

ANNUAL REPORT

2023|24

where green
tech grows



atlantis

special economic zone
cape town



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PART A

GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

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REGISTERED NAME

Atlantis Special Economic Zone Company SOC LTD
Registration Number: 2018/587778/30

PHYSICAL ADDRESS

Atlantis Foundries
William Gourlay Road
Atlantis Industrial
Cape Town

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EXTERNAL AUDITORS

Auditor-General of South Africa
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Century City

BANKERS

NEDBANK
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91 Jan Smuts Drive
Pinelands, Cape Town, 7441

COMPANY SECRETARY

Fredelaine Williams

LIST OF ABBREVIATIONS

3D	Provincial Business Enterprise as defined in section 3D of the PFMA
AGSA	Auditor-General of South Africa
AIRC	Audit, IT and Risk Committee
ASEZCo	Atlantis Special Economic Zone State Owned Company Limited
ASEZ	Atlantis Special Economic Zone
B-BBEE	Broad-Based Black Economic Empowerment
C&I	Commercial and Industrial
CCA	Customs Control Area
CoCT	City of Cape Town
CHEC	Cape Higher Education Consortium
CIPC	Companies and Intellectual Property Commission
CSIR	Council for Scientific and Industrial Research
CSN	Community Stakeholder Network (Atlantis)
CSP	Concentrated Solar Power
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DFI	Development Finance Institution
dti	Department of Trade and Industry and Competition (Formerly Department of Trade and Industry)
dtic	Department of Trade, Industry and Competition
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
EIP	Eco-Industrial Park
EIR	Environmental Impact Report
EMPr	Environmental Management Programme
ESG	Environmental, Social and Governance
EST	Environmentally sound technologies
G4J	Growth for Jobs
GBCSA	Green Building Council of South Africa
GDP	Gross Domestic Product
GIZ	German International Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GTAC	Government Technical Advisory Centre
GTMEC	Greentech Manufacturing Evaluation Committee (of the CoCT)
IAG	Infrastructure Advisory Group
ICT	Information and Communication Technology
ICN	International Cleantech Network
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IES	Integrated Ecosystem (addressing community, jobs, skills, and enterprise development)
IRP	Integrated Resource Plan
IWG	Infrastructure Working Group (sub-committee of CSN)
KPI	Key Performance Indicator

LED	Light Emitting Diode (light bulb)
LNG	Liquid Natural Gas
MEC	Member of the Executive Council
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NCPC	National Cleaner Production Centre
NDA	Non-Disclosure Agreement
NDP	National Development Plan
NT	National Treasury
OEM	Original Equipment Manufacturer
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PT	Provincial Treasury
PV	Photovoltaic
RECP	Resource Efficient Cleaner Production
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RFP	Request for Proposal
RMIPPPP	Risk Mitigation Independent Power Producer Procurement Programme
RPL	Recognition of Prior Learning
SARS	South African Revenue Service
SAREBI	SEDA Atlantis Renewable Energy Business Incubator
SARETEC	South African Renewable Energy Technology Education Centre
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SDGs	Sustainable Development Goals
SIP5	Strategic Integrated Project 5 of the National Infrastructure Plan
SMME	Small Medium and Micro Enterprise
SOC	State-Owned Company
SSEG	Small Scale Embedded Generation
TISA	Trade and Investment South Africa
TNPA	Transnet National Ports Authority
TPT	Transnet Ports Terminal
UWC	University of the Western Cape
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
VIPs	Vision Inspired Priorities (Western Cape Province)
WCG	Western Cape Government
WISP	Western Cape Industrial Symbiosis Programme
WWTW	Wastewater Treatment Works

FOREWORD BY THE CHAIRPERSON

“ WE ARE BUILDING STRONG
RELATIONSHIPS WITH
SCHOOLS TO DEEPEN THE
UNDERSTANDING OF GREEN
TECHNOLOGY, SUSTAINABILITY,
AND FUTURE PATHWAYS FOR
YOUNG PEOPLE.

SALIEM FAKIR
Board Chairperson



INTRODUCTION

The 2023/24 Annual Report of the Atlantis Special Economic Zone for Green Technologies (ASEZ) reflects a remarkably positive and productive year – a successful year in the face of fiscal constraints and economic headwinds.

Before going further, let me acknowledge the important role played by the previous Chairperson of the Atlantis SEZ Board, Ms Jo-Ann Johnston. Ms Johnston chaired the Board from its inception. Under her guidance and direction, the Atlantis SEZ has moved from an idea into an entity making steady progress and impact. Indeed, her involvement goes back to the role played by the WC Department of Economic Development and Tourism in catalysing the programme with the national dtic and the City of Cape Town. Thank you, Ms Johnston, and it is good to know you still serve on the Board and we are able to call on your support and guidance.

I assumed the role of Chairperson in January 2024 although I have been on the Board since 29 May 2022. While the work of building the African Climate Foundation has been demanding, I decided, after some deliberation, to embrace the role of Chairperson. I did so because I wholeheartedly believe in the vision and mission of this green technology-focused zone.

New manufacturing opportunities are emerging for the private sector within the green economy. Exciting times lie ahead, and the Atlantis SEZ is well-positioned to support private-sector investment and growth in the core green technology sectors. My primary focus as Chairperson will be targeting and driving private sector investment into the zone and the broader economy. That lies at the heart of building a successful project and making a positive impact on the community and regional economy. This is where growth and jobs will come from.

OVERVIEW OF THE ATLANTIS SEZ COMPANY STRATEGY AND PERFORMANCE OF THE ENTITY IN THIS GREENTECH SEZ SECTOR

It is important to reiterate that the greentech ethos of the ASEZ is underpinned by three core principles – supporting social inclusion, reducing carbon emissions and driving resource-efficient and cleaner production. Taken together, these principles will directly support the transition to a sustainable future. By working with these principles, the Atlantis SEZ works with partners in the investment promotion space. It is a location capable of accommodating manufacturing industries that meet the growing demand for renewable energy, energy storage and agricultural processing, amongst others. In the hands of Wesgro, Invest Cape Town, or Invest SA it represents a valuable asset to our green economy investment objectives. For the local community and growing small enterprises, it offers opportunities for skills and enterprise development. To unlock these opportunities, we need a conducive operating environment.

This is true of the Atlantis SEZ as well as for other manufacturers in the country. To give specific examples – load-shedding and logistics.

The impact of load-shedding, combined with various policy and regulatory changes supporting investment in renewable energy, has led to a massive growth in demand for solar and wind power from the private sector. It is unfortunate that most of the demand for these components has been met through imports. This represents a significant domestic market where we could have expanded our local manufacturing capabilities. Achieving this requires regulatory and fiscal support to encourage domestic manufacturing. The 10% duty on solar panels is not enough to protect and/or catalyse local manufacturing, but is a step in the right direction, encouraging OEMs to bolster their investment decisions when comparing locations. However, localisation targets in the Renewable Energy Independent Power Producer Programme (REIPPP) were dropped, reflecting a missed opportunity for

South Africa to grow its green industrial base. We need to do more to create a supportive, stable, and certain policy and regulatory environment when it comes to renewable energy components and their manufacture.

Logistics have also been a challenge. Congestion at the Port of Cape Town has affected all export and import businesses in the Western Cape, including in Atlantis. Basic infrastructural and technical constraints must be (and can be) resolved if we are to grow the economy. The freight rail link between Atlantis and the Port of Cape Town remains out of commission due to land invasions. An economic asset like that requires concerted action to bring it into operation.

The ability of the dtic's SEZ Fund to support SEZs is also deeply concerning. Minimal funding (R8,6 million) was provided over the 2023-24 period for Atlantis SEZ infrastructure. As a result, the ASEZCo is actively pursuing alternative funding sources.

What is encouraging is that despite these headwinds, the Atlantis SEZ remains a highly attractive investment destination. This is reflected in the growing and active pipeline of investors. By the end of March 2024, this stood at R11 billion in prospective capital investment, with over 1 800 associated jobs. The interest and desire to locate in the SEZ are evident. What remains is the confidence in the broader economic trajectory, which manifests in last-mile funding giving the go-ahead.

This will soon change, especially once the Zone 1 civil infrastructure is completed and work begins on building the first factory. Watch this space. The civil infrastructure project has seen the SEZ meet its targets for local EME/sub-contractor participation. This is an ongoing process and it is expected that some businesses may be disgruntled if they fail to meet the grade. However, the Atlantis SEZ has set its sights on being a world-class investment destination, directly reflected in the quality of its operating environment – both physical and customer-related. I see a team committed to building skills, capacity, and supporting businesses to grow through created opportunities. I am also encouraged by their commitment to professionalism and zero tolerance for poor performance and workmanship. There can be no space for that.

Aligned with this is the value-add to investors that comes from the work of the Integrated Ecosystems team, focusing on skills, enterprise, and community development. This adds the value of a company that is an active citizen and member of its community. The skills being built directly impact the opportunities emerging in the green economy. Nowhere is this better illustrated than in the Science, Technology, Engineering, Arts, and Mathematics (STEAM) programme, where Grade 8 learners selected from all schools in Atlantis receive extra tuition, particularly in building digital skills and literacy. Through this and other related engagements, we are building strong relationships with schools to deepen the understanding of green technology, sustainability, and future pathways for young people. We hope to see these programmes directly supported by businesses in Atlantis as part of their ESG reporting and development.

Of course, none of this would be possible without a strong team and good governance. It is encouraging to see that the executive positions have largely been filled, and the leadership team reflects an experienced, passionate, and committed group capable of delivering on the promises made by the organisation.

The SEZ now has four unqualified audits to its name (all of them, in fact), and its corporate governance policies, frameworks, and systems are well established. All the Board subcommittees are in place, meet as per their mandate, and support the Board in executing its duties. I must thank my fellow board members for their effort and dedication. Their commitment allows for robust discussions and gives me confidence in the decisions we make.

STRATEGIC RELATIONSHIPS

When it comes to strategic relationships, it is important to emphasise a point made earlier. The Atlantis SEZ is part of an ecosystem of agencies and entities dedicated to creating jobs and growing the economy. These ecosystems extend into skilling, enterprise development, infrastructure, operations, and governance. Partnerships and relationships are core to how it works as a place-based intermediary that amplifies impact. The ASEZ teams work with partners to combine their strengths to create jobs and opportunities. In this ecosystem, the ASEZ is an asset in the hands of its partners, whether it is attracting investors to the region, growing investment, exports, and jobs, or pursuing opportunities in the growing green economy.

The importance of social inclusion and building shared value has already been mentioned. The strategic relationship and partnership with the Atlantis community are foundational to our collective success. We have re-elected a new Community Stakeholder Network (CSN) and a new Chairperson, with 11 sector representatives. The CSN is a key conduit for building and sustaining our engagement with the community. Through the CSN, we will focus on creating interventions that address societal needs and challenges to enable transformative economic opportunities that will emanate from the ASEZ.

Furthermore, we are engaging with vocational institutions such as the West Coast College, MerSETA, the Small Enterprise Development Agency (SEDA) and other role players to support the development of artisanal skills. We continue to strengthen relationships with our local ward councillors and the sub-council manager to ensure alignment in our approaches to support the Atlantis community.

Through our work with social partners, we will strengthen a collective sense of ownership and create a more just, prosperous and sustainable Atlantis to promote greater economic participation and social progress.

GreenCape and Wesgro, in particular, remain core partners. Together, the three entities strategically target specific markets and companies to attract green technology manufacturers seeking a favourable location to operate and expand from. GreenCape, Wesgro, and the Atlantis SEZ Company all embarked on an outward mission to the UK to attract investment into the green economy and, most importantly, into the development product of the Western Cape, the Atlantis SEZ. Wesgro organised a promotional information session alongside the Minister of Finance and Economic Opportunities, the MMC for Economic Opportunities in the City of Cape Town, GreenCape and the ASEZCo. Multiple businesses operating in the green economy space throughout Europe and the United Kingdom were invited to participate in the session and enhance their understanding of what the Western Cape and Cape Town have to offer.

GreenCape has significantly contributed to developing an energy security solution for the Atlantis region, including the ASEZCo as a partner in the study. Additionally, their contribution to innovative solar deployment mechanisms may influence how the ASEZCo transacts when installing solar on factory rooftops in the future. This work, funded by Climate Works, is ongoing and scheduled to conclude towards the end of the 2024/25 financial year.

CHALLENGES FACED BY THE BOARD

The key challenges faced by the Board are:

SECURING FUNDING FOR CIVIL INFRASTRUCTURE

There is an ongoing requirement to explore sources of funding to install the civil infrastructure necessary to make the zone development ready. Funding for civil infrastructure in Zone 1 was secured from the dtic's SEZ Fund. An application for funding for Zone 2 and Zone 3 civil infrastructure has also been submitted to the dtic as a first preference. However, the SEZ Programme policy prefers to fund top structures. The ASEZ is working closely with the Western Cape Department of Economic Development and Tourism (DEDAT) and Provincial Treasury to explore funding options. These include various infrastructure funding streams and reaching out to international and local funds. The aim, however, is to work in partnership with the Western Cape Provincial Government (WCG) to tackle this challenge. In parallel, ASEZCo is exploring private sector interest in the unserved land.

BUDGET CUTS

The Board acknowledges the extremely difficult challenges experienced by the country and province. The fiscal dynamics impacted by these challenges necessitate compressing public sector spending over the 2024 Medium-Term Expenditure Framework. The strategy to address these constraints is to optimise its reduced allocated spend without compromising on delivery targets, operating in a cost-effective and sustainable manner while leveraging partners as much as possible. Although this scenario is not ideal, it is the reality. As a listed entity, the Atlantis SEZ will continuously pursue further local and global funds to support its programme activities.

In addition to the above measures for mitigation, the entity's revenue model is driven by rental and solar revenue streams to drive the financial sustainability of the entity and achieve financial independence. A key output for the ASEZCo over the MTEF cycle is investment into commercial revenue streams, requiring the Atlantis SEZ to continuously assess the viability of potential revenue streams and implement those that are financially viable and sustainable.

As ASEZCo moves further into its implementation phase, the budget has factored in the need to reprioritise spending to absorb the operational expansion, including zone operations, security, and maintenance.

MEDIUM TO LONG-TERM GOALS OF THE ENTITY

The Board has embarked on drafting its 2025-2030 strategic plan. This next phase is important as it covers a period when the SEZ must move to full self-sufficiency. This means working with private sector developers and property financiers. It also means pursuing funding, grants, and other opportunities. As zone lands investors, more opportunities for additional revenue streams, such as the sale of energy, will arise.

ACKNOWLEDGEMENTS

Thank you to MEC Wenger and MEC Meyer for the faith that the Western Cape Provincial Government has placed in the SEZ and the team. The results are evident, and we are confident they will grow with each passing year.

A big vote of thanks to the members of the Board: Jo-Ann Johnston, Zukiswa Kimani, Lance William Greyling, Kenosi Pearl Louisa Selane, Dr Leon Jonathan Roman, Marshall Julian Jullies, Matthew Cullinan (CEO) and Waheeda Saib (CFO).

The City of Cape Town and Alderman James Vos remain steadfast supporters and enablers of the ASEZCo – both as shareholders and technical support providers. The ASEZCo works closely with the City on investment, community, and infrastructure projects.

I must also thank and acknowledge the community of Atlantis, the ward councillors, the CSN and its various structures and sector bodies. Thank you for your time and contributions. Together, we are making real progress in creating jobs and opportunities for the people of South Africa.

Many thanks also to our staff. Your ongoing passion, dedication, and commitment to this exciting and relevant project are inspiring. Thank you.

Saliem Fakir

SALIEM FAKIR

Board Chairperson

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

“WE ARE EXTREMELY PLEASED WITH THE PROGRESS MADE IN VERY TOUGH OPERATING CONDITIONS, WHICH HAVE INCLUDED BUDGET CUTS AND STRONG ECONOMIC HEADWINDS.

MATTHEW CULLINAN
Chief Executive Officer



The world, including South Africa, is entering a challenging and exciting time of transition and transformation. We see daily how green technology can support new investments and jobs in fundamentally more sustainable ways. Legislation and new initiatives, such as the Climate Change Act in South Africa and the Green New Deal in the USA, push us in these directions.

The recent promulgation of legislation in the EU around the right to repair, the protection of conservation areas, codification of ESG reporting and targets, and the somewhat controversial carbon border adjustment mechanism (CBAM), reinforces this trend. Growing interest and attention are being given to circular design and processes, as well as carbon-zero manufacturing. Far from being daunting or negative, a sustainable future looks increasingly possible and achievable, along with the exciting ways in which this is possible. In fact, it is opening a whole new world of opportunities and prompting us to think and work in new and innovative ways. We are (daily) growing our global understanding and commitment to this transformation. There is every reason to believe that this future is within our reach and imminently achievable. It needs to be embraced and welcomed.

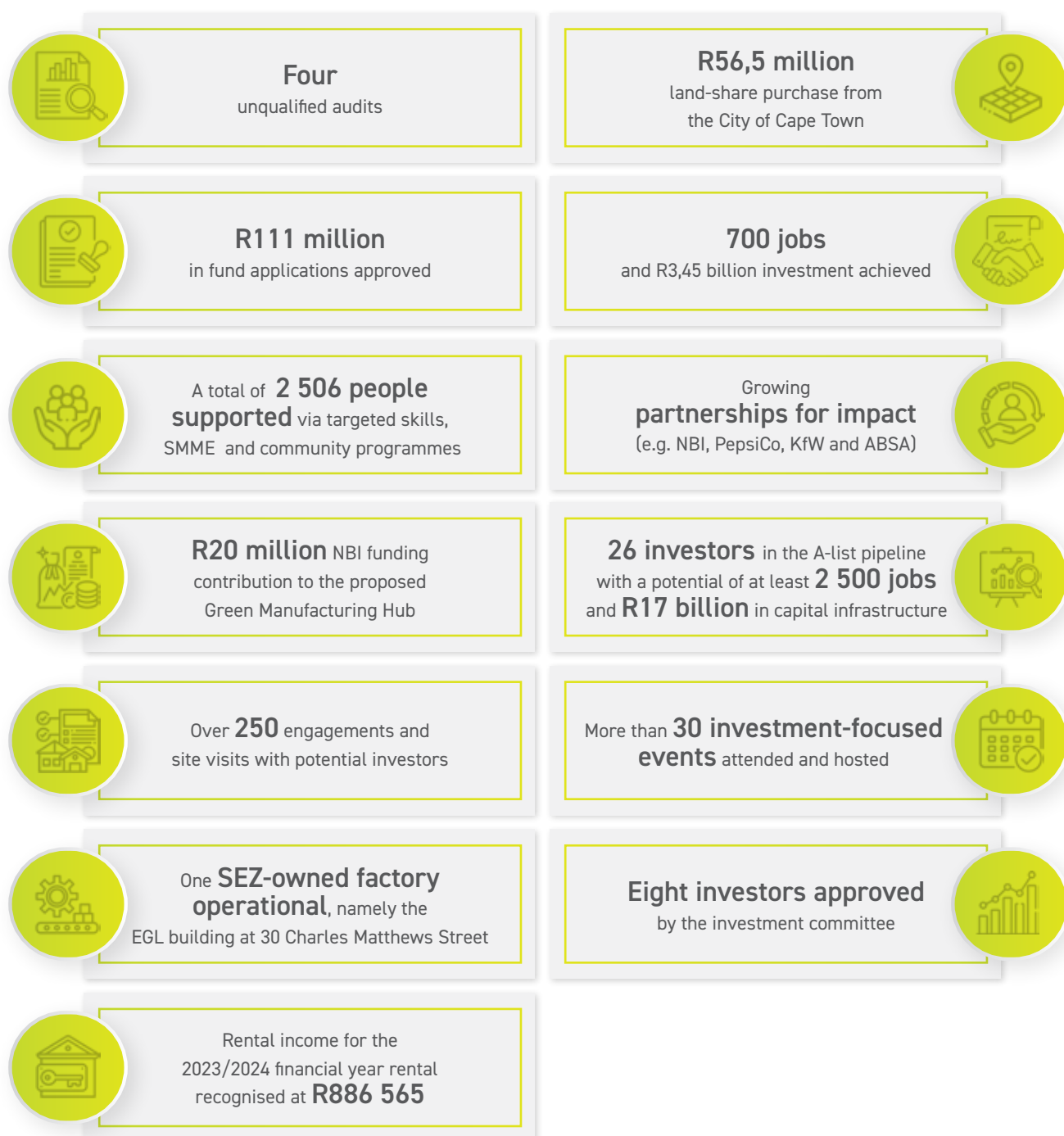
From the perspective of Atlantis SEZ for Green Technologies, we see an economy that will increasingly require sustainable manufacturing processes and systems. This push towards sustainable manufacturing will be driven by the private sector in response to regulatory prompts, consumer preference, and better ways to achieve long-term returns and profit. Technology undoubtedly has a pivotal role to play in this transition and future. What is becoming increasingly apparent and significant is that our approach towards production and products must undergo a major shift.

The Atlantis Special Economic Zone for Green Technologies is founded precisely on this premise. While we target manufacturers whose products and processes support the transition to sustainability (such as solar panels, wind towers and batteries), we are also set up to ensure that the production process supports sustainability goals. In this sense, we have embraced a sustainable future underpinned by sustainable manufacturing.

None of this is possible without a well-governed and managed company – something the ASEZCo prides itself on, as reflected in its continued clean audits. This is the bedrock.

The Atlantis SEZ value proposition is further enhanced by its proximity – 40 km from Cape Town and situated between the Saldanha Bay and Cape Town Ports. With large tracts of undeveloped industrially zoned land and a supportive generic Environmental Management Programme, it is an ideal location to build a purpose-built, green manufacturing facility. It is also a great base from which to compete in Africa's emerging green economy markets.

We are extremely pleased with the progress made in very tough operating conditions, which have included budget cuts and strong economic headwinds. The progress to date, in a nutshell:



We are moving forward at a solid pace and offer a great place to invest, including the following:



Development-ready land: Industrially zoned land, fully serviced, approved environmental management plan, flexible allocation of land customised to tenant needs. Fast and direct road connections to the Port of Cape Town, provision of rooftop solar.



Strong support: ASEZ is a priority of the whole Government and partners. The Western Cape Government (WCG) is a shareholder committed to operations and enabling investment. The City of Cape Town is a shareholder committed to fast-tracking building plans and driving energy security. Facilitated by a green investment ecosystem (Wesgro, Greencape, CoCT, Invest SA) active conference and investment programmes, and investor interest.



Great place to live, work and play: Proximity to high-quality lifestyle, premium lifestyle living, extensive recreation, top-tier schools, and healthcare. Four top-tier and globally recognised universities.



Great infrastructure: Beneficial occupation and favourable lease rates. Energy security (energy curtailment), net-zero carbon goals with incremental solar and storage. Water security – water and aquifer management. Waste management systems.



Growing markets: There are strong and growing South African and African markets for green technology, especially wind, solar and storage. ASEZ provides active support to investors, assisting with skills and labour development, supplier development, and links to government services (SARS and CIPC).



Cluster development focus: Building an enabling ecosystem around renewable energy and storage, and also agri-processing.

GENERAL FINANCIAL OVERVIEW OF THE ATLANTIS SEZ COMPANY (ASEZCO)

ASEZCo received reduced grant funding for the 2023/24 financial year amounting to R34 million (excluding VAT) for operations, and R7,5 million (excluding VAT) for capital projects. The ASEZCo recognised R54 million of these funds as revenue, including amounts deferred from the prior year. The remaining R71 million is committed against contracted goods and services, primarily for the Zone 1 civil infrastructure programme, the Quantum V3 construction, and the EGL Building refurbishment.

SPENDING TRENDS

In anticipation of significant budget cuts expected during the adjustment cycle, spending was curbed and projects were deferred to the next financial year. This strategy aimed to soften the impacts over the Medium-Term Expenditure Framework (MTEF) cycle while meeting operational requirements. The ASEZCo spent R29 million (85%) of its 2023/24 DEDAT operational grant funding and R33 million of its dtic SEZ funds.

CAPACITY CONSTRAINTS

Funding is required for civil infrastructure for Zone 2 and Zone 3 (R389,8 million), including funding for top structures and the Green Manufacturing Hub (R216 million). The ASEZ is exploring alternative funding sources from institutions such as the DBSA, National Treasury BFI (Budget Facility for Infrastructure), IDC, and DFIs. The timely rollout of the civil infrastructure in Zones 2 and 3 is critical for ASEZCo to be investor-ready. An expression of interest (EOI) has been issued for the development, construction, and financing of these zones to gauge private sector interest in partnering with ASEZCo for the necessary infrastructure development.

STAFFING

The ASEZCo organisational staff model remains lean, with experienced staff supported by a robust internship pool and phased-in appointments aligned with the operational expansion. This approach leverages partnerships and networks to maximise impact. The ASEZCo continues to proactively address staffing challenges to enhance project execution capabilities, optimising workforce allocation to ensure critical projects progress smoothly.

A collaborative and inclusive work environment is fostered, encouraging cross-functional teamwork, secondments, and knowledge sharing. This approach not only enhances project outcomes but also empowers employees to contribute their best work, building a resilient and motivated team ready to achieve our strategic goals.

DISCONTINUED KEY ACTIVITIES

Not applicable.

NEW OR PROPOSED KEY ACTIVITIES

The construction momentum will continue into the 2024/2025 financial year, showcasing the top structure construction of the ASEZ's first factory, Quantum V3. Funding of R18 million has been secured, with construction commencing in the new financial year. The Eco-Green Link (EGL) Building, also known as Zone 4, will be refurbished to accommodate the needs of the ASEZ's tenant, Mint & Honey, with R8,6 million secured for this purpose. Additionally, the Atlantis office refurbishment is planned for the second quarter to ensure a comfortable workspace for all staff. Security and landscaping bids for Zone 1 and the EGL Building will be issued in the second and third quarters of the new financial year.

The ASEZCo has developed and begun implementing a board-approved cluster development strategy, focusing on specific targets for promoting the ASEZ. Renewable energy component manufacturing (batteries, inverters, solar panels, wind blades and turbines) and agriculture-related activities have been identified as target sectors. ASEZCo successfully signed a lease with an agri-related business for tenancy in the EGL Building located at 30 Charles Matthews Street. The pipeline of interested investors is growing at a healthy pace, comprising a cross-section of agri and renewable-based companies.

REQUEST FOR ROLLOVER FUNDS

Not applicable to ASEZCo as a 3D business entity.

UNSOLICITED BIDS

No unsolicited bids were awarded during the financial period.

SUPPLY CHAIN MANAGEMENT (SCM) PROCESSES AND SYSTEMS IN PLACE

Supply chain management is crucial to the administration process within the ASEZCo. The resignation of the SCM Specialist, though unexpected, provided an opportunity for growth and development within the unit. The Supply Chain Management Unit operates within the corporate services division. Throughout the period under review, all governance arrangements, including policies, procedures and controls, were consistently and effectively implemented. Local economic empowerment remains the targeted strategy of the supply chain management.

AUDIT REPORT MATTERS OF THE PREVIOUS YEAR

The ASEZCo received an unqualified audit report for the 2023/2024 financial year, with no significant audit report matters to address.

OUTLOOK AND PLANS FOR THE FUTURE

We are embarking on our 2025-2030 strategic plan. This is an exciting process and an opportunity to engage with our shareholders, stakeholders, and partners in jointly shaping the next five years.

THE FUTURE OF GREEN TECHNOLOGY MANUFACTURING LOOKS POSITIVE, AND WE EXPECT TO CAPTURE OPPORTUNITIES WITHIN A CONSTRAINED FISCAL OPERATING ENVIRONMENT. WHILE IT WOULD BE PREMATURE TO DETAIL SPECIFICS HERE, WE CERTAINLY EXPECT FAR GREATER PRIVATE-SECTOR ENGAGEMENT.

We remain confident that once the civils for Zone 1 are complete and a factory is built, this visibility will likely encourage other investors in the pipeline to move forward.

EVENTS AFTER THE REPORTING DATE

The dtic SEZ Fund has confirmed that they have effectively already disbursed their allocation for the 2024-25 financial year. This means that the current requests for funding – some R600 million worth of civil and top structure funding – need to be funded from other sources.

ECONOMIC VIABILITY OF THE ASEZCO

To strengthen the economic viability of the ASEZ, the entity must continue to promote its unique value/market position as the first eco-industrial park/greentech hub on the African continent. This differentiation is vital for targeting specific investments and improving competitiveness. The ASEZCo views the establishment of a local testing facility for renewable components and/or an e-waste recycling facility as tangible steps towards realising the ASEZ vision of "The place where greentech thrives". The ASEZ is currently processing an application for an e-waste facility within the SEZ.

Establishing a local testing facility can further improve economic viability by:

- Position the ASEZ as a hub for greentech development and innovation, differentiating it from competitor SEZs on the continent.
- Providing certification services that are currently limited in South Africa, thereby positioning the ASEZ as a critical step in the greentech value chain.
- Anchoring the objectives of the South African Renewable Energy Masterplan.

The ASEZ's economic viability is further illustrated by the SEZ's ability to drive investment and economic productivity within the Western Cape economy:

- Capital expenditure related to infrastructure in the ASEZ is expected to generate 1 168 jobs in the Western Cape.
- Construction activity related to the phased development of the ASEZ zones is expected to generate R215 million in economic output per annum over six years.
- Economic evaluation of the ASEZ impact indicates that over six years (2024-2029), the average gross value added (GVA) generated is expected to be R100 million per annum.

These points encapsulate the economic viability of the ASEZ, highlighting its potential to make significant contributions to the Western Cape economy.

APPRECIATION

2023-24 was another challenging year in which, along with the whole of government, we needed to absorb substantial budget cuts. These cuts have come at a tough time, but we are ready to scale. Combined with the fact that the dtic SEZ Fund has no funds either, we have had to work hard to build a compelling proposition.

THE GUIDANCE AND SUPPORT PROVIDED BY THE ATLANTIS SEZ BOARD HAS BEEN INVALUABLE IN GUIDING THE ENTITY.

On behalf of myself and the team, I would like to express our appreciation. Importantly, the latter part of the 2023/2024 financial year saw the appointment of the new Board Chairperson, Saliem Fakir, on 15 January 2024. Saliem Fakir is an expert in the fields of climate, geopolitics, and finance economics. He was appointed as the Greentech Director, filling the second DEDAT seat on the ASEZCo Board, bringing a depth of insight into the sector. Fortunately, Jo-Ann Johnston, the ASEZCo's previous Board Chairperson remains on the ASEZCo Board.

I AM HUGELY GRATEFUL FOR THE COMMITTED SUPPORT AND LEADERSHIP PROVIDED BY THE ATLANTIS SEZ EXECUTIVE TEAM. THE ATLANTIS SEZ'S GREATEST RESOURCE IS ITS EXECUTIVE TEAM AND STAFF.

The executive team is highly experienced and passionate about the mission of the Atlantis SEZ – they have kept us moving forward and competitive in tough times. That dedication extends to the whole SEZ Team. Our high level of performance is illustrated by how much has been achieved. I thank each and every one of you.

We work closely with both our shareholders – our majority shareholder and funder – the Western Cape Provincial Government, represented by MEC Dr Meyer (MEC Mireille Wenger for the 2023/24 financial year), and the City of Cape Town represented by Ald. James Vos. These dynamic leaders are constantly working to improve business opportunities and investment. This support extends to the departments and teams they lead and with whom we engage almost daily.

Thank you!



MATTHEW CULLINAN
Chief Executive Officer

STATEMENT OF RESPONSIBILITY

AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I 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 issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully



CULLINAN, PATRICK MATTHEW
CEO



FAKIR, MOHAMED SALIEM
Chairperson

STRATEGIC OVERVIEW



VISION

The place where Africa's green economy grows.



MISSION

Our mission is to *"develop a sustainable greentech SEZ which creates a conducive business environment for the Green economy and integrated economic growth and employment."*

In achieving this mission, the ASEZCo aims to become Africa's leading, globally competitive, and export-orientated greentech manufacturing zone and a Living Lab demonstrating the highest standards of good governance, low carbon and resource-efficient economic development and social inclusion.

In doing so, the ASEZCo will also contribute to global well-being through a commitment to the Sustainable Development Goals (SDGs) and the UNIDO Eco-Industrial Park Principles.



VALUES

Core values guide the way that we work and how we do business:

- We are the global and African benchmark in greentech developments.
- The Living Lab showcases and curates the future of the circular economy.
- We create a flexible, adaptable, innovative, attractive, and competitive investment environment through a single-minded focus on the investor.
- We ensure economic growth drives sustainable community development through enterprise creation, job creation and skills development.
- We have committed staff who share this vision of the ASEZCo and see it as an employer of choice.
- We are a respectful, open, and authentic work environment that prioritises diversity and inclusivity.
- We focus on delivering on the expectations of our stakeholders.

LEGISLATIVE MANDATE

The Atlantis Special Economic Zone Company SOC Ltd (ASEZCo) is a state-owned entity as defined in the Companies Act and a provincial public entity listed under schedule 3D of the PFMA. It is characterised as a government business enterprise. The shareholders are the Western Cape Government and the City of Cape Town.

CONSTITUTIONAL MANDATE

CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 AND THE WESTERN CAPE PROVINCIAL CONSTITUTION (ACT 1 OF 1998)

Schedule 4 of the Constitution of the Republic of South Africa lists functional areas of concurrent national and provincial legislative competence. Those areas that are relevant for Economic Development and Tourism are:

- Consumer protection
- Industrial promotion
- Tourism
- Trade

LEGISLATIVE AND POLICY MANDATES

UPDATES TO THE RELEVANT LEGISLATIVE MANDATES

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the B-BBEE Amendment Act, 2013 (Act 45 of 2013)

The B-BBEE Act establishes a legislative framework for the promotion of Black economic empowerment; empowers the Minister to issue codes of good practice, and to publish transformation charters; establishes the Black Economic Empowerment Advisory Council; and provides for matters connected therewith.

The B-BBEE Amendment Act introduced several changes, of which the following are deemed the most significant:

- The establishment of a B-BBEE Commission that provides an oversight and advocacy role.
- The definition of “fronting practices” and the criminalisation of such practices.
- All organs of state to report on compliance with B-BBEE regulations in their annual reports.
- The amendments to the B-BBEE Codes of Good Practice came into effect on 1 May 2015.

The Special Economic Zones Act, 2014 (Act 16 of 2014)

The purpose of the Act is to provide for the designation, promotion, development, operation, and management of Special Economic Zones, which includes the establishment of a business enterprise (either provincial or municipal) to manage each SEZ. Furthermore, the Act provides for the establishment and functioning of the national Special Economic Zones Advisory Board and the establishment of the Special Economic Zones Fund. Finally, the Act seeks to regulate the process of applying for and issuing Special Economic Zones operator permits; and to provide for functions of the Special Economic Zones operator.

Special Economic Development Infrastructure, 2019 (Act 16 of 2019)

The Western Cape Government is responsible for driving several special economic development infrastructure projects in the Province to stimulate and promote economic growth and employment creation. This Act enables the establishment and management of a juristic person to hold and safeguard the Western Cape Government's interests in these special economic development infrastructure projects.

LIST OF RELEVANT LEGISLATIVE MANDATES

Staff matters (in alphabetical order):

- Basic Conditions of Employment Act (Act 75 of 1997)
- Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993)
- Employment Equity Act (Act 55 of 1998)
- Labour Relations Act (Act 66 of 1995)
- Occupational Health and Safety Act (Act 85 of 1993)
- Skills Development Act (Act 97 of 1998)

Financial matters (in alphabetical order):

- Companies Act (Act 71 of 2008)
- Financial Intelligence Centre Act (Act 38 of 2001)
- Income Tax Act (Act 58 of 1962)
- Municipal Finance Management Act (56 of 2003)
- Preferential Procurement Policy Framework Act (Act 5 of 2000)
- Public Finance Management Act (Act 1 of 1999)

Other legislative mandates (in alphabetical order):

- Atmospheric Pollution Prevention Act (Act 45 of 1965)
- Broad-Based Black Economic Empowerment Act (Act 53 of 2003)
- Competition Act (Act 89 of 1998 as amended)
- Construction Industry Development Board Act (Act 38 of 2000)
- Construction Regulations (2014)
- Consumer Protection Act (Act 68 of 2008)
- Control of Access to Public Premises and Vehicles Act (Act 53 of 1985)
- Council for the Built Environment Act (Act 43 of 2000)
- Customs and Excise Act (Act 91 of 1964 as amended)
- Promotion of Access to Information Act (Act 2 of 2000)
- Protection of Personal Information Act (Act 4 of 2013)
- Spatial Planning and Land Use Management Act (Act 16 of 2013)
- Special Economic Zones Act (Act 16 of 2014) and Regulations
- Value Added Tax Act (Act 89 of 1991 as amended)
- Western Cape Special Economic Development Infrastructure Company (Western Cape Act 3 of 2019)

INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

Re-imagined Industrial Strategy (Cabinet Lekgotla, 12 to 14 June 2019)

The document is a refocusing of the Industrial Policy Action Plan to emphasise those elements that will support inclusion and private investment. It notes the fundamental building blocks of sustainable growth and includes adaptation to

climate change and policies which contribute to equity, social stability, and cohesion. The new approach focuses on the following:

1. Five Growth Engines (Industrialisation, Investment and Infrastructure, Innovation, Integration, and Inclusion) fuelled by private-sector partnerships, growing productive forces, and entrepreneurial State.
2. Seven Priority Sectors (Industrial, Agriculture and Agro-processing, Mining, Tourism, High Tech/Knowledge-based, Creative Sector and Oceans Economy), our Jobs Drivers.
3. Four Spatial Interventions
 - a. SEZs,
 - b. Industrial Parks,
 - c. Smart Youth Centres, Business Centres and Incubation Hub, and
 - d. Township and Village Enterprises.
4. A New Integrated Approach to Implementation
5. Clear Action Plans, Budgets and Timelines.

At the time, the strategy called for a complete regulatory and legislative process for a new and enlarged support programme for SEZs that includes competitive tax benefits and conditional grants for infrastructure. On the Atlantis SEZ, it specifically mentions an immediate priority to establish the SEZ Company and the development of its infrastructure.

MEDIUM-TERM STRATEGIC FRAMEWORK

The Medium-Term Strategic Framework (MTSF) is the Government's strategic plan for the 2020-2024 electoral term. The MTSF sets out the actions that Government will take and the targets to be achieved. It also provides a framework for the other plans of national, provincial, and local government.

Table 1: Medium-Term Strategic Framework (MTSF)

MTSF priority	Aligned programmes and plans of ASEZ
PRIORITY 1: Building a Capable, Ethical Development State	The MTSF articulates the need to improve financial management capability in the public sector: • ASEZ alignment: The financial position of ASEZCo SOC Ltd as of 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Special Economic Zone Act (Act 16 of 2014) and the Companies Act of South Africa (Act 71 of 2008).
PRIORITY 2: Economic Transformation and Job Creation	The MTSF articulates the importance of the private sector's contribution to jobs and investment: • ASEZ alignment: ° The MTSF articulates 10 key industries the state is strategically targeting for increased investment and localisation. 5/10 sectors are aligned to the ASEZCo's Green Taxonomy, specifically: • Agriculture • Automotive (e-mobility) • Renewable energy • Energy (sustainable fuels) • Water economy ° Additionally, the ASEZCo promotes transformation through initiatives that prioritise localised skills development and recruitment.
PRIORITY 3: Education, Skills and Health	The MTSF articulates the importance of improved success and efficiency of the PSET system: • ASEZ alignment: ° The ASEZCo has a division, namely, the Integrated Ecosystems Management Division. The key objective of the workstream is to proactively equip the Atlantis community to access greentech employment opportunities enabled by the ASEZCo, its investors, partners, and the green economy. The focus on technical greentech-related skills development initiatives meets the value proposition of specialised skills that can be procured locally.

The South African Economic Reconstruction and Recovery Plan, 2020

The key concepts of the plan are:

- A drive for infrastructural investment in collaboration with the private sector to stimulate job creation.
- Achieving energy security by opening up the electricity supply chain to independent power producers.
- Digital push with broad-based spectrum auction progress and a commitment to improve the capacity of the "state."

- A relaxation of the regulatory environment to enhance the ease of doing business and the associated drive to develop small businesses.
- The introduction of e-visas to enhance tourists.
- A scheme to employ young people to assist teachers in school learning.

This national recovery plan resonates with a number of themes within the jobs theme of the Western Cape Recovery Plan.

National Development Plan

The National Development Plan (NDP) represents a vision for South Africa in 2030. It aims to enable faster economic growth, higher investment, and greater labour absorption. The NDP contains detailed plans and interventions across all sectors of the economy to enable the achievement of this vision. The key concepts of the NDP are:

- Uniting South Africans around a common programme
- Citizens active in their own development
- Faster and more inclusive economic growth
- Building capabilities
- A capable state
- Leadership and responsibility throughout society

NDP	Aligned programmes and plans of ASEZ
Priority: Building a capable state	The NDP articulates the need to improve financial management capability in the public sector, and develop technical and professional skills that improve the development potential of SOEs: • ASEZ alignment: ° The financial position of the ASEZCo SOC Ltd as of 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the: Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Special Economic Zone Act (Act 16 of 2014); and - The Companies Act of South Africa (Act 71 of 2008). ° The ASEZCo has a division, namely, the Integrated Ecosystems Management Division. The key objective of the workstream is to proactively equip the Atlantis community to access greentech employment opportunities which would be enabled by the ASEZCo, its investors, partners, and the green economy.
Priority: Economic Infrastructure	The NDP articulates the importance of economic (green/RE) infrastructure in driving jobs and investment: • ASEZ alignment ° ASEZCo's Green Taxonomy, tenant pipeline and current tenants are focused on driving economic development through localising component manufacturing • Agriculture • Automotive (e-mobility) • Renewable energy • Energy (sustainable fuels) ° The ASEZCo's value position and liberalisation of energy sector regulations have created market conditions that promote greentech manufacturing.
Priority: Economic development and employment	The NDP articulates the importance of skills development, training and investments in education as pivotal in driving economic development: • ASEZ alignment: ° The ASEZCo has a division, namely, the Integrated Ecosystems Management Division. The key objective of the workstream is to proactively equip the Atlantis community to access greentech employment opportunities which would be enabled by the ASEZCo, its investors, partners, and the green economy. ° The focus on technical greentech-related skills development initiatives meets the value proposition of specialised skills that can be procured locally. ° Additionally, the ASEZCo promotes transformation through initiatives that prioritise localised skills development and recruitment.
Priority: Transitioning to a low carbon economy	The NDP articulates the importance of a just transition to a low-carbon economy: • ASEZ alignment: ° The ASEZCo key value proposition as a green tech hub with taxonomy is covering critical aspects of sustainability and objectives of JET policy frameworks. ° JET, Electric Vehicle Master Plan, and Green Hydrogen frameworks integrated into short- and medium-term plans of ASEZ. The ASEZCo and Atlantis Foundries are in the process of installing a small-scale solar system to promote energy efficiency and decarbonise industrial activity.

Integrated Resource Plan (IRP)

The IRP is an electricity infrastructure development plan based on the least-cost electricity supply and demand balance, considering the security of supply and the environment (minimising negative emissions and water usage). Upon its promulgation, it was envisaged that the IRP would be a “living plan” to be revised regularly. The IRP 2010–2030 identified the preferred generation technology required to meet expected demand growth up to 2030. It incorporated government objectives such as affordable electricity, reduced greenhouse gas (GHG) emissions, reduced water consumption, diversified electricity generation sources, localisation, and regional development.

Aligning the IRP objectives to our methodology of targeting tenants for the ASEZ is a sure-footed way to secure green technology manufacturing. Ensuring the implementation of the IRP is of utmost importance to ASEZCo’s ambitions to promote and facilitate investment in the ASEZ.

South Africa’s Just Energy Transition Investment Plan (JETIP)

The vision and objectives of the JETIP are to establish an ambitious long-term partnership to support South Africa’s pathway to low emissions and climate-resilient development, accelerate the just transition and the decarbonisation of the electricity system, and develop new economic opportunities such as green hydrogen and electric vehicles amongst other interventions to support South Africa’s shift towards a low carbon future. The ASEZ is well-positioned to actively engage with the JETIP and contribute to its overall vision and objectives.

OneCape2040

OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either the province or municipalities. Instead, it serves as a reference point and guide for all stakeholders to:

- Promote fresh thinking and critical engagement in the future;
- Provide a common agenda for private, public, and civil society collaboration;
- Help align government action and investment decisions;
- Facilitate the necessary changes to adapt to our rapidly changing local and global context; and
- Address our development, sustainability, inclusion, and competitiveness imperatives.

Provincial Strategic Plan

The Provincial Strategic Plan (PSP) aims to create an enabling environment that facilitates opportunities and encourages responsible citizenship. The Provincial Government has developed five Vision-Inspired Priorities (VIPs):

- VIP 1 – Safe and cohesive communities
- VIP 2 – Economy and jobs
- VIP 3 – Empowering people
- VIP 4 – Mobility, spatial transformation, and human settlements
- VIP 5 – Innovation and culture.

The Department of Economic Development and Tourism (DEDAT), through its programmes and activities, contributes to the achievement of VIP 2, focusing on the economy and jobs. Its impact statement is “Increased employment of the Western Cape Economy,” with the apex goal of growing exports by 50%.

The identified PSP priorities are:

- Investment
- Infrastructure
- Exports
- Skills
- Resource resilience.

Atlantis SEZ contributes to the achievement of VIP 2: Economy and Jobs, and has developed its 5-year strategy around the creation of an enabling environment that fosters economic growth and job creation.

Growth for Jobs

The Growth for Jobs Strategic Framework forms the foundation for developing the new Growth for Jobs Strategy and Implementation Plan for the Western Cape. Considering South Africa’s profound socio-political challenges, this Framework is based on sound research and analysis, including a detailed growth diagnostic commissioned by the WCG.

At its heart is a bold vision for the province’s economy: achieving breakout economic growth to drive sufficient employment and opportunity for its citizens. This economy is sustainable, resilient, diverse and thriving – generating confidence, hope and prosperity for all.

This Strategic Framework requires us to work towards a better future where, by 2035, the Western Cape will have a R1 trillion inclusive economy, growing at between 4% and 6%

per annum. To reach this goal, it understands that it is not the Government's role to create jobs, but to deliver an enabling environment for entrepreneurs, businesspeople, and citizens to succeed. The primary focus of the Growth for Jobs Strategic Framework is, therefore, the horizontal enablement of private sector-led economic growth, creating a conducive business environment and overcoming binding constraints.

The Strategic Framework also appreciates that breakout economic growth in the Western Cape requires being supportive and responsive to the economic opportunities identified by the private sector. The WCG will aim to deploy appropriate and relevant levers in its support of these opportunities and, in doing so, must be agile. Lastly, the Framework understands that one of the most fundamental tenets of economic growth is market growth, which can be

achieved through accessing larger markets both locally and globally.

The core objective of achieving this breakout economic growth in the Western Cape is to roll back poverty and improve citizens' well-being by creating sufficient employment and opportunity. The Strategic Framework aims to realise a provincial economy that is jobs-rich and inclusive, encompassing the formal, informal and township sectors, benefiting all citizens across the urban and rural divide. Within this, it is understood that an inclusive economy actively seeks to enhance the participation of youth and women in the economy.

To guide the WCG in its approach, the Strategic Framework has identified key principles that act as beacons to inform choices, decisions, and actions, guiding what should be considered within and outside of its scope.

FIGURE 1: UNDERPINNING PRINCIPLES OF THE GROWTH FOR JOBS STRATEGIC FRAMEWORK



The key pathway to achieving this goal will require an "all-of-Government approach" that will inform and focus the work of all WCG departments, working independently and in collaboration with one another, with the DEDAT as the lead co-ordinator. It will also require partnership and collaboration with the private sector, leveraging economic intelligence, and ensuring sustainability, among other factors.

Through a Theory of Change, the Strategic Framework sets out to create clear pathways to the future. This will include refining and synthesising horizontal enablers and levers into key focus areas for action and identifying interventions in partnership with the private sector. As we move forward, it will also require a deeper assessment of future scenarios,

including critical uncertainties, as we develop greater foresight into the journey to 2035.

Overall, this Growth for Jobs Strategic Framework is an important first step towards realising a better future for citizens in the Western Cape – a future that is prosperous and inspires confidence and hope.

The three pillars underpinning the Western Cape's approach to achieving breakout economic growth are 1) enabling the business environment; 2) supporting growth opportunities; and 3) stimulating market growth. The pillars, along with the focus areas, are captured in the diagram on the following page.

FIGURE 2: THE THREE PILLARS THAT UNDERPIN THE WESTERN CAPE'S APPROACH TO ACHIEVING BREAKOUT ECONOMIC GROWTH



Enable private sector-led economic growth by stimulating markets through positive, incentive-based initiatives and promotion

- Export facilitation and support
- Domestic and local markets
- Confidence-building and brand

Enable private sector-led economic growth – through horizontal enablement, improved competitiveness

- Energy sustainability and transition to carbon-zero
- Infrastructure
- Mobility and logistics
- Broadband and Digital Transformation
- Technology and Innovation
- Skills and education
- Basic services inclusive of water, waste and sanitation
- Capital and Entrepreneurship
- Safety
- Capable state and good governance
- Improved access to economic opportunities and employability

Support private sector-led economic growth by being agile and responsive to opportunities

- Investment
- Partnerships and eco-systems collaboration with private sector
- Efficient and effective regulation
- Advocacy and lobbying
- Economic IQ
- Financial and non-financial support
- Leveraging national resources
- Leveraging enablers

State of the Nation Address

The State of the Nation Address (SONA) provides Government's annual priorities.

State of the Province Address

The State of the Province Address (SOPA) is delivered by the Premier at the start of the year, setting out the provincial government's priorities for the year. In February 2024, the Premier reaffirmed the province's commitment to a citizen-centric approach and the Growth for Jobs (G4J) strategy. The G4J strategy is the provincial roadmap to a R1 trillion economy, which the province aims to grow by between 4% and 6% each year to meet the needs of an ever-growing population. The province remains committed to energy resilience through a heavy focus on installing renewable energy, aligning with its goals for job growth and climate resilience. Remaining

innovative in delivery and ensuring good governance remain key pillars, along with maintaining a high priority on safety and security.

Western Cape Green Economy Strategy Framework

The aim of the Western Cape Green Economy Strategy Framework is to position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent.

Western Cape Infrastructure Framework

The Western Cape Infrastructure Framework aligns the planning, delivery, and management of infrastructure provided by all stakeholders, including national government, provincial government, local government, parastatals, and the private sector.

Alignment to ASEZCo:

Identified key infrastructure transition	ASEZCo alignment
Energy: Promote the development of renewable energy plants in the province and associated manufacturing capability	The ASEZ is currently a stakeholder in Atlantis Foundries PPA to develop a solar facility adjacent to the Special Economic Zone. Through its green taxonomy, the ASEZ is recognised as the first and only greentech manufacturing hub on the African continent.
Water: Expand and diversify agriculture to increase the availability of surface water but reduce the water intensity of the sector, given the limited availability of water for irrigation	Apart from renewable energy components, Zone 2 of the ASEZ will also focus on the agricultural cluster, emphasising the use of technology and innovation to drive greener agricultural outcomes.

City of Cape Town Carbon Neutral 2050 Strategy

As part of its C40 membership, in 2017, the City pledged to develop and begin implementing more ambitious climate action plans before the end of 2020 to achieve emissions-neutral and climate-resilient cities by 2050.

COCT CN 2050 strategy:	ASEZ aligned programmes and plans:
Commitment 1: Harness new energy supply • Short-term (by 2026) mitigate four stages of load-shedding • Private Sector Embedded Generation where desired, residents, businesses and communities are empowered to generate their own electricity and sell their excess supply, with distributed energy resources integrated safely into the grid. • Importance of low carbon solutions as a means of new energy supply.	• Atlantis Foundries (a key strategic partner of the ASEZCo) has signed a PPA and begun construction with integrated energy solutions company Energy Partners (EP). • The project comprises 20 000 solar panels with a total capacity of 13.5 MWp. ° Replace 20% of yearly energy consumption. ° Generate R35 million in savings annually. • The ASEZCo, in the development of Zone 1, is considering low-carbon off-the-grid solutions to improve energy security for future tenants whilst reducing its carbon footprint.
Commitment 3: Optimise energy use • Improved Private Building Energy Performance Property owners and developers are supported and enabled to optimise their buildings' energy performance through investments in energy efficiency, energy management systems, and energy demand reduction in their buildings.	• The ASEZCo continues to roll out smart energy and water meters to tenants. ° Promoting sustainable targets and usage of electricity and water towards optimising energy use, as advocated in the 2050 strategy.

City of Cape Town Integrated Development Plan

This plan aims to position Cape Town as a forward-looking, globally competitive business City – a goal that aligns well with the ASEZCo's ambitions. It also emphasises the priority of being resource-efficient and ensuring the security of services. It also specifically notes:

"The City will continue working with the Province, the National Department of Trade and Industry and special-purpose vehicles to make the ASEZCo more attractive as an investment destination, particularly for manufacturing. In this regard, the City supports and believes in the success of the Renewable Energy Independent Power Producers Programme (REIPPP). In advancing this project, the Atlantis Investment Facilitation Office will continue to provide high-quality facilitation services to prospective and existing investors."

RELEVANT COURT RULINGS

There are no new rulings which are relevant to the Atlantis SEZ SOC, and which may have a significant impact on its operations.

POLICIES WE NEED TO ENGAGE WITH

INTEGRATED ENERGY PLAN (IEP)

The IEP is an overarching, multi-faceted long-term national plan that describes the recommended future energy roadmap for South Africa. The IRP is a subset of the IEP.

This long-term policy has multiple objectives aimed to:

- Guide the development of energy policies and, where relevant, set the framework for regulations in the energy sector.
- Guide the selection of appropriate technologies to meet energy demand (i.e., what types and sizes of new power plants and refineries should be built and what prices should be charged for fuels).
- Guide the investment and development of energy infrastructure in South Africa.

GREEN HYDROGEN COMMERCIALISATION STRATEGY

A panel set up by then Trade, Industry and Competition Minister, Ebrahim Patel, is in the process of finalising the Green Hydrogen Commercialisation Strategy. The strategy will be published once it has been approved by the Cabinet. The strategy aims to boost green hydrogen industrialisation through the localisation of production, stimulating domestic markets, boosting exports, accelerating the development of a new industry, and maximising transformative impact through proactive socioeconomic development.

WESTERN CAPE GREEN HYDROGEN STRATEGY

The Western Cape provincial government has set an ambitious target of enabling the production of 552 kt of green hydrogen per year by 2035. The strategy includes specific targets for local offtake and export, broken down as follows (annual targets by 2035):

Local offtake: 90kt - 132kt

Export: 300kt - 420kt

Optimising for the lowest cost of hydrogen indicates that for the Western Cape, the optimal wind-to-solar ratio is 60%:40%, and the electrolyser should be sized at 50% of the installed renewable energy capacity. Based on renewable energy generation data for 2019, reaching the 2035 target of 552 ktH₂pa would thus require an electrolyser capacity of

5,3GW and a total new renewable energy generation target of 10,6GW. This renewable energy would need to be derived from wind (6,4 GW) and solar (4,2 GW).

These elements of the strategy are of particular interest to the ASEZCo, representing a significant market opportunity for renewable energy component manufacturers.

ORGANISATIONAL STRUCTURE

HIGH-LEVEL ORGANISATIONAL STRUCTURE

The ASEZCo places great emphasis on its values and culture, in addition to the key skills and expertise required within the entity. It is a small, diverse, and specialised team with key skills and competencies, demonstrating a strong passion for creating a sustainable future for the green economy in South Africa, while opening their hearts to the people of Atlantis.

The ASEZCo's focus on sustainability and the need to be an industry leader in the green economy means that it seeks like-minded and innovative individuals to join the team, who can transition across various disciplines and focus areas to implement a holistic development strategy within the ASEZCo environment.

The ASEZCo operates within a diverse context, as its industry focus area is new and innovative, and it aims to create an enabling environment for greentech within the parameters and structures of the public sector. The company works with many diverse stakeholders and key industry partners to achieve its mandate.

Given the start-up nature of the entity, ASEZCo offers an initial 5-year fixed-term contract to all employees within ASEZCo's core roles, as included in the approved organogram.

The ASEZ Board approved the redesigned organisational structure to support the implementation phase of the organisation over the next three to five years. The redesigned organogram was updated to be more succinct and in line with ASEZ's business model for the short to medium term. This review focused on a comprehensive organogram to ensure that all departments are well-equipped to support ASEZ's strategic and operational needs over the next three to five years. Given the prudence required in the start-up phase of the ASEZ, the organogram implementation plan follows key implementation triggers on the growth trajectory to ensure optimal cost containment and effective implementation.

The ASEZCo remains committed to its internship approach, which provides opportunities to develop young, unemployed professionals. A total of 10 successful internships were hosted at the ASEZCo, of which five remained at the close of the financial year.

EXECUTIVE MANAGEMENT



MATTHEW CULLINAN
Chief Executive Officer



WAHEEDA SAIB
Chief Financial Officer



JARROD LYONS
Executive: Business Development



JOYCE MODIPA
Executive: Sustainable Infrastructure
Development & Zone Operations



SELWYN WILLOUGHBY
Executive: Integrated
Eco-system Management



FREDELAINE WILLIAMS
Legal Advisor



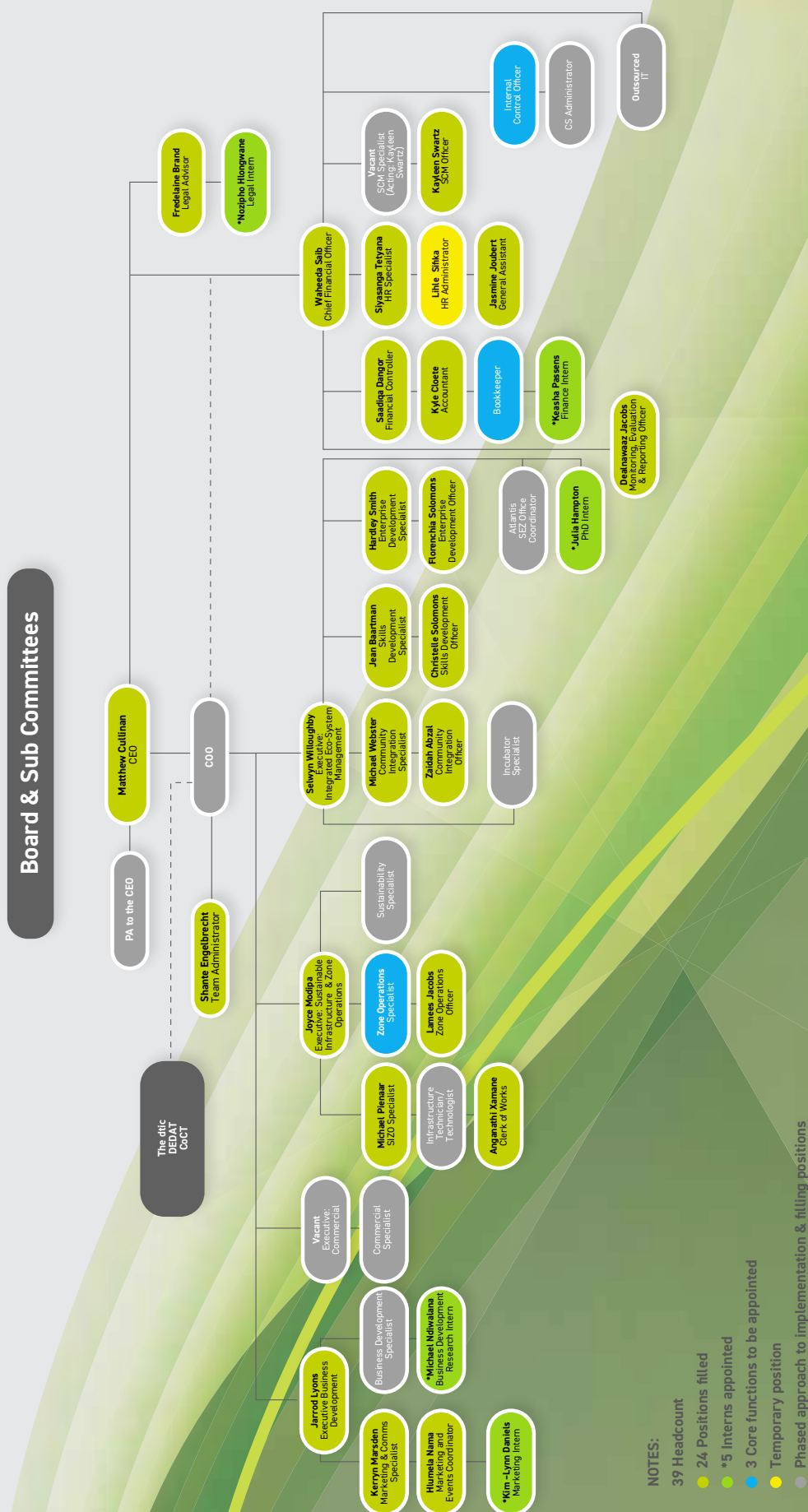
SIYASANGA TETYANA
HR Specialist



POST VACANT
Executive: Commercial Services

ORGANISATIONAL STRUCTURE

FIGURE 3: ASEZ ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

BOARD COMPOSITION

The ASEZCo Board comprises representatives from the national, provincial, and municipal government. Additionally, the Board includes a community and labour representative, as well as an independent greentech representative.



SALIEM FAKIR | *BOARD CHAIRPERSON*

Appointed: 29/05/2022

Saliem Fakir is an expert in climate, geopolitics, and financial economics. He is the founder and executive director of the African Climate Foundation, Africa's first strategic grant-making foundation focused on delivering impact through support to interventions at the climate-development nexus.

Before establishing the African Climate Foundation, Saliem led the Policy and Futures Unit at WWF South Africa for 11 years. He has served as a senior lecturer at the Department of Public Administration and Planning and as an associate director at the Centre for Renewable and Sustainable Energy at Stellenbosch University. Additionally, he was the director of the World Conservation Union, South Africa (IUCN-SA) for eight years. Saliem has served on several boards and is a prolific writer, contributing regularly to leading South African publications like Engineering News, Business Day, and the Daily Maverick.



JO-ANN DEIDRE JOHNSTON | Appointed: 25/11/2019

Ms Johnston graduated from the University of Cape Town with a Master's in Urban Infrastructure Design and Management, a Post-Graduate Diploma in Higher Education, and a Bachelor of Arts degree. With over thirty years of experience in socio-economic development, she specialises in investment promotion and sector development. Ms Johnston has worked as an Investment Advisor at the Western Cape Trade and Investment Promotion Agency, Wesgro, as General Manager at the Department of Trade, Industry and Competition's Trade and Investment South Africa, and as a senior diplomat at the South African High Commission in London for four years, responsible for promoting investment, trade and economic relations in the United Kingdom and across Europe. She currently serves as Deputy Director-General at the Western Cape Department of Economic Development, focusing on economic strategy, the digital economy, the green economy, and catalytic infrastructure projects.



LANCE WILLIAM GREYLING | Appointed: 25/11/2019

Lance Greyling graduated from the University of Cape Town in 1996 with an Honours in African Studies, majoring in politics and economics. He also received a Postgraduate Diploma in Sustainable Energy from the University of Stellenbosch in 2009. Over the past twenty years, he has held various positions across the private sector, civil society, and national government. He started as a partner in a production house called Matchframe Pictures, which produced television commercials and raised funding for video programmes. After a year and a half expedition around Africa, he took up the position of regional manager for GLOBE Southern Africa, which empowered parliamentarians on issues of sustainable development.

From 2004 to 2015, Lance Greyling was elected as a Member of Parliament and served on a number of parliamentary committees, including education, finance, public enterprises, minerals and energy, and environmental affairs. Notably, he was Chief Whip of the Independent Democrats and later the Shadow Minister of Energy. In March 2015, Lance joined the City of Cape Town as Director of Trade and Investment in the Mayor's Office at the City of Cape Town and subsequently led the newly formed Enterprise and Investment Department.

Lance is a founder and Board member of the Bulungula Incubator, a rural NGO based in the Eastern Cape, and serves on the boards of Wesgro, Cape Town Tourism, the Atlantis Special Economic Zone Company, and the Cape IT Initiative. Lance is also a fellow of the Africa Leadership Initiative affiliated with the Aspen Global Leadership Network.



MATTHEW CULLINAN | *CHIEF EXECUTIVE OFFICER*

Appointed: 12/09/2022

Matthew has a Master's in City and Regional Planning from the University of Cape Town, with undergraduate degrees in Economics and Environmental Science. He has also pursued additional studies in communications, marketing, and sustainable urban precincts. Matthew has contributed to development studies through academic papers and lectures at the Universities of Cape Town, Stellenbosch, and Cape Peninsula. Matthew is currently on the Governing Council of the Cape Peninsula University of Technology, where he also serves as Chair of the Physical Planning Committee. Matt is a Registered Professional Town and Regional Planner (PR.Pl) with the South African Council for Planners.

Matthew started his career in 1990 working for a year as a freelance sound technician for international TV crews in South Africa. He spent three years in London working at the Head Office of the United World Colleges, an educational NPO, as Communications Coordinator. In 1994, he moved back to Cape Town where he joined MLH Architects and Planners as a City and Regional Planner. In 1997, he co-founded MCA Urban and Environmental Planners, a city and regional planning firm. The development and management of this company was his main focus for the next 22 years. As a founding partner and ultimately managing partner, Matthew was able to engage in a wide range of urban and regional, policy and sustainable development projects. For almost 10 years, Matthew was also a Senior Technical Advisor with the Government Technical Advisory Centre (GTAC) based in National Treasury. He joined the team that led to the establishment of the Atlantis SEZ Company in May 2019. Before becoming CEO in April 2023, he was the Infrastructure Executive.



LEON JONATHAN ROMAN | Appointed: 26/06/2020

Leon Roman began his career in engineering (1985) as an Electronics Equipment Mechanician at Atlantis Diesel Engines obtaining a National Diploma in Electrical Engineering (LC). He fulfilled roles such as Maintenance Foreman and Maintenance Manager. He attended various Management programmes as well as the Executive Development Programme (USB-ed). In the late 1990s his career changed from technical to behavioural - Human Resource Development - and he completed his MBA at the Cape University in 2008, and his Doctorate in Human Resource Development at Canterbury University in the UK in 2010.

Leon has held senior management roles in various organisations and served as a non-executive director on the Boards of West Coast College (Chairperson) and Foodbev Seta (Beverage Chamber). He changed to an academic route and became a Senior Lecturer and Researcher (Employment Equity in the Wholesale and Retail Sector; B-BBEE in South Africa) at Cape Peninsula University of Technology (CPUT). His current employer is Swartland Investments (Pty) Ltd where he is a senior manager in the Human Resource Development Department.

His passion for the Atlantis community where he resides, brought him back to work as a pastor of the Baptist Church and has a passion for giving back to the community he grew up in.



KENOSI PEARL LOUISA SELANE | Appointed: 25/02/2021

Ms Selane is a Chartered Accountant (CA) SA with over 15 years of post-qualification experience, including an MBA degree. Ms Selane brings extensive experience and knowledge in strategic financial advisory, core finance and economic regulation, gained locally and in the United Kingdom. Ms Selane is known for her results-driven approach in investments, finance, and operations, experience she gained whilst working with start-ups and global organisations.



ZUKISWA KIMANI | Appointed: 25/11/2019

Zukiswa Kimani is the Chief Director in the Sectors Branch of the South African Department of Trade, Industry and Competition (dtic). With over 17 years in the industrial policy environment, she manages and evaluates South Africa's industrial policy, including the previous Industrial Policy Action Plan (IPAP) and the Reimagined Industrial Strategy's Masterplans.

She is also responsible for the design and development of marine manufacturing/shipbuilding interventions, as well as oversight of the aerospace and defence sectors. She also leads industry research capacity-building programmes such as the African Programme on Rethinking Development Economics (APORDE).

She serves on various panels, boards, and investment adjudication committees. She holds a master's degree in International and Development Economics from the Australian National University (ANU).



MARSHALL JULIAN JULLIES | Appointed: 16/09/2021

Marshall Julian Jullies holds a Diploma in Education III (Senior Primary), a Higher Diploma in Education IV (Senior Primary) issued by the then Department of Education and Culture Services, a B Tech in Education Management from the Cape Peninsula University and Technology (CPUT), and an Advanced Diploma in School Leadership & Management from the University of Stellenbosch. He is registered as an educator with the South African Council of Educators (SACE).

Marshall has been a community activist since high school and has served on various labour and community boards. He later was elected to the Student Representative Council (SRC) of the then Southern Cape College of Education. He is a founder member of the South African Democratic Teachers' Union (SADTU) and served as Chairperson for three consecutive terms before he was elected to the position of Deputy Regional Secretary of SADTU West Coast and elected as the Regional Secretary for SADTU West Coast in 2023. In addition, he served as Secretary for the Congress of South African Trade Union (COSATU) Atlantis Local Branch for two consecutive terms. Marshall is knowledgeable in the various labour laws that govern the South African Labour Sector. He is well experienced in the conciliation, mediation and arbitration processes conducted by the Education Labour Relations Council (ELRC). His community activism includes a term on the fundraising committee of the Orion Organisation and also on the Board of the same organisation.

Marshall is an educator with more than thirty years of experience in the facilitation teaching and learner activities in Biology: GR 10 to GR 12; Natural Science: GR 6 to GR 9 and Mathematics: GR 6. He currently holds the position of Deputy Principal at Reygersdal Primary School.



WAHEEDA SAIB | *CHIEF FINANCIAL OFFICER*

Appointed: 03/12/2019

Ms Saib is a Chartered Accountant with over 20 years of experience in the public and private sectors. After completing her articles with the Big Four, she joined the Auditor-General of South Africa. Ms Saib has extensive experience in evaluating risk assessments, assessing internal control systems, financial and asset management systems, including financial statement reporting in terms of IFRS and GRAP, as well as the assessment of reported performance by entities in their annual reports. Waheeda also focused widely on compliance evaluations in respect of the PFMA, MFMA, Supply Chain Management and other public sector legislative requirements.



FREDELAINE WILLIAMS | *COMPANY SECRETARY*

Appointed: 11/10/2021

Fredelaine Williams is the Company secretary of ASEZCo. She acquired an LLB degree from the University of the Western Cape in 2014. Ms Williams has experience in corporate law and governance. Ms Williams has provided company secretarial services to both private and JSE-listed entities and was appointed as the Company Secretary of the ASEZCo in October 2021.

A scenic view of a coastal road with a green graphic overlay. The road is paved and has white dashed lines. In the background, there are green bushes and a large, flat-topped mountain (Table Mountain) under a clear sky. A large, semi-circular green graphic with a grid pattern is overlaid on the bottom half of the image.

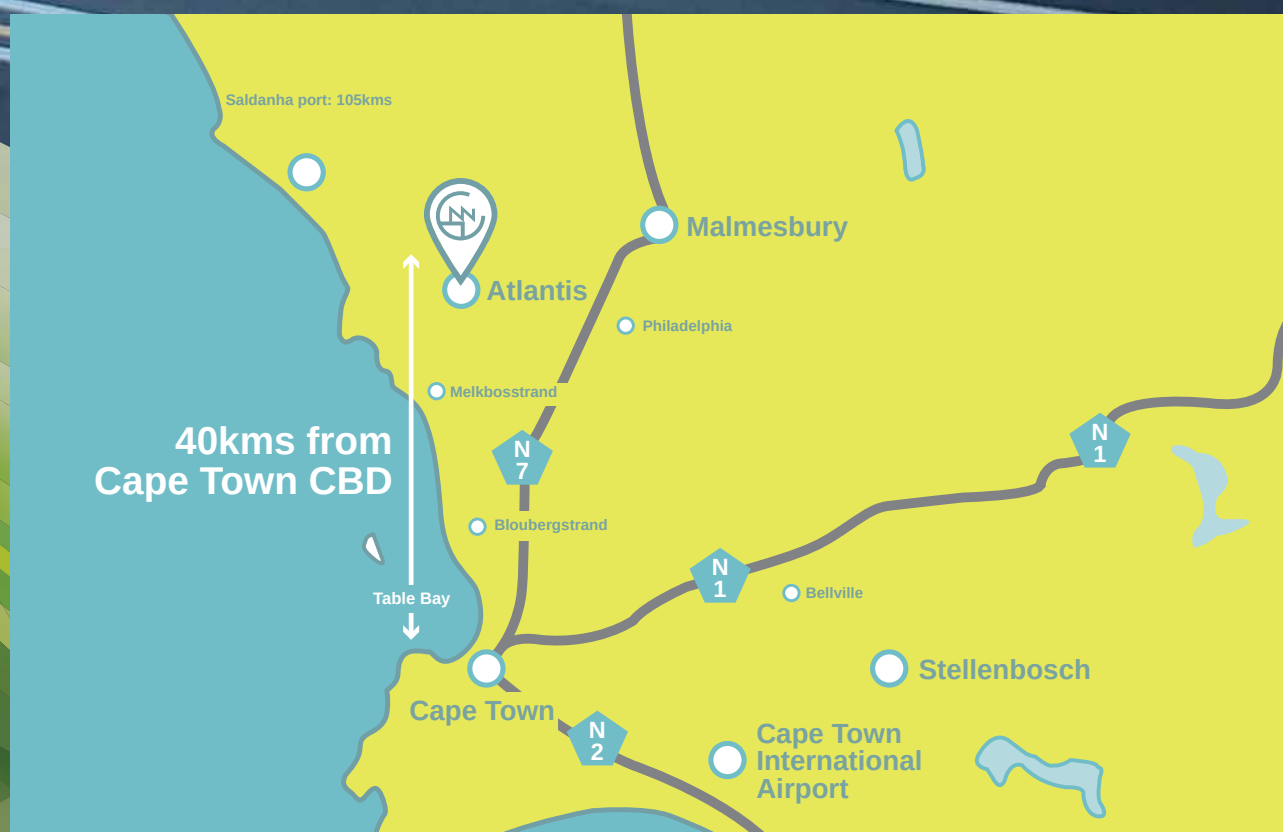
PART B

PERFORMANCE INFORMATION

SITUATIONAL ANALYSIS

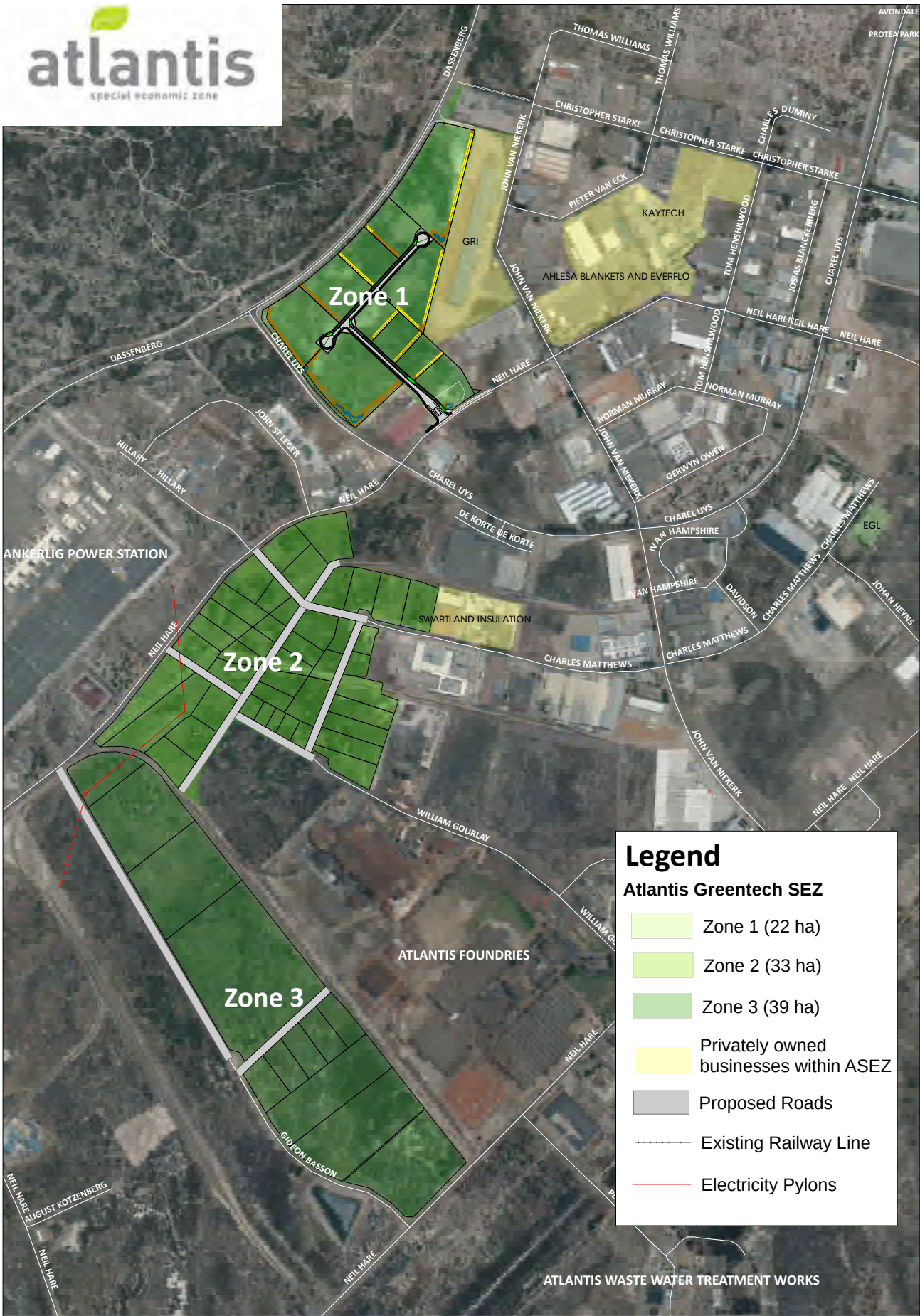
PHYSICAL CONTEXT AND OVERVIEW

FIGURE 4: ATLANTIS SEZ ZONE



Travelling north along the West Coast Road (R27), the Atlantis Industrial area is 43 km from the Port of Cape Town, 18 km from Melkbosstrand, and 108 km south of the Port of Saldanha Bay. Industrial development along the West Coast Corridor is considered a key initiative to the success of economic development in the Western Cape.

FIGURE 5: ATLANTIS PHYSICAL CONTEXT



AREA AND ZONING

- **Total area:** 118 hectares within the Atlantis Industrial area.
- **Owned by ASEZCo:** 94 hectares, currently in the process of being transferred from the City of Cape Town to ASEZCo.
- **Privately owned land:** 24,6 hectares, gazetted as part of the SEZ designation in 2018.

ZONES

- **Zones 1, 2, and 3:** Cover the 94 hectares owned by ASEZCo.
- **Zone 4 (EGL Building):** Acquired in 2023, previously known as the Iprop Building and tenanted by New Era Roofing.

OWNERSHIP AND FINANCIAL AGREEMENTS

Land transfer:

- **City of Cape Town (CoCT):** Sold 94 hectares of land to ASEZCo at a market value of R56,5 million in exchange for shareholding in ASEZCo.
- **Shareholding:** ASEZCo issued 83 shares to CoCT on 31 March 2022.

Erven details:

- **ASEZCo-owned erven:** Three erven totalling 94,1 hectares.
- **Privately owned erven:** Six erven totalling 23,9 hectares, included in the SEZ for fitting the greentech criteria.

FOCUS AND OBJECTIVES

Greentech SEZ:

- **Objective:** Attracting investment and manufacturers in the greentech sector.
- **Investment attraction:** Targeting companies involved in renewable energy, energy efficiency, water management, and other green technologies.

Table 2: SEZ four erven

Designation zone	Original erf number	Old (revised) erf number	Size per designation (Ha)	New erf number
1	Portion Remainder CA1183	Ptn Rem of 171-RE	22.10	Erf 334
	CA4-93-RE	RE Ptn of 62	0.7	Erf 334
2	CA1183-4	Ptn of Rem of 277	9.6	Erf 338
	CA1183-45	246	4.0	Erf 338
	CA1183-122	254	3.0	Erf 338
	CA1183-0	Ptn Rem of 171	16.0	Erf 338
3	Portion CA1183-4-RE	Ptn of Rem of 277	38.7	Erf 335
4	CA1183-51	179	0.7	ASEZCo
Total land area	94.1			

Table 3: Privately-owned land

Designation zone	Original erf number	Revised erf number	Size per designation (ha)	Current ownership
1	CA1547	61	7.8	GRI
	CA4-128	69	2.3	Everflo (acquired from Ahlesa blankets)
	CA4-113	70	4.5	Ahlesa Blankets (manufacturing)
	CA4-212	73	5.3	Kaytech Engineering
	CA4-120-RE	74-RE	1.2	Kaytech Engineering
2	CA1183-72	245	2.8	Swartland Insulation (was Skyward windows)
Total private land as per designation			24,6	

The Western Cape continues to see higher-than-average GDP growth over the past decade. Within the Cape Metropolitan Area, large parcels of industrially zoned and vacant land, such as those found in the Atlantis Industrial area and SEZ, are limited. This asset, combined with the need for a greentech industrial cluster to support the renewable energy transition and green industrialisation, provided a key impetus for the designation of the Atlantis SEZ. With world-class infrastructure and two international ports in close proximity, the Atlantis SEZ offers value to investors in both the greentech manufacturing and agriculture sectors. Manufacturing within the Western Cape's niche sectors is strongly linked to the food and beverage industry (Wesgro, 2021). Within the Western Cape, the manufacturing sector is supported by multinational corporations. These corporations have chosen the Western Cape to take advantage of the economic opportunities of not only the local economy but also the whole of Africa. The Port of Cape Town will further boost the Atlantis SEZ's quest to become an export-based greentech manufacturing hub.

The City of Cape Town established a greentech manufacturing hub in Atlantis in 2011, in response to the then Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

The hub historically attracted five greentech investors (24.6 ha were gazetted as part of the SEZ designation):

- Gestamp Renewable Industries (GRI, Steel wind turbine tower manufacturer);
- Kaytech Engineered Fabrics (geotextiles for the construction industry);
- Ahlesa Blankets (non-woven textile manufacturer with undeveloped vacant land);
- Skyward Windows (insulated windows and doors for the EU market); and
- Resolux (internal components for wind towers).

These investments were made on 24,6 hectares of privately owned land, which forms part of the designated SEZ. Before the ASEZCo entity was established in 2020, one investor, Resolux, had disinvested due to uncertainty in procurement on the REIPPPP, whilst others persisted and even sold portions of land and buildings to catalyse further investment from

the private sector. The ASEZCo purchased the facility where Resolux was housed and secured a micro-tenant early on. In addition, the facility was promoted to interested parties, and a long-term tenant was secured through a lease agreement. The tenant will operate alongside the smaller tenant until August 2024, when they will take full occupancy of the facility (30 Charles Matthews Street, EGL Building). This facility will undergo refurbishment using the dtic funds to align with the requirements of the EU-based buyers for their agriculture-derived product, SuperCereal Plus. To date, SEZ investments on privately owned land are as follows:

- Gestamp Renewable Industries (GRI, steel wind towers);
- Kaytech Engineered Fabrics expansion (geotextiles for the construction industry);
- Ahlesa Blankets (non-woven textile manufacturer with undeveloped vacant land);
- Everflo (acquired portions of Ahlesa Blankets' land listings on SEZ land);
- Swartland Insulation (acquired Skyward Windows facility); and
- Moduler (electrical assemblies).

Additionally, ASEZCo has secured further private sector investment on ASEZCo-controlled land and in ASEZCo-owned buildings as follows:

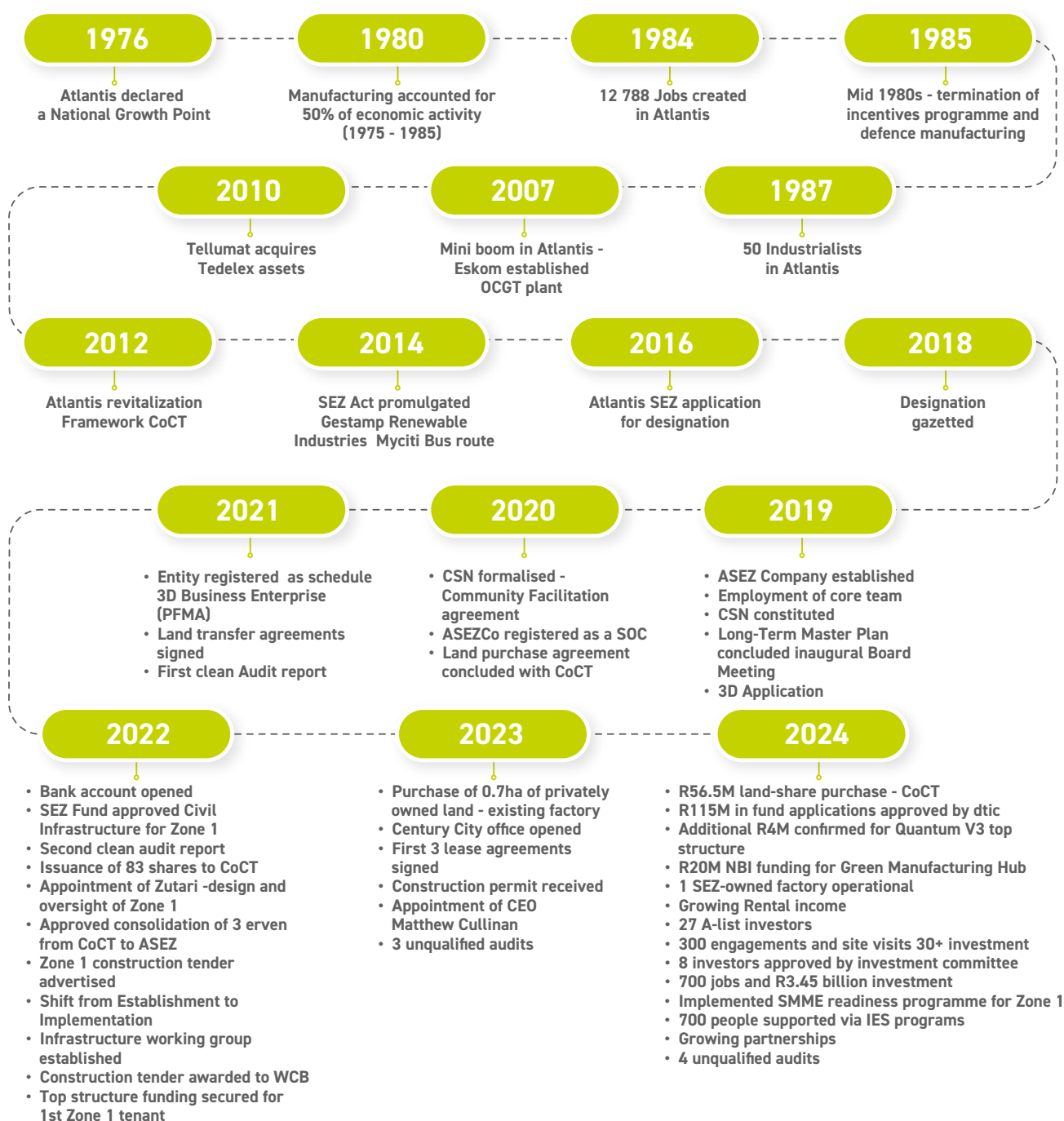
- Quantum V3 Holding (acetylene gas manufacturer) on site 11 of Zone 1;
- New Era Roofing (green roof sheeting supplier as a tenant of the Economic-Green Link (EGL) Building at 30 Charles Matthews Street, Atlantis); and
- Mint & Honey (agri-processing).

The three investors/tenants above have been secured through signed lease agreements. Mint & Honey has requested the use of all of the internal space in EGL, resulting in greater revenue generation for the ASEZCo. The projected job opportunities amount to 68 jobs and a 5-year turnover of R135 million per year, as well as an estimated value of export of R46,8 million rand.

The Atlantis journey is depicted in the figure overleaf.

THE ATLANTIS SEZ JOURNEY

FIGURE 6: THE ATLANTIS JOURNEY



SERVICE DELIVERY ENVIRONMENT

"Targeting the transition to an inclusive green economy signifies a massive and disruptive shift, commanding a new model of development. Industrial policy is core to this process, notably to ensure a "just transition" and manage a balancing act, consisting of maximising the benefits of the transition and minimising the risks associated with not transitioning; but in line with South Africa's capabilities to minimise the short-term trade-offs and threats. This requires a careful alignment of South Africa's industrial policy with the inclusive green economy paradigm to support the country's green industrial development. Ultimately, this requires the shift from industrial policy to green industrial policy" (Green Economy Policy Review of South Africa's Industrial Policy Framework. DEFF, DTI&C and DSI. 2020 – Report Prepared by UNEP and TIPS)".

The Atlantis SEZ, designated as a greentech SEZ, is a key enabler and supporter of this "just transition." It aims to set the benchmark for green industrialisation and will provide

these learnings to inform South Africa's Green Economy Industrial Strategy going forward.

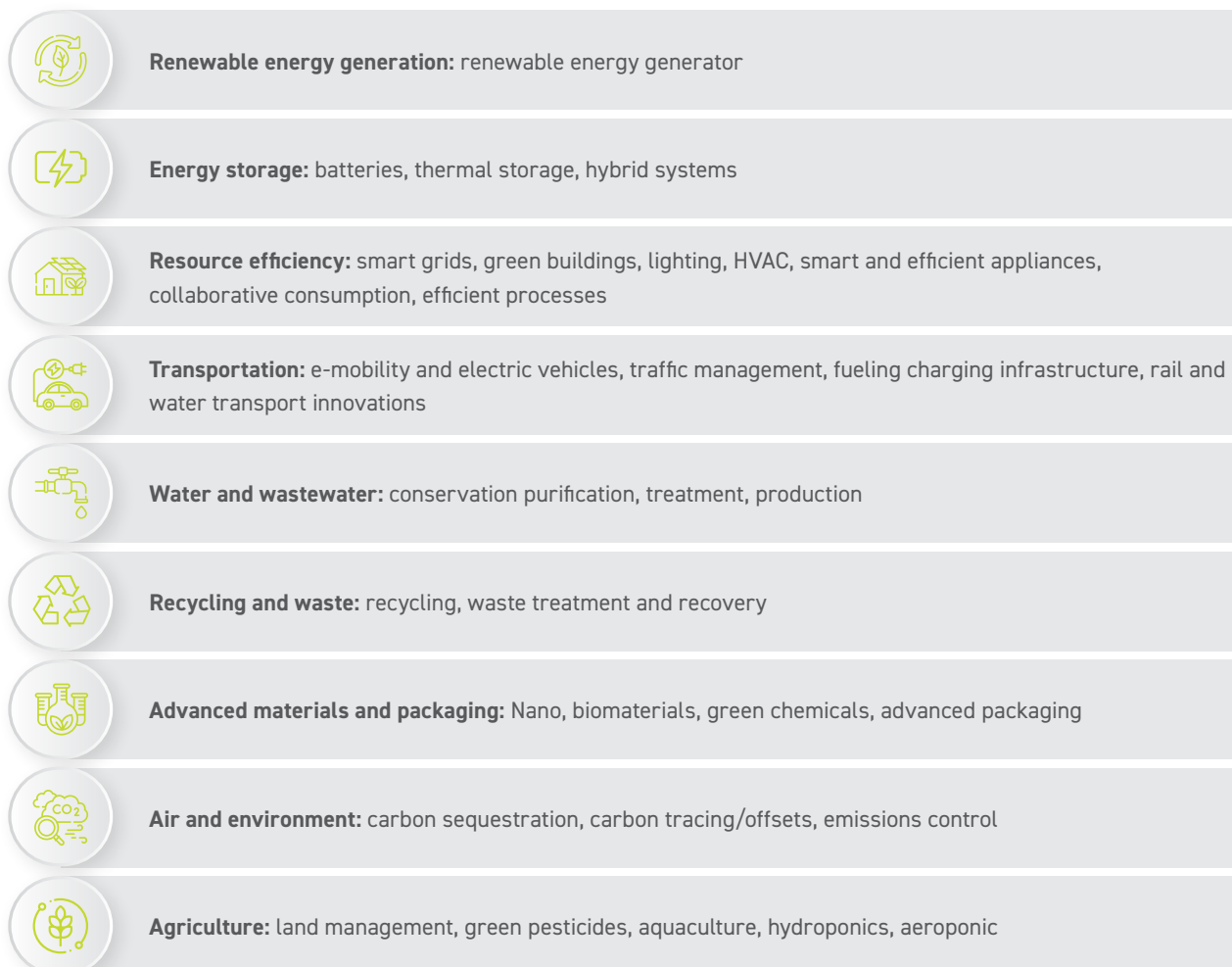
The concept of greentech is built on the principles of a green economy that is low-carbon (zero carbon), resource-efficient, and socially inclusive. Greentech can also be defined as technology intended to mitigate or reverse the effects of human activity on the environment. The definition of greentech includes, but is not limited to, technologies related to renewable energy, energy storage, energy efficiency, water efficiency and management, greener packaging, recycling, green chemicals, and e-mobility.

A resource-efficient, clean producer (RECP) is defined as one that employs processes, products, and services to increase the resource-efficiency of production while reducing pollution and minimising negative impacts on humans and the environment.

The categories of greentech utilised by the Atlantis SEZ are:

FIGURE 7: CATEGORIES OF GREENTECH

Source: Own analysis based on Kachan & Co /2012) and Cleantech Scandinavia /2018)



While the ASEZCo will focus on attracting producers of greentech products and services, resource-efficient manufacturers of products other than green technologies will also be eligible to apply to establish operations in the ASEZ. Additionally, agriculture-related activities will be considered for locating in the ASEZ, as it has been determined that Atlantis caters to many food and beverage industry operators. The requirement for stable and green power is key to the competitiveness of such manufacturers. With Carbon Border Adjustment Mechanisms (CBAM) coming into play in the coming months, industrialists, especially those in the ever-growing and utility-demanding agri-processing sector, are seeking resource-efficient platforms to operate from. The ASEZ meets this requirement and is therefore a favourable location to consider when making such decisions.

All three tiers of government prioritise "greener" economic growth, the creation of "green" jobs and the development of this future-focused sector in South Africa. This is demonstrated in:

- Government interventions to promote the uptake of greentech products and services, including incentives such as the Section 12L energy efficiency tax regime, the Section 12B solar tax allowance, the Eskom integrated demand management programme, the independent power producer programmes, green building standards, and market mechanisms such as the proposed carbon tax.
- The dtic's articulation of various visions for the growth of green industries in South Africa. Examples include the Solar and Wind Energy Strategy (the dtic, 2012), the Solar Photovoltaic (PV) Localisation Roadmap (EScience Associates, Urban-Econ Development Economists and Ahlfeldt, 2013), the Concentrated Solar Power (CSP) Localisation Roadmap (Ernst & Young and Enolcon, 2013), the Wind Industry Localisation Roadmap (Urban-Econ Development Economists, 2014), the Electric Vehicles White Paper (the dtic, 2023) and the Electric Vehicle Industry Roadmap (the dtic, 2013) (DEFF, dtic, DSI, 2020).

Furthermore, the South African Government's commitment to greener economic growth and renewable energy generation is demonstrated in several overarching economic policy frameworks and energy plans, such as the Integrated Energy Plan, the Integrated Resource Plan (IRP2019), including an in-process update of a revised version (2014), the National Development Plan 2030, the Industrial Policy Action Plan (2018), the South African Renewable Energy Masterplan (SAREM, 2023), and the Electric Vehicle Roadmap White Paper (the dtic, 2023). SAREM is an action-oriented implementation plan that focuses on leveraging investment in the renewable energy value chain to deliver jobs and support economic recovery through increased manufacturing. These objectives aim to impact transformation and support a just energy transition.

The WCG's Green Economy Strategic Framework prioritises programmes aimed at greater diversity of energy supply to the region, as well as reducing the energy intensity of products from the region. The WCG's Growth for Jobs Strategy (G4J) also seeks to reduce reliance on energy from Eskom by between 1 800 MW and 5 700 MW by 2035, which is estimated to attract between R21,6 billion and R68,4 billion in related investment. It also seeks to produce a Western Cape-specific Integrated Resource Plan. These programmes are aimed at stimulating the market for green technology (among others), by removing regulatory impediments to market growth and driving the localisation of manufacturing. Additionally, the Province plays a key role in coordinating industry efforts to reduce water requirements, adopt water-saving practices, and explore diversifying and decentralising water supply – in partnership with the City of Cape Town and entities such as GreenCape.

The CoCT's Carbon Neutral 2050 Commitment notes that the following disruptions have made the green transition possible:

- **Renewable electricity technologies:** These are competitive and, in certain circumstances, cheaper than fossil fuel technologies.
- **Battery storage:** While the Western Cape province has some of the best wind and solar resources in the world, they are variable; thus, battery (and other forms of) storage will be required for renewable energy to be dispatched when needed. Currently, the City of Cape Town accommodates multiple battery assemblers and has seen significant growth through the establishment of a new facility or SolarMD at Richmond Park.
- **Electric vehicles:** The advent of these vehicles at steadily decreasing prices means that people and goods can be transported using clean, renewable electricity.

As part of its C40 membership, in 2017, the CoCT pledged to develop and begin implementing more ambitious climate action plans by 2020 to deliver an emissions-neutral and climate-resilient city by 2050. Linked to this, the Sustainable Energy Markets and Environmental Management Departments of the CoCT have developed a Climate Change Action Plan. The Climate Change Action Plan outlines how the City will act to reduce its share of greenhouse gas emissions while adapting to the inevitable impacts projected across human and natural systems. However, the City's plan is not only about emissions and climate risk – it is also about using the opportunity to be a leader in transitioning to a competitive, resilient, and efficient green economy.

Additionally, the City has run two independent power producer (IPP) RFQs. Both equate to a total of 700 MW, with a split of renewable-focused IPPs to bid for 200 MW, while the remaining 500 MW is to be made up of dispatchable power. For SSEG clients, the added advantage of being able to sell power

back to the City of Cape Town has further accelerated the uptake of solar on rooftops. The recent addition of a reduced-price energy feed-in meter to the City's approved meter list has also further increased this opportunity for SSEG uptake.

These commitments translate into demand for greentech from the CoCT. For example, its Environmental Management Department is seeking approval for a Green Procurement Action Plan (GPAP), which will promote the procurement of greener goods by the City itself – enabling/equipping the City to use its buying power to buy greener.

Also mentioned in the Inclusive Economic Growth Strategy (IEGS) are the Water and Waste Strategies, as well as the importance of procuring from IPPs – all of which will also contribute to an increase in demand for greentech.

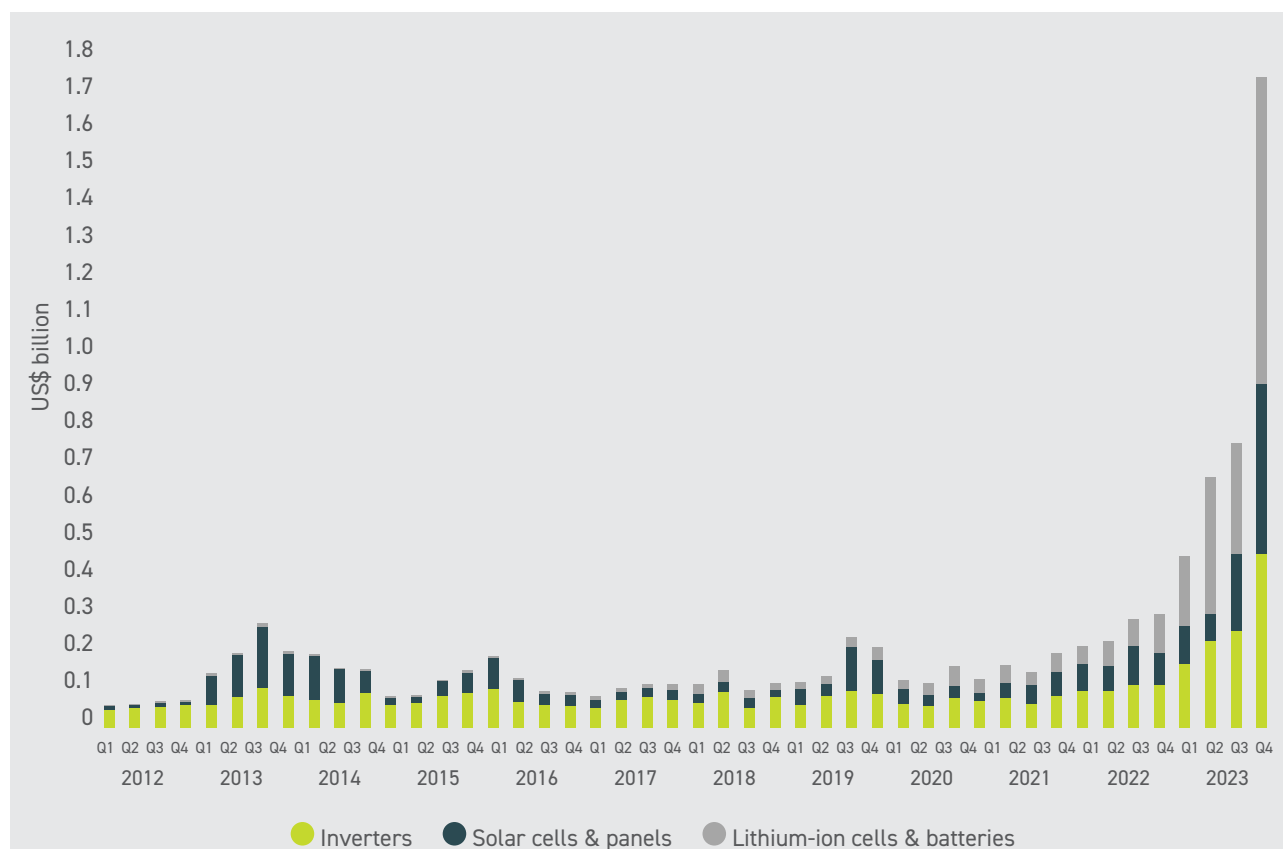
Agriculture activities, specifically agri-processing/food and beer manufacturing, are well represented in Atlantis as a whole. Companies such as PEPSICO (Weetbix and other BOKOMO products at multiple locations), Joya Brands, Mint & Honey, Atlantis Foods Group, Promeal, and the Seiner Group (fishmeal), have resulted in the ASEZCo targeting similar activities for location in the SEZ, as these activities seek access to more resource-efficient utilities.

The various initiatives highlight the promising and growing market for greentech products, providing opportunities to build a greentech manufacturing and agriculture hub in

Atlantis and through the Atlantis SEZ. The agriculture sector contributes significantly to global greenhouse gas emissions, and the ASEZ has an important role to play in reducing these emissions on behalf of the sector.

Thus, the ASEZCo seeks to leverage the infrastructure support and incentives available to companies through both the national SEZ policy framework and numerous municipal, provincial, national, international, and private sector funds to stimulate investment and job creation in areas of green technology. The ASEZ covers approximately 94,1 hectares of land which is estimated to provide growth in the SEZ for at least another eight to ten years. There is a fast-growing market for greentech that is sufficient to support the envisaged local manufacturing base in the ASEZ. While the utility-scale renewable energy market has been under pressure, the recent round 6 of the REIPPPP should provide good stimulus as two projects secured Power Purchase Agreements with Eskom and DMRE in the latter part of 2023/24. An additional bid window (BW7) was opened to the public in December 2023, which will continue to stimulate the renewable energy manufacturing market. Additionally, the markets for rooftop PV and energy efficiency have seen huge growth in recent years because of the shifting economics of energy in South Africa. Towards the end of 2023, solar panel, battery and inverter imports reached an all-time high, as shown in Figure 8 below.

FIGURE 8: SA IMPORTS OF SOLAR PANELS, LITHIUM-ION BATTERIES AND INVERTERS (IN US\$ BILLION)



The SEZ in Atlantis will create a conducive environment to capture the manufacturing benefits of these markets. Importantly, this represents a near-term opportunity to create manufacturing jobs.

As more people move to the city and invest in various sectors, the demand for goods is rapidly increasing. Consequently, modern industrial spaces within convenient driving and delivery distance from the CBD and suburban areas are in high demand. Quarter three of 2023 of the Rode report showed the following trends.

According to Rode Retail Report (Q3, 2023) the industrial property sector has grown by 6% over the past year, and 7% the year before.

This impressive performance is driven by the expanding population of Cape Town, which is projected to reach 5 million by 2030. As the industrial sector grows, companies are struggling to find premises in a city constrained by its geographic features. Nestled between the Atlantic Ocean and Table Mountain, Cape Town has limited space for industrial development, especially given the high cost of premium residential and commercial land closer to the city.

According to the Commercialspace report (March 2024), the situation has led to growth and redevelopment in industrial areas like the West Coast, Atlantis, Airport Industria, and traditional light industrial zones like Epping, on a scale last seen decades ago. Much like the trends of the workplace and office space sector, where there is an undersupply of units and an oversupply of tenants, industrial properties are in high demand with developers scrambling to build new stock to meet this demand.

(<https://commercialspace.co.za/an-overview-of-cape-town-industrial-sector-industrial-space/>)

THE LIVING LAB

As the DEFF, the dtic and DSI (2020) Green Policy Review state, *“The integration of sustainability into industrial policy should ultimately lead to greening the programmes which form industrial policy. Support to key industrial value chains should be strategic, time-bound, and conditional to green performance improvements. Measures incompatible with the transition, such as fossil fuel subsidies, should be progressively phased out. Complementarily, policy and regulatory bottlenecks for industries to move towards a sustainable development pathway should be identified and unlocked. Moreover, measures necessary to stimulate and unlock market demand, particularly from the private sector and households, should be prioritised.”*

This review places greentech and the green economy at the centre of South Africa's industrial policy going forward. However, it also acknowledges that this transition has many

parts and that, as South Africans, we have much to learn. It stresses the importance of learning and sharing lessons.

THE LIVING LAB IN THE ASEZ

The goals of the Living Lab are defined as:

- To continually reduce carbon emissions, improve resource efficiency, and ensure social inclusion.
- To test a policy and practical framework for sustainable industrialisation.
- To share insights and lessons from implementing a green industrial zone (in the future, all industrial development will need to follow this approach to achieve sustainability, grow the circular economy and tackle the drivers exacerbating the climate crises).
- To actively pursue collaboration and partnerships as a basis for innovation and learning by doing.
- To actively seek and work with institutions and agencies that share our vision and to use the zone as an opportunity to explore and test innovative ideas for sustainable industrialisation, social inclusion, and advancing the circular economy.

The following benefits are envisaged:

Investors

- Energy and water security
- Reduced service costs (including through industrial symbiosis)
- Green production certification

Community

- Socio-economic inclusion
- Spillovers from skills and enterprise development

The Atlantis greentech SEZ is a key enabler and supporter of South Africa's just transition. It aims to set the bar for green industrialisation and will provide these learnings to inform South Africa's Green Economy Industrial Strategy going forward. The goal of the Living Lab is to push the boundaries of running and operating a sustainable, green, industrial zone, and to share those lessons.

To give effect to the above, designated SEZ land needed to be transferred from the City of Cape Town, as owners, to the ASEZCo, which led to negotiations for the land transfer. The Memorandum of Incorporation (MOI) was verified and approved by the Western Cape Government. A crucial next step was the listing confirmation of the entity in Part D of Schedule 3 to the Public Finance Management Act 1 of 1999 (the PMFA). The application was successful, with the ASEZCo listing finalised on 15 December 2021 to operate as a provincial business enterprise. This listing delay as a Schedule 3D enterprise meant that the ASEZCo was unable to deliver

on many of the sub-programme operational requirements, and it was largely unable to transact. However, in the year under review, the ASEZCo has seen significant challenges lifted from its path. The ability to directly transact with the private sector for the development of top structures has led to an ever-growing pipeline of interest, culminating in two lease agreements (Mint & Honey, and New Era Roofing) being signed in the year under review.

SYSTEMIC CHALLENGES

Despite the progress made in the current period, several risks and challenges remain:

- Stakeholder fatigue - political, community and investors.
- Lack of funds for the capital programme and reduced operational funding.
- A potentially exhausted National SEZ Fund for prospective infrastructure.

ORGANISATIONAL ENVIRONMENT

The ASEZCo development into operations during its implementation phase brings many successes to be celebrated for the 2023/24 year. These achievements come despite the funding obstacles faced by SEZs and demonstrate resilience in moving towards ultimate goals.

The 2023/24 accomplishments are attributable to a focused and engaged leadership from the CEO, the dedicated and tireless building of the organisational framework by the CFO and executive team, all supported by a small, but passionate, skilled, and highly motivated SEZ delivery team in Atlantis and Cape Town.

Leadership and teamwork marked every step of this remarkable journey over the 2023/24 financial year. Regular

interactions across all portfolios remain the foundation for the ASEZCo's achievements.

This organisation and its team remain resilient in seeking out alternative sources of funding for both its bulk infrastructure and top structures to reach their self-sustainability target.

POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The award of the sixth round of the REIPPPP by the Department of Mineral Resources and Energy, followed by BW 7 being opened in December 2023, bodes well for the Atlantis SEZ. Round six of the REIPPPP resulted in six bidders being awarded the opportunity to build wind and solar farms. The awarding of two preferred bidders in round six also demonstrates a local market for renewable energy component manufacturers. Additionally, reaching financial close on projects bid into rounds 5 and 6 of the REIPPPP is the one sure-footed way for manufacturers to demonstrate a strong order book, bolstering their decision to invest in manufacturing activity which services the demand created by rounds 5, 6, and future round 7 of the REIPPPP.

The amendment of Schedule 2 in the Electricity Regulation Act resulted in the outright lifting of the 100 MW cap placed on embedded generation projects needing to be registered with NERSA. This policy intervention continues to grow the opportunity for the private sector to implement their own energy installations and combat the impacts of load-shedding on their businesses. According to Eskom's latest estimates, there was about 5 440 MW of rooftop solar capacity not directly connected to Eskom's grid in March 2024. The table below shows the provincial breakdown and rate of private-sector rooftop solar PV implementation and how it compares with utility-scale installations.



FIGURE 9: PROVINCIAL BREAKDOWN AND RATE OF PRIVATE-SECTOR ROOFTOP SOLAR PV IMPLEMENTATION

Maximum/Installed Rooftop PV (MW):	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	North-eastern Cape	North-West	Western Cape	Total
Mar-24	368.2	307.7	1,503.70	810.9	413.3	516.1	208.4	669.3	642.4	5,439.90
Feb-24	368.2	307.7	1,503.70	810.9	413.3	516.1	208.4	669.3	642.4	5,439.90
Jan-24	368.2	280.2	1,503.70	810.9	413.3	516.1	208.4	669.3	642.4	5,412.30
Dec-23	368.2	280.2	1,295.00	810.9	413.3	516.1	208.4	669.3	642.4	5,203.70
Nov-23	368.2	280.2	1,216.60	810.9	413.3	509.3	129.5	669.3	642.4	5,039.60
Oct-23	368.2	280.2	1,207.80	810.9	413.3	509.3	129.5	669.3	616.8	5,005.00
Sep-23	368.2	280.2	1,207.80	810.9	413.3	476.6	129.5	669.3	527.4	4,883.00
Aug-23	368.2	280.2	1,207.80	810.9	345.6	474.1	129.5	669.3	527.4	4,812.80
Jul-23	368.2	280.2	1,207.8	810.9	296.6	450.7	129.5	669.3	527.4	4,740.40
Jun-23	284.3	280.2	1,207.8	565.8	296.6	450.7	129.5	669.3	527.4	4,411.50
May-23	190	204.9	1,072.1	565.8	296.6	450.7	129.5	669.3	457.9	4,036.80
Apr-23	163.2	160.5	917.5	417.5	226.8	326.7	117.5	669.3	369	3,368.00
Mar-23	163.2	160.5	917.5	417.5	189.8	317.9	117.5	669.3	289.7	3,242.80
Feb-23	163.2	160.5	917.5	417.5	189.8	305.6	117.5	669.3	198	3,138.80
Jan-23	143.1	160.5	917.5	417.5	189.8	298.8	82.6	669.3	198	3,077.10
Dec-22	130.2	160.3	848.3	356.6	189.8	298.8	82	310.4	198	2,574.30
Nov-22	130.2	160.3	848.3	356.6	189.8	298.8	79.1	184.8	156.6	2,404.50
Oct-22	130.2	160.3	848.3	296.9	189.8	298.8	79.1	184.8	145.5	2,333.60
Sep-22	130.2	160.3	848.3	296.9	189.8	298.8	79.1	184.8	145.5	2,333.60
Aug-22	130.2	160.3	848.3	296.9	189.8	298.8	79.1	184.8	145.5	2,333.60
Jul-22	130.2	148.8	790.6	296.9	189.8	298.8	79.1	184.8	145.5	2,264.50

Current Installed Capacity (MW)	
CSP	500.0
PV	2,287.1
Wind (Eskom+IPP)	3,442.6
Hybrid	150.0
Total (incl other REs)	6,430.2
Estimated Rooftop PV	5,439.9

<https://mybroadband.co.za/news/energy/535617-eskoms-rooftop-solar-numbers-and-peak-demand-decline-explained.html>

However, determining the exact amount of private power installed in South Africa would be a monumental task, requiring a national audit of all private solar panel installations. The current estimates are based on historical provincial demand data during noon over a three-month rolling period. Load-shedding, although a crisis that South Africa continues to face, has contributed to the increased importation of battery cells, solar panels, and inverters.

The ASEZCo anticipates greater interest from greentech and agri-related manufacturers as the entity approaches the completion of civil infrastructure development in Zone 1. This ongoing development has been a hindrance to attracting investment, however, a lease was signed in the previous financial year (2022/23) for future tenancy upon the successful completion of Zone 1 civil works.

Manufacturers seek rapid access to manufacturing sites, as the current market context is attractive to investors and may

not persist indefinitely. This is evident in the rapid decline of imports of battery cells, inverters and solar panels, as depicted in Figure 8 on page 42.

The hydrogen economy remains of immense interest to the ASEZCo, as increased momentum is gained in the development of hydrogen projects throughout SADC and South Africa. Global hydrogen demand is staggering, and the Western Cape has set its goal to produce 552 ktH₂pa by 2035. This will require an additional renewable supply to the grid of 10,6 GW, with the bulk of the generation coming from wind at 6,4 GW and solar at 4,2 GW. These figures have been modelled in the Western Cape Hydrogen Strategy and present significant opportunities for manufacturers to localise, especially if the Western Cape were to incentivise the localisation of renewable energy technologies.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Any institution that is result-orientated must strive toward well-defined impacts and outcomes. Such impacts and outcomes should be ambitious, progressive, and achievable. The development of a five-year Strategic Plan forms the cornerstone of the Atlantis SEZ's five-year vision, but it is important that this vision is reflected in the desired annual impacts and outcomes as outlined in the annual Corporate Plan.

The strategic outcome-oriented goal of Atlantis SEZ is primarily informed by the SEZ Act. In addition to the guidelines in the Act, it is also important for any SEZ to develop an operational approach that is tailored to its specific context, including the SEZ's unique culture, economic dynamics, and capacity constraints. The systems and structures built to ensure an SEZ's effectiveness in fulfilling its mandate must include an administration that is both responsible and responsive to the market it serves. The implementation of good governance is non-negotiable and serves as the main pillar of the ASEZCo. Without it, any other developmental efforts and creative approaches to fulfilling this mandate will be fruitless.

Sound financial management that is enabling rather than restrictive, a human resource base that is purpose-built

and functional, a strong corporate governance culture with a credible and respected Board of Directors, a supply chain management system that is creative, proactive, yet compliant, and an ICT management system that facilitates efficient operations are the cornerstones of such a responsive administration. This administration must follow the principles of good governance rigorously while also finding solutions to complex problems based on a solid set of rules.

Talented, committed, and hard-working individuals are often the key components of any responsive administration and good corporate governance. The composition of human resources must ensure an effective mix of talent from diverse sources, all working toward a common purpose and goal.

Thus, the strategic goal of the Atlantis SEZ for 2020/21 to 2024/25 is outlined in the table below, which provides an indication of the state of achievement in the set institutional impacts and outcomes.



Table 4: ASEZCo strategic goal

The strategic goal of Atlantis SEZ for 2020/21 to 2024/25:		
Strategic outcome-oriented goal	To contribute to GDP through greentech-related investment and facilitation of jobs within the Atlantis and surrounding economy.	Progress to date:
Goal statement	The Atlantis SEZ aims to achieve the following for the period 2020/21-2024/25:	
	Unqualified Audit Report with no material findings	Four unqualified audit reports with no material findings received to date
	Recruit and facilitate at least R3 billion in direct investments into the ASEZ with associated job creation and capital investment opportunities.	The ASEZCo has successfully recruited R2,2 billion of new investment into the ASEZ for the period 2020-21 to 2023-24; approximately 367 new jobs have been created from this declared investment into new and expansion ventures
	To generate revenue from commercial services of at least 70% towards being independent of the Western Cape Government for Operational budget purposes.	- The ASEZCo acquired the EGL building in January 2023 resulting in rental income of R59 179 for the 2022-23 financial year - For the 2023-24 financial year, rental revenue for the EGL Facility increased to R886 565, and it is expected to further increase during the 2024-2025 financial year - The overoptimistic target will not be achieved over a 5-year period due to circumstances beyond the ASEZCo's control; rental revenue is estimated to reach less than 5% of the operational budget requirements at the end of the 5-year cycle
	To secure funding of at least R180m towards establishment of greentech infrastructure, facilities, and services guided by UNIDO's Eco-Industrial Park and Living Lab objectives.	- The ASEZCo infrastructure portfolio secured R89 million in funding towards establishing greentech infrastructure. This is for the civils for Zone 1 - R8.6 million has also been secured for the refurbishment of the EGL Building - The civil design and implementation are being done in accordance with green design principles - R13.8 million has been secured for Quantum V3. This is for the construction of a manufacturing and office facility, and equipment storage for the production of acetylene which is an important component in the green economy; the structure is designed in accordance with green principles
	To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	This target has been exceeded. The ASEZCo saw a total of 2 506 people supported in Atlantis through our community integration, skills, and enterprise development initiatives
Baseline	None	
Links	VIP2 of the Western Cape Government Provincial Strategic Plan, 2019-2024	

INSTITUTIONAL PROGRAMME PERFORMANCE (IPP) INFORMATION



PROGRAMME 1: ADMINISTRATION

PURPOSE

The programme aims to provide efficient, cost-effective, transparent, and responsive administration to the Atlantis SEZ, ensuring the implementation of good corporate governance principles.

PROGRAMME STRUCTURE

The programme encompasses the following functions:

- Financial management
- Human resource management
- Corporate governance
- Supply Chain Management (SCM)
- ICT management

Sub-programme 1.1: Financial management

This sub-programme ensures the availability of necessary resources to efficiently run core operations. Sound financial management involves careful tracking of spending against the budget, timely billing and recovery from tenants, and prudent management of the entity's resources and cash flows. This enables informed decision-making while managing risks. The ASEZCo takes pride in its ability to pay its suppliers promptly and is actively growing its non-governmental revenue to achieve financial sustainability in the medium term.

Sub-programme 1.2: Human resource management

This sub-programme ensures that the Company employs and maintains a skilled and adequately compensated workforce. Its priorities include attracting, recruiting, and retaining staff by fostering a culture and climate that promotes motivation and job satisfaction. As the ASEZCo expands its operations, it ensures that sufficiently skilled resources are in place for optimal project execution. Additionally, this sub-programme ensures compliance with relevant legislation. Investment in Learning & Development remains a key priority for the ASEZCo, along with providing internship opportunities to young unemployed professionals.

Sub-programme 1.3: Corporate governance

This sub-programme is responsible for ensuring effective corporate governance within the Atlantis SEZ. As a State-Owned Company (SOC), ASEZCo adheres to principles of corporate governance outlined in legislation and King IV. The programme prioritises the implementation of these rules and processes to ensure good governance. In the 2023/24 financial year, the ASEZCo Corporate Plan was approved and tabled within the required legislated timeframe. The ASEZCo Board of Directors met more frequently than the minimum required, fulfilling its responsibilities as outlined in the Board Charter.

Sub-programme 1.4: Supply Chain Management

This sub-programme ensures the implementation of the supply chain function and approach for the ASEZCo in line with legislative requirements, particularly the PFMA and Treasury Regulations. A key focus of the ASEZCo SCM is empowering suppliers, with more than 60% of spending directed towards this goal. This sub-programme also emphasises localisation in SCM, ensuring that procurement aligns with the entity's SMME strategy and supports the ASEZCo's overarching mandate for economic development and job creation within Atlantis.

Sub-program 1.5: ICT management

ICT services for the Atlantis SEZ are progressing well with the support of an outsourced service provider. These services include ICT technical support, ranging from helpdesk and desktop support to server support, network and security management, backup maintenance, and wireless support. This includes both software and hardware procurement for the Cape Town office and Atlantis offices. The Board also approved the ICT Governance Framework and established an IT Steering Committee to guide the ICT management of the ASEZCo.

TABLE 5: PROGRAMME 1 PERFORMANCE INFORMATION
Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Unqualified Audit report with no material findings	Payment to creditors	Number of days taken to process payments	9,75 days	7 days	30 days	3,25 days	-	Achieved
	Corporate plan tabled	Corporate plan tabled by the deadline	1	1	1	1	-	Achieved
	Board meetings	Number of Board meetings	7	8	5	6	1	Overachieved – 1 additional board meeting held to approve the AFS
	B-BBEE Plan	B-BBEE plan/strategy approved/ updated	1	-	-	-	-	-
		Percentage budget spend on B-BBEE suppliers	-	82%	65%	65,9%	-	Achieved. The entity will always strive to achieve more than the target on B-BBEE spend
	Maintenance of the ICT environment	Quarterly reports evidencing maintenance of the entity's ICT environment	4	4	-	-	-	-
		ICT Governance Framework approved	-	-	1	1	-	Achieved
	Management of staff morale	Percentage Budget spend on learning & development including internships	-	3.1%	3%	3,1%	-	Achieved. The entity will always strive to achieve more than the target



PROGRAMME 2: OPERATIONS

PURPOSE

The purpose of the programme is to ensure the effective operations of Atlantis SEZ.

PROGRAMME STRUCTURE

This programme includes the following business units:

- Business Development
- Commercial Services
- Integrated Ecosystem Development
- Greentech Infrastructure Development

HIGHLIGHTS OF EACH BUSINESS UNIT FOR THE YEAR UNDER REVIEW ARE SHARED BELOW:

Sub-programme 2.1: Business development

The business Development sub-programme serves as a crucial conduit for information and deal flow between investors and the ASEZCo. By understanding investor requirements and integrating them into the company's operations, this sub-programme helps create a competitive value proposition for the Atlantis SEZ.

Key functions of the sub-programme include:

- Acts as a catalyst and platform for targeted greentech investment. The Atlantis SEZ aims to attract local and foreign greentech investment through the provision of business facilitation services as well as transaction and investor support.
- Promoting property investments in line with Atlantis SEZ's developmental objectives, focusing on economic development, employment creation, and social upliftment.
- Collaborating with key stakeholders, including DEDAT, Wesgro, City of Cape Town, GreenCape, and InvestSA, to enhance impact and cost efficiency in business promotion.
- Enhancing product development by identifying and implementing investor needs, thereby strengthening the value proposition of the ASEZ.
- Ensuring effective marketing and communications to inform stakeholders and manage the Atlantis SEZ's brand identity.

ASEZCo advanced its strategic objectives, enhanced stakeholder engagement, and drove sustainable development in the Atlantis region. The fiscal year 2023/24, saw a notable increase in investment enquiries and applications, reflecting heightened interest from potential investors.

The Business Development Unit engaged in over 256 interactions and site visits with prospective investors, leading to the generation of 26 new investment leads in an A-list pipeline, potentially creating 2 500 jobs and attracting R17 billion in capital infrastructure.

A significant achievement was the approval of an investment promotion strategy centred on clustering, particularly in agri and renewable sectors. This strategy was endorsed by the Board of Directors and is set for implementation by the ASEZCo.

The marketing team's efforts resulted in global profiling of the ASEZ through multiple platforms, campaigns, and marketing channels. The ASEZCo attended and hosted over 30 investment-focused events, including a pivotal site visit by an investor, which led to the selection of Atlantis as the final location for a gigafactory battery manufacturing facility.

The Business Development Unit performed exceptionally well during 2023-2024 in terms of investment queries and applications to the ASEZCo. The unit's participation in numerous events and trade shows, long with its presence in various publications, led to an increase in application submissions received by the ASEZCo.

A significant highlight was an outward mission to London, in collaboration with Wesgro, the Western Cape Minister for Economic Opportunities, and the Mayoral Committee Member for Economic Opportunities, James Vos. This mission resulted in two new investment leads being added to the pipeline. Wesgro hosted an "Invest in Western Cape" themed event in London, which attracted a wide range of investors and interested parties across multiple sectors. The ASEZCo contributed to the event by participating in a panel discussion that focused largely on renewables and manufacturing. The session was moderated by GreenCape, an active investment promotion partner in the Western Cape.

The ASEZ hosted 50 attendees from the BRICS delegation alongside Wesgro on 16 August 2023, marking a significant milestone in its efforts to attract investment and drive economic growth in the region. A business development press release highlighted the progress made in these initiatives.

The Executive for Business Development was invited to participate in a UK-SA Trade workshop. Funded by the UK High Commission, this trade enhancement programme in South Africa led to the creation of a greentech manufacturing brochure specifically tailored for the ASEZCo.

The Atlantis SEZ CEO, Matt Cullinan, attended the Future Forum in Dubai on 27 and 28 November 2023. Innovate UK, the UK's national innovation agency, supports business-led innovation across all sectors, technologies, and UK regions. Its focus is to help businesses grow through the development and commercialisation of new products, processes, and services within a robust innovation ecosystem.

Additionally, Marketing & Communications Specialist, Kerryn Marsden, along with the CFO, attended the Sustainable Industrial Areas (SIA) conference in Cairo. The International Conferences on Sustainable Industrial Areas bring together experts from around the world to discuss recent trends, best practices, and future development of sustainable industrial areas.

The Business Development Unit played a pivotal role in hosting several key delegations throughout the year. The IDC conducted due diligence on an investor eager to establish operations in the ASEZ. Additionally, a delegation of BRICS businesses visited to explore the opportunities associated with the ASEZ. The Port of Cape Town also engaged with the ASEZ to understand how they could optimise the logistics chain for goods produced in the zone.

The Japan External Trade Organization (JETRO) engaged virtually to explore the potential of hosting a Japanese delegation at the ASEZ in the future. The ASEZ also presented progress updates to the dtic SEZ Unit in a meeting that was well-received by both dtic and DEDAT officials. Furthermore, a World Bank delegation visited the ASEZ as part of a research initiative to benchmark South African SEZs against global partners.

The ASEZCo also hosted a Chinese delegation from the Ningbo Municipal Bureau of Commerce, led by Mr Pan Xiaofeng, Deputy Director-General, in collaboration with Wesgro, the Department of Economic Development and Tourism (DEDAT), and the Black Business Chamber. This productive meeting focused on strengthening collaboration and investment, particularly positioning the ASEZ as a highly suitable investment destination for green technology.

During the Africa Energy Week (AEW) conference in Cape Town, the ASEZCo hosted a delegation of African energy Leaders, global investors and executives from across the public and private sectors. The tour to Atlantis and the site visit provided participants with valuable insights into the operations, technologies, and opportunities within the Atlantis Special Economic Zone.

The City of Cape Town's Spatial Planning team also visited the ASEZCo for an immersive site tour and information session, which included Zone 1, Drifthoogte in Klein Mamre, and Witsand. The tour proved highly valuable, enhancing their understanding of the Atlantis industrial area and surrounds. The outcome of the site visit was to establish a solid foundation for a mutually beneficial relationship between ASEZCo and the City of Cape Town planning team.

The Unit responsible for developing the SEZ in Limpopo's Fetakgomo Tubatse Local Municipality visited ASEZCo to explore collaboration opportunities and gain insights into the successful mechanisms employed by ASEZCo.

The Atlantis SEZ CEO, Matt Cullinan, participated in a high-level South African delegation visit to Denmark from 12 to 18 August 2023, further strengthening international ties.

In the latter part of 2023/2024, the company faced financial challenges in acquiring delegate passes and securing exhibition opportunities. However, through contributions and collaboration with the City of Cape Town and Wesgro, several conference events were successfully organised, allowing the ASEZCo to attend, exhibit, and present all at no cost to the ASEZCo, thus saving the company around **R430 000 in total**.

These collaborative efforts include:

SOLAR POWER AFRICA (SPA)

By leveraging our partnership with the City of Cape Town for SPA, the ASEZCo was able to attend and exhibit at no cost, saving the company approximately **R120 000**. During the attended sessions, the focus was on understanding the challenges and pathways regarding the EV and battery storage markets in South Africa. It was noted that incentives for EVs are set to begin in 2027, signalling when the South African EV market, from both consumers' and manufacturers' perspectives, will be conducive to attracting EV component manufacturers. This presents an opportunity for ASEZCo to engage with prospective tenants in the EV and battery spaces, as government support through incentives creates a more enabling environment.

AFRICA'S GREEN ECONOMY SUMMIT (AGES)

The AGES event focused on the intersection of the Just Energy Transition, green taxonomy, and finance. By leveraging our partnership with Wesgro, the ASEZCo attended the event, saving the company **around R100 000**. The event affirmed South Africa's renewable energy sector and, by extension, the ASEZCo's strategic advances, such as the benefits from Independent Power Producers (IPPs), energy market deregulation, and increased capital flow towards green projects aligned with the Just Energy Transition (JET). The ASEZCo delegates gained valuable insights from interactions with thought leaders in green finance, particularly regarding the implementation of carbon markets in Africa and the implications of European/American carbon taxes from 2030. This creates an opportunity for the ASEZCo, as its focus on net-zero and low-carbon industrial development provides a critical edge in attracting export-oriented manufacturers to South Africa.

AFRICA ENERGY INDABA

By leveraging its partnerships with the City of Cape Town, the ASEZCo was able to exhibit and market itself as a greentech hub on the continent, drawing prospective interest from firms interested in Green Hydrogen and potential partnerships related to small-scale energy generation. This was achieved at no direct cost to the ASEZCo, saving the company around **R50 000**.

SUSTAINABLE INFRASTRUCTURE DEVELOPMENT SYMPOSIUM OF SOUTH AFRICA (SIDSSA)

Once again, the ASEZCo leveraged its relationship with the Office of the Presidency to negotiate and secure an exhibition stand at the SIDSSA event in the last quarter of the financial year at no cost, saving the company **around R150 000**. The ASEZCo delegation actively engaged with national government institutions, including the IDC, DBSA, and ISA, to strengthen partnerships and collaborations aimed at addressing key funding constraints limiting the development of Zones 2 and 3.

The Unit also hosted a Korean Research team (KMAC) along with the City of Cape Town for a productive session and site visit. Building such networks can open doors for future partnerships and funding opportunities. Additionally, representatives from the Department of Mineral Resources and Energy also visited the ASEZ offices for an educational visit and knowledge exchange session.

The pipeline of investors continues to grow with viable investment prospects. The City's various IPP programmes, released in 2022, generated significant excitement among project developers looking to locate their projects within the City's supply area. The ASEZCo responded well to developer queries, resulting in two applications for solar energy generation facilities. One applicant, who received a letter of non-award, is seeking an opportunity for off-take (PPA) from a private sector company located in the City of Cape Town supply area.

Applications to locate in the ASEZ continue to stream in, with an average of one application per month being received. This ongoing success is a testament to the continued collaboration between all three tiers of government. The ASEZCo Business Development Unit remains dedicated to assisting applicants in obtaining finance to reach a point of financial close, while also managing expectations around the development of enabling infrastructure to accommodate suitable top structures.

The ASEZCo continues to make a positive impact on the economy of South Africa and the Western Cape by facilitating

investment and supporting skills and enterprise development initiatives where possible. In the 2023/2024 financial year, two investor declarations were signed with Everflo and Mint & Honey, resulting in a declared investment of just over R2 billion from these two investors. Investments are measured in accordance with the Wesgro methodology, which aligns with the Reserve Bank's definition of investment, combining Opex and Capex over a five-year operational period. To date, the ASEZCo has directly contributed to facilitating investment into the Atlantis area and SEZ, totalling approximately R2,25 billion.

KEY ACTIVITIES OF THE 2023-24 PERIOD INCLUDED:

- Developed a targeted investment promotion strategy focused on clustering two key sectors, namely, renewable energy components and agri-related industries.
- Undertook the first investment promotion trip alongside Wesgro, targeting green technology and renewable energy investment interests from the UK and Europe.
- Additionally, visited Seoul, Korea, as part of a Kore-Africa Foundation delegation to present on opportunities in the energy space in South Africa and the Western Cape.
- Embarked on an energy security project in collaboration with GreenCape to secure power for the ASEZ, enhancing its already strong value proposition.
- Continued engagement with the community and investors across various marketing, public relations, and communications platforms identified in the ASEZCo marketing strategy developed in 2021. A pipeline of investors, both tenants of the ASEZCo, as well as potential suppliers of technology and services, is maintained on a continued basis. This pipeline feeds the commercial services sub-programme with application forms, of which one had progressed to the lease signing stages.
- The ASEZCo signed two property leases:
 - A company cutting insulative roof material in the ASEZCo's 30 Charles Matthews Street listing; and
 - A company producing a food supplement called Super-Cereal Plus, destined for the World Food Programme in Europe.
- One new investment of R521million has been secured in the zone, whilst additional investment made from a previously located investor (FY22/23), Everflo, of R1,5bn was declared by the investor in the year under review. These investments contribute to a total investment into the ASEZ of R2,25bn and the creation of 367 jobs since its inception.
- The Business Development Unit collaborated with the Western Cape Government's Department of Economic Development and Tourism, Freeport Saldanha and Wesgro

to develop a hydrogen strategy for the Western Cape. This strategy focuses on setting demand goals and achieving them to advance the region's hydrogen economy.

- The ASEZCo successfully entered into strategic partnerships through MOUs/MOAs with the following entities:
 - CSIR (Council for Scientific and Industrial Research)
 - Western Cape Learning & Development Centre
 - Tourism and Business Institute of Southern Africa (TTBISA)

The dtic has committed to funding top structures for bankable tenants, and the ASEZCo aims to leverage the SEZ Fund as much as possible for funding infrastructure and top structure roll-out.

SUB-PROGRAMME 2.2: COMMERCIAL SERVICES

The Atlantis SEZ is committed to providing investors with a seamless and cost-competitive and reliable commercial property service, ensuring that the Atlantis Special Economic Zone remains globally competitive and meets investor development needs and decision-making timelines. To achieve this, ASEZ has streamlined policies and processes to proactively evaluate and accommodate investors, ensuring a smooth and efficient experience.

This sub-programme ensures that prospective tenants and investors are fully qualified and prepared, meeting the stringent requirements of the dtic SEZ Fund and other financiers. The Unit continuously evaluates the ASEZCo's financial model, adjusting according to the growing pipeline built by the Business Development unit. The ASEZCo's financial sustainability relies heavily on the Commercial Unit's ability to identify alternative revenue generation mechanisms

and negotiate mutually favourable lease rates for both investors and the ASEZCo. Additionally, the Commercial Unit plays a key role in supporting the capital-raising activities of the Infrastructure Unit by developing a solid business case for investment in civil infrastructure, in collaboration with the Business Development Unit. The cross-cutting function heavily depends on data from both the Infrastructure and Business Development Units.

A notable achievement for the 2023/2024 financial year was the signing of two lease agreements with Mint & Honey and New Era Roofing.

The lease signing ceremony with Mint and Honey, held on 24 October 2023 at the EGL building in Atlantis (Zone 4), marked a significant milestone for ASEZCo. This achievement reflects the strong collaboration between the Business Development and Commercial Units of the ASEZCo.

A 5-year lease agreement was finalised, involving a capital investment of R41,3 million rand to produce nutritional foods at the EGL Building from July 2024. The lease period commenced on 1 October 2023 and will run until September 2028, with operations scheduled to commence in October 2024.

The ASEZ successfully secured R8,6 million from the dtic to refurbish the EGL Building, ensuring it is fully prepared for Mint & Honey's operations. It is projected to create 68 job opportunities and contribute R521 million in direct investment (Opex and Capex) over the next five years, with an estimated export value of R46,8 million.

This lease will generate approximately R1,3 million in annual rental revenue, marking a crucial step toward ASEZCo's long-term financial sustainability. This will be the first significant revenue generated by the ASEZ, with Mint & Honey occupying the Eco-Green Link (EGL) Building situated at 30 Charles Mathews Street in Zone 4 of the ASEZ.



Mint and Honey lease signing ceremony.

The Unit has successfully entered into a new lease agreement with an existing tenant, New Era Roofing. This short-term lease was put in place as an interim measure while finalising the terms for the company's relocation of its plant. These two leases underscore ASEZCo's commitment as a serious contender in the development space.

Site Reservation Agreement (SRA)

The ASEZCo remains committed to existing site reservation agreements across all zones. While the company remains committed to honouring existing agreements, it has resolved not to renew these agreements as there is an ever-increasing risk of misaligned expectation management. The ASEZCo is mindful of the risks associated with legally binding over-subscription of land to investors. In the 2023/2024 financial year, ASEZCo secured eight site reservations.

Sovereign continues to compete strongly in the City of Cape Town's dispatchable power tender, estimated to reach preferred bidder status by June 2024. Meanwhile, Afrivolt is in the process of raising the outstanding capital required to establish a lithium battery manufacturing facility.

The investor pipeline for ASEZCo is growing steadily, with a number of reputable business enterprises showing interest

in establishing manufacturing facilities within the ASEZ. The completion of civil infrastructure, expected by October 2024, is likely to accelerate this momentum, with multiple lease agreements anticipated over the next 12 months.

In a significant development, Ernest & Young was appointed by the Department of Economic Development and Tourism (DEDAT) to undertake a review of the ASEZCo. This review, which has been a valuable exercise, has led to the refreshing of the revenue model.

With the Commercial and Business Development Units working alongside private sector aggregators and developers, the ASEZCo is sure to continue signing many more leases in the near future.

Quarterly Investment Committee meetings were held and a total of five investment due diligences were tabled. All due diligence reports were approved, pending successful financial raises for plant, equipment, and machinery. The most notable of the tabled investments is a green coffee freeze-drying facility, which aims to capitalise on the green location offer by the ASEZ. This investment continues to mature and is approaching financial close.



First female SMME onsite: construction of road kerbing and sidewalk paving.

SUB-PROGRAMME 2.3: INTEGRATED ECOSYSTEM DEVELOPMENT

The Integrated Ecosystem Development Unit (IES) continues to enhance the integration of local communities into the broader socio-economic goals of ASEZCo. Utilising systems thinking, the team delves into the intricate socio-economic challenges within communities, fostering the growth of community assets and adaptive systems. Essentially, meaningful community integration and economic engagement flourish when individuals are equipped with the necessary skills for employment or receive support in establishing their own ventures.

ASEZCo remains committed to collaborating with the community to foster agreement on how small, medium, and micro enterprises (SMMEs) and Exempted Micro Enterprises (EMEs) can benefit from ongoing construction efforts. The Infrastructure Working Group (IWG), as an integral part of the Community Stakeholder Network (CSN), continues to support the operations in Zone 1. The remarkable integration between CSN and IWG ensures that the terms and conditions for local SMME participation are transparent to all stakeholders involved.

Over the past year, we engaged 672 participants through our community engagements, skills development, and enterprise development initiatives. Out of these 672 participants, 221 people were given the opportunity to improve their skills, and 58 enterprises received assistance to become compliant and advance their business.

This year has attracted local and international media attention, as well as visiting delegations. The ongoing support of ecosystem partners and the leveraging of multi-sector collaborations are yielding positive results for the community, local businesses, and the entity's shareholders. The list below illustrates the collaborations and partnerships referred to.

KEY INSIGHT

The IES team has made significant strides in developing an effective partnership with the Atlantis community, businesses, civil society and educational institutions. We have focussed on cultivating transformational relationships centred on the principles of shared value.

Working with diverse partners presents the challenge of managing expectations and ensuring alignment on expected outcomes. Continuous engagement with all stakeholders and visible benefits to the community are key to this sustained partnership. We will persist in building a shared vision for the future of Atlantis. We will continue to invest in our teams and in the community, collectively learning through action and delivery.

NOTABLE ENGAGEMENTS, COLLABORATIONS AND PARTNERSHIPS

NATIONAL BUSINESS INSTITUTE: INSTALLATION REPAIR AND MAINTENANCE (IRM) PROGRAMME

The programme works on the premise of supporting students to strengthen and grow their skills base and linking them to localised stakeholders and potential employers.

BUILDING RENEWABLE ENERGY CONSCIOUS COMMUNITIES (BRECCS): A COLLABORATION WITH CULTIVAR & STELLENBOSCH UNIVERSITY

The BRECCs project worked with youth from Atlantis to drive a renewable energy movement. The project recruited unemployed youth and took them through a three-week programme that equipped them with the knowledge that will enable them to become Renewable Energy Champions.

ASEZ IES TEAM SITE VISIT TO CENTRE FOR ENTREPRENEUR RAPID INCUBATOR (CFERI) AND FREE PORT SALDANHA BAY IDZ

On 22 November 2023, the ASEZ Integrated Ecosystem Department (IES) team participated in two site visits as part of a learning exchange and partnership-building initiative. The first visit was to the Centre for Entrepreneurial Rapid Incubation at the West Coast College Vredenburg Campus, where we met with Mr Xolani Mhlongo, the Centre Manager. The second visit took us to the Freeport Saldanha, where we exchanged experiences and insights related to skills development and community engagement.

SKILLS DEVELOPMENT

Enabling and equipping Atlantis community with industry-relevant and future skills, is the key objective of the Skills Development (SD) workstream. This ensures that the Atlantis community can access greentech employment opportunities within the ASEZ, made possible through its investors, project partners, as well as the global green economy.

Our ongoing commitment to upskilling the Atlantis community demonstrates our dedication to building individual and small business capabilities. This ensures that investors and industry are met with a readily available and adequately skilled workforce. The Skills Development workstream will continue its excellent work, ensuring a positive impact on the individuals and communities we serve.

During the last financial year, the ASEZ Skills Development workstream successfully reached and impacted more than 221 lives through learning and development initiatives. The tangible results of our efforts are visible in workforce absorption and the improvement of SMMEs.

The Skills Development workstream remains a crucial part of the overall ASEZ strategy. Its primary objective is to proactively equip the Atlantis community with essential skills needed to access greentech employment opportunities enabled by the ASEZ, its investors, partners, and the broader green economy. The focus on technical greentech-related skills development aligns with ASEZ's value proposition of sourcing specialised skills locally.

A key initiative under this workstream is the Workplace-Based Experience (WBE): Installation Repairs and Maintenance Students (IRM) project. This project aims to provide student support and guidance, enhancing their understanding of work readiness, the job application process, and work-based experience. The ASEZ Skills Unit acted as an intermediary between host companies, academia, and students, facilitating this integrated collaboration. Over 60 % of participants in this programme were women. ASEZ's core responsibilities included identifying host companies across various sectors, including civic organisations, public and private enterprises such as the South African Police Services (SAPS), local schools, and companies like Stripfoam Packaging. This diverse range of host companies provided valuable insights into their requirements and how we could support them in achieving their goals.

Another noteworthy initiative is the Science, Technology, Engineering, Arts and Mathematics (STEAM) Programme. Forty learners from local high schools and special needs schools participated in the STEAM Programme, equipping these learners with the skills, knowledge, and values needed to contribute to a sustainable future. This programme fosters critical thinking, interdisciplinary collaboration, and ethical decision-making, while also promoting teamwork and group

participation. The learners were taught programming, and robotics, and were exposed to artificial intelligence. The learners in this programme are now identifying new approaches to enhance their productivity in their mainstream school experiences.

The full list of skills development Initiatives supported and facilitated directly by the ASEZ includes:

- Career Expo 2023
- Technical Training: General Residence Repairer
- Training: Food Security Mapping Survey Development and Field Work
- CANVA Digital Training
- Installation Repairs and Maintenance Placement
- Training: Science, Technology, Engineering, Arts and Mathematics (STEAM) Programme
- Building Renewable Energy Conscious Communities (BRECs)
- Artisan Recognition of Prior Learning (ARPL)

ENTERPRISE DEVELOPMENT

Regional growth and its commensurate socio-economic impact are enshrined in the SEZ Act, underscoring the importance of the Enterprise Development workstream in achieving these goals. This workstream is crucial for unlocking growth opportunities for Atlantis SMMEs and businesses. This work focuses on equipping local businesses with the knowledge and capabilities to tap into increased opportunities available in the area, including linkages to markets outside the Special Economic Zone and within the broader green economy.

The Enterprise Development Unit has fostered relationships and collaborations with private stakeholders to support local SMMEs with access to finance and supply chains. One such strategic collaboration is with ABSA Bank, aimed at enabling supportive financial mechanisms to assist SMMEs awarded contracts on our civil works project (construction) to accessing credit. Another partnership focuses on food security, where PepsiCo supports a local small-scale farmer by accelerating their farming operations through the provision of capital at 0% interest.

Additionally, we are working with SMEs that were awarded contracts for the Zone 1 construction. The initiative focuses on ensuring that SMEs are operationally prepared to commence their work.

The ongoing development of SMMEs in the region has enabled the ASEZCo to reach 224 entrepreneurs and small businesses during the financial year.

In partnership with the National Business Initiative (NBI), the ASEZ project managed a six-month Installation, Repairs and Maintenance (IRM) programme with 11 successful SME beneficiaries completing the programme. The project provided support to existing IRM SMEs/entrepreneurs to increase enterprise capacity, technical skills, and market access, with the condition that they take on young people to train and employ.

The interventions included:

- Assistance with relevant industry compliance;
- Coaching;
- Mentoring;
- Training (both soft and hard skills);
- Assisting with compliance against set bid requirements in the construction sector; and
- Linking IRM enterprises with formal sector supply chain opportunities in the broader Western Cape.

Another initiative in line with our Living Lab's principle of "water with nature," involved commemorating World Soil Day by partnering with a local small-scale farmer. This collaboration focused on several key objectives:

- Enhancing the quality of local farmers' produce through educational initiatives focused on soil management;
- Boosting efficiency within the local marketplace to improve access;
- Supporting SMEs by facilitating exhibitions that showcase their contributions; and
- Fostering networking opportunities between private and public entities.

The aim of this initiative was to underscore the significance of healthy soil, champion the sustainable management of soil resources, cultivate relationships among local farmers, and ultimately raise awareness about entrepreneurial opportunities within the agricultural sector.

Enterprise Development initiatives supported and facilitated by the ASEZ included:

- Power Hour – information sharing sessions;
- Green Economy training – food security mentoring and sustainability;
- Knowledge sessions – Green Economy business-related (management of e-waste);
- Enterprise Development Installation, Repair and Maintenance (IRM) Programme;

- Green Economy initiative – business linkage World Soil Day; and
- Entrepreneur Development Programme

COMMUNITY INTEGRATION

Social inclusion, an integral element of the green economy, is a key pillar of the ASEZCo's work, one that encourages participation from all community members. This makes strategic stakeholder engagement central to our work with the community of Atlantis. In support of this, the Community Integration workstream broadens communication between various stakeholders, including project partners, and drives community-based initiatives to raise awareness and respond to immediate needs. A total of 227 community members were reached in the past financial year.

Completed community integration projects:

- Community stakeholder engagements
- Community capacity building
- Green dialogue session – Eco-Industrial Parks and Living Lab
- Community forum meetings
- Social Infrastructure Project
- Digital literacy training

COMMUNITY STAKEHOLDER NETWORK (CSN)

Community integration is a key pillar of the ASEZ activities, aiming to increase social inclusion and economic empowerment. Purposeful and continuous stakeholder engagement is important, and the increased support and buy-in from the community is evident through engagements with the CSN, IWG, and the wider community. The residents of Atlantis are excited about the local benefits and value that the ASEZCo is bringing to them through the civil works project.

ASEZCo stands as a dedicated green technology-focused special economic zone, committed to emerging as Africa's foremost globally competitive green technology manufacturing hub with a strong export orientation. Our overarching goal extends to establishing a Living Lab that exemplifies the highest standards of exemplary governance, environmentally-conscious, and resource-efficient economic progress, alongside an unwavering commitment to social inclusion.

In Atlantis, where the green economy remains a relatively novel concept, continuous engagement and awareness-raising initiatives are indispensable. This is precisely why, in September 2023, we forged a strategic partnership with National Cleaner Production Centre of South Africa (NCPC) to orchestrate a workshop specially tailored for the youth

of Atlantis. The workshop centred around the Eco-Industrial Park concept, aiming to foster understanding and enthusiasm for environmentally sustainable industrial practices among the local youth.

The ASEZCo continues to use in-person platforms to engage with stakeholders. Regular briefing sessions were held to keep SMMEs and the community informed about the construction activities in Zone 1. In August 2023, ASEZCo and WCB facilitated an engagement session with local construction business owners to provide an update on the civil work project in Zone 1.

Inclusion in participation also involves the ability to use and engage with technology. Our community must be empowered to use technology as a means to communicate and participate in economic opportunities and social matters. The ASEZCo partnered with the Western Cape Learning and Development Centre to provide a Digital Literacy Training Programme that was facilitated over an 8-month period. The accredited NQF Level 3 course provided learners with the necessary knowledge and skills to operate efficiently in a computerised workplace and was aimed at individuals and small business owners with little to no experience with computers or computer programs.

The benefits of improving digital literacy include enhanced employability, improved productivity for those in computerised work environments, boosted confidence for those who are digitally poor, increased career opportunities for job seekers, and a competitive edge for small business owners who want to improve their administration and professionalism.

A total of 227 community members were reached in the past financial year, with 45 beneficiaries trained through digital literacy and work readiness training programmes.

One notable community integration initiative includes the second CSN AGM held on 1 April 2023. The Atlantis community requested the ASEZCo to develop a Nomination and Election Framework to facilitate sectoral meetings and identify nominees for elections. The outcomes of the elections were then reported back at a general meeting held in June 2023, where the newly elected CSN representatives were introduced to the community.

The CSN plays a key role as a conduit between the ASEZCo and the greater Atlantis community. Significant progress has been made with the Atlantis community since the establishment of the CSN. At the previous AGM, it was agreed that a fully constituted community structure is necessary to partner with the ASEZCo, the City of Cape Town, and the Department of Economic Development and Tourism.

The importance of the sectoral representation, which was ratified at the general meeting, is a significant part of making the community structure operational and functional. The newly elected members will work in partnership with the ASEZCo to ensure local beneficiation for local SMMEs and artisans and serve as the primary conduit for communication to flow between the ASEZCo and the Atlantis community. In June 2023, the ASEZCo facilitated a nomination and election process that saw ten members voted in as the new sector representatives.



Elected CSN members.

CSN FEEDBACK SESSION

On 16 March 2024, the ASEZCo and the CSN hosted an open stakeholder feedback session. The objective of the stakeholder engagement was multifaceted.

Firstly, it provided the Atlantis community with a comprehensive update on the company's ongoing and upcoming projects. Secondly, it gave community members an opportunity to voice their concerns, ask questions, and provide feedback, helping the company address potential issues and incorporate community input into their plans. Lastly, it allowed the company to showcase the positive impact of the projects on the local community and economy, thereby garnering support and cooperation from residents.

The community's response was positive; they welcomed the progress updates on the projects and expressed satisfaction, considering the challenges faced.

The CSN also updated the community on their seven months in office, highlighting their efforts to position the organisation within the community. There is a growing sense that the CSN is increasingly acting as a conduit between the ASEZCo and SMMEs, actively involving all stakeholders to ensure mutually beneficial outcomes.

The positive outcome of the engagement session expected to lead to more sustainable and mutually beneficial outcomes for both the company and the community. This ensures that the projects run uninterrupted and contribute to the overall well-being and development of the area while respecting the interests and concerns of those directly affected by the projects.

COMMUNITY FORUM MEETINGS

The community forum meeting is a tool used by the ASEZCo to foster engagement and collaboration between the company and the local community. The purpose of these meetings is to provide a platform for open dialogue, inform the community about the ASEZCo's development and its impact on Atlantis, and explore possible collaboration and ideas.

By involving community organisations, the ASEZCo aims to ensure that the interests of various sectors are included and represented, allowing for constructive and productive discussions. These engagements serve several important purposes: they enable the ASEZCo to gather valuable feedback from community members, better understand the needs and aspirations of the local community, and use this feedback to aid in the ASEZCo development plans that align with the community's priorities.



Beneficiaries participating in a community forum workshop.

SUB-PROGRAMME 2.4: GREENTECH INFRASTRUCTURE DEVELOPMENT

The greentech focus of the Atlantis SEZ is underpinned by the three core principles: reducing carbon emissions, increasing resource efficiency, and building social inclusion. These principles also guide our approach to infrastructure development within the zone. This approach is embodied in the concept of the Atlantis SEZ as a “living laboratory” for exploring sustainable and green manufacturing practices. By working in partnership with our tenants, shareholders, and stakeholders, we aim to drive the shift towards sustainable manufacturing. This commitment is reflected in our goals of achieving net-zero carbon, net-zero water, zero waste to landfill, working with nature, and promoting social inclusion – particularly through building shared value with the community and fostering skills and enterprise development. This approach provides a guiding framework for the work of the infrastructure portfolio.

WCB Construction was appointed as the main contractor for Zone 1 civil infrastructure, with a contractual start date of 21 February 2023. We are pleased to report that significant progress has been made on the construction of civil infrastructure in Zone 1, with the project expected to be completed by October 2024. The construction of the first factory in Zone 1 is anticipated to begin shortly thereafter.

SMMEs have been included in the Zone 1 civils project, with more than 32% of the main contract value being executed by local SMME businesses.

To update the community on the construction process and inform the SMMEs in Atlantis of work opportunities, a stakeholder engagement session was held in late March 2024 with the communities of Witsand, Robinvale, Mamre, and Pella. At these sessions, local communities and SMMEs were provided with an update on the progress made in Zone 1, challenges encountered were discussed, and a way forward was communicated.

The following packages have been awarded to SMMEs:

Package	Successful bidder	Award amount (excl VAT and contingencies)
Clear and grub	P & Sons Construction	R878 400,00
Demolition of structures	Blayi Construction	R70 322,71
Straw stabilisation	Sinelizwi Holdings	R1 475 500,00
Construction of sewer manholes	Norfred (Pty) Ltd	R539 800,00
Construction of water valves and hydrant chambers	Amar Services and Delivery	R 171 796,00
Construction of stormwater structures	Zaliodex CC	R718 900,00
Construction of liner for stormwater swales and ponds	Sophisticated People Pty Ltd	R388 649,45
Installation of sleeves	Zaliodex CC	R1 424 806,90

A SHEQ agent and auditor were also appointed to provide guidance and secure a construction permit. On 7 March 2023, the Construct Safe Consultant Officer confirmed that the construction permit had been approved by the Department of Labour. From the OHS side, regular audits were conducted, and the site was found to be compliant with health and safety regulations.

ZONE 1 CIVILS DESIGN AND PREPARATION FOR CONSTRUCTION

Construction progress in Zone 1 is underway and it is envisaged to be completed in October 2024. This is a critical project, as it is key to making the zone tenant-ready.

The principal contractor has made significant progress in Zone 1, with the project currently 52% complete. As of the end of March 2024, 227 days of the 420-day contract had elapsed. SMME inclusion reached 32% of the contract value by the end of March 2024, surpassing the target of 30% SMME inclusion. The project is progressing within the revised project schedule. The Community Stakeholder Network (CSN), together with the Infrastructure Working Group (IWG) has been working closely with the main contractor, the ASEZ, and the community, to ensure the benefit and involvement of the local SMMEs. The time and effort invested in developing procedures, the right structures, and processes, have created a solid foundation for the infrastructure programme roll-out in Zone 1. The CSN and IWG continue to do stellar work in ensuring that the terms and conditions for the participation of local SMMEs are clear to all parties.

The following critical activities have taken place:

- Earthworks: 98% complete
- Demolition of existing structures: 100% complete
- Sewer reticulation: 98% complete
- Water reticulation: 32% complete
- Stormwater drainage: 60% complete
- Roads: 0% complete
- Fencing: 95% complete

Package	Successful bidder	Award amount (excl VAT and contingencies)
Construction of road kerbing	CWJ Holdings	R1 413 506,99
Construction of sidewalk paving	CWJ Holdings	R2 244 491,00
Road marking and signage (ancillary roadworks)	AMK General Trading	R97 310,00
Construction of Clearvu-type fencing	Aim Protection Services	R2 260 266,00

In addition, the following SMMEs have been appointed:

- Flexo: R1 702 640,00
- West Coast Soil: R4 536 415,15

On the Zone 1 civils project, the following job opportunities have been created as of the end of March 2024:

Jobs created	Male	Female	Youth	Black	White	Coloured	Greater Atlantis area	Non- Atlantis residents
197	187	10	67	79	9	109	101	96



QUANTUM V3 TOP STRUCTURE FUNDING

On 12 September 2022, the ASEZCo received confirmation from the ASEZ Fund that its application for R13,8 million (including VAT) for the construction of Phase 1 of the Quantum V3 factory was approved. Final confirmation and the fully signed funding agreement was received on 19 December 2022.

The ASEZCo had applied for an additional R6 million in funding from the dtic due to an increase in costs from the conceptual

design to the detailed design. The project is proceeding with the budget currently available. Phase 1 (approved funding) will consist of the basic structure, while Phase 2 (additional funding) will include sustainability features such as solar panels, a rainwater harvesting system, and landscaping.

Sirrocon was appointed for the design and construction monitoring of the Quantum V3 factory. The design is that of a green factory building, with the ethos of following the Living Lab

goals. The designs and documentation for Quantum V3 factory Phase 1 (approved funding) were finalised during the 2023/24 financial year, allowing the project to move to the next stage of procurement for a contractor to be appointed. The tender for the construction of Quantum V3 closed on 8 March 2024, and

the evaluation of the tenders has begun. The appointment of a contractor is envisaged to be concluded at the beginning of the new financial year. Construction is scheduled to commence in the second quarter of the 2024/25 financial year.



Quantum V3 facility design.

LAND TRANSFER

The sale of the land to the ASEZ was concluded on 30 March 2022 with the issuance of 83 shares of the land to the City of Cape Town. These shares are held in escrow by Bowmans, the appointed transferring attorneys, who are currently preparing the title deeds for the transfer process. To complete the land transfer, amendments were required by the City of Cape Town's Electrical Generation and Distribution and Railway branches.

The amendments required by the Electrical Generation and Distribution branch were submitted by the end of July 2023 and subsequently accepted. Following this, an application to subdivide two erven, based on these approved surveys, was submitted to the CoCT for approval. All necessary approvals were received, and the updated diagrams were submitted to the Surveyor General for approval. Once approval is granted, Bowmans can proceed with the transfer and the registration of the land in the name of the ASEZ.

The CoCT Council approved the removal of the escalation clause in the sale agreement. The draft addendum has been sent for comments to the CoCT. Bowmans will submit the new title deeds for the new erven and the transfer from the CoCT to the ASEZ. However, this submission cannot be made until the addendum is completed.

ECO + GREEN LINK (EGL) BUILDING

The EGL Building, previously referred to as the iProp Building (2 900 m²), which now provides the ASEZCo with a factory building, was purchased and the ownership transfer was finalised during the 2022/2023 financial year. The premises have been leased to Quantum V3, Mint & Honey and New Era Roofing for the 2023/24 financial year, generating a rental income of R886 565.

A funding amount of R8,6 million was approved by the dtic for the refurbishment of the EGL Building to meet the tenants' operational needs. The architectural designs and costings have been completed. A terms of reference for the refurbishment and upgrade of the EGL Building was issued, with the refurbishment works expected to be carried out during the second quarter of 2024/25.

ZONE SECURITY

A local SMME was appointed as the successful bidder for the provision of security services at the ASEZ for a period of 18 months. These contracted services include 24/7 physical security at the ASEZ land through regular monitoring and patrols of all zones. These measures are implemented to safeguard the properties of ASEZCo against theft, vandalism, land invasions, and other criminal activity.

GREEN MANUFACTURING HUB

Through various collaborations and partnerships with the National Business Initiative (NBI) and the successful rollout of the Installation, Repair, and Maintenance (IRM) programme in Atlantis, NBI has identified Atlantis as a location for an IRM hub. This need will be met by the establishment of a “green manufacturing hub”. NBI has confirmed and committed funding through the German Development Bank and its strategic partners for the establishment of the green manufacturing hub in Atlantis, with an estimated contribution of R20 million towards the construction costs.

The concept design and costing for the green manufacturing hub have been completed by the service provider. The funding application was submitted to the dtic at the end of March 2024. The ASEZ has secured tenancy letters for the green manufacturing hub from the following stakeholders and partners, who have indicated their intent to take up tenancy:

- City of Cape Town
- Modular
- New Era Roofing

GREEN STAR PRECINCT RATING

The Green Star Precinct Rating is a tool developed by the Green Building Council of South Africa (GBCSA) to assess and rate the environmental performance of precincts. The rating categories include governance, liability, economic prosperity, and environment. The ASEZCo has explored the possibility of having the zone rated as a Green Star Precinct. Ecolution Consulting has completed the Green Star Rating project, resulting in an Action Plan for the ASEZCo. The Action Plan builds on the Scorecard developed for the ASEZCo and includes targeted credits and recommended actions to achieve the credits. A list of proposed innovation credits, selected from performance indicators in various categories within the UNIDO Eco-Industrial Park (EIP) Framework, has also been included. The ASEZ will submit an application for a Green Star rating in the new financial year.

SMART ZONE

The Smart Zone research aims to inform the ASEZCo on how to utilise IoT and remote sensing technologies to monitor utility usage.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

An application for the extension of the existing Environmental Authorisation (EA) was submitted to the Department of Environmental Affairs & Development Planning (DEA&DP). However, DEA&DP discovered the presence of wetlands on the land, which had not been identified during the initial survey. Consequently, the extension of the EA application was withdrawn.

A service provider was appointed to complete the environmental processes required for the development of Atlantis SEZ Zone 3, including obtaining Environmental Authorisation.

The scope of work includes:

- Conducting a Basic Assessment Report in accordance with the National Environmental Management Act and the Environmental Impact Assessment Regulations.
- Completing a Risk Matrix in accordance with the National Water Act.
- Submitting an application for Environmental Authorisation for the development of Zone 3.

The Risk Matrix was submitted to the Department of Water and Sanitation in March. The Notification of Intent, which serves to inform the Department of Environmental Affairs and Development Planning of our intention to commence the process of obtaining Environmental Authorisation and request guidance, has also been submitted.

The timeframe for completing the EIA on Zone 3 is one year and therefore should be completed by October 2024.

LOOKING AHEAD

The year ahead will be challenging, as infrastructure funding is severely constrained, making the development of Zones 2 and 3 increasingly difficult. The SEZ Fund is reportedly depleted for top structures, but the ASEZCo is exploring alternative funding opportunities through the DBSA, IDC, BFI, GSTIC, and others. It is imperative that the ASEZCo raises the required capital for civil infrastructure, as prospective tenants need certainty about development timeframes and locations to secure financing for their projects.

The Business Development work must continue despite challenges and the lack of civil infrastructure. The various plans and strategies guiding the ASEZCo are sound and well thought out. Consistent application of these investment and clustering strategies is likely to yield positive results in investment promotion. Additionally, the Business Development Unit will continue to leverage partnerships with CoCT, Wesgro, GreenCape, and the dtic to maximise returns on investment promotion activities. Partnerships with private sector brokers are also expected to drive investment into Zone 1, where the civil infrastructure will be concluded in October 2024.

The skills, enterprise and community development work will continue to build on the solid foundation already established. This will include exploring new funding sources and/or project partners.

TABLE 6: PROGRAMME 2 PERFORMANCE INFORMATION

Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
To recruit and facilitate at least R3 billion in direct investments into the ASEZCo with associated capital investment and job creation opportunities.	Investment realised	Number of investment projects realised	2	2	2	2	-	Achieved
	Facilitating investment into the SEZ	Quarterly investor pipeline maintained	4	4	4	4	-	Achieved
	Targeted marketing in facilitating investment into the SEZ	Investor marketing plan	-	1	-	-	-	-
		Investor target market analysis	-	-	1	1	-	Achieved
	Leveraging Partnerships	Number of partnership agreements	-	2	2	3	1	Overachieved - 1 additional MOU was signed. The ASEZCo was able to leverage more partnerships in the IES work streams than initially expected
To generate revenue from commercial services of at least 70% towards being independent of the Western Cape Government for Operational budget purposes	Commercial services initiated	Number of signed leases	0	2	2	2	-	Achieved

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	Skills development initiatives supported	Number of skills development initiatives supported	6	7	6	7	1	Overachieved. An additional initiative originated from favourable conditions and the opportunity to collaborate with partners in rolling out the (BRECC's) skills program. Which is aligned and complements the values of the ASEZ.
		Enterprise development initiatives supported	5	6	6	6	-	Achieved
		Community integration initiatives supported	5	5	6	6	-	Achieved
To secure funding of at least R180m towards establishment of greentech infrastructure, facilities and services guided by UNIDO's Eco-Industrial Park and Living Lab objectives.	Living lab and related strategies for zone infrastructure	Number of approved strategies for water, waste, and energy and associated updates.	2	2	-	-	-	-
		Percentage roof space generating solar electricity on newly constructed buildings	-	-	40%	40,48%		Achieved. The entity will always strive to achieve more than the target
		Number of funded projects initiated	1	1	2	2	-	Achieved

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The ASEZCo has implemented systems to fast-track the execution of projects. A strategy has been established to speed up performance by using procurement panels, which are proving to be effective. Moving forward, there will be a focus on establishing a new maintenance and operations panel to support our operations work and team.

As previously mentioned, we will concentrate on submitting a range of funding applications. These will target the civil works for Zone 2 and 3, the Green Manufacturing Centre, and potentially at least two additional factory buildings.

TABLE 7: LINKING PERFORMANCE WITH BUDGET

Programme	2023/2024			2022/2023		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	15 631	15 453	178	16 797	15 656	1 141
Operations	11 025	10 957	68	20 222	18 730	1 492
Total	26 656	26 410	246	37 019	34 386	2 633

amounts exclude depreciation

REVENUE COLLECTION

Rental revenue increased substantially from R59 179 in the 2022/23 financial year, to R886 565 in the 2023/24 financial year from the letting of the EGL Building.

CAPITAL INVESTMENT

The ASEZCo successfully accessed R77 million (excluding VAT) for the commencement of its civil infrastructure construction on Zone 1, R12 million (excluding VAT) for the construction of its first top structures from the dtic SEZ fund, as well as R7,4 million (excluding VAT) for the refurbishment of the EGL Building.

TABLE 8: CAPITAL INVESTMENT

Infrastructure projects	2023/2024			2022/2023		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Civils Zone 1*	28 666	25 061	3 605	2 754	2 754	-
Quantum V3* Holdings	1 011	884	127	-	-	-
EGL	323	282	41	-	-	-
Total	30 000	26 227	3 773	2 754	2 754	-

*Funds received reflected in unspent conditional grants

The implementation of these three projects will continue into the 2024/25 financial year.



Structural work of the guard house done by WCB Construction.



An aerial photograph of a coastal city and harbor, likely Dubai, with a large green geometric overlay in the foreground. The overlay consists of several overlapping, semi-transparent green shapes that create a sense of depth and movement. The city below is densely packed with buildings, and the harbor is filled with ships and boats. The sky is clear and blue.

PART C

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The ASEZCo is committed to the highest standards of business integrity and ethics. The Accounting Authority (Board) ensures that the ASEZCo is governed in accordance with the PFMA, the Companies Act, and appropriate non-binding rules, codes and standards such as the principles of the King IV Report.

COMPOSITION OF THE ACCOUNTING AUTHORITY (BOARD OF DIRECTORS)

The ASEZCo Memorandum of Incorporation specifies the composition of the Board of Directors as follows:

- One member shall be a representative of the City of Cape Town, who was duly appointed.
- Two members shall be representatives from the Western Cape Department of Economic Development and Tourism, both of whom have been duly appointed.
- One member shall be a representative of the Department of Trade and Industry and has been duly appointed.
- One member shall be a community member from the Atlantis area who is part of the community stakeholder network and shall be nominated for consideration for appointment by the community stakeholder network in the Atlantis area and has been duly appointed.
- One member shall be a labour representative and shall be nominated for consideration for appointment by one or more labour organisations from the Atlantis area and has been duly appointed.
- One member shall be an independent non-executive director who shall be appointed through an open advertised process and has been duly appointed.
- Two executive directors of the company – the Chief Executive Officer and Chief Financial Officer have been duly appointed in line with King IV principles of corporate governance.
- One member shall be the **operator of the company**, appointed in terms of Section 31 of the SEZ Act, or a representative of such an operator, if required.

The powers and duties of the Board of Directors are outlined in the Companies Act, and further defined in the Board Charter. This includes:

- Procedures for Board meetings and decision-making;
- Appointment to Committees and powers of delegation; and
- Board and sub-committee remuneration.

The Board's responsibilities, as defined in the PFMA and the Companies Act, emphasise independence and accountability to the shareholders of the ASEZCo. Each year, the Board enters into a Shareholders Compact with the Executive Authority, setting out the strategic objectives.

CHAIRPERSON INDUCTION

Saliem Fakir was appointed as Chairperson of the Board on 15 January 2024. An induction session was held with management on 15 February 2024, covering the strategic objectives of the organisation, the responsibilities of the Board, and the role of the Chairperson.

BOARD MEETINGS

The ASEZCo Board meets at least four times per year. In the 2023/24 financial year, four ordinary meetings were held, along with two ad hoc meetings for the approval of the Annual Financial Statements. Board meetings are typically held in person, with provisions for online attendance.

The quarterly Board meetings provide updates on the business activities of the entity and the quarterly performance reports are tabled for review.

BOARD OF DIRECTORS

TABLE 9: ASEZCO BOARD MEETING ATTENDANCE

Name	29 May 2023	*30 May 2023	*4 August 2023	8 September 2023	8 November 2023	21 February 2024
Mohamed Saliem Fakir (Chairperson and second WCG seat)	✓	✓	✓	A	✓	✓
Jo-Ann Johnston (DEDAT representative)	A	A	✓	✓	✓	✓
Lance Greyling (member of CoCT)	✓	✓	A	✓	✓	✓
Zukiswa Kimani (member of dtic)	✓	✓	✓	A	✓	✓
Leon Roman (community representative)	✓	✓	✓	✓	✓	✓
Kenosi Selani (Independent board member)	✓	✓	A	A	✓	A
Marshall Jullies (member labour representative)	✓	✓	✓	✓	✓	✓
Waheeda Saib (CFO)	✓	✓	✓	✓	✓	✓
Patrick Matthew Cullinan (CEO)	✓	✓	✓	✓	✓	✓
Legend: ✓ = Attendance, A = Apologies						
*The Board meetings of 30 May 2023 and 4 August 2023 were special Board meetings to approve the AFS.						

TABLE 10: COMPOSITION OF THE BOARD – ATTENDANCE OF COMMITTEE MEETINGS

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorship	Other committees	No of meetings attended
Mohamed Saliem Fakir	Chairperson Greentech (DEDAT)	29 May 2022	-	Master's in environmental science and management, BSc Honours	Greentech representative, strategic environmental, climate advisory	GreenCape		0
Jo Ann Deidre Johnston	Chairperson (WCG)	25 Nov 2019	-	Master's in urban infrastructure design and management, postgraduate diploma in higher education, Bachelor of Arts degree	Sector development and investment and trade promotion	None	Investment Committee, HR & Remco	6
Lance William Greyling	CoCT	25 Nov 2019	-	Honours in African studies, postgraduate diploma in sustainable energy	Trade and investment	Wesgro, WCEDP, Cape Town Tourism	Investment Committee, HR & Remco, Nominations Committee	6
Zukiswa Kimani	The dtic	25 Nov 2019	-	Master's in international and development economics, honours degree in economics	Sector strategy development, industrial policy development, policy analysis	None	Nomination Committee, Social & Ethics Committee, Audit, IT and Risk Committee	4

Name	Designation	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorship	Other committees	No of meetings attended
Leon Jonathan Roman	Community representative	26 Jun 2020	-	MBA doctorate in human resource development at Canterbury University Executive Development Programme (USB-ed), ND in electrical engineering (LC)	Human resource development	Human Capital Transformation CC	HR & Remco, Social & Ethics Committee	4
Kenosi Selane	Independent Board member	25 Feb 2021	-	B Com Hons, CA(SA), MBA	Strategic financial advisory, core finance and economic regulation	Malvicol, Tatogystix, Ullrisync	Audit, IT and Risk Committee	6
Marshall Julian Jullies	Labour representative	16 Sep 2021	-	Diploma in Education III (SP), B Tech (Hons)	Labour representative	None	Social & Ethics Committee	1
Waheeda Saib	Chief Financial Officer	3 Dec 2019	-	B Com Hon, CA (SA)	Public sector financial management, compliance, and governance	None	Investment	3
Patrick Matthew Cullinan	Chief Executive Officer	12 Sep 2022	-	Master's in city and regional planning, BA Social Science in economics, geographical and environmental science	Public sector infrastructure planning, sustainable urban and industrial development	MCA Urban and Environmental Planners	Investment, Social & Ethics Committee	3

TABLE 11: BOARD COMMITTEES

Committee	Number of meetings held	Number of members	Name of member
Audit, IT and Risk Committee	6	4	Kenosi Selane (Chairperson) Ian Bartes – independent Paul Slack – independent Zukiswa Kimani (appointed 29 May 2023)
Investment Committee	3	6	Lance Greyling (Chairperson) Jo Ann Johnston Andre Human Fernel Abrahams Waheeda Saib Patrick Matthew Cullinan
Nomination Committee	1	3	Zukiswa Kimani (Chairperson) Gerschwin Williams Lance Greyling (appointed 29 May 2023)
Human Resources & Remuneration	3	3	Leon Roman (Chairperson) Jo-Ann Johnston Lance Greyling
Social & Ethics Committee	1	4	Marshall Jullies (Chairperson) Zukiswa Kimani Leon Roman Patrick Matthew Cullinan

TABLE 12: REMUNERATION OF BOARD MEMBERS

Name	Board committee fees	Board subcommittee fees	Audit committee fees	Total
Selane, Kenosi	6 516	-	31 071	37 587
Marshall Jullies	10 860	5 532	-	16 392
Roman, Leon Jonathan	9 774	20 380	-	30 154
Mohamed Saliem Fakir	11 399	-	-	11 399
Bartes, Ian	-	-	14 839	14 839
Slack, Paul	-	-	17 537	17 537
Human, Andre	-	5 397	-	5 397

*Remuneration for Board and committee members is on an accrual basis.

RISK MANAGEMENT

ASEZCo has adopted and implemented a comprehensive risk management framework as required by the Public Finance Management Act (PFMA) (Act 1 of 1999), King IV, and the associated Corporate Governance Codes. Annual risk assessments are conducted to identify key strategic and emerging risks, which are monitored and updated on a quarterly basis. Mitigation measures, where applicable, were implemented to manage these risks within its control. The Audit, IT and Risk Committee monitors the effectiveness of risk management practices and provides advice to the entity accordingly.

INTERNAL CONTROL UNIT

Although the ASEZCo does not have a designated internal control unit, the entity has established and implemented internal controls designed to ensure operational effectiveness, efficiency, integrity, and the reliability of annual financial statements, performance reporting, and compliance monitoring. The internal controls also aim to safeguard the entity's assets. The internal controls are based on the

policies and procedures currently being implemented, with the required segregation of duties to ensure robust oversight.

INTERNAL AUDIT, IT AND RISK COMMITTEE (AIRC)

The AIRC comprises two non-executive directors, with the Chairperson being an independent director, along with two independent members. The AIRC operates as a subcommittee of the Board within a clearly defined and adopted charter. Its main purpose is to provide a forum that supports and makes recommendations to the Board on strategic and operational governance matters affecting the ASEZCo.

The AIRC evaluates and oversees:

- Financial management;
- Internal controls;
- Risk management;
- Information technology issues;
- Regulatory compliance; and
- Internal and External Audit functions within the ASEZCo.

TABLE 13: AUDIT IT & RISK COMMITTEE

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Number of meetings attended	Attendance of Risk Register Workshop*	Attendance of SCOPA**
Kenosi Selane	BCom (Hons), CA (SA), MBA	External	-	4 Mar 2021	6	0	1
Ian Bartes	BCom, EMBA	External	-	4 Mar 2021	6	0	0
Paul Slack	BCom (Hons), CA (SA)	External	-	4 Mar 2021	6	1	0
Zukiswa Kimani	Master's degree in international and development economics, Honours degree in economics	External		29 May 2023	3	1	0

*Attendance of Risk workshop **Attendance of SCOPA

There were no resignations during the 2023/2024 financial year.

INTERNAL AUDIT

The ASEZCo Internal Audit function is outsourced to BDO who were appointed in December 2021 for a three-year period. The AIRC approved the scope of work performed by Internal Audit at the commencement of the financial year. The following internal audits were completed relating to the 2023/24 financial year:

- Risk workshop
- Risk management process review
- Supply chain management
- Fixed assets review
- Internal financial control review
- Information technology security and governance review
- Audit on performance information
- Payroll review
- Review of the AFS

EXTERNAL AUDIT

The Auditor-General of South Africa (AGSA) is responsible for performing the annual audit of the ASEZCo.

COMPLIANCE WITH LAWS AND REGULATIONS

The ASEZCo is firmly committed to adhering to the Public Finance Management Act (PFMA), the Companies Act, the Special Economic Zones (SEZ) Act, and all related regulations. The entity has adopted a compliance framework that is actively implemented and monitored on a quarterly basis by the Audit, IT and Risk Committee (AIRC).

Furthermore, the management team participates in provincial forums where the latest legislative amendments and guidance, including Supply Chain Management and other key legislative reforms, are considered and discussed.

FRAUD AND CORRUPTION

The ASEZCo maintains a zero-tolerance policy towards fraud and corruption. This policy mandates that all employees adhere to existing systems, policies, procedures, rules, and regulations designed to prevent, detect, respond to, and mitigate the impact of fraud and corruption. The policy further outlines the mechanisms available to staff and the public for reporting suspected incidents confidentially, with protections in place for whistleblowers. All allegations of fraud and corruption must be reported to the ASEZCo Board via the AIRC for further consideration and action.

MINIMISING CONFLICT OF INTEREST

All ASEZCo employees are required to complete an annual declaration regarding conflicts of interest. These declarations are reviewed by executive management. The Board has established procedures in accordance with Section 50(3) of the PFMA and Section 75 of the Companies Act, requiring the Board and committee members to declare any conflicts of interest before the commencement of each meeting. If a conflict of interest is declared, the relevant Board or committee member must recuse themselves from discussions and decisions on the matter. Additionally, Board and committee members complete a declaration of interest annually.

The Board has also undergone Corporate Governance and Board Effectiveness training, conducted by the Institute of Directors in South Africa. The entity adopted and implemented a Supply Chain Management policy which incorporates all applicable legislation. Every member of the bid specification, bid evaluation, and bid adjudication committees, is required to declare any interest in any advertised bid. Non-disclosure of interest is addressed in accordance with the ASEZCo's disciplinary policy.

CODE OF CONDUCT

ASEZCo Code of Conduct applies to all staff members and is guided by the ASEZCo's Conditions of Service. These practices are integrated across the human resources policies and procedures, which are based on relevant South African labour legislation, including the Basic Conditions of Employment Act and the Labour Relations Act. The Code of Conduct serves as the foundation for fostering sound ethics in the entity and contributes to defining the organisational culture and governing discipline effectively. The ASEZCo Board members are subject to the approved Board Governance Charter and Code of Conduct. A breach of the Code of Conduct will be dealt with in terms of the ASEZCo disciplinary policy and procedures.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The ASEZCo has adopted an Employee Health and Safety policy that outlines the approach to managing health and safety within the ASEZCo offices. Health and safety within the SEZ are managed through Zone Management protocols, policies, and procedures.

COMPANY SECRETARY

In compliance with the Companies Act, ASEZCo appointed a Company Secretary on 11 October 2021.

The Company Secretary is accountable to the ASEZCo Board in terms of the Companies Act and is responsible for:

- Providing the Board of Directors with guidance on their duties, responsibilities, and powers.
- Ensuring directors are aware of any laws relevant to or affecting the ASEZCo.
- Reporting to the Board any failure on the part of the ASEZCo or a director to comply with the Memorandum of Incorporation, the Companies Act, or any other applicable legislation.
- Ensuring the proper recording of minutes of all shareholders' meetings, Board meetings, and meetings of Board committees in accordance with the Companies Act.
- Certifying in the ASEZCo annual financial statement whether the Company has filed the required returns and notices in compliance with the Companies Act and that these appear to be true, correct and up to date.
- Ensuring a copy of the ASEZCo annual financial statement is sent to relevant parties in accordance with the Companies Act.

In consultation with the Board Chairperson, the Company Secretary ensures that the contents of the agenda of the respective Board meetings are relevant to the Directors' decision-making. The Company Secretary also ensures that information for the respective Board meetings is sent to the directors on time, to enable them to familiarise themselves with the material and to consider it in line with their statutory and fiduciary responsibilities.

The Company Secretary acts as the primary point of contact between the Board of Directors and ASEZCo.

CORPORATE SOCIAL RESPONSIBILITY

The Atlantis Special Economic Zone recognises the responsibility to contribute to the well-being and sustainable development of the community in which the entity operates, beyond the bounds of its immediate mandate. The entity's Corporate Social Investment (CSI) Policy outlines its commitment to making a positive social impact through strategic and meaningful investments in community initiatives.

A CSI Steering Committee has been established, serving as a platform to frame CSI priorities, develop proactive approaches to reaching out to the community, ensure effective

liaison with stakeholders, and evaluate submissions, making recommendations to Exco within the bounds of the CSI Policy.

The ASEZCo has elected to provide corporate social responsibility support by not just designing impressive plans on paper with no relevance to the actual needs. In parallel with the CSI policy, the entity collaborates with stakeholders to design and implement social programmes based on the philosophy that the responsible entities are moving from pure shareholder value to the practice of "shared values". The ASEZCo actively involves the local community and relies on local insights to achieve results. Therefore, the ASEZCo is dedicated to fostering sustainable change. This approach involves developing initiatives that empower communities for the long term, enabling them to become self-sustainable and productive. The entity continues to monitor its impact long after the project is completed, seeking ways to enhance effectiveness and fulfil the entity's social responsibilities in Atlantis.

SOCIAL INFRASTRUCTURE PROJECT

The social infrastructure project refers to an initiative that combines the principles of social infrastructure with a focus on sustainability and environmental consciousness. Social infrastructure refers to the shared spaces, facilities, systems, and services that support and can develop a community. It aims to create or enhance physical and organisational structures that not only support social activities and interactions, but also prioritise environmental responsibility and ecological well-being.

In partnership with the Rotary Club of Atlantis, the ASEZCo undertook a social infrastructure project focused on primary school learners. The project aimed to educate the learners about green technology and the role of the Special Economic Zone (SEZ) in Atlantis. Through this initiative, the ASEZCo and the Rotary Club sought to raise awareness among the young students about sustainable practices and the potential benefits of the SEZ for their community. By introducing the concept of green technology, the project aimed to inspire the learners to become environmentally conscious and to understand the importance of sustainable development. Additionally, by highlighting the role of the SEZ, the project aimed to foster a sense of pride and ownership among the learners, encouraging them to envision a brighter future for Atlantis.

INTERNSHIP PROGRAMME

The Human Resources department is committed to societal progress through the upliftment and improvement of the well-being of local youth graduates through on-the-job training and participation in a structured training environment. The ASEZCo, through this programme, aims to revitalise Atlantis as a place to live and work. The ASEZCo's goal is to recruit

local interns and graduates from the community of Atlantis and surrounding areas, seeking to be the employer of choice by ensuring the company's values are developed by investing in individuals from the surrounding areas.

THE ATLANTIS SMMEs

Since the inception of the Atlantis SEZ in 2020, SMME development has been a key focus, with the majority of its programmes aimed at benefitting the local community. In 2021, it was identified, through continuous engagement, that the construction sector could play a role in the first civil works project after the ASEZCo successfully raised over R89 million to service zone 1.

With this in mind, the ASEZCo set out to put systems in place to ensure that the Atlantis construction business owners and supporting services were given first preference. This gave birth to the CSN Infrastructure Working Group, consisting of community members nominated by their peers to act as

advisors to the ASEZCo and the main contractor. In June 2022, the IWG was appointed and began engaging with the ASEZCo to ensure that local small businesses added their voice to the discussion and had a seat at the table. It has also provided a platform for local business owners to remain informed and where key issues may be addressed. Before the civil project started, the ASEZCo facilitated training sessions, ran roadshows, and engaged community leaders, business owners, and students to ensure the message regarding the opportunities was received by all stakeholders.

The success of our first civil works programme rested on the strong collaborations built with the community and the local construction sector, and the ASEZCo achieved this by developing work packages that SMMEs can benefit from.



AUDIT COMMITTEE REPORT

Please see page 86.

TABLE 14: B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) concerning the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The ASEZCo does not perform such functions
Developing and implementing a preferential procurement policy?	Yes	Per ASEZCo approved SCM policy
Determining qualification criteria for the sale of state-owned enterprises?	No	The ASEZCo has not been involved in such activities
Developing criteria for entering partnerships with the private sector?	Yes	Limited to collaboration on the integrated ecosystem community partnership initiatives
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The ASEZCo has not been involved in such activities for the 2023/24 financial year

TABLE 15: SCOPA RESOLUTIONS

SCOPA Resolution No.	Subject	Details	Response	Resolved (Yes/No)
NONE				



PART D

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

INTRODUCTION

The Human Resources section continues to be a cornerstone in supporting both management and employees of ASEZCo. The Human Resources Management role encompasses recruitment and selection, talent management and retention, employee wellness, performance management, and the remuneration and benefits function, all underpinned by a transparent and equitable Code of Conduct, disciplinary protocols, health and safety standards, employment equity initiatives, and a dynamic internship programme.

KEY ACHIEVEMENTS

1. RECRUITMENT AND SELECTION

This year, the entity successfully filled the majority of key positions, focusing on attracting skilled professionals in the greentech environment, particularly to enhance infrastructure and zone operations. Leveraging advanced recruitment tools and strategic partnerships with local educational institutions, we enhanced our talent acquisition process, resulting in a noticeable increase in high-quality candidate applications.

2. TALENT MANAGEMENT AND RETENTION

In response to previous capacity challenges, the ASEZCo is introducing comprehensive talent management strategies, including a mentorship programme and succession planning framework. These initiatives will reduce staff turnover and improve overall employee satisfaction, as reflected in the latest engagement survey.

3. EMPLOYEE WELLNESS

Employee wellness remains at the core of ASEZCo's values. The entity's wellness programmes were expanded to include mental health workshops, physical fitness initiatives, and comprehensive financial planning sessions. Participation in these programmes increased, demonstrating their positive impact on employee well-being.

4. PERFORMANCE MANAGEMENT

The ASEZCo enhanced its performance management system by incorporating continuous feedback mechanisms and personalised development plans. Staff members received training on the significance of performance management, ensuring they understood its importance and necessity. This approach has fostered a culture of accountability and continuous improvement, with the majority of employees meeting or exceeding performance expectations. In the new financial year, the ASEZ implemented an online performance management tool to improve efficiency, ensure accuracy and offer analytical insights and reports that help in making informed staffing decisions.

5. REMUNERATION AND BENEFITS

The remuneration strategy was refined to ensure competitive and equitable compensation packages. Additionally, we introduced new benefits, such as flexible working arrangements and medical aid subsidies, which have been well received by our staff.

6. DIVERSITY, EQUITY, AND INCLUSION (DEI)

The ASEZCo's commitment to DEI has seen significant progress. We continuously strive to increase the representation of women and previously disadvantaged groups at all organisational levels. We continue to cultivate an inclusive workplace culture.

7. INTERNSHIP PROGRAMME

The ASEZCo internship programme remains a vital component of our talent pipeline. This year, we successfully hosted five interns, providing them with valuable hands-on experience and contributing to their professional development. Feedback from the interns and their host departments has been overwhelmingly positive. At the end of the internship period, incumbents who exhibit exceptional conduct and possess suitable qualifications are encouraged to apply for vacant junior positions within the entity.

CHALLENGES AND MITIGATION

While the past year presented challenges, particularly in staff retention and the transition from establishment to implementation, the Human Resources team has diligently worked to address these issues. The appointment of the new CEO and executives for key portfolios has provided stability and continuity, positively influencing our retention strategies. We continue to focus on creating a supportive and engaging work environment to attract and retain top talent.

FUTURE OUTLOOK

As ASEZCo progresses along its growth path, our focus for the upcoming year will be on further enhancing our HR practices to support the organisation's strategic objectives. Key initiatives will include:

- Expanding our Diversity Equity, and Inclusion (DEI) efforts to ensure a more inclusive workplace.
- Implementing innovative HR technologies to streamline processes and improve efficiency.
- Enhancing our employee development programmes to ensure continuous learning and career growth.
- Strengthening our wellness initiatives to support the holistic well-being of our employees.

HUMAN RESOURCES OVERSIGHT STATISTICS

TABLE 16: PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Programme/ activity/ objective	Total expenditure of the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Operations	10 957	*8 605	78%	23	374
Administration	16 696	*9 606	58%	16	600

* Includes professional fees capitalised and excludes directors' fees and non-cash movements

TABLE 17: PERSONNEL COST BY SALARY BAND

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	2 215	12%	1	2 215
Senior management	5 498	30%	5	1 099
Professional qualified	4 820	26%	7	688
Skilled	3 698	20%	9	411
Semi-skilled	1 163	6%	4	291
Unskilled	172	1%	1	172
Temporary contracts	645	4%	12	54
TOTAL*	18 211	100%	39	467

*Includes professional fees and excludes directors' fees and non-cash movements

TABLE 18: PERFORMANCE REWARDS*

Programme/ activity/ objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	-	0	0%
Senior management	-	0	0%
Professional qualified	-	0	0%
Skilled	-	0	0%
Semi-skilled	-	0	0%
Unskilled	-	0	0%
Temporary contracts	-	0	0%
TOTAL	-	0	0%

*No performance rewards were paid for the 2023/24 financial year

TABLE 19: TRAINING COSTS

Programme/ activity/ objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
Operations	8,605	140	2%	23	6
Administration	9,606	235	2%	16	14

TABLE 20: EMPLOYMENT AND VACANCIES*

Programme	2023/2024 Number of employees	2023/2024 Approved posts	2023/2024 Vacancies
Operations *	14	23	9
Administration	10	16	6

*Excludes temporary contracts

TABLE 21: VACANCIES BY LEVEL

	2023/2024 Number of employees#	2023/2024 Approved posts	2023/2024 Vacancies
Top management	1	1	1
Senior management	4	6	2
Professional qualified	6	12	6
Skilled	10	16	6
Semi-skilled	2	3	1
Unskilled	1	1	0
TOTAL	24	39	15

Excludes temporary and project roles

TABLE 22: EMPLOYMENT CHANGES/TERMINATIONS

Salary band	Employment at the beginning of the period	Appointment	Terminations	Employment at the end of the period
Top management	0	1	0	1
Senior management	3	3	2	4
Professional qualified	5	2	1	6
Skilled	6	3	0	9
Semi-skilled	4	1	2	3
Unskilled	1	0	0	1
Temporary contracts	7	5	6	6
TOTAL	26	15	11	30

TABLE 23: REASONS FOR STAFF LEAVING

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	6	55%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	3	27%
Other	2	18%
Total	11	100%

TABLE 24: LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Final written warning	0
Dismissal	0

TABLE 25: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE								FEMALE							
	African		Coloured		Indian		White		African		Coloured		Indian		White	
	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T
Top management	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Senior management	0	0	1	0	0	0	1	0	1	0	0	0	1	0	0	0
Professional qualified	0	0	2	0	0	0	1	0	1	0	1	0	1	0	0	0
Skilled	1	0	2	0	0	0	0	0	1	0	4	0	0	0	1	0
Semi-skilled	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Temporary contracts	2	0	0	0	0	0	0	0	1	0	2	0	0	0	1	0
Total	3	0	5	0	0	0	3	0	4	0	11	0	2	0	2	0

C: Current, T: Target



PART E

PFMA COMPLIANCE REPORT

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	0	0
Add: Irregular expenditure confirmed	0	24
Less: Irregular expenditure condoned	0	(24)
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	0	0

**Three Atlantis SMMEs were non-tax compliant at the date of award*

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2022/2023	0	0
Irregular expenditure that relates to 2022/23 and identified in 2022/23	0	0
Irregular expenditure for the current year	0	24
Total	0	24

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	0	0
Irregular expenditure under assessment	1 299	0
Less: Irregular expenditure under determination	0	0
Less: Irregular expenditure under investigation	0	0
Total	1 299	0

c) Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	0	24
Total	0	24

The prior year's irregular expenditure of R23 903 was condoned by Provincial Treasury on 31 March 2023

d) Details of current and previous year irregular expenditure removed (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

e) Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
None

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)

Description
None

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Disciplinary steps were taken against the employees that caused the R23 903 irregular expenditure in the prior year

FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

None identified for 2023/2024 and 2022/2023

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) & (III)

a) Details of current and previous year material losses through criminal conduct

No material losses through criminal conduct for 2023/2024 and 2022/2023.

INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated value
		R'000
Valid invoices received	591	42 298
Invoices paid within 30 days or the agreed period	581	41 902
Invoices paid after 30 days or the agreed period	10	396
Invoices older than 30 days or the agreed period (<i>unpaid and without dispute</i>)		
Invoices older than 30 days or the agreed period (<i>unpaid and in dispute</i>)		

The reason for the late payment was due to a dispute with a supplier, however, all payments relating to the invoices under dispute were made before year-end. At year-end there were no overdue (over 30 days) invoices.

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

None.

Contract variations and expansions

Guideline

Accounting authorities must ensure that all variations or expansions above the thresholds prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management are reported in the annual report of an institution in the format prescribed.

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Design Quantum V3	Siroccon	Expansion		R1,545	0	R13,4
						R13,4

PART F

FINANCIAL INFORMATION

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

REPORT OF THE AUDIT, IT & RISK COMMITTEE

The Committee is pleased to present our report for the financial year ended 31 March 2024.

AUDIT COMMITTEE RESPONSIBILITY

The Audit, IT and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit, IT and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit, IT and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein, except for the review of changes in accounting policies and practices.

RISK MANAGEMENT

The Committee is responsible for overseeing the risk management process. It considered the risk management plan, the risk register and the updates thereto on a quarterly basis.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Committee reviewed reports received from Internal Audit on the effectiveness of the entity's internal controls. Management action plans to address improvement areas were also reviewed, and the Committee will continue to monitor progress on the implementation thereof. The following internal audit work was completed during the year under review:

- Risk workshop
- Risk management process review
- Supply chain management
- Fixed assets review
- Internal financial control review
- Information technology security and governance review
- Audit on performance information
- Payroll review
- Review of the AFS

IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORT

The Committee is satisfied with the quality and content of the quarterly reports prepared and issued by the entity for the 2023-24 financial year.

EVALUATION OF FINANCIAL STATEMENTS

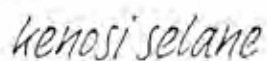
The Committee reviewed the annual financial statements prepared by the public entity.

AUDITOR'S REPORT

The Committee reviewed

- The audited annual financial statements to be included in the annual report;
- The AGSA management report and management's response; and
- The report of the Auditor-General for the year ended 31 March 2024.

The Audit Committee concurs and accepts the conclusions of the Auditor-General 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 Auditor-General.



Kenosi Selane

Chairperson of the Audit, IT and Risk Committee
Atlantis Special Economic Zone Company SOC Ltd
Date: 31 July 2024

Report of the auditor-general to Western Cape Provincial Parliament on Atlantis Special Economic Zone Company SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Atlantis Special Economic Zone Company SOC Ltd set out on pages 98 to 139, which comprise the statement of financial position as at 31 March 2024, the statement of financial performance, statement of changes in net assets and cash flow statement 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 Atlantis Special Economic Zone Company SOC Ltd as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2024.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; 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.
9. 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.

Responsibilities of the auditor-general for the audit of the financial statements

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 92, forms part of my auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
1. I selected the following material performance indicators related to programme 2: operations presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - No. of investment projects realised
 - Quarterly investor pipeline maintained
 - Investor target market analysis
 - No. of partnership agreements.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

- No. of skills development initiatives supported
 - No. of enterprise development initiatives supported
 - No. of community integration initiatives supported
 - Percentage rood space generating solar electricity on newly contracted buildings
 - No. of funded projects initiated
13. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
14. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
15. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
16. I did not identify any material findings on the reported performance information for the selectec material performance indicators.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Report on compliance with legislation

17. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
18. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
19. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
20. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

21. The accounting authority is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to 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 on in this auditor's report.
22. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
23. My responsibility is to read this other information and, in doing so, consider whether it 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.
24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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 the other information 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

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Internal control deficiencies

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

Auditor-General

Century City

31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 entity 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.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Selected legislation and regulations	RIM
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b);
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a);
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 05 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 05 of 202/21	Paragraph 2
National Treasury instruction No. 05 of 2020/21	Paragraph 4.8; 4.9;
National Instruction No. 01 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 04A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 7.2;
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.3.1
Practice Note 05 of 2009/10	Paragraph 3.3
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.4; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.8; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

GENERAL
INFORMATION

COUNTRY OF INCORPORATION AND
DOMICILE

South Africa

REGISTRATION NUMBER

2018/587778/30

LEGAL FORM OF ENTITY

State owned company listed as a Schedule 3D
entity of the PFMA

NATURE OF BUSINESS AND PRINCIPAL
ACTIVITIES

Development of a sustainable greentech
Special Economic Zone in Atlantis, Cape Town

BOARD MEMBERS

Johnston, Jo-Ann Deidre
Greyling, Lance William
Kimani, Zukiswa
Saib, Waheeda
Cullinan, Patrick Matthew
Roman, Leon Jonathan
Selane, Kenosi Pearl Louisa
Jullies, Marshall Julian
Fakir, Mohamed Saliem

REGISTERED OFFICE

Atlantis Foundries Business Park William
Gourlay Street, Atlantis Industria Atlantis, 7349

POSTAL ADDRESS

Atlantis Foundries Business Park William
Gourlay Street, Atlantis Industria Atlantis, 7349

BANKERS

Nedbank

AUDITORS

Auditor General South Africa

SECRETARY

Williams, Fredelaine Elna Cindy

ABBREVIATIONS

GRAP	Generally Recognised Accounting Practices
PFMA	Public Finance Management Act
SEZ	Special Economic Zone
IAS	International Accounting Standards
ASB	Accounting Standards Board
TR	Treasury Regulations
AGSA	Auditor General South Africa
VAT Act	Value Added Tax Act
ASEZCo	Atlantis Special Economic Zone Company
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
DEDAT	Department of Economic Development and Tourism
DTIC	Department of Trade, Industry and Competition
WCEDP	Western Cape Economic Development Partnerships
Merseta	Manufacturing, Engineering and Related Services SETA
COIDA	Compensation for Occupational Injuries and Diseases
NBI	National Business Initiative

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 accounting authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external 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 judgments and estimates.

The accounting authority acknowledge that they are 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 accounting authority to meet these responsibilities, the 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 accounting authority are 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 accounting authority have reviewed the entity's cash flow forecast for the year to 31 March 2025 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 Department of Economic Development and Tourism 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 accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external 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 external auditors and their report is presented on pages 87 to 93.

The annual financial statements set out on pages 98 to 139, which have been prepared on the going concern basis, were approved by the board of directors on 31 July 2024 and were signed on its behalf by:

Saliem Fakir

FAKIR, MOHAMED SALIEM
Chairperson of the Board

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

The accounting authority submit their report for the year ended 31 March 2024.

1. INCORPORATION

The entity was incorporated on 3 December 2019 and obtained its confirmation as a state-owned company on 6 March 2020. The National Minister of Finance officially listed the ASEZCo as a schedule 3D PFMA public entity on 15 December 2021.

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in development of a sustainable greentech special economic zone in Atlantis, Cape Town and operates principally in South Africa.

3. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 54 283 137 and that the entity's total assets exceed its liabilities by R 110 783 237.

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.

4. SUBSEQUENT EVENTS

At the reporting date, the ASEZCo has not identified any subsequent events.

5. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board as the prescribed framework by National Treasury. The accounting policies have been applied consistently compared to the prior year.

6. SHARE CAPITAL / CONTRIBUTED CAPITAL

On establishment, initial share capital was issued to the Western Cape Government at date of inception. Subsequently shares were issued to the City of Cape Town in exchange for land. This issue was in line with the valuation agreement, sale agreement and shareholders agreement on the 31 March 2022.

7. DISTRIBUTIONS TO OWNERS

No dividends were declared or paid to owners during the 12 months.

8. ACCOUNTING AUTHORITY

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

Name	Nationality	Changes
Johnston, Jo-Ann Deidre	South African	25 November 2019
Greyling, Lance William	South African	25 November 2019
Kimani, Zukiswa	South African	25 November 2019
Saib, Waheeda	South African	03 December 2019
Cullinan, Patrick Matthew	South African	12 September 2022
Roman, Leon Jonathan	South African	26 June 2020
Selane, Kenosi Pearl Louisa	South African	04 March 2021
Jullies, Marshall Julian	South African	16 September 2021
Fakir, Mohamed Saliem	South African	29 May 2022

9. AUDITORS

The AGSA as the Supreme Audit Institution for our country is constitutionally mandated to fulfil the role of external audit. This will remain the status quo unless the AGSA indicates otherwise (i.e., opt not to perform our audit in terms of section 4(3) of the Public Audit Act).

The annual financial statements set out on pages 98 to 139, which have been prepared on the going concern basis, were approved by on 31 July 2024 and were signed on its behalf by:

Saliem Fakir

FAKIR, MOHAMED SALIEM

Chairperson of the Board

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.



WILLIAMS, FREDELAINE ELNA CINDY
Company Secretary

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	580 656	1 267 186
Prepayments	4	378 103	476 796
Cash and cash equivalents	5	89 848 416	95 189 510
Statutory receivables	6	1 605 071	626 477
Operating lease asset	12	475 049	-
		92 887 295	97 559 969
Non-Current Assets			
Property, plant and equipment	7	30 722 380	5 386 889
Intangible assets	8	5 422	55 742
Investment property	9	66 088 312	64 853 371
Operating lease asset	12	41 796	-
		96 857 910	70 296 002
Total Assets		189 745 205	167 855 971
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	600 328	1 186 453
Operating lease liability	12	122 657	82 190
Employee benefit obligation	13	706 912	1 092 915
Unspent conditional grants and receipts	14&18	77 401 398	89 862 069
		78 831 295	92 223 627
Non-Current Liabilities			
Operating lease liability	12	130 673	249 207
Total Liabilities		78 961 968	92 472 834
Net Assets		110 783 237	75 383 137
Share capital / contributed capital	15	56 500 100	56 500 100
Accumulated surplus		54 283 137	18 883 037
Total Net Assets		110 783 237	75 383 137

*See note 32

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2024

	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Interest received	16&18	7 456 938	3 173 056
Other revenue		67 572	21 458
Recoveries		307 439	48 289
Rental income		886 565	59 179
Total revenue from exchange transactions		8 718 514	3 301 982
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	18	54 335 141	45 745 879
Total revenue	17	63 053 655	49 047 861
Expenditure			
Depreciation and amortisation	19	1 242 619	1 840 442
Employee related costs	20	16 751 640	17 868 496
General Expenses	21	8 872 253	14 550 913
Impairment of other financial assets	22	-	506 943
Loss on disposal of assets and liabilities	7	52 899	75 902
Operating lease rental	23	734 144	1 384 562
Total expenditure		27 653 555	36 227 258
Surplus for the year		35 400 100	12 820 603

*See note 32

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2024

	Share capital / contributed capital	Accumulated surplus	Total net assets
Balance at 01 April 2022	56 500 100	6 062 434	62 562 534
Changes in net assets Surplus for the year	-	12 820 603	12 820 603
Total changes	-	12 820 603	12 820 603
Balance at 01 April 2023	56 500 100	18 883 037	75 383 137
Changes in net assets Surplus for the year	-	35 400 100	35 400 100
Total changes	-	35 400 100	35 400 100
Balance at 31 March 2024	56 500 100	54 283 137	110 783 237
Note(s)	15		

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

CASH FLOW STATEMENT

AS AT 31 MARCH 2024

	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Interest received		7 901 617	2 608 006
Rental & other income		986 583	129 088
Government grants & subsidies		41 874 470	137 616 318
		50 762 670	140 353 412
Payments			
Employee costs		(17 137 643)	(17 759 191)
Suppliers		(11 150 492)	(16 273 192)
		(28 288 135)	(34 032 383)
Net cash flows from operating activities	24	22 474 535	106 321 029
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(26 416 665)	(2 860 520)
Purchase of investment property	9	(1 398 964)	(8 391 000)
Net cash flows from investing activities		(27 815 629)	(11 251 520)
Net increase/(decrease) in cash and cash equivalents		(5 341 094)	95 069 509
Cash and cash equivalents at the beginning of the year		95 189 510	120 000
Effect of exchange rate movement on cash balances		-	-
Cash and cash equivalents at the end of the year	5	89 848 416	95 189 509

*See note 32

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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). The entity used Directive 12 determining the relevant financial reporting framework.

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, 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. Materiality is determined as 1% of total income recognised. This materiality is from management's perspective and does not necessarily correlate with the auditor's materiality.

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 judgment 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 judgments include:

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

The entity assesses its trade receivables, other financial assets, loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, other financial assets, loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. Refer to accounting policy 1.5

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables, together with economic factors such as exchange rates inflation interest.

PROVISIONS

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

USEFUL LIVES OF ASSETS

Management determines the estimated useful lives and residual values for its depreciable assets. These estimates are based on industry norms, management's experience, knowledge and current expectations for the use of the depreciable assets. The annual depreciation charge will be adjusted for any changes in these estimates.

ALLOWANCE FOR DOUBTFUL DEBTS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 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 or uncollectibility.

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

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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.

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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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- 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
Other financial assets	Financial asset measured at amortised cost
Cash	Financial asset measured at amortised 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

INITIAL RECOGNITION

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

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

FAIR VALUE MEASUREMENT CONSIDERATIONS

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is

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consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

RECLASSIFICATION

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

GAINS AND LOSSES

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

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability

is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

FINANCIAL ASSETS MEASURED AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION**Financial assets**

The entity derecognises a financial asset only when:

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

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

Financial liabilities

The entity removes a financial liability or a part of a financial liability from its statement of financial position when it is extinguished.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.6 PREPAYMENTS

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received.

1.7 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, it's 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.

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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

Property, plant and equipment transferred as part of the transfer of functions are depreciated over their remaining useful lives.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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
Leasehold property	Straight-line	Over lease term
Furniture and fixtures	Straight-line	6 to 10 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	5 to 10 years
Computer equipment	Straight-line	3 to 5 years
Infrastructure		.
- Roads, Structure, Footpaths Traffic Control & Road Furniture	Straight-line	15 - 100 years
- Storm water	Straight-line	50 - 100 years
- Sewer	Straight-line	15 - 100 years
- Water Supply	Straight-line	15 - 100 years
- Electricity	Straight-line	15 - 50 years

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

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.

1.8 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.

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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.

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	Straight-line	3 to 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.9 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.

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. The entity applied iGRAP 18 in determination of whether to recognise property in instances where legal ownership may not exist but rather a right granted to an entity in a binding arrangement, which enables it to direct access to the land, and to restrict and deny the access of others to the land.

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.

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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	50 - 100 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.10 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.

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.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

DEPRECIATED REPLACEMENT COST APPROACH

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its

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used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

RECOGNITION AND MEASUREMENT

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

REVERSAL OF AN IMPAIRMENT LOSS

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service

amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service 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 non-cash-generating asset is recognised immediately in surplus or deficit.

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

REDESIGNATION

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 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.

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.

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OPERATING LEASES - LESSEE

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

1.12 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.13 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

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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.

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 judgment. 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

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- 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.

1.14 SHARE CAPITAL / CONTRIBUTED CAPITAL

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

Ordinary shares are classified as equity.

1.15 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.

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

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.

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

1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an

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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.

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.

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future

economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

SERVICES IN-KIND

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with the fruitless and wasteful expenditure framework of, National Treasury Instruction No 3 of 2019/2020.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is accounted for in line with the irregular expenditure framework of National Treasury Instruction No 2 of 2019/2020 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA.

1.19 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and

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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.

1.20 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. Commitment are disclosed excluding Value Added Tax.

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.

1.21 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.

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.

1.22 COMPARATIVE FIGURES

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

1.23 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

MEASUREMENT

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and

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expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.24 ACCOUNTING BY PRINCIPALS AND AGENTS

RECOGNITION

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 TAX

CURRENT TAX ASSETS AND LIABILITIES

No provision for Income Tax is made. The entity is exempted from Income Tax in terms of S10(1) (cA)(ii) of the Income Tax Act (Act.No. 58 of 1962).

1.26 STATUTORY RECEIVABLES

IDENTIFICATION

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and

require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

RECOGNITION

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

INITIAL MEASUREMENT

The entity initially measures statutory receivables at their transaction amount.

SUBSEQUENT MEASUREMENT

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

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IMPAIRMENT LOSSES

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

DERECOGNITION

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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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:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
iGRAP 21: The Effect of Past Decisions on Materiality	1 April 2023	No material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	No material impact
GRAP 25 (amended): Employee Benefits (replacement of 2009 version)	1 April 2023	No material impact

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial instruments	1 April 2025	Unlikely there will be a material impact

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
Trade debtors	279 800	341 071
Deposits	180 485	361 065
Accrued interest receivable	120 371	565 050
	580 656	1 267 186

Deposits relates to the office rentals for the entity in Atlantis and Century City and is refundable when the lease agreement expires. Includes the utilities deposit for the City of Cape Town that relates to the EGL building purchased on 1 January 2023.

No interest receivable on deposit.

TRADE DEBTORS IMPAIRED

As of 31 March 2024, trade and other receivables of R 198 408 (2023: R 198 408) were impaired and fully provided for. The amount of the provision as of 31 March 2024 was R - (2023: R 198 408).

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE DEBTORS

	2024	2023
Opening balance	198 408	198 408
Provision for impairment	(198 408)	-
	-	198 408

The training service provider encountered challenges during COVID-19 pandemic to complete the training, therefore the provision for impairment of R 198 408 was utilised for the outstanding debt as it's considered not feasible to pursue this matter as the cost will exceed the recovery of the debt.

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4. PREPAYMENTS

	2024	2023
Rentals	15 515	14 500
Software	188 233	146 617
Subscriptions	28 591	-
Training	19 980	-
COIDA	125 784	315 679
	378 103	476 796

Prepayments consist mainly of operating leases, software and COIDA. COIDA was paid on the incorrect sector, request to change the nature of the sector was submitted to the Department of Labour and which is still in the process of being resolved.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2024	2023
Bank balances	89 833 797	95 181 057
Other cash and cash equivalents	14 619	8 453
	89 848 416	95 189 510

6. STATUTORY RECEIVABLES

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

	2024	2023
Value Added Tax	1 604 217	625 623
Entities that are VAT vendors are either obligated to pay or entitled to receive the net VAT on taxable goods and services to/from SARS. The ASEZCo has a VAT receivable that is governed by the VAT Act. As a result, the arrangement is a statutory agreement. Current VAT rate is 15%.		
Skills Development Levy	854	854
	1 605 071	626 477

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7. PROPERTY, PLANT AND EQUIPMENT

	31 March 2024			31 March 2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	680 873	(539 063)	141 810	629 080	(463 541)	165 539
Furniture and fixtures	1 217 727	(740 223)	477 504	1 164 145	(557 745)	606 400
Motor vehicles	1 715 566	(603 176)	1 112 390	1 115 426	(299 241)	816 185
Office equipment	1 165 533	(664 266)	501 267	1 180 051	(435 654)	744 397
Computer equipment	1 423 389	(748 989)	674 400	1 261 996	(961 307)	300 689
Infrastructure - Work in progress	27 815 009	-	27 815 009	2 753 679	-	2 753 679
Total	34 018 097	(3 295 717)	30 722 380	8 104 377	(2 717 488)	5 386 889

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2024

	Opening balance	Additions	Disposals	Work in Progress	Depreciation	Total
Leasehold property	165 539	51 793	-	-	(75 522)	141 810
Furniture and fixtures	606 400	-	(11 145)	73 794	(191 545)	477 504
Motor vehicles	816 185	600 140	-	-	(303 935)	1 112 390
Office equipment	744 397	-	(9 181)	-	(233 949)	501 267
Computer equipment	300 689	629 608	(32 572)	-	(223 325)	674 400
Infrastructure	2 753 679	-	-	25 061 330	-	27 815 009
	5 386 889	1 281 541	(52 898)	25 135 124	(1 028 276)	30 722 380

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2023

	Opening balance	Additions	Disposals	Work in Progress	VAT change in use	Depreciation	Total
Leasehold property	1 138 305	-	(18 304)	-	(140 558)	(813 904)	165 539
Furniture and fixtures	989 716	-	(57 598)	-	(118 240)	(207 478)	606 400
Motor vehicles	1 039 271	-	-	-	-	(223 086)	816 185
Office equipment	843 602	704 970	-	(465 986)	(124 187)	(214 002)	744 397
Computer equipment	422 085	214 530	-	-	(55 056)	(280 870)	300 689
Infrastructure	398 674	-	-	2 407 006	(52 001)	-	2 753 679
	4 831 653	919 500	(75 902)	1 941 020	(490 042)	(1 739 340)	5 386 889

PLEDGED AS SECURITY

No assets were pledged as security.

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF WORK-IN-PROGRESS MARCH 2024	Infrastructure - work in progress	Furniture & fixtures - work in progress	Total
Opening balance	2 753 679	-	2 753 679
Additions	25 061 330	73 794	25 135 124
	27 815 009	73 794	27 888 803

RECONCILIATION OF WORK-IN-PROGRESS MARCH 2023	Infrastructure - work in progress	Office equipment - work in progress	Total
Opening balance	398 675	465 986	864 661
Additions	2 407 006	-	2 407 006
Allocated to office equipment	-	(465 986)	(465 986)
	2 805 681	-	2 805 681
VAT change in use	(52 001)	-	(52 001)
	2 753 679	-	2 753 679

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT INCLUDED IN THE STATEMENT OF FINANCIAL PERFORMANCE

	2024	2023
Repairs - Leasehold property	27 152	15 310

A register containing the information required by Regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the entity.

8. INTANGIBLE ASSETS

	31 March 2024			31 March 2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	338 161	(332 739)	5 422	338 161	(282 419)	55 742

RECONCILIATION OF INTANGIBLE ASSETS - MARCH 2024	Opening balance	Amortisation	Total
Computer software	55 742	(50 320)	5 422

RECONCILIATION OF INTANGIBLE ASSETS - MARCH 2023	Opening balance	VAT change in use	Amortisation	Total
Computer software	137 097	(17 882)	(63 473)	55 742

PLEDGED AS SECURITY

No intangible assets were pledged as security.

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9. INVESTMENT PROPERTY

	31 March 2024			31 March 2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	66 289 964	(201 652)	66 088 312	64 891 000	(37 629)	64 853 371

RECONCILIATION OF INVESTMENT PROPERTY - MARCH 2024

	Opening balance	Additions	Work in progress	Depreciation	Total
Investment property	64 853 371	233 602	1 165 362	(164 023)	66 088 312

RECONCILIATION OF INVESTMENT PROPERTY - MARCH 2023

	Opening balance	Additions	Work in progress	Depreciation	Total
Investment property	56 500 000	8 079 190	311 810	(37 629)	64 853 371

PLEDGED AS SECURITY

No investment property has been pledged as security.

DETAILS OF PROPERTY

Zone 1 (Land)

Portion of remainder Cape Farm 1183 and Remainder Farm 4-93, located on the corner of Dassenberg Street and Charel Uys Street, Atlantis industrial. Zone 1 is 221500m²

- Purchase price: 31 March 2022

Zone 2 (Land)

Portion of Cape Farm 1183-4-1 bounded by Gideon Basson Road and Neil Hare Road, Atlantis industrial. Zone 2 is 386 500m²

- Purchase price: 31 March 2022

Zone 3 (Land)

Portion of Remainder Erf 171, portion Remainder Erf 277, Erf 254, Erf 246, all located along Neil Hare Road, Atlantis Industrial. Zone 3 is 334 036m²

- Purchase price: 31 March 2022

Zone 4 (Building)

Situated at 30 Charles Mathews Street, Atlantis Industrial, Erf 179

- Purchase price: 1 January 2023

- Additions since purchase

Work in progress

- Opening balance

- Quantum V3

- EGL Building

	2024	2023
Zone 1 (Land)	13 284 790	13 284 790
Zone 2 (Land)	23 180 908	23 180 908
Zone 3 (Land)	20 034 302	20 034 302
Zone 4 (Building)	8 079 190	8 079 190
	233 602	-
	8 312 792	8 079 190
Work in progress	311 810	311 810
	883 560	-
	281 802	-
	1 477 172	311 810

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9. INVESTMENT PROPERTY (CONTINUED)

As at 31 March 2024 the total cost for Investment property was R 66 289 964 (2023: R 64 891 000).

The investment properties include land made up of Zone 1, Zone 2 and Zone 3 which were acquired by means of an asset for shares transaction between the City of Cape Town municipality and the ASEZCo. The value of the shares was independently determined and agreed by both parties. The value determined was R56,500,000 excl VAT.

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

Zone 1 to Zone 3 (Land) was valued at R56,500,000 excl VAT on the date of sale by a professional valuer, Garth Johnson.

The valuation of Zone 4 (Building) was performed to determined the market value of for Erf 179 Atlantis Industrial, situated at 30 Charles Matthews for the purpose of acquiring the building. The market value was determine at R 8 000 000 as at 25 April 2022 by Appraisal Corporation.

10. CHANGE IN ESTIMATE

During the financial year the average useful life of property, plant and equipment and intangible assets were assessed and adjusted:

Property, plant and equipment

- Decrease in depreciation in current year
- Increase in depreciation in future periods

2024	Future years
(102 223)	-
-	102 223
(102 223)	102 223

Property plant and equipment

- Decrease in depreciation in current year
- Increase in depreciation in future periods

Intangible assets

- Decrease in amortisation in current year
- Increase in depreciation in future periods

2023	Future years
(91 931)	-
-	91 931
-	-
(49 247)	-
-	49 247
(141 178)	141 178

11. PAYABLES FROM EXCHANGE TRANSACTIONS

- Trade payables
- Employee deductions
- Rental deposits
- Accruals

2024	2023
2	512 625
59 286	32 385
170 479	50 479
370 561	590 964
600 328	1 186 453

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12. OPERATING LEASE (SMOOTHING)

	2024	2023
Non-current assets	41 796	-
Current assets	475 049	-
	516 845	-
Non-current liabilities	130 673	249 207
Current liabilities	122 657	82 190
	253 330	331 397
Operating lease asset		
Increase in asset	516 845	-

The operating lease asset relates to EGL Building situated at 30 Charles Mathews Street, a lease agreement was signed with Mint & Honey for a period of 5 years Included in the above rentals are operating lease rentals at straight-lined amounts.

Operating lease liability

Opening balance	331 397	70 608
Increase in liability	-	288 952
Decrease in liability	(78 067)	(28 163)
	253 290	331 397

The operating lease liability relates to premises utilised for the entity's offices. The entity extended it's current operating lease agreement with Atlantis Foundries and terminated it's contract with the South African Reserve Bank from January 2023. A new agreement was signed for 3 years and has a fixed annual escalation. A new lease agreement was signed with Patrick Waterson & Associates CC for a period of 3 years for the satellite offices in Century City. Included in the above rentals are operating lease rentals at straight-lined amounts.

Refer to note 23 - Operating lease rental. Refer to note 25 - Commitments.

13. EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Carrying value		
Leave pay	706 912	470 331
Employee remuneration provision	-	618 152
Directors and members remuneration	-	4 432
	706 912	1 092 915

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FOR THE YEAR ENDED 31 MARCH 2024

13. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

RECONCILIATION OF EMPLOYEE

BENEFITS - MARCH 2024

	Opening balance	Additions	Paid out	Utilised during the year	Total
Leave pay	470 331	1 368 188	(97 255)	(1 034 352)	706 912
Employee remuneration provision	618 152	-	-	(618 152)	-
Directors and members remuneration	4 432	-	-	(4 432)	-
	1 092 915	1 368 188	(97 255)	(1 656 936)	706 912

RECONCILIATION OF EMPLOYEE

BENEFITS - MARCH 2023

Leave provision	916 205	1 376 410	(423 449)	(1 398 835)	470 331
Employee remuneration provision	-	618 152	-	-	618 152
Directors and members remuneration	17 313	4 432	-	(17 313)	4 432
COIDA provision	51 073	-	(51 073)	-	-
	984 591	1 998 994	(474 522)	(1 416 148)	1 092 915

Leave provision - increase in leave provision compared to the previous year is due to the resignations of senior management in the prior year and the positions were only filled in the latter part of the current year.

Directors and members remuneration - No accrual was raised in the current financial year.

COIDA provision - Provision raised for the compensation of employees injured or who contract diseases during the course of employment. COIDA was paid on the incorrect sector, request to change the nature of the sector was submitted to the Department of Labour and which is still in the process of being resolved.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts

	2024	2023
Grant DEDAT	8 932 874	2 612 669
Grant Merseta	278 539	278 539
Grant DTIC	67 922 686	86 766 461
Grant NBI	267 299	204 400
	77 401 398	89 862 069

Movement during the year

Balance at the beginning of the year	89 862 069	616 240
Additions during the year	41 874 469	134 990 909
Income recognition during the year	(54 335 140)	(45 745 080)
	77 401 398	89 862 069

See note 18 for reconciliation of grants from Government and other public entities. The main condition on each of the grants is that funds be spent on what they were allocated for. An unspent balance indicates that the spending condition has not been met as yet.

These amounts are invested in a ring-fenced manner until utilised.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15. SHARE CAPITAL / CONTRIBUTED CAPITAL

	2024	2023
Authorised		
1000 No par value shares	-	-
Reconciliation of number of shares issued:		
Total shares issued	183	183
Issued		
100 No par value shares held by Western Cape Government by the Department of Economic Development and Tourism	100	100
83 No par value shares held by City of Cape Town municipality	56 500 000	56 500 000
	56 500 100	56 500 100

16. INTEREST REVENUE

	2024	2023
Interest received	7 456 938	3 173 056

Interest income on the grant received, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 7 456 938.

17. REVENUE

	2024	2023
Other revenue	67 572	21 458
Rental income	886 565	59 179
Recoveries	307 439	48 289
Interest received	7 456 938	3 173 056
Government grants & subsidies	54 335 141	45 745 879
	63 053 655	49 047 861
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other revenue	67 572	21 458
Rental income	886 565	59 179
Recoveries	307 439	48 289
Interest received	7 456 938	3 173 056
	8 718 514	3 301 982
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	54 335 141	45 745 879

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FOR THE YEAR ENDED 31 MARCH 2024

18. GOVERNMENT GRANTS AND SUBSIDIES

	2024	2023
Operating grants		
Government grant - DEDAT	27 703 273	42 654 498
Grant - WCEDP	-	110 000
Grant - Merseta	-	227 700
Grant - NBI	243 701	-
	27 946 974	42 992 198
Capital grants		
Government grant - DTIC	26 388 167	2 753 681
	54 335 141	45 745 879
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	54 335 141	45 745 879
Unconditional grants received	-	-
	54 335 141	45 745 879
Government and other grants received		
Balance unspent at beginning of year	89 862 069	616 240
Current-year receipts	41 874 469	134 990 908
Interest received	7 456 938	3 173 056
Conditions met - transferred to revenue	(61 792 079)	(48 918 135)
	77 401 397	89 862 069

The unspent portion above is included in unspent grants balance. A reconciliation of each grant received is provided below.

Grant - DEDAT

Balance unspent at beginning of year	2 612 669	-
Current-year receipts	34 023 478	45 266 367
Interest received	1 229 545	1 555 274
Conditions met - transferred to revenue	(28 932 818)	(44 208 972)
	8 932 874	2 612 669

Current year receipts for DEDAT is R 34 023 478 (excl VAT) plus the unspent funds from prior year of R 2 683 894 including the prior year error of R 113 850, restated unspent funds for DEDAT is R 2 612 669 for the utilisation of operating costs, interest amounting to R 1 229 545 was earned on the allocation.

Grant - MerSeta

Balance unspent at beginning of year	278 539	506 240
Conditions met - transferred to revenue	-	(227 701)
	278 539	278 539

Conditions still to be met - remain liabilities (see note 14).

The MerSeta grant was only received towards the end of the 2022 financial year and is meant to fund vocational programmes for students. A balance of R 278 538 remain unspent at 31 March 2024.

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FOR THE YEAR ENDED 31 MARCH 2024

18. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Grant - WCEDP

Balance unspent at beginning of year
Conditions met - transferred to revenue

2024	2023
-	110 000
-	(110 000)
-	-

Conditions still to be met - remain liabilities (see note 14).

The WCEDP grant has been provided to the ASEZCo to fund research. At 31 March 2023 the grant was fully utilised and spent on qualifying research.

Grant - DTIC

Balance unspent at beginning of year
Current-year receipts
Interest received
Conditions met - transferred to revenue

2024	2023
86 766 461	-
7 544 391	89 520 142
6 227 394	1 617 783
(32 615 560)	(4 371 463)
67 922 686	86 766 461

Conditions still to be met - remain liabilities (see note 14).

DTIC allocated R 7 544 391 (Excl VAT) for the refurbishment of the EGL Building. Interest amounting to R 6 227 393 was earned on the DTIC allocations.

Grant - NBI

Balance unspent at beginning of year
Current year receipts
Conditions met - transferred to revenue

2024	2023
204 400	-
306 600	204 400
(243 701)	-
267 299	204 400

NBI provided a grant of R 306 600 including the unspent grant in the prior year of R 204 400 for the implementation of Business Development Support Services to SMME's based in Atlantis, in the current year.

19. DEPRECIATION AND AMORTISATION

Property, plant and equipment
Intangible assets
Investment property

	2024	2023
7	1 028 276	1 739 340
8	50 320	63 473
9	164 023	37 629
	1 242 619	1 840 442

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FOR THE YEAR ENDED 31 MARCH 2024

20. EMPLOYEE RELATED COSTS

	2024	2023
Basic	15 706 596	17 564 923
Medical aid	217 181	261 566
UIF	52 906	51 669
COIDA	189 895	-
SDL	8 277	3 083
Leave pay provision charge	236 580	(361 422)
Cellphone allowance	206 900	196 400
Directors and members remuneration	133 305	152 277
	16 751 640	17 868 496
	2024	2023
Remuneration of Chief Executive Officer (P M Cullinan)		
Annual Remuneration	2 190 000	1 203 660
Contributions to UIF, Medical and Pension Funds	12 972	7 600
Other	14 400	20 400
	2 217 372	1 231 660
Remuneration of Chief Executive Officer (P Voges 1 April 2022 to 9 September 2022)		
Annual Remuneration	-	955 325
Contributions to UIF, Medical and Pension Funds	-	5 538
Other	-	6 000
	-	966 863
Remuneration of Chief Financial Officer (W Saib)		
Annual Remuneration	1 827 036	1 773 872
Contributions to UIF, Medical and Pension Funds	13 748	12 961
Other	77 608	26 400
	1 918 392	1 813 233

The entity has made no provision for bonuses in this financial year.

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21. GENERAL EXPENSES

	2024	2023
Advertising	653 352	4 090 474
Auditors remuneration	1 709 757	2 124 884
Bank charges	1 160	1 046
Catering	245 990	314 148
Cleaning	11 043	49 829
Community skills & development programs	1 687 202	2 077 311
Computer expenses	105 425	71 817
Consulting and professional fees	187 772	3 127 518
Fuel and oil	63 228	46 198
Hire	4 772	63 505
IT expenses	1 382 870	930 145
Insurance	112 342	90 333
Legal fees	76 304	322 320
Parking	59 974	169 840
Placement fees	91 501	34 793
Postage and courier	-	2 900
Printing and stationery	159 990	66 750
Protective clothing	14 229	-
Repairs and maintenance	27 152	15 310
Security	1 023 717	49 565
Staff welfare	75 326	69 807
Subscriptions and membership fees	225 835	43 585
Telephone and fax	146 935	68 129
Travel - local	255 741	258 674
Travel - overseas	158 949	118 952
Utilities	391 687	343 080
	8 872 253	14 550 913

Costs were contained in anticipation of budget cuts and to meet operational growth over the MTEF cycle. Enhanced partnerships collaboration ensured the continuity of skills, enterprise and community programmes were not impacted.

Security - Security is for the new EGL building purchased on 1 January 2023 and construction for Zone 1 and Zone 2 & 3.

22. IMPAIRMENT OF OTHER FINANCIAL ASSET

Other financial assets	2024	2023
Other financial assets (Designated as at cost through P&L)	-	506 943

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23. LEASE RENTALS ON OPERATING LEASE

	2024	2023
Premises		
Contractual amounts	547 959	1 233 018
Equipment		
Contractual amounts	186 185	151 544
	734 144	1 384 562

The entity has an operating lease with Atlantis Foundries and Patrick Waterson and Associates CC for the office space in Atlantis and Century City. These agreements are for 3 years with fixed escalation rates.

Photocopying machines are leased for a 3-year period and fixed rentals for the duration of the lease. Coffee machines and water dispensers are leased for a 3-year period.

24. CASH GENERATED FROM OPERATIONS

		2024	2023
Surplus		35 400 100	12 820 603
Adjustments for:			
Depreciation and amortisation	19	1 242 619	1 840 442
Loss on disposal of assets and liabilities	7	52 899	75 902
Impairment of other financial assets		-	506 943
Movement in operating lease asset		(516 845)	-
Movements in operating lease liability	12	(78 067)	260 789
Movements in employee benefits obligation	13	(386 003)	109 305
Changes in working capital:	3		
Receivables from exchange transactions		686 529	(989 852)
Statutory receivables	6	(978 594)	(571 259)
Prepayments	4	98 693	97 936
Payables from exchange transactions	11	(586 125)	(8 152 907)
Unspent conditional grants and receipts	14	(12 460 671)	89 245 829
Movement in other financial asset		-	11 077 298
		22 474 535	106 321 029

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25. COMMITMENTS

	2024	2023
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	51 693 392	74 120 583
Total capital commitments		
Already contracted for but not provided for (excl VAT)	51 693 392	74 120 583
Not yet contracted for and authorised by members (excl VAT)	18 915 863	-
	70 609 255	74 120 583
Total commitments		
Authorised capital expenditure (excl VAT)	70 609 255	74 120 583

The current year capital commitments include open orders for the design work and construction of civil infrastructure in Zone 1, Quantum Facility & the EGL Refurbishment in Atlantis. The funding for this has already been approved by the DTIC.

Operating leases - as lessee (expense)**Minimum lease payments due**

- within one year (excl VAT)	837 885	711 268
- in second to fifth year inclusive (excl VAT)	757 790	1 314 430
	1 595 675	2 025 698

Operating lease payments represent rentals payable by the entity for its office properties, printers, phones, coffee machines and water dispensers. Leases are negotiated for an average term of 3 years and rentals are fixed for the duration of the lease term. No contingent rent is payable.

Operating leases - as lessor (income)**Minimum lease payments due**

- within one year (excl VAT)	823 800	-
- in second to fifth year inclusive (excl VAT)	5 538 049	-
	6 361 849	-

The EGL Building situated at 30 Charles Matthews is held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 5 years. There are no contingent rents receivable.

Rental income including smoothing (excl VAT)	886 565	-
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ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

26. CONTINGENCIES**Contingent liabilities**

No contingent liabilities identified.

Contingent assets

No contingent assets were identified.

27. RELATED PARTIES**RELATIONSHIPS**

Shareholder with significant influence	Department of Economic Development and Tourism City of Cape Town Municipality
Non executive directors	Johnston, Jo-Ann Deidre Greyling, Lance William Kimani, Zukiswa Roman, Leon Jonathan Selane, Kenosi Pearl Louisa Jullies, Marshall Julian Fakir, Mohamed Saliem
Members of key management	Cullinan, Patrick Matthew Saib, Waheeda Williams, Fredelaine Elna Cindy
Entities with same economic portfolio	Western Cape Tourism, Trade and Investment Agency Free Port Saldanha Industrial Development Zone

Departments and public entities in each province are related parties according to the GRAP 20 based on the definition of common control.

The detail of the remuneration of the members of key management and non-executive directors is included in note 20 and 28 to the financial statements.

Related party balances

Amounts included in Unspent conditional grant

- Department of Economic Development and Tourism

Related party transactions

Grants received: Revenue recognised

- Department of Economic Development and Tourism

Grants received: Transfer payment received

- Department of Economic Development and Tourism

Interest received

- Department of Economic Development and Tourism

	2024	2023
	8 932 875	2 612 669
	27 703 273	42 653 698
	34 023 478	34 071 304
	1 229 545	1 555 274

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28. DIRECTORS AND MEMBERS REMUNERATION

Board meeting fees (fees for attending board meetings)

31 March 2024

Roman, Leon Jonathan
 Selane, Kenosi Pearl Louisa
 Jullies, Marshall Julian
 Fakir, Mohamed Saliem

31 March 2023

Roman, Leon Jonathan
 Selane, Kenosi Pearl Louisa
 Jullies, Marshall Julian
 Fakir, Mohamed Saliem

2024	2023
Members' fees	Total
9 774	9 774
6 516	6 516
10 860	10 860
11 399	11 399
38 549	38 549
Members' fees	Total
13 031	13 031
13 848	13 848
17 376	17 376
13 032	13 032
57 287	57 287

The remaining non-executive directors are employees of National, Provincial and Local Government or Institutions, Agencies and Entities of Government serving as office-bearers on Public Entities/Institutions are not entitled to additional remuneration.

Subcommittees fees (fees for attending subcommittees of board)

31 March 2024

Selane, Kenosi Pearl Louisa
 Bartes, Ian
 Slack, Paul
 Roman, Leon Jonathan
 Jullies, Marshall Julian
 Human, Andre

Members' fees	Total
31 071	31 071
14 839	14 839
17 537	17 537
20 380	20 380
5 532	5 532
5 397	5 397
94 756	94 756

31 March 2023

Selane, Kenosi Pearl Louisa
 Bartes, Ian
 Slack, Paul
 Roman, Leon Jonathan
 Jullies, Marshall Julian
 Human, Andre

Members' fees	Total
24 930	24 930
18 884	18 884
21 582	21 582
17 580	17 580
6 621	6 621
5 396	5 396
94 993	94 993

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29. FINANCIAL INSTRUMENTS

Categories of financial instruments

March 2024

Financial assets

Trade and other receivables from exchange transactions

Cash and cash equivalents

Financial liabilities

Trade and other payables from exchange transactions

	At amortised cost	Total
3	580 656	580 656
5	89 848 416	89 848 416
	90 429 072	90 429 072
11	600 328	600 328

31 March 2023

Financial assets

Trade and other receivables from exchange transactions

Cash and cash equivalents

Financial liabilities

Trade and other payables from exchange transactions

	At amortised cost	Total
3	1 267 186	1 267 186
5	95 189 510	95 189 510
	96 456 696	96 456 696
11	1 186 453	1 186 453

30. OPERATING SURPLUS

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

Operating lease charges

Premises

• Contractual amounts

Equipment

• Contractual amounts

Loss on sale of property, plant and equipment

Amortisation on intangible assets

Depreciation on property, plant and equipment

Depreciation on investment property

Employee costs

	2024	2023
	547 959	1 233 018
	186 185	151 544
	734 144	1 384 562
	52 899	75 902
	50 320	63 473
	1 028 276	1 739 340
	164 023	37 629
	16 751 640	17 868 496

31. AUDITORS' REMUNERATION

Fees

	2024	2023
	1 709 757	2 124 884

Audit fees include work that was done on the prior year financial statements which was not provided for in the prior year as the work was only performed in the current financial year.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

32. PRIOR PERIOD ERRORS

An error was identified in the Operating lease liability balance in the prior period that was adjusted to account for the balance of the operating lease smoothing at the end of the financial year end.

A misclassification error was identified in the Unspent conditional grant balance funding between DEDAT and Merseta for the ARPL Welding Project which was subsequently corrected.

A classification error was identified in the cashflow statement in the prior period that was adjusted in accordance with the nature of the cashflow and the transactions that occurred.

The correction of the error(s) results in adjustments as follows:

	As previously reported 2023	Correction of error	Restated 2023
Statement of financial position			
Operating lease liability	(146 320)	(185 076)	(331 397)
Unspent conditional grants & receipts	(90 047 146)	185 076	(89 862 069)
Statement of financial performance			
Government grants & subsidies	45 560 803	185 076	45 745 879
Operating lease rental	(1 199 486)	(185 076)	(1 384 562)
Re-classification of cash flow statement			
Rental & other income	(867 135)	996 223	129 088
Government grants & subsidies	134 991 709	2 624 609	137 616 318
Suppliers	(23 729 657)	7 456 465	(16 273 192)
Other cash item	11 077 298	(11 077 298)	-
Notes to the Financial Statements			
Government grants & subsidies (Note 14&18)			
Government grant - DEDAT	42 583 272	71 226	42 654 498
Government grant - Merseta	113 850	113 850	227 700
Unspent conditional grant - DEDAT	2 683 894	(71 226)	2 612 668
Unspent conditional grant - Merseta	392 389	(113 850)	278 539
Cash generated from operations (Note 24)			
Movement in operating lease liability	75 712	185 077	260 789
Unspent conditional grants and receipts	89 430 906	(185 077)	89 245 829
Related parties (Note 27)			
Amounts included in Unspent conditional grant - DEDAT	2 683 894	(71 226)	2 612 668
Revenue recognised - DEDAT	42 582 473	71 226	42 653 699
Segment reporting (Note 35)			
Government grant and subsidies	45 560 803	185 076	45 745 879
Operating lease rental	1 199 486	185 076	1 384 562

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33. RISK MANAGEMENT**FINANCIAL RISK MANAGEMENT**

The entity's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year
At 31 March 2024			
Trade and other payables	600 328	-	-
At 31 March 2023			
Trade and other payables	1 186 453	-	-

CREDIT RISK

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The banks utilised by the entity for current investments are all listed on the JSE (Nedbank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions to be low.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

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33. RISK MANAGEMENT (CONTINUED)

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	March 2024	31 March 2023
Cash and cash equivalents	89 848 416	95 189 510
Trade and other receivables from exchange transactions	580 656	1 267 186

INTEREST RATE RISK

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates

The entity's interest rate risk arises from cash in current banking institutions and call deposit investments. This financial asset is at variable rates thus exposes the entity to cash flow interest rate risk.

At 31 March 2024 the weighted average interest rates was 8,25% and cash and cash equivalent balance is R 89 848 416.

34. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 54 283 137 and that the entity's total assets exceed its liabilities by R 110 783 237.

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. At the reporting date ASEZCo's has secured funding for the next 3 years. The ASEZco's received funding from DTIC for the refurbishment of the EGL Building. The investment is expected to catalyse further investment into the area. Funding application will be submitted for Zone 2 and 3 for further development and investment opportunities.

35. SEGMENT INFORMATION**GENERAL INFORMATION****Identification of segments**

The entity is organised and reports to management on the basis of two major functional areas: Administration and Operational. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

The Operating function includes the following functions:

- Business Development
- Commercial
- Infrastructure
- Integrated Eco-system

The Administration function includes the following function:

- Corporate services

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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Aggregated segments

The entity operates throughout the Western Cape. Segments were aggregated on the basis of management functions.

Segment surplus or deficit

March 2024

Revenue

Interest received
Other revenue
Recoveries
Rental income
Government grants and subsidies

Total segment revenue

Entity's revenue

Expenditure

Depreciation and amortisation
Employee related cost
General expenses
Loss on disposals of assets and liabilities
Operating lease rentals

Total segment expenditure

Total segmental surplus

Administration	Operations	Total
1 229 545	6 227 393	7 456 938
67 572	-	67 572
307 439	-	307 439
886 565	-	886 565
14 866 978	39 468 163	54 335 141
17 358 099	45 695 556	63 053 655
		63 053 655
1 242 619	-	1 242 619
9 675 371	7 076 269	16 751 640
5 290 306	3 581 947	8 872 253
52 899	-	52 899
435 156	298 988	734 144
16 696 351	10 957 204	27 653 555
		35 400 100

31 March 2023

Revenue

Interest income
Other revenue
Recoveries
Rental income
Government grant and subsidies

Total segment revenue

Entity's revenue

Expenditure

Depreciation and amortisation
Employee related cost
General expenses
Impairment of financial assets
Loss on disposal of assets and liabilities
Operating lease rental

Total segment expenditure

Total segmental surplus/(deficit)

Administration	Operations	Total
1 555 273	1 617 783	3 173 056
21 458	-	21 458
48 289	-	48 289
59 179	-	59 179
21 145 673	24 600 206	45 745 879
22 829 872	26 217 989	49 047 861
		49 047 861
1 840 442	-	1 840 442
7 614 499	10 253 997	17 868 496
6 384 140	8 166 773	14 550 913
506 943	-	506 943
75 902	-	75 902
1 074 756	309 806	1 384 562
17 496 682	18 730 576	36 227 258
		12 820 603

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36. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.





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