGRESS

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on weighted average principle, and includes expenditure incurred in acquiring, converting the inventories and bringing them to their present location and condition. In the case of manufactured or constructed inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated completion costs and selling expenses.

1.6 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the entity has complied with the conditions attached to the grant and that the grant has been received.

Government grants whose primary condition is that the entity should purchase, construct or acquire non-current assets are deducted in arriving at the carrying amount of the assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the entity with no future related cost are recognised in profit or loss in the period in which they are received.

Government grants received for specific loans and advances programmes are recognised as income when all the conditions of the grant have been fulfilled and there is reasonable assurance that the grant will be received.

1.7 OPERATING LEASE

Assets leased by the entity under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rentals payable under the operating leases are charged to profit or loss on a straight line basis over the term of the lease.

1.8 DEFERRED TAX AND CURRENT TAX

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities shall be 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 balance sheet date. Deferred tax assets are recognised to the extent that it is probable that taxable benefits will be available against which deductible temporary differences can be utilised.

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.

1.9 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for an onerous contract is recognised by the entity when the expected benefits to be derived by the entity from a contract are lower than the unavoidable cost of meeting its obligation under the contract. An onerous contract is a contract in received under it.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.9 PROVISIONS AND CONTINGENT LIABILITIES *...continued*

Contingent liabilities, which include certain guarantees other than financial guarantees, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events; not wholly within the entity's control. Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless they are remote.

1.10 REVENUE

NET INTEREST INCOME

Interest income and expenses are recognised in profit or loss on an accrual basis, with reference to the principal outstanding using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument.

In terms of IAS 39, interest is accrued in respect of impaired advances based on the original effective interest rate used to determine the recoverable amount.

1.11 FINANCIAL INSTRUMENTS

NON DERIVATIVE FINANCIAL INSTRUMENT

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and advances, borrowings and deposits.

Non-derivative financial instruments are recognised initially at fair value plus for instruments not at fair value, through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the entity becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the entity's contractual right to the cash flows from the financial assets expires or if the entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

FINANCIAL ASSETS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

An instrument is recognised at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit and loss if the entity manages such investments and makes purchases and sale decisions based on their fair values. Financial instruments at fair value through profit or loss are measured at fair value, and changes in value are recognised in profit or loss. The fair value of publicly traded investments is based on quoted bid prices.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.11 FINANCIAL INSTRUMENTS *...continued*

LOANS AND RECEIVABLES

Loans and advances are non derivative financial assets with fixed or determinable payments, are initially measured at fair value plus origination transaction costs and subsequently accounted for at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment charges.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

OTHER

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

IMPAIRMENT OF FINANCIAL ASSETS

Loans and advances are stated after the deduction of provisions for credit impairment. Loans and advances are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Loans and advances are impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition, that indicates it is probable the entity will be unable to realise all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount. The estimated recoverable amount of the advance is calculated as the present value of expected future cash flows discounted at the original effective interest rate at inception of the advance.

In estimating the expected future cash flows from the realisation of "permission to occupy" securities, past experience in realising this type of security has been taken into account. Subsequent to impairment, the effects of discounting unwind over time, based on the original effective interest rate.

The impairment of non-performing loans and advances is based on periodic evaluations of loans and advances and take account of past loss experience and the economic climate in which the borrowers operate. Impairment of performing loans and advances is accounted for if there is observable evidence that a loss event has occurred after the initial recognition of the financial asset. In order to provide for latent losses in a portfolio of loans and advances that have not yet been individually identified as impaired, a credit impairment for incurred but not reported losses is created based on historic loss patterns and estimated emergence periods. This impairment is referred to as unidentified impairment.

Once all reasonable attempts have been made at collection and there is no realistic prospect of recovering outstanding amounts, an advance is written off against the related impairment. Loans and advances impairments and any subsequent reversals thereof or recoveries of amounts previously written off are either charged or credited to the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.11 FINANCIAL INSTRUMENTS *...continued*

NON CURRENT ASSETS HELD FOR SALE

Non-current assets (or properties in possession) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

DERECOGNITION OF FINANCIAL ASSETS

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.12 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular, Fruitless and Wasteful expenditure means expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation, including PFMA and any provincial legislation providing for procurement procedures in that Provincial Government.

This is expenditure that would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period in which it is incurred and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 SUBSEQUENT EVENTS

The entity accounts for subsequent events in terms of IAS10. The key issues recognised and disclosed include: Events after reporting period: Noting events favorable or unfavorable that occur between the end of the reporting period and the date that the financial statements are authorised for issue.

ADJUSTING EVENTS :

Events after the reporting period that provide further evidence of conditions that existed at the end of the reporting period which can impact on the going concern of the entity. These events will require an adjustment to the Annual Financial Statements.

NON-ADJUSTING EVENTS:

Events after the reporting period that are indicative of a condition that arose after the end of the reporting period but for which no adjustment is necessary.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES *...continued*

1.14 NEW STANDARDS AND INTERPRETATION ADOPTED

STANDARD	DETAILS OF AMENDMENT	ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 1, First-time Adoption of International Financial Reporting Standards	- Annual Improvements 2014-2016 Cycle: Deletion of short-term exemptions that are no longer applicable.	01-Jan-18
IFRS 2, Share-based Payment	Classification and Measurement of Share-based Payment Transactions: A collection of three distinct narrow-scope amendments dealing with classification and measurement of share-based payments. The amendments address: <ul style="list-style-type: none"> - the effects of vesting conditions on the measurement of a cash-settled share-based payment; - the accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and - classification of share-based payment transactions with net settlement features. 	01-Jan-18
IFRS 3, Business Combinations	Annual Improvements 2015 - 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.	01-Jan-19
IFRS 4, Insurance Contracts	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts: Two amendments to IFRS 4 to address the interaction between IFRS 4 and IFRS 9: <ul style="list-style-type: none"> - A temporary exemption from IFRS 9 has been granted to insurers that meet specified criteria; and - An optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9 	01-Jan-18
IFRS 9 Financial Instruments	- A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition. <ul style="list-style-type: none"> - IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. - The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. - The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets. - IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. - IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. - Prepayment Features with Negative Compensation. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. 	01-Jan-19

1.15 COMPARATIVE FIGURES

Certain comparative figures have been restated, refer to note 26.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. PROPERTY, PLANT AND EQUIPMENT	Total	Motor Vehicles	Furniture & Fittings	Office Equipment	Machines	Land & Building	Computer equipment	Work-in Progress
	R	R	R	R	R	R	R	R
2018								
Carrying amount at beginning of year	3 093	-	3 093	-	-	-	-	-
Cost	564 285 635	971 564	2 408 584	633 008	145 000	15 868 179	1 892 360	-
Grant applied	(564 216 987)	(971 564)	(2 392 698)	(633 008)	(145 000)	(15 868 179)	(1 839 597)	-
Accumulated depreciation	(65 555)	-	(12 793)	-	-	-	(52 762)	-
Current year additions	5 380 033	-	901 994	1 691 391	6 713	-	2 779 935	-
WIP transfer: Cost						-		-
WIP transfer: Grant applied						-		-
Disposal			(38 406)				(74 084)	
Grant applied reversal on disposal			38 406				74 084	
Grant applied	(5 380 033)		(901 994)	(1 691 391)	(6 713)	-	(2 779 935)	-
Depreciation	(1 590)		(1 590)					
Cost	569 665 668	971 564	3 310 578	2 324 400	151 713	15 868 179	4 672 295	-
Grant applied	(569 597 020)	(971 564)	(3 294 692)	(2 324 400)	(151 713)	(15 868 179)	(4 619 533)	-
Accumulated depreciation	(67 145)	-	(14 383)	-	-	-	(52 762)	-
Carrying amount at end of year 2018	1 503	-	1 503	-	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. PROPERTY, PLANT AND EQUIPMENT ...continued	Total	Motor Vehicles	Furniture & Fittings	Office Equipment	Machines	Restated Land & Building	Computer equipment	Restated Work-in Progress
	R	R	R	R	R	R	R	R
2017								
Carrying amount at beginning of year	4 680	-	4 680	-	-	-	-	-
Cost	512 121 622	549 538	2 124 018	414 909	145 000	59 240 000	2 892 143	446 756 014
Grant applied	(512 109 285)	(549 538)	(2 111 680)	(414 909)	(145 000)	(59 240 000)	(2 892 143)	(446 756 014)
Accumulated depreciation	(7 658)	-	(7 658)	-	-	-	-	-
Current year additions	53 947 291	422 026	632 140	218 100	-	-	435 921	52 239 105
Grants applied	(53 947 292)	(422 026)	(632 140)	(218 100)	-	-	(435 921)	(52 239 105)
Grant applied transfer to Investment property	424 365 011	-	351 122	-	-	(59 176 526)	-	483 190 415
Cost transfer to Investment property	(424 361 463)	422 026	(347 574)	-	-	59 176 526	-	(483 190 415)
Cost transferred to Land and building	-	(422 026)	-	-	-	15 804 705	-	(15 804 705)
Grant applied transferred to land and building	-	-	-	-	-	(15 804 705)	-	15 804 705
Depreciation for the year	(1 590)	-	(1 590)	-	-	-	-	-
Adjustment to Accumulated depreciation.	(56 307)	-	(3 545)	-	-	-	(52 762)	-
Adjustment to grant applied	-	-	-	-	-	-	1 488 467	-
Adjustment to grant cost	-	-	-	-	-	-	(1 435 704)	-
Cost	21 918 695	971 564	2 408 584	633 008	145 000	15 868 179	1 892 360	-
Grant applied	(21 850 047)	(971 564)	(2 392 698)	(633 008)	(145 000)	(15 868 179)	(1 839 597)	-
Accumulated depreciation	(65 555)	-	(12 793)	-	-	-	(52 762)	-
Carrying amount at end of year 2017	3 093	-	3 093	-	-	-	-	-

NB: Government grants whose primary condition is that the entity should purchase, construct or acquire non-current assets are deducted in arriving at the carrying amount of the assets, this is in accordance with IAS 20.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	Restated 2017
	R	R
3. INTANGIBLE ASSETS (SOFTWARES)		
Opening carrying amount	-	-
Cost	960 421	-
Grant applied	(960 421)	-
Accumulated depreciation	-	-
Additions	310 155	4 810
Grant applied	(310 155)	(4 810)
Cost adjustment		955 611
Grant adjustment		(955 611)
Cost	1 270 576	960 421
Grant applied	(1 270 576)	(960 421)
Accumulated depreciation	-	-
Closing carrying amount	-	-
4. INVESTMENT PROPERTY		
LAND AND BUILDING		
Opening carrying amount	-	-
Cost	542 366 940	-
Grant applied	(542 366 940)	-
Accumulated depreciation	-	-
Additions : Work in progress	83 396 569	
Cost transfer from Property, Plant and Equipment.	-	542 366 940
Accumulated grant applied transfer from Property, Plant and Equipment.	-	(542 366 940)
Grant applied	(83 396 569)	
Cost	625 763 509	542 366 940
Grant applied	(625 763 509)	(542 366 940)
Accumulated depreciation	-	-
Closing carrying amount	-	-
5. DEPOSITS		
Rental deposit	964 440	1 140 256
City of Umhlatuze - Electricity	-	25 300
	964 440	1 165 556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. ACCOUNTS RECEIVABLES

Employee debtors
Trade and other receivables
Other debtors*

Less provision for doubtful debt**

Ageing of past due but not impaired
30 to 60 days
60 to 90 days
90 to 120 days
>120 days

	2018	2017
	R	R
Employee debtors	22 952	67 455
Trade and other receivables	2 320 624	5 070 796
Other debtors*	286 677 626	304 003 944
	289 021 202	309 142 195
Less provision for doubtful debt**	(491 142)	-
	288 530 060	309 142 195
Ageing of past due but not impaired		
30 to 60 days	-	-
60 to 90 days	-	-
90 to 120 days	-	-
>120 days	22 952	67 455
	22 952	67 455

* Other Debtors include an amount of R279 M which was funds transferred to Shepstone and Wylie for Capital contributions (Allumina allee, 1F industrial substation, Medway road), purchase price of phase 1F and full service cost for phase 1F. A corresponding provision has been raised for Capital contributions. The transfer of the land (Phase 1F) as well as the other works are expected to be completed within the next 12 months hence it has been classified as current assets. R59.2 M of the deposit are set aside and may only be utilised to pay for the works on the contracts specified in Note 23. Claims are lodged against the deposit as and when progress payment certificates are approved on these contracts.

** Provision is made based on the company's debtors policy

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

Absa current account
Absa call account
Absa liquidity plus
Petty Cash
Dti grant account
Land Purchase Account
Nedbank call account
First National Bank call accounts
Investec call accounts
Absa dti-Ellegant call account
Absa dti-Nyanza call account

	2018	2017
	R	R
Absa current account	4 697 891	1 470 142
Absa call account	12 295 674	101 667
Absa liquidity plus	23 393 264	103 914 224
Petty Cash	2 726	3 345
Dti grant account	32 951 599	75 760 045
Land Purchase Account	8 907 389	17 951 090
Nedbank call account	122 517 279	
First National Bank call accounts	57 728 448	90 444 770
Investec call accounts	115 925 218	110 313 086
Absa dti-Ellegant call account	3 304 568	
Absa dti-Nyanza call account	50 678 850	717 505
	432 402 906	400 675 873

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. DEFERRED INCOME : GRANTS

	2018	2017
	R	R
Opening Balance	410 363 147	442 957 996
Government grants received during the year from - EDTEA	111 934 213	187 265 148
Government grants received during the year - Nyanza Light Metals Feasibility Study	51 300 000	-
Government grants received during the year - Elegant Afro Feasibility Study	14 010 600	-
Government grants received during the year - EMV Feasibility Study	2 462 500	-
Government grants received during the year - Oil and Gas Feasibility Study	4 385 965	-
Interest received on Dti grant (Capital grant)	6 242 095	10 508 532
Interest received on Dti grant (Nyanza Light Metals)	531 177	621 210
Interest received on Dti grant (Elegant Afro)	51 804	-
Grants applied against operating expenditure	(43 924 335)	(166 377 007)
Grants utilised for Nyanza Light Metals Feasibility Study	(1 806 855)	(10 650 189)
Grants utilised for Elegant Afro Feasibility Study	(10 507 950)	-
Grants utilised for EMV Feasibility Study	(1 628 847)	-
Grants applied against fixed assets other than work in progress	(5 380 033)	(1 599 312)
Grant applied against intangible assets	(310 155)	(4 810)
Grants applied against work in progress	(83 396 569)	(52 239 105)
Adjustments from prior year	24 153 693	(119 316)
	478 480 450	410 363 147

* The Company receives conditional grants from EDTEA, KZN Treasury and the dti.

12. ACCOUNTS PAYABLE

Creditors rent straight line	821 436	217 510
Accruals	-	-
Accounts payable	20 860 550	12 304 679
	21 681 986	12 522 189

12.1 DEPOSITS PAYABLE

	90 003	34 240
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13. VAT RECEIVABLE/(PAYABLE)

South African Revenue Services	4 123 805	(7 984 867)
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14. GROSS REVENUE

Gross revenue comprises government grants recognised as income after taking VAT into account, tender fee income, refund from SETA and lease income

	47 039 384	168 221 288
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. LOSS FROM OPERATIONS

Loss from operations is stated after taking the following into account:

	2018	2017
	R	R
Auditors remuneration	788 106	362 008
- for services as auditors		
Depreciation - Furniture & Fittings	1 590	1 590
Directors fees	1 714 431	1 936 722
Staff costs	32 031 749	28 509 965
Legal fees	229 125	367 325
Lease payment	36 062	43 146

16. TAXATION

SA Normal tax comprises:

Taxation for the year		
Current tax	(469 921)	90 728
Deferred tax	-	-
	(469 921)	90 728

Reconciled as follows :

Standard tax rate	28%	28%
Taxation on profit for the year at the standard rate		
Tax effect on permanent differences	(469 921)	90 728
	(469 921)	90 728

Effective tax rate

28% 28%

17. NOTES TO THE STATEMENT OF CASH FLOWS

17.1 Cash generated from operations

Surplus/(Deficit) before taxation	-	-
<i>Adjustment for :</i>		
Depreciation	1 590	1 590
Finance income	(37 025 279)	(30 320 506)
Operating income before working capital changes	(37 023 689)	(30 318 917)
Working capital changes	(36 648 739)	(103 846 487)
Decrease /(Increase) in accounts receivable	20 612 135	(240 059 825)
(Decrease)/ Increase in VAT payable	(7 984 867)	7 280 153
Increase in VAT receivable	(4 123 805)	-
(Decrease)/ Increase in provisions	(54 311 999)	119 611 033
Increase in accounts payable	9 159 797	9 322 153
	(73 672 428)	(134 165 403)

Cash utilised for operations

(73 672 428) (134 165 403)

18. FINANCE INCOME

Finance income comprises of interest received on short term funds deposits with various banks as per Company's investment policy.

Interest earned	37 025 279	30 320 506
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

KEY PERSONNEL REMUNERATION - EXECUTIVE MANAGEMENT

	Salary	Performance Bonuses**	Allowance	Leave	Other*	Total
Executive Management as at 31 MARCH 2018						
Mr. P Motsoahae (Chief Executive Officer)	2 725 926	399 704	-	-	76 107	3 201 737
Mr. M Khuzwayo (Chief Financial Officer)	1 432 727	204 656	26 000	-	54 683	1 718 066
Mrs. G Zwane (Resigned 31 July 2017)	338 530	-	3 900	-	-	342 430
Mr. J Muller	1 410 936	201 544	14 300	-	20 775	1 647 555
Mrs SD Mbonambi	1 390 018	198 556	14 300	-	15 421	1 618 296
Mrs Z Zikalala (Acting EM: office of the CEO)***	37 387	-	-	-	-	37 387
	7 335 524	1 004 460	58 500	-	166 987	8 565 471

* Other includes reimbursement costs for expenses incurred while on business trip in order to execute assigned duties.

** Performance bonuses only reflect a provision amount, not actual amount

*** Consist of acting allowance portion only

	Salary	Performance Bonuses*	Allowance	Leave	Other*	Total
Executive Management as at 31 MARCH 2017						
Mr. P Motsoahae (Chief Executive Officer)	2 654 842	291 733	-	-	79 048	3 025 624
Mr. M Khuzwayo (Chief Financial Officer)	1 366 128	147 870	43 513	-	45 603	1 603 114
Mrs. G Zwane	1 325 425	25 710	15 200	-	21 993	1 388 327
Mr. J Muller	1 338 655	104 699	15 200	-	15 398	1 473 952
Mrs SD Mbonambi (Joined 1 August 2016)	552 251	-	10 400	-	3 044	565 694
Mr NK Mtungwa (joined 1 September 2016)	773 150	-	9 100	-	21 706	803 956
	8 010 450	570 013	93 413	-	186 790	8 860 666

* Other includes reimbursement costs for expenses incurred while on business trip in order to execute assigned duties.

	2018	2017
	R	R
KEY PERSONNEL REMUNERATION - DIRECTORS		
Ms. B Kunene (resigned 23 November 2015)	-	62 594
Mr. M Clark (Chairperson)	583 660	514 956
Ms. T Eboka (resigned 28 November 2017)	105 600	148 447
Mr. Z Fihlani (resigned 28 November 2017)	116 664	244 819
Mr. A Mahlalutye (resigned 28 November 2017)	76 542	122 036
Mr. S Makhanya (resigned 28 November 2017)	88 580	176 658
Mr. E Mbatha	148 504	160 704
Dr. J Ndlovu (resigned 28 November 2017)	143 560	211 598
Ms. M Ndlovu	222 904	217 967
Ms. N Sithole (resigned 21 November 2016)	-	76 942
Ms C Vilakazi	69 802	-
Dr SG Ngcobo	91 721	-
Mr S S Zondi	100 815	-
	1 748 351	1 936 722

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	R	R
20. COMMITMENTS		
Operational commitments		
Current	13 612 383	5 864 006
From 2 - 5 years	10 005 272	12 202 680
Later than 5 years	-	-
Total future cash flows	23 617 654	18 066 686
Capital commitments **		
Current	152 128 057	125 556 937
From 2 - 5 years	-	-
Later than 5 years	-	-
Total commitments	175 745 712	143 623 623
** Capital commitments relate to Capital infrastructure projects already awarded as at 31 March 2018.		
21. IRREGULAR EXPENDITURE ,WASTEFUL AND UNAUTHORISED EXPENDITURE		
21.1 IRREGULAR EXPENDITURE		
Opening balance	-	-
Add: Irregular expenditure - current year	-	-
Less ; amount condoned	-	-
	-	-
Less amounts recoverable (not condoned)	-	-
Less amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting for condonation	-	-
Details of irregular expenditure -Current year		
Incident		
	-	-
Non compliance with supply chain management policy (Condoned by condoning authority- Accounting Authority)	-	-
	-	-
Non compliance with subsistence and travel policy (Condoned by condoning authority- Accounting Authority)	-	-
	-	-
Total	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	R	R
21. IRREGULAR EXPENDITURE ,WASTEFUL AND UNAUTHORISED EXPENDITURE ...continued		
21.2 WASTEFUL EXPENDITURE		
Opening balance	-	-
Add: Wasteful expenditure- current year	-	-
Less ; amount condoned	-	-
	-	-
Less amounts recoverable (not condoned)	-	-
Less amounts not recoverable (not condoned)	-	-
Wasteful expenditure awaiting for condonation	-	-
Details of Wasteful Expenditure -Current year		
Incident		
None	-	-
Non compliance with supply chain management policy (Condoned by condoning authority- Accounting Authority)	-	-
	-	-
Non compliance with payment terms (Condoned by condoning authority- Accounting Authority)	-	-
	-	-
Total	-	-
21.3 UNAUTHORISED EXPENDITURE		
Opening balance	-	-
Add: Unauthorized expenditure- current year	-	-
Less : amount condoned	-	-
	-	-
Less amounts recoverable (not condoned)	-	-
Less amounts not recoverable (not condoned)	-	-
Unauthorised expenditure awaiting condonation	-	-
Details of Unauthorised Expenditure -Current year		
Incident		
None	-	-
	-	-
	-	-
	-	-
Total	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22. FINANCIAL INSTRUMENTS

The company's exposure to interest rate risk on financial instrument at the balance sheet date are as follows :

Total financial assets

Trade and other receivables
Cash and cash equivalents

Total financial liabilities

Trade and other payables

	2018	2017
	R	R
	288 530 060	309 142 195
	432 402 906	400 675 873
	720 932 966	709 818 068
	21 681 986	12 522 189

Credit Risk

The Company does not have a significant debtors book, as a result, its exposure to credit risk is minimal. The cash and cash equivalents are deposits which are placed with A1 rating financial institutions. The Company limits its exposure by dealing with well-established financial institutions. The Company does not have significant exposure to an individual debtor or counter-party.

Liquidity Risk

The Company exposure to liquidity risk is very minimal as it is 100% funded by the Department of Economic Development, Tourism and Environmental Affairs as well as the Department of Trade and Industry. The annual 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 in case the grant is reduced or cut back.

Interest Rate Risk

Although the Company'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.

23. PROVISIONS

23.1 LEAVE PAY PROVISIONS

Opening balance
Movement during the year
Closing balance

Leave pay is determined using historical data based on the past services offered by the employees. Leave pay is accrued as required by IAS 19.

23.2 PROVISION FOR BONUSES

Opening balance
Performance bonuses paid
Performance bonuses provision

The Company remunerates employees on performance as per Company policy.

23.3 OTHER PROVISIONS

- Litigation claims
- Medway road upgrade*
- Allumna alley*
- Industrial substation contribution*
- COIDA
- Retentions
- Other

	2018	2017
	R	R
	1 228 603	930 510
	269 869	298 093
	1 498 472	1 228 603
	4 239 441	2 963 538
	(3 458 254)	(1 984 804)
	3 022 892	3 260 707
	3 804 079	4 239 441
	5 486 757	5 486 757
	-	23 909 196
	35 123 915	47 159 726
	24 110 840	45 028 561
	2 606 453	1 602 343
	2 049 323	-
	-	337 211
	69 377 288	123 523 794
	74 679 839	128 991 838

Total provisions

*R59.2 M of the other debtors (deposits with Shepstone and Wylie) in Note 6 have been set aside/encumbered to settle these contracts. Claims are lodged against the deposit as and when progress payment certificates are approved on these contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2018	2017
R	R

24. CONTINGENT LIABILITIES

24.1 A former employee has filed a review application with the Labour Court contesting his dismissal, the matter is still to be considered by the Court, given the success in the CCMA, the Company is optimistic of success in the Labour Court. In the unlikely event that the company were to lose the case, the worst case scenario may be that we have to re-instate the employee and pay him approximately R4 million, being what he would have earned had he remained in the employ of the company.

25 OPERATING LEASE

The Company leases out investment property, these leases have been classified as operating leases because risk and rewards incidental to the ownership of the assets are substantially transferred.

The following table sets out maturity of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2018	Restated 2017
	R	R
Less than a year	4 062 352	2 913 435
One to two years	3 280 006	4 062 352
Two to three years	3 327 879	3 280 006
Three to four years	3 477 967	3 327 879
Four to five years	3 634 823	3 477 967
More than five years	7 327 685	10 962 508
Total undiscounted lease payments	25 110 712	28 024 147

26. PRIOR PERIOD ERRORS

INVESTMENT PROPERTY

During 2017 financial year Property, plant and equipment was not split to show a portion of investments property. This error does not have an effect on the face of the balance sheet and only affects the notes

	2018	Restated 2017
	R	R
Investment property	625 763 509	542 366 940
Property, plant and equipment	15 868 179	15 868 179

IAS 8 requires that a third column be added on the face of statement of financial position where a re-statement was made showing the previously reported error, adding column on this set of financial will not change the quality of information reported as the error only affects the notes and the primary information remains nil.

OPERATING LEASE

During the 2017 financial year, operating lease note was not disclosed as per requirement from IAS 17. This does not affect the primary information reported and only affects the notes.

	2018	2017
	R	R
Less than a year	4 062 352	2 913 435
One to two years	3 280 006	4 062 352
Two to three years	3 327 879	3 280 006
Three to four years	3 477 967	3 327 879
Four to five years	3 634 823	3 477 967
More than five years	7 327 685	10 962 508
Total undiscounted lease payments	25 110 712	28 024 147

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	R	R
Grant applied	43 924 335	166 377 007
Other income	3 115 049	1 844 281
Lease income	2 314 791	1 327 819
Management fee	225 360	210 336
Tender fees	119 492	151 079
Bursary recovery		-
Sundry income	455 406	155 047
	84 064 663	198 541 794
Expenditure		
Advertising and promotion	4 996 839	2 499 139
Agents commission	1 003 398	428 444
Allumna Alley road contributions	-	47 159 726
Audit fees	788 106	362 008
Bad debt written off	491 542	9 439
Bank charges	53 958	32 189
Bursaries	378 302	150 356
Cleaning services	257 375	96 144
COID	2 590 615	1 602 343
Corporate social investment	1 088 367	278 289
Depreciation	1 590	1 590
Directors' fees	1 714 431	1 936 722
Electricity and water	2 219 738	2 928 861
Employee wellbeing	38 569	5 485
Employee assistance	31 500	-
Insurance	572 579	431 377
IT accessories	13 941	14 401
Industrial substation contributions	-	45 028 561
Lease charges	36 062	43 146
Legal fees	229 125	367 325
Maintenance	10 623 982	1 642 789
Marketing materials	196 885	96 805
Medway road upgrade contributions	1 463 429	45 025 352
Motor vehicle expense	43 246	16 836
Office accessories	29 757	794
Postage, printing and stationery	245 884	511 671
Professional services	4 226 967	5 357 608
Property rates and taxes	3 237 368	3 689 765
Refreshments	437 682	255 972
Recruitment and transfers	178 452	332 904
Relocation expense	112 977	-
Rental expenses	5 156 671	4 213 957
Employee cost	32 031 749	28 509 965
Security services	1 422 865	1 158 470
SMME Development	267 424	265 917
Subscriptions and licensing	2 243 119	701 458
Telephone and fax	607 872	253 887
Training	1 412 536	720 695
Venue hire and exhibitions	718 647	150 587
Travel and accommodation	2 901 116	2 260 817
Loss before finance expense	(37 025 279)	(30 320 506)
Finance expense	-	-
Loss before finance income	(37 025 279)	(30 320 506)
Finance income	37 025 279	30 320 506
Surplus/ (deficit) for the year	-	-

SCHEDULE

FORMS TO REGULATIONS

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISSION FORM: B-BBEE 1

COMPLIANCE REPORT BY SPHERE OF GOVERNMENT, PUBLIC ENTITIES, ORGANS OF STATE OR COMPANY LISTED ON THE JOHANNESBURG STOCK EXCHANGE (in terms of Section 13G (1) and 13G (2) of the Act)

SECTION A: DETAILS OF ENTITY

Name of Entity/Organisation: Richards Bay Industrial Development Zone Company SOC Ltd

Registration number: 2002/009856/30

Physical address: RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay

Telephone number: 035 797 2600

Email address: info@rbidz.co.za

Indicate Type of Entity/Organisation: Operator of Special Economic Zone

Industry/Sector: Manufacturing Sector

Relevant Code of Good Practice: B-BBEE Codes of Good Practice (Gazette Number 38076) of 10 October 2014

Name of verification agency: AAA (12 December 2017)

Name of Technical Signatory: Priscilla Ramphal.

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

B-BBEE ELEMENTS	TARGET SCORE INCLUDING	BONUS POINTS	ACTUAL SCORE ACHIEVED
Ownership	n/a	n/a	n/a
Management Control	20		16
Skills Development	25	0	3
Enterprise and Supplier Development	50	0	38
Socio Economic Development	5	0	5
Total Score	100		62
Priority Elements Achieved	YES/NO and specify them		Yes
Empowering Supplier Status	YES/NO and specify them		Yes
Final B-BBEE Status Level			Level 8

*indicate how each element contributes to the outcome of the scorecard (see attached).

SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

- Accounting officer's name: Phumelele Motsoahae
- Address: RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay
- Accounting policy: monthly/quarterly/annually
- Has the attached financial statements and annual report been approved by the entity? Yes, at the Board meeting of 31 July 2018

LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad Based Black Economic Empowerment
BDS	Business Development and Support
BWO	Black Women-owned
BYO	Black Youth- owned
CCA	Customs Control Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
CR	Corporate Services
Dti	Department of Trade and Industry
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
IDZ	Industrial Development Zone
ISO	International Standard of Operation
IT	Information Technology
ICT	Information, Communication and Technology
KPI	Key Performance Indicators
LNG	Liquefied Natural Gas
MEC	Member of the Executive Council
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NDGP	National Development Growth Plan
PDGP	Provincial Development Growth Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
PFMA	Public Finance Management Act
RBIDZ	Richards Bay Industrial Development Zone
RASET	Radical Agrarian Socio-Economic Transformation
SA	South Africa
SANCA	South African National Council on Alcoholism and Drug dependence
SARS	South African Revenue Services
SCM	Supply Chain Management
SEZ	Special Economic Zone
SHEQ	Safety, Health, Environmental and Quality
SHE	Safety, Health and Environment
SMME	Small, Medium an Micro-Enterprises
Stats SA	Statistics South Africa
TR	Treasury Regulations
WUL	Water Use Licences
ZDO	Zone Development and Operations





R I C H A R D S B A Y

INDUSTRIAL DEVELOPMENT ZONE

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