ANNUAL REPORT
2022|23

where green tech grows

atlantis
special economic zone
cape town

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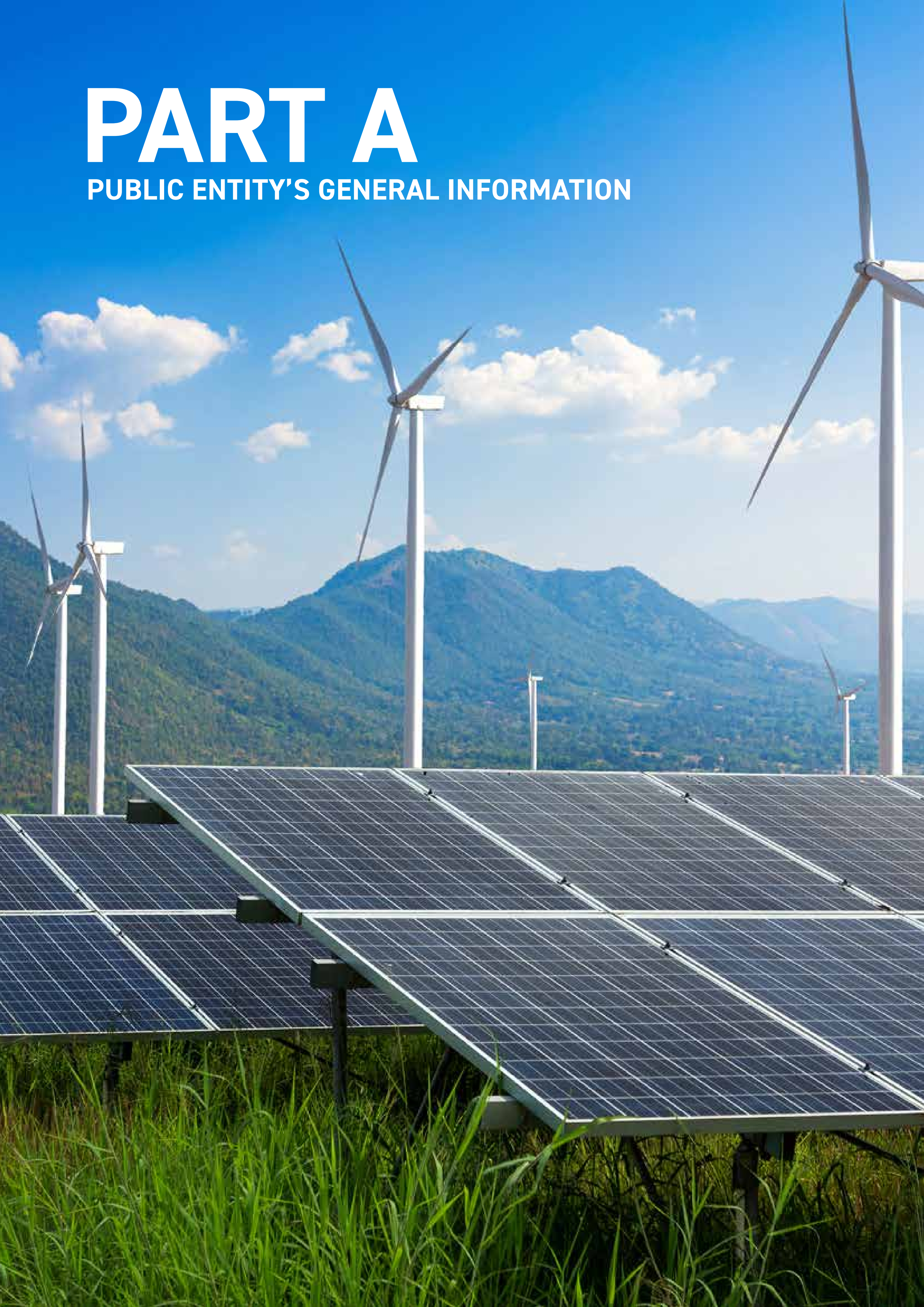
PART A
PUBLIC ENTITY'S GENERAL INFORMATION



Registered Name:	Atlantis Special Economic Zone Company SOC LTD
Registration Number:	2018/587778/30
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Company Secretary:	Fredelaine Brand

LIST OF ABBREVIATIONS

3D	Provincial Business Enterprise as defined in section 3D of the PFMA.
AGSA	Auditor-General of South Africa
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
the 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**

"In the challenging times we face it has been extremely encouraging to see the level of interest in the ASEZ from prospective investors and tenants – both internationally and domestically."

Introduction

It gives me great pleasure to present the 2022/23 Annual Report of the Atlantis Special Economic Zone for Green Technologies (ASEZ). The year under review represents a significant turning point in the evolution of the company. It saw the transition from establishment of the company (from 2019/2020) to implementation of the physical infrastructure to support growth. This enables the construction of factories for prospective investors from its pipeline.

With this swing, the ASEZCo also completed its third full year of operations (year ending 31 March 2023).

The shift to implementation necessitated a number of other activities including a shift in operational focus to the Atlantis Office and changes to the organisational structure to support operations.

The resignation and departure of Dr. Pierre Voges, the former CEO, in August 2022 was a sad loss. Pierre laid the foundation for the company. His departure came on the cusp of the shift from establishment to implementation and placed the organisation under some pressure. I must congratulate the team for managing the transition and gearing for delivery over the remaining period of the year.

Overview of the Atlantis SEZ Company strategy and performance of the entity in this Greentech SEZ sector

The greentech ethos of the ASEZ is underpinned by three core principles – to be socially inclusive, to reduce carbon emissions and to be resource efficient. These three principles are at the heart of reducing the impact of humans on the environment, whilst supporting quality of life. The ASEZ has developed its investor targeting strategy and taxonomy based on these principles. The principles are also used to guide how the zone is run and operated.

The growing impact of loadshedding over the period, the supply chain disruptions in the aftermath of Covid and Russia's invasion of Ukraine have highlighted the importance of resilience, renewable energy, and locally produced products. In South Africa the growing impact of loadshedding as well the removal of the cap on embedded generation has prompted a massive surge in investment in renewable energy – and especially solar installations. The ASEZ's focus on greentech in its investment targeting, as well as its approach to running and maintaining a green and sustainable industrial zone means its value proposition sits comfortably with the realities of the current operating environment.

At the start of the financial year, the ASEZ was able to secure commitment from the dtic SEZ Fund to put the civil infrastructure in place for Zone 1 of the SEZ. This 22ha site forms the first of the three sub-zones to be developed. Together the three sub-zones comprise some 94 hectares of greenfield land within the SEZ. It goes without saying that without this land being development ready, it is impossible to accommodate or build factories for tenants and investors. It is a strategic imperative. By October 2022 the detailed design for the civil works for Zone 1 was complete, and the tender for the principle contractor closed. By February 2023 this appointment was finalised, paving the way for construction to start. In line with the ASEZ ethos, a major focus on the construction programme has been on providing opportunities for the local SMMEs to benefit and gain experience. This process was facilitated through the Community Stakeholder Network (CSN). The CSN is a body specifically set-up to enable and facilitate communications and engagement between the ASEZ and the community with a view to building shared value. The CSN created an Infrastructure Working Group (IWG) to work with the ASEZ on the infrastructure programme, and specifically the involvement of the local SMMEs. The time and effort put into these structures and processes has created a solid platform for the infrastructure programme roll-out.

In the challenging times we face it has been extremely encouraging to see the level of interest in the ASEZ from prospective investors and tenants – both internationally and domestically. The active pipeline has grown significantly over the period. Confirming this interest, the first two leases with investors were signed. The first was signed on the basis of funding secured from the dtic SEZ Fund to build the first factory in Zone 1. The second was signed on the basis of a ready built factory in the SEZ purchased by the company with the aim of housing smaller investors. Landing greentech investors and building a factory for them to operate in and from remains a key strategic focus of the team.

The ASEZ continues to build on its backbone of good governance and competent administration. Its second clean audit is testimony to this. Investors can be sure they are dealing with a credible entity who will manage their operating environment to highest standards. The ASEZ has a fully established Board and sub-committees. The various policies and procedures are regularly reviewed, as is the performance of the Board (self-evaluation). Once again ASEZCo held the required four Board meetings for the financial year, along with the various sub-committees. This is a lot of work to manage and support, but I am pleased to say to that they run efficiently and effectively – providing the oversight and guidance required for a healthy and well-run entity.

Community integration is a key strategic pillar of ASEZ activities that seeks 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 the engagements with CSN, IWG and wider community. This can be a difficult and contested space for all parties – but there is a platform for dialogue and for building shared value.

This is a strong and unique feature of the Atlantis SEZ, and it is worth highlighting the effort invested in building an inclusive green economy and the just transition. In line with its greentech ethos and strong emphasis on inclusion, the ASEZ continues to grow its impact on jobs and growth through its skills, enterprise, and community development programmes.

Strategic Relationships

The Atlantis SEZ is part of an ecosystem of agencies geared towards creating jobs and growing the economy. Its partnerships and relationships are its lifeblood. Recognising this, the ASEZ actively works to support its partners and the unique roles they collectively play in creating jobs. In this ecosystem the ASEZ is an asset in the hands of its partners – be it attracting investors to the region, growing investment, exports, and jobs or pursuing the opportunities presented by the growing green economy.

The Western Cape is ranked favourably with respect to ease of doing business when compared to the rest of South Africa. Contributing to this is the collaborative nature with which government spheres work together to assist in facilitating investment into the region and South Africa. Aligned to government are the organisations and agencies that contribute to the investment ecosystem (including SPVs, provincial entities, infrastructure, skills, and enterprise development programmes) and which contribute to its attractiveness and encourage investment flow. The ASEZ actively supports, and works with, this ecosystem in promoting investment into manufacturing. In short, a success factor for the ASEZCo is to maintain and grow this strong eco-system of partners. Today, the ASEZCo enjoys a good reputation of cooperation and partnership with the public and private sectors and considers itself as a good example of cooperative governance in action.

Each sphere represented by different government departments has contributed towards the success of the ASEZCo. The dtic continues to support through deployment of capital for the development of infrastructure, both civil and top structure, but also actively assists in marketing the ASEZ and it's offering to prospective investors seeking locations to land. In addition, the establishment of One Stop Shops around the country bodes well for investor support seeking regulatory and company establishment assistance. The Western Cape Provincial government provides operational expenditure and also supports skills and enterprise development initiatives aimed at making the Atlantis region a desirable place to locate manufacturing investment. Added to this is their contribution to Wesgro and GreenCape, key partners in promoting this ASEZ as a favourable location to do business, whilst also contributing to the ASEZCo's understanding of market needs and shifting priorities of private sector investors. At the local government level, the ASEZCo is benefiting from the support of the City of Cape Town in both promotional activities, but also in unlocking infrastructure which strengthens the value proposition of the ASEZCo. The contribution from the CoCT with respect to investor ready infrastructure for the ASEZCo to capitalise on, has been significant over the past few years. Continuing to grow and develop these relationships is key to the ASEZCo's success and value proposition, as investors enjoy an environment of clear, aligned messaging and efficient handling of their queries.

The importance of social inclusion and building shared value has already been mentioned. The strategic relationship and partnership with the Atlantis communities remains a core focus of the ASEZCo's work. The platform built through the CSN ensures the ASEZCo remains connected and responsive to community needs, and also helps shape the focus of its skills and enterprise development activities.

GreenCape and Wesgro in particular remain core partners. The close working relationship continues to deliver value to all parties. The ASEZCo also focuses on building partnerships across the spectrum of research and training institutions, universities, and development agencies. This partnership approach has proven itself as the best way to support investment into the green economy and to grow jobs.

Challenges faced by the Board

The key challenge for the company remains the promulgation of the tax incentives. The Minister of Finance designated the company as a Schedule 3D entity in terms of the Public Finance Management Act (Act 1 of 1999) on 15 December 2021. The company is fully compliant as a registered company according to the Companies Act and the Special Economic Zones Act 16 of 2014, however, the SEZ related tax incentives have not been promulgated.

The tax incentives are available for qualifying investors and play a role of both signaling government commitment and an incentive to declare profits. They play a crucial role in attracting investment into the ASEZ. The National Treasury is aware of the situation, and representation to finalise the promulgation of the tax incentives process has been made. The SEZ tax incentives were always envisaged as one of the key attractions for the nationally designed SEZ concept. Having to explain to investors that these are not available, and that they have not been promulgated, correctly raises questions as to the national government's commitment and also the accuracy with which the programme is pitched nationally.

The roll out of the civil infrastructure in Zone 1 of the ASEZ is key to land investment and the test will be converting the investor pipeline into actual investments whilst we await the promulgation of the tax incentives. The development and availability of proper civil infrastructure, such as roads, utilities (water, electricity, etc.), and other essential facilities, are fundamental prerequisites for attracting investment and ensuring the success of any economic zone.

As noted, the resignation of Pierre Voges, the former CEO, came at a critical time for the company. The CEO holds a significant position of leadership and influence, and their departure can have wide-ranging effects on various aspects of the company, including the morale of employees and staff turnover.

Despite these challenges the ASEZCo has displayed remarkable resilience and adaptability, allowing the company to navigate through difficulties and maintain stability, and has established a strong foundation for long-term success.

Medium to Long Term Goals of the Entity

The ASEZCo's key focus at this stage is to successfully complete the civil construction works for Zone 1 (by October 2024) and to build our first factory for Quantum V3 holdings (to be completed in 2024). During the construction phase the ASEZCo will emphasise supporting local SMME's to benefit from the construction process and also build their capacity to grow through additional training and support through the work of skills and enterprise development team.

Through the partnership with the National Business Institute (NBI), the West Coast College and KfW the aim is to establish a green manufacturing and incubation hub. This hub will perform a range of functions. The plan is that the hub will also house the SEZ and its training facilities, the City of Cape Town Investment Office and other aligned training and development organisations. A Business Case will be compiled to act as a basis for funding, through an application to the SEZ Fund.

Our work on promoting the Atlantis SEZ will emphasise the building of a cluster around the manufacture of components in support of renewable energy – specifically solar, storage and wind. There are some exciting developments in this respect, including the building of Quantum V3's Acetylene manufacturing plant (a component of solar panel manufacture).

Commercially we are growing our focus on funding for infrastructure and top-structures, signing new tenant commitments and leases and exploring additional revenue streams as part of our ongoing focus on financial sustainability.

As the SEZ starts to grow its physical assets and portfolio, the emphasis on operations will grow. This includes maintenance, security and various health and safety processes.

There is a remarkable synergy between the Growth for Jobs strategy and its focus areas, and the focus areas of the Atlantis SEZ – be it around investment and exports, skills and training or energy and water security. We will continue to work closely with the WCG on the implementation of this strategy.

Acknowledgements

Any entity cannot function at an optimum level without the full support of its shareholders. Once again, I would like to take this opportunity to thank the Western Cape Provincial Government, both political and administrative, for their steadfast support and guidance during the past financial year. We are most grateful for your leadership.

I also wish to thank the members of the Board – Zukiswa Kimani, Lance William Greyling, Kenosi Pearl Louisa Selane, Dr Leon Jonathan Roman, Marshall Julian Jullies, Mohamed Saliem Fakir, Matthew Cullinan (Acting CEO) and Waheeda Saib (CFO). I want to thank them especially for their valuable contributions to the success of the ASEZCo over the year. It has been a demanding year, but the results speak for themselves.

The City of Cape Town remains a steadfast supporter and enabler of the ASEZCo – both as a shareholder and as a technical support provider. The ASEZCo works closely with the City on the investment, community, and infrastructure side.

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 contribution. Together we are making real progress in creating jobs and opportunities for the people of South Africa.

Many thanks also to our staff. The ongoing passions, dedication and commitment to this exciting and relevant project is inspiring. Thank you.

Jo-Ann Johnston
Board Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The ASEZCo has distinguished itself by building a unique value position offering a compelling investment proposition to domestic and global investors in the green economy. That value proposition includes energy security through renewable energy, water security through water stewardship and improved operating efficiencies through active industrial symbiosis programmes.

If the future is to be sustainable, then we will need to have sustainable manufacturing and industrialisation. But what does this look like and how will it work? This question encapsulates the strategic imperative of the Atlantis Special Economic Zone for Green Technologies (Greentech). The company (ASEZCo) has its DNA solidly planted in the three core principles of social inclusion, reducing carbon emissions, and promoting continued improvements to resource efficiency. These are the imperatives for sustainable (and coincidently profitable) manufacturing and for a just future. These principles guide the investors it targets and also, it's management and operating framework.

The ASEZCo has distinguished itself by building a unique value position offering a compelling investment proposition to domestic and global investors in the green economy. That value proposition includes energy security through renewable energy, water security through water stewardship and improved operating efficiencies through active industrial symbiosis programmes. This value proposition strengthened by a well-developed and active programme to drive social inclusion through skills and enterprise development geared towards emerging opportunities in the growing green economy. None of these are possible without a well governed and managed company – something the ASEZCo prides itself on and that is reflected in its continued clean audits. This is the bedrock.

The Atlantis SEZ value proposition is further enhanced by the fact that Atlantis is 40 km from Cape Town and situated between the Saldanha Bay and Cape Town Ports. With large tracks of undeveloped industrially zoned land and with 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.

The Atlantis SEZ is in Cape Town, a well-run and managed metropolitan area with dedicated support from all spheres of government, with whom it works closely. Being near ports and with good road links and access to logistical nodes and hubs means both importing raw materials and exporting is relatively uncomplicated.

Based on the above, our vision is to be the place where Africa's green economy grows.

The ASEZCo has several key objectives which align to its vision, these include:

- The development of a sustainable greentech SEZ in Atlantis
- Attracting and retaining export focused greentech investors into the Atlantis SEZ who value local integration
- Establishing and maintaining a conducive business environment for the green economy
- Fostering local economic growth, employment, and revitalisation

The huge surge in private sector investment in renewable energy, and especially solar and storage, heightens an already recognised need to support local manufacture of the components in these value chains. This is a core focus of the investment attraction strategy. In addition, there are opportunities being actively pursued in a number of other areas, including agro-processing, recycling, chemicals, energy storge, materials recovery, and green building materials.

The Atlantis SEZ already has seven operating investors located in the Atlantis Greentech SEZ. These investors are in the twenty-five hectares of privately owned land, which form part of the Atlantis SEZ. These investors inter alia are Gestamp Renewable Industries – a Spanish investor, Kaytech Engineered Fabrics, Everflo, Swartland Insulation, Moduler, Ahlesa Blankets and New Era Roofing (located in our 0,3-hectare factory purchased in January 2023).

With the civil infrastructure to support the development of our first 22 hectares of greenfield land (Zone 1), we are now in a position to build bespoke factories for our prospective investors.

The relationship with the elected ASEZCo Community Stakeholder Network (CSN) is doing well. This elected body is the conduit between the ASEZCo and the interest and participation of the Atlantis community. We have signed the Community Facilitation Agreement with the CSN, and the constitution of this all-important body was approved and signed off in this period. This is an ongoing work-in-progress and walking the road towards building shared value is an often contested space that requires ongoing efforts and work from all parties.

Good working relations with the community are of paramount importance – aside from the CSN, this includes various sector bodies and importantly the local ward councillors and committees.

Collaborative practice has increasingly become vital to how we do everything as the ASEZCo. There is an increased necessity to join forces on similar opportunities, shifting the emphasis to group work from individual efforts. In today's complex and ever-changing world, it is more important than ever to be able to work effectively with others. The Integrated Ecosystem (IES) Unit plays a critical role in managing the implementation of projects and stakeholder relationships providing a suitable environment for partnerships and relationships to be fostered.

The ASEZCo has an active range of skills and enterprise development programmes which are targeted, focused, and relevant to the work of the Atlantis SEZ as a placed-based development asset. The ASEZCo has trained 240 beneficiaries from 7 skills development initiatives supported. 266 beneficiaries benefited from 6 enterprise development initiatives supported through the ASEZCo. Various community engagements, feedback sessions and dialogues were attended by 320 beneficiaries from the Atlantis community and surrounding areas.

In the long term and as the impact of this work grows, it may well be that the jobs and opportunities created will be as much as, if not more, than those created through new investors and tenants in the industrial zone. The bottom line is that the ASEZ company sees its strategic role as growing jobs through the opportunities provided by the green economy – in any way it can contribute to that.

As already noted, the success of the Atlantis SEZ is based on strong partnerships; the most important partnership is the one between the Western Cape Provincial Government (our majority shareholder and funder of operations), the City of Cape Town (our minority shareholder), and National Government (particularly the Department of Trade, Industry and Competition), National Treasury, and the South African Revenue Services (SARS).

The ASEZCo continues to place high value in actively engaging with several country's ministries and their respective trade and investment divisions. Switzerland, Belgium, Netherlands, Germany, Finland, and the United States of America continue to display interest in understanding the business development activities of the ASEZCo. These relationships help expose the ASEZCo to an international audience. These partnerships, although informal, contribute to the very active pipeline of interested investors.

Human capital is key in the building of any successful SEZ. Given the changing focus of the ASEZCo as it moves from establishment to implementation a reorganisation of the company was required – specifically to place a greater emphasis on sustainability and operations. We have a highly skilled and professional team behind the organisation. It is a small organisation, and this dedicated team is well aligned to deliver on the SEZ value proposition. As a company, we are placing an increasing emphasis on the culture and values of the company – especially as this relates to how we deliver on our mandate and support our projects.

General Financial Overview of the Atlantis SEZ Company

The ASEZCo has now been fully operational for three financial years and is pleased to report as follows:

The ASEZCo has successfully accessed grant funding for the 2022/23 financial year of R39,2m (incl VAT) for its operations and R103m (incl VAT) for the commencement of its capital projects. The ASEZCo was able to recognise R48,9m of these amounts as revenue including the roll overs from the prior year. The remaining funds of R90m are committed against contracted goods and services predominately relating to the roll out of the civils infrastructure programme.

Spending Trends

Spending trends improved as the entity moves from the establishment phase to implementation phase as reflected by the 6% increase in expenditure. The ASEZCo spent 97% (R44m) of its DEDAT operational grant funding. Included in this amount is the purchase of an existing facility in Atlantis for R8m. The civils infrastructure award was finalised in the latter part of the financial year committing the capital funds over the construction period commencing at the beginning of the next financial year. The ASEZCo continued its active support on community-based programmes with at least 15% (R2m) of the general expenses contributed to community-based programme support.

Capacity Constraints

As the ASEZCo continues on its growth path, moving from establishment to implementation phase some capacity challenges were experienced as reflected in the staff turnover, including that of the former CEO. The ASEZCo Board, leadership and human resources worked intensely in filling in key vacancies. The appointment of the new CEO, Matthew Cullinan, the successful incumbent, and internal candidate who has been acting in the position from September 2022, saw some resumed stability at the entity. The entity further embarked on its internship programmes and ended the year with having successfully hosted 5 internships and affording opportunities to young professionals to obtain experience and exposure. The core aim of the internships is in developing young unemployed people whilst also providing some much-needed capacity to the business units.

Although the financial year proved to be challenging in relation to staff retention, having successfully accessed grant funding for the commencement of the ASEZCo capital programmes required the ASEZCo to review its organisational design. This review focused on a comprehensive organogram, to ensure that all departments are well-equipped to support the strategic and operational needs of the ASEZCo over the next 3-5-year period. Given the prudence required in the start-up phase of the ASEZCo, the organogram implementation plan follows key implementation triggers on the growth trajectory, to ensure optimal cost containment & effective implementation. The model remains a small, experienced staff using an array of operational panels (professional services, marketing as well as legal) on an ad hoc basis with the implementation phase focussing on infrastructure roll out and zone management areas of work.

Financial resources remain a challenge for the ASEZCo. The fiscal purse across South Africa is constrained with budget cuts across all spheres of government, and it is anticipated that this will continue for at least for the next five years.

The SEZ Fund, as established under s20 of the SEZ Act, is intended to support the promotion and development of Special Economic Zones. The funding for civils for Zone 1 was secured from the dtic's SEZ Fund. The ASEZCo will work closely with the Western Cape Department of Economic Development and Tourism and Provincial Treasury to explore funding options. These will include exploring various infrastructure funding streams, but also reach out more widely to internal and local funds. The aim, however, is to work in partnership with the Western Cape Provincial Government to tackle this challenge. The Western Cape Provincial Government (through DEDAT) intends to review its IDZ/SEZ policy and importantly, the Atlantis SEZ continues to see itself as a place-based destination promotion and green economy development asset.

The Atlantis SEZ intends to apply to the Department of Trade and Industry for the majority (if not all) of its requirement for top structures for tenants.

In addition to the above measures for mitigation, the revenue model is driven by rental and solar revenue streams to drive the financial sustainability of the Atlantis SEZ and achieve financial independence.

Discontinued key activities:

Not applicable.

New or proposed key activities:

The infrastructure development path of the ASEZCo commenced in 2022, with the funding secured for the civils development in Zone 1, and top structure development commenced in early 2023 (with the appointment of the design and construction team). This shift from establishment into implementation triggered the ASEZCo business aspects relating to tenant management and zone operations with a deeper focus on sustainability and the creation of a Greentech cluster, all still underpinned by the Atlantis community integration and development.

Request for roll over Funds

Not applicable to a ASEZCo as a 3D business entity.

Unsolicited Bids

No unsolicited bids were awarded during the financial period.

Supply Chain Management processes and systems in place

Supply chain is the core of the administration process in an entity such as the ASEZCo. The ASEZCo has an established supply chain management unit within its corporate services division. All governance arrangements, including policies, procedures and controls were consistently and effectively implemented during the period under review. The supply chain unit has developed efficient procedures to ensure business units have the tools to deliver efficiently.

Challenges Experienced and Mechanisms to Resolve these Challenges.

Three challenges must still be overcome to enable an internationally competitive investment environment.

1. Civils and top structures to house investors and manufacturers at competitive rates.
2. Full energy security for investors.
3. The approval of the tax incentives for the ASEZCo accredited investors.

Before discussing these challenges in more detail, it is worth reflecting on the challenging economic and political environment in which South Africa finds itself. In the context of our economic environment - far from being an excuse - this challenging global and domestic economic environment underscores the critical importance of what the Atlantis SEZ is successfully achieving – and with growing success year-on-year – namely attracting new manufacturing investment. The emphasis here is on "new manufacturing investment". This is quite different from driving past an "industrial" area and seeing it full of "factories". Closer inspection of those areas will reveal that a substantial portion of those buildings are warehouses, logistics hubs and service centres. There is demand for this type of facility – but ultimately these do not create significant jobs, or new supply chains and business opportunities.

The Atlantis SEZ is actively targeting new manufacturing enterprises. A quick review of its active pipeline will show that these manufacturing ventures are completely new factories. In many instances being driven by enterprising entrepreneurs with considerable track records in their fields and who have researched and identified market opportunities which they are seeking to exploit with available green technologies or resource efficient manufacturing processes. One cannot engage with these passionate individuals on a daily basis and not walk away both inspired and also frustrated that we cannot do more, faster, to accommodate them.

The challenges identified here are thus borne out of our experience, and what will enable us to land and support these crucial investments into the South African economy.

Top structure and supporting civil infrastructure

With little by way of top structure ready infrastructure, the ASEZCo has experienced a great deal of investment fatigue. This fatigue is brought about by investors not being able to transact immediately or be accommodated in a short space of time. Ideally, and unrealistically, the ASEZCo would benefit from having pre-built top structures available for investors to locate in.

The ASEZCo has implemented an array of mechanisms to counter the challenges faced in the above regard. The ASEZCo has acquired a top structure on SEZ land, which has already been tenanted, creating the company's first revenue. This structure will be further utilised as a multi-tenant facility as far as possible, to be able to accommodate the needs of investors with immediate timelines. The ASEZCo is also engaging with private lenders to gauge appetite for funding top structure developments at risk, without committed tenants. Both of these mechanisms are ongoing and have yielded positive, but not ideal, results thus far.

Of course, any factory can only be built on the basis of the supporting civil infrastructure. The civil infrastructure is being implemented for Zone 1. However, funds must be secured to develop zones 2 and 3. The SEZ has developed a Business Case for the funding of these two zones and will be working with our partners to explore how this civil infrastructure can be funded.

Energy Security

In partnership with GreenCape, and through a project funded by Bloomberg, the SEZ is exploring how it can provide complete energy security to its tenants. This initiative is closely aligned to the City of Cape Town's and WCG's move to bring new energy onto the grid. The ASEZCo will continue to install rooftop solar and some battery storage with the construction of each new factory. As the zone develops this will hopefully contribute a substantial amount to the energy needs, but it will not be enough. There is a requirement to identify an alternative energy source to compliment the roof mounted solar PV. The project currently underway will explore this.

Tax Incentives

Obtaining the tax incentives is an important part of completing the value proposition – not least as they indicate government commitment and support for the programme. This issue is continually reported on, and it is sad to report that in spite of ongoing efforts we have yet to have any formal or official response from National Treasury to our letter requesting engagement on this issue. As noted in last year's annual report, the SEZ Act was passed, and the Regulations were promulgated following the adoption of the Policy on the Development of Special Economic Zones in South Africa (2012) by the then, Department of Trade and Industry (**"the SEZ Policy"**). The SEZ Policy emphasises the importance of incentive packages for SEZ's to succeed in economic development. It refers, for example, to "Adequate financial support to enable long-term planning and infrastructure development, as well as worthwhile investment incentive packages are also key features of successful special economic zones development regimes" and "The use of incentive packages is a common international practice in attracting foreign or domestic direct investment". It was in the context of these SEZ Policy decisions that Regulation 7 was promulgated, opening the door for tax incentives. More recently, the Minister issued a draft document headed "Special Economic Zones Tax Incentive Guide". It states, "To compliment the Department of Trade and Industries (the dti) SEZ strategy, a package of tax incentives will be available to qualifying companies locating in approved SEZs."

In terms of securing National Treasury promulgated tax incentives, the ASEZCo continues to engage with the department to evaluate and understand how to secure the tax incentives as an offering the ASEZCo can make to its investors. The ASEZCo is also engaging DPME on the matter, as well as other government departments, alongside DEDAT, to apply pressure on National Treasury for answers on promulgation of Tax Incentives.

Marketing and messaging associated to the application of tax incentives and the overall offering of the SEZs nationally is largely run by each SEZ, but there is general messaging developed by the dtic, which often eludes to the provision of tax incentives in all SEZs. This general message has led to the investment community understanding that locating in an SEZ grants immediate application of the tax incentives to the investor. In reality, the SEZ merely serves as one of the requirements to qualify the investor to apply to SARS for implementation of the tax incentives to their company. The ASEZCo is consistent and accurate in its messaging to investors and continues to do so. Frequent engagement with the dtic on the matter has also resulted in refining the outward facing message to investors interested in locating in the ASEZ.

This argument forms the basis of our representation to National Treasury to have the tax incentives approved for application by accredited ASEZCo investors (we do question whether National Treasury can refuse to promulgate them if duly requested by an accredited SEZ). We hope that come the 2023/24 annual report we can report the successful resolution of this matter (one way or another).

Audit Report matters of the Previous Year

The ASEZCo received an unqualified audit report (with no other matters to report), for the 2021/2022 financial year and thus had no significant audit report matters to address.

Outlook and plans for the future

South Africans have proved themselves as extremely resilient and adaptable when it comes to confronting challenges. The current economic climate must rank as amongst the most economically challenging times faced by the country. Internationally we continue to confront the instability and supply challenges created by the Russian invasion of Ukraine and high associated inflationary pressures. The inflationary pressures and steps by the Reserve Bank to curtail this through interest rate hikes are also having a dampening effect on the economy. Add in the energy crises and associated loadshedding, very slow to little economic growth and new investment and you have a challenging situation in which to attract new manufacturing investment.

Atlantis remains focused on growing and building on the four core components of its value proposition.

1. A destination and focused cluster for **Greentech supported and driven manufacturing –** with associated investment, linkages, and jobs.
2. A **destination marketing asset** for South Africa – promoting South Africa as a destination for manufacturing investment to OEM's or other investors is greatly supported by having a suite of services and destinations into which investors can land and be assured of political and economic support. Special Economic Zones serve that purpose in the hands of entities such as Invest SA, Wesgro and Invest Cape Town. The ASEZCo actively works with these entities and others in the space to help hone and improve the destination marketing. In the hands of the WCG and Cape Town investment promotion teams and agencies, we have become a core component of supporting the economic development strategies of the province and city. We remain closely aligned to these strategies. In the context of the growing demands and opportunities in the green economy – the ASEZCo presents a progressive and competitive image for the country, province, and city.
3. Pushing the boundaries of **sustainable and inclusive manufacturing** as part of a living laboratory. Globally there is increasing pressure for imported goods to be sustainable, especially when it comes to their embedded carbon. The future of manufacturing must be sustainable. The Atlantis SEZ is actively contributing to exploring how manufacturing zones can support sustainable manufacturing. We have strategies and programmes to pursue inclusive manufacturing development, net-zero carbon, net-zero waste to landfill, net-zero water and to work with nature. These are highly ambitious but also offer opportunities to push the boundaries of what is possible. We actively support research and assessment of these approaches through relationships with academic institutions and think tanks, and through supporting PhD researchers exploring these topics. Ultimately, lessons learned can help shape and influence the roll-out of policy in the broader economy. This lies at the heart of what SEZs should be doing. Coincidently, these strategies are proving increasingly important for manufacturing profitability and competitiveness – so these help to constantly grow the value offering of the zone.
4. As a **place-based development asset** driving inclusive development we have already discussed the extensive and growing number of programmes in skills and enterprise development we are developing and running in, and with, the community of Atlantis. These have positive economic and developmental benefits locally but also contribute directly to piloting training and enterprise development programmes that underpin a just transition and a future green and sustainable economy. Training for solar panel installation and maintenance is one such example provided in the previous section of this report.

In short, we are confident that our focus and strategic approach is delivering results – socially, economically and in terms of South Africa's competitiveness in the green economy space.

Events after the reporting date

It is worth noting that construction on the civil infrastructure for zone 1 officially started on the 5th of June 2023. We look forward to reporting on this progress next year, as well as progress made with building new factories. We are also in the process of finalising an agreement with the NBI to develop a Green Manufacturing and Incubation Hub on Zone 1. This is a part of much bigger initiative by NBI, but the Atlantis SEZ is a key player in this programme.

Economic viability of the ASEZCo

It is worth stating that the overall concept of an SEZ is not to create an entity that becomes a money-making machine, but rather an entity that is a driver, in the case of Atlantis, of green manufacturing growth – with associated jobs and competitiveness of the SA economy.

That being said, within the present fiscal constraints at national, provincial, and local government level, a key objective must be to reduce its burden on the fiscus and generate its own revenue. To this end the ASEZCo has conducted extensive modelling to determine the most realistic and pragmatic path to financial independence.

The most recent modelling of the ASEZCo pathway to financial sustainability takes into consideration the fiscal constraints facing government and focuses on collaboration with the private sector and deals with private sector partners and developers. However, the role of government and government funding remains critical in the early stages of this ASEZCo. It has just completed its third year in extremely trying times and with a fraction of the funding and support offered to other entities. Nevertheless, it goes without saying that the private sector is a key resource to tap into to drive development in the Atlantis Special Economic Zone. Including them into the revenue generation model by way of private development on state-owned land is a sure-footed way to achieve accelerated development of the ASEZ. In some instances, deals may have the effect of reducing revenue streams to the ASEZCo whilst fast tracking investments that lead to the creation of jobs and development. This trade-off needs to be carefully managed. All investments and deals are subject to approval by the investment committee (and ultimately the board) on which the funders and shareholders are represented. However, we remain hopeful that through innovative approaches and deal making we can move to financial sustainability. The ASEZCo has a strong pipeline of investors and continues to build on this pipeline. Key to landing these are addressing the three challenges mentioned earlier – having the civil infrastructure in place, offering top structure funding or ready-built, having energy security and, as a nice-to-have and cherry-on-top – the national corporate tax incentives.

Appreciation

We have hopefully done justice to the hard work of many, many people in government, in the community and in various agencies and entities who laid the ground for where we are today. It takes time to create, nurture and put in place the building blocks for an ambitious notion such as a greentech manufacturing hub. Yet as I write the bulldozers are on-site. I must acknowledge the role of Pierre Voges in getting us to this point, and to the role of the people and organisations who came before him and on the back of whose work he was able to build. They had the foresight and vision to see what was possible. I cannot name them all, but you know who you are.

Whilst a year of many successes, this has also been done in challenging circumstances. I want to acknowledge the committed leadership provided by the CFO, Company Secretary, and the Executive Team – they have kept us moving forward. I also want to acknowledge the commitment of the whole team. We have a passionate and dedicated team each of whom is an ambassador for this ambitious enterprise.

The support received over the past year from the MEC of Finance and Economic Opportunities and her department has been critical and invaluable. We look forward to engaging with the review of the SEZ/IDZ policy and to working together to see how the programme can be steered and directed to deliver value. The City of Cape Town as represented by Ald. Vos and the many different parts of the civil service supporting them and been unswerving and provided us with a solid platform (and that goes beyond the land).

The Atlantis SEZ Board of Directors represents a depth of experience and skills and has provided committed leadership. It contains those who have been part of the journey from the start, as well as those who bring deep insight and experience of the green economy and governance. We continue to benefit and rely on this guidance and direction.

As we look to build on our successes and tackle the challenges ahead, we do so with confidence. It is also with the recognition that we are walking the path with our shareholders, investors, partners, and stakeholders. We look forward to doing more of this with you in the year and years to come.

Matthew Cullinan
Acting 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 2023.

Yours faithfully

Cullinan, Patrick Matthew
CEO

Johnston, Jo-Ann Deidre
Chairperson

STRATEGIC OVERVIEW:

1. Vision

The place where Africa's green economy grows.

2. 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 commitment to the Sustainable Development Goals (SDGs) and the UNIDO Eco-Industrial Park Principles.

3. 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 priorities diversity and inclusivity.
- We focus on delivering on the expectations of our stakeholders.

LEGISLATIVE MANDATE:

Establishment

The ASEZCo is a state-owned entity as defined in the Companies Act. The shareholders are the Western Cape Government and the City of Cape Town, who hold the shareholding in proportions of 55% and 45% respectively.

ASEZCo is a provincial public entity listed under schedule 3D of the PFMA and is characterised as a government business enterprise.

4. 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 competences. Those areas that are relevant for Economic Development and Tourism are:

- Consumer Protection
- Industrial Promotion
- Tourism
- Trade

5. Legislative and policy mandates

5.1 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-BEEE regulations in their annual reports.
- The amendments to the B-BBEE Codes of Good Practice came into effect on 01 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 of 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.

5.2 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)

6. Institutional Policies and Strategies over the five-year planning period

6.1 Updates to institutional policies and strategies

Re-imagined Industrial Strategy (Cabinet Lekgotla, 12-14 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 include 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. SEZ's
   b. Industrial Parks,
   c. Smart Youth Centres, Business Centres & Incubation Hub, and
   d. Township & Village Enterprises.
4. A New Integrated Approach to Implementation
5. Clear Action Plans, Budgets & 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.

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 business.
- 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 the South Africa of 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

Integrated Resource Plan

The IRP is an electricity infrastructure development plan based on least-cost electricity supply and demand balance, considering security of supply and the environment (minimise negative emissions and water usage). At the time of promulgation, it was envisaged that the IRP would be a "living plan" to be revised regularly. The promulgated 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. Making sure that the IRP is implemented is of the utmost importance to the success of the ASEZCo ambitions to promote and facilitate investment into the ASEZ.

Growth for Jobs

The Growth for Jobs Strategic Framework is the foundation for the development of the new Growth for Jobs Strategy and Implementation Plan for the Western Cape. Taking into consideration South Africa's profound socio-political challenges, the development of this Framework has been based upon sound research and analysis, including a detailed growth diagnostic commissioned by the Western Cape Government (WCG).

At its heart is a bold vision for the economy of the province: that is, an economy that achieves break- out economic growth in order 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 in 2035, the Western Cape has 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 rather 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 break-out economic growth in the Western Cape will require being supportive and responsive to the economic opportunities identified by the private sector. The WCG will therefore 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 tenants of economic growth is market growth, which can be achieved through accessing larger markets both locally and globally.

The core objective of achieving this break-out 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 therefore looks to realise a provincial economy that is jobs-rich and inclusive encompassing the formal, informal and township sectors, and to the benefit of 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 also identified key Principles that act as beacons to inform choices, decisions and actions. They guide what should be considered to be inside 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 Department of Economic Development and Tourism (DEDAT) as the lead co-ordinator. It will also require partnership and collaboration with the private sector, leveraging Economic IQ, and ensuring sustainability, amongst others.

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 an identification of 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 which inspires confidence and hope.

The three pillars that underpin the Western Cape's approach to achieving break-out 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 below.

Enable private sector-led economic growth by stimulating markets through positivie, incentive-based initiatives and promotion	**Enable private sector-led economic growth – through horizontal enablement, improved competitiveness**	**Support private sector-led economic growth by being agile and responsive to opportunities**
• Export facilitation and support • Domestic and local markets • Confidence-building and brand	• 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	• 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

Figure 2: The three pillars that underpin the Western Cape's approach to achieving break-out economic

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 the speech delivered by the Premier at the start of the year setting out the provincial government's priorities for the year.

Western Cape Green Economy Strategy Framework

The aim of the 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 Recovery Plan

The three focus areas that have been chosen as the pillars of the Western Cape Recovery Plan are JOBS, SAFETY AND WELLBEING. The jobs focus area recognises that although the private sector is the primary generator of jobs, it is the role of the WCG to create the enabling conditions for the creation and sustaining of jobs and livelihoods.

The safety pillar recognises that the WCG is committed to making the province a safer place for all residents and visitors, and to address the causes and underlying risk factors that lead to violent and criminal behaviour. This can best succeed through a whole of society approach that is built on strong collaboration and partnerships in which each individual, parent, organisation, and institution plays their part in reducing violence.

The WCG has placed wellbeing as another pillar at the centre of what government does in order to progressively realise the fundamental rights in the Constitution and to affirm the human dignity of all residents of the Western Cape. This aims to address human needs such as education, health, safety, shelter, decent living conditions, and access to economic opportunities.

The Jobs theme of the Western Cape Recovery Plan is in alignment with the Provincial Strategic Plan (PSP) and with the immediate interventions. The primary priorities of the ASEZCo parent department (The Department of Economic Development & Tourism), aligned to the Jobs theme of the Western Cape Recovery plan, are:

- Ease of doing business
- Investment and exports
- Energy

The Western Cape Infrastructure Framework

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

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 deliver emissions neutral and climate resilient cities by 2050.

City of Cape Town Integrated Development Plan

This plan looks at positioning Cape Town as a forward looking globally competitive business City – a goal that ties in well with the ASEZCo's ambitions. It also talks about a priority to be resource efficient and ensure security of services. It also specifically notes:

"The City will continue working with 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."

7. 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.

ORGANISATIONAL STRUCTURE:

High Level Organisational Structure

The ASEZCo places great emphasis on its values and its culture, in addition to key skills and expertise that are required within the Entity. It is a small, diverse, and specialised team with key skills and competencies, who demonstrate a strong passion for creating a sustainable future for the Green Economy in South Africa, whilst 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 is looking for like-minded and 'different' individuals to join the team, who can transition a variety of disciplines and focus areas, in implementing a holistic development strategy within the ASEZCo environment.

The ASEZCo straddles a diverse context, as the industry focus area is new and innovative, and is choosing to implement an enabling environment for Greentech, within the parameters and structures of Public Sector. The Company has many diverse Stakeholders and key Industry partners and players with whom it works, to achieve its mandate.

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

The ASEZCo recently completed the redesign of the organisational structure to support the implementation of the organisation into the next 3–5-year timeframe. The project focused on a comprehensive organogram review, to ensure that all departments are well-equipped to support the strategic and operational needs of the ASEZ over the next 3-5-year period. An integral part of this project was the job grading and benchmarking of all positions within the entity, resulting in the adoption of an implementation plan project that also included job grading, benchmarking and salary scales with a clear implementation plan over the short term. The redesigned organisational structure and implementation plan becomes effective on 01 April 2023. The overarching human resource approach still remains to employ experienced and rely on a number of professional panels on an ad hoc basis, this is managed to achieve the end in mind.

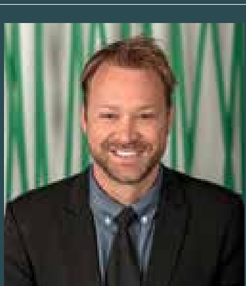
The ASEZCo remains committed in the implementation of its internship approach which affords opportunities to develop young unemployed professionals. A total of 5 successful internships existed at the close of the financial year.

Executive Management

Matthew Cullinan
Acting Chief Executive Officer

Waheeda Saib
Chief Financial Officer

Matthew Cullinan
Executive: Infrastructure Development



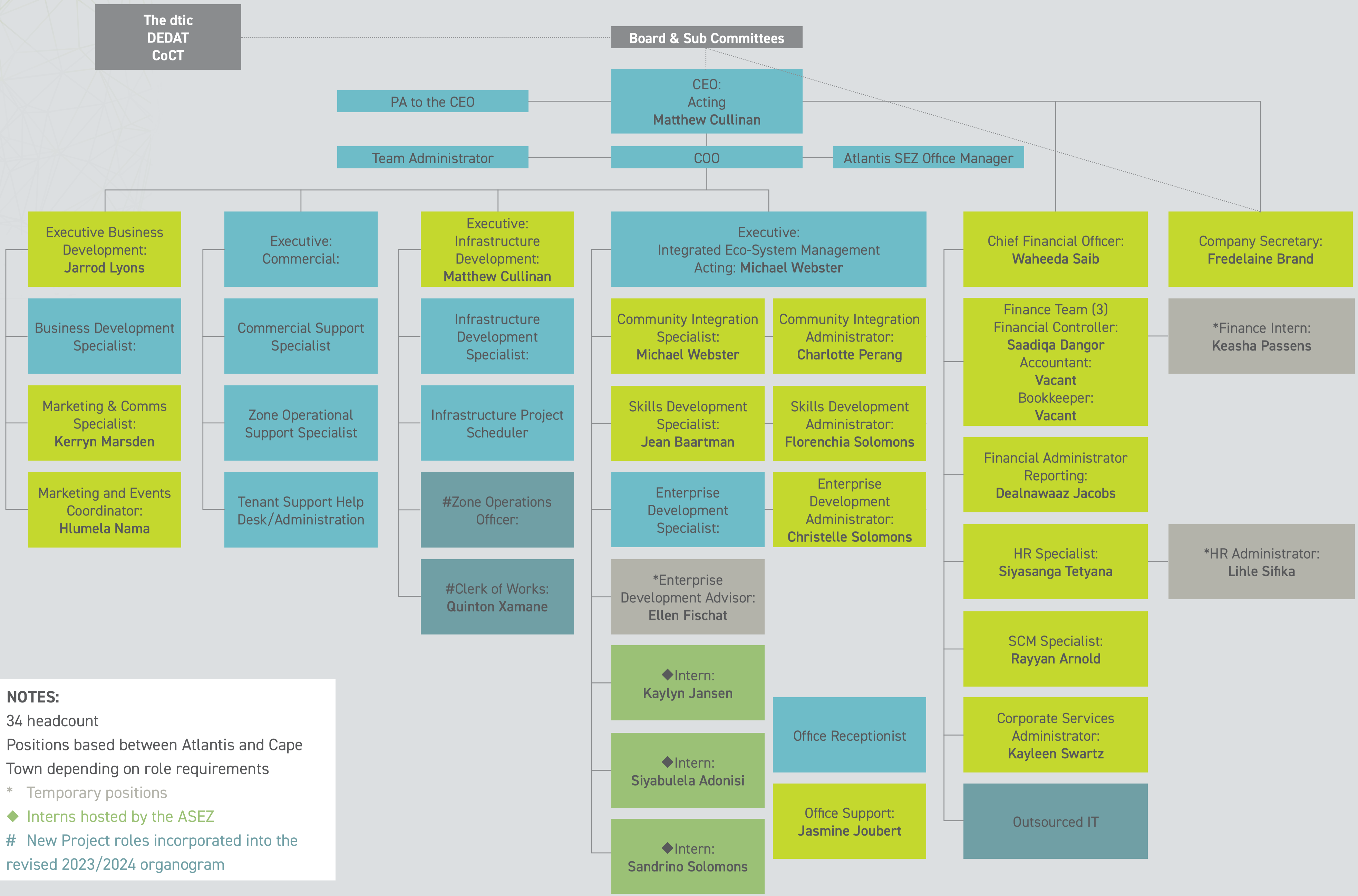
Jarrod Lyons
Executive: Business Development

Vacant
Executive: Commercial

Michael Webster
Acting Executive: Integrated Ecosystem Management

Figure 3: Executive Management

Organisational Structure: Board & Sub Committees



NOTES:
34 headcount
Positions based between Atlantis and Cape Town depending on role requirements
* Temporary positions
◆ Interns hosted by the ASEZ
New Project roles incorporated into the revised 2023/2024 organogram

BOARD OF DIRECTORS

Board Composition:

The ASEZCO Board comprises of representatives from government from the national level, provincial level, and municipal level. The Board also includes a community representative and a labour representative. During the reported year, the appointment of the Greentech director was concluded, filling the second DEDAT seat on the Board.

Jo-Ann Deidre Johnston

Board Chairperson

Appointed: 25/11/2019

Ms. Johnston is a graduate of the University of Cape Town, with a Masters in Urban Infrastructure Design and Management, a Post-Graduate Diploma in Higher Education and a Bachelor of Arts degree. Ms. Johnston has more than thirty years' experience in socio-economic development, with a specialisation in investment promotion and sector development. She worked as an Investment Advisor at the Western Cape Trade and Investment Promotion Agency, Wesgro, and as a General Manager at the dtic's Trade and Investment South Africa. She was also the dtic's senior representative at the South African High Commission in London for 4 years, responsible for promoting investment, trade and economic relations in the United Kingdom and across Europe. She is currently Deputy-Director General at the Western Cape Department of Economic Development, and is responsible for 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 Post Graduate diploma in Sustainable Energy from the University of Stellenbosch in 2009. During the past twenty years he has held positions in the private sector, civil society, and the national government tiers. He first started out 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 as regional manager for GLOBE Southern Africa, which empowered parliamentarians on issues of sustainable development.

During 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. He was also elected Chief Whip of the Independent Democrats and during the merger with the DA he was appointed in 2011 to the position of Shadow Minister of Energy.

In March 2015 Lance Greyling left the world of Parliament to take up the position of Director of Trade and Investment in the Mayor's Office at the City of Cape Town. After the local government elections in August 2016, he became the Director of the newly formed Enterprise and Investment Department.

Lance is also a founder board member of the Bulungula Incubator, a rural NGO based in the Eastern Cape while also serving on a number of other boards related to his position such as 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 which is affiliated to the Aspen Global Leadership Network.

Zukiswa Kimani

Appointed: 25/11/2019

Zukiswa Kimani is the Chief Director in the Industrial Competitiveness and Growth Branch of the South African Department of Trade, Industry and Competition (the dtic). She has been working in the industrial policy environment for over 15 years, responsible for managing, evaluating, and developing South Africa's industrial policy inclusive of the previous Industrial Policy Action Plan (IPAP) and recently Reimagined Industrial Strategy. She is also responsible for the design and development of Marine Manufacturing interventions, as well as oversight of Aerospace and Defence. She is also responsible for overseeing research undertaken by the ICG branch to ensure policy formulation that is evidence based and Industrial Policy Capacity Building Programmes such as 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).

Leon Jonathan Roman

Appointed: 26/06/2020

Leon Roman started off in engineering (1985) as an Electronics Equipment Mechanician at Atlantis Diesel Engines obtaining a ND in Electrical Engineering (LC). He fulfilled roles such as Maintenance Foreman and Maintenance Manager. He attended various Management programs as well as the Executive Development Programme (USB-ed). Late 1990's his career changed from technical to behavioural - Human Resource Development - and he finished his MBA (CU; 2008) and his Doctorate in Human Resource Development at Canterbury University (UK; 2010). He then served in Senior Management roles in various organisations. He also served as 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 passion for the Community he resides in - Atlantis - brought him back to work and operate as Pastor of the Baptist Church and to give back to the Community he grew up in. His current employer is Swartland Investments (Pty) Ltd - Atlantis, where he is a Senior Manager in the Human Resource Development Department.

Kenosi Pearl Louisa Selane

Appointed: 25/02/2021

Ms. Selane is a qualified Chartered Accountant (CA) SA with more than 15 years of post-qualification experience, and she also holds an MBA degree. Ms. Selane brings a wealth of experience and knowledge in strategic financial advisory, core finance and economic regulation which she gained whilst working locally and in the United Kingdom. She is an accomplished, results-driven investment executive with experience in investments, finance, and operations which she gained whilst working with start-ups and global organisations.

Marshall Julian Jullies

Appointed: 16/09/2021

Marshall Julian Jullies' qualification include: a Diploma in Education III (SP), a Higher Diploma in Education IV (SP) and a B TECH (Hons): Education Management from Cape Peninsula University of Technology. He is a member of the South African Council for Educators (SACE).

Marshall got in involved in labour matters from a very young age and held the positions of Secretary for the South African Democratic Teachers' Union (SADTU) – Atlantis Branch for three consecutive terms before elected as the Regional Secretary for SADTU West Coast Region. He also served as Secretary for the COSATU Atlantis Local for two terms. He is also a community activist. He gained a tremendous amount of experience, supported by training in various sections of the South African Labour environment with a special interest in the mediation, conciliation, and arbitration processes in the education sector.

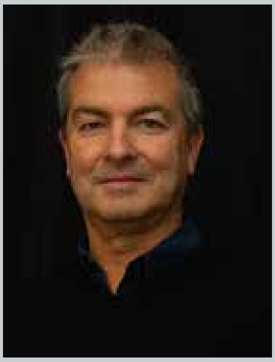
Marshall is an educator with teaching experience in Life Science (Biology), Natural Science and Mathematics for various grades. He is currently the Deputy Principal at Reygersdal Primary School. He is currently studying towards an Advance Diploma in Education Leadership and Management (ADE) through the University of Stellenbosch.

Saliem Fakir

Appointed: 29/05/2022

Saliem Fakir is an expert in the fields of climate, geopolitics, and finance economics. He is the founder and executive director of the African Climate Foundation, the first strategic grant-making foundation on the African continent with a focus on delivering impact through support to interventions at the climate-development nexus.

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



Matthew Cullinan

Acting Chief Executive Officer

Appointed: 12/09/2022

Matthew has a Masters in City and Regional Planning from UCT, with undergraduate degrees in Economics and Environmental Science. To these he has added various supplementary courses and studies ranging from communications and marketing to creating sustainable urban precincts. Matthew has continued to be engaged with development studies over the years contributing occasional academic papers, lectures (examinations) 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.Pln) with the South African Council for Planners.

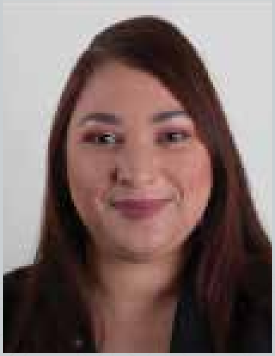
Matthew started his career in 1990 working for a year as a freelance sound technician for international TV crews in South Africa. He then spent three years in London working at the Head Office of the United World Colleges, and educational NPO, as Communications Coordinator. In 1994 he moved back to Cape 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 on 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.

Waheeda Saib

Chief Financial Officer

Appointed: 03/12/2019

Ms. Saib is a Chartered Accountant with more than 20 years' experience in the public and private sectors. After completing 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 Brand

Company Secretary

Appointed: 11/10/2021

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

PART B
PERFORMANCE INFORMATION

SITUATIONAL ANALYSIS

Physical context and overview

***Figure 5:** Atlantis physical context*

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

The Western Cape has seen higher than the average GDP growth over the past decade. Within the Cape Metropolitan Area, large pieces 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 the investor in the Greentech manufacturing sector. The present work done by the ASEZCo to open the freight railway line between Atlantis, an already successful industrial node, and the Port of Cape Town will be a further boost in the quest of the Atlantis SEZ to become an export based Greentech manufacturing hub.

The Atlantis SEZ capitalises on the province's already booming renewable energy and green technology sector. It supports suppliers and component manufacturers for the renewable energy sector, in particular independent power producers in the government's Renewable Energy Independent Power Producers Programme (REIPPPP).

Figure 6: *Atlantis SEZ Zones*

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:

- Gestamp Renewable Industries (GRI, Steel wind turbine tower manufacturer)
- Kaytech Engineered Fabrics (geotextiles for construction industry)
- Ahlesa Blankets (Non-woven textile manufacturer with undeveloped vacant land)
- Skyward Windows (Insulated window and doors for EU market)
- 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. Prior to the ASEZCo entity being established in 2020, one investor, Resolux had disinvested due to uncertainty in procurement on the REIPPPP. Since the ASEZCo's establishment, Skyward Windows had been sold to Swartland Investments, which has re-purposed the facility to produce insulative ceiling materials from expanded polystyrene. In 2021, also post establishment of the ASEZCo, Everflo decided to purchase two facilities from Ahlesa Blankets' property holding on SEZ designated land. The ASEZCo also purchased the facility which Resolux was housed in and was able to secure a tenant in the facility during negotiations of facility price. To date, the SEZ investments on privately owned land are as follows:

- Gestamp Renewable Industries (GRI, steel wind towers)
- Kaytech Engineered Fabrics expansion (geotextiles for 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)
- Moduler (Electrical Assemblies)

In addition, the ASEZCo has secured further private sector investment on ASEZCo controlled land and in ASEZCo owned buildings as follows:

- Quantum V3 Holding (Acetylene Gas manufacturer)
- New Era Roofing [Green roof sheeting supplier as a tenant of the Economic-Green Link (EGL) Building at 30 Charles Matthews Street, Atlantis]

The two investors/tenants above have been secured by way of signed lease with both tenants.

The Atlantis Journey is depicted on the following page.

1976
- Atlantis declared a National Growth Point

1980
- Manufacturing accounted for 50% of economic activity (1975-1985)

1984
- 12 788 jobs created in Atlantis

1985
- Mid 1980s – termination of incentives programme and defence manufacturing contracts

1987
- 50 industrialists in Atlantis

2007
- Mini-boom in Atlantis – Eskom established OCGT plant

2010
- Tellumat acquires Tedelex assets

2012
- Atlantis Revitalisation Framework CoCT

2014
- SEZ Act promulgated
- Gestamp Renewable Industries
- MyCiti Bus Route

2016

- Atlantis SEZ application for designation

2018

- Designation gazetted

2019

- Company established Inaugural Board Meeting 3D CSN constituted
- Employment of core development team (April 2019)
- Completion of Long-Term Master Plan (October 2019)
- ASEZCo Inaugural Board Meeting (December 2019)
- Company established Inaugural Board Meeting 3D CSN constituted
- Employment of core development team (April 2019)
- Completion of Long-Term Master Plan (October 2019)
- ASEZCo Inaugural Board Meeting (December 2019)
- Application (Dec 2019)

2020

- CSN formalisation through Community Facilitation Agreement
- ASEZCo registered as a SOC (March 2020)
- Land purchase agreement concluded with CoCT (December 2020)
- Establishment of CSN with substantive participation (December 2020)

2021

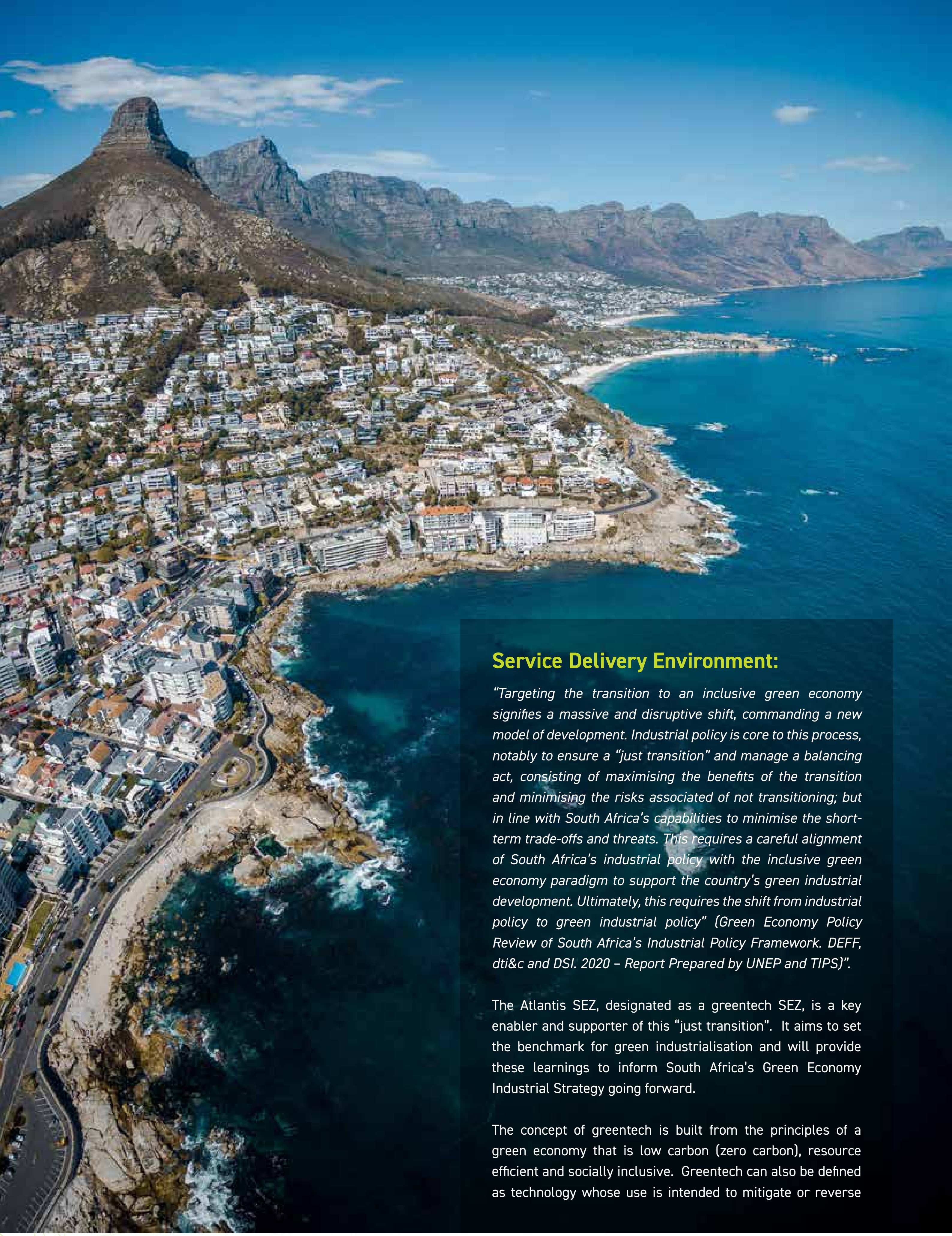
- Entity registered and land transfer agreements signed
- First Annual Report (March 2021)
- irst clean audit report – year-end 31 March 2021 (July 2021)
- Registered as schedule 3D Business
- Enterprise in terms of PFMA (December 2021)

2022

- ASEZ bank account opened (Mar 2022)
- Approval of SEZ Fund for Civil Infrastructure (Mar 2022)
- Second clean audit report for year-end Mar 2022 (Jul 2022)
- Issuance of 83 shares to CoCT (Mar 2022)
- Zutari appointed for design and oversight (Apr 2022)
- Surveyor General approves 3 erven consolidation (Jul 2022)
- First tender for Zone 1 construction advertised (Aug 2022)
- Shift from Establishment to Implementation (Sep 2022)
- Infrastructure Working Group established (Oct 2022)
- Zone 1 construction tender awarded to WCB (Dec 2022)
- Finalised funding agreement for Zone 1 infrastructure with the dtic (Dec 2022)
- Secured top-structure funding for first Zone 1 tenant from the dtic (Dec 2022

2023

- Purchase of 0.7ha of the privately owned land – existing factory (30 Charles Matthews Street, Atlantis) (January 2023)
- Opened its Century City satellite office (January 2023)
- The signing of the first lease agreement with the first investor for Zone 1 (March 2023)
- ASEZ signed its first 2 lease agreements (March 2023)
- Construction permit received (March 2023)
- Appointment of new CEO – Matthew Cullinan (01 April 2023)



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

The definition of a resource-efficient, clean producer (RECP) is one that employs processes, products, and services to increase the resource-efficiency of production and to reduce pollution and minimise negative impacts on humans and the environment.

The categories of greentech utilised by the Atlantis SEZ are:

Renewable energy generation: renewable energy generator

Energy storage: batteries, thermal storage, hybrid systems

Resource efficiency: smart grids, green buildings, lighting, HVAC, smart and efficient appliances, collaborative consumption, efficient processes

Transportation: e-mobility and electric vehicles, traffic management, fueling charging infrastructure, rail and water transport innovations

Water and wastewater: conservation purification, treatment, production

Recycling and waste: recycling, waste treatment and recovery

Advanced materials and packaging: Nano, biomaterials, green chemicals, advanced packaging

Air and environment: carbon sequestration, carbon tracing/offsets, emissions control

Agriculture: land management, green pesticides, aquaculture, hydroponics, aeroponic

Figure 8: *Categories of greentech*

Source: Own analysis-based om 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.

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 include incentives such as the section 12L energy efficiency tax regime, 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 articulated various visions for the growth of green industries in South Africa. The Solar and Wind Energy Strategy (the dti 2012), the Solar Photovoltaic (PV) Localisation Roadmap (EScience Associates, UrbanEcon Development Economists and Ahlfeldt 2013), the Solar Concentrated Solar Power (CSP) Localisation Roadmap (Ernst & Young and enolcon 2013), the Wind Industry Localisation Roadmap (Urban-Econ Development Economists 2014) and the Electric Vehicle Industry Roadmap (the dti 2013) are some examples (DEFF, the dtic&c, 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, Integrated Resource Plan (IRP2019), National Development Plan 2030 and the Industrial Policy Action Plan (2018).

The WCG's Green Economy Strategic Framework prioritises programmes, which are aimed at greater diversity of energy supply to the region, as well as reducing the energy intensity of products from the region. These programmes are aimed at stimulating the market for green technology (amongst others), through the removal of regulatory impediments to market growth and driving localisation of manufacturing. In addition, the Province plays a key role in coordinating efforts in industry 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: The WC province has wind and solar resources among the best in the world, they are variable; so, battery (and other forms) of storage will be required for renewable energy to be dispatched when required.
- Electric vehicles: The advent of these vehicles at steadily dropping prices means that our 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 emissions neutral and a climate resilient city by 2050. Linked to this, the Sustainable Energy Markets and Environmental Management Departments of the CoCT is developing a Climate Action Plan.

These commitments translate into demand for greentech from the CoCT, i.e. 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.

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

Thus, the ASEZCo seeks to leverage the infrastructure support and incentives available to companies in terms of both the national SEZ policy framework as well as numerous municipal, provincial, national, international, and private sector funds to stimulate investment and job creation in areas of green technology. The ASEZ covers approximately 94,5 hectares of land which is estimated to provide growth in the SEZ for at least 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 integrated resources plan, risk mitigation and round 6 of the REIPPPP should provide good stimulus. In addition, 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. 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.

The Living Lab

As the DEFF, the dtic and DSI (2020) Green Policy Review states, *"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 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 of lessons.

The Living Lab in the ASEZ

The goals of the Living Lab are defined as:

- To continually reduce our carbon emissions, improve our 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 future all industrial development will be done this way if we are 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 who 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 via industrial symbiosis)
- Green production certification

Community

- Socio-economic inclusion
- Spill overs 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 to transfer land over to ASEZCo. 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 in that it was largely unable to transact. In the year under review however, the ASEZCo has seen significant challenges lifted from its path. With the ability to directly transact with private sector for development of top structures has led to an ever-growing pipeline of interest, as well as culminated into two lease agreements 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 program and reduced operational funding.
- A possible exhausted National SEZ Fund for prospective infrastructure.
- Securing national tax incentives to offer to accredited investors.

Organisational Environment

As the ASEZCo moves from establishment to implementation we can be extremely proud of what we have achieved in a tough operating environment, over the 2022-23 period.

The progress is attributable to a focused and ever engaged leadership from the CEO, dedicated and tireless building of the organisational framework by the CFO and executive team, a small, but passionate, skilled, and highly motivated SEZ delivery team in Atlantis and in Cape Town.

Leadership and teamwork marked every step of this remarkable journey over the 2022/23 financial year. This included regular interactions across all the portfolios.

This organisation and the team are poised to deliver. The key to certainty in this organisational environment is the extent of funding available until self-sustainability is achieved. This is both for bulk infrastructure and operational expenditure.

Policy Developments and Legislative Changes

The award of the sixth round of the REIPPPP by the Department of Mineral Resources and Energy, followed by promising signs for further rounds on the REIPPPP, along with associated localisation requirements bode well for the Atlantis SEZ. Round five of the REIPPPP had resulted in 25 bidders being awarded opportunity to build wind and solar farms. Awarding of 6 preferred bidders on round 6, additionally demonstrates a significantly sized renewable energy component market to a global audience. Our efforts of securing funding to install the civil infrastructure to support new investors is ongoing, but it must be noted that at least R89million has been secured from the dtic to service one of our three zones. Additionally, reaching financial close on projects bid into round 5 and 6 of the REIPPPP is the one sure-footed way for manufacturers to demonstrate a strong orderbook, bolstering their decision to invest into manufacturing activity which services the created demand on round 5, 6 and future rounds of bidding on the REIPPPP.

The amendment of Schedule 2 in the Electricity Regulation Act resulted in an outright lifting of the 100MW cap placed embedded generation projects needing to be registered with NERSA. This policy intervention has exponentially grown the opportunity for private sector to implement their own energy installations and combat the impacts of load-shedding on their businesses. In the last two months of the year under review, February to March 2023, a total of 1073MW of renewable energy projects had been registered at NERSA. Compared to the prior year where a total of 1659MW was registered for the entire year and the year prior, 2021, saw a total of 86MW registered at NERSA.

Load-shedding, although a crisis South Africa is faced with, has contributed to the increased importation of battery cells, solar panels and inverters. A total of R12bn of lithium iron phosphate cells were imported into South Africa in final two quarters of the previous financial year. This figure is estimated to at least double in year under review. Longi Solar, an established solar PV manufacturer in China revealed to the ASEZCo that a total of 600MW of solar PV panels were exported exclusively to South Africa from China in January and February of 2023. This is significant and an absolute driver to localise manufacturing to compete with a massive opportunity currently present in South Africa.

With the above changes and market shifts all taking place during the year under review, as well as the ASEZCo's ability to fully transact as a government business enterprise owning 94 ha of land, it is envisaged that the ASEZCo is well placed to capitalise on green technology manufacturing associated to a growing demand.

The ASEZCo envisages greater interest from said manufacturers but is mindful that no developed sites on Zone 1 have yet been completed. This continues to be a hinderance to landing investment, but nevertheless, a lease has been signed future tenancy upon successful completion of Zone civil works. Manufacturers seek rapid access to manufacturing sites, as the current market context is attractive to investors and may not persist forever. This being said, however, the ASEZCo is working alongside Freeport Saldanha, Wesgro and DEDAT to understand the size of the Hydrogen opportunity, which will undoubtedly serve as long term surety for green technology manufacturers manufacturing renewable energy components.

Progress towards achievement of institutional impacts and outcomes

Any institution that is result-orientated must be able to strive towards well defined Impacts and Outcomes. Such Impacts and Outcome must be ambitious, progressive, and achievable. The development of a five-year Strategic Plan forms the cornerstone of the Atlantis SEZ five-year Vision, but it is important that this Vision finds its way into the desired Annual Impacts and Outcome as outlined in the annual Corporate Plan.

The strategic outcome-oriented goal of Atlantis SEZ is primarily informed by the SEZ Act.

Other than the guidelines in the Act, it is also important for any SEZ to develop an operational approach that is suited for that specific SEZ, the culture and economic dynamics as well the capacity constraints that may exist. The systems and structures built to make an SEZ effective in its delivery mandate must include an administration that is responsible and responsive to the market that it is serving. The implementation of good governance is not negotiable and is the main pillar of the ASEZCo. Without it, any other developmental work, and any creative way in approach this development mandate will be fruitless.

Sound financial management (that is enabling and not restrictive), a human resource base that is built for purpose and functionality, a strong corporate governance culture with a credible and respected Board of Directors, a supply chain management system that is creative, pro-active, but compliant and an ICT management system that smooths out efficient operations are the cornerstones of such a responsive administration that follows the principles of good governance to the letter, but not forgetting that in the mode of operations, it is important to find solutions to complicated problems, but it must also be based on a sound set of rules.

Talented, committed, and hard-working people are often the main components of any responsive administration and good corporate governance. The manner in which the human resources are put together must ensure an effective equation that is made up with human talent from different sources working towards a common purpose and end in mind.

Thus, the strategic goal of the Atlantis SEZ for 2020/21 -2024/25 in the following table below which provides an indication of the state of achievement in the set Institutional Impacts and Outcomes.

Table 1: ASEZCo Strategic Goals

The strategic goal of Atlantis SEZ for 2020/21 – 2024/25:		
Strategic Outcome Oriented Goal	To contribute to GDP through greentech-related investment and facilitation of jobs within the Atlantis and surrounding economy.	
Goal Statement	The Atlantis SEZ aims to achieve the following for the period 2020/21-2024/25: • Recruit and facilitate at least R3 billion in direct investments into the ASEZ with associated job creation and capital investment opportunities. • To generate revenue from commercial services of at least 70% towards being independent of the Western Cape Government for Operational budget purposes. • 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. • To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	• The ASEZ and the efforts of the ASEZCo has successfully recruited R22,8m of new investment into the ASEZ in the year under review creating approximately 15 new jobs – in addition to R171m from the previous year. • Acquisition of iProp listing resulted in revenue generation of R59 179 for the period under review. • The ASEZ Infrastructure portfolio secured R89 million in funding towards the establishment of greentech infrastructure. This is for the civils for Zone 1. The civils design and implementation are being done in accordance with green design principles. On-track (50% achieved) to meet the 5year goal of securing R180m. • This past year saw a total of 1 102 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	

Construction grounds of Zone 1.

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PERFORMANCE INFORMATION:

Programme 1: Administration

Purpose:

The programme is to provide efficient, cost effective, transparent, and responsive administration to the Atlantis SEZ and ensure that principles of good corporate governance are implemented.

Programme Structure:

The programme includes the following functions:

- Financial Management
- Human Resource Management
- Corporate Governance
- Supply Chain Management
- ICT Management

Sub-programme 1.1: Financial management

Effective financial management aims at ensuring legislative compliance. The sub- programme of financial management also ensures the necessary resources to efficiently run core operations. Sound financial management ensures the careful tracking of spend against the budget and prudent management of the entity's resources and cash flows thus enabling informed decision making whilst managing risks. The ASEZCo prides itself in its ability to pay its suppliers well within a 10-day average.

Sub-programme 1.2: Human resource management

The human resources sub-programme ensures that the Company employs and maintains a skilled and adequately compensated workforce. Its priority is to attract, recruit, and retain staff by fostering a culture and climate that promotes a motivated workforce. Additionally, the sub-programme ensures compliance with relevant legislation. The 2022/23 financial year proved to be challenging with the resignation of the former CEO Pierre Voges in August 2022, followed by a few more staff resignations. The interventions by leadership and human resources saw the year end with some stability for the entity. The investment into Learning & Development remains a key priority for the ASEZCo along with a focus on internship opportunities which are afforded to young unemployed professionals

Sub-programme 1.3: Corporate governance

This sub-programme is responsible for ensuring that effective corporate governance is developed and maintained within the Atlantis SEZ. As a State-Owned Company (SOC), the principles of corporate governance are clearly outlined in legislation as well as King IV. It is the priority of this programme to affect the rules and processes outlined to ensure effective corporate governance. For the 2022/23 financial year, the ASEZCo Corporate plan was approved and tabled within legislated requirements. The ASEZCo Board Of Directors met more than the minimum required times in discharging its responsibilities as outlined in the Board Charter.

Sub-programme 1.4: Supply Chain Management

This sub-programme is responsible for ensuring the implementation of the supply chain function and approach for the ASEZCo in line with legislative requirements, with particular focus on the PFMA and Treasury Regulations governing the ASEZCo environment. A key aspect of the ASEZCo SCM is the spend on BBBEE suppliers as reported by the more than 80% spend thereon. This sub-programme also focuses on the localisation approach to SCM, ensuring that all internal procurement meets the needs of local content, in line with the SCM and SMME strategy, and in support of the overarching mandate for economic development and job creation within Atlantis.

Sub-program 1.5: ICT management

ICT services for the Atlantis SEZ are still under development. The ICT support services provided by Wesgro were terminated in February 2023 with the appointment of an outsourced service provide. The ICT Service Provider provides the ASEZCo with ICT technical support services ranging from helpdesk, desktop support (Bodyshop), server support, network, security management, backup maintenance, and wireless support maintenance including software and hardware procurement for the Cape Town office and Atlantis Offices.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements[1]:

Table 2: Programme 1 Performance Information

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Unqualified Audit report with no material findings	Payment to creditors	Number of days taken to process payments made to creditors from date of receipt	13	9,75 days	30 days	7 days	-	Achieved
	Corporate/ Strategic plans submitted	Corporate/ strategic plan submitted by the deadline as legislatively required	1	1	1	1	-	Achieved
	Board meetings	No. of board meetings	5	7	4	8	4	Overachieved – 4 special meetings (Approval of AFS & CEO Recruitment) were held in addition to the quarterly meetings.
	BBBEE Plan	BBBEE plan/ strategy approved/ updated	-	1	-	-	-	-
		% budget spend on BBBEE	-	-	60%	82%	-	Achieved. The entity will always hope to achieve more than the target

1 *Re-tabling of the 2022-2023 Corporate plan, there was no impact on the targets.*

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Unqualified Audit report with no material findings	Maintenance of ICT environment	Quarterly reports evidencing maintenance of the entity's ICT environment	4	4	4	4	-	Achieved
	Management of staff morale	Management of staff morale within the entity by conducting bi-annual climate surveys	1	-	-	-	-	-
		% Budget spend on learning & development including internships	-	-	3%	3.1%	-	Achieved. The entity will always hope 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

The 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

Business development sub-programme responds to the needs of both investors and the company by serving as a conduit of information flow. Understanding investor requirements coupled to providing a basis to include these requirements into the business of the ASEZCo company serves as a backdrop for developing a competitive value proposition.

- 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.
- Attracting greentech investment to the Atlantis SEZ to encourage property investment to meet the Atlantis SEZ's developmental objectives for economic development, employment creation and social upliftment.
- The Atlantis SEZ has a collaborative approach with respect to business development and undertakes various activities with key stakeholders such as DEDAT, Wesgro, City of Cape Town, GreenCape, and InvestSA for the purpose of enhancing impact and cost efficiency in business promotion.
- This sub-programme ensures that there is effective marketing and communications of the Atlantis SEZ to inform stakeholders and manage the brand of Atlantis SEZ for overall brand identity.

There have been great accomplishments from the business development unit. The company has continued to see sustained interest from investors (backed by an active and ongoing process of engagement and information sharing). The pipeline continues to show healthy and sustained interest. New investment leads have been generated. The marketing team's remarkable efforts have seen the ASEZ profiled throughout the world on multiple platforms, campaigns, and marketing channels this quarter. The ASEZCo received the opportunity to attend the International Renewable Energy Conference in Spain as a leading expert in promoting Greentech manufacturing.

The Business Development unit has done exceptionally well for 2022-2023 by way of investment queries and applications to the ASEZCo. Attendance at numerous events and trade shows, and presence in publications all resulted in further application forms being received by the ASEZCo. As noted, the business development executive travelled to Spain to partake as a panellist discussing greening of renewable energy supply chains at the International Renewable Energy Conference, SPIREC 2023. The event was well attended by investors, government leaders and thought leaders in their respective fields. The actual panel discussion was also well attended, and it is clear that the EU is facing similar challenges to Africa, in that they cannot procure renewable energy fast enough. Earlier in 2022, a team of executives, including the then CEO, Dr. Pierre Voges, travelled to The Netherlands to undertake both a fact-finding and investment promotion mission targeting water technology companies and cluster organisations specifically. The trip resulted in a solid investment lead in the form of Van Der Hoeven Controlled environment agriculture who had previously identified a local South African partner to assist in the establishment of a local (industrial scale) produce producer. Insights were gained into development of clusters and how building of said clusters is important for economic development in a fledgling industry. The Water Alliance hosted the delegation of executives including the business development, infrastructure, and chief executives of the ASEZCo.

On a separate occasion, a Korean delegation from the Korea-Africa Foundation was hosted by the ASEZCo and all the investment partners who are active in the Western Cape. The Foundation expressed their interest in entering into an MOU with the ASEZCo after the initial meeting which culminated into an agreed mutually beneficial MOU signing, as well as a paid for trip to Morocco to present the ASEZCo and its offerings to Korean businesses active in Morocco. This opportunity was carefully evaluated by the ASEZCo to determine the potential value derived from such a trip. After the successful trip to The Netherlands and the takeaways associated to the value of cluster development, the ASEZCo applied its targeting methodology to whether or not South Korea could potentially yield positive investment results in the activity of building a renewable energy cluster. It was determined that partnering with an organisation like the Korea-Africa Foundation (KAF) would allow the ASEZCo with a great level of access to South Korean companies with capabilities of establishing local manufacturing in South Africa. Of the three investment promotion missions to Europe, Morocco, and Spain, only one was fully paid for by the ASEZCo, whilst the two remaining missions were heavily incentivised in that costs associated to flights and accommodation were covered by the Korea-Africa Foundation. The ASEZCo is now confidently embarking on developing a cluster of renewable energy manufacturing concerns who will benefit from co-location and the provision of green infrastructure, reducing company's risk associated to supply chain interruptions recently experienced in the more 'traditional' manufacturing centres.

Various international delegations were hosted and presented to, in excess of 20 to be precise. Most notable inward delegations with a greentech theme, hailed from the following regions/countries:

- Norway
- Switzerland X2
- Hamburg in Germany
- Aachen in Germany
- Hong Kong
- EU Chamber of commerce
- Zhejiang Province, China
- French Business Chamber
- Korea Africa Foundation
- Poland
- China, multiple provinces
- Spain

As the ASEZCo continues to establish itself as a development company, more and more interest is being garnered from other government departments. The ASEZCo hosted DPME (national), DEDAT and City's Sustainable Energy Markets team.

The marketing team's outstanding efforts have seen the ASEZ profiled throughout the world on multiple platforms, campaigns, and marketing channels this quarter – including on CNN during the world cup.

A Marketing and communications strategy was developed and adopted by the board of directors for implementation over a 24-month period ending FY 2022/23. To deliver thereon, it was agreed that the ASEZCo company would appoint a panel of suitably capacitated experts capable of delivering on marketing, communications, and public relations services on an "as-and-when" required basis. This panel was appointed and is delivering on the terms of reference originally set out. A second procurement process was run to source suitable companies who fill the gaps identified in the first 6 months of utilising the panel.

In the FY 2022_23 two applications were made to the dtic SEZ Fund requesting approval of funding of civil infrastructure and a single top structure to house an accredited investor. Both applications were reviewed and only the application for civil infrastructure (R77,463,798 excluding VAT) was approved by the dtic SEZ Fund. This success is what has catalised the rapid development and increased interest in the ASEZ. The application which was unsuccessful was again submitted in the year under review. This time, the outcome of the application was successful and the ASEZCo was awarded an additional R13,8mill for the development of a suitable top structure to house the ASEZCo's first tenant, Quantum V3 Holdings. This successful draw down of the SEZ Fund resulted in the signing of a development lease with Dr. Dean Pillay, the promoter of Quantum V3 Holdings.

The pipeline of investors has continued to grow with viable investment prospects. The City's various IPP programmes released in 2022 created significant excitement from project developers looking to locate their projects in a City of Cape Town supply area. The ASEZCo responded well to developer queries and welcomed another 2 applications for energy generation facilities from solar. Discussions are progressing well with all IPP applicants and the ASEZCo will only release land to successful bidders. The outcome of the bid process is scheduled for the financial year ending March 2024. Applications to locate in the ASEZ continue to stream in, with an average of 4 applications per quarter being received by the ASEZCo. This is a staggering achievement in such a short space of time and is testament to the continued collaboration between all three tiers of government. The most notable new applicants are from companies operating in the agri-processing and renewable energy manufacturing spaces. The ASEZCo business development unit continues to provide assistance to the applicants in obtaining finance to reach a point of financial close, but also manage expectations around the development of enabling infrastructure to house suitable top structures.

Key activities of the 2022-23 period have included:

- First outward mission since inception to Germany and the Netherlands.
- The ASEZCo entered into MOU with Wesgro for shared capacity in the investment promotion and marketing space.
- The ASEZ entered into an MOU with the South Korea-Africa Foundation
- Partook in Enlit Africa event on GreenHub where green SMMEs were showcased on 'micro-stands'.
- Partnered alongside Vuka Group and E-Movement in delivering the first of it's kind of Africa's Green Economy Summit
- The AGES then led into the first of its kind in South Africa E-Prix. The ASEZ staff and Acting CEO attended the E-Prix to show ASEZ presence and interest with the ambition of working towards including our branding and logos on the track next year at no cost thus increasing ASEZ visibility at the race.
- Took part in Solar Power Africa (exhibition stand alongside CoCT)
- Assisted IES in community roadshow around Atlantis and surrounds
- Took part in Africa Energy Indaba alongside CoCT
- Managed communications and marketing around the civil construction work of zone 1.
- Various Atlantis Radio interviews held
- Implemented the marketing and communications strategy

by leveraging channels identified to communicate with investment, government, and community stakeholders. This has contributed significantly to the ASEZCo's "presence" in the marketplace as a destination of choice for manufacturing as a whole

- Appointment of suitable service providers on an approved marketing, comms, and PR panel capable of delivering on adhoc marketing, comms, and PR requirements for the ASEZCo.
- Appointment of Marketing and Comms Specialist who is driving the marketing strategy and communications plan for the ASEZCo through engaging an approved panel of service providers appointed by the ASEZCo for a period of three years.
- 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 1 had progressed to the lease signing stages.
- Branding of the Atlantis-based offices was concluded and now allows the ASEZCo to put its "best foot forward" as a professional looking and comfortable place to undertake investor meetings. A 3D Model was developed to assist in managing investor expectations around the look and feel of the future ASEZ.
- The business development unit worked alongside the Western Cape Government's Department of Economic Development and Tourism, Wesgro and GreenCape to develop an investment promotion strategy for the Western Cape as a whole, with a particular focus on the green economy.
- The ASEZCo signed two property leases: one with a company cutting insulative roof material in the ASEZCo's 30 Charles Matthews Street listing, and another development lease with a company (Quantum V3 Holdings) producing Acetylene Gas in a newly built 800+m2 facility on 5000m2 of land.
- Three new investments have taken place on SEZ designated land. All three investments will/have contribute(d) a total of R22,8 million worth of new capital investment into the ASEZ. These new investments have resulted in more than 15 new jobs being created.

The ASEZCo continues to receive well thought-out project applications which require funding. The relationships established with the IDC, the dtic and private lenders is proving valuable for the ASEZCo in that applicants are deriving additional service benefits from the team. The dtic is committed to funding top structures for bankable tenants, and the ASEZCo aims to leverage the SEZ Fund as far as possible for funding requirements associated to infrastructure and top structure roll-out.

Sub-programme 2.2: Commercial services

The Atlantis SEZ has as its stated objective to provide investors with an ease of doing business experience by providing a cost-competitive and reliable commercial property service. The Company must ensure that the Atlantis Economic Zone remains globally competitive and meets investor property needs, as well as decision making timelines. Thus, policies and processes to evaluate investors are streamlined and proactive to address these needs. In the final establishment phase, a great deal of consultation and development with various role players formed a significant portion of the work undertaken in this business unit.

A notable achievement of signing two leases with private sector companies was accomplished for the first time since the inception of the ASEZCo. This achievement has resulted in securement of R13,8 million for the development of a suitable top structure for Quantum V3 Holdings. The lease was signed, and the terms of the lease generate favourable returns for the ASEZCo.

The Executive Authority approved the purchase 0.7ha of the privately owned (iProp) land at R8m. The ASEZCo also took ownership of this first factory at 30 Charles Matthews Street (iProp)on the 5th of January 2023. This gives the ASEZ a 2900m2 property to let. The property has 2880 square meters under roof and is sufficient to house at least 2 to 3 small investors at approximately utilising 900 to 950 sq m each, including their required office space. This facility is occupied by an SMME, New Era Roofing, who is covering the costs of the utilities as well as the security company contracted to protect the facility. These two leases signal that the ASEZCo is a serious contender in the development space, and we look forward to concluding the build of the civils in Zone 1 as well as the first factory in the same zone.

With commercial and business development units working alongside private sector aggregators and developers, the ASEZCo is sure to continue signing many more leases into the near future.

A single Investment Committee meeting was held and a total of two investment due diligence were tabled. Both tabled due diligence reports were approved pending successful financial raise for plant, equipment, and machinery. The most notable of the two investments is a green coffee freeze drying facility looking to capitalise on the green location offering which is the ASEZ. This investment is well matured and, on its way, to being closed in the following three months. The Danish technology provider was hosted at the ASEZ in March 2023 for planning of the development on site. The promoter is in a strong financial position to raise all of the remaining funds required for the project to be a go.

The proposed lease template was drafted with the assistance of a legal service provider for the finalisation of the Quantum lease.

The future financial sustainability and independence from grant funding for the Zone operations will be a key success factor for the ASEZCo. The proposed revenue model includes a number of projections for enhancement and identification of additional revenue streams, aimed at reducing reliance on the main shareholder. A review of the revenue model concluded that the roll-out of "investor-ready" civil infrastructure, was key to the success of a private partnership "developer model". The ASEZCo has embarked on a journey to motivate that WCG to fund the civils required for investors to locate on. Timeline have shifted and reaching a point of self-sustainability has moved to 2027/28 should we embark on Model C as a strategy to reach this sustainability. The three iterations are discussed below:

The rental revenue of R59 179 from the first operational tenant, New Era Roofing is a first step towards reaching the financial sustainability goal of the Company.

The ASEZCo developed three iterations of a POTENTIAL future-looking business model.

Assumptions and data used in the model:

- The take-up of land is based on a pipeline of 13 A-list investors (grown to 15 since analysis undertaken) and their indicative timelines (may be optimistic, but for purpose of model this assumption hold across all and allows for comparison)
- We have funding for civils for Zone 1 and commitment for top-structure funding – all scenarios assume this
- Variation in scenarios based on how zones 2 and 3 are developed. Three options for land lease are considered. Note all three are possible in one zone – they are not mutually exclusive and so dependent on demand and opportunity:
- Amount of land rented without civils or top structure (land only). The rate here is R1.10 which is based on CoCT lease rates with slight escalation
- Amount of land leased where we have put in grant funded civils. The rate here is R6.50 p/sqm – this is based on an actual assessment by property expert (Dreamworx Property)
- Amount of land leased where we have put in grant funded civils and top structure. The rate here is R45, which is based on a QS costing on construction with an IRR of 10%.

These models show what would happen from an operational funding requirement perspective, should the ASEZCo follow each pathway.

Sub-programme 2.3: Integrated Ecosystem Development

The Integrated Ecosystem Development Unit (IES) was established in support of local community integration within the larger socio-economic objectives and benefits of the ASEZCo. The team applies principles of system thinking to identify and address deeply rooted socio-economic challenges in a complex community environment and to support expansion of community assets and adaptive systems. Simply put, community integration and meaningful economic participation can only occur, when community members are adequately skilled for employment opportunities or are supported in the creation of enterprises.

The ASEZCo continues working with the community to build consensus on how local SMME's can benefit from the construction process. This was made possible by the Integrated Eco-System Management (IES) team who were able to support the establishment of the Infrastructure Working Group (IWG) as a component of the Community Stakeholder Network (CSN). The stellar work continues to be done with the CSN and the IWG in ensuring that the terms and conditions for the participation of local SMMEs are clear to all parties. Various capacity building workshops were held with the IWG to inform them about various ASEZ projects and programmes. The year ended with the successful SMME roadshows conducted in collaboration with WCB, the principal contractor for the civils construction and Zutari (the consulting engineers). The focus of the roadshows, which were held in Atlantis, Mamre, Witsand and Pella, was to keep the community informed of the ASEZCo's progress and priorities including SMME participation.

This year has seen local and international media attention and visiting delegations for the IES portfolio. Ongoing support of ecosystem partners and leveraging multi sector collaborations, is yielding results for community, local business, and the entity's shareholders. The below list illustrates the collaborations and partnerships referred to.

Collaborations and partnerships

- **National Business Institute – Installation Repair and Maintenance (IRM) Programme:** The programme works on the premise that supporting students to strengthen and grow their skills base and linking them to localised stakeholders.
- **Building Renewable Energy Conscious Communities (BRECCs):** The BRECCs project worked with youth from Atlantis to drive a renewable energy movement. The project recruited unemployed youth and took them through a 6-week programme that equipped them with the knowledge that will enable them to become Renewable Energy Champions.
- **Basic Package of Support – Community of Practice (BPS COP):** The Basic Package of Support (BPS) is a programme to promote the social inclusion for the community of Atlantis who are currently disconnected from opportunities, and who face exclusion from a range of services. The aim of the programme is for the community to gain a sense of

possibility and to be supported in their agency to take up pathways that lead towards that possibility. In turn, they should show increased wellbeing, navigational capacities, and employability.

- **British Council and Nuffic Conference:** ASEZ hosted 75 delegates from 14 countries in partnership with the British Council and Nuffic on the topic 'Going Global Partnerships, upcycling skills and retrofitting the economy, the pathways to sustainability'. The event was supported by the local councillors, community leaders, and industry experts.
- **ICLEI delegation:** Delegations from five African countries came together to learn more about the ASEZ and visit the solar geyser project.
- **EWSETA & FutureMe Learning Journey:** The EWSETA and FutureMe Learning Journey collaboration with 20 high-achieving mathematics and science learners from 5 Cape Metro Schools formed part of the initiative to expose them to green technology career opportunities.
- **Celebrating WOMEN in Engineering in partnership with West Coast College:** Encouraging women and guiding women to consider careers such as Engineering/Artisanal, Artificial Intelligence, and Greentech.

Key Challenges

The development and implementation of IES programmes has been seen as attractive and moving in the right direction for the benefit of the local community. Even though there are some community members that see the benefits there are many challenges affecting the effectiveness of the IES programmes and each one is different and complex from the next.

Due to this factor the IES team addresses the challenges that may influence the success or failures of the programmes directly. Community participation has been identified as one of the key drivers to overcoming these challenges as it helps communities; to be better citizens; to be aware of their right to participate and are more confident of their ability to do so. It also helps develop civic skills that ensures individuals become more aware and more effective community members that buy into the ASEZCo processes.

Despite tangible progress made by the IES Atlantis-based team in terms of building positive rapport with the community and reaching 1102 community members over a 12-month period, it is critical to note the challenges experienced within the rollout of the IES program.
The IES team took a focused approach as the unit aimed to deliver initiatives that yield tangible results. These initiatives were delivered through the following work streams:

Skills Development

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

Our commitment to the ongoing upskilling of the Atlantis community demonstrates our dedication to the betterment of the individual and SMMEs. This ensures that investors and industry are met with a readily available and adequate workforce. The Skills Development workstream will continue to keep up the excellent work, ensuring the efforts continue to make a positive impact on the individuals and the communities in which we serve.

During the last financial year, the ASEZ Skills Development Workstream has successfully reached and impacted more than 400 lives through learning and development. It is even better to know that the impact that led to absorption in the workforce, as well as the improvement of SMME's, are visible as a result of our efforts.

Skills development projects

Initiatives supported and facilitated directly by the ASEZ included:

- Mechanical Fitter accredited training (with Lesedi) 11 students successfully completed their training
- Artisan Recognition of Prior Learning (ARPL) Welding
- Community Liaison Office Training
- Annual Career Expo
- Early Childhood Development Training
- Waste and Wastewater Treatment Training

Enterprise Development

Regional growth and its commensurate socio-economic impact are enshrined in the SEZ Act. This highlights the relevance of the Enterprise Development workstream in achieving these endeavours, to unlock growth opportunities for Atlantis SMMEs and businesses. This work focuses on supporting local businesses with knowledge and capabilities to tap into increased opportunities available in the area. This includes linkages to markets outside the Special Economic Zone and the greater green economy.

The ED unit has seen huge leaps over their 6 initiatives towards developing SMME's for economic growth and sustainability, this is not without its ongoing challenges. The ongoing development of SMME's in the region has seen the ASEZCo reach 342 community members interested or involved in business during the previous financial year.

Enterprise Development Initiatives supported and facilitated by the ASEZ included:

- National Business Institute – Installation Repair and Maintenance (IRM) Programme

- Costing and Pricing Workshop
- SMME support - 65 SMMEs over course 2022/23.
- Power Hour - Training and individual mentoring and coaching from experts to address knowledge gaps identified by SMMEs
- Green Economy Training
- Food Security Training 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 as well as respond to immediate needs. A total of 320 community members were reached in the past financial year.

Completed community integration projects:
- CSN Monthly Feedback to the ASEZCo
- Wider stakeholder engagement which saw the conclusion of the 2022/2023 AGM process with community
- Atlantis Change Challenge
- Green Dialogue sessions which included a women's event with a green twist; an environmental programme at Ganzekraal Nature Reserve
- Community Social Infrastructure Project (This included participation by UWC students)

Community Stakeholder Network (CSN)

In 2018 the Atlantis Community established the Community Stakeholder Network (CSN), a landmark development between industrial zones and local communities. On 17 December 2020, a partnership between the ASEZCo and the CSN was formalised by a Community Facilitation Agreement which outlines the obligations of both parties. The (CSN) functions as a conduit of information between the ASEZCo and the Atlantis community. The CSN consists of elected members that represent a variety of sectors and remains a vital part of the roll-out of the ASEZCo.

Despite some sectors being very progressive with development in the community, having a democratically elected organisation still poses challenges. Five years into the organisation's existence, the CSN is still grappling with the challenges of identifying effective people to serve on the structure that the community will endorse.

Many local organisations are unable to implement requisite changes to effectively respond to the mandate of being a multi sectoral community structure in partnership with the ASEZ project partners. The main reasons for this include a lack of diversity, trust, and a single sector focus by relevant stakeholders.

These challenges where addressed through capacitation to ensure that the community has a structure that has a societal responsibility. During 2022, as the IES team worked to ensure that the community is included as part of the civil work programme, a suggestion was made to form a business focus group to advise the ASEZCo and provide a platform for local SMME's to be in a position to benefit from the economic opportunities coming to Atlantis. In June 2022 the IWG was formed that met with the appointed contractor to work on procedures that would see local small businesses benefit first.

Key milestones

- The CSN conducted wider stakeholder engagements with a variety of sectorial constituents with the support of the ASEZCo.
- Community Stakeholder Network's Infrastructure Working Group (IWG) approved the ASEZ work packages for SMMEs as part of the Zone 1 construction and the process and procedure to be applied to all infrastructure development projects.
- Development of the SMME Construction Procedure.
- Drafting of the Economic Transformation and Localisation Plan.
- Partnered with ASEZCo as hosts to incoming delegations.
- Assisted with drafting procedural documents for the ASEZCo.
- Acted as advisors to the ASEZCo during the initial phase of the civil works programme.

Sub-programme 2.4: Greentech Infrastructure development

The greentech focus of the Atlantis SEZ is underpinned by the three principles of reducing carbon emissions, increasing resource efficiency, and building social inclusion. These principles also guide how we approach infrastructure development in the zone. This is captured through the idea that the Atlantis SEZ is a "living laboratory" for exploring sustainable and green manufacturing approaches. Working in partnership with our tenants, shareholders, and stakeholders we aim to push the move towards sustainable manufacturing. This is captured in the goals of being net-zero carbon, net-zero water, having net-zero waste to landfill, working with nature and driving social inclusion (specifically through building shared value with the community and through skills and enterprise development). This approach provides a guiding framework for the work of the infrastructure portfolio.

We are pleased to say that the dtic's SEZ Fund granted the ASEZCo R89m to implement the civil infrastructure for Zone 1 of the SEZ. Zutari was appointed as the civil engineering design consultant for the civil design and construction oversight of Zone1 of the ASEZ. The brief for the design process was guided by the greentech ethos and living lab goals. The result was an exciting combination of increasingly conventional green infrastructure (such as solar powered streetlights and solar powered guard house) along with testing of new approaches – including a test section of solar powered pavement and using non-recyclable plastic as binding agent for the roads. The design also focused on creating an industrial area that is people friendly, with accommodation made for pedestrians. During the design process the team also worked closely with the Community Stakeholder Network (CSN) to design a process of including Atlantis-based local SMME's in the construction process. The agreed process and work packages targeted over 45% of the construction value to SMMEs and this was included as part of the construction tender.

Following this, the civil construction tender was advertised in August 2022. WCB Construction emerged as the preferred bidder and this process was finalised in February 2023 with WCB being appointed as the Principal Contractor to carry out construction of the infrastructure work.

To prepare for the construction process and alert the SMMEs in Atlantis of work opportunities, a Roadshow was held in late February 2023 with the communities of Witsand, Robinvale, Mamre & Pella. At these Road Shows WCB and Zutari were introduced to the communities and the processes of engagement with the local communities and SMMEs around the 18 SMME work packages were outlined.

A SHEQ agent and auditor was also appointed to provide guidance and secure a construction permit. On the 7th of March 2023, Construct Safe Consultant Officer confirmed that the construction permit had been approved by the Department of Labour. From the OHS side, the service provider declared that all was safe to commence with the construction site works for Zone 1. At this point WCB was able to access the site and start their planning. To date, site establishment has been completed and the first SMME work package of Clear and Grub', which is the removal of topsoil, is in process.

Quantum V3 top structure funding

On the 12 September 2022 the ASEZCo received confirmation from the ASEZ Fund that its application for R13.8m (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.

Fee proposals were received to carry out the required design and supervision work for the facility and all related services. Once again, the brief emphasised the importance of a green factory building and ethos of following the living lab goals. Sirrocon was appointed as the most competitive bidder. On the 15th of March 2023 a kick-off meeting was held with Quantum V3 (Dr Pillay), the ASEZCo and the design team from Sirrocon.

Land transfer

The sale of the land to the ASEZ was concluded on 30 March 2022 with the issuing of shares for the land to the City of Cape Town. These shares are held in escrow by Bowmans – the transferring attorneys. However, the registration of transfer is subject to the registration of the new title deeds. Bowmans Attorneys are preparing the title deeds Property registration however, the finalisation thereof has been held up by the need to clarify certain third-party servitude requirements. The process is being resolved with the assistance of the City of Cape Town's Property Management Department.

Eco + Green Link (EGL) Building

The EGL building (2900m2) – which now provides the ASEZCo with a factory building – was purchased and the transfer finalised in January 2023. With the new organogram now allowing for a zone operations component, the team started putting together a strategy to manage and maintain the property (and future properties).

Green Precinct Rating

The Green Star Precinct Rating is a rating tool developed by the GBCSA. The tool assesses and rates the environmental performance of precincts. The categories include governance, liability, economic prosperity, and environment. The ASEZCo is exploring how we can have the zone rated as a Green Star Precinct. Ecolution Consulting concluded the Green Star Rating project. An Action Plan was compiled for the ASEZCo. The Action Plan builds on the Scorecard developed for the ASEZCo and contains recommendations. The plan lists all the credits that will be targeted and outlines actions to be taken for the ASEZCo to achieve the credits. A list of proposed innovation credits has also been included; the proposed innovation credits were selected from the performance indicators in the various categories with the UNIDO EIP Framework.

Smart Zone

The Smart zone research is to inform the ASEZCo about how to use the IoT and remote sensing technologies to monitor utility usage.

Environmental licenses

JG Afrika was appointed as the ASEZCo's Environmental Consultants. Applications for the extension of zone 1 and zone 3 environmental authorisation validity period were submitted to the Department of Environmental Affairs and

Development Planning (DEA&DP). Zone 1 amendment was granted on 10 March 2023. DEA&DP requested a wetland study for Zone 3 as the presence of wetlands was identified. As a result, the spatial development plan for zone 3 must be revised to accommodate these wetlands. Further work must be undertaken to determine if a Water Use License is required. The gas-to-power environmental authorisation for zone 3 has lapsed. The ASEZCo is exploring whether the reinstatement of the Authorisation is required and, in this event, the process of acquiring such authorisation.

Net-Zero Water

The Net-Zero Water strategy was completed. There is now an action plan in-place with set targets to be achieved.

Net-Zero waste to landfill

The Net-Zero waste to Landfill Strategy was completed with an associated action plan.

Geographic Information Systems (GIS)

The ASEZCo has a solid base of key datasets that can support the planning and work of the SEZ. GIS provides the capability for queries, analysis, and display of information. We are currently utilising a few GIS apps such as Survey 123, StoryMaps, and Web Maps.

Survey123 is used to capture data for the IES team's Water and Sanitation Project. The technicians use this form-centric mobile app to collect data on the location and recipient of the solar geysers and are then able to share and analyse the field data collected.

We utilise StoryMaps to create interesting stories by combining text, interactive maps, and multimedia content. Scan the QR code or visit Atlantis SEZ: A Green and Smart Industrial Park (arcgis.com) to read our StoryMap on Green and Smart Industrial Parks.

Web Apps allow us to transform our data into mobile applications that is easily accessible to potential investors and service providers who can interact with the map and data.

Looking ahead

The year ahead will take us to mid completion of the construction of Zone 1's civil works and the start of construction on the Quantum V3 facility. We will also give serious attention to building the operational arm of the SEZ. We also need to finalise the planning for the civil works for Zone 2 and 3, the funding application for the Green Manufacturing Centre, the refurbishment of the Iprop building and hopefully at least two more factory buildings. The skills, enterprise and community development work will continue to build on the solid base already laid. This will include exploring new funding sources and/or project partners.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Table 3: Programme 2 Performance Information

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
To recruit and facilitate at least R3 billion in direct investments into the ASEZ with associated job creation and capital investment opportunities.	Investment realised	No. of investment projects realised	-	2	2	2	-	Achieved
	Facilitating investment into the SEZ	Quarterly investor pipeline maintained	-	4	4	4	-	Achieved
	Targeted marketing in facilitating investment into the SEZ	Investor marketing plan	-	-	1	1	-	Achieved
	Leveraging Partnerships	No. of MOA'S signed with partners	-	-	2	2	-	Achieved
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	No. of signed leases	0	0	2	2	-	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: Strategy for water, waste, and energy and associated updates	No. of approved strategies for water, waste, and energy and associated updates.	-	2	2	2	-	Achieved
	Funding for projects implemented	No. of funded projects initiated	0	1	2	1	(1)	Partially Achieved. A second funding application could not be submitted as the dtic changed its strategy to only fund top structures (factories).

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
To facilitate an enabling investment environment for the support of at least 740 people in Atlantis.	Skills development initiatives supported	No. of skills development initiatives supported	6	6	7	7	-	Achieved
	Enterprise development initiatives supported	No. of enterprise development initiatives supported	4	5	6	6	-	Achieved
	Community empowerment initiatives supported	No. of community empowerment initiatives supported	4	5	5	5	-	Achieved

Strategy to Overcome areas of underperformance

The ASEZCo has systems in place to fast track the execution of projects. A strategy has been put in place to speed up performance by using procurement panels. These are working well. A focus will be on a new maintenance and operations panel to support our operations work and team.

As noted earlier we will be focusing on submitting a range of funding applications (an area of underperformance in 2022/23). These will be for the civil works for Zone 2 and 3, the Green Manufacturing Centre, the refurbishment of the Iprop building and hopefully at least two more factory buildings.

Linking performance with Budget

Table 4: Linking performance with Budget

	2022/2023			2021/2022		
Programme	**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	16,797	17,312	-515	19,808	15,448	4,360
Operations	20,222	18,730	1,492	19,140	18,456	684
Total	**37,019**	**36,042**	**977**	**38,948**	**33,904**	**5,044**

Revenue Collection

The ASEZCo's purchase of the 30 Charles Matthews property was finalised in January 2023 thus yielding rental income of R59 179 for the 2022/23 financial year.

Capital Investment

The ASEZCo successfully accessed R77m (excl VAT) for the commencement of its civils infrastructure construction on Zone 1 as well as R12m (excl VAT) for the construction of its first top structures from the dtic SEZ fund.

Table 5: Capital Investment

	2022/2023			2021/2022		
Infrastructure projects	**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	2,754	2,754	-	-	-	-
Quantum V3 Holdings	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

The Implementation of these two projects will continue into the 2023/24 financial year.

The remaining Funds of R86,7m are committed to the implementation of these two projects which will continue into the 2023/24 financial year

PART C

CORPORATE GOVERNANCE REPORT

Introduction:

The ASEZCo is a State-Owned entity and provincial government business entity, which is governed by the Companies Act, SEZ Act and the PFMA. The ASEZCo is committed to upholding the highest standards of corporate governance through its Board Charter, and the Charters for each Board Committee. The ASEZCo aligns itself to non-binding rules, codes, and standards such as the King report and governance protocol.

Each year, the Accounting Authority and the Member of the Executive Council for Finance and Economic Opportunities of the Western Cape Government sign a Shareholders Compact. The compact outlines the respective responsibilities of each party concerning the company's strategic direction and operations.

Public Finance Management Act

The ASEZCo's Board of directors is deemed as the Accounting Authority in terms of the Public Finance Management Act (PFMA) and the entity is classified as a Schedule 3D entity. The PFMA regulates financial management and governance, as well as the responsibilities of the Accounting Authority. The entity ensures that its Board of directors and staff are familiar with the provisions of the PFMA by way of induction and providing regular training.

Composition of the Accounting Authority (Board of Directors)

The ASEZCo Memorandum of Incorporation have prescribed that the composition on the Board of Directors shall be as follows:

- One member shall be a representative of the City of Cape Town and has been duly appointed.
- Two members shall be representatives from the Western Cape Department of Economic Development and Tourism. Both representatives 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 operator, if required.

The powers and duties of the Board of directors are set out in the Companies Act, which is read together with the Board Charter, determining the procedures for the meetings and decisions of the Board of directors, appointment to Committees, powers of delegation as well as Board and sub-committee remuneration.

Board of Directors:

ASEZCo Board Meeting Attendance

Table 6: Board Meeting Attendance

Name	30 May 2022	28 July 2022	15 August 2022	25 October 2022*	15 November 2022	24 February 2023	3 March 2023*	15 March 2023*
Jo-Ann Johnston (Chairperson WCG)	✓	✓	✓	✓	✓	✓	✓	✓
Lance Greyling (member CoCT)	✓	✓	✓	✓	✓	✓	✓	✓
Zukiswa Kimani (member the dtic)	✓	✓	✓	✓	✓	✓	✓	✓
Leon Roman (member Community Representative)	✓	✓	✓	-	✓	-	✓	✓
Kenosi Selani (Member Business)	-	-	✓	✓	✓	✓	✓	✓

Name	30 May 2022	28 July 2022	15 August 2022	25 October 2022*	15 November 2022	24 February 2023	3 March 2023*	15 March 2023*
Pierre Voges (CEO – resigned 9 September 2022)**	✓	✓	✓	-	-	-	-	-
Marshall Jullies (Member Labour Representative)	✓	✓	✓	✓	✓	✓	✓	✓
Mohamed Saliem Fakir (second WCG seat - appointed 29 May 2022)	✓	✓	✓	✓	-	✓	✓	✓
Waheeda Saib (CFO)	✓	✓	✓	-	✓	✓	-	-
Patrick Matthew Cullinan (acting CEO – appointed 12 September 2022)**	-	-	-	-	✓	✓	-	-

* Board meetings of 25 October 2022, 3 March 2023 and 15 March 2023 were special board meetings to discuss the CEO recruitment process, Matthew Cullinan and Waheeda Saib recused themselves from the meetings.

** Pierre Voges resigned as CEO; Patrick Matthew Cullinan appointed as Acting CEO.

Composition of Board

Table 7: *Board Composition*

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship	Other Committees	No. of meetings attended
Jo Ann Deidre Johnston	Chairperson (WCG)	25/11/2019	-	Masters in urban Infrastructure Design and Management, Post-Graduate Diploma in Higher Education Bachelor of Arts degree	Sector development and investment and trade promotion	None	Investment Committee, HR & Remco	2
Lance William Greyling	CoCT	25/11/2019	-	Honours in African Studies Post Graduate diploma in Sustainable Energy	Trade and investment	Wesgro, WCEDP, Cape Town Tourism	Investment Committee, HR & Remco	5
Zukiswa Kimani	The dtic	25/11/2019	-	Master's degree in international and development Economics Honours Degree in Economics.	Sector strategy development, Industrial policy development, Policy Analysis	None	Nomination Committee, Social & Ethics Committee	0
Leon Jonathan Roman	Community Representative	26/06/2020	-	MBA Doctorate in Human Resource Development at Canterbury University MBA (CU) Executive Development Programme (USB-ed). ND in Electrical Engineering (LC).	Human Resource Development	Human Capital Transformation CC	HR & Remco, Social & Ethics Committee	3
Kenosi Selane	Business	25/02/2021	-	BCom Hons, CA(SA), MBA	Strategic financial advisory, core finance and economic regulation	Malvicol, Tatogystix, Ulrisync	Audit, IT & Risk Committee	7
Marshall Julian Jullies	Labour Representative	16/09/2021	-	Diploma in Education III (SP), B Tech (Hons)	Labour representative	None	Social & Ethics Committee	1
Mohamed Saliem Fakir	Greentech (DEDAT)	29/05/2022	-	Master's in environmental science and management, B.Sc. Honours	Greentech representative, Strategic environmental, climate advisory	GreenCape		0

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship	Other Committees	No. of meetings attended
Pierre Voges	Chief Executive Officer	03/12/2019	07/09/2022	Doctorate in Urban Planning and Economics M Comm (Economics) B Comm, Accountancy and Economics	Public and private sector Finance, Infrastructure development, governance	None	Investment, Social & Ethics Committee	1
Waheeda Saib	Chief Financial Officer	03/12/2019	-	BCom Hon, CA(SA)	Public sector financial management, compliance, and governance	none	Investment	3
Patrick Matthew Cullinan	Chief Executive Officer (Acting)	12/09/2022	-	Masters 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

Board Committees

Table 8: ASEZCo Committees

Committee	No. of meetings held	No. of members	Name of members
Audit, IT & Risk Committee	7	3	Kenosi Selane (Chairperson) Ian Bartes - Independent Paul Slack - Independent
Investment Committee	3	6	Lance Greyling (Chairperson) Jo Ann Johnston Andre Human Fernel Abrahams Pierre Voges (resigned on 9 September 2022) Waheeda Saib Patrick Matthew Cullinan – (appointed 12 September 2022)
Nomination Committee	0	3	Zukiswa Kimani (Chairperson) Gerschwin Williams Bianca Mpahlaza – (resigned 15 July 2022)
Human Resources & Remuneration	2	3	Leon Roman (Chairperson) Jo-Ann Johnston Lance Greyling
Social & Ethics Committee	1	4	Marshall Jullies (Chairperson) Zukiswa Kimani Leon Roman Pierre Voges – (resigned on 9 September 2022) Patrick Matthew Cullinan – (appointed 12 September 2022)

Remuneration of board members and subcommittees

Table 9: Board Remuneration

Name	Board committee fees	Board subcommittee fees	Audit committee fees	Total
Selane, Kenosi	R13 848		R24 930	R38 778
Marshall Jullies	R17 376	R6 621		R23 997
Roman, Leon Jonathan	R13 031	R17 580		R30 611
Mohamed Saliem Fakir	R13 032			R10 860
Bartes, Ian			R18 884	R18 884
Slack, Paul			R21 582	R21 582
Human, Andre		R5,396		R5,396

* *Remuneration for board and committee members are on an accrual basis.*

Risk Management:

The entity adopted and implemented a risk management framework as required by the Public Finance Management Act, 1999 (Act 1 of 1999), King IV and the associated Corporate Governance Codes. A risk assessment was conducted to identify key strategic and emerging risks, which was monitored and updated on a quarterly basis. Mitigation measures, where applicable, were implemented within the entity's control to manage these risks. The Audit, IT and Risk Committee was established and monitors the effectiveness of the risk management and advises the entity accordingly.

Internal Control Unit:

Although the ASEZCo, does not have a designated internal control unit, the entity has established and is implementing internal controls aimed at ensuring the operational effectiveness, efficiency, integrity and reliability of the annual financial statements, performance reporting, compliance monitoring and to safeguard its assets. These internal controls are based on policies and procedures currently being implemented with the required segregation of duties.

Internal Audit and Audit Committee

The AIRC consists of one independent non-executive director and two independent members. The Audit, IT and Risk Committee (AIRC) is a sub-committee of the Board and operates within its clearly defined and adopted charter. The main purpose of the AIRC is to provide a forum supports and make recommendations to the Board regarding any strategic and operational governance impacting the ASEZCo. The AIRC evaluates and oversees all financial management, internal controls, risk management, information technology issues, regulatory compliance, and the Internal and External Audit functions within the ASEZCo.

***Table 10:** Audit IT & Risk Committee*

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended	Attendance of Risk Register Workshop*	Attendance of SCOPA**
Kenosi Selane	BCom (Hons), CA(SA), MBA	External		04/03/2021		7	0	0
Ian Bartes	BCom, EMBA	External		04/03/2021		7	1	0
Paul Slack	BCom (Hons), CA(SA)	External		04/03/2021		7	1	1

* Attendance of Risk workshop
** Attendance of SCOPA

Internal Audit

The ASEZCo internal audit function is outsourced to BDO who were appointed in December 2021 for a 3-year period. The scope of work performed by Internal Audit was approved by the AIRC at the commencement of the financial year. The following internal audits were completed relating to the 2022/23 financial year:

- Risk workshop
- Popi Act Compliance
- Organisation wide policy review
- Investment policy/ commercial review
- Corporate Governance review
- Supply chain management
- 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 committed to adherence with the PFMA the Companies Act, the SEZ Act and the related regulations. The compliance framework adopted by the entity is being implemented and monitored on a quarterly basis by the AIRC. Furthermore, the management team attends the 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 adopted a policy of Zero Tolerance to fraud and corruption. This policy requires all employees to adhere to existing systems, policies, procedures, rules, and regulations aimed at, preventing, detecting, responding to, and reducing the impact of fraud and corruption. The policy further outlines the mechanisms available to staff and the public for reporting suspected incidents for investigation, whilst maintaining confidentiality and the protection of whistle blowers. All allegations of fraud and corruption must be reported for consideration to the ASEZCo Board through its Audit, IT and Risk Committee.

Minimising Conflict of interest

All employees of the entity are required to complete an annual declaration in respect of Conflicts of interest. These declarations are reviewed by executive management.

The Board has established a procedure in accordance with section 50(3) of the PFMA and section 75 of the Companies Act, whereby the Board and committee members must declare any conflict of interest prior to the commencement of each meeting. Where a conflict of interest has been declared, the Board and committee members are required to recused themselves when the matter is being deliberated on. The Board and committee members also complete a declaration of interest on an annual basis.

The Board attended 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 that incorporates all applicable legislation. Every member of the bid specification committee, bid evaluation, and bid adjudication committee is required to declare any interest in any advertised bid. Any potential conflict must be declared, and the respective person is required to recuse herself/himself from the entire process. Any non-disclosure of interest is dealt with in terms of the ASEZCo disciplinary policy.

Code of Conduct

The entity's Code of Conduct is applicable to all staff members and is guided by the ASEZCo Conditions of Service. These practices are embedded across the human resources policies and procedures, which is based on relevant legislation, including the Basic Conditions of Employment and Labour Relations Acts governing South African labour regulations. The Code of Conduct is the basis for facilitating sound ethics in the entity and contributes to defining the organisational culture and in governing the effective discipline within the entity. The ASEZCo Board members are subjected 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 adopted an Employee Health and Safety policy which outlines the approach in managing the Health and Safety within the ASEZCo offices. The requires of Health and Safety within the Zone, is managed within the Zone Management protocols, policies and procedures.

Company Secretary

The Companies Act provides that every state-owned company must appoint a person to serve as a company secretary. The ASEZCo appointed its Company Secretary on 11 October 2021.

The Company Secretary is accountable to the ASEZCo Board in terms of the Companies Act and its duties include the following:

- Providing the Board of directors with guidance on their duties, responsibilities, and powers.
- making the directors aware of any law relevant to or affecting the ASEZCo.
- Reporting to the Board of Directors of any failure on the part of the ASEZCo or a director to comply with the memorandum of incorporation of the ASEZCo, the Companies Act or any other applicable legislation.
- Ensuring that the minutes of all shareholders' meetings, board meetings and/or meetings of Board committees are properly recorded in accordance with the Companies Act.
- Certifying in the ASEZCo annual financial statement whether the Company has filed the required returns and notices in terms of the Companies Act and whether all such returns and notices appear to be true, correct and up to date.
- Ensuring that a copy of the ASEZCo annual financial statement is sent to them 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 of Director's decision making. The Company Secretary also ensures that information in respective Board meetings is sent to the directors timeously to enable them to acquaint themselves with the information and to consider the information 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.

Social Responsibility

The ASEZCo is dedicated to fostering sustainable change. Our approach involves developing initiatives that empower communities for the long-term, enabling them to become self-sustainable and productive. We continue to monitor our impact long after the project is completed, seeking ways to enhance effectiveness and fulfil our social responsibilities in Atlantis. 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. Instead, we collaborate with stakeholders, to design and implement, our programmes based on the philosophy that the responsible entities are moving from pure shareholder value to the practice of "shared values". We actively involve the local community and rely on local insights to achieve results.

Solar Water Geyser Project

According to the World Health Organization (WHO), water, sanitation and hygiene are key elements in fighting against the spread of disease. Guidelines suggest people frequently wash their hands with soap and water, and that they should disinfect surfaces as often as possible. Heath concerns have thus brought this to the forefront and has been identified as a worrying situation in water poor communities.

The Solar Water Geyser Project was thus conceived as an innovative solution to address these issues, whilst creating jobs for unemployed community members, provide skills training and contributing to South Africa's green economy goals of preserving and protecting our environment by using 100 percent recycled material in the construction of the geysers and components.

Nearly two years later the following objectives were achieved:

- Install 100 gravity-fed solar geysers in 100 dwellings in Atlantis and Pella Informal
- Settlements
- Provide access to warm / hot water
- Provide training for 2 young job seekers
- Provide employment opportunity for 1 technician to service and maintain the installed geyser
- Increase the sanitation and hygiene in households that receive the geyser

Food Security Programme

During the reporting period, the ASEZCo Food Security Programme was launched with a focus on addressing food security and environmental sustainability in the Atlantis community. The programme utilises education and skills training to uplift lives by providing access to skills and enterprise development, services and creating economic opportunities for the community members we serve.

Over a period of 6 months, the programme identified 21 beneficiaries who underwent training in various areas, including but not limited to soil management, farming operations, health and safety, contract management, and crop quality.

Due to the success and impact of the initial project a second phase will take place in the next financial year. The next phase is focused towards building a sustainable business model and ensuring economic resilience. Two of the beneficiaries from the initial training have been selected to participate in this phase and continue their journey towards self-sufficiency and long-term success.

Internship Programme

The Human Resources department is committed to societal progress through the upliftment and improving 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 aim is to recruit local interns and graduates from the community of Atlantis and surrounding areas and seeks to be the employer of choice by ensuring the company's values are developed by investing in individuals from the surrounding areas. The ASEZCo has an internship policy in place. Refer to Part D of the Annual Report on page 69.

Audit Committee Report

Please see page 79.

B-BBEE Compliance Performance Information

Table 11: B-BBEE Compliance Performance Information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) withregards to 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 forthe issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of anylaw?	No	The ASEZCo, does not perform such functions
Developing and implementing a preferential procurement policy?	Yes	Per ASEZCo approved SCM policy
Determining qualification criteriafor 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 2022/23 financial year

SCOPA Resolutions

Table 12: SCOPA Resolutions

SCOPA Resolution No.	Subject	Details	Response	Resolved (Yes/No)
26.3	26.3 Resolution Background Pages: 49 of the Annual Report.	The Committee notes the composition of the Accounting Authority of the Board in relation to community stakeholder network.	That the Entity briefs the Committee on the engagement and status of the community stakeholder network and how it impacts on its service delivery goals, including the value for money in terms of the expenditure on this line item of R301,458.	No, A meeting is scheduled for 30 August 2023 by the Public Accounts Committee.

PART D

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

Introduction

The Human Resources section aspires to provide exemplary support to both management and employees of the ASEZCo. The role of Human Resources within the ASEZCo context includes Recruitment & Selection, Talent Management & Retention, Employee Wellness, Performance Management and the Remuneration and Benefits function, supported by the Code of Conduct, a disciplinary approach, health and safety, employment equity and an internship approach.

As ASEZCo progresses along its growth path, transitioning from the establishment to the implementation phase, it encountered some capacity challenges, as evidenced in the staff turnover report. Notably, the departure of the former CEO added to these challenges. However, the ASEZCo Board, leadership, and human resources team diligently worked together to address these issues by filling in key vacancies.

The appointment of the new CEO, Matthew Cullinan, who had been acting in the position since September 2022, proved to be a successful move. Being an internal candidate, his appointment provided continuity.

The ASEZCo continues to place employee wellness at the core of the entity's existence. The wellness and knowledge-sharing sessions conducted throughout the year including team alignment sessions were well received by employees. The main objective of these workshops was to encourage staff members to share their insights on operational challenges within ASEZCo and provide feedback and suggestions on how to create a more conducive environment for all staff members to function effectively.

To support staff members in their personal financial planning, the financial fitness series has been ongoing. Specifically, workshops on Debt Management and Home Loan access were conducted and additional sessions are planned for the new financial year. The Employee Assistance Programme has seen some utilisation among the ASEZ staff members and employees are encouraged optimise this support system.

In order to fulfil the ASEZCo mandate and mission, the entity requires all employees to subscribe to a common set of values and behaviours that drive our conduct within the business environment, thus ensuring our success. The ASEZCo has an approved code of conduct and disciplinary approach and acknowledges its responsibility towards its employees to manage the workplace fairly and transparently, fostering the values and culture that the organisation upholds.

It is also a key value of the ASEZCo to take ownership and accountability, as we value a mature approach to working relationships in our organisation. The ASEZCo therefore recognises that it has a responsibility to its employees to manage the workplace in a fair and transparent manner, to enable the values and culture that the organisation subscribes to flourish. To this end, our disciplinary approach is to promote cooperation and understanding among all employees, ensuring discipline is administered in a fair, just, and consistent manner. Given the professional nature of the ASEZ, our ethos is to function as a cohesive team of competent individuals who exemplify professionalism in managing both our time and outputs, aligned with our personal and professional goals, and in accordance with the ASEZCo mandate. Behavioural matters pertaining to the 2022/23 financial year were adequately dealt with in promoting the safety and well-being of each individual employee but also for upholding the ASEZ's Code of Conduct and Standards. All employees have access to the Code of Conduct of the organisation and disciplinary processes and open communication is encouraged.

The ASEZCo is aware of the impact of past discrimination and believes that appropriate employment equity goals must be set, and measures must be taken to encourage the greater participation of Women, African, Asian and Coloured people at all levels of the organisation. The ASEZCo therefore, wherever practical, endeavours to adjust its demographic profile in order to reflect the region within which the ASEZCo operates and attracts its labour from by means of thorough and adequate representation of the designated groups in the region.

This approach is further embedded in the ASEZCo internship programme. For the 2022/23 financial year the ASEZCo successfully hosted five internships. These opportunities provided young professionals with valuable work experience and exposure within the various business units of the ASEZCo. The core aim of these internships is to develop young unemployed individuals while also bolstering the capacity of the business units. The internship program remains ongoing, and we are optimistic about its continued success.

Looking ahead

Although the 2022/23 financial year proved to be challenging in relation to staff retention, the ASEZCo will continue to implement initiatives to attract and retain its employees. As the ASEZCo moves from the establishment to implementation phase of its growth path, the focus over the next cycle will be to continue to fill in key positions with a particular emphasis on capacitating the infrastructure and zone operations areas of the business.

Human Resources Oversight Statistics

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Table 13: Personnel Cost

Programme/ activity/objective	TotalExpenditure for theentity (R'000)	Personnel Expenditure (R'000)	Personnelexp. as a % of total exp. (R'000)	No. ofemployees	Averagepersonnel cost per employee (R'000)
Operations	18,731	*10,206	54%	20	510
Administration	17,311	*7,261	42%	13	559

**excludes director fees and non-cash items*

PERSONNEL COST BY SALARY BAND

Table 14: Personnel Cost by Salary brand

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1,425	8%	1	1,425
Senior Management	6,310	36%	5	1,262
Professional qualified	4.734	27%	8	592
Skilled	2,830	16%	7	404
Semi-skilled	1,365	8%	4	341
Unskilled	176	1%	1	176
Temporary contracts	626	4%	7	89
TOTAL*	**17,467**	**100%**	**33**	**529**

**excludes directors fees and non-cash items*

PERFORMANCE REWARDS*

Table 15: Performance Rewards

Programme/activity/ objective	Performance rewards	Personnel Expenditure (R'000)	% Of performancerewards to total personnel cost (R'000)
Top Management	-	1,425	0%
Senior Management	-	6,310	0%
Professional qualified	-	4.734	0%
Skilled	-	2,830	0%
Semi-skilled	-	1,365	0%
Unskilled	-	176	0%
Temporary contracts	-	626	0%
TOTAL	**-**	**17,467**	**0%**

**no performance rewards were paid for the 2022/23 financial year*

TRAINING COSTS

Table 16: Training Costs

Programme/ activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expendituresa a % of Personnel Cost.	No. of employees trained	Avetraining cost per employee
Operations	10 206	21	0.2%	4	5
Administration	7 261	42	0.4%	4	10

EMPLOYMENT AND VACANCIES*

Table 17: Employment & Vacancies

Programme	2022/2023 No. ofEmployees	2022/2023 Approved Posts	2022/2023 Vacancies
Operations *	10	24	14
Administration	7	10	3

**excludes temporary operational contracts*

VACANCIES BY LEVEL

Table 18: Vacancies by level

.	2022/2023 No. ofEmployees#	2022/2023 Approved Posts	2022/2023 Vacancies
Top Management	0	1	1
Senior Management	3	6	3
Professional qualified	5	11	5
Skilled	4	9	5
Semi-skilled	4	6	3
Unskilled	1	1	0
TOTAL	**17**	**34**	**17**

 # excludes temporary and project roles

EMPLOYMENT CHANGES/TERMINATIONS

Table 19: Employment Changes

Salary band	Employment at beginning of period	Appointment	Terminations	Employment at end of period
Top Management	1	0	1	0
Senior Management	5	0	2	3
Professional qualified	6	2	3	5
Skilled	4	3*	1	6
Semi-skilled	4	0	0	4
Unskilled	1	0	0	1
Temporary contracts	4	6	3	7
TOTAL	**25**	**11**	**10**	**26**

*includes 2 project roles per 2023/24 organogram review

REASONS FOR STAFF LEAVING

Table 20: Reasons for Staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	8	80%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	2	20%
Total	**10**	**100%**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY

Table 21: Labour relations

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	4
Final Written warning	1
Dismissal	-

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

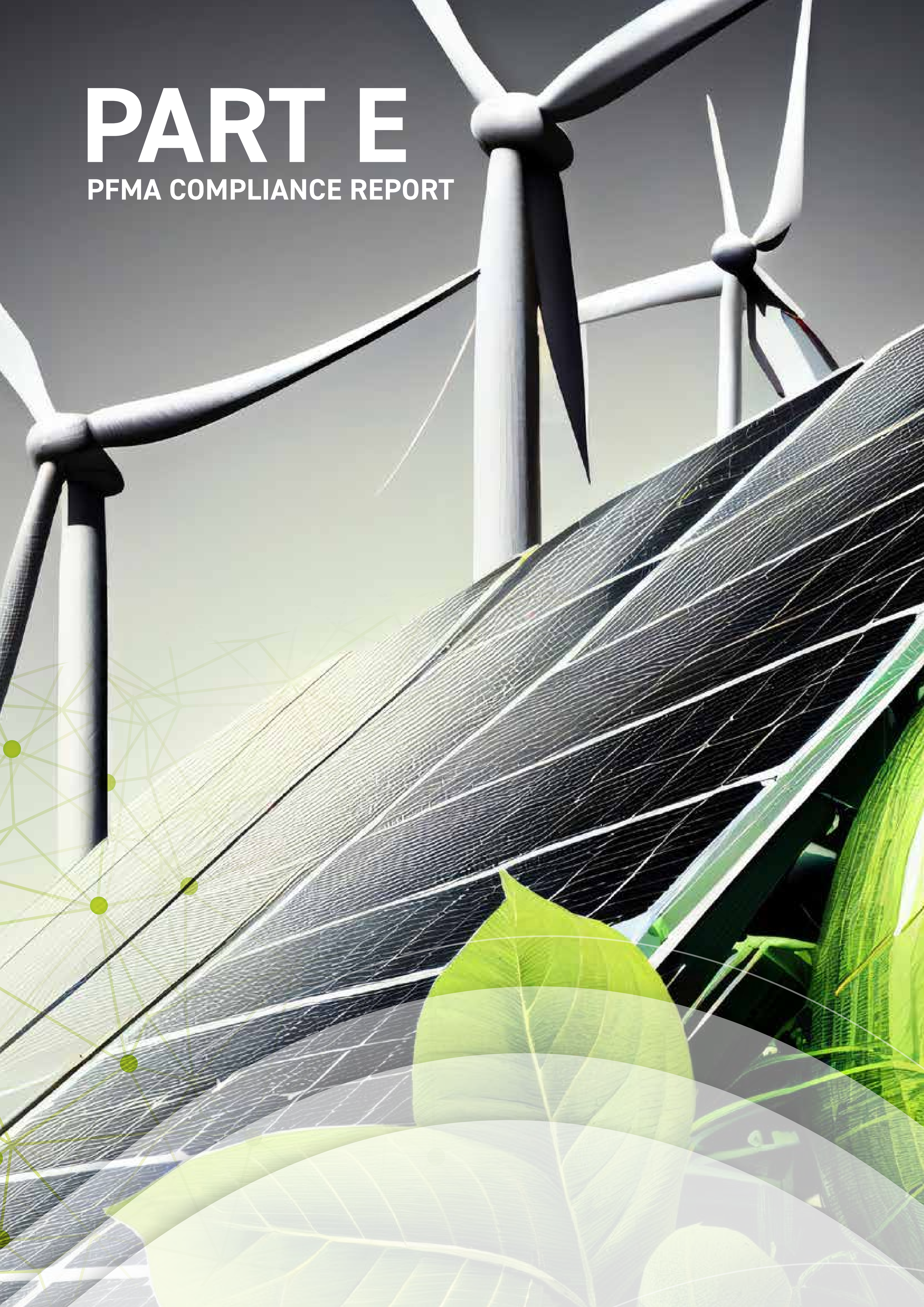
Table 22: Employment Equity

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	2	0
Professional Qualified	0	0	2	0	0	0	0	0
Skilled	1	0	1	0	0	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Temporary Contracts	2	0	0	0	0	0	0	0
Total	**3**	**0**	**3**	**0**	**0**	**0**	**2**	**0**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0
Professional Qualified	1	0	1	0	1	0	0	0
Skilled	1	0	2	0	0	0	1	0
Semi-Skilled	0	0	4	0	0	0	0	0
Unskilled	0	0	1	0	0	0	0	0
Temporary Contract	2	0	2	0	0	0	1	0
Total	**4**	**0**	**10**	**0**	**2**	**0**	**2**	**0**

ASEZ staff at the construction site of Zone 1.

PART E
PFMA COMPLIANCE REPORT



Irregular, Fruitless and Wasteful Expenditure and Material Losses

IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	0	0
Add: Irregular expenditure confirmed	24	0
Less: Irregular expenditure condoned	(24)	0
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 date of award. Disciplinary action was taken against those employees who caused the irregular expenditure*

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/2022	0	0
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0	0
Irregular expenditure for the current year	24	0
Total	24	0

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

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	0	0
Irregular expenditure under assessment	0	0
Less: Irregular expenditure under determination	0	0
Less: Irregular expenditure under investigation	0	0
Total	0	0

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	24	0
Total	24	0

R23,903 was condoned by Provincial Treasury on 31 March 2023

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

Description	2022/2023	2021/2022
	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	2022/2023	2021/2022
	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	2022/2023	2021/2022
	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)

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)

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.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

None identified for 2022/2023 and 2021/2022

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 2022/2023 and 2021/2022.

INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	610	36 948
Invoices paid within 30 days or agreed period	605	337
Invoices paid after 30 days or agreed period	5	8
Invoices older than 30 days or agreed period (*unpaid and without dispute*)		
Invoices older than 30 days or agreed period (*unpaid and in dispute*)		

The Reason for late payment was due to dispute with a supplier, however all payments relating 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

Project description	Number of suppliers	Type of procurement by other means	Contract threshold R'000	Number of suppliers	Value of contract R'000	Actual spend R'000
Marketing events, conferences, magazine publications, exhibitions	18 suppliers	Single Source	0 > 30 30 - 100 100 >	3 12 3	1 544	1 544
Insurance	2 suppliers	Single Source	0 - 30 30 > 100	1 1	104	103
Legal services	4 suppliers	Single Source	0 - 30 30 - 100 100 >	1 1 2	468	468
Training	5 suppliers	Single Source	0 > 30 30 - 100	2 3	177	177
ICT	6 suppliers	Single Source	0 > 30 30 - 100 100 >	2 2 2	724	724
Travel	1 supplier	Single Source	30 - 100	1	31	31
HR	3 suppliers	Single Source	0 > 30 100 >	2 1	148	148
Infrastructure	1 supplier	Single Source	30 - 100	1	86	86
Office Accommodation	2 suppliers	Single Source	100 +	2	1 536	98
Subscriptions and memberships	1 supplier	Single Source	0 - 30	1	8	8
Equipment rental	1 supplier	Single Source	0 - 30	1	4	4
Total					**4 829**	**3 392**

Project description	Number of suppliers	Type of procurement by other means	Number of suppliers per Contract threshold	Value of contract R'000	Actual spend R'000
Property purchase within the ASEZ Zones	1 supplier	Sole Source	> 100	9 200	9 200
Total				**9 200**	**9 200**

CONTRACT VARIATIONS AND EXPANSIONS

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
Human Resources	N/A	Variation	N/A	42	0	6
Infrastructure	N/A	Variation	N/A	3 132	0	467
Telephony	N/A	Variation	N/A	95	0	8
Total						**481**

PART F
FINANCIAL INFORMATION

Report of the Audit, IT & Risk Committee:

The Committee is pleased to present our report for the financial year ended 31 March 2023.

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 that we have not reviewed changes in accounting policies and practices.

RISK MANAGEMENT

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

THE EFFECTIVENESS OF INTERNAL CONTROL

The Committee considered the reports received from Internal Audit on the effectiveness of the entity's internal controls. Management action plans to address improvement areas have also been 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
- Popi Act Compliance
- Organisation wide policy review
- Investment policy/ commercial review
- Corporate Governance review
- Supply chain management
- Review of the AFS

In-Year Management and Monthly/Q**uarterly Report**

The Committee is satisfied with the quality and content of the quarterly reports prepared and issued by the entity for the 2022-23 financial year.

Evaluation of Financial Statements

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

Auditor's Report

The Committee reviewed

- Audited annual financial statements to be included in the annual report;
- AGSA management report and management's response; and
- Report of the Auditor-General for the year ended 31 March 2023.

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

Kenosi Selane
Chairperson of the Audit, IT & Risk Committee
Atlantis Special Economic Zone Company SOC Ltd
Date: 07 August 2023

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 91 to 135, which comprise the statement of financial position as at 31 March 2023, 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 2023 ,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.

OTHER MATTER

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

Unaudited irregular expenditure and fruitless and wasteful expenditure

7. On 23 December 2022 National Treasury issued Instruction Note No. 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a)and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not addressed no longer needs to be disclosed in either the annual report or the disclosure notes to the annual financial statements.

   Only the current year and prior year figures are disclosed in note 29 to the financial statements of the entity. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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.

REPORT ON 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 information against predetermined objectives for selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to programme 2: operations presented in the annual performance report for the year ended 31 March 2023. I selected 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 marketing plan
    - No. of MoAs signed with partners
    - No. of approved strategies for water, waste, and energy and associated updates
    - No. of funded projects initiated
    - No. of skills development initiatives supported
    - No. of enterprise development initiatives supported
    - No. of community empowerment initiatives supported
14. 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.
15. 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
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets linked directly to the 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 what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.
17. I did not identify any material findings on the reported performance information for the selected material performance indicators related to programme 2: operations.

OTHER MATTER

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

REPORT ON COMPLIANCE WITH LEGISLATION

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters,

financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

24. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected material performance indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.
26. 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 material performance indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If 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 is corrected this will not be necessary.
28. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Cape Town
8 August 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 selected material performance indicators 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.

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:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(3) Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b) Section 57(d) Section 66(3)(d); 66(5); 67
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Regulation 31.1.2(c) Regulation 31.2.5; 31.2.7(a) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a) Section 129(7)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1) Section 22(3)
CIDB Regulations	Regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations (PPR) of 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR of 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury (NT) Supply Chain Management (SCM) Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4 (c);4.4(d); 4.6 Paragraph 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1(iv); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a); 3.4(b); 3.9: 6.1;6.2;6.7
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
NT Instruction Note 5 of 2020/21	Paragraph 5.1 and 5.3

General Information

Country of incorporation and domicile	South Africa
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	Brand, Fredelaine Elna Cindy

Abbreviations

GRAP	Generally Recognised Accounting Practices
PFMA	Public Finance Management Act
SEZ	Special Economic Zone
IAS	International Accounting Standards
GRAP	Generally Recognised Accounting Practice
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
the dtic	Department of Trade, Industry and Competition
WCEDP	Western Cape Economic Development Partnerships
MERSETA	Manufacturing, Engineering and Related Services SETA

INDEX

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

Accounting Authority's Responsibilities and Approval

The accounting authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the 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 acknowledges 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 has reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, 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 & 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 page 80.

The annual financial statements set out on pages 91 to 135, which have been prepared on the going concern basis, were approved by the board of directors on 7 August 2023 and were signed on its behalf by:

Johnston, Jo-Ann Deidre
Chairperson of the Board

The accounting authority submit their report for the year ended 31 March 2023.

1. INCORPORATION

The entity was incorporated on 03 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 the 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 2023, the entity had an accumulated surplus of R 18 883 037 and that the entity's total assets exceed its liabilities by R 75 383 137.

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

As a newly established entity, 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	Appointed
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 91 to 135, which have been prepared on the going concern basis, were approved by the accounting authority on 7 August 2023 and were signed on its behalf by:

Johnston, Jo-Ann Deidre
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.

Brand, Fredelaine Elna Cindy Company Secretary

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Receivables from exchange transactions	3	1 267 186	277 334
Prepayments	4	476 796	574 732
Other financial assets	5	-	11 077 298
Cash and cash equivalents	6	95 189 510	120 000
Statutory receivables	7	626 477	55 218
		97 559 969	**12 104 582**
Non-Current Assets			
Property, plant and equipment	8	5 386 889	4 831 653
Intangible assets	9	55 742	137 097
Investment property	10	64 853 371	56 500 000
		70 296 002	**61 468 750**
Total Assets		**167 855 971**	**73 573 332**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	1 186 453	9 339 360
Operating lease liability	13	146 320	70 608
Employee benefit obligation	14	1 092 915	984 591
Unspent conditional grants and receipts	15&20	90 047 146	616 240
		92 472 834	**11 010 799**
Total Liabilities		**92 472 834**	**11 010 799**
Net Assets		**75 383 137**	**62 562 533**
Share capital / contributed capital	16	56 500 100	56 500 100
Accumulated surplus		18 883 037	6 062 433
Total Net Assets		**75 383 137**	**62 562 533**

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Interest received	17	3 173 056	419 910
Other revenue		21 458	374 910
Recoveries		48 289	-
Rental income		59 179	-
Total revenue from exchange transactions		**3 301 982**	**794 820**
Revenue from non-exchange transactions			
Transfer revenue			
Donations	19	-	34 550
Government grants & subsidies	20	45 560 803	34 764 682
Total revenue from non-exchange transactions		**45 560 803**	**34 799 232**
Total revenue	18	**48 862 785**	**35 594 052**
Expenditure			
Debt Impairment	21	-	198 408
Depreciation and amortisation	22	1 840 442	1 860 989
Employee related costs	23	17 868 496	17 930 197
General expenses	24	14 550 913	12 912 611
Impairment of other financial assets	25	506 943	-
Loss on disposal of assets and liabilities	8	75 902	32 966
Operating lease rental	26	1 199 486	968 283
Total expenditure		**36 042 182**	**33 903 454**
Surplus for the year		**12 820 603**	**1 690 598**

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Balance at 01 April 2021	**100**	**4 371 835**	**4 371 935**
Changes in net assets			
Surplus for the year	-	1 690 598	1 690 598
Issue of shares	56 500 000	-	56 500 000
Total changes	56 500 000	1 690 598	58 190 598
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 31 March 2023	**56 500 100**	**18 883 037**	**75 383 137**
Note(s)	16		

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Interest received		2 608 006	419 910
Rental & other income		(867 135)	374 910
Government grants & subsidies		134 991 709	35 380 921
		136 732 580	36 175 741
Payments			
Employee costs		(17 759 191)	(17 958 488)
Suppliers		(23 729 657)	(7 223 707)
Other cash item		11 077 298	(7 793 957)
		(30 411 550)	(32 976 152)
Net cash flows from operating activities	27	**106 321 030**	**3 199 589**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2 860 520)	(3 049 459)
Purchase of investment property	10	(8 391 000)	-
Purchase of other intangible assets	9	-	(30 130)
Net cash flows from investing activities		**(11 251 520)**	**(3 079 589)**
Net increase/(decrease) in cash and cash equivalents		**95 069 510**	**120 000**
Cash and cash equivalents at the beginning of the year		120 000	-
Effect of exchange rate movement on cash balances		-	-
Cash and cash equivalents at the end of the year	6	**95 189 510**	**120 000**

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.

1.1PRESENTATION CURRENCY

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

1.2GOING 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.

1.3MATERIALITY

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.

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 14 - 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 Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- 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 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;
- 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.

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.

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.

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 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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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.

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 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
- 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 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 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 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.

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.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 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 2023 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade debtors	341 071	-
Deposits	361 065	277 172
Accrued interest receivable	565 050	-
Sundry debtors	-	162
	1 267 186	**277 334**

Deposits relates to the office rentals for the entity in Atlantis and Century City and is refundable when the lease agreement expires and it's not renewed. The lease agreement with SARB was not renewed.

No interest receivable on deposit.

Trade debtors impaired

As of 31 March 2023, trade and other receivables of R - (2022: R 198 408) were impaired and provided for.

	2023	2022
The ageing of these receivables is as follows:		
Over 6 months	-	198 408
Reconciliation of provision for impairment of trade debtors		
Opening balance	198 408	-
Provision for impairment	-	198 408
	198 408	**198 408**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 21). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

4. PREPAYMENTS

Conveyancing fees	-	236 809
Rentals	14 500	86 389
Parking	-	34 499
Software	146 617	147 235
Utilities	-	32 070
IT Support	-	9 009
Subscriptions	-	28 721
WCA	315 679	-
	476 796	**574 732**

Prepayments consist mainly of operating leases, software and worksmen compensation. WCA was paid on the incorrect sector selection which was subsequently corrected.

5. OTHER FINANCIAL ASSETS

At amortised cost		
Wesgro	-	2 602 298
ASEZco obtained a bank account in the March 2022 and was no longer obligated to sign a Service Level Agreement (SLA) with Wesgro to access funds via Department of Economic Development and Tourism (DEDAT), refer to note 39.		
For the impairment on other financial assets refer to note 25.		
VAT payable ringfenced (Wesgro)	-	8 475 000
ASEZco was registered for VAT purposes on the 31 March 2022.		
	-	**11 077 298**

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2023	2022
Bank balances	95 181 057	120 000
Other cash and cash equivalents	8 453	-
	95 189 510	**120 000**

7. 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:

Value Added Tax	625 623	55 218
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.		
Skills Development Levy	854	-
	626 477	**55 218**

STATUTORY RECEIVABLES GENERAL INFORMATION

Determination of transaction amount

The current VAT rate is levied at 15%. The ASEZCo's VAT registration was effective from 31 March 2022. The amount of R 625 623 relates to vatable supplies during the current financial year.

8. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	629 080	(463 541)	165 539	2 805 549	(1 667 244)	1 138 305
Furniture and fixtures	1 164 145	(557 745)	606 400	1 269 774	(280 058)	989 716
Motor vehicles	1 115 426	(299 241)	816 185	1 115 426	(76 155)	1 039 271
Office equipment	1 180 051	(435 654)	744 397	952 111	(108 509)	843 602
Computer equipment	1 261 996	(961 307)	300 689	1 047 466	(625 381)	422 085
Infrastructure	2 753 679	-	2 753 679	398 674	-	398 674
Total	**8 104 377**	**(2 717 488)**	**5 386 889**	**7 589 000**	**(2 757 347)**	**4 831 653**

Reconciliation of property, plant and equipment - 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**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Work in progress	Other changes, movements	Depreciation	Total
Leasehold property	1 911 251	629 081	-	(356 630)	-	(1 045 397)	1 138 305
Furniture and fixtures	708 459	438 504	(848)	-	34 550	(190 949)	989 716
Motor vehicles	-	1 115 426	-	-	-	(76 155)	1 039 271
Office equipment	353 486	102 933	-	465 986	-	(78 803)	843 602
Computer equipment	561 460	255 485	(32 118)	-	-	(362 742)	422 085
Infrastructure	-	-	-	398 674	-	-	398 674
	3 534 656	**2 541 429**	**(32 966)**	**508 030**	**34 550**	**(1 754 046)**	**4 831 653**

Pledged as security

No assets were pledged as security.

RECONCILIATION OF WORK-IN-PROGRESS 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**

RECONCILIATION OF WORK-IN-PROGRESS 2022

	Leasehold property - Work in progress	Infrastructure - Work in progress	Office equipment - Work in progress	Total
Opening balance	356 630	-	-	356 630
Additions	-	398 674	465 986	864 660
Allocated to infrastructure	(356 630)	-	-	(356 630)
	-	**398 674**	**465 986**	**864 660**

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

	2023	2022
Repairs - Leasehold property	15 310	11 348

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.

9. INTANGIBLE ASSETS

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	338 161	(282 419)	55 742	338 161	(201 064)	137 097

Reconciliation of intangible assets - 2023

	Opening balance	VAT change in use	Amortisation	Total
Computer software	137 097	(17 882)	(63 473)	55 742

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	213 911	30 130	(106 944)	137 097

Pledged as security

No intangible assets were pledged as security.

10.INVESTMENT PROPERTY

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	64 891 000	(37 629)	64 853 371	56 500 000	-	56 500 000

Reconciliation of investment property - 2023

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

Reconciliation of investment property - 2022

	Opening balance	Other changes, movements	Total
Investment property	-	56 500 000	56 500 000

Pledged as security

No investment property has been pledged as security.

Details of property	2023	2022
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	13 284 790	13 284 790
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	23 180 908	23 180 908
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	20 034 302	20 034 302
Zone 4 (Building) Situated at 30 Charles Mathews Street, Atlantis Industrial, Erf 179 - Purchase price: 5 January 2023	8 079 190	-
Work in progress - Land : Work in progress	311 810	-

The investment properties include land made up of Zone 1, Zone 2 and Zone 3 which were acquired by means 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 determine 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.

11. CHANGE IN ESTIMATE

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

Motor vehicles 5 to 10 years, refer to accounting policy note 1.7.
Office equipment 5 to 10 years refer to accounting policy note 1.7.
Computer equipment 3 to 5 years refer to accounting policy note 1.7.
Computer software 3 to 5 years refer to accounting policy note 1.8.

	2023	Future years
Property, plant and equipment		
- Decrease in depreciation in current year	(91 931)	-
- Increase in depreciation in future periods	-	91 931
Intangible assets	-	-
- Decrease in amortisation current year	(49 247)	-
- Increase in amortisation in future periods	-	49 247
	(141 178)	**141 178**

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade payables	512 625	8 689 852
Employee deductions	32 385	-
Rental deposits	50 479	-
Accruals	590 964	649 508
	1 186 453	**9 339 360**

13. OPERATING LEASE LIABILITY (SMOOTHING)

Current liabilities	146 320	70 608
Operating lease liability		
Opening balance	70 608	51 771
Increase in liability	103 875	5 356
Decrease in liability	(28 163)	(14 282)
Tenant installation received as a reduction in rental expense	-	152 702
Tenant installation recognised over remaining lease term	-	(124 939)
	146 320	**70 608**

The operating lease 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 sattelite offices in Century City. Included in the above rentals are operating lease rentals at straight-lined amounts.

Refer to note 26 - Operating lease rental. Refer to note 28 - Commitments.

14. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Carrying value		
Leave pay	470 331	916 205
Employee remuneration provision	618 152	-
Directors and members remuneration	4 432	17 313
WCA provision	-	51 073
	1 092 915	**984 591**

	Opening balance	Additions	Paid out	Utilised during the year	Total
Reconciliation of employee benefits - March 2023					
Leave pay	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
WCA provision	51 073	-	(51 073)	-	-
	984 591	**1 998 994**	**(474 522)**	**(1 416 148)**	**1 092 915**
Reconciliation of employee benefits - March 2022					
Leave provision	981 742	532 009	(3 038)	(594 508)	916 205
Directors and members remuneration	31 140	54 840	(68 667)	-	17 313
WCA provision	-	51 073	-	-	51 073
	1 012 882	**637 922**	**(71 705)**	**(594 508)**	**984 591**

Leave provision - Staff was encouraged to utilise their leave during the financial year to reduce the leave provision liability.

Employee remuneration provision - A single once-off payment intended to address inflationary lag.

WCA provision - Provision raised for the compensation of employees injured or who contract diseases during the course of employment.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The ASEZCo received an additional two grants in the current year. The WCEDP grant was provided by the WCEDP to fund research within the ASEZCo. The MerSeta grant was provided by MerSeta for the funding of vocational programmes for students.

	2023	2022
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Grant DEDAT	2 683 894	-
Grant Merseta	392 389	506 240
Grant WCEDP	-	110 000
Grant dtic	86 766 461	-
Grant NBI	204 400	-
	90 047 144	**616 240**
Movement during the year		
Balance at the beginning of the year	616 240	-
Additions during the year	134 990 909	626 240
Income recognition during the year	(45 560 003)	(10 000)
	90 047 144	**616 240**

See note 20 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.

16. SHARE CAPITAL / CONTRIBUTED CAPITAL

	2023	2022
Authorised		
1000 No par value shares	-	-
Reconciliation of number of shares issued:		
Reported as at 01 April 2022	183	100
Issue of shares – ordinary shares	-	83
	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**

17. INTEREST REVENUE

	2023	2022
Interest revenue		
Interest received	3 173 056	419 910

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 3 173 056.

18. REVENUE

Other revenue	21 458	374 910
Rental income	59 179	-
Recoveries	48 289	-
Interest received	3 173 056	419 910
Government grants & subsidies	45 560 803	34 764 682
Donations	-	34 550
	48 862 785	**35 594 052**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other revenue	21 458	374 910
Rental income	59 179	-
Recoveries	48 289	-
Interest received	3 173 056	419 910
	3 301 982	**794 820**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	45 560 803	34 764 682
Donations	-	34 550
	45 560 803	**34 799 232**

19. DONATIONS

Donation from SAREBI	-	34 550

Donations in the prior year related to assets donated by SAREBI to the office in Atlantis.

20. GOVERNMENT GRANTS AND SUBSIDIES

	2023	2022
Operating grants		
Government grant - DEDAT	42 583 272	34 754 682
Grant - WCEDP	110 000	10 000
Grant - Merseta	113 850	-
	42 807 122	**34 764 682**
Capital grants		
Government grant - the dtic	2 753 681	-
	45 560 803	**34 764 682**
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	45 560 803	34 764 682
Unconditional grants received	-	-
	45 560 803	**34 764 682**
Government and other grants received		
Balance unspent at beginning of year	616 240	-
Current-year receipts	134 990 908	35 380 921
Interest received	3 173 056	419 910
Conditions met - transferred to revenue	(48 733 058)	(35 184 591)
	90 047 146	**616 240**

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

	2023	2022
Grant - DEDAT		
Current-year receipts	45 266 367	34 754 681
Interest received	1 555 274	419 910
Conditions met - transferred to revenue	(44 137 747)	(35 174 591)
	2 683 894	**-**

Current year receipts for DEDAT is R 34 071 304 (excl VAT) plus the unspent funds from prior year of R 11 195 963 which was held by Wesgro (agent) refer to note 5 & 39 , for the utilisation of operating costs, interest amounting to R 1 555 274 was earned on the allocation.

	2023	2022
Grant - MerSeta		
Balance unspent at beginning of year	506 240	-
Current-year receipts	-	506 240
Conditions met - transferred to revenue	(113 851)	-
	392 389	**506 240**

Conditions still to be met - remain liabilities (see note 15).

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 392 390 remain unspent at 31 March 2023.

	2023	2022
Grant - WCEDP		
Balance unspent at beginning of year	110 000	-
Current-year receipts	-	120 000
Conditions met - transferred to revenue	(110 000)	(10 000)
	-	**110 000**

Conditions still to be met - remain liabilities (see note 15).

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 - the dtic		
Current-year receipts	89 520 142	-
Interest received	1 617 783	-
Conditions met - transferred to revenue	(4 371 463)	-
	86 766 461	**-**

Conditions still to be met - remain liabilities (see note 15).

The dtic allocated R 89 520 142 (Excl VAT) for the Infrastructure of Zone 1 in Atlantis and for Quantum V3 top structure. Interest amounting to R 1 617 783 was earned on the allocation.

Grant - NBI		
Current-year receipts	204 400	-

NBI provided a grant of R 204 400 for the implementation of Business Development Support Services to SMME's based in Atlantis. Additional text

21. DEBT IMPAIRMENT

Debt impairment	-	198 408

The impairment relates to a long outstanding invoice for R198 408. Legal action has been taken against the customer. Refer to note 3.

22. DEPRECIATION AND AMORTISATION

	Notes	2023	2022
Property, plant and equipment	8	1 739 340	1 754 046
Intangible assets	9	63 473	106 943
Investment property	10	37 629	-
		1 840 442	**1 860 989**

23. EMPLOYEE RELATED COSTS

Basic	17 564 923	17 611 824
Medical aid	261 566	25 000
UIF	51 669	44 475
WCA	-	52 357
SDL	3 083	-
Leave pay provision charge	(361 422)	(62 499)
Cellphone allowance	196 400	204 200
Directors and members remuneration	152 277	54 840
	17 868 496	**17 930 197**
Remuneration of Chief Executive Officer (P Voges 1 April 2022 to 9 September 2022)		
Annual Remuneration	955 325	1 911 173
Contributions to UIF, Medical and Pension Funds	5 538	2 069
Other	6 000	14 400
	966 863	**1 927 642**
Remuneration of Chief Finance Officer (1 April 2022 to 31 March 2023)		
Annual Remuneration	1 773 872	1 722 157
Contributions to UIF, Medical and Pension Funds	12 961	2 069
Other	26 400	14 400
	1 813 233	**1 738 626**
Remuneration of Acting Chief Executive Officer (P M Cullinan 12 September 2022 to 31 March 2023)		
Annual Remuneration	1 203 660	-
Contributions to UIF, Medical and Pension Funds	7 600	-
Other	20 400	-
	1 231 660	**-**

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

24. GENERAL EXPENSES

	2023	2022
Advertising	4 090 474	1 542 959
Auditors remuneration	2 124 884	1 485 189
Bank charges	1 046	2 070
Catering	314 148	130 743
Cleaning	49 829	80 073
Community skills & development programs	2 077 311	2 821 096
Computer expenses	71 817	57 058
Consulting and professional fees	3 127 518	3 447 557
Fuel and oil	46 198	18 030
Hire	63 505	22 700
IT expenses	930 145	603 088
Insurance	90 333	58 673
Legal fees	322 320	351 727
Parking	169 840	336 466
Placement fees	34 793	507 469
Postage and courier	2 900	1 640
Printing and stationery	66 750	65 765
Repairs and maintenance	15 310	11 348
Security (Guarding of municipal property)	49 565	-
Shared services	-	626 609
Staff welfare	69 807	166 345
Subscriptions and membership fees	43 585	60 805
Telephone and fax	68 129	61 841
Travel - local	258 674	61 046
Travel - overseas	118 952	70 557
Utilities	343 080	321 757
	14 550 913	**12 912 611**

Advertising cost - Cost increase relates to Website development, recruitment, tenders, RFQ's that relates to the marketing thereof and marketing campaigns.

Catering - Increase in catering is as a result of catering supplied to skills development programs hosted.

Community Skills and development program - Includes community stakeholder network expenditure for the facilitation of a network of members duly represented by indivuals of the community previously seperately disclosed as R 301 458 in the prior year. Supplier development programme previously disclosed at R 2 442 555 and Community skills development previously disclosed as R 77 082 which is aimed at addressing the skills shortages identified in the community.

IT expenses - Increase relates to the establishing of in-house IT services. Shared services - Shared service agreement with Wesgro was terminated.

25. IMPAIRMENT OF OTHER FINANCIAL ASSET

	2023	2022
Other financial assets		
Other financial assets (Designated as at cost through P&L)	506 943	-

26. LEASE RENTALS ON OPERATING LEASE

Premises: Contractual amounts	1 047 942	824 409
Equipment: Contractual amounts	151 544	143 874
	1 199 486	**968 283**

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 1-year period.

27. CASH GENERATED FROM OPERATIONS

	Notes	2023	2022
Surplus		12 820 603	1 690 598
Adjustments for:			
Depreciation and amortisation	22	1 840 442	1 860 989
Loss on disposal of assets and liabilities	8	75 902	32 966
Impairment of other financial assets		506 943	-
Debt impairment	21	-	198 408
Movements in operating lease assets and accruals	13	75 712	18 837
Movements in employee benefits obligation	14	109 305	(28 291)
Donations	19	-	(34 550)
Changes in working capital:			
Receivables from exchange transactions	3	(989 851)	(405 448)
Debt impairment provision	21	-	198 408
Statutory receivables	7	(571 259)	(55 218)
Prepayments	4	97 936	(220 065)
Payables from exchange transactions	12	(8 152 907)	7 120 672
Unspent conditional grants and receipts	15	89 430 906	616 240
Movement in other financial asset	5	11 077 298	(7 793 957)
		106 321 030	**3 199 589**

28. COMMITMENTS

Authorised capital expenditure

	2023	2022
Already contracted for but not provided for		
Property, plant and equipment	74 120 583	3 042 419
Total capital commitments		
Already contracted for but not provided for	74 120 583	3 042 419
Total commitments		
Authorised capital expenditure	74 120 583	3 042 419

The current year capital commitments include open orders for the design work and construction of civil infrastructure in Zone 1 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	711 268	911 057
- in second to fifth year inclusive	1 314 430	235 935
	2 025 698	**1 146 992**

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.

29. CONTINGENCIES

Contingent liabilities

No contingent liabilities identified.

Contingent assets

No contingent assets were identified.

30. RELATED PARTIES

Relationships	
Shareholders 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	Voges, Pierre (Resigned 9 September 2022); Cullinan, Patrick Matthew (Acting CEO); Saib, Waheeda; Brand, Fredelaine Elna Cindy
Entities within same economic portfolio	Western Cape Tourism, Trade and Investment Agency Free Port Saldanha Industrial Development Zone

The detail of the remuneration of the members of key management and non-executive directors is included in note 23 and 31 to the financial statements.

Related party balances		
Loan accounts: Owing (to) by related parties		
- Western Cape Tourism, Development, Promotion Agency	-	11 077 298
Amounts included in Unspent conditional grant		
- Department of Economic Development & Tourism	2 683 894	-
Related party transactions		
Shared services		
- Western Cape Tourism, Development and Promotion Agency	-	626 609
Grants received: Revenue recognised		
- Department of Economic Development and Tourism	42 582 473	34 754 681
Grants received: Transfer payment received		
- Department of Economic Development and Tourism	34 071 304	-
Interest received		
- Department of Economic Development and Tourism	1 555 274	419 910

31. DIRECTORS AND MEMBERS REMUNERATION

Board meeting fees (fees for attending board meetings)

	Members' fees	Total
2023		
Roman, Leon Jonathan	13 031	13 031
Selane, Kenosi Pearl Louisa	13 848	13 848
Jullies, Marshall Julian	17 376	17 376
Fakir, Mohamed Saliem	13 032	13 032
	57 287	**57 287**
2022		
Roman, Leon Jonathan	(1 542)	(1 542)
Selane, Kenosi Pearl Louisa	10 551	10 551
Jullies, Marshall Julian	4 749	4 749
	13 758	**13 758**

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)

	Members' fees	Total
2023		
Selane, Kenosi Pearl Louisa	24 930	24 930
Bartes, Ian	18 884	18 884
Slack, Paul	21 582	21 582
Roman, Leon Jonathan	17 580	17 580
Jullies, Marshall Julian	6 621	6 621
Human, Andre	5 396	5 396
	94 993	**94 993**
2022		
Selane, Kenosi Pearl Louisa	11 883	11 883
Bartes, Ian	9 153	9 153
Slack, Paul	7 845	7 845
Roman, Leon Jonathan	11 121	11 121
Jullies, Marshall Julian	1 080	1 080
	41 082	**41 082**

A portion of the member fees for the current year were not paid but provided for to the amount of R 4 432. Refer to note 14 - Employee benefit obligation.

32. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	Notes	At amortised cost	Total
2023			
Financial assets			
Other financial assets	5	-	-
Trade and other receivables from exchange transactions	3	1 267 185	1 267 185
Cash and cash equivalents	6	95 189 510	95 189 510
		96 456 695	**96 456 695**
Financial liabilities			
Trade and other payables from exchange transactions	12	1 186 448	1 186 448
2022			
Financial assets			
Other financial assets		11 077 298	11 077 298
Trade and other receivables from exchange transactions		277 334	277 334
Cash and cash equivalents		120 000	120 000
		11 474 632	**11 474 632**
Financial liabilities			
Trade and other payables from exchange transactions		9 339 361	9 339 361

33. OPERATING SURPLUS

	2023	2022
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
Contractual amounts	1 047 942	824 409
Equipment		
Contractual amounts	151 544	143 874
	1 199 486	**968 283**
Loss on sale of property, plant and equipment	75 902	32 966
Amortisation on intangible assets	63 473	106 943
Depreciation on property, plant and equipment	1 739 340	1 754 046
Depreciation on investment property	37 629	-
Employee costs	17 868 496	17 930 197

34. AUDITORS' REMUNERATION

	2023	2022
Fees	2 124 884	1 485 189

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.

35. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity's activities expose it 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 2023			
Trade and other payables	1 186 448	-	-
At 31 March 2022			
Trade and other payables	629 446	234 911	8 475 000

CREDIT RISK

The entity only deposits cash with major banks with high quality credit standing. No cash and cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the 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 quaity and the credit risk pertaining to these instirutions 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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	95 189 510	120 000
Other financial assets	-	11 077 298
Receivables from exchange transactions	1 267 185	277 334

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 cas flow interest rate risk.

At 31 March 2023 the weighted average interest rates was 5,46% and cash and cash equivalent balance is R 95 189 510.

36. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R 18 883 037 and that the entity's total assets exceed its liabilities by R 75 383 137.

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 the dtic for the civil infrastructure works at Zone 1 and top structure for Quantum V3. 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.

37. 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.

Aggregated segments

The entity operates throughout the Western Cape. Segments were aggregated on the basis of management functions.

Segment surplus or deficit

	Administration	Operations	Total
2023			
Revenue			
Interest received	1 555 273	1 617 783	3 173 056
Other revenue	21 458	-	21 458
Recoveries	48 289	-	48 289
Rental income	59 179	-	59 179
Government grants and subsidies	21 145 673	24 415 130	45 560 803
Total segment revenue	**22 829 872**	**26 032 913**	**48 862 785**
Entity's revenue			**48 862 785**
Expenditure			
Depreciation and amortisation	1 840 442	-	1 840 442
Employee related cost	7 614 499	10 253 997	17 868 496
General expenses	6 384 140	8 166 773	14 550 913
Impairment of financial assets	506 943	-	506 943
Loss on disposals of assets and liabilities	75 902	-	75 902
Operating lease rentals	889 680	309 806	1 199 486
Total segment expenditure	**17 311 606**	**18 730 576**	**36 042 182**
Total segmental surplus			**12 820 603**
2022			
Revenue			
Interest income	419 910	-	419 910
Other revenue	374 910	-	374 910
Donations	34 550	-	34 550
Government grant and subsidies	16 308 924	18 455 758	34 764 682
Total segment revenue	**17 138 294**	**18 455 758**	**35 594 052**
Entity's revenue			**35 594 052**
Expenditure			
Debt impairment	198 408	-	198 408
Depreciation	1 860 990	-	1 860 990
Employee related cost	6 420 260	11 509 937	17 930 197
General expenses	5 966 789	6 945 820	12 912 609
Loss on disposal of assets & liabilities	32 966	-	32 966
Operating lease rental	968 283	-	968 283
Total segment expenditure	**15 447 696**	**18 455 757**	**33 903 453**
Total segmental surplus/(deficit)			**1 690 599**

38. IRREGULAR EXPENDITURE

Incidents/cases identified in the current year include those listed below:

	2023	2022
Disciplinary steps taken		
Irregular expenditure confirmed & condoned		
Service providers non-tax compliant.		
Disciplinary actions were taken against employees.	23 903	-

39. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity was a party to a principal-agent arrangement(s)

Parties to this arrangement were ASEZCo (principal) and WESGRO (agent).

ENTITY AS PRINCIPAL

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The ASEZCo Board had applied via the Western Cape Department of Economic Development and Tourism (DEDAT) and Provincial Treasury to National Treasury to be listed as a public entity. The entity was officially listed on 15 December 2021 as a Provincial Government Business Enterprise by the National Minister of Finance. The entity has since opened a bank account. However before this, the entity was unable to obtain a bank account in the name of the ASEZCo. In order to receive funding and make any payments, the ASEZCo had signed a Service Level Agreement (SLA) with Wesgro (Western Cape Tourism Trade & Investment Promotion Agency) to use its bank account. The ASEZCo paid Wesgro 1% of the funds received for this service for the 2022 financial year.

This relationship concluded when ASEZCo received it's own funding from the Department of Economic Development and Tourism on the 1 July 2022, the balance of R 2 624 609 was transferred to ASEZCo in November 2022 to settle the outstanding commitment.

For the 2022 financial year WESGRO receives 1% of amount received for overhead costs associated with receiving and managing funds on behalf of the ASEZCo. Refer to note 24 General expenses - Shared services

No fees were paid for the 2023 financial year as no funds were received by Wesgro on behalf of ASEZco.

40. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

One of the many graduation programmes run by the ASEZ.

One of the many roadshows hosted by the ASEZCo for information sharing to local Atlantis SMMEs.


JCB

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