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- SUBMISSION TO : SCTIE Board of Directors**
- DATE : 22 May 2025**
- 1. ITEM/SUBJECT Final Draft Budget 2025/2026**
- 2. PURPOSE For Approval**
- 3. BACKGROUND AND RATIONALE**

The first Draft Budget 2025 (150 days prior to start of the financial year) was presented and **approved**, on the 16 January 2025 by the Board of Directors to ensure that section 87 of the MFMA was met. On the 20 March 2025 (100 days before the start of the financial year), the Board approved the 2026 Draft Budget, which was thereafter submitted to the Parent Municipality as required, for consultation. At the SCTIE Strategic review session, the draft budget was presented to stakeholders of consultation and input.

Presented herewith is the Final Draft Budget 2026:

Column A = Original Budget 2025

Column B = Adjustment Budget 2025 – Approved 16 January 2025

Column C = Draft budget 2025/2026 – (100 days) for Approved 20 March 2025

Column D = Final Draft Budget 2025/2026

MTREF 2027-2028

4. Final Draft Budget: 2025/2026
4.1. Municipal Grant revenue

Municipality	DORA figures, 2026	% as per funding model	Annual Grant 2026	add VAT (15%)	Total 2026
Grant Allocations - Umdoni Local Municipality	182 765 000	1.20%	2 193 180.00	328 977.00	2 522 157.00
Grant Allocation - Umzumbe Local Municipality	169 550 000	1.20%	2 034 600.00	305 190.00	2 339 790.00
Grant Allocation - Umuziwabantu Municipality	122 960 000	1.20%	1 475 520.00	221 328.00	1 696 848.00
Grant Allocation - Ray Nkonyeni Municipality	308 440 000	1.20%	3 701 280.00	555 192.00	4 256 472.00
Grant Allocation - Ugu District Municipality	706 648 000	2.40%	16 959 552.00	2 543 932.80	19 503 484.80
			26 364 132.00	3 954 619.80	30 318 751.80

This is based on the DORA figures currently published in Gazette 52061 of 7 February 2025, as per the approved funding model.

It is to be noted, that to date, Ugu District Municipality, has yet to settle the 2023 / 2024 or met any of the grant committed as per the revised resolution at 2.4%, or the Mid Term Adjustment budget amount of R8 400 000.00.

Furthermore, Ugu District Municipality only signed a (3) three-year Service Level Agreement, which ends 30 June 2025. At the discussion with Ugu Management on the 16

January 2025, it was agreed that Ms. Rankin would prepare the new Service level Agreement. The draft was received and commented on, however is yet to be finalized.

4.2. Own Revenue

SCTIE currently relies on own revenue generated via:

4.2.1. Membership fees,

The Current membership fee for the 2025/2026 year is to remain at R575.00 (inclusive of VAT at 15%)

In terms of membership fees, whilst these could generate more income, we have assessed the decline in tourism membership over the last few years and found the following:



The Current membership fee for the 2025/2026 year is to remain at R575.00 (inclusive of VAT at 15%)

4.2.2. Ifafa Farm rental – Cane crop

In terms of the Ifafa Farm, a month-to-month lease is in place with the original tenants – Lancelot Estates. The Board have previously resolved not to enter into a long-term lease with the tenant subject to the development of the property into an Industrial Park.

The following represents the rental income received over the last 4 years.

4.2.3. Interest earned from favorable bank balances, Call Account and Primary Account – Standard Bank

Subject to varying balances and fluctuations in the interest rates, this is kept in a daily call account.

4.3. Other Project Management fees

4.3.1. National Skills Fund

At the date of preparing the draft budget, we have yet to have any confirmation from the NSF relating to the re-instatement of the R96 000 000 award for training. This has therefore not been included, and no project management fees have been included.

4.3.2. Other

The CEO is actively applying for project funding, however this has yet to be concluded.

SCTIE remains heavily reliant on the Municipal Grants for both operational and projects which it undertakes.

Expenditure:

4.3.3. Non-Executive Directors remuneration : R1 024 586

Currently, Non-Executive Directors are remunerated following the: 2022 Remuneration levels: Service Benefit packages for office-bearers of certain statutory and other institutions, as signed 12 January 2023.

On checking with National Treasury, this document remains the current version, and there have also been no cost-of-living adjustments made by the Minister of Finance.

Non-Executive Directors fees are based on the following:

Position	Annual Stipend	Meeting fee	Prep fee
Chairman	56 016	4 446	1 668
Deputy Chair	49 032	3 892	1 458
Directors (3)	33 995	2 698	1 011

Following on the discussions at Board, a provision has been made in the budget for Board fees payable for the Board Committees.

Provision has been made for the following 2 Committees, on which two directors will be appointed:

- i) Marketing & Projects Committee
- ii) Finance & Corporate Services Committee

4.3.4. Employee costs : R8 628 591

Whilst our staff joined NEHAWU (September 2024), we have yet to recognize the union.

For the purposes of this budget, employee increases have been based on the Salary and Wages Collective Agreement 2024 - 2029, signed in September 2024 between SALGA, SAMWU and IMATU, ends 30 June 2029.

A 5% increase; based on CPI (Feb 2024- Jan 2025 being) 4.25% plus 0.75% as per the Wage Collective Agreement, has been budgeted for employees, further to this, a salary equalization has also been provided for, moving towards district leveling.

The Section 57 employees' salaries have also been adjusted to equate to the salary scales being implemented by the Ugu District on a GM level.

This Employee Costs includes a position for PMU Co-Ordinator.

A provision for 3 Interns / Graduates has been budgeted for based on a monthly stipend of R 3 500.00. These will be ideal to assist in functions of the One Stop Shop, Project support and Marketing support.

4.3.5. Operational expenditure: R3 404 037

These have been reviewed and estimated percentages allocated

The provision of approximately R365 000 for IT software licenses for SAGE & Payday have been removed, as we are not in a position to pay for this software.

4.3.6. Investment: Facilitation, Marketing & Promotion: R6 303 808

Budgets have been assigned to the KPI's. The attached Draft Annual Performance Plan, is indicative of the various current projects with an estimated budget spend.

4.3.7. Tourism: Facilitation, Marketing & Promotion: R6 029 352

Budgets have been assigned to the KPI's. The attached Draft Annual Performance Plan, is indicative of the various current projects with an estimated budget spend.

4.3.8. Stakeholder Relations: R394 314

Budgets have been assigned to the KPI's. The attached Draft Annual Performance Plan, is indicative of the various current projects with an estimated budget spend.

4.3.9. Capital Budget: R894 000

This has increased due to the anticipation of having to replace one of the company vehicles during the year.

Budget summation:

Budget 2025: 22 May 2025	A	B	C	D	E	F	G	MTREF	
Expenditure	Original Budget 2025	Adjustment Budget 2025	Draft Budget - 2026: 20 March 2025	Draft Budget - 2026: 22 May 2025	Increase / (Decrease) - Original Budget 2026	Increase / (Decrease) - Draft Budget (Mar 2025)	Percentage of Overall Budget	2027	2028
Municipal Grants	25 374 468	17 761 404	26 364 132	26 364 132	4%	0%	98%	27 682 339	29 066 456
Own Revenue	306 285	303 873	332 070	332 070	8%	0%	1%	348 674	366 107
Interest	125 920	125 920	132 216	132 216	5%	0%	0%	138 827	145 768
	25 806 673	18 191 197	26 828 418	26 828 418	4%	47%	100%	28 169 839	29 578 331
Percentage Own Revenue : Municipal Grant	2%	2%	2%	2%					
Expenditure									
Directors remuneration & costs	1 314 934	818 858	857 754	1 024 586	-22%	20%	4%	1 075 815	1 129 606
Employee remuneration & costs	8 653 210	6 947 294	8 000 094	8 850 319	2%	12%	33%	9 292 835	9 757 476
Interns & Graduates				139 230		100%		146 192	153 501
Operational expenditure	3 323 247	2 988 525	3 909 272	3 405 722	2%	-17%	13%	3 576 008	3 754 809
Projects :							0%		
- Investment: Facilitation, Marketing & Promotion	5 834 709	3 826 455	6 277 001	6 250 589	7%	-1%	23%	6 563 118	6 891 274
- Tourism: Facilitation, Marketing & Promotion	6 315 573	3 326 097	6 640 702	5 905 269	-6%	-22%	22%	6 200 533	6 510 559
- Stakeholder Relations	150 000	169 267	249 595	358 703	139%	64%	1%	376 638	395 470
Capital Expenditure	215 000	114 702	894 000	894 000	316%	0%	3%	938 700	985 635
	25 806 673	18 191 197	26 828 418	26 828 418	4%	0%	100%	28 169 839	29 578 331

5. LEGAL/STATUTORY IMPLICATIONS

MFMA requirement.

6. FINANCIAL IMPLICATIONS

Due to the pressures on both the company and the parent municipality, management have reduced budget wherever possible.

This budget remains dependent on the grants being **received** from both the Local and Parent Municipalities.

7. RECOMMENDATIONS

That the Board of Directors, APPROVES the Final Draft 2026 Budget in the amount of R26 828 418.00, to be submitted to the Ugu District Municipality.



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DR VUSUMUZI SIBIYA
Chief Executive Officer

Date: 20 May 2025