

ANNUAL REPORT

2021 / 2022



GATEWAY TO WORLD MARKETS

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

Provide services, and Create employment and improve the skills base.



RBIDZ

Special Economic Zone

VISION

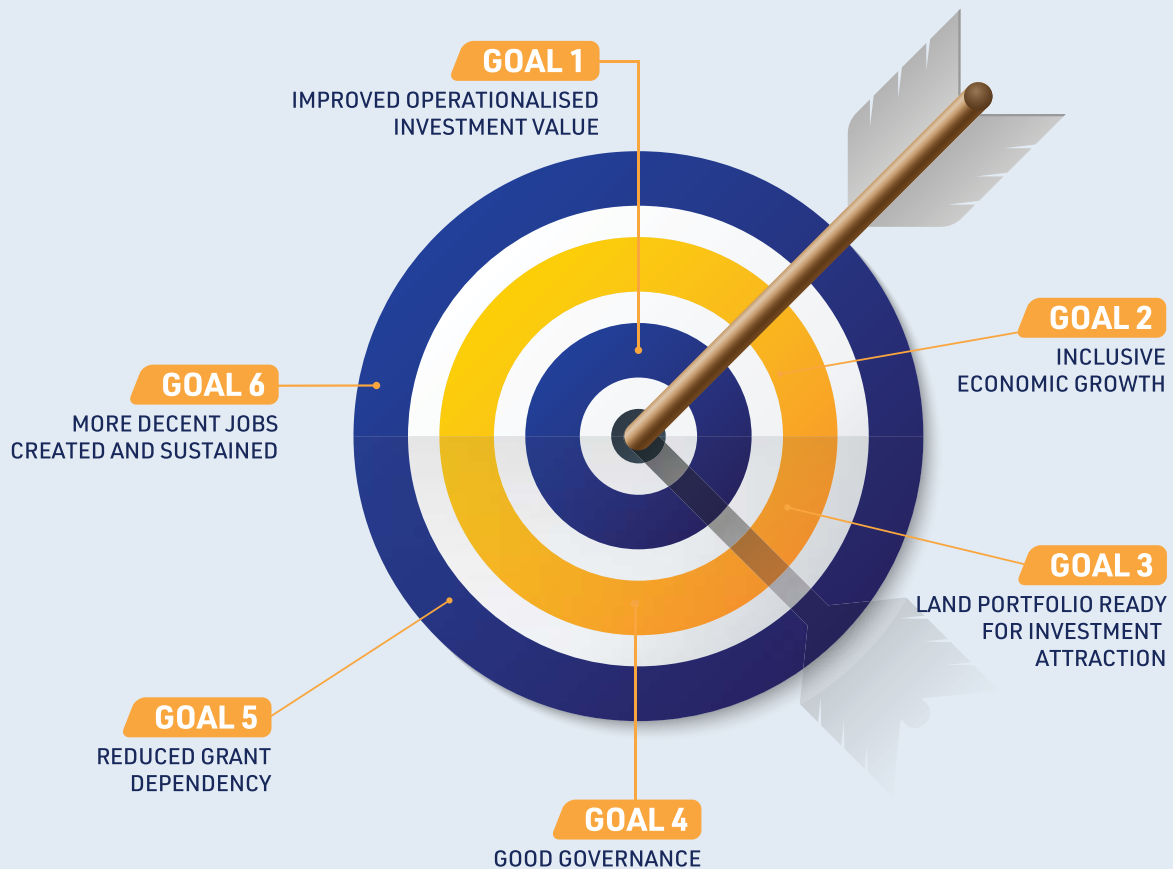
To be the preferred Special Economic Zone for quality investments, whilst delivering value to our stakeholders.

MISSION

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



STRATEGIC GOALS



VALUES

RBIDZ'S VISION IS SUPPORTED BY SIX CORE VALUES, WHICH UNDERPIN THE WORKINGS OF THE COMPANY (ERISSI)

01

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.

02

03

INTEGRITY

WE SHALL PURSUE ETHICAL PRACTICES BY BEING OPEN, HONEST, SINCERE AND CONSISTENT IN ACTIONS AND COMMUNICATIONS.

SUSTAINABILITY

WE SHALL PURSUE THE DEVELOPMENT OF THE RBIDZ TO MEET THE PRESENT NEEDS, WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS, WHILST PROMOTING A CULTURE OF HEALTH AND SAFETY.

04

SAFETY

WE SHALL MAINTAIN A SAFE WORKING ENVIRONMENT FOR OUR EMPLOYEES, CONTRACTORS, AND INVESTORS.

05

INNOVATION

WE SHALL SEEK CREATIVE AND NOVEL SOLUTIONS TO ENSURE CONTINUED IMPROVEMENT AND ADDRESS THE NEEDS OF RBIDZ AND STAKEHOLDERS.

06

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

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 X 1005, Richards Bay, 3900
TELEPHONE NUMBER/S	+27 35 797 2600
EMAIL ADDRESS	info@rbidz.co.za
WEBSITE ADDRESS	www.rbidz.co.za
EXTERNAL AUDITORS	Auditor - General of South Africa
BANKER	ABSA Ltd
COMPANY / BOARD SECRETARY	Adv. KN Harvey



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PART A →

**GENERAL
INFORMATION**

ANNUAL REPORT 2021 / 2022



Foreword by the MEC for Economic Development, Tourism & Environmental Affairs, KwaZulu-Natal

Mr. Ravi R. Pillay (MPL)



A year where we have seen people, businesses and our economy confront the most significant and unpredictable challenges in decades. Presently, we are responding to and recovering from the crisis, our focus is on the consequences of the pandemic, how it impacted all aspects of our own business, our people, our economy and our operations alongside the impact on society itself.

Before the global pandemic there was already a huge economic uncertainty and significant high rate of unemployment. As we move beyond this pandemic, there is economic uncertainty unlike anything we have seen before, a bigger role for government to play in business and the merging of public and private sectors. Our new ways of working have accelerated the adoption of new technologies; and there is a growing sense of the importance of societal responsibility and an emergent need for government to rebuild and transform the economy through various programmes.

The importance of economic recovery and rebuilding resilient economy is embedded in our responsibility as government. The role of business in our society has never been more relevant, and I believe that as government we have a responsibility to help rebuild trust and strengthen confidence in our people. We formulated a comprehensive post social unrest economic recovery blueprint which inter-alia included supporting the informal economy, assisting companies to access relief measures and supporting rebuilding initiatives.

This responsibility is reflected in the investment we make in our people and our commitment to equality and inclusion. We took a number of actions during the reporting year to build resilience and protect jobs and investments as the crisis hit.

As I present the Annual Report of the Richards Bay Industrial Development Zone Company SOC Ltd for the 2021/22 financial year, I acknowledge that we have to

ensure that all citizens of South Africa not only appreciate the democratically led government but experience the vision and objectives of inclusive economic participation and growth encompassed in the Economic Rebuilding and Employment Creation Initiatives.

In fulfilling our vision as the department that encourages innovative and sustainable economy, the focus of the Department of Economic Development, Tourism and Environmental Affairs together with public entities continue to be the driving force in the creation of an enabling business environment for public and private sector-led economic growth and jobs. During the 2021/22 year, the consistent strategic approach focusing on converting signed investments yielded impactful outcomes for the entity.

A highpoint for RBIDZ was commencement of construction of the first phase of the Nyanza Light Metals' Product Testing and Development Centre with an investment value of R200 million. The construction commenced in April 2021 with the official launch taking place in May leading to completion in March 2022. The Product Testing and Development Centre is the first phase of the Nyanza Light Metals titanium chemical plant with a total investment of R4.5 billion. This first phase project created 286 construction jobs, and to date it has created 8 operational jobs. In total the Product Testing Centre will create 60 operational jobs, whilst the whole R4.5 billion investment project will create 550 operational jobs upon completion.

In the reporting year, another catalytic project, Wilmar with an investment value of R1.1 billion completed the civil construction works on the ground and progressed to mechanical works. The construction of the Wilmar's edible

oils' facility has been able to create 400 construction jobs during the year under review, and 290 of those accounted for the employment of local community. This project is moving with an impactful agility towards operationalising the portion of the first phase by the third quarter of 2022/2023 whilst the complete commissioning of the facility is earmarked for the end of the financial year and creating 202 operational jobs.

For the reporting year the 2 catalytic investment projects were able to create a total of 887 construction jobs of which 576 opportunities were given to local workers.

Retaining and supporting businesses in the haze of the economic trajectory and global instabilities, it is worth noting that whilst government has been working tirelessly to ensure that businesses are assisted to recover and rebuild, the operational locators in the RBIDZ were also able to stay afloat and more so retain R362 million investment as well as employment of 116 employees.

It is further reassuring to highlight that R109 billion worth of investments have also been approved in the pipeline; and are at different stages of complying with regulated protocols that will lead to conversion.

Energy development projects remain a priority for the Richards Bay IDZ and as such strategic engagements with various key stakeholders are selectively categorised to ensure that the energy sector is prioritised and gains momentum. The RBIDZ views this sector as a strategic enabler for economic growth in the country as it answers the question of reliable and cost-effective energy supply, which is key to enticing investors to locate in the country as well as bringing on board the previously marginalized groups that remain excluded in wealth generation and basic services. To date, the RBIDZ has approved six gas to power projects that are undergoing necessary compliance protocols.

The entity continued to support SMMEs and in 2021/22 financial year, over 50 SMMEs were enrolled in training and mentorship programmes of which 75% were black- youth -owned and 54% were black -women -owned. The training programmes offered assisted in enhancing their ability to do

business with both the public and private sector, a challenge that has been identified as affecting emerging businesses that have been previously marginalised.

Additional highlight for the RBIDZ was the attainment of the Clean Audit Opinion with no material findings by the entity for the 2020/21 financial year which is assurance for sound financial management and good governance principles.

As the KZN provincial government, we recognise the value of the Richards Bay Industrial Development Zone and take responsibility to provide much needed support to the entity and ensure that it delivers to its intended mandate. It is imperative that the collaborated energies and focus are invested on key areas that should rebuild conducive business environment and those are; accelerating the economic recovery and rebuilding plans of the province.

This report further seeks to give an overview of how the entity performed during the financial year under review, and also provide an account of how resources that were allocated to the RBIDZ were utilised in fulfilling the statutory functions and obligations.

Additionally, I wish to recognize and thank the RBIDZ Board of Directors and management for their endeavours towards actioning the governments' programme of action.



Mr. Ravi R. Pillay, MPL

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



BOARD OF DIRECTORS

The Richards Bay Industrial Development Zone (RBIDZ) is led at the top by a Board of fourteen (14) seasoned and vibrant directors, who oversee governance and performance of the Organisation.

In the Company operations, there are two (2) Directors who hold Executive Management portfolios, these being the Chief Executive Officer and Chief Financial Officer.

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



Dr Sakhile G. Ngcobo

Non-Executive Director
Board Chairperson
Since: 16/09/2021

Qualifications

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

Board Directorships

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



Ms. Gugu M. Mashiteng

Non-Executive Director
Deputy Board Chairperson & Infrastructure & Investment Committee Chairperson
Since: 04/09/2021

Qualifications

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

Board Directorships

- None



Mr. Silas Z. Hlophe

Non-Executive Director
Audit, Risk & Finance Committee Chairperson
Since: 04/09/2021

Qualifications

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

Board Directorships

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



Ms. Mbali T. Ndlovu

Non-Executive Director
Human Resources and Remuneration Committee Chairperson
Re-Appointment: 04/09/2021

Qualifications

- LLB;
- Certificate in Local Government Management;
- Admitted Attorney; and
- Admitted Conveyancer.

Board Directorships

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



Mr. Elphas F. Mbatha

Non-Executive Director
Social and Ethics Committee Chairperson
Re-Appointment: 04/09/2021

Qualifications

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

Board Directorships

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



Ms. Susan Mangole

Non-Executive Director

Re-Appointment: 04/09/2021

Qualifications

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

Board Directorships

- Tshwane Automotive SEZ



Ms. Cynthia P. Vilakazi

Non-Executive Director

Re-Appointment: 04/09/2021

Qualifications

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

Board Directorships

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



Mr. Mduduzi G. Mhlongo

Non-Executive Director

Re-Appointment: 04/09/2021

Qualifications

- LLB;
- Executive Leadership Municipal Development Programme; and
- Impact and Innovation Leadership Certificate.

Board Directorships

- None



Mr. Sizwe Mchunu

Non-Executive Director

Appointment: 04/09/2021

Qualifications

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

Board Directorships

- None



Mr. Sikhumbuzo Mdlalose

Non-Executive Director

Appointment: 04/09/2021

Qualifications

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

Board Directorships

- None



Ms. Sibongile G. Skosana

Non-Executive Director

Appointment: 04/09/2021

Qualifications

- BCom Honours in Accounting;
- National Diploma in Accounting;
- Course in Risk Management; and
- Course in ISO 14001 and OHSAS.

Board Directorships

- None



Adv. Johannes C. Weapond

Non-Executive Director

Appointment: 04/09/2021

Qualifications

- MA in Business Systems;
- M. Tech in Information Technology;
- M. Tech in Forensic Investigation;
- BCom Honours in Information Technology;
- LLB;
- B. Tech in Policing;
- Diploma in Business Management;
- Diploma in Education; and
- Certificate in Leadership Development.

Board Directorships

- None



Mr. Thabane W. Zulu

Executive Director

Qualifications

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

Board Directorships

- None



Ms. Simangele Mvelase

Executive Director

Qualifications

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

Board Directorships

- None

Board of Directors Term- end & Re - appointments

BOARD OF DIRECTORS	OLD COMMITTEE/ DIRECTORSHIP	TERM ENDED	REAPPOINTMENT	NEW COMMITTEE/DIRECTORSHIP
M. Clark	Board Chairperson	04/09/2021	N/A	N/A
S. Zondi	Chairperson Infrastructure and Investment Committee	04/09/2021	N/A	N/A
Dr. SG Ngcobo	Chairperson Audit, Risk and Finance Committee	N/A	04/09/2021 16/09/2021	Non-Executive Director Board Chairperson
EF Mbatha	Chairperson Social and Ethics Committee	N/A	04/09/2021	Chairperson Social and Ethics Committee
MT Ndlovu	Chairperson Human Resources and Remuneration Committee	N/A	04/09/2021	Chairperson Human Resources and Remuneration Committee
S. Mangole	Non- Executive Director	N/A	04/09/2021	Non- Executive Director
SZ Hlophe	Non-Executive Director	N/A	04/09/2021	Chairperson Audit; Risk and Finance Committee
GM Mashiteng	Non-Executive Director	N/A	04/09/2021	Chairperson Infrastructure and Investment Committee Deputy Board Chairperson
C. Vilakazi	Non-Executive Director	N/A	04/09/2021	Non-Executive Director
M. Mhlomo	Non-Executive Director	N/A	04/09/2021	Non-Executive Director

Richards Bay Industrial Development Zone: Executive Management



Mr. Thabane W. Zulu
Chief Executive Officer



Ms. Simangele Mvelase
Chief Financial Officer



Mr. Muzi Shange
Chief Operations Officer
Appointed: 01 August 2021



Mr. Simthembile Mapu
Executive Manager:
Business Development & Support



Mr. Zainul Shiekh
Executive Manager:
Zone Development & Operations



Ms. Nombuso Nsele
Executive Manager:
Corporate Services
Appointed: 11 October 2021

Acting Roles During The Reporting Period

Ms. Zodwa Zikalala

Acting Chief Operations Officer
Appointed: 01/04/21 – 31/07/21

Mr. Percy Langa

Acting Executive Manager: Corporate Services
Appointed: 04/01/21 – 10/10/21



Chairperson's Foreword

Dr. Sakhile G. Ngcobo
Board Chairperson

Just as many entities in South Africa, the 2021/22 financial year brought some challenges for the Company however, it also brought a number of achievements which we believe will set the Company firmly on the road to success.

The key challenge faced by the company in 2021 were the riots that took place in the KwaZulu-Natal and Gauteng provinces in July 2021. While no damages were caused to the zone or any of its structures, the actions did impact on zone operations. During this period the resilience and advantage of operating within the RBIDZ, a customs controlled area, was once again beneficial to the safety of investors. The RBIDZ has doubled its efforts with regards to security measures and management to ensure that locators are assured of the secured estate at all times. Relief majors were also afforded to affected locators, taking into account any proven losses.

The Company also had a number of successes during the year. Key amongst these was the continued construction of the Wilmar Processing palm oil refinery in Phase 1A and the commissioning of the the Nyanza Light Metals Product Testing and Development Centre (PTDC) in Phase 1F of the Zone. The full commissioning of the Wilmar Project, with an investment value exceeding R1,3 billion, is anticipated in March 2023.

The PTDC will be used to confirm the feasibility of a much larger facility to be built on a 68 ha site in Phase 1F. The Nyanza project will produce titanium dioxide and will be the only facility in the African continent to do this on a commercial scale. This project affirms the importance and confirms the primary mandate of the SEZ programme. Nyanza will add value to the beneficiation of the titanium value chain.

The Company was also pleased with further investment commitments made by both logistics companies Lovemore Brothers and the pipe manufacturing company, Sizabantu Piping Systems and Molecor SA. This is always a positive sign when existing locators expand and invest further.



The Company continues to host and support the Umfolozi TVET College as a strategic skills development partner, that operates an incubator Program in the RBIDZ Technopark building in Phase 1A. This programme prioritises community based development programs. During the year under review, the incubator assisted approximately 15 small businesses.

Notably, the shareholder held an annual general meeting that reconstituted the Board of Directors. This saw the departure of a long-time serving Board Chairperson, Mr. Mel Clark, as well as the Chairperson of the Infrastructure and Investment Committee, Mr. Sanele Zondi. We are grateful to these gentlemen for the valuable contribution that they have made to the Company.

New members were appointed and whilst others were reappointed for a new term. We welcome the appointment of Mr. Sikhumbuzo Mdlalose, Mr. Sizwe Mchunu, Ms. Sibongile Skosana and Adv. Johannes Weapond. We are confident that they will bring innovative ideas and new thinking, which in turn will strengthen the strategic oversight.

The key focus for the Board, which has been a challenge for many years, will be to robustly improve the conversion of the investment pipeline. The Board has taken various initiatives to ensure that the conversion rate is improved, including ensuring that all executive vacancies are filled.

I would like to thank the Premier of the Province, Mr. Sihle Zikalala and the MEC for Economic Development, Tourism and Environmental Affairs, Mr. Ravi Pillay, for their continued support to the Company and the Board. Equally, they have made themselves available when needed to assist, particularly in regards to energy investment issues. Their support and leadership will certainly assist the company to realise its full potential.

I would like to thank my fellow Board members for providing strategic oversight and astute leadership to the company. I am fortunate and honoured to serve with a calibre of such leaders.

Lastly, I would also like to thank the CEO and his Management team for their diligent efforts to ensure that the RBIDZ becomes the success story it has long had the potential to be. I am happy to confirm that indeed they have turned the corner, however, the best is yet to come.



Dr. Sakhile G. Ngcobo

Board Chairperson

Date: 29th of July 2022

Chief Executive Officer's Overview

Mr. Thabane W. Zulu
Chief Executive Officer

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

The South African government has entrusted the Richards Bay Industrial Development Zone (RBIDZ) with the responsibility to be the custodian of the company that is identified as a Special Economic Zone that must contribute towards economic development and be growth engines towards government's strategic objectives of industrialisation, regional development and employment creation. The mandate and deliverables of the RBIDZ are guided and executed in accordance with the mandate of the Manufacturing Development Act (No. 187 of 1993), as well as compliant with the prescripts of the Public Finance Management Act (No. 1 of 1999, as amended). This Annual Report fairly presents the company's performance as well as the financial management status for the reporting period.

A year under review we have seen people, businesses and our economy face the most significant and unpredictable challenges in decades. As a public entity we had to take decisive steps to protect jobs and the long-term stability of the company, this through various interventions such as job



retention, investors retention, develop the SMMEs as well as ensuring that our relationship with various stakeholders is strengthened and maintained through on-going interactions.

Furthermore, in responding to and recovering from the crisis, our focus has been and continues to be on ensuring that investors are supported optimally and also assured of the suitability of our location.

The Performance Report illustrated on this Annual Report is in accordance with the strategic pre-determined objectives that are contained in the Annual Performance Plan for financial year 2021/22 approved by the Board, and that were tabled in the KZN Legislature by the Member of the Executive Committee (MEC) for Economic Development, Tourism, and Environmental Affairs (EDTEA), Mr. Ravi Pillay.

Profiling and Delivery of Key Strategic Business Performance

Company Operational Performance

The company performed pleasingly well with strategies in place aimed at accelerating performance and ensuring that the company still achieves on the set objectives amid the consequences of the pandemic that impacted on all aspects of our company, our people, stakeholders, and our operations,

Over the year we saw a balanced performance across our businesses with 82% being attained and this being an improved performance against the 53% obtained in the 2020/21 financial year. This is a 54% improvement.

Infrastructure Development and Job Creation

Tasked with the responsibility to develop the infrastructure for the purposes of locating investors, the RBIDZ has had visible development geared towards ensuring that such objective is realised. In the year under review, the infrastructure development has improved tremendously notwithstanding the unforeseen snags that mildly impacted targeted time frames.

The RBIDZ is a Special Economic Zone operating fully under the SEZ Act and the promulgation of the regulations. Adding to the performance achievements; the RBIDZ managed to

“Furthermore, in responding to and recovering from the crisis, our focus has been and continues to be on ensuring that investors are supported optimally and also assured of the suitability of our location”.

retain the two (2) operational investors in its Phase 1A estate and operationalise one (1) investor in Phase 1F to the value of R210 million thus increasing the value of operational investors to R554 million for the financial year under review.

Moreover, within the same estate (Phase 1A) a R1.3 billion investment project that commenced construction of the edible oils refinery in October 2020 is well advanced with construction such that the civils and general building phase is nearing completion. The mechanical works have also commenced, and this is undertaken in parallel to the other phases of the project. Wilmar has also commenced with the works for the pipeline that will transport crude palm oil from the berth at the port to the plant.

The civils main contractor also appointed 4 subcontractors for various work packages prioritizing local companies. The project has created approximately 400 job opportunities, of which 290 are accounted for local labour. The first phase of commissioning of the plant is earmarked for November 2022 whereas the entire project completion is targeted for April 2023.

At the Phase 1F estate, Nyanza Light Metals completed construction of the Product Testing and Development Centre valued at R210 million which is the first phase of the titanium dioxide pigment plant valued at R4.5 billion. Nyanza Light Metals Project, and the site was handed over to the RBIDZ in March 2022 by the contractor, Grinaker. The PTDC will operate for approximately 1- year to allow for the completion of the Bankable Feasibility Study (“BFS”) for the main plant.

During construction this project created business opportunities for 25 sub-contractors and further created a total of 286 job opportunities. The PTDC will employ approximately 52 operational employees some of whom have already been recruited.

Construction of the main plant packaged within phases 1 and 2 is expected to commence in April 2023, for a period of approximately 3 years. The main plant will create over 1,200 construction and 550 operational jobs and have an investment value of R 4,5 billion. To date, Nyanza has received R128,400,000 in funding for its Bankable Feasibility Study (“BFS”) from the dtic. It also has received an approval for a tax allowance in terms of section 12I of the Income Tax Act and had also been approved by the Black Industrialists Scheme (“BIS”).

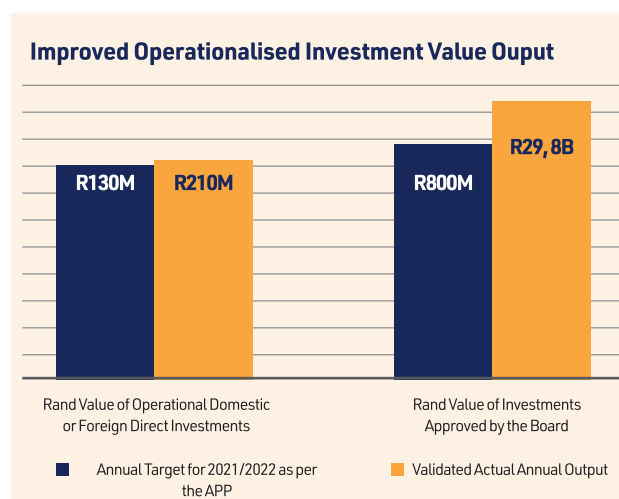
These projects combined add the investment value of projects that have commenced construction to approximately R6 billion and promise an array of opportunities both for labour and businesses.

Funding and Subsidy Trends

The RBIDZ was able to secure some funding for infrastructure projects from the Department of Trade, Industry and Competition (the dtic) over the period of 2020/21 to 2021/22. This enabled the entity to invest in the multiple infrastructure development projects and construction of one of the investment project, which in turn contributed towards job creation.

Investment Attraction and Promotion

For the year under review the RBIDZ was able to increase its Rand Value of investments approved by the Board to R 29.8 billion against the target of R 800 million. Through these signed investments and efficiency in operationalising them, the economic landscape of Richards Bay is certain to change drastically and stay afloat in the future.



For the period under review, efforts have been invested to get signed investment projects to progress with construction on the ground for visible impact; and it is remarkable to report that the targeted catalytic projects being the R1.3 billion edible oils investment project as well as the titanium dioxide pigment R4.5 billion projects have reached pleasing construction milestones on our two (2) estates of the RBIDZ being Phase 1A and 1F respectively.

Energy development projects in Richards Bay

In response to Energy, as one of our priority sectors the company continues to attract investments aimed at improving security of supply and positioning Richards Bay as an energy hub. With over 72% of total investment pipeline concentrated on the energy sector, the RBIDZ is geared towards being the leading liquified natural gas (LNG) hub in South Africa.

To date the board has approved 4 major LNG investments, with Eskom 3000MW Gas-to-Power project as a catalyst project. Significantly, the key milestones achieved to date for the Eskom 3000MW project include an EIA and submission of a section 34 determination application. The RBIDZ views this project as a strategic enabler for economic growth in the country, addressing energy crisis and poverty as it answers the question of reliable and cost-effective energy supply, which is key to enticing investors to locate in the country as well as bringing on board the previously marginalized that remain excluded in wealth generation and basic services.

The RBIDZ has also formed a partnership with Transnet for the development of gas infrastructure to support projects like the 3000 MW Eskom gas-fired power plant. Transnet recently issued a Request For Information (RFI) with regards to the possible appointment of a terminal operator to design, develop, construct, finance, operate, maintain, and transfer an LNG terminal in the Port of Richards Bay.

The above strides and engagements consider the possibility of alternative energy supply as well as investment projects in the area.

Moreover, the studies that have also been previously conducted with the shareholder (EDTEA) aimed at weighing the possibility of importing Liquefied Natural Gas (LNG) into Richards Bay for use in power plants and in general industry, as well as the feasibility of locating an oil refinery in Richards Bay are amongst other focused initiatives by the RBIDZ in driving the energy sector into one that will heighten the mandate of the company. The study conducted indicated that Richards Bay has various advantages rendering it a suitable port for the energy activities. The possibility also exists for integrating Richards Bay with other African countries, by rail LNG into countries such as Botswana and the Democratic Republic of Congo.

The study also presented prescient with regards to the possible location of an oil refinery in Richards Bay, as a few months after the study commenced, the Minister of Energy announced that government was looking to locate an oil refinery at either Coega or Richards Bay. The Company believes that the RBIDZ has several advantages in this regard, not least the shorter distances to major markets, which would reduce the transport costs to be considered

with any fuel produced by the proposed refinery.

SMME Development

The RBIDZ continues to develop and mentor SMME's through formal training programmes and debriefing sessions; this initiative is aligned to EDTEA's objective of empowering and developing SMME's capacity of being participants in the mainstream economy.

In the year under review, the RBIDZ implemented capacity building training on areas such as project management, health and safety, quality management, financial management and the application of information technology. To date over 50 SMMEs have received intensive training afforded by the RBIDZ of which 75% were black youth owned and 54% black women owned. Some 60% of the contractors trained by the Company have done work for the RBIDZ, either directly or by way of being sub-contracted in order to meet Contract Participation Goals. The cumulative procurement expenditure inclusive of CPG work value for the financial year amounted to R 87 658 462,05, of which R 66 214 252.41 went to black-owned businesses, R 12 854 106.74 black youth and R 26 558 120.60 Women-owned businesses.

In addition to the Contract Participation Goals (CPG's), it is expected that these emerging businesses will be well-equipped in running their businesses, and whenever opportunities are presented, they can execute projects optimally, including in our own projects. There are active and on-going engagements with local industry management (e.g., the Zululand Chamber of Commerce and Industry) and the SMME fraternity, to share an overview of procurement landscapes, targeted group development, and prospective opportunities.

Bursaries and Internship Programmes

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

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

by the market. The company has awarded six (6) students with bursaries to further their studies.

Through the internship programme, 15 young professionals have been afforded with 24 months' contract of on-the-job training and mentorship for the reporting period. There is a formal programme for each intern within the RBIDZ, which provides practical work experience. Interns are also encouraged to enrol for other formal training in their relevant fields.

Contributions towards societal development and corporate citizenship through Corporate Social Investment Initiatives

Besides encounters of universal progression and financial strength, numerous states still witness increased inequality in topical areas, caused by the societal tensions and enquiries about sustainability, including environmentally sustainable growth. Remaining in touch with the communities is one other feature that is prioritised by the RBIDZ, as it continues to grow in acknowledging the prerequisites of the neighbouring communities.

Substantial causes are not business transactions, but diverse social contributions and community development programmes related to education, agriculture and others that have been identified as crucial to the enhancement of the RBIDZ's reputation as a responsible company through public engagements. The RBIDZ continues to embark in activities to help achieve inclusive excellence, which allows schools, businesses, and non-profit organisations to grow and succeed.

The year under review also focused mainly on developing emerging rural farmers by providing them with capabilities and tools to improve their agribusinesses.

The agri-based programme aims to assist the rural communities with the basic working equipment that shall enhance their initiatives towards sustainability and ability to optimise their produce for commercialisation. In the year under review the RBIDZ spent R1 302 869.75 for agribusiness projects whereas the amount of R1 890 586.93 was utilised for various CSI projects such as those focusing on Gender Based Violence, school performance improvement, Bursaries and school uniform for disadvantaged learners.

Stakeholder Management and Reputation Management

The component provides support to the vast organisational stakeholders; moreover, operational engagements are conducted on daily basis. Fostering the image and reputation of the company is of key importance therefore stakeholders are regarded as critical role players in the existence and operation of the RBIDZ, and as such, initiatives aimed at elevating the stature of the company and maintaining good relationships is one that is prioritised.

Tactically, engagements with leaders of business and government are harnessed to safeguard oversight responsibilities, exchange of information, mandate undertakings, healthy and on-going relations that have the potential of growing business relations and interests.

The RBIDZ continues to recognise that adverse stakeholder perceptions could pose as hindrances for the company's growth and acceptance, and as such strategic publicity through positive narrative and publicity is also prioritised. Various engagement activities, positive publicity, and media activities have resulted in heightened stakeholder and brand awareness, as confirmed by the Brand Visibility and Stakeholder Perception survey report conducted in the year under review.

Company Performance against the Annual Performance Plan (APP)

The company achieved 82% of its APP objectives. In the recent planning cycle, the RBIDZ has ensured that the smartness of targets is prioritised and well-thought out to avoid poor achievement of targets in the future. Also, key was the measurement targets that were of strategic importance to the Company, with minimal operational "jargon".

In retrospect, 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 prepare 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.

Challenges

The COVID-19 pandemic presented complex challenges that prompted for fast and efficient adaptation in doing things and keeping operations on motion. The company has been able to sustain the operations momentum swiftly amid challenges associated with economic decline and sluggish investment interests from investors. Several prevailing challenges were addressed through strict adherence to the Regulations issued by the National Government. Internally, the immediate appointment of a COVID-19 Health and Safety Committee, as well as the official on-going reinforcement of the company's plans towards dealing with the pandemic and related interferences affecting staff were successful. The company has had no huge impact with cases of staff transmission.

Economically, in South Africa, the pandemic came at a difficult time as the country's economy was already on a downward trajectory, and it led to further increase in unemployment rate. Statistics South Africa (Stats SA) released data that showed that about four out of ten people are unemployed in the country. This number is estimated

at five out of ten in this province. This implies that over 1.4 million people became unemployed in 2021, largely as a result of the pandemic. Over the same period, 210 thousand people became unemployed in this province.

The adverse consequences relating to unemployment and poverty gave rise to employment demands from the communities as a result a number of protest actions were witnessed from various job seeker groups, and that bore a burden on the company to provide employment beyond its capabilities as well as strengthen stakeholder engagements by bringing various stakeholders on-board to deal with the challenges. As a result there was loss of time in operations and construction sites due to the down time, however various engagements were conducted as means of intervening and coming up with resolutions.

Sustainability of Governance and Ethical Principles

Principles of governance and sustainability continue to be a priority for the Richards Bay IDZ in its dealings with operational matters, compliance with financial management legislation, State Treasury Regulations as well as Public Finance Management Act and guiding policies.

It is pleasing to highlight that the Richards Bay IDZ attained clean audit opinion for the 2020/21 financial year, an achievement that the RBIDZ prides itself with since the achievements confirm sound financial management and good governance that the company continues to abide itself with.

The prestige accomplishment for the RBIDZ came at a time when other companies continue to struggle with issues of governance in their operation and other oversight responsibilities.

Economic Feasibility

The organisation would like to be sustainable by generating its own revenue at higher rate as the company grows. The revenue of the organisation will be increased by attracting more investors into the zone and operationalising the investments that are idling in the pipeline. The value proposition and revised Investor attraction and Marketing strategies are the tools that have been put in place to drive promotion and attraction of new investors.

Moreover, the value proposition of the organisation could be increased by making available unique incentives that are provisioned by the RBIDZ and its key stakeholders such as suitable infrastructure for different types of investment projects, ease of doing business, good governance and others that could grant financial relief to investors.

RBIDZ's Position

We remain focused on being the catalyst for economic transformation, job creation and sustainable development as well as driving and implementing strategies that drive economic growth as well as conducive environment for investments.

Significantly we are resolute in the much-needed reform for sustainable performance of the organisation and sound financial reporting to improve and maintain audit quality and restore trust. We continue to support regulatory changes that improve the effectiveness of the RBIDZ's corporate governance system. We will continue to pursue various initiatives aimed at building resilience and protect jobs whilst supporting our investors; and also ensuring that we remain a destination of choice for sustainable investments.

Furthermore, with the economic sector focus shifting as a result of dynamics in the markets the RBIDZ will pursue other additional sectors of investments for diverse business opportunities and future developments. The RBIDZ continues to seek avenues to optimise economic returns from existing mineral wealth, the deep-water port, marine-oriented industries; and agricultural produce found in the region; this is a quest of establishing connections with industrial hubs and the world.

Appreciation

My gratitude is extended to the KZN Provincial Government for presenting enormous support to the cause of the RBIDZ. I further advance my heartfelt appreciation to the MEC for Economic Development, Tourism, and Environmental Affairs, Mr. Ravi Pillay, for the unwavering support, leadership and the confidence in the capabilities of the RBIDZ.

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

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

In conclusion, I wish to welcome the Chief Operations Officer and the Executive Manager: Corporate Services to the team. I wish to thank the RBIDZ Executive Management and all categories of staff, for their commitment and hard work in contributing towards the execution of the company mandate. The outcomes would not have been realised without their hard work and aspirations to translate the mandate of the Special Economic Zone into one that will leave a legacy in the lives of the people.



Mr. Thabane W. Zulu
Chief Executive Officer

Date: 29th of July 2022

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 31st of March 2022.

Yours Faithfully



Mr. Thabane W. Zulu
Chief Executive Officer

Dated: 29th of July 2022



Dr. Sakhile G. Ngcobo
Board Chairperson

Dated: 29th of July 2022

LEGISLATIVE AND OTHER MANDATES

Legislative Mandate

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

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

On the 9th of February 2016, the Special Economic Zones 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 new and innovative economic activities.

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

In 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 s 2 of the Expropriation Act."

The Constitutional Court found "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.

The case of **Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (CCT40/15) [2016] ZACC 22; 2016 (5) SA 635 (CC) (28 July 2016)** is important to the Company, as it is in the process of acquiring land and there is a risk that the land it acquires may be subject to a future land claim after it is acquired. This case dealt with the Restitution of Land Rights Amendment Act 15 of 2014, which extended the deadline for lodging land claims until 2019. The Court found that the Act was invalid as a result of insufficient public participation. The decision effectively closed the window to file further land claims unless and until a new Act is passed. Any claims subsequent to 1st July 2014 also cannot be processed.

Planned Policy Initiatives

Industrial Policy Action Plan

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

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

This must be built on four pillars, viz:

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

Industrial Policy Action Plan Focuses On:

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 automotive; rail, light manufacturing and engineering in the metals sector; plastics and associated sub-sectors; electro-technical assembly, sub-assembly and component manufacturing; downstream timber and pulp products, including furniture and 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;
- Developing export-orientated production hubs in SEZs and Regional Clusters and fostering industrial decentralisation; 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 co-ordination of the South Africa's new One-Stop Shop Investment Centres; and
- A rapidly expanding partnership between the CIPC (Companies and Intellectual Property Commission) and all the major banks to provide official company registration facilities within their branches and online.

Constitutional Mandate

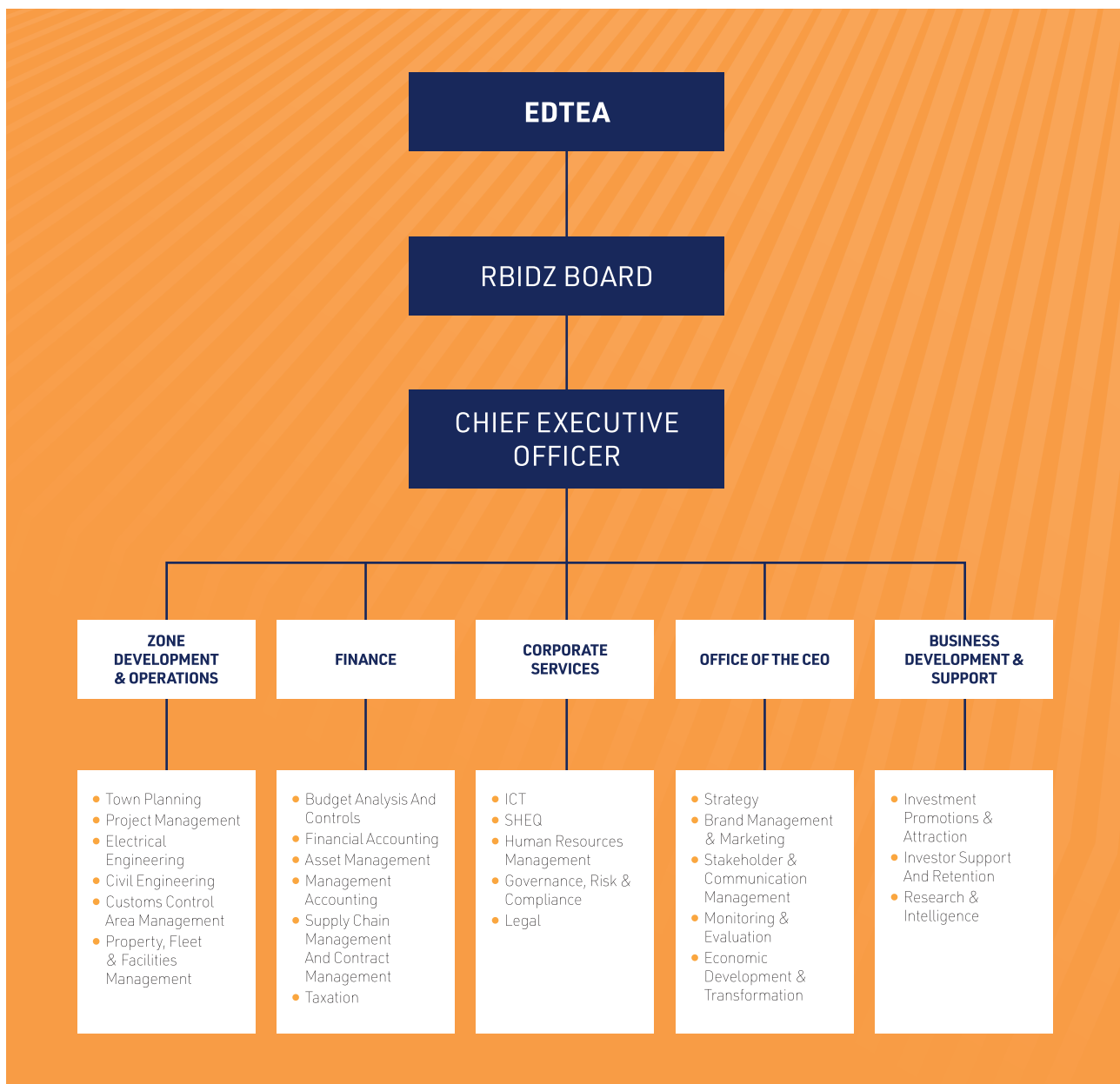
In the light of its goals of growth, development, and job creation, the IDZ programme relates to the constitutional goal of improving the quality of life of all citizens and freeing the potential of each person; building a united and democratic South Africa that is able to take its rightful place as 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.

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

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

RBIDZ ORGANISATIONAL STRUCTURE



PART B →

PERFORMANCE
INFORMATION

ANNUAL REPORT 2021 / 2022



PERFORMANCE INFORMATION

Performance Report against the Annual Performance Plan 2021/22 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 2021/22 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 2021/22 Annual Performance Plan.

Finance

Outcome	Output	Output Indicators	Annual Target for 2021/22 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Good governance	1.1 Clean audit opinion	1.1.1 Clean audit maintained	Clean Audit	Clean Audit (2020/2021)	Target Achieved
Reduced Grant Dependency	2.1 Own revenue generated	2.1.1 Percentage of own revenue generated	2.5%	9%	Target Achieved
Inclusive economic growth	3.1 Businesses owned by black-women supported	3.1.1 Number of businesses owned by black-women supported	8	10	Target Achieved
	3.2 Business owned by black-youth supported	3.2.1 Number of businesses owned by black-youth supported	5	7	Target Achieved
	3.3 Business owned by people with disabilities supported	3.3.1 Number of businesses owned by people with disabilities supported	3	5	Target Achieved

Corporate Services

Outcome	Output	Output Indicators	Annual Target for 2021/22 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
More decent jobs created and sustained	4.1 Investment Driven Skills Development Plan	4.1.1 Percentage of skills development plan initiatives implemented	100%	100%	Target Achieved
Land portfolio ready for investment attraction	5.1 Land fully serviced with ICT infrastructure	5.1.1 Percentage of RBIDZ operational properties fully serviced with ICT infrastructure	80%	100%	Target Achieved

Zone Development and Operations

Outcome	Output	Output Indicators	Annual Target for 2021/22 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Land portfolio ready for investment attraction	6.1 Land parcels secured for development	6.1.1 Hectares of land secured for development	100 ha	130ha	Target achieved
	6.2 Fully developed land parcels	6.2.1 Number of new industrial parks fully developed by the 31st of March 2022	1	1	Target Achieved
		6.2.2 Number of Security Management Plan developed for the new industrial park fully developed	1	1	Target Achieved
		6.2.3 Number of Property Management Plan developed for the new industrial park fully developed	1	1	Target Achieved
More decent jobs created and sustained	7.1 Construction projects commenced	7.1.1 Number of RBIDZ construction projects implemented	2	3	Target Achieved
		7.1.2 Number of investors construction projects implemented	1	1	Target Achieved
	7.2 Construction jobs created	7.2.1 Number of construction jobs created (RBIDZ infrastructure Projects)	40	0	Target Not Achieved
		7.2.2 Number of construction jobs created (Investors Projects)	650	887	Target Achieved

Business Development and Support

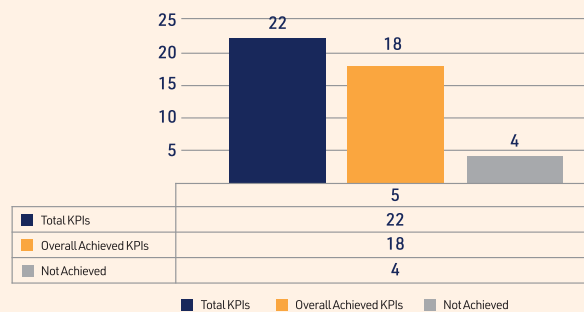
Outcome	Output	Output Indicators	Annual Target for 2021/22 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Improved operationalized investment value	8.1 Investment value of Operational domestic or foreign direct investments	8.1.1 Rand value of operational domestic or foreign direct investments	R130 million	R210 million	Target Achieved
	8.2 Investment value of investment approved by the Board	8.2.1 Rand Value of investments approved by the Board	R800 million	R29.8 billion	Target Achieved
	8.3 Retention of investors	8.3.1 Percentage of retention plan initiatives implemented	100%	100%	Target Achieved
	8.4 Investment expansion plan operational investment	8.4.1 Number of expansion plans developed with operational investors	2	2	Target Achieved
Inclusive Economic Growth	9.1 Investments value of Black Industrialist investment approved by the Board	9.1.1 Rand Value of black industrialist investments approved by the Board	R200 million	R0	Target Not Achieved
		9.1.2 Number of businesses on the enterprise and supplier development programme	3	0	Target Not Achieved
More decent jobs created and sustained	10.1 Direct jobs created	10.1.1 Number of direct jobs created	40	23	Target Not Achieved

SUMMARY OF THE COMPANY PERFORMANCE ACHIEVEMENT AGAINST THE ANNUAL PERFORMANCE PLAN: 2021/22

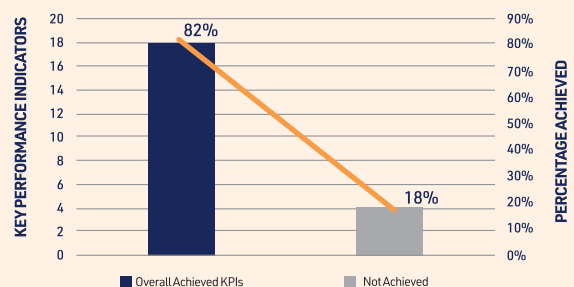
In the year under review the company had a total of 22 key performance indicators and was able to achieve 18 targets and a shortfall of 4, thus rendering the company to achieve 82% as an overall score.

Total Number of KPIs	22
Level of Performance	
High (>75%)	16
Medium (50%-74%)	1
Low (0-49%)	5
TOTAL KPIs	22
Overall Achieved KPIs	18
Not Achieved	4

Overall Achievement of the 2021/2022 APP



2021/2022 Achievements in %





HIGHLIGHTS OF RBIDZ OPERATIONAL PROGRAMMES

PROGRAMMES

Business Development and Support
Zone Development and Operations
Administration
Finance
Corporate Services

BUSINESS DEVELOPMENT AND SUPPORT

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

The Business Development and Support programme contributes to three (3) of the Organisation's strategic goals, namely:

- **Strategic Goal 1:** Improved operationalised investment value;
- **Strategic Goal 2:** Inclusive economic growth, and
- **Strategic Goal 6:** More decent jobs created and sustained.

This is achieved through formulating strategies and measures aimed at attracting sustainable and direct investments for the production of exports and import substitutes into the Zone. This Programme is the cornerstone of the Company's existence and its mandate fulfilment of attracting meaningful investments that will add value, job creation, stimulation of the economy and enhancement of production capacity. Facilitation and support afforded to the investors is of utmost importance as it is consequential to the pipeline conversion.

Investment Projects under Construction

During the review year two (2) investment projects have advanced in the construction stages in both of the RBIDZ estates being; Phase 1A and 1F estates, whereas the third had finalized all processes and appointed the contractor to commence construction of the plant and thus undertaking site preparations.

The following are the projects under construction:

Wilmar Processing SA Project

Wilmar edible oil plant commenced construction in October 2020, and is currently under construction with the civils and general building phase nearing completion. Wilmar has also commenced with the works for the pipeline that will transport crude palm oil from the berth at the port to the plant. CBMI, the civils main contractor, to date has appointed four (4) subcontractors for various work packages. Food Engineering Company (FEC) is the

contractor responsible for mechanical works. FEC has appointed Distinctive Trading as the local mechanical works subcontractor. The subcontractor for the mechanical works has thus far created 32 construction jobs. First Works, a local Richards Bay company, has also been appointed for the erection of the pipeline. CBMI has created 95 construction jobs while their subcontractors have created 290 construction jobs for the local community. Earthworks, clearing and the first phase of pilling have been completed.



Photo: Wilmar Processing SA Construction Site

Wilmar has also taken a decision to commission the plant in phases, this means that phase one of commissioning has been brought forward from March 2023 to November 2022. For phase one, Wilmar will commence with production by utilising four tanks in the tank farm while awaiting the completion of the rest of the plant. The full completion and commission is expected to occur in March/April 2023.

Nyanza Light Metals Project



Photo: Nyanza Product Testing and Development Centre (PTDC)

The construction of the Product Testing and Development centre has been completed and the site handover took place in May 2022. Phase 1 is expected to operate for approximately 1- year to allow the completion of the Bankable Feasibility Study (BFS) for the main plant. The investment value of Phase 1 is R 210 million.

During construction this project created 286 employment opportunities and business opportunities for 25 sub-contractors. The PTDC will further employ approximately 52 operational employees and some of them have already been recruited.

Planning has commenced for the main plant with design work underway for the ancillary infrastructure. The main plant will take approximately 3 years to construct commencing in April 2023. The main plant investment value is estimated at R4.5 billion. To date, Nyanza has received approval for the 12I tax incentive, BIS approval and BFS funding. Afreximbank and the Africa Finance Corporation have also approved project preparation funding towards the BFS for the main plant and a further commitment to participate in the investment structure. The main plant will create over 1,200 construction jobs and 550 operational jobs. The total investment for the project is R4,5 billion.

Prostar Export Paints Project

In the year under review, processes to prepare for the project to commence construction had been finalised and the Principal contractor appointed to prepare the site for construction. Prostar Export Paints is investing R141 million in the project and will manufacture high-quality decorative and industrial coatings. The expansion to the RBIDZ has been motivated by the need for growth and intent to expand the market in Swaziland, Mozambique, Zimbabwe and Zambia while also supplying the local branches in Durban, Johannesburg and Cape Town.

Prostar will create fifty (50) job opportunities during construction and another fifty (50) once operational. It is anticipated that the construction of Prostar plant will be completed by the end of 2022/2023 financial year.

Prioritization of Localization Support through RBIDZ Enterprise Development Programme

In its quest to attract investors, the Business Development and Support Unit takes cognizance of the importance of ensuring that small businesses are also integrated into the value chain through skills development and transfer as well as being suppliers of local content to the investors through business linkages.

In ensuring that the suppliers are aligned and ready to play the role as would be required by investors when operation commences critically, in the space of agriculture, the RBIDZ is in the final stages of launching the Enterprise Development programme that aims to support inclusive economic growth and complement the company's industrial investment through upstream and downstream participation by local SMMEs.

Business linkage programs are one of the most effective ways of creating managed access to opportunities for local small medium and micro enterprises (SMME's). This is done by enabling the transfer of technology, knowledge and skills, by facilitating access to finance and markets in partnership with established investors. Furthermore, the EDP programme will ensure that the local SMMEs are ready to play in the investment space through business linkages programme and value chain integration using mechanisms such as 12i Tax incentives.

In ensuring that the EDP's capacity is optimized, the RBIDZ is collaborating with the City of uMhlathuze in the programme and as such the programme will be driven in partnership with the City of uMhlathuze.

Fresh - Produce Agrihub

As a strategy towards the economic recovery and commercialisation of the agricultural sector in the KZN Province, the Provincial Department of Agriculture and Rural Development is mandated by the Executive Council to implement the Agri-hubs Programme in the province. The KwaZulu-Natal Department of Agriculture and Rural Development appointed the Richards Bay Industrial Development Zone Company SOC Ltd as the implementing agent for the Fresh Produce Hub which is among four Agri-hubs planned for establishment in the province.

The Agri-hubs programme is aligned to the National Development Plan (NDP), Provincial and National Agriculture Master Plans and other strategic policies and programme of the country. An Agri-hub is a value addition and agro-processing facility for primary agricultural products that links producers with markets. In the initial stages of establishment and operation. The Fresh Produce Hub is intended to be trading platform and handle bulk and processed vegetables, banana, and other fruits. Overtime, the Fresh Produce Hub may establish infrastructure that will handle other products such as the juice plant, tomato paste plant and others. The fresh produce hub is estimated at R176 million.

Investment Prioritisation, Promotions and Attraction

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

Strategic Priorities

- Image building: Fostering the positive image of the RBIDZ and branding it as a profitable investment destination.
- Investment generation: Focus on identified countries for investment attraction missions, this is further supported by sector strategies that are based on market intelligence for all the targeted sectors in that country. For the domestic market the focus is on Black industrialist and Industrial symbiosis to exploit value chain linkages.
- Investment facilitation, retention, and aftercare: providing support to investors to facilitate their establishment phase as well as retaining existing ones and encouraging reinvestments by responding to their needs and challenges.

In its operational techniques and positioning the RBIDZ as a prime investment destination for foreign direct investment, trade and relationship strengthening various inward trade missions have been hosted with different countries focusing on different sectors of the economy that can be stimulated.

The following are key engagements held with foreign countries:

Country	Inward/Outward Mission	Purpose
India	Investment Promotions Webinar	Promote and attract investors in various sectors critically in the agricultural and ICT sectors.
United States of America	Trade relation and Inward Mission by USA Consular	Explore potential of trade relations in exchange programmes focusing on skills development, city development and health related sectors.
Belarus	Inward trade mission and activation investment project to be located in RBIDZ by SA investors in collaboration with Belarus – Minx investors.	Affirmation and elevation of an already identified investment estimated at R800 million with a potential of creating 150 permanent jobs post construction.
Australian Trade Delegation	Inward trade mission with Australian trade businesses led by Trade Commissioner to Richards Bay.	Forge and explore trade relations as well as connect with companies within the mining, energy, education, health, defence, and agricultural sectors.
Denmark	Inward Trade Mission led by Denmark Ambassador to explore investment opportunities in the Energy sector as well as City development.	Forge relations and explore investment opportunities in sectors of the economy, with a particular focus on renewable energy; which is one of the RBIDZ's key areas of focus; and is a net exporter of food, fossil fuels, chemicals, and wind power, but depends on raw material imports; which are in abundance in the KwaZulu-Natal province.
Saudi Aramco	Outward Trade Mission by RBIDZ	The purpose of the visit was to meet with Saudi Aramco on the \$10 billion commitment toward greenfield oil refinery in Richards Bay.
Dubai	Outward Trade Mission by RBIDZ	This visit was targeted towards consolidating the RBIDZ's interest in the Energy sector. The company met with an investor and its technical partners in Dubai to finalise their lease terms and programme towards implementation.

The RBIDZ Value Proposition

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

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

- Metals Beneficiation
- Agro-processing
- ICT
- Energy
- Marine Industry Development

Investment Attraction Outlook

The year under review saw the company adding emphasis on the conversion of the pipeline and continues to fast-track engagements with various stakeholders with the aim of ensuring that the bottlenecks and delays are overcome with speed and efficiency.

Furthermore, the construction of catalytic projects advanced impactfully with a high number of employment creation adding to the intent of the mandate amid some destruction. The two (2) investment projects that commenced construction in the year resulted in the Nyanza Product Testing and Development Centre valued at R210 million being completed as well as Wilmar project valued at R1.3 billion reaching major milestones on the ground. To date both projects were able to create 887 employment opportunities and more jobs are being created as the projects progress to various stages.

Momentarily to break ground is a R141 million investment project. The principal contractor to commence construction has been appointed is already on the ground with site preparation. Moreover, a couple of other projects in the investment pipeline will advance and commence construction activities as the year progresses.

The company intends to break ground for two other projects with a value estimated over R1,5 billion rand, these are in the chemicals sector. Plans are in motion for another three projects to reach financial close in the 2022/23 financial year. The focus therefore is on operationalising our pipeline.

ZONE DEVELOPMENT AND OPERATIONS

Zone Development and Operations largely supports the following strategic goals:

- **Strategic Goal 3:** Land portfolio ready for investment attraction; and
- **Strategic Goal 6:** More decent jobs created and sustained.

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

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

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

A major setback in translating the objectives of the 50-year Master Plan facing the RBIDZ in acquiring land for development is shortage of industrial land due to environmental issues which are a major factor in the area as well as other regulatory approvals that delay processes to conclude acquisitions and infrastructure implementation and unfortunately extend the timeframes of developing the industrial estates. The first RBIDZ industrial estate in the form of Phase 1A became functional in October 2015 and the second estate, Phase 1F in March 2019.

Nevertheless, the RBIDZ is working tirelessly to close the deals with various landowners for identified land to ensure that the targeted number of acquired land is met and developed in line with activities of industrialisation.

Phase 1A- 96 Ha Estate

Edible (Palm) Oil refinery an investment project valued at R1.1 billion now revised upwards to R1,3 billion by Wilmar Processing commenced construction in October 2020 and has now completed the civil engineering phases of the project amid delays caused by lockdown restrictions.

To support the electricity requirements for the investors in Phase 1A, the RBIDZ have had to substitute the electricity supply by way of a new Substation with 40MVA capacity.

The process for the design of the Substation commenced in February 2021 by way of appointing a Service Provider tasked to do the designs and supervise the construction of the new substation. The detail designs have been completed and are in the process of being finalised for construction tenders. Construction is expected to commence in August 2022 and completed by April 2023 to align with the final commissioning of the Wilmar's edible oil refinery plant.

The process to secure funding to construct the switching station that is underway, and the switching station will link the substation to the City's electrical network. The RBIDZ has applied to the dtic for funding and has also applied to EDTEA for co-funding.

Phase 1F – 130 Ha

The Phase 1F is designated as a zone to accommodate heavy industries, it is developed with bulk infrastructure and RBIDZ as the implementing agent has successfully completed the Product Testing and Development Centre for Nyanza Light Metals, the first of the three phases of the R4,5 billion project. This structure will be used for Product Testing and development of its TiO₂ (Titanium dioxide) products as well as the main administrative building. It is also a Customs Controlled Area similarly to Phase 1A.

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

Job Opportunities created during 2021/2022

887 construction jobs were created from different projects, that exceeded the set target of 650 jobs in the financial Year. These jobs were from the projects in Phase 1A and 1F projects.

Number of Construction Jobs for Investor Related Projects



Davidson Farm West - 20 Ha (Agri - Hub)

Two pieces of land known as Davidsons farm and Nseleni nurseries located in Nseleni have been identified as part of the RBIDZ land portfolio towards development of an Agri-hub for fresh produce.

This site aligns with the KZN provincial plan of the Agri-hubs expansion that will be located across the province. The RBIDZ has since entered into a partnership with the Provincial Department of Agriculture and Rural Development for the development of an Agri-hub to be located in this farm. Through this project the RBIDZ aims to expand its land portfolio as well as the impact of the SEZ program beyond the urban environment to peri-urban and rural areas.

During the year under review the negotiations with the sellers on the 20 hectares were still underway, however approval for purchasing of the 10 ha (Nseleni Nurseries) had been accepted by the sellers. Other suitable sites for location of an Agri-hub were also investigated.

Phase 1D Estate – 130 Ha

The site is earmarked for the 3000MW Eskom gas to power project, and processes to acquire same with land owners have been for some time now and are nearing finalization. The RBIDZ has formally submitted a letter to the City of uMhlathuze accepting the City's counter-offer as approved by the Board, and has further drafted a purchase and sale agreement for consideration and negotiations.

Prioritization of Land Expansion and Infrastructure Development strategies to align with the 50 -year Master- Plan

As per the current land allocations in Phase 1F in the heavy industrial zone, 100% of the land has been allocated to investors while 34 ha is still available in the light industrial zone of Phase 1A, it is apparent that the demand for heavy industrial site is on the rise. This is further supported by the Master-plan, where forecast for heavy industrial site by 2032 is 730 ha and for light industrial site is 198 ha. The RBIDZ in the next financial year will pursue a heavy industrial site of 40ha known as Central Industrial Area in the vicinity of Phase 1F, wherein a pipeline investor is undertaking a feasible study while the City is constructing main access roads to the site. Valuation of the land has been completed.

The RBIDZ is also prioritising 200 ha of land in Nsezi Yard Expansion Area which belonged to Transnet and has been handed over to Mandlazini Community recently.

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

As RBIDZ is looking to expand its land portfolio, it is also essential that these acquisitions become sustainable and able to create jobs and generate income. The RBIDZ is also working closely with its stakeholders to realise the feasibility of alternative models of land acquisition.

One of the largest pieces of land that is suitable for heavy industrial development has been identified in the Master Plan as Phase 2A and same is located at the north of Richards Bay in KwaMbonambi 1200 ha. This piece of land belongs to SAPPI and it was identified for the creation of refinery with Saudi Aramco along with PetroSA and other supporting downstream industries. Discussions are currently underway to resuscitate this project.

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 mission espoused in this plan. Administration is made up of the following sub-programmes: Office of the CEO (Strategy, Monitoring, and Evaluation), Finance and Corporate Services.

The programme supports five of the strategic goals viz:

- **Strategic Goal 2:** Inclusive economic growth;
- **Strategic Goal 3:** Land portfolio ready for investment attraction;
- **Strategic Goal 4:** Good governance;
- **Strategic Goal 5:** Reduced grant dependency; and
- **Strategic Goal 6:** More decent jobs created and sustained.

OFFICE OF THE CEO

The primary objective of the sub-programme is to enforce corporate governance systems and ensure the full implementation of organisational strategy in line with the overall strategic goals of governance and legislative compliance. The Programme acts as a synergy between management and the Board, as well as all internal and external stakeholders serving as the overall guardian of the brand.

The RBIDZ also takes full cognisance of the significant role of stakeholders categorically, and holds in high regard, the stakeholders' relationship as an integral element of strategy implementation supporting long-term sustainability objectives of the Company. The RBIDZ considers and addresses the interests of stakeholders, with the knowledge that stakeholders' perceptions and influences affect the Company's reputation and have a consequential impact of affecting the existence and performance of the company.

The following stakeholder groups are amongst others that have been highlighted as critical, guided by the Stakeholder Matrix that the RBIDZ keeps track of:

Key Stakeholders Contributing to the Company's Operation

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	- Shareholder - Investment Promotions and Marketing with the aim of industrialisation; job creation and skills development; and - Provincial Economic Development Policies and Strategies.	- Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; - Obligations in terms of the Shareholder's Compact; - Achievement of KPIs; as per the Shareholder's Compact; and - Operating on a financially- sustainable basis; and impact on society.
Department of Trade, Industry and Competition (the DTIC)	- SEZ Policy and Incentives; and - Funding for Capital Projects.	- Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; and - Investment promotion programme focusing on exports of goods and services from the IDZ.
Department of International Relations and Cooperation (DIRCO)	- Facilitate SA's relations with foreign countries; - Advance and promote international relations; and - Formalise partnerships and collaborations for trade purposes.	- Promotion and attraction of foreign direct investments; and - Enhancement of trade missions.
Country Embassies	Country relationship management and management of disputes among the sending and receiving state and to report the home state;	- Facilitation of foreign direct investments; - Share advantages of represented country with host country; and - Facilitate memorandum of understanding between represented countries and host countries.
Department of Minerals and Energy Resources	- Identification of Richards Bay as a potential site for Energy development; - Procurement process regarding call for interested parties and the bidding processes; and - Energy regulations alignment and approvals.	- Compliance to Energy regulations. - Compliance to Environmental regulations.
KZN Legislature	Tabulation of Business Performance.	Compliance with PFMA legislative regulations.
Office of the Premier	International relations interaction and protocol guidance.	- Management of international interaction; - International protocol management; - Proper information sharing and co-ordination; and - International involvement and engagement guidelines.
KZN Provincial Treasury	- Funding allocation for the IDZ / SEZ programme; and - Ensure compliance with Finance Regulatory Acts and Policies.	- Obligation in terms of the Funding Agreement; and - Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan.
Department of Environmental Affairs	- Policy issues regarding environmental management and legislative changes; and - Environmental Impact Approvals and other licence approvals.	Sustainability of IDZ programme; which is in full compliance with applicable environmental regulations.
Department of Water Affairs	Water resource management; wetland management, and comments during Environmental Impact Assessments.	Water Use Licence applications; and approvals for development undertaken by the RBIDZ.
Department of Land Affairs	- Regulate land-related legislation; - Owns pockets of land; and - Intervene during land disputes.	- Approval of land use; - Provide licences for land use; - Purchase of land; and - Intervene on land claims raised against the RBIDZ by alleged private land-owners.

Continued from page 40

Key Stakeholders Contributing to the Company's Operation

Stakeholder Group	Major Objectives of the Stakeholder Group	Relevance to RBIDZ in Terms of Strategy and Operations
Department of Co-operative and Traditional Affairs Governance (COGTA)	- Regulate municipalities; - Regulate levies related to land; and - Provide services to land users and tenants.	Issuance of permits and licences.
Department of Forestry and Fisheries	Forestry and fisheries resource management; protection of endangered forest and fishery species; and comments during EIA processes.	Critical in the sustainable development of RBIDZ; and protection of endangered species.
Department of Rural Development and Agriculture	Agro-processing initiatives alignment.	- Agro-processing being RBIDZ'S key sector; and - Location of Agri-park/hub in the Zone.
Department of Employment and Labour	Construction works and safety inspections; and compliance audits.	Annual audits to strengthen RBIDZ's compliance to the applicable labour requirements.
Public Entities	Access to land and energy for the expansion of the RBIDZ footprint.	Provision of basic services; such as energy and water; for the investors/locators.
Trade and Investment KwaZulu-Natal (TIKZN)	- Collaboration on Investment Promotions and marketing of the IDZ internationally; and - Alignment with the overall KZN Investment strategic approach.	Sector-specific programmes; which are aimed at attracting and channelling investments to Richards Bay.
Higher Education Institutions	Utilisation of techno-park innovation hubs by institutions.	- Memorandum of Understanding regarding future partnerships; and - Curriculum alignment to scarce skills.
Department of Education	- Management of skills development; and - Development of skills alignment deliverables.	Compliance with skills development strategic goals.
Other state agencies, such as the CSIR and the Agricultural Development Agency	Partnership in developing bankable feasibility for targeted sectors; and promotion of research and development.	RBIDZ engages research institutions to tap into cutting-edge research in different sectors.
Regulators, such as SARS	- Customs Controlled Area (CCA) requirements; - Guidance and setting minimum regulatory requirements for the operation of RBIDZ; and - Ensuring fair competition in the market; through the Competition Commission.	Compliance with the requirements of Customs Controlled Areas; to ensure compliance with the set parameters.
Home Affairs	Work Permits approval for foreign investors.	Compliance with Department of Labour regulations.
Communities and Private Landowners	- Land acquisition; - Community development; - Social Investment; and - Employment Opportunities.	- 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; and - Investment attraction programme.
KZN Growth Coalition	- Co-operation in the economic development of the region and the province; and - Balanced representation from local businesses.	Regional structures driving economic development initiatives to create jobs.

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Key Stakeholders Contributing to the Company's Operation

Stakeholder Group	Major Objectives of the Stakeholder Group	Relevance to RBIDZ in Terms of Strategy and Operations
Unions	Ensuring transparent and fair labour practices; and a sustainable Organisation.	- Collective agreements; and - Internal communication programme, succession planning, wellness programmes; transformation forum, and fair labour practices.
Employees	Ensuring fair labour practices and a sustainable company.	Internal communication programme, succession planning, wellness programmes; transformation forum; and fair labour practices.
Investors	- Investments and job creation; - Industrialisation and sectoral development; - New product development and markets; and - Increase liquidity.	50-year Master Plan; and - Investment attraction programme.
Zululand Chamber of Commerce and Industry, and other Chambers	Industry economic development.	Investment alignment and industry benchmarking.
Local Businesses and Industries	Economic landscape sustainability.	- Prospective off-takers of production; and - Stimulation of economy and reputation of the region.
SMME's and Local Enterprise and Suppliers	Inclusive economic growth and development.	Participation in economic growth; and creation of a wider scope of employment opportunities.
Media	News, advertisements; and branding and sustainability of RBIDZ.	- Public Relations; Stakeholder Engagements; and Reputation Management; - Brand enhancement; and - Effective communication strategy.
Municipalities	- Access to land - Infrastructure development plans approval - Supply of electricity and water. - Integrated Development plans	- Provision/sale of land - Approval of infrastructure development - Supply of electricity and water. - Integrated Development plans
Transnet	- Service the Investors in terms of shipping and Cargo handling. - Offer port facility for export and import of production. - Commercial Licences for Investors	- Port Terminal - Transportation of production
Traditional Leaders	- Owners of pockets of land. - Responsible for communities residing within their jurisdiction. - Land Claims	Provision/sale of land

CORPORATE SOCIAL INVESTMENT PROGRAMME

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 primarily on education and skills development.

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

The RBIDZ resolutely believes that a healthy society is a positive influencer to the prosperity of any company; hence, it can never undermine the necessity and impact of reaching out to the communities through various initiatives that aim to better and uplift their lives.

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 the healthy work force, that will thrive and identify opportunities derived from the investors set to locate manufacturing factories in the area.

The future and growth of the RBIDZ will be meaningless if it neglects its own communities; it is by this notion that, as a company, we will continue to identify ways to be impactful, contribute towards changing lives, and make a difference to the lives of the communities.

Interventions in Education and Skills Development

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

Skills development is a national priority in South Africa and a critical factor to the future success of the country. Meeting South Africa's skills needs requires input from numerous public and government institutions, as well as private organisations. If we talk about skills development, we talk about changing lives, empowering capabilities, and enhancing the potential of employability, and alignment of the skills to the economic demands. South Africa is a diverse country, and its economy is divided into various sectors that drive the workforce.

In view of this, the RBIDZ has pledged to play a meaningful and pro-active role towards bridging this gap, preparing the youth for the workplace through a variety of learning and skills development opportunities. **Listed below are some of the initiatives that were undertaken in the reporting year:**

Study Assistance Programme (Bursaries) for Tertiary Students

In the year under review, the RBIDZ spent an amount of R580,000 to six (6) students who were awarded study funding/ bursaries to allow them to pursue their careers. The students all selected from the King Cetshwayo District Municipality are enrolled in different Universities in the country.

The study assistance programme is a flagship programme that was implemented in 2017 with a group of five (5) students who have since completed their 4 - year tertiary qualifications and furthering the careers in the employment environment.

Back to School Programme

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



Photo: One of the Study Assistance beneficiary (middle) alongside Board Chairperson; Dr Sakhile Ngcobo (left) and RBIDZ Social and Ethics Committee Chairperson; Mr Elphas Mbatha (right).



Photo: Front - L-R: Mr E. Mbatha (Social and Ethics Committee Chairperson), Dr S. Ngcobo (RBIDZ Board Chairperson), Ms C. Vilakazi (Board Member), Mr T. Zulu (RBIDZ CEO) and Professor Majuqwane (University of Zululand). **Back:** Study Assistance Beneficiaries.

Focusing on Sustainable Agricultural Projects for Rural Development

The RBIDZ has been further assisting six (6) rural Agri-business projects with an aim of capacitating them to develop their agricultural initiatives for the purposes of optimizing opportunities for commercialisation linkages and creation of employment opportunities within the communities.

In the year under review the six (6) projects have been able to sustain themselves such that they have been able to produce different products that they sell to different markets. Moreover, the projects have been able to create 35 job opportunities within their communities as well as afford mentorship to

youth within their communities. One of the cooperatives has been able to provide formal in-service training to two (2) students from tertiary institutions with the aim of assisting them to finalise their practical training as required by their qualifications.

All six (6) cooperatives utilise community members to advance their projects and are also using the land owned by the communities for their projects.



PART C →

FINANCE

ANNUAL REPORT 2021 / 2022



FINANCE

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

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

Small- Medium and Micro-Enterprise (SMME) Development

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

"Whilst we know that at the most basic level, entrepreneurship is the process of idealising, designing, launching, and administering a new business; however, a cornerstone is in the mind-set accompanied by a way of thinking and acting that shall lead to greater heights".

Government continues to prioritise entrepreneurship and the advancement of Small-, Medium-, and Micro-Sized Enterprises (SMME's) as the substance to achieving inclusive economic growth, transformation, and socio-economic development. With the assistance of other KZN provincial government departments and institutions, the dtic 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 doubling employment creation, income generation, and output growth. They are often the vehicle by which the people with the lowest income gain access to economic opportunities, and thereby redress economic defies. It is in this

context that the RBIDZ has developed a strategic plan to support sustainable enterprise and supplier development within King Cetshwayo District Municipality and beyond, through an integrated system of business support facilities linking potential investment projects.

To this consequence, the RBIDZ prioritises supplier and enterprise development, by engaging emerging businesses as well as opening vast opportunities for local Small, Medium, and Micro Enterprises. In the quest to align with the RBIDZ mandate which also prioritises transformation, participation and inclusivity of the small players into the mainstream economy, the company continues to ensure that the RBIDZ investors engage with the people on the ground particularly SMMEs to ensure that they are kept abreast of the upcoming value chain opportunities from investments that will be locating in the RBIDZ.

CPG and Involvement of Targeted Enterprises

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

The table below focuses on procurement spend with regards to supplier and enterprise development initiatives to targeted groups.

The Total Cumulative Spend is inclusive of CPG Work Value.

Targeted Groups	Totals	% of Total
Black Owned	R 66 214 252,41	75,5%
Black Women Owned	R 26 558 120,60	30,3%
Black Youth Owned	R 12 854 106,74	14,7%
Disability	R 0,00	0,0%
LOCAL COMPANIES	R 25 659 072,79	29,3%
LEVEL 1-4	R 85 197 040,85	97,2%
BEE Non- Compliant Companies	R 1 438 044,54	1,6%
CSD Registered	R 87 145 152,84	99,4%
Total Expenditure	R 87 658 462,05	

Enterprise Supplier Development (ESD) Initiatives Undertaken



Photo: SMMEs on RBIDZ mentorship programme

The RBIDZ continues to prioritise localisation and integrated SMME Development and Support initiatives. The challenges facing SMMEs are multi- dimensional. It will only take a holistic approach with a number of key instruments being implemented to make meaningful impact on SMMEs. An integrated approach that is cognisant of the fact that a single measure or instrument to confront the challenges faced by SMMEs will only make a limited effort in countering the hurdles and constraints faced by SMMEs.

Both supply side and demand side factors need to be considered and the relevant, well-informed measures and responses need to be implemented effectively to make SMMEs better off and to be included in the mainstream economic activities.

During the year under review, SMME's continued to suffer from the traces of the global pandemic and other social challenges that affected economic stimulation and as such getting them to a more sustainable state will require aggressive efforts from all parties.

Nevertheless, the RBIDZ continued to partake in various economic and transformation strategies and initiatives with the aim of contributing towards revitalising the economic status and challenges faced by the emerging businesses.

In response to technical and skills challenges facing the SMMEs, the RBIDZ provided mentorship and coaching programmes to over five (5) SMMEs aimed at developing the SMMEs and ensuring that they are well equipped in areas of business management; **the following were focused programmes and support offered for the reporting period through Supply Chain Management:**

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

The development of skills is also linked to the SMME awareness seminar that aims to create a two-way communication platform, where both SMME's and investors engage in information sharing sessions with regards to potential business opportunities.



PART D →

CORPORATE SERVICES

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TYU division	
GHT	250
PCV	250
TRG	250
RTG	250
WEP	250
FRT	250

CORPORATE SERVICES

Introduction

The wealth of a company is solidified by attracting talent that possess diverse acumen with a will to contribute strategically to the intent of the company, such pool should also be determined to execute their expertise for the growth of the company. The anticipated outcomes are then driven through operative human resource planning and aligned strategies that also focus on enhancing the organisational culture as well as skills development and re-skilling.

Corporate Services declares 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 as well as improved ICT infrastructure. Its other role is to ensure that the RBIDZ contractors, investors, and stakeholders uphold to environmental standards, health and safety regulations as well as global best practices.

Corporate Services is therefore a cornerstone for the company's growth and sustainability through a dynamic pool of talent and implementation of international best practices that are able to give assurance of sound quality management and efficiency.

Some of the key deliverables within Corporate Services 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;
- Environmental Management and Health and Safety initiatives; and
- Key company administration and document management system.

Employee Training and Development

The Company endeavours to offer opportunities and establish a culture of fairness, high performance, transparency and recognition for performance. We are committed to maintain

a supportive management culture, and to encourage open communication in all our operations. We are enforcing initiatives aimed at positioning the company as the employer of choice, and these initiatives, amongst others, include employee wellness programme, provision of bursaries aimed at advancing employees' capabilities, training and development prospects. The RBIDZ also puts emphasis on organisational culture, that will 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 staff skills development and career development, and these will ensure that employees perform to the optimal in the competitive world. The organisation acknowledges the skills development in their employees, and commends the progress achieved by majority of its employees.

Prioritisation of youth development through Internship Programme

Acknowledging the high rate of unemployment amongst the youth in the country as well as adhering to the Provincial Growth Development Plan (PGDP) goals for skills development, the Richards Bay Industrial Development Zone continues to afford the young graduates with the opportunity to participate in the Internship programme which assists them with on-the-job training and experience. The programme is a well-structured 2-year programme that exposes the graduates to various operational components of the company.

The Internship Programme provides an affluent opportunity for jump starting the career growth and development for the newly qualified graduates. For the year under review 15 graduates have been absorbed in the programme, whereas a total of two (2) have been employed in the last two (2) financial years.

PART E →

**CORPORATE
GOVERNANCE**

ANNUAL REPORT 2021 / 2022



CORPORATE GOVERNANCE

Introduction

The RBIDZ is a Company (SOC) and a provincial government business entity and is therefore governed by both the PFMA and The Companies Act. In addition to this, the RBIDZ has established a solid corporate governance framework through a Shareholder's Compact / Funding Agreement with the Executive Authority, a Board Charter, and Charters for each Board Committee. The charters all take into account the guidance of the King IV Reports on Corporate Governance, published by the Institute of Directors. Management's Executive Committee is also governed by a Charter. The reporting protocols are well-structured throughout the Organisation.

Executive Authority

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

The Accounting Authority / Board

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

The Role of the Board

The Board members have the specific responsibilities set out in the PFMA, the Companies Act, and the King IV Reports on Corporate Governance, including the duty of utmost care to ensure reasonable protection of the assets and records of the Company; to act with fidelity, honesty, integrity, and in the best interests of the Company, in managing the financial affairs of the Company; to disclose to the Executive Authority responsible for the Company or the Provincial Legislature on request all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or legislature; to act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders, and other stakeholders of the Company along sound corporate governance principles; to ensure that the Company is, and is seen to be, a responsible corporate citizen, by having regard to not only the financial aspects of the business of the Company, but also the impact that business operations have on the environment and the society within which it operates; to be responsible for the governance of risk; to be responsible for information technology (IT) governance; 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 operational 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 has been reviewed during the year.

Name	Designation	Area of Expertise	Other Committees (e.g. Audit, Risk and Finance committee)	Meetings for the year as at end of the Third Quarter	
				Number of meetings (days)	Days Attended
Mr. M Clark	Former Chairperson Non- Executive Director	Management, Public Sector and Governance		4	4
Dr. SG Ngcobo	Chairperson Non- Executive Director	Management and Economics	Served until 04/09/2021	10	8
Ms. GM Mashiteng	Deputy Chairperson Non- Executive Director	Management, Accounting and Finance	Chairperson of Infrastructure and Investment committee Member of Audit, Risk and Finance committee	10	10
Mr. SZ Hlophe	Non- Executive Director	Management, Accounting and Finance	Chairperson of Audit, Risk and Finance committee Member of Infrastructure and Investment committee	10	7
Ms. S Mangole	Non- Executive Director	Management, Trade Industry and Competition	Member of HR and Remuneration committee	10	10
Mr. EF Mbatha	Non- Executive Director	Management and Local Government	Chairperson of Social and Ethics committee	10	10
Mr. S Mchunu	Non- Executive Director	Management and Local Government		7	6
Mr. S Mdlalose	Non- Executive Director	Management	Member of HR and Remuneration committee	7	4
Cltr MG Mhlongo	Non- Executive Director	Management and Local Government	Member of Infrastructure and Investment committee	10	7
Ms. M Ndlovu	Non- Executive Director	Management, Law and Local Government	Chairperson of HR and Remuneration committee	10	9
Ms. SG Skosana	Non- Executive Director	Management and Accounting	Member of Social and Ethics committee	7	6
Ms. C Vilakazi	Non- Executive Director	Management and Economic Development	Member of Social and Ethics committee	10	10
Adv. J Weapond	Non- Executive Director	Management, Law and Information Systems	Member of Audit, Risk and Finance committee	5	2
Mr. S Zondi	Non-Executive Director	Management and Marketing	Served until 04/09/2021	4	4
Mr. TW Zulu	CEO/Executive Director	Management and Energy		7	7
Ms. S Mvelase	CFO/Executive Director	Finance and Management		8	7

COMPOSITION OF THE BOARD

Board Committees

BoD	Audit, Risk and Finance		Social and Ethics		Infrastructure and Investment		HR and Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. M Clark								
Dr. SG Ngcobo	2	2 ^A						
Ms. GM Mashiteng	5	5	4	1	4	4 ^A		
Mr. SZ Hlophe	5	5 ^A			7	7		
Mr. EF Mbatha			4	4 ^A			4	4
Ms. M Ndlovu							7	7 ^A
Cllr. MG Mhlongo					7	2		
Adv. J Weapond	3	3						
Mr. S Mchunu								
Ms. C Vilakazi			4	4			4	4
Ms. S Mangole							3	3
Mr. S Mdlalose							3	3
Ms. SG Skosana			2	2				
Mr. S Zondi					3	3 ^A		

^ACommittee Chairperson

Remuneration of Board Members

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

Executive and Non- Executive Directors of RBIDZ	Fees for services as Directors	Managerial Services		2022	2021
		Salary	Retirement Fund & Medical Aid Contribution		
Executive Directors of RBIDZ					
TW Zulu ^A	-	2 641 492.00	-	2 641 492.00	1 933 876.00
S Mvelase ^A	-	1 395 800.00	-	1 395 800.00	1 362 515.00
Non- Executive Directors of RBIDZ					
M Clark ^B	193 720.00	-	-	193 720.00	504 370.00
SG Ngcobo ^c	365 481.00	-	-	365 481.00	242 327.00
GM Mashiteng ^D	-	-	-	0	0
SZ Hlophe	260 978.00	-	-	260 978.00	278 205.00
S Mangole ^E	-	-	-	0	0
EF Mbatha	245 646.00	-	-	245 646.00	314 367.00
S Mchunu	106 712.00	-	-	106 712.00	0
S Mdlalose ^F	-	-	-	0	0
MG Mhlongo ^G	-	-	-	0	0
M Ndlovu ^H	-	-	-	0	0

Remuneration of Board Members Continued from page 55

Executive and Non- Executive Directors of RBIDZ	Fees for services as Directors	Managerial Services		2022	2021
		Salary	Retirement Fund & Medical Aid Contribution		
SG Skosana	112 750.00	-	-	112 750.00	0
C Vilakazi	219 248.00	-	-	219 248.00	242 611.00
J Weapond¹	-	-	-	0	0
SF Zondi¹	108 440.00	-	-	108 440.00	241 904.00

Notes^A Executives are not paid for meeting attendance^B Term ended as Board Chairperson until 04/9/21^C Appointed as Board Chairperson from 16/ 9/21^D Civil servant in the full time of the state in another province^E Civil servant in the employ of the dtic^F Civil servant employed by KZN DOT^G Full-time councillor of the uMhlathuze Municipality^H Appointed as Municipal Manager of a District Municipality until 28/2/22^I Full time Commissioner of the Information Regulator^J Appointed as Board Member until 04/9/21**Risk Management**

In accordance with the PFMA and King IV, the Company is keenly aware of the need to manage its risks effectively. To this end, the Company conducts an annual risk assessment as part of the strategic planning process, where both high-level strategic risks and operational risks affecting the different business units are identified. These are then included in the Company's Strategic Plan and Annual Performance Plan. The risks identified are included in the monthly dashboard reports, where the different business units report to Executive Management on the steps taken to address the identified risks. Emerging risks are also identified and reported 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, Risk and Finance Committee four times per year, on both the steps being taken to address identified risks, as well as on any emerging risks which have been identified.

Internal Audit and Audit Committees

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

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

During the yearly audits and / or follow-up audits were conducted on review of the annual financial statements; performance information; 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 VI Report on Corporate Governance issued by the Institute of Directors, and which was reviewed and updated during the year. The key functions of the Committee are to assist the Board in fulfilling its oversight functions in terms of the PFMA, including 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 Companies Act, and principles of sound corporate governance; to evaluate the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes; to give an opinion and introduce measures that may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Company; to facilitate, promote, and maintain effective communication and work relations with the Board of directors, Management,

and the internal and external auditors; to monitor compliance with laws, code of business conduct, and regulations; to publicly issue a statement to the shareholders confirming the effectiveness of the internal financial controls and provide a written assessment of Company's system of internal control; to review an integrated annual report with special emphasis

on the impact of the Company in the economic, environmental, and social spheres; to ensure that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives; and to ensure that the disclosure regarding risk is comprehensive, timely, and relevant.

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

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date of first Appointment	End of Appointment
Dr. SG Ngcobo	- PhD in Business Management; and - MA in Agriculture specialising in Rural Resource Development.	External	Non- executive director	28/11/17	04/9/2021
Mr. SZ Hlophe	- MBL; - BCom Honours in Accounting; and - Diploma in Cost and Management Accounting	External	Non-executive director	04/9/21	2025 AGM
Ms. GM Mashiteng	- MBA; - BCom Accounting; - Post Graduate Diploma in Management; and - Municipal Finance Management Programme	External	Non- executive director	04/9/21	2025 AGM
Adv. J Weapond	- MA in Business Systems; - MTech in Information Technology; - MTech in Forensic Investigation; - BCom Honours in Information Technology; - LLB; B. Tech in Policing; - Diploma in Business Management; - Diploma in Education; and - Certificate in Leadership Development	External	Non- executive director	04/9/21	2025 AGM

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

Compliance with Laws and Regulations

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

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

Fraud and Corruption

The Company has adopted a comprehensive Fraud Prevention Policy and compiles a Fraud Prevention Plan on an annual basis. This includes a response plan to allegations of fraud and corruption; probity investigations of prospective staff and even suppliers, thereby creating an open and transparent culture; protection of whistle-blowers; annual declarations of financial interests, as

well as declarations at certain meetings; mandatory reporting of gifts and gratuities received by staff, and encouragement of staff to report suspected fraud and corruption. The Company also has a whistleblowing hotline utilised to report fraud related activities.

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

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

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

Minimising Conflict of Interest

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

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

Code of Conduct

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

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

Health, Safety, and Environmental (SHE) 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. Incidents of lessons learnt were shared with service providers, in order to improve on performance and compliance.

During the review period, the Health, Safety, and Environmental principles and standards were enforced and monitored during the execution of Wilmar edible oil plant construction and Nyanza Light Metals Product Testing and Development Centre which were the most complex infrastructure development projects in the RBIDZ. One construction-related loss time injury resulting to fatality was recorded.

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 was measured through internal and external SHE audits.

The above-said projects were undertaken and continue to be monitored following the below safety principles:

- 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 included the following:

- Zero employee loss time injuries.
- Implementation of the SHEQ Strategy Initiatives.
- Achieved zero workplace-acquired Covid-19 cases.
- 88% score of customer satisfaction against 80% target.
- Implementation of the final year of ISO Benchmarking Improvement Plan
- Achieved zero major findings recording during the annual audit by the certification body.
- Maintained certification for both ISO 9001 and 14001 standards
- Introduction of e-waste recycling programme for the recycling of electronic and electrical waste.

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

COMPANY SECRETARY

The Company's Legal Manager functions as its Company Secretary, with functions which including: being the central source of guidance and advice to Board and within Company on matters of good governance and changes in legislation; responsibility for Board and Committee Charters; preparation of the annual work plan and meeting 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 who 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.



Adv. KN Harvey

Company Secretary

Date: 29th of July 2022

AUDIT, RISK AND FINANCE COMMITTEE REPORT

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

Audit, Risk and Finance Committee Responsibility

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

The Effectiveness of Internal Control

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:

- Planning, update of Charters and IA plans, general Management of IA Function
- Performance Information - Q2 & Q3
- Review of the APP against SMART Principles
- AG and IA Follow-up
- Review of the annual financial statements;
- Review of Annual Performance Report
- Legal Compliance
- Supply Chain Management
- ITCG
- Project Fund Management
- Human resource management and Payroll;

- Zone Development and Operations;
- Business Continuity;
- Asset Management;
- Debtors Management; and
- Audit Committee and EXCO Attendance

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



Mr. Silas Z. Hlophe

Chairperson of the Audit, Risk and Finance Committee

29th of July 2022



PART F →

**HUMAN
RESOURCES
MANAGEMENT**

ANNUAL REPORT 2021 / 2022



HUMAN RESOURCES MANAGEMENT

Introduction

The Organisation has a 5-year human resources strategy, which aims to position the RBIDZ as an employer of choice and to this end impactful progress has been yielded through the closing of executive management vacancies as well as others within the organisational structure.

The RBIDZ has been able to address the vacancy rate that has been impending on staff complement and operations increasing the staff complement to 59 against 47 of the previous financial year.

It is a fact that the success of the company lies in the pool of talent that possess diverse acumen and a will to continuously contribute to the strategic objectives of the company. The focused outcomes are then facilitated through a functional human resource planning and aligned strategies that are also geared towards enhancing the organisational culture as well as skills development and re-skilling.

Human Resource Oversight Statistics

Human Resources Priorities

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

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

The Company has concluded a Memorandum of Understanding with two local tertiary institutions namely, Umfolozi TVET College and the University of Zululand, with an intention of creating a platform for engaging on various issues that affect its core business, such as skills development, influencing the curriculum so that it will be linked with investors requirements and synergies related to investors.

In executing the Investment Skills Development Plan's initiatives, the Company has, in collaboration with the University of Zululand, successfully piloted a programme for the promotion of Science, Technology, Engineering and Mathematics (STEM) subjects in schools. The programme is planned to be rolled-out throughout

Northern KwaZulu-Natal, with the long-term goal of increasing the number of school leavers who study STEM subjects at tertiary institutions, thereby assisting to address the future skills needs of future investors in the Zone.

Through collaboration with tertiary institutions the RBIDZ has sourced graduates to be placed under the internship programme in the RBIDZ's investors and local industries such as the Zululand Chamber of Commerce and Industry (ZCCI).

Skills Development and Training

Skills development and training was propelled by the need of the organisation. Skills development interventions play a crucial role in ensuring that the organisation continues to up-skill its workforce to meet the ever-changing demands of the operations. The training interventions implemented during the period under review were aimed at nurturing and sharpening staff skills and knowledge in their areas of expertise so as to positively contribute towards the attainment of both business unit and overall organisational objectives.

Collaboration with Small, Medium and Micro Enterprises (SMMEs)

The Richards Bay Industrial Development Zone is viewing the Small, Medium and Micro Enterprises (SMMEs) as one of the drivers of economic growth, innovation and job creation, that is the reason for devising the idea of initiating a partnership with SMMEs to create a contribution to skills development/youth development initiatives.

If these initiatives yield the expected outcome, the placement of young graduates/diplomates that are looking for experiential training either in-service or internship will be extended to SMMEs, hence it has become clear that the capacity of large and medium-size organizations is not enough to stand for the current demand of youth seeking in-service or internship and other skills development related matters

Organisational Capacity/Workforce Planning

During past years, the organisation has battled with restricted capacity, however for the reporting year the company was able to capacitate the vacancies critically in the executive management level where it has battled to fill the vacancies for a long period.

Personnel Costs for Business Units

Business Units	Total Budget for the year	Total Personnel Budget for the year	Personnel Budget as a % of Total Opex Budget	No. of Permanent Employees
OCEO	25 038 930	10 663 227	43%	10
ZDO	51 027 443	10 801 808	21%	13
BDS	14 142 374	7 388 775	52%	9
Finance	54 588 009	9 848 657	18%	15
Corporate Services	31 757 264	9 494 731	30%	12
Total	176 554 020	48 197 198	27%	59

Actual Personnel Cost vs Budget

Business Unit	2021/22 Total Personnel Budget YTD	2021/22 YTD Actual Personnel Expenditure	% of Personnel Budget Spent
OCEO	10 663 227	10 729 645	101%
ZDO	10 801 808	10 216 909	95%
BDS	7 388 775	7 393 135	100%
Finance	9 848 657	10 004 841	102%
Corporate Services	9 494 731	9 449 528	100%
Total	48 197 198	47 794 058	99%

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

Training Costs

Business Unit	Total Personnel Budget for the year	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of Employees Trained	AVG Training Cost Per Employee
OCEO	10 663 227	29 052	0,2%	1	29 052
ZDO	10 801 808	83 860	1%	11	7 623
BDS	7 388 775	172 351	2%	15	11 490
Finance	9 848 657	219 395	2%	2	109 697
Corporate Services	9 494 731	104 731	1%	6	17 455
Total	48 197 198	609 389	1%	35	17 411

By Business Units – (Staff Complement Approved vs Current Complement)

Vacancies by Business Unit	2021/22 Board Approved posts	2021/2022 No. of Employees by 31/03/2022	2021/2022 Vacancies	% of Vacancies
OCEO	11	10	1	9%
ZDO	15	12	3	20%
BDS	10	9	1	10%
Finance	15	15	0	0%
Corporate Services	13	13	0	0%
Total	64	59	5	8%

Salary Bands

Salary Bands/Level	2021/2022 Board Approved Posts	2021/22 No. of Employees by 31/03/2022	2021/2022 Vacancies	% of Vacancies
Senior Management [E1-E3]	2	2	0	0%
Professionally qualified and experienced specialists and middle management [D1- D5]	25	22	3	12%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	29	28	1	3%
Semi-skilled and discretionary [B1-B5]	8	7	1	12%
Unskilled and defined decision making [A1-A3]	0	0	0	0%
Total	64	59	5	8%

Employment Changes

Occupational Level	Employment as at 31 March 2021	Appointments	Job title Conversion	Departures	31 March 22
Senior Management [E1-E3]	1	1	0	0	2
Professionally qualified and experienced specialists and middle management [D1- D5]	22	2	0	1	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	27	2	0	2	27
Semi-skilled and discretionary [B1-B5]	7	0	0	0	7
Unskilled and defined decision making [A1-A3]	0	0	0	0	0
Total	57	5	0	3	59

Reasons for Leaving

Reason	Number	% Of Total No. Of Staff Leaving
Death	0	0%
Resignation	3	5%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	3	5%

Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary Action	Number
Verbal Warning	None
Written Warning	None
Final Written Warning	None
Dismissal	None
Total	None

Grievances lodged

There were 2 grievances lodged during the reporting period and both of them were successfully resolved.

Disputes lodged with CCMA

None.

Precautionary suspensions

In the year under review one employee was suspended pending the finalization of investigation.

Equity Target, Goals and Employment Equity Status 2021/22

Below is the breakdown of employment equity targets, based solely on the provincial demographics, for the 5-year period ending in 2022.

Racial Equity Targets

	2017/18	2018/19	2019/20	2020/21	2021/22
Racial Equity (HDI) – Target	88%	90%	92%	94%	96%
Racial Equity (HDI) – Actual	85.7%	90.7%	89.4%	91%	95%
Gender Equity – Target (females in management)	37%	39%	41%	43%	45%
Gender Equity – Actual (females in management)	41%	50%	50%	41%	41%



PART G →

FINANCIAL STATEMENTS

ANNUAL REPORT 2021 / 2022



ANNUAL FINANCIAL STATEMENTS

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

NOTICE

These financial statements were prepared on 30th of May 2022 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 Ms. Simangele Mvelase, the Chief Financial Officer of the Company.

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Supplementary Schedule

Detailed Statement of Comprehensive Income

The Annual Financial Statements, set out on pages 83 to 123, and the Statement of Responsibility by the Directors, on page 71, were approved by the Board of Directors and signed on its behalf by:



Dr. Sakhile G. Ngcobo

Board Chairperson

Dated: 29th of July 2022



Mr. Thabane W. Zulu

Chief Executive Officer

Dated: 29th of July 2022

Statement of Responsibility Page by Directors as at March 2022

Financial Statements

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

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

Internal Control

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

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

Performance Management

The Company reports on its own performance against pre-determined objectives, as contained in the Annual Performance Plan for the 2021/22 financial year and in accordance with the Public Finance Management Act No. 1 of 1999, as amended. The performance report is tabled on a quarterly basis to the following structures: Audit, Risk and Finance Committee, the Accounting Authority (RBIDZ Board), and the Executive Authority (Department of Economic Development, Tourism, and Environmental Affairs).

Board Remuneration

The remuneration of directors and senior managers is set out in note 36 to the Annual Financial Statements. The financial statements set out on pages 83 to 121, which have been prepared on the going concern basis, were approved by the Board of Directors and signed on its behalf by:



Dr. Sakhile G. Ngcobo
Board Chairperson

Dated: 29th of July 2022

Abbreviations used:

RBIDZ	Richards Bay Industrial Development Zone
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
dtic	Department of Trade, Industry and Competition
GRAP	Generally Recognised Accounting Practice
KZN	KwaZulu Natal
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act
SARS	South African Revenue Service
DIRCO	Department of International Relations and Cooperation
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

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

The board of directors reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on pages 83 to 121, which have been prepared on the going concern basis, were approved by the board of directors on 29 July 2022 and were signed on its behalf by:



Dr. Sakhile G. Ngcobo
Chairperson of the Board

Date: 29th of July 2022

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 5 number of meetings were held.

Name of member	Number of meetings attended
Mr SZ Hlophe (Chairperson) - Appointed Chairperson 04 September 2021	5
Ms GM Mashiteng (Non-executive director) - reappointed 04 September 2021	5
Mr J Weapond (Non-executive director) - Appointed 04 September 2021	3
Dr SG Ngcobo (Non-executive director) - Term ended as Chairperson 4 September 2021	2

Audit Committee Responsibility

The audit committee reports that it has complied with its responsibilities arising from section 77 of the PFMA and Treasury Regulation 27.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

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

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

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

Evaluation of Annual Financial Statements

The audit committee has:

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

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

Internal Audit

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

Auditor-General of South Africa

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



Mr. Silas Z. Hlophe

Chairperson of the Audit, Risk and Finance Committee

Date: 29th of July 2022

REPORT OF THE AUDITOR-GENERAL

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Richards Bay Industrial Development Zone Company SOC Limited set out on pages 83 to 123, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Richards Bay Industrial Development Zone Company SOC Limited as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of 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 SA Standards of GRAP and the requirements of the PFMA and Companies Act and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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.

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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 Programme 2 – Zone Development and Operations presented in page 32 of the entity's annual performance report for the year ended 31 March 2022.
13. I performed procedures to determine whether the reported performance information 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 identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. The annual performance report on pages 31 to 32 contains information on the achievement of planned targets for the year and management's explanations are also provided for the under and overachievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for Programme 2 – Zone Development and Operations. As management subsequently corrected the misstatements, I did not raise material findings on the usefulness and reliability of the reported performance information.

Report in the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the foreword by the responsible MEC, foreword by the chairperson of the board, the chief executive officers overview, the audit committee's report, the company secretary's certificate, as required by the Companies Act and the human resources report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has 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 on it.
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 programme 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 on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
24. When I do receive and read the director's report, audit committee's report and company secretary's certificate, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If it is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

AUDITOR-GENERAL

Pietermaritzburg

29 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Annexure - Auditor-General's responsibility for the audit

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 the programme selected and on the entity'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 this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Richards Bay Industrial Development Zone Company SOC Ltd to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

DIRECTORS' REPORT

The directors presenting their report for the year ended 31 March 2022.

1. Incorporation

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

2. Review of Activities

Main business and operations:

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

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

3. Going Concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of R1 094 523 927 and that the entity's total assets exceed its liabilities by R1 245 724 927.

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

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

4. Subsequent Events

Significant events that occurred after year before the annual financial statements were authorised for issue have been disclosed in note 41 of the annual financial statements. These are adjusting events after reporting date as per GRAP 14 requirements.

5. Accounting Policies

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

6. Share Capital and Premium

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

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

7. Board of Directors

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

Board of Directors

DIRECTORATE	Nationality	Changes
Non-executive directors	South African	
Mr M Clark	South African	Term ended 04 September 2021
Dr SG Ngcobo	South African	Reappointed 04 September 2021
Ms S Mangole	South African	Reappointed 04 September 2021
Ms GM Mashiteng	South African	Reappointed 04 September 2021
Mr EF Mbatha	South African	Reappointed 04 September 2021
Cllr M Mhlongo	South African	Reappointed 04 September 2021
Ms MT Ndlovu	South African	Reappointed 04 September 2021
Mr SZ Hlophe	South African	Reappointed 04 September 2021

Board of Directors - Continued from page 79

Board of Directors

DIRECTORATE	Nationality	Changes
Ms C Vilakazi	South African	Reappointed 04 September 2021
Mr S Zondi	South African	Term ended 04 September 2021
Mr S Mchunu	South African	Appointed 04 September 2021
Mr S Mdlalose	South African	Appointed 04 September 2021
Ms SG Skosana	South African	Appointed 04 September 2021
Mr J Weapond	South African	Appointed 04 September 2021
Executive Directors		
Mr TW Zulu (CEO)	South African	
Ms S Mvelase (CFO)	South African	

8. Secretary**The secretary of the entity is Adv. K.N. Harvey of:**

Business address	4 Harbour Arterial Alton Richards Bay 3900
Postal address	Private Bag X1005 Richards Bay 3900

9. Corporate governance General

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

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

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

Board of directors**The Board:**

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations,

effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;

- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors.
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

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

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

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

Internal audit

The entity has outsourced its internal audit function to Ukukhanya Advisory Services who succeeded Bonakude Consulting who was the entity's previous internal auditors.

10. Controlling Entity

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

11. Bankers

ABSA

12. Auditors

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

The annual financial statements set out on page 83 to 121, which have been prepared on the going concern basis, were approved by the board of directors on 29 July 2022 and were signed on its behalf by:



Dr. Sakhile G. Ngcobo
Chairperson of the Board

Date: 29th of July 2022

COMPANY SECRETARY'S CERTIFICATION

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 31 March 2022, that the company has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



Adv. K.N. Harvey

Company Secretary

Date: 29th of July 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Non-Current Assets			
Investment property	3	715 040 856	708 605 844
Property, plant and equipment	4	37 718 449	38 594 429
Intangible assets	5	1 728 904	400 560
Deposits	7	2 222 597	2 754 113
		756 710 806	750 354 946
Current Assets			
Prepayments	6	47 296 271	76 058 462
Deposits	7	531 516	-
Receivables from exchange transactions	8	5 416 885	8 020 308
Receivables from non-exchange transactions	9	-	4 296 918
VAT receivable	10	1 623 870	16 182 134
Cash and cash equivalents	11	686 208 946	621 329 065
		741 077 488	725 886 887
Total Assets		1 497 788 294	1 476 241 833
Liabilities			
Current Liabilities			
Operating lease liability	12	22 587	351 460
Unspent conditional grants	13	231 487 307	222 476 211
Provisions	14	11 438 281	14 826 687
Deposits	15	-	85 003
Payables from exchange transactions	16	7 291 982	15 408 011
		250 240 157	253 147 372
Non-Current Liabilities			
Deposits	15	1 823 210	73 210
		252 063 367	253 220 582
Total Liabilities		252 063 367	253 220 582
Net Assets		1 245 724 927	1 223 021 251
Share capital and premium		151 201 000	151 201 000
Accumulated surplus		1 094 523 927	1 071 820 251
Total Net Assets		1 245 724 927	1 223 021 251

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	18	13 792 757	7 331 263
Management Fee Income	17	2 730 529	2 077 263
Bursary Recovery	17	-	62 500
Sundry income	17	88 429	132 684
Tender Fee Income	17	172 979	155 391
Finance Income	19	16 574 068	18 944 849
Gain on disposal of assets and liabilities	4	-	10 850
Total revenue from exchange transactions		33 358 762	28 714 800
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	136 884 490	100 060 238
Total revenue	17	170 243 252	128 775 038
Expenditure			
Employee related costs	21	(47 447 587)	(42 917 600)
Depreciation and amortisation	22	(32 144 280)	(29 662 476)
Impairments of assets	23	(69 392)	(276 403)
Finance costs	24	-	(6 629)
Lease rentals on operating lease	25	(2 870 385)	(4 053 678)
(Debt Impairment) / Reversal of debt impairment	26	(13 328 889)	862 560
Loss on disposal of assets and liabilities	4	(16 887)	-
General Expenses	27	(51 662 157)	(50 672 815)
Total expenditure		(147 539 577)	(126 727 041)
Taxation	29	-	-
Surplus for the year		22 703 675	2 047 997

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Opening balance as previously reported	1 000	151 200 000	151 201 000	1 068 372 254	1 219 573 254
Adjustments Correction of errors	-	-	-	1 400 000	1 400 000
Balance at 01 April 2020 as restated*	1 000	151 200 000	151 201 000	1 069 772 254	1 220 973 254
Changes in net assets					
Surplus for the year	-	-	-	2 047 997	2 047 997
Total changes	-	-	-	2 047 997	2 047 997
Restated* Balance at 01 April 2021	1 000	151 200 000	151 201 000	1 071 820 252	1 223 021 252
Changes in net assets					
Surplus for the year	-	-	-	22 703 675	22 703 675
Total changes	-	-	-	22 703 675	22 703 675
Balance at 31 March 2022	1 000	151 200 000	151 201 000	1 094 523 927	1 245 724 927

Note(s)

*See note 37

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		70 221 429	28 267 429
Grants		102 218 922	64 688 958
Interest income		16 574 068	18 944 849
		189 014 419	111 901 236
Payments			
Employee costs		(47 447 587)	(42 917 600)
Suppliers		(37 593 296)	(80 824 704)
Finance costs		-	(6 629)
		(85 040 883)	(123 748 933)
Net cash flows from operating activities	31	103 973 536	(11 847 697)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 995 670)	(1 741 618)
Proceeds from sale of property, plant and equipment	4	30 432	43 009
Purchase of investment property	3	(35 736 117)	(22 070 466)
Purchase of other intangible assets	5	(1 392 300)	(62 172)
Net cash flows from investing activities		(39 093 655)	(23 831 247)
Net increase/(decrease) in cash and cash equivalents		64 879 881	(35 678 944)
Cash and cash equivalents at the beginning of the year		621 329 065	657 008 009
Cash and cash equivalents at the end of the year	11	686 208 946	621 329 065

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

Budget on accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	10 067 018	-	10 067 018	13 792 757	3 725 739	A
Management Fee income	2 274 919	-	2 274 919	2 730 529	455 610	A
Sundry income	11 285	-	11 285	88 429	77 144	
Tender Fee income	137 152	-	137 152	172 979	35 827	
Finance Income	14 051 967	-	14 051 967	16 574 068	2 522 101	B
Total revenue from exchange transactions	26 542 341	-	26 542 341	33 358 762	6 816 421	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	93 207 826	-	93 207 826	136 884 490	43 676 664	C
Total revenue	119 750 167	-	119 750 167	170 243 252	50 493 085	
Expenditure						
Employee related costs	(49 081 915)	104 622	(48 977 293)	(47 447 587)	1 529 706	D
Depreciation and amortisation	(33 218 111)	1 073 832	(32 144 279)	(32 144 280)	(1)	
Impairment loss/ Reversal of impairments	-	(69 392)	(69 392)	(69 392)	-	
Lease rentals on operating lease	(3 343 080)	212 974	(3 130 106)	(2 870 385)	259 721	E
Debt Impairment	-	(13 328 889)	(13 328 889)	(13 328 889)	-	F
General Expenses	(91 217 494)	12 023 740	(79 193 754)	(51 662 157)	27 531 597	G
Total expenditure	(176 860 600)	16 887	(176 843 713)	(147 522 690)	29 321 023	
Operating surplus	(57 110 433)	16 887	(57 093 546)	22 720 562	79 814 108	
Loss on disposal of assets and liabilities	-	(16 887)	(16 887)	(16 887)	-	
Surplus before taxation	(57 110 433)	-	(57 110 433)	22 703 675	79 814 108	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(57 110 433)	-	(57 110 433)	22 703 675	79 814 108	

A - Rental of Facilities and Equipment and Management Fee Income

The rental and management fee for the full site allocated to one of the investors is being billed at the operational rental rate, due to a penalty clause as per the lease agreement. This was not factored into the budget.

B - Finance Income

The under-spending on the operating and land budgets has resulted in the entity holding more cash than anticipated and thus more interest was earned. In addition, increases in the report rate resulted in the increase in the interest yield rates offered by the institution's holding the funds, which further increased the finance income.

C - Government Grants and Subsidies

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

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

D - Employee Related Costs

The slight under-spending is due to the reversal of the provision for performance bonuses.

E - Lease Rentals on Operating Lease

The variance is due to the actual rental rates as per the new lease agreement being lower than that budgeted for. This came after an adjustment to the lease area was made in the new lease agreement.

F - Debt impairment

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

G - General Expenses

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

Advertising and promotions - The corporate advertising plans that were planned for the 4th quarter were not approved. The Community TV platform was also not utilised as expected. There were savings achieved on the advertising for the Business Expo, as the Company did not partake in this event.

License fees - There were challenges experienced in attracting suitable service providers for the Aruba and Cisco licences. Although these tenders went out in the 3rd quarter, they were unsuccessful and therefore re-advertised in the 4th quarter. The process was unsuccessful yet again due to non-responsiveness of tenderers.

Professional fees - The following contributed to the underspending against the budget, amongst other things, projects were planned to be initiated in the period under review, but have not been initiated or are still within the

various stages of the SCM process at 31 March 2022. The budget also catered for ad-hoc land valuations, surveys and engineering consulting, and these services were not required during the year. There were also a few initiatives deferred to the next financial year.

Property rates and taxes - The property rates budget for Phase 1F is based on the anticipated amount per month taking into the total size and value of the industrial park. However, the rates for the full property is still not being billed as anticipated.

Repairs and maintenance - Part of the underspending on this line is due to the amounts spent on the rates based contracts not being as high as the budget estimates. Additionally, the procurement of critical spares for electrical engineering was still in progress at year-end. Lastly, there were plans to start doing refurbishments on the ESD venue, as well as to repair potholes on Alumina Allee. These were still in progress at year-end.

Venue Hire and Exhibitions - Savings was achieved on planned exhibitions through collaboration with the provincial pavilion during the Intra Africa Trade Fair. The Presidential Investment Conference and Investor Engagement Event did not happen as planned. The Investor Launch events was also deferred to the 2022/23 financial year. The launch of the Enterprise Development facility was also planned for the year, but did not transpire. Lastly, the community activations were not rolled out as planned, due to challenges faced after the change in leadership within the wards and municipalities.

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

Subscriptions - The subscription to Gartner (human resources and information technology) was not renewed as budgeted for. Additionally, subscriptions budgeted for research and intelligence purposes, were not renewed timeously.

CSI Expense - There were delays in spending on the study assistance programme due to internal processes and securing the approvals timeously. The tender process for the "back to school" initiative and agricultural implements were unsuccessful the first time of tendering and the process needed to be restarted in the 4th quarter, but had not. Lastly, some Agri-projects were still in progress at year-end.

The accounting policies on pages 88 to 101 and the notes on pages 101 to 121 form an integral part of the annual financial statements.

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions. On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount.

1.5 Investment Property

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

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

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

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

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

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

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

Cost Model

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

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

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

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

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

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

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

1.6 Property, Plant and Equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales

of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

1.7 Intangible Assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net

cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 12 years

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

1.8 Financial instruments

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

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

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes

are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

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

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

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

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

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

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

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

Classification

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

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

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

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

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

Class	Category
Share capital and share premium	Measured at cost

1.9 Tax

Current Tax Assets and Liabilities

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

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

Deferred Tax Assets and Liabilities

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

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

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

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

Tax Expenses

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

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

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

1.10 Leases

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

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

Operating Leases - Lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

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

Designation

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

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

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

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity

designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

Value in use

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

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

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

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

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

of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Designation

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

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

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

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

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

Identification

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

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

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

Value in use

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

1.14 Share Capital and Premium

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

1.15 Employee Benefits

Short-term employee benefits

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

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.18 Revenue From Exchange Transactions

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

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

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

Measurement

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

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

Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

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

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

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

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

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

Interest, Royalties and Dividends

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

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

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

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

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

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

1.19 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

1.20 Turnover

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

1.21 Investment Income

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

1.22 Borrowing Costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Translation of Foreign Currencies Foreign Currency Transactions

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

At each reporting date:

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

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

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

1.24 Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.25 Fruitless and Wasteful Expenditure

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

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

1.26 Irregular Expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also

be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

1.27 Budget Information

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

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

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

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

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

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

1.28 Related Parties

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

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

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

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

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

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

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

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

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

1.29 Events after Reporting Date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 110: Living and Non living Resources	01 April 2021	Not applicable to RBIDZ
IGRAP 20: Adjustments to Revenue	01 April 2021	The impact of the interpretation is not material.
GRAP 18: Segment Reporting	01 April 2021	The impact of the standard is not material.
GRAP 34: Separate Financial Statements	01 April 2021	Not applicable to RBIDZ
GRAP 35: Consolidated Financial Statements	01 April 2021	The impact of the standard is not material.
GRAP 36: Investments in Associates and Joint Ventures	01 April 2021	Not applicable to RBIDZ
GRAP 37: Joint Arrangements	01 April 2021	Not applicable to RBIDZ
GRAP 38: Disclosure of Interests in Other Entities	01 April 2021	Not applicable to RBIDZ

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards (amendments), which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

GRAP 25: Employee Benefits	Unlikely there will be a material impact as a result of the amendments
GRAP 104: Financial Instruments	Unlikely there will be a material impact as a result of the amendments

3. Investment Property

	2022			2021		
	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value
	R	R	R	R	R	R
Investment Property	843 379 431	(128 338 575)	715 040 856	807 643 314	(99 037 470)	708 605 844

Reconciliation of Investment Property - 2022	Opening Balance	Additions	Depreciation	Total
	R	R	R	R
Investment Property	708 605 844	35 736 117	(29 301 105)	715 040 856

Reconciliation of Investment Property - 2021	Opening Balance	Additions	Impairments	Depreciation	Total
	R	R	R	R	R
Investment Property	713 800 051	22 070 466	(170 414)	(27 094 259)	708 605 844

Detailed reconciliation of the investment property is provided below:

Detailed investment property reconciliation - 2022	Opening Balance	Additions	Depreciation	Impairments	Total
	R	R	R	R	R
Land	158 004 392	-	-	-	158 004 392
Buildings - Completed	529 065 252	-	(29 301 105)	-	499 764 147
Buildings - Work in progress	21 536 200	35 736 117	-	-	57 272 317
	708 605 844	35 736 117	(29 301 105)	-	715 040 856

3. Investment Property - Continued from page 102

Detailed investment property reconciliation - 2021	Opening Balance	Additions	Depreciation	Impairments	Total
	R	R	R	R	R
Land	157 470 126	534 266	-	-	158 004 392
Buildings - Completed	556 329 925	-	(27 094 259)	(170 414)	529 065 252
Buildings - Work in progress	-	21 536 200	-	-	21 536 200
	713 800 051	22 070 466	(27 094 259)	(170 414)	708 605 844
Investment property in the process of being constructed or developed					
Cumulative expenditure recognised in the carrying value of Investment property					
Buildings				48 961 297	21 536 200
Electrical upgrade				8 311 020	-
				57 272 317	21 536 200
Amounts recognised in surplus or deficit					
Rental revenue from Investment property				13 792 757	7 331 263
From Investment property that generated rental revenue					
Repairs and maintenance				6 038 623	6 135 187

4. Property, Plant and Equipment

	2022			2021		
	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value
	R	R	R	R	R	R
Land and Buildings	34 051 066	(5 282 278)	28 768 788	34 051 066	(3 922 774)	30 128 292
Furniture and fixtures	5 179 723	(2 754 556)	2 425 167	5 142 955	(2 242 834)	2 900 121
Motor vehicles	971 563	(708 552)	263 011	971 563	(611 396)	360 167
Office equipment	3 407 477	(2 500 959)	906 518	3 387 060	(2 295 977)	1 091 083
IT equipment	9 865 882	(4 910 627)	4 955 255	8 044 468	(4 406 618)	3 637 850
Machines	151 713	(130 403)	21 310	151 713	(147 797)	3 916
Billboards	473 000	(94 600)	378 400	473 000	-	473 000
Total	54 100 424	(16 381 975)	37 718 449	52 221 825	(13 627 396)	38 594 429

4. Property, Plant and Equipment - Continued from page 103

Reconciliation of property, plant and equipment - 2022

	Opening Balance	Additions	Disposals	Take On Assets	Other Adjustments	Depreciation	Impairment Loss	Impairment Reversal	Total
	R	R	R	R	R	R	R	R	R
Land and Buildings	30 128 292	-	-	-	-	(1 359 504)	-	-	28 768 788
Furniture and fixtures	2 900 121	35 267	-	1 501	-	(427 559)	(84 163)	-	2 425 167
Motor vehicles	360 167	-	-	-	-	(97 156)	-	-	263 011
Office equipment	1 091 083	-	-	20 417	1 173	(193 094)	(13 061)	-	906 518
IT equipment	3 637 850	1 960 403	(47 319)	2 360	(1 173)	(591 965)	(4 901)	-	4 955 255
Machines	3 916	-	-	-	-	(15 339)	-	32 733	21 310
Billboards	473 000	-	-	-	-	(94 600)	-	-	378 400
	38 594 429	1 995 670	(47 319)	24 278	-	(2 779 217)	(102 125)	32 733	37 718 449

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment Loss	Total
	R	R	R	R	R	R
Land and Buildings	31 487 795	-	-	(1 359 503)	-	30 128 292
Furniture and fixtures	3 241 429	241 525	-	(502 471)	(80 362)	2 900 121
Motor vehicles	457 324	-	-	(97 157)	-	360 167
Office equipment	1 505 125	-	-	(409 290)	(4 752)	1 091 083
IT equipment	2 397 468	1 263 593	(32 159)	29 823	(20 875)	3 637 850
Machines	40 686	-	-	(36 770)	-	3 916
Billboards	236 500	236 500	-	-	-	473 000
	39 366 327	1 741 618	(32 159)	(2 375 368)	(105 989)	38 594 429

Compensation received for losses on property, plant and equipment

	2022	2021
	R	R
IT equipment	30 432	43 009

Property, plant and equipment with a net book value of R47 319 (2021: R32 159) was disposed/lost and a total consideration amounting to R30 432 (2021: R43 009) in the current financial year resulting in a loss/ gain on disposal of R16 887 (2021: R10 850).

Reconciliation of Work-in-Progress March 2021

	Billboards	Total
	R	R
Opening balance	236 500	236 500
Additions/capital expenditure	236 500	236 500
Transferred to completed items	(473 000)	(473 000)
	-	-

4. Property, Plant and Equipment - Continued from page 104

	2022	2021
	R	R
Expenditure incurred to repair and maintain property, plant and equipment		
Buildings	162 989	228 179
Furniture and fixtures	35 799	3 000
IT Equipment	793 292	68 636
Office equipment	37 075	331 676
Machines	8 989	-
	1 038 144	631 491

Reassessment of useful lives

The estimated useful lives of assets (PPE, intangible assets (5) and investment property (3)) were reviewed during the year taking into account changes in circumstances. The effect of the change is recognised in the year in which the estimate is reviewed so that in subsequent years the depreciation cost is consistent with the revised remaining useful life of the asset. Each asset class was evaluated for condition and utilization during the asset verification process.

Take on assets

Aggregate of items valued using deemed cost	24 278	-
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During the physical verification process conducted at year end, management identified assets on the floor that were not in the register. These assets belong to the RBIDZ and have been included in the accounting records. These are labelled as Take on assets in the reconciliation above. These assets were given a deemed cost estimated to be equal to the asset's fair value. The fair value was determined by using the assets condition, current market prices adjusted for CPI and the estimated age of the assets. The cumulative impact in cost is R24 278 and this has been adjusted for in the current year as management has deemed it immaterial to adjust prior year.

Fair value was used as deemed cost as there was sufficient data available to provide accurate base for fair value determination.

5. Intangible Assets

	2022			2021		
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
	R	R	R	R	R	R
Computer software, other	2 671 179	(942 275)	1 728 904	1 278 879	(878 319)	400 560

Reconciliation of intangible assets - 2022	Opening Balance	Additions	Amortisation	Total
	R	R	R	R
Computer software, other	400 560	1 392 300	(63 956)	1 728 904

Reconciliation of intangible assets - 2021	Opening Balance	Additions	Amortisation	Total
	R	R	R	R
Computer software, other	531 237	62 172	(192 849)	400 560

Intangible assets in the process of being constructed or developed**Cumulative expenditure recognised in the carrying value of Intangible assets**

	2022	2021
	R	R
Customer Relationship Management system	1 125 000	-

6. Prepayments

Included in prepayments is a cash balance of R47.3 million (2021: R76.06 million) which is the balance of funds transferred to Shepstone and Wylie for capital contributions (Allumina Alley, Phase 1F Industrial substation, Medway road), purchase price of Phase 1F Land and full service cost for phase 1F. With all the projects now complete, the entity has started the process to facilitate for the funds to be refunded back to RBIDZ.

Prepayments		
	2022	2021
	R	R
Cash balance with Shepstone and Wylie	47 296 271	76 058 462

7. Deposits

The balance relates to rental and electricity deposits paid.

The prior year balance has been restated. Refer to note 37 for detailed disclosure of prior year adjustments.

Deposits split		
	2022	2021
	R	R
Rental	964 440	964 440
Electricity	1 789 673	1 789 673
	2 754 113	2 754 113

Deposits split		
Current	531 516	-
Non-current	2 222 597	2 754 113
	2 754 113	2 754 113

8. Receivables from Exchange Transactions

	2022	2021
	R	R
Trade debtors	18 296 321	7 811 313
Sundry debtors	1 682 479	1 431 979
Creditors with debit balances	-	10 042
Provision for doubtful debts	(14 561 915)	(1 233 026)
	5 416 885	8 020 308

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2022, R821 955 (2021: R4 643 989) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	R	R
1 month past due	821 955	2 866 519
2 months past due	-	1 777 470

Trade and other receivables impaired

As of 31 March 2022, trade and other receivables of R14 561 915 (2021: R1 233 026) were impaired and provided for.

The ageing of these receivables is as follows:

	R	R
Less than 3 months	5 229 972	-
3 to 6 months	3 043 796	25 807
Over 6 months	6 288 147	1 207 219

Reconciliation of provision for impairment of trade and other receivables

	R	R
Opening balance	1 233 026	2 095 586
Provision for impairment/(Reversal of impairment)	13 328 889	(862 560)
	14 561 915	1 233 026

9. Receivables from Non-Exchange Transactions

	2022	2021
	R	R
Government grants and subsidies	-	4 296 918

The prior year balance relates to grant receivable from dtic for the construction of Nyanza Light Metals Top Structure. The balance arose from the accrual of invoice at year end from a supplier over and above the current disbursement from dtic. All other grants are disclosed under conditional grants in note 13.

10. VAT Receivable

	2022	2021
	R	R
VAT	1 623 870	16 182 134

11. Cash and Cash Equivalents

	2022	2021
	R	R
Cash and cash equivalents consist of:		
Cash on hand	169	169
Bank balances	25 372 069	11 195 820
Short-term deposits	660 836 708	610 133 076
	686 208 946	621 329 065

The entity had the following bank accounts

Account Description / Number	Bank Statement Balances			Cash Book Balances		
	31 March 2022	31 March 2021	31 March 2020	31 March 2022	31 March 2021	31 March 2020
	R	R	R	R	R	R
ABSA - current account - 4072219190	25 372 069	11 195 820	22 036 353	25 372 069	11 195 820	22 036 353
ABSA - call account - 9223273582	392 595	380 658	367 999	392 595	380 658	367 999
ABSA - call account - 9305663726	2 148 471	3 330 790	7 367 474	2 148 471	3 330 790	7 367 474
ABSA - call account - 9330654257	46 158 881	44 710 752	43 297 494	46 158 881	44 710 752	43 297 494
ABSA - Dti grant account - 9241181797	70 515 129	28 523 096	155 415 473	70 515 129	28 523 096	155 415 473
ABSA Call - Invest Tracker	110 521 596	116 653 440	-	110 521 596	116 653 440	-
ABSA - call account - 9258960039	2 917 588	2 830 287	47 418	2 917 588	2 830 287	47 418
ABSA - call account - 9310493415	78 726 003	76 144 325	73 399 859	78 726 003	76 144 325	73 399 859
FNB - call account - 62407957755	27 928 065	26 971 815	26 036 046	27 928 065	26 971 815	26 036 046
FNB - call account - 62407956848	9 608 130	9 279 615	8 958 126	9 608 130	9 279 615	8 958 126
FNB - call account - 62689927419	54 640 376	52 769 505	50 938 702	54 640 376	52 769 505	50 938 702
Investec - call account - 50007013249	82 069 087	79 259 065	106 014 968	82 069 087	79 259 065	106 014 968
Investec - call account - 500011909214	25 563 592	24 688 302	23 831 758	25 563 592	24 688 302	23 831 758
Nedbank - 03/7881104074/0002	100 648 344	97 247 981	93 686 546	100 648 344	97 247 981	93 686 546
Nedbank - 03/7881104074/0003	48 998 851	47 343 445	45 609 624	48 998 851	47 343 445	45 609 624
Total	686 208 777	621 328 896	657 007 840	686 208 777	621 328 896	657 007 840

12. Operating Lease Asset (Liability)

	2022	2021
	R	R
Current liabilities	(22 587)	(351 460)

The entity entered into an operating lease for its office building. The lease escalate on an annual basis at the anniversary of the lease.

13. Unspent Conditional Grants

The entity receives two types of grants from dtic (earmarked for capital projects and are conditional) and EDTEA (mainly for operational costs and minor projects and are unconditional), the other distinction between the two is that interest earned on EDTEA grant can be used for operational purposes without any prior approval whereas the interest earned from dtic grants cannot be used without the necessary prior approval.

Unspent conditional grants breakdown		
	2022	2021
	R	R
dtic Interest	61 746 235	59 103 893
Nyanza Light Metals	1 110 418	734 770
Elegant Afro-Line Chemicals	2 997 226	1 523 470
EMV	-	3 521
Nyanza Light Metals Top Structure	1 044 452	-
Elegant Afro-Line Chemicals Top Structure	43 305 000	43 305 000
Phase 1A Electrical upgrade	110 963 379	117 069 557
Bright Ideas	-	736 000
Prostar Paint Top Structure	10 320 597	-
	231 487 307	222 476 211
Reconciliation of dtic unspent conditional grants		
Balance at the beginning of the year	222 476 211	233 504 644
Additions during the year	48 439 160	-
Grant applied during the year	(43 676 664)	(24 465 030)
Reclassification (from)/to receivables	(4 296 918)	4 296 918
Interest accrued	8 545 518	9 139 679
	231 487 307	222 476 211

14. Provisions

Reconciliation of provisions - 2022					
	Opening Balance	Additions	Utilised During The Year	Reversed During The Year	Total
	R	R	R	R	R
Provision for leave pay	3 164 727	2 088 136	(1 351 513)	-	3 901 350
Performance bonus	2 997 315	-	(1 632 454)	(1 364 861)	-
Other provisions	8 664 645	2 311 815	(3 439 529)	-	7 536 931
	14 826 687	4 399 951	(6 423 496)	(1 364 861)	11 438 281

Reconciliation of provisions - 2021				
	Opening Balance	Additions	Utilised During The Year	Total
	R	R	R	R
Provision for leave pay	1 831 391	2 004 929	(671 593)	3 164 727
Performance bonus	2 997 315	-	-	2 997 315

14. Provisions - Continued from page 108

Other provisions	10 063 680	2 235 391	(3 634 426)	8 664 645
	14 892 386	4 240 320	(4 306 019)	14 826 687

	2022	2021
	R	R
Non-current liabilities	-	-
Current liabilities	11 438 281	14 826 687
	11 438 281	14 826 687
Other provisions		
Litigation claims	5 486 757	5 486 757
COIDA	1 109 463	1 158 581
Retentions	940 711	2 019 307
	7 536 931	8 664 645

15. Deposits

This balance represents rental and utility deposits paid by our customers as per the lease agreement:

Rental and utility deposits		
Deposits - non-current	1 823 210	73 210
Deposits - current	-	85 003
	1 823 210	158 213

16. Payables from Exchange Transactions

Trade payables	6 756 492	15 156 965
Other payables	124 971	69 809
Accrued expenses	409 101	179 498
Debtors with credit balances	1 418	1 739
	7 291 982	15 408 011

The prior year figures have been restated and detailed disclosure of the adjustment is provided in note 37.

17. Revenue

Rental of facilities and equipment	13 792 757	7 331 263
Management fee income	2 730 529	2 077 263
Bursary Recovery	-	62 500
Sundry income	88 429	132 684
Tender Fee income	172 979	155 391
Finance Income	16 574 068	18 944 849
Government grants & subsidies	136 884 490	100 060 238
	170 243 252	128 764 188

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	13 792 757	7 331 263
Management fee income	2 730 529	2 077 263
Bursary Recovery	-	62 500
Sundry income	88 429	132 684
Tender Fee income	172 979	155 391
Finance income	16 574 068	18 944 849
	33 358 762	28 703 950

17. Revenue - Continued from page 109

	2022	2021
	R	R
The amount included in revenue arising from non-exchange transactions is as follows		
Transfer revenue		
Government grants & subsidies	136 884 490	100 060 238

18. Rental of Facilities and Equipment

Premises		
Rental of facilities	13 792 757	7 331 263

19. Finance Income

Interest revenue		
Interest charged on trade debtors	610 418	360 486
Bank	15 963 650	18 584 363
	16 574 068	18 944 849

20. Government Grants & Subsidies

Operating grants		
EDTEA	93 207 826	75 717 391
Capital grants		
dtic (Grant applied)	43 676 664	24 342 847
	136 884 490	100 060 238

21. Employee Related Costs

Basic	46 868 667	40 864 987
Bonus provision	(1 364 861)	-
UIF	130 129	107 902
SDL	454 449	253 072
Leave pay provision charge	1 018 387	1 409 949
Overtime payments	5 116	9 340
Cellphone Allowance	335 700	272 350
	47 447 587	42 917 600

Included in the above employee related costs is remuneration for the following key management personnel:

Chief Executive Officer - (Appointed 01/07/2020)

Annual Remuneration	2 641 492	1 933 876
Back pay	189 798	-
Contributions to UIF and SDL	28 712	15 432
Cellphone allowance	18 000	12 000
	2 878 002	1 961 308

21. Employee Related Costs - Continued from page 110

	2022	2021
	R	R
Acting Chief Executive Officer - End of secondment (30/06/2020)		
Acting allowance	-	575 295
Chief Operations Officer - Appointed 01/08/2021		
Annual Remuneration	1 102 281	-
Back pay	21 083	-
Contributions to UIF and SDL	11 999	-
Cellphone allowance	12 000	-
	1 147 363	-
Chief Financial Officer - (Appointed 05/11/2018)		
Annual Remuneration	1 395 800	1 362 515
Back pay	111 533	-
13th cheque	-	75 695
Contributions to UIF and SDL	17 364	15 768
Cellphone allowance	18 000	17 200
Acting allowance (CEO)	101 332	506 661
Performance bonus	47 688	-
	1 691 717	1 977 839
Executive Manager - Business Development and Support (Appointed 01/05/2020)		
Annual Remuneration	1 395 800	1 248 972
Acting allowance (EM: ZDO)	-	79 480
Back pay	107 786	-
Contributions to UIF and SDL	16 311	9 700
Cellphone allowance	18 000	15 900
	1 537 897	1 354 052
Executive Manager - Zone Development and Operations - (Appointed 01/02/2021)		
Annual Remuneration	1 357 782	220 901
Back pay	72 046	-
Contributions to UIF and SDL	15 597	2 382
Cellphone allowance	18 000	3 000
	1 463 425	226 283

21. Employee Related Costs - Continued from page 111

	2022	2021
	R	R
Executive Manager - Corporate Services (Appointed 11/10/2021)		
Annual Remuneration	646 095	-
Back pay	7 289	-
Contributions to UIF and SDL	7 235	-
Cellphone allowance	9 000	-
	669 619	-

Executive Manager - Corporate Services (Resigned 31/12/2020)		
Annual Remuneration	-	1 216 180
Acting allowance (EM: BDS)	-	13 513
Performance Bonuses	56 755	-
Contributions to UIF and SDL	1 815	7 627
Cellphone allowance	-	12 700
Termination leave	124 717	-
	183 287	1 250 020

The employee's termination leave payout was withheld until her new employer paid, on her behalf, the bursary owed to RBDZ. The bursary recovery was invoiced in the prior year. Refer to note 17.

Employee was entitled to a performance bonus which was approved in the current financial year and paid out in July 2021.

Executive Manager - Zone Development and Operations - (Appointed 01/05/2020, Resigned 10/07/2020)		
Annual Remuneration	-	234 054
Contributions to UIF and SDL	-	446
Cellphone allowance	-	2 600
Termination leave	-	10 155
	-	247 255

Acting Chief Operations Officer (01/12/2020 to 31/03/2021)		
Annual Remuneration	-	243 328
Acting Allowance	-	282 546
Contributions to UIF and SDL	-	5 670
Cellphone allowance	-	6 000
	-	537 544

The amounts above reflects remuneration paid to the employee during the acting period only.

21. Employee Related Costs Continued from page 112

	2022	2021
	R	R
Acting Chief Operations Officer (up to 30/11/ 2020 and from 1/04/2021 to 31/07/2021)		
Annual Remuneration	309 154	463 731
Acting allowance	216 720	289 228
Performance Bonuses	64 922	-
Contributions to UIF and SDL	6 192	4 782
Cellphone allowance	6 000	8 600
	602 988	766 341

The amounts above reflects remuneration paid to the employee during the acting period only.

Acting Chief Financial Officer (01/11/2020 to 30/04/2021)		
Annual Remuneration	75 000	375 000
Acting allowance	38 542	192 715
Contributions to UIF and SDL	1 224	6 121
Cellphone allowance	1 500	7 500
	116 266	581 336

The amounts above reflects remuneration paid to the employee during the acting period only.

Acting Executive Manager - Corporate Services (04/01/2021 to 10/10/2021)		
Annual Remuneration	636 416	272 750
Acting allowance	122 622	24 942
Performance Bonuses	76 370	-
Contributions to UIF and SDL	9 077	3 255
Cellphone allowance	10 500	3 750
	854 985	304 697

The amounts above reflects remuneration paid to the employee during the acting period only.

22. Depreciation and amortisation

Property, plant and equipment	2 779 217	2 375 368
Investment property	29 301 106	27 094 259
Intangible assets	63 957	192 849
	32 144 280	29 662 476

	2022	2021
	R	R

23. Impairment loss

Impairments

Property, plant and equipment	69 392	276 403
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During asset verification exercise, a conditional assessment was conducted for each asset. Assets with poor, very poor and scrap conditions were impaired. The RBIDZ has adopted depreciated replacement cost method for determining impairment of assets in use.

Refer to note 3 and 4 for the detailed breakdown of the impairment per each asset class.

24. Finance Costs

Interest and penalties charged by SARS	-	6 629
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25. Lease Rentals on Operating Lease

Premises

Contractual amounts	2 870 385	4 053 678
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Included in the above rentals are operating lease rentals at straight-lined amounts of R328 783 (2021: R512 319).

26. Debt Impairment

Debt impairment/(Reversal of debt impairment)	13 328 889	(862 560)
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Refer to note 8 for detailed disclosure of the debt impairment.

27. General Expenses

	2022	2021
	R	R
Advertising	1 386 210	871 083
Assessment rates and municipal charges	2 860 417	4 041 074
Auditors remuneration	1 542 872	1 063 739
Bank charges	42 227	37 611
Bursaries	752 341	8 685
COVID	1 109 463	1 158 581
CSI Expenses	1 890 587	3 519 928
Cleaning	826 439	747 559
Commission paid	80 753	183 776
Consulting and professional fees	8 765 761	5 990 450
Contributions to Fidelity Fund	74 233	181 980
Directors' fees	1 612 975	1 823 784

27. General Expenses - Continued from page 114

	2022	2021
	R	R
Electricity	6 282 058	7 711 231
Employee wellness	34 405	36 384
Entertainment	686 199	249 535
Foreign exchange gains and losses	2 116	27 073
IT expenses	56 932	21 728
Insurance	1 323 411	1 186 719
Marketing	1 012 699	199 902
Motor vehicle expenses	88 674	24 671
Office accessories	-	12 458
Printing and stationery	173 309	146 523
Project expenses	-	2 737 502
Recruitment Fees	226 624	553 975
Repairs and maintenance	7 076 767	6 766 678
SMME Development	3 382 865	3 111 237
Security	3 057 324	2 740 708
Staff welfare	75 955	63 005
Subscriptions and membership fees	3 490 940	3 766 299
Telephone and fax	753 022	873 299
Training	609 392	354 371
Travel - international	313 929	-
Travel - local	800 200	305 107
Venue expenses	814 394	104 238
Water	456 664	51 922
	51 662 157	50 672 815

28. Auditors' Remuneration

	2022	2021
	R	R
Fees	1 542 872	1 063 739

The total audit fees above includes both fees paid to external and internal auditors during the year, breakdown is provided below:

Auditors' remuneration split		
External	1 219 682	795 007
Internal	323 190	268 732
	1 542 872	1 063 739

2022

2021

R

R

29. Taxation

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28,00 %	28,00 %
Exempt income	(54,00)%	(58,00)%
Disallowable charges	26,00 %	30,00 %
	- %	- %

Grant income and finance income are exempt for income tax purposes. All expenses that are funded by exempt income are also not deductible. The entity has therefore claimed deductions to the extent that it is linked to taxable income. No provision has been made for 2022 tax as the entity has no taxable income.

The probability of entity realising the deferred tax benefit is remote, deferred tax asset has therefore not been recognised in the current and prior years. Management will assess if there is a change in the income structure which may result in taxable income on a regular basis.

30. Operating Surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	2 870 385	4 053 678
(Loss) /gain on sale of property, plant and equipment	(16 887)	10 850
Impairment on property, plant and equipment and investment property	69 392	276 403
Amortisation on intangible assets	63 957	192 848
Depreciation on property, plant and equipment	2 779 217	2 375 368
Depreciation on investment property	29 301 106	27 094 258
Employee related costs	47 447 587	42 917 600

31. Cash (used in) / Generated from Operations

Surplus	22 703 675	2 047 997
Adjustments for:		
Depreciation and amortisation	32 144 280	29 662 476
Loss / (Gain) on disposal of assets	16 887	(10 850)
Sundry income	(24 277)	-
Impairment loss	69 392	276 403
(Reversal of debt impairment)/Debt impairment	13 328 889	(862 560)
Movements in operating lease assets and accruals	(328 873)	-
Movements in provisions	(3 388 406)	(65 699)

31. Cash (used in) / Generated from Operations - Continued from page 116

	2022	2021
	R	R
Changes in working capital:		
Receivables from exchange transactions	(10 735 830)	(3 920 069)
Receivables from non-exchange transactions	4 296 918	(4 296 918)
Prepayments	28 762 191	(3 245 438)
Payables from exchange transactions	(8 105 667)	(22 787 073)
VAT Receivable	14 558 264	2 314 257
Unspent conditional grants	9 011 096	(11 028 433)
Deposits payable	1 664 997	68 210
	103 973 536	(11 847 697)

32. Financial Instruments Disclosure

Categories of financial instruments

March 2022

Financial assets			
	At Amortised Cost	At Cost	Total
	R	R	R
Receivables from exchange transactions	5 416 885	-	5 416 885
Cash and cash equivalents	-	686 208 946	686 208 946
Prepayments	-	47 296 271	47 296 271
	5 416 885	733 505 217	738 922 102

Financial liabilities		
	At Amortised Cost	Total
	R	R
Payables from exchange transactions	7 291 982	7 291 982
Unspent conditional grants	231 487 307	231 487 307
	238 779 289	238 779 289

Residual interest		
	At Cost	Total
	R	R
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	151 201 000

32. Financial Instruments Disclosure - Continued from page 117

	2022	2021
	R	R
Financial assets		
	At Amortised Cost	At Cost
	Total	
	R	R
Receivables from exchange transactions	8 020 308	-
Receivables from non-exchange transactions	4 296 918	-
Cash and cash equivalents	-	621 329 065
Prepayments	-	76 058 462
	12 317 226	697 387 527
		709 704 753
Financial liabilities		
	At Cost	Total
Payables from exchange transactions	15 408 011	15 408 011
Unspent conditional grants	222 476 211	222 476 211
	237 884 222	237 884 222
Residual interest		
	At Cost	Total
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	151 201 000

33. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
	2022	2021
	R	R
• Investment property	38 313 829	49 869 516
• Intangible assets	732 790	-
	39 046 619	49 869 516
Total capital commitments		
Already contracted for but not provided for	39 046 619	49 869 516
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational expenditure	47 831 436	14 053 663
Total operational commitments		
Already contracted for but not provided for	47 831 436	14 053 663

	2022	2021
	R	R
Total commitments		
Authorised capital expenditure	39 046 619	49 869 516
Authorised operational expenditure	47 831 436	14 053 663
	86 878 055	63 923 179

This committed expenditure relates to property and operational expenditure and will be financed by available retained surpluses, existing cash resources, funds internally generated, grants received etc.

Operating leases - as lessee (expense)		
Minimum lease payments due (excl VAT)		
- within one year	1 550 996	2 366 559
- in second to fifth year inclusive	798 085	-
	2 349 081	2 366 559

Operating lease payments represent rentals payable by the entity for certain of its office administration building. Leases are negotiated for an average term of five years and rentals are variable with a fixed annual escalation. No contingent rent is payable.

34. Contingencies

No contingent liabilities exist at the end of the current reporting period.

35. Related Parties

Relationships		
Directors	Refer to directors' emoluments in note 36 Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs Refer to disclosure in note 21	
Controlling entity		
Members of key management		
Related party balances		
Grants receivable		
dtic	-	4 296 918
Unspent conditional grants		
dtic	(231 487 308)	(222 476 211)
Related party transactions		
Administration fees paid to (received from) related parties		
Directors fees	1 612 975	1 823 784
Professional fees (Dube Tradeport)	60 950	-
Travel and accommodation (DIRCO)	120 593	-
Grant income		
EDTEA	(93 207 826)	(75 717 391)
dtic (Grant applied)	(43 676 664)	(24 342 847)

36. Directors' Emoluments - Continued from page 115

36. Directors' Emoluments

Executive

The only two executive directors are the Chief Executive Officer and the Chief Financial Officer and their remuneration is disclosed in note 21.

Non-executive**2022**

	Members' Fees	Committees Fees	Total
	R	R	R
Mr M Clark	193 720	-	193 720
Dr S Ngcobo	319 996	45 485	365 481
Ms S Mangole	-	-	-
Ms M Mashiteng	-	-	-
Mr E Mbatha	147 994	97 652	245 646
Cllr M Mhlongo	-	-	-
Ms M Ndlovu	-	-	-
Mr S Hlophe	117 122	143 856	260 978
Ms C Vilakazi	147 994	71 254	219 248
Mr S Zondi	61 922	46 518	108 440
Mr S Mchunu	106 712	-	106 712
Mr S Mdlalose	-	-	-
Ms S Skosana	96 875	15 875	112 750
Mr J Weapond	-	-	-
	1 192 335	420 640	1 612 975

2021

	Members' Fees	Committees Fees	Total
	R	R	R
Mr M Clark	504 370	-	504 370
Dr S Ngcobo	138 930	103 397	242 327
Ms S Mangole	-	-	-
Ms M Mashiteng	-	-	-
Mr E Mbatha	170 533	143 834	314 367
Cllr M Mhlongo	-	-	-
Ms M Ndlovu	-	-	-
Mr S Hlophe	164 493	113 712	278 205
Ms C Vilakazi	147 442	95 169	242 611
Mr S Zondi	158 193	83 711	241 904
	1 283 961	539 823	1 823 784

37. Prior-year Adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Reconciliation of property, plant and equipment - 2022

2021

	Note	As Previously Reported	Correction of Error	Re-Classification	Restated
		R	R	R	R
Deposits receivable - non current		1 354 113	1 400 000	-	2 754 113
Operating lease liability		-	-	(351 460)	(351 460)
Payables from exchange transactions		(15 759 474)	-	351 460	(15 408 014)
Accumulated surplus (opening balance)		(1 068 372 254)	(1 400 000)	-	(1 069 772 254)
		(1 082 777 615)	-	-	(1 082 777 615)

Errors

The following prior period errors adjustments occurred:

Correction of Utility deposits incorrectly expensed

During the year, management identified that refundable utility deposits paid in the prior years were incorrectly expensed in the accounting records instead of being raised as an asset. The adjustments resulted in an increase in deposits receivable of R1 400 000 (Non-current assets) an increase in accumulated surplus of R1 400 000.

Reclassifications

In the prior year financial statements, payables from exchange transactions included operating lease payable. This has been separately disclosed on the face of the statement of financial position to enhance disclosure as this is separately disclosable item. This reclassification resulted in a decrease in payables from exchange transactions of R351 460 and an increase in operating lease liabilities of R351 460.

38. Comparative Figures

Comparative figures have been restated and these are outlined in note 37.

39. Risk Management

Financial Risk Management

Liquidity Risk

The entity's exposure to liquidity risk is very minimal as it is 100% funded by the EDTEA (operations) as well as the dtic (special infrastructure projects). Budgets are approved at the beginning of each fiscal year and funding agreements concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities for raising income to ensure the sustainability of the organisation and to reduce grant dependency.

Credit Risk

The entity does not have a significant debtors book, as a result, its exposure to credit risk is minimal. Defaulting debtors have been provided for as per debt management policy. The cash and cash equivalents are deposits which are placed with A1 rating financial institutions. The entity limits its exposure by dealing with well-established financial institutions. The entity does not have significant exposure to an individual debtor or counter-part.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
	R	R
Trade debtors	18 296 321	7 811 313
Cash and cash equivalents	686 208 946	621 329 065

39. Risk Management - Continued from page 120

Market risk**Interest rate risk**

Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds but monitors the fluctuations in interest rates and obtains advice from bank officials on a regular basis. Further the entity doesn't have any interest bearing liabilities in its books.

Foreign exchange risk

The entity doesn't have significant exposure to foreign exchange risk as foreign denominated transactions are ad hoc. Transactions are recognised using the spot rate on transaction date and balances are revalued to closing rate at each reporting date. Management will monitor the number and value of foreign transactions and a decision will be taken on whether to hedge the foreign exchange rate or not.

40. Going Concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of R1 094 523 927 and that the entity's total assets exceed its liabilities by R1 245 724 927.

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

41. Events After the Reporting Date

The following material events occurred after year end but before the financial statements were authorised for issue. These transactions have been adjusted for in the financial statements as adjusting events after reporting date:

Condonation of irregular expenditure – approval for condonation of irregular expenditure was received from the Provincial Treasury and an adjustment of R2 476 217 was processed. Refer to note 43 for full disclosure.

Recovery of fruitless and wasteful expenditure – an objection lodged with SARS was successful resulting in penalties and interest previously levied being recovered. Interest and penalties amounting to R1 043 733 were recovered and disclosure of fruitless and wasteful expenditure has been updated. Refer to note 42.

42. Fruitless and Wasteful Expenditure

	2022	2021
	R	R
Opening balance	1 114 315	1 329 090
Add: Fruitless and wasteful expenditure identified - current	31 929	6 629
Less: Amount recovered	(1 043 733)	-
Less: Amount written off	(63 953)	(221 404)
Closing balance	38 558	1 114 315

Fruitless and wasteful expenditure is presented inclusive of VAT

While the investigation of the cause of the late submission of VAT201 in 2017 that resulted in interest and penalties being levied by SARS was ongoing, it was identified that Output VAT at standard rate may have been incorrectly declared in 2017. The March 2017 return was reviewed and resubmitted to SARS with the correct output VAT. As at reporting date, SARS had not indicated whether the resubmitted return would be successful or not. An objection was also lodged on the interest and penalties charged on the incorrect return submission. A positive outcome from SARS will result in the reduction of the interest and penalties charged on the late submission.

During the year, the accounting officer approved the write off of fruitless and wasteful expenditure to the value of R63 953 (2021: R221 404) that was deemed not recoverable.

Event after reporting date:

The objection lodged with SARS by year end on the interest and penalties levied in the 2017 return was finalized by the SARS subsequent to year end and was successful resulting in an amount of R1 043 733 being recovered.

43. Irregular Expenditure

	2022	2021
	R	R
Opening balance	2 250 020	-
Add: Irregular Expenditure - current	517 303	2 250 020
Less: Irregular expenditure condoned	(2 476 217)	-
Closing balance	291 106	2 250 020

Fruitless and wasteful expenditure is presented inclusive of VAT

As at reporting date, investigations had been finalised for the expenditure to the value of R2 476 217 (Incl VAT) and the matter submitted to Provincial Treasury requesting condonation.

Event after reporting date

The Provincial Treasury approved the condonation of irregular expenditure amounting to R2 476 217 (Incl VAT) subsequent to year end. Disclosure has been updated to reflect this adjusting event after reporting date

Incidents/cases identified/reported in the current year include those listed below:

Expenditure incurred exceed approved amount	226 197	2 250 020
Awarded bidder not meeting pre-qualifying criteria	228 706	-
Non-compliance with local content requirements	62 400	-
	517 303	2 250 020

SCHEDULE

Forms of Regulation

Broad-Based Black Economic Empowerment Commision Form: B-BBEE 1

LEVEL: 4

Compliance report by sphere of government, public entities, organs of state or company listed on the Johannesburg Stock Exchange (in terms of section 13g (2) of the act).

Section A: Details of Entity

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

Section B: Information as Verified by the Broad- Based Black Economic Empowerment Verification Professionals as Per the Scorecards

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	n/a	n/a	n/a
Management Control	20	0	15,34
Skills Development	25	0	10,20
Enterprise and Supplier Development	50	2	52,00
Socio Economic Development	5	0	5,00
Total Score	100		82,54
Priority Elements Achieved	YES/ NO and Specify them		n/a
Empowering Supplier Status	YES/ NO and Specify them		Yes
Final B-BBEE Status Level			4

Section C: Financial Report

Basic accounting details:

- Accounting Officer's name: Thabane Wiseman Zulu
- Address: RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay
- Accounting Policy: Monthly/ Quarterly, Annually
- The Annual Financial Statements and Annual Report were approved by the entity at the Board meeting on the 29th of July 2022.

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
BIS	Black Industrialist Scheme
BoD	Board of Directors
BWO	Black Women-Owned
BYO	Black Youth-Owned
CCA	Customs Control Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
COVID-19	Coronavirus of 2019
CSI	Corporate Social Investment
CR	Corporate Services
dtic	Department of Trade, Industry and Competition
EDTEA	Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EM	Executive Manager
EKZNW	Ezemvelo KwaZulu-Natal 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
MW	Megawatts
NDP	National Development Plan
OCEO	Office of the CEO
PDGP	Provincial Development Growth Plan
PTDC	Product Testing and Development Centre
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
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 and Micro-Enterprises
Stats SA	Statistics South Africa
TR	Treasury Regulations
WUL	Water Use Licences
ZDO	Zone Development and Operations

NOTES





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