



South Coast Tourism & Investment Enterprise SOC (RF)

**Address** 16 Bisset Street, Port Shepstone,  
4240, KwaZulu-Natal, South Africa

**Phone** +27 39 682 7944

**Facsimile** +27 39 682 1034

**Email** info@sctie.co.za

**WWW.SCTIE.CO.ZA**

**WWW.INVESTKZNSOUTHCOAST.CO.ZA**



**WWW.VISITKZNSOUTHCOAST.CO.ZA**

# SOUTH COAST TOURISM & INVESTMENT ENTERPRISE

## STRATEGIC PLAN DOCUMENT 2024 – 2029

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South Coast Tourism & Investment Enterprise SOC (RF) • Company Registration Number: 2016/158 371/30 • Vat Number: 408 027 3974

Board of Directors

- Mr SC Dlomo (Board Chairperson) • Ms NV Masito (Deputy Chairperson) •
- Mr LG Yeni (Board Member) • Dr KH Godlwana (Board Member) • Mr HTH Sabela (Board Member) •



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## TABLE OF ACRONYMS

CATHSSETA	: Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority
CTO	: Certified Tourism Authority
DORA	: Division of Revenue Act
DDM	: District Development Model
DM	: District Municipality
ESB	: Eastern SeaBoard
GDP	: Gross Domestic Product
GDPR	: Gross Domestic Product in Rand Value
GFCF	: Gross Fixed Capital Formation
GRAP	: Generally Recognised Accounting Practice
GVA	: Gross Value Added
ICT	: Information Communication Technology
IDP	: Integrated Development Plan
IGR	: Intergovernmental Relations
KPI	: Key Performance Indicator
KZN	: KwaZulu-Natal
KZNPPC	: KwaZulu-Natal Provincial Planning Commission
LED	: Local Economic Development
LGSETA	: Local Government Sector Education and Training Authority
LM	: Local Municipality
MFMA	: Municipal Finance Management Act
MSA	: Municipal Systems Act
MTREF	: Medium Term Revenue and Expenditure Framework
NDP	: National Development Plan
NSDF	: National Spatial Development Framework
NTSS	: National Tourism Sector Strategy
PGDS	: Provincial Growth and Development Strategy
PSC	: Project Steering Committee
PPP's	: Public Private Partnerships
RNM	: Ray Nkonyeni Municipality
RSDF	: Regional Spatial Development Framework

SARS	: South African Revenue Services
SAT	: South African Tourism
SCTIE	: South Coast Tourism and Investments Enterprise
SLA	: Service Level Agreement
SME	: Small and Medium Enterprises
TIKZN	: Trade Investments KwaZulu-Natal
UIF	: Unemployment Insurance Fund
USCDA	: Ugu South Coast Development Agency
USCT	: Ugu South Coast Tourism
VAT	: Value Added Tax
WCA	: Workman Compensation Act

## Executive Summary

The South Coast Tourism and Investment Enterprise (SCTIE), is a Special Purpose Vehicle (SPV) established in terms of Chapter 10 of the Local Government Municipal Finance Management Act, No 56 of 2003, by Ugu District Municipality: - the Parent Municipality, on behalf of the family of Local Municipalities in the District. SCTIE serves as an investment arm for the Ugu District and was established to provide investment and tourism services to all municipalities within the Ugu family of municipalities.

Ugu District Municipality through its Integrated Development Plan (IDP) (2023/24 Review), One District One Plan 2023, Ugu Local Economic Development Framework: Strategy and Plan 2022-2032 and Social Compact 2024 aims to maximise both public and private sector investment in the district economy. The district acknowledges the importance of strengthening intergovernmental relations, with all spheres of government, so that the IDP and other relevant plan objectives become a reality. Whereas most of the district's efforts goes to other spheres of government, SCTIE was largely established to develop even stronger relations with the private sector, in order to secure private sector investments.

The five-year period (2024-2029) to be covered by this plan, comes on the heels of the worst economic performance in the 30 years of South Africa's democratic rule, to a large extent as a result of the COVID-19 pandemic. The effects of lockdown and travel restrictions, resulted in the Ugu economy experiencing its sharpest economic decline in years, as a result of what was a complete shutdown of its dominant economic sector: the tourism sector.

### *Transforming the District Economy*

The thrust of this strategic plan therefore is to position SCTIE, to assist<sup>1</sup> the District and the entire family of Ugu Municipalities, to transform the district economy from being over-reliant on the tourism sector by unlocking the potential in other sectors to diversify and grow them: through promoting, facilitating and enabling investment strategically in targeted sectors and targeted areas. The challenges facing Ugu District and the proposed interventions, very much materially coincide with the National Development Plan (NDP)'s common vision and the levers of the National Development Plan (NDP), as outlined below.

South Coast Tourism & Investment Enterprise is also the Official Community Tourism Organisation (CTO) within the Ugu District.

Enterprises whose primary objective is to provide services and facilities to tourists in KZN, must register with EDTEA. This registration is mandatory in terms of regulations promulgated on 13 May 2004, section 32(f) and (i) of the KZN Tourism Amendment Act, 2002.

As part of this registration with EDTEA, registration with the local CTO is mandatory.

#### ▪ **Inclusive Growth Lever**

- ✓ Employment and income growth,
- ✓ Employment diversification,
- ✓ Decrease resource dependencies and reliance on raw materials export,
- ✓ Transition to low carbon economy,
- ✓ Inclusive rural economies: agriculture, value-add processing, tourism and mining, and

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<sup>1</sup> "Assist": the district and local municipalities through SCTIE doing its "share of work" to grow an inclusive economy: - in accordance with the defined roles and responsibilities of various stakeholders within the economic space.

- ✓ Supportive infrastructure: water, energy, movement (transportation of goods, services and people) and ICT.
- **Capacity of People**
  - ✓ Education and skills development,
  - ✓ Health, access to services and food security
  - ✓ Social protection for lifecycle risks and
  - ✓ Settlements, normative principles of spatial justice, sustainability, resilience, quality and efficiency.
- **Sustainable Resource Base**
  - ✓ Protection and conservation of the environment, and
  - ✓ Water, energy and productive land.

In the process of unpacking the SCTIE mandate and in order to deliver on its mandate, of marketing, promoting, attracting, facilitating and enabling investment with the aim of contributing towards growing and transforming the local economy, into an inclusive, diversified economy, the SCTIE formulated the following as its vision:-

***“By 2036 the South Coast will be KwaZulu-Natal’s Leading Investment and Tourism Destination.”***

### ***Ugu Economic Recovery Trajectory and Economic Targets***

The district was one, if not the most affected district in the province in terms of economy contraction, by COVID-19<sup>2</sup>. This contraction may be explained partly by the district’s sectoral dominance of tourism and trade and the pandemic’s severe negative impact in these sectors. In reaction COVID-19 Economic Recovery Plans were developed nationally, provincially and at district-levels throughout South Africa. The Ugu District developed a “Post-Covid Economic Strategy: 2020”, which was successfully implemented and coordinated through the Ugu District Development Model Structure: Economic and Infrastructure Development Cluster.

Despite the economy showing signs of recovery in 2021<sup>3</sup>, the July 2021 social unrest and the locally experienced flooding in March 2022, together with the global Ukraine-Russia war and related disruptions negatively impacted the economic recovery<sup>4</sup> and the relevance of the existing strategy was then reviewed. In 2022 the Ugu Local Economic Development Framework: Strategy and Plan (2022-2032) was therefore developed. This framework includes: a state of the district economy and the setting of economic targets for a five-and ten-year period together with strategies to achieve the targets. Annually the state of the district economy is reviewed and strategies therefore reviewed accordingly if the economic targets are not being achieved. The strategic drivers and thrusts of the framework are aligned to the National LED Framework (2018) of:

- ✓ Enabling and Facilitating Investment;
- ✓ Developing an Inclusive Economy;
- ✓ Building a Diverse and Innovative Economy;
- ✓ Enterprise Development and Support;
- ✓ Developing Learning and Skilful economy; and
- ✓ Improving Economic Governance and Infrastructure.

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<sup>2</sup> Ugu Economy contracted in 2020: -5.1%

<sup>3</sup> Ugu Economy grew by 3.8% in 2021 therefore showing signs of rapid recovery.

<sup>4</sup> Ugu Economy grew by 1.2% in 2022 so it slowed down substantially from 2021.



The Ugu Local Economic Development Framework (2022-2032) was developed within an approach of ensuring clearly defined roles and responsibilities of stakeholders within the economic space, to maximise resource usage and prevent any duplication. SCTIE as the merged entity as from 1 July 2022 with a mandate and defined role and responsibility was positioned clearly within the framework: to contribute towards economic targets achievement.

The Ugu Local Economic Development Framework (2022-2032), if implemented through the strategic targeted, measurable interventions and programmes and within clearly defined roles and responsibilities of stakeholders aims:

*“to enable and facilitate economic growth by: growing the economy by an average of 2% annually, as reflected in the GDP-R targets for 2027 that is R36 926 billion and 2030 to R40 769 billion and achieving a positive trade balance”.*

The strategy and plan provide per strategic thrust, objectives, outcome indicators, baseline, targets, interventions and programmes. In addition, district-wide catalytic projects and local municipal-specific catalytic projects are included in the plan. The economic targets for 2032 being:

- ✓ <sup>5</sup>GDP-R: R40 769 billion (R-value targets provided per year);
- ✓ GDP % Average Annual Growth for Five-year Periods of 2%;
- ✓ GDP per capita<sup>6</sup> Growth of 2%;
- ✓ <sup>7</sup>Gross Fixed Capital Formation (GFCF) share of GDP increase by at least 2%;
- ✓ Provincial GVA<sup>8</sup>: Increase in Ugu's Share from 4.4%;
- ✓ More equitable contribution of local municipalities to the district GVA;
- ✓ Sectoral Specific GDP and GVA targets (linked to strategically targeted potential growth sectors and sectors with greatest employment opportunities);
- ✓ Reduced poverty from PHI (Poverty Household Index): 55 target;
- ✓ Reduced unemployment to 33% and reduced youth unemployment to 50%.

The strategic goals defined in this strategy, therefore, include strategies aimed at positively contributing towards the above set economic indicators.

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<sup>5</sup> Economic Growth in terms of size and performance of the economy measured by R-million generated and GDP-R growth as a percentage increasing/decreasing (growth or contraction) this compares year-over-year change in economic output to measure how fast the economy is growing.

<sup>6</sup> GDP per capita is an economic metric that breaks down the areas (in this case Ugu or LM's) economic output per person (GDP divided by the total population).

<sup>7</sup> An indicator for measuring investment in the economy which represents acquisition of various assets including building and construction as well as investing in ICT.

<sup>8</sup> GVA is the measure of the Value of goods and services produced in an area, industry or sector of the economy (less goods and services used or transformed in the production process i.e. raw materials/inputs). GDP is the total value of goods and services produced without misusing inputs etc.

## Strategic Goals and Strategies

SCTIE strategic plan has adopted the following approach;



There are four strategic goals, which aim to achieve the SCTIE vision.

1. The first goal relates to **investment attraction**: that is: Marketing/promoting/attracting, enabling and facilitating investment in a manner which gives *proactive attention* (promotion and facilitation) to strategically targeted sectors and locations in order to diversify the economy and maximise achievement of socio-economic outcomes. In addition, enabling is more responsive, that is: responding to investors across all sectors “to enable “ their investment.
2. With the tourism sector already being a key sector, the second goal is to consolidate the South Coast’s position as a destination of choice, by **attracting more visitors** (tourists) into the district. SCTIE acknowledges the synergies that exist, between the first and the second goals, as:
  - ✓ Both are about destination marketing / attraction and promotion,
  - ✓ The more tourists visit the district, the more likely that amongst these are potential investors and therefore investment,
  - ✓ For the tourism sector to thrive it will require massive investments into the sector itself and
  - ✓ Most of the investments in other sectors will either yield business or leisure visitors into the district.
3. To make the South Coast KZN’s leading investment and tourist destination, different stakeholders in the public sector, private sector and communities will need to collaborate their efforts and share useful information. Therefore, SCTIE has resolved as its third goal to put in place programmes and adequate procedures and processes to ensure **excellent stakeholder engagement** (compact) resulting in quality service provision from government and the private sector businesses therefore creating a conducive enabling, investor friendly environment.
4. To ensure that SCTIE has **capacity and financial viability**, to deliver on its mandate, through putting in place adequate systems and processes, is its fourth goal.

In order to achieve each of these goals, proposals for key interventions have been put in place.

GOAL 1 INVESTMENT ATTRACTION	GOAL 2 TOURIST /VISITORS ATTRACTION	GOAL 3 STAKEHOLDER MANAGEMENT	GOAL 4 INSTITUTIONAL SUPPORT & FINANCIAL VIABILITY
<ul style="list-style-type: none"> <li>• <b>Ugu District Investment Framework: Strategy and Plan</b> to be developed and Implemented which will include:</li> <li>• <b>Institutional Arrangements</b> Set Up to coordinate and management investment promotion, attraction, enabling and facilitating.</li> <li>• <b>Investment marketing, promotion and attraction</b></li> <li>• <b>Facilitate Investment.</b></li> <li>• <b>Enabling Investment:</b> information, walk-through support and red tape reduction/ease of investing to ensure Ugu Competitive Advantages to encourage investment.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Ugu District Tourism Framework: Strategy and Plan</b> which will include:</li> <li>• Marketing, promotion and attraction</li> <li>• Tourism product development</li> <li>• Good quality service to visitors in the district</li> <li>• Tourism information services</li> </ul>	<ul style="list-style-type: none"> <li>• <b>SCTIE Stakeholder Management Plan including: Social Compact and Protocol Agreements.</b></li> <li>• One-stop-shop for potential investors</li> </ul>	<ul style="list-style-type: none"> <li>• SCTIE Institutional Arrangements linking into district IGR and Private Sector Structures.</li> <li>• SCTIE business and financial model</li> </ul>

### ***District Wide Catalytic Projects***

The KwaZulu-Natal Provincial Planning Commission defines a Catalytic Project as a project of significance scale and impact on employment, services, economic and social investment. In the case of the district-wide catalytic projects, they are not only likely to have an impact on more than one Local Municipality, but also that the project may assist in the achievement of more than one goal.

Within the Local Municipalities they have catalytic projects within their areas which are of significant scale and impact within their area. Both categories of catalytic projects have been included in the Ugu Local Economic Development Framework: Strategy and Plan 2022-2032 and the Eastern Seaboard Regional Spatial Development Framework 2024, in the process of being promulgated in accordance with SPLUMA (Spatial Planning Land Use Management Act). In accordance with Objective 4 of the Eastern Seaboard Regional Spatial Development Framework (2024) and Ugu District Ugu Local Economic Development Framework 2022-2032 there are two broad categories of district-wide catalytic projects:

#### **1. The first category having the objective:**

To ensure proper, efficient and effective, connectivity through promoting:

- ✓ rail (freight and passenger and tourism),
- ✓ road transport network (development corridors and strategic corridor links),
- ✓ sea (port, harbours and maritime economy linkage to rail and roads),
- ✓ air (airport and aerotropolis and linkages) and
- ✓ ICT infrastructure (ICT coverage/digital connectivity).

2. The second category having the objective:

To enable various objectives to be met through the provision of strategic infrastructure:

- ✓ bulk water (water security) and waste water,
- ✓ renewable energy (energy security),
- ✓ circular waste economy,
- ✓ industrial parks and
- ✓ technohub with various programmes.

Below are the catalytic projects, aimed at the provision of transport and intermodal infrastructure (road, rail, air, sea). Once complete and functional, these projects will ensure the transport system creates opportunities for people and businesses to connect, and to access the services, input and support they need in an efficient and effective manner:

**Revitalisation and Development of the Railway Line:** development/revitalisation of a double track, electrified/energy driven high speed passenger and freight rail from north to south along the coast linking to eThekweni and Eastern Cape, and east to west linking to Harry Gwala District and Umgungundlovu inland, and linking to port and small craft harbour and airport.

**Inter-Modal Facility/Sheppy Mall;** development of 24,000m<sup>2</sup> retail, public transport and informal traders' space, to ensure district transport system that creates opportunities for people and business to access their services and support their needs.

**Key Roads Upgrade;** upgrade of key road infrastructure, to improve connectivity and efficiencies.

**Airport Expansion;** to develop the current airport into a regional airport, in line with the RSDF and develop the surrounding precincts into an aerotropolis with facilities like aviation school, hangars, restaurants, hotel etc and "smart" pilots to surrounds of airport.

**Port and Harbour development;** to develop Port Edward fishing harbour, Hibberdene commercial port, Port Shepstone small craft harbour and beachfront mixed-use development.

The strategic infrastructure aimed at enabling economic growth and transformation. These projects largely aimed at the provision of reliable energy, water and wastewater, and digital/connectivity services infrastructure and government accessible services infrastructure. Included, is also targeted sectoral growth (growth sectors with greatest job creation potential) and transformation interventions (rural linkages and industrialization) through PPPs, and government enabling support (red tape reduction);

**Renewable energy:** Aim is to ensure energy security. Eastern Seaboard Feasibility is completed and different municipalities in the district are implementing projects. The catalytic project however aims to obtain funding to ensure all government buildings and services are using renewable energy, human settlements using renewable energy, business hubs and community centres.

**Bulk water and sanitation:** Aim is to ensure water and sustainable sanitation security.

**ICT/Broadband connectivity;** Aim is to ensure connectivity and universal access to wi-fi. Local Municipalities are implementing projects, however the aim is to consolidate a district wide programme.

**Industrial Parks revitalisation;** With Ugu having been comparative advantage being agro processing-focus and mining is a potential growth sector, revitalisation of existing industrial parks (Park Rynie, Marburg and Umzinto), will boost the district economy. There is also the identified potential of new industrial parks with Ifafa and Umuziwabantu proposed parks with an agro processing focus and Oshabeni industrial park earmarked for raw material beneficiation.

**Technohub:** Rapidly Expanding Industrial Precinct in Shelly Beach Smart City, being a 15-to-20-hectare gated precinct with five broad land use zones: (i.e.; Light Industry/Commercial; Technohub/Hotel/Conference Centre; Mixed Use Commercial; Mixed Use Residential; and Residential) already approved under Special Zone No. 87.

SCTIE recognises the priority of the district wide catalytic projects, and these will be given priority status within the goals of Investment and Tourism attraction and Stakeholder management.

## **Conclusion**

With the strategic focus of SCTIE sharpened, the strategy in chapter 3, provides for the development of a comprehensive investment framework. The framework will be a compact plan for prioritisation of potential investments, within the next 5 years. This plan also provides proposed institutional arrangements for intensification and management of the process of securing investments for development in the district.

The document also provides a comprehensive implementation framework and financial viability mechanisms to be used by the entity to achieve its objectives.

## 1 THE STRUCTURE OF THE SCTIE 5 YEAR PLAN DOCUMENT

The SCTIE five-year plan is a strategic document with three main parts. The first part provided an executive summary of the document. The other aspects that area dealt with include;

- i. The alignment between the SCTIE 5 Year Plan and the Ugu Districts IDP, Ugu Local Economic Development Framework and Eastern Seaboard RSDF,
- ii. Explains the key drivers, that informed the drafting of the SCTIE 5 Year Plan and
- iii. A strategic overview, that deals with the strategic analysis, legislative mandate and the mandate of the entity.

The second part deals with key strategic proposals. The part therefore outlines the following,

- i. The vision, mission and strategic goals of the entity,
- ii. Detailed proposed strategies for each strategic goal,
- iii. Catalytic projects requiring investments, in order to achieve strategic goals and
- iv. Other projects requiring investments, in order to achieve the entity's goals

The final part of this document, is the implementation framework / Annual Performance Plan.

### 1.1 The SCTIE 5 Year Plan and the Ugu District Municipality's IDP

To ensure that the entity's Multi Year Business Plan, is developed and reviewed in a manner that is "consistent with the budget and integrated development plan of the Ugu District municipality", the Board (during the development of the 5-year Plan) has ensured and will continue to ensure the following;

- ✓ In line with the Municipal Systems Act (MSA) stipulations, the newly appointed Board has developed a Five-Year Business Plan, consistent with the Ugu District Municipality's IDP,
- ✓ In line with the MSA stipulations, the Board will annually review this 5 Year Plan, and
- ✓ There will be broader consultation both during the implementation and the review of this Five-Year Plan.

The Ugu District municipality IDP indicates the defined roles and responsibilities of different stakeholders within the economic development space: that is the district, local municipal and SCTIE. With the Local Municipality implementing LED programmes and projects within its area of jurisdiction, the district municipality fulfilling a coordinating role of interventions which are district-wide and providing economic intelligence, not implementing projects located in any local municipal area but developing district-wide plans, programmes and coordinating therefore, in addition to providing certain economic intelligence/information, and SCTIE being the investment arm of the district.

### 1.2 Key Drivers of the SCTIE 5 Year Plan

The National Development Plan serves as an action plan for securing the future of South Africans as charted in the Constitution. The Constitution requires that "we must build a united and democratic South Africa, able to take its rightful place as a sovereign state in the family of nations". One specific policy directive from the National Development Plan (NDP) is to expand employment and entrepreneurial opportunities in a more inclusive economy.

The NDP is founded on 6 pillars that represent the broad objectives of the plan to eliminate poverty and reduce inequality:

- ✓ Uniting South Africans of all races and classes around a common programme to eliminate poverty and reduce inequality.
- ✓ Encouraging citizens to be active in their own development, in strengthening democracy and in holding their government accountable.
- ✓ Raising economic growth, promoting exports and making the economy more labour absorbing.

- ✓ Focusing on key capabilities of both people and the country with focus on skills, infrastructure with key international partners.
- ✓ Building a capable and developmental state, and
- ✓ Strong leadership throughout society that work together to solve our problems.

The NDP further identify a need for a “national spatial development framework, to optimise, integrate and coordinate the impact of the economic strategic interventions, at all levels of government”.

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### 1.2.1 The National Spatial Development Framework

The main purpose of the National Spatial Development Framework, 2022, is to direct, guide and align spatial planning, infrastructure investment and development, as provided. The SCTIE strategy, is informed by the NSDF’s key enablers, for that will make urban areas and regions engines of national transformation, innovation and inclusive growth, that inter alia include;

- ✓ High levels of connectivity between the country’s urban regions, cities and towns and
- ✓ Regional level urban development corridors between cities, towns in urban regions and emerging nodes.

The NSDF also identify key National corridors, as incubators and drivers of new economies and quality human settlements.

Ugu District is located in largely rural areas. These include both land under productive activity, residential areas and unproductive areas (including protected areas). The NSDF also aims at ensuring productive rural regions as drivers of national rural transitions and cornerstones of national resource foundation. The strategy was developed with the understanding that some of the investment opportunities identified, may have better prospects, since they are located in or along spaces of national importance.

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### 1.2.2 The Regional Spatial Development Framework (Eastern Seaboard) 2024

In the State of the Nation Address (SoNA), the President introduced his vision to develop new post-apartheid cities to reverse and address the legacy of apartheid spatial planning that perpetuated and normalised fabricated spatial injustice and inequality. In light of the President’s vision to develop new post-Apartheid smart cities, the National Department of Cooperative Governance and Traditional Affairs (CoGTA) through the Municipal Infrastructure Support Agent (MISA) has embarked on a process to develop the Eastern Seaboard which will ultimately culminate in one or more African coastal smart cities in the region. The development of a Regional Spatial Development Framework for the Eastern Seaboard Region serves as a key component towards the establishment of an African Coastal Smart City/Area.

The Eastern Seaboard Region was declared and Gazetted as a Region for the purposes of developing a Regional Spatial Development Framework (RSDF) on 20 June 2022. The Eastern Seaboard lies between the Eastern Cape and KwaZulu-Natal provinces, covering four Districts and seventeen Local Municipalities and is home to over 3,6 million people residing in significant portions of land either communal, tribal or state owned. The region is endowed with natural resources spanning across multiple administrative boundaries; however, it is largely underdeveloped with poverty, unemployment and inequality is rampant across the region.

Despite its challenges, the Eastern Seaboard Region has been identified as a strategic area by the three spheres of government. The draft National Spatial Development Framework (NSDF) identifies the National Coastal Spatial Transformation and Economic Transition Region which includes the East coast N2 corridor as such and confirms the importance of the coast in the future development issues of South Africa, giving national priority and focused support to this area.

The National Development Plan (NDP) acknowledges that “reshaping South Africa’s cities, towns and rural settlements is a complex, long-term project requiring major reforms and political will”. The development of new smart cities and towns should be done carefully to avoid destroying the small towns. The anticipated new cities and towns should be built on demographic principles, embracing African culture and heritage but also strengthen functional rural-urban linkages. This provides an opportunity to be bold and have innovative opportunities led by strong political and traditional leadership.

In the context of the spatial transformation agenda, the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is proposed as the tool to effect spatial transformation using spatial planning mechanisms to eliminate poverty and inequality while creating conditions for inclusive growth. The Act puts forward development principles, norms and standards for spatial planning and land use management. It further provides for the preparation of spatial development frameworks by all three spheres of government and municipalities must participate in spatial planning and land use management process that impact on each other to ensure plans and programmes are coordinated.

The Eastern Seaboard Region development initiative serves as a starting point for decisively addressing the challenges confronting the Region and unlocking the economic potential in the Eastern Cape and KwaZulu-Natal and enhancing regional connectivity. This will be achieved through intentional development, in an all of government approach through the District Development Model (DDM). The DDM will be leveraged as far as possible to unlock the development potential of the District spaces through improved inter-governmental collaboration and joint planning, budgeting and implementation process that focuses investment to respond to the needs of the people.

The Eastern Seaboard Development Initiative is a flagship DDM project, and will need to set an example for how adopting a regional outlook, focusing on economic and function regions rather than administrative boundaries can accelerate development and improve the socio-economic conditions.

The Regional Spatial Development Framework is in the process of promulgation, and is summarised below in terms of objectives, outcomes and proposals:

DEVELOPMENT OBJECTIVE	Sustainable and Resilient Natural Resources	Viable and Inclusive Spatial Transformation	Promoting Land Reform	Smart Infrastructure and Service Delivery	Productive Urban and Rural Economy
OUTCOMES	A resilient and healthy environment that can be enjoyed and leveraged sustainability	Using spatial targeting to improve quality of lives through sustainable human settlements, accessibility, urban form and hierarchy	Improve land administration and ensure that land issues do not stifle the future development of the Eastern Seaboard Region	Strategic application of ‘smart’ principles for improved implementation of infrastructure and service delivery in the region	A productive economy that leverages off the Region’s urban and rural endowments in key catalytic sectors
PROPOSALS	Maintain and project sensitive environments.  Resilient and Climate Sensitive.	Encourage Spatial Transformation by promoting development in accordance with the spatial hierarchy.  Spatial targeting for human settlement development.	Localised Integrated Land Service (LILSO).  Enabling land reform.	Upgrade the services in underserved areas.  Creating a digitally connected region.  Inclusive smart development.	Support the Wild Coast SEZ.  Promote and support the economy and full value chains in key sectors (agri-economy, oceans and aqua economy).



DEVELOPMENT OBJECTIVE	Sustainable and Resilient Natural Resources	Viable and Inclusive Spatial Transformation	Promoting Land Reform	Smart Infrastructure and Service Delivery	Productive Urban and Rural Economy
		Manage urban development edges. Prioritise connectivity and enable mobility.			Enable small town regeneration. Prioritise skills development.

#### 1.4.3 Provincial Growth & Development Strategy 2021

By 2030 KwaZulu Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World. To achieve this, the strategic goals and objectives are as follows:

STRATEGIC GOALS	STRATEGIC OBJECTIVES
1. Job Creation	<ul style="list-style-type: none"> <li>✓ Unleashing the agricultural sector.</li> <li>✓ Enhancement of industrial development through trade, investment and exports.</li> <li>✓ Expansion of government led job creation programmes.</li> <li>✓ Promotion of SMME, entrepreneurial and youth development.</li> <li>✓ Enhancement of the Knowledge Economy.</li> </ul>
2. Human Resource Development	<ul style="list-style-type: none"> <li>✓ Early childhood development, primary and secondary education.</li> <li>✓ Skills alignment to economic growth.</li> <li>✓ Youth skills development and life-long learning.</li> </ul>
3. Human & Community Development	<ul style="list-style-type: none"> <li>✓ Poverty alleviation &amp; social welfare.</li> <li>✓ Enhancing health of communities and citizens.</li> <li>✓ Enhance sustainable household food security.</li> <li>✓ Promote sustainable human settlements.</li> <li>✓ Enhance safety &amp; security.</li> <li>✓ Advance social capital.</li> </ul>
4. Strategic Infrastructure	<ul style="list-style-type: none"> <li>✓ Development of harbours.</li> <li>✓ Development of ports.</li> <li>✓ Development of road and rail networks.</li> <li>✓ Development of ICT Infrastructure.</li> <li>✓ Improve water resource management &amp; supply.</li> <li>✓ Develop energy production &amp; supply.</li> </ul>
5. Environmental Sustainability	<ul style="list-style-type: none"> <li>✓ Increase productive use of land.</li> <li>✓ Advance alternative energy generation.</li> <li>✓ Manage pressures on biodiversity.</li> <li>✓ Adaptation to climate change.</li> </ul>
6. Governance and Policy	<ul style="list-style-type: none"> <li>✓ Strengthen policy &amp; strategy coordination &amp; Inter Governmental Relations (IGR).</li> <li>✓ Building government capacity.</li> <li>✓ Eradicating fraud and corruption.</li> <li>✓ Promote participative, facilitative &amp; accountable governance.</li> </ul>
7. Spatial Equity	<ul style="list-style-type: none"> <li>✓ Actively promoting spatial concentration.</li> <li>✓ Facilitate integrated land management</li> </ul>

#### 1.4.4 National LED Framework (2018– 2028)

This framework is intended as a strategic coordination and implementation guide that provides and enhances a commonly shared understanding of LED in South Africa. This framework provides policy grounding of LED with particular emphases placed on the National Development Plan, the National Growth Path and the Industrial Policy Action Plan. The key Pillars of this policy framework are building a diverse economic base, developing learning and skilful local economies, developing inclusive economies and economic governance.

These pillars are depicted below. The framework asserts that implementation of LED is largely driven and facilitated at local government level, strong support, coordination and instruments design are however largely the competence of the national sphere with some roles also shared with the provinces.

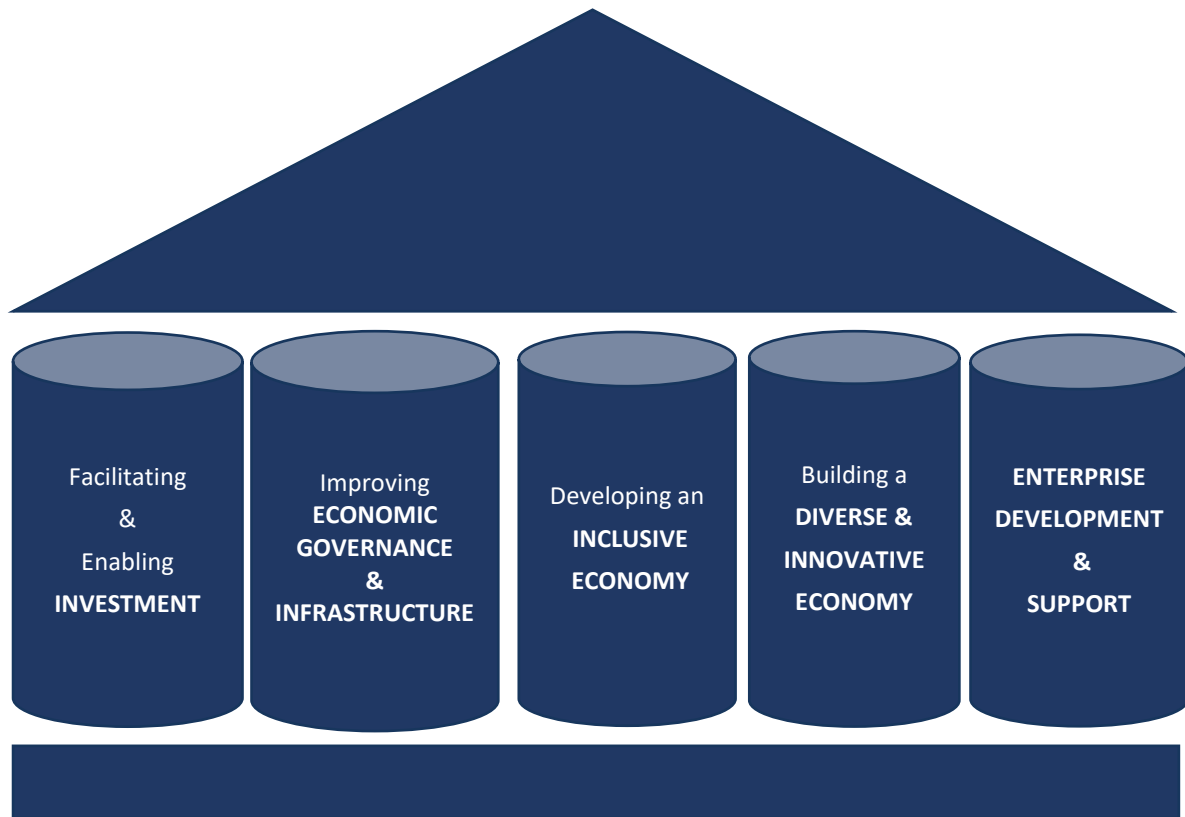


Figure 1: LED Policy Pillars - Source: National LED Framework 2018 – 2028

#### 1.4.5 The National Tourism Act and Strategy

The Tourism Act No. 3 of 2014 makes provisions for the development and promotion of sustainable tourism for the social, economic and environmental benefit of South African citizens.

The objectives of the Act are to:

- Promote the practising of responsible tourism for the benefit of the Republic and for the enjoyment of all its residents and foreign visitors;
- Provide for the effective domestic and international marketing of South Africa as a tourist destination;
- Promote quality tourism products and services;
- Promote growth in and development of the tourism sector; and
- Enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The Tourism Act No. 3 of 2014 embraces the National Tourism Sector Strategy (NTSS) as part of the legislative framework for the management and development of tourism. It enables the sector to address gaps pertaining to the lack of knowledge and information about the sector; the lack of adequate structures for the management of tourism; transformation and the lack of service excellence in the sector.

The National Tourism Sector Strategy (NTSS) 2016 – 2026; a sector-wide 10-year strategy aimed at increasing tourism's direct contribution to the economy, job creation and national development objectives, was approved by the Cabinet in December 2017. The National Department of Tourism (NDT) commissioned the review of the NTSS - the first of which was published in 2011 - in 2015 to ensure that the strategy remains relevant in a rapidly changing global environment as well as to align it to the NDP and the Tourism Act 3 of 2014. The process culminated in the second iteration of the NTSS renamed as the NTSS 2016 - 2026.

The NTSS focuses on inclusive growth, which must fundamentally be based on domestic and international tourist market growth and expenditure increases. While the national tourism marketing agency, South African Tourism (SAT) has a detailed methodology for identifying priority markets, the NTSS further links the marketing plans to broader development imperatives, including addressing barriers to growth and the building of a transformed and inclusive tourism economy. This growth will, by the values that drive South Africa as a developmental state, be inclusive, responsible and sustainable. It will also be underpinned by an awareness of the imperative of the wise use of scarce resources."

A set of initial strategy action plans are identified in the NTSS 2016-2026. Initiatives identified are organised around five strategic pillars namely

- ✓ Effective marketing
- ✓ Facilitating ease of access
- ✓ Visitor experience
- ✓ Destination management, and
- ✓ Broad-based benefits

The pillars define a set of supply and demand side interventions to be pursued under the new NTSS. These include initiatives related to transformation and enterprise development, tourism infrastructure development, targeted marketing, the regulatory environment, intermodal transport and bandwidth.

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#### 1.4.6 KwaZulu Natal Tourism Strategic Plan

In line with the National Tourism Sector Strategy (NTSS); the strategic plan captures TKZN's commitment to the people of KwaZulu Natal, its intention to play a leading role in the development of tourism to become an increasingly significant contributor to the province's economy and at the same time spreading its benefits in a meaningful way to those who have been disadvantaged and marginalized by history. The TKZN Strategic Plan identifies the vision for tourism in KZN as follows:

*"By 2030 KwaZulu-Natal will be globally renowned as Africa's top beach destination with a unique blend of wildlife, scenic & heritage experiences for all visitors".*

In growing tourism in the province; TKZN focuses on marketing and promoting experiences, and these include: beach, scenic beauty, wildlife, heritage/culture. A special focus is also placed on developing niche tourism markets/experiences where the province has a competitive or comparative advantage. These include cruise tourism, diving tourism, golf tourism, events tourism, film tourism and business tourism. The strategy further acknowledges that districts within the province may have different experiences or niches that they may want to focus on, as outlined in their respective brands.

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#### 1.4.7 Ugu Local Economic Development Framework 2022-2032

If implemented through the strategic targeted and measurable intervention and with clearly defined roles and responsibilities of stakeholders, the “Ugu Local Economic Development Framework 2022-32” will,

*“Enable and Facilitate Economic Growth, by growing the economy by an average of 2% annually, as reflected in the GDP-R targets of 2027 that is R36 926 billion and 2030 to R40 769 billion, and enabling and facilitating a positive trade balance”.*

The strategy and plan provide per strategic thrust, objectives, outcome indicators, baseline, targets, interventions and programmes. In addition, district wide catalytic projects and local municipal-specific catalytic projects are included in the plan. The economic targets for 2032 being:

- ✓ <sup>9</sup>GDP-R: R40 769 billion (R-value targets provided per year);
- ✓ GDP % Average Annual Growth for five-year periods of 2%;
- ✓ GDP per capita<sup>10</sup> growth of 2%;
- ✓ <sup>11</sup>Gross Fixed Capital Formation (GFCF) share of GDP increase by at least 2%;
- ✓ Provincial GVA: Increase in Ugu’s Share from 4.4%;
- ✓ More Equitable Contribution of local municipalities to the district GVA;
- ✓ Sectoral Specific GDP and GVA<sup>12</sup> targets (linked to strategically targeted potential growth sectors and sectors with greatest employment opportunities);
- ✓ Reduced poverty from PHI (Poverty Household Index): 55 target;
- ✓ Reduced unemployment to 33 and reduced youth unemployment to 50.

To achieve the above, targets, the following are the key drivers:

- ✓ **Economic transformation:** including spatial restructuring, and inclusive economic growth.
- ✓ **Spatial Economic Transformation;** including strategic infrastructure development and rehabilitation.
- ✓ **Economic Modernization:** including building resilient, smart and sustainable infrastructure.
- ✓ **Investment Promotion:** Business Attraction, Retention and Expansion including enabling competitiveness and ease of doing business.
- ✓ **Localization:** focusing on building local capacity in human capital, value chain through partnerships and local organisations and businesses for talent and infrastructure development and local production of goods and services.
- ✓ **Beneficiation and value addition:** including implementing opportunities for beneficiation of agricultural products for export outside the district, and waste beneficiation across sectors (mining, wastewater, different waste types).
- ✓ **Export focused industrial development.**
- ✓ **Innovation, Research & Development:** including focusing on science, technology and

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<sup>9</sup> Economic Growth in terms of size and performance of the economy measured by R-million generated and GDP-R growth as a percentage increasing/decreasing (growth or contraction) this compares year-over-year change in economic output to measure how fast the economy is growing.

<sup>10</sup> GDP per capita is an economic metric that breaks down the areas (in this case Ugu or LM’s) economic output per person (GDP divided by the total population).

<sup>11</sup> An indicator for measuring investment in the economy which represents acquisition of various assets including building and construction as well as investing in ICT.

<sup>12</sup> GVA is the measure of the Value of goods and services produced in an area, industry or sector of the economy (less goods and services used or transformed in the production process i.e. raw materials/inputs). GDP is the total value of goods and services produced without misusing inputs etc.

- ✓ innovation to build economic resilience.
- ✓ Public Private Partnerships and
- ✓ Good Governance

## 1.5 District Demographics and Economic Outlook

Ugu District (DC21) is the one of the 10 Districts in KZN Province, 4981 km<sup>2</sup>, 4 municipalities, 85 wards, 40 Traditional Authorities. Borders eThekweni - the economic powerhouse of KZN & notable economic point in SA. With various connection points: land, air and sea. 112 kilometers of Coastline (opportunity for Ocean / Blue Economy), first coastal commercial hub from E-Cape to KZN.

As of 2022, Ugu District Municipality had over 172,628 households, with an average household size of 4.5 persons. In 2023, the district's population was recorded at 784,067, making it the fifth largest in KwaZulu-Natal Province. The population is predominantly young (aged 15 to 34 years), largely rural, and characterized by a high level of illiteracy. The local economy faces challenges including a mismatch between available skills and job opportunities, low entrepreneurial activity, and a high dependence on government grants.

Ugu District faces a dual-space economy characterized by a comparatively thriving urban coastal zone vs an impoverished rural interior. High youth unemployment (40–47%), significant poverty, fragile service delivery (water, sanitation), and deep inequality continue to hamper inclusive development. Nonetheless, tourism and agricultural sectors present growth opportunities, and strategic interventions may help uplift its rural communities.

### 1.5.1 State of the District Economy December 2024 and Economic Outlook

The Ugu District Municipality, like many regions in South Africa, faced significant structural economic challenges throughout 2023 and into early 2024. These challenges reflected national and provincial economic trends, with real GDP-R growth slowing down significantly following a strong post-pandemic rebound in 2021. In Q1 2023, uMkhanyakude, iLembe, and Ugu Districts recorded the sharpest contractions in GDP-R.

The slowdown was driven by a combination of global and local pressures. Internationally, economic uncertainty increased due to rising geopolitical tensions. Domestically, ongoing structural constraints — most notably the national energy crisis — and environmental disruptions such as severe floods in 2022 and again in late 2023 and early 2024 severely impacted economic activity (State of the Ugu District economy, 2024).

#### Gross Domestic Product (GDP-R) Performance

Despite these constraints, Ugu District's GDP-R was estimated at R37.5 billion in 2024, surpassing pre-pandemic levels and indicating a modest recovery. This recovery occurred despite continued setbacks such as the July 2021 civil unrest, March 2022 floods, and persistent issues with electricity and water infrastructure (State of the Ugu District economy, 2024).

The Ugu District's economy remains vulnerable to both global shocks and domestic structural issues. While recovery in GDP-R is notable, slow growth and stagnation in some local municipalities signal the need for focused economic development strategies, infrastructure investment, and resilience planning.

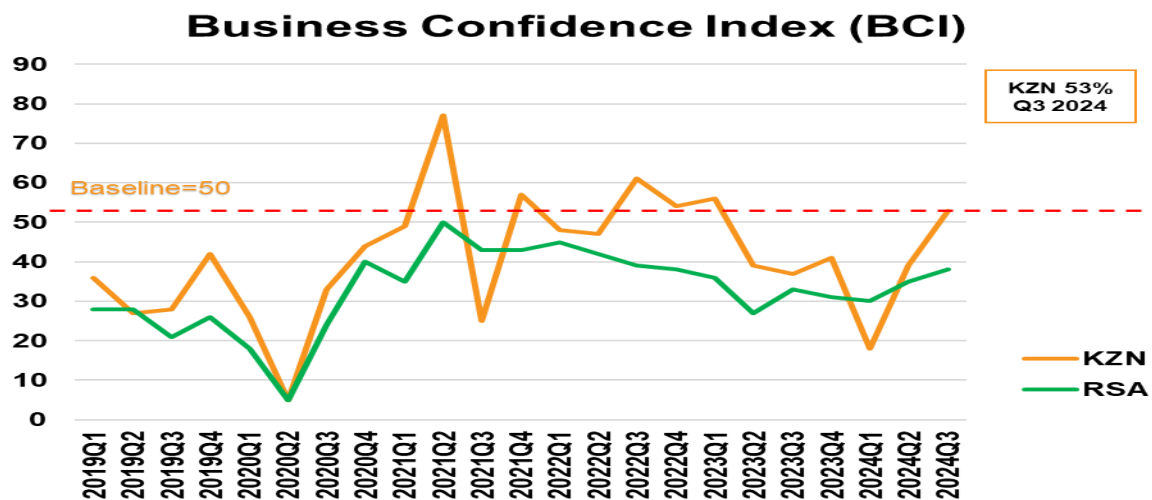
The Ugu Local Economic Development Framework 2022-2032 if implemented through the strategic targeted and measurable intervention and with clearly defined roles and responsibilities of stakeholders will:

- ✓ **Enable and Facilitate Economic Growth by growing the economy by an average of 2% annually, as reflected in the GDP-R targets for 2027 that is R36 926 billion and 2030 to R40 769 billion and a positive trade balance.**

This to be achieved through:

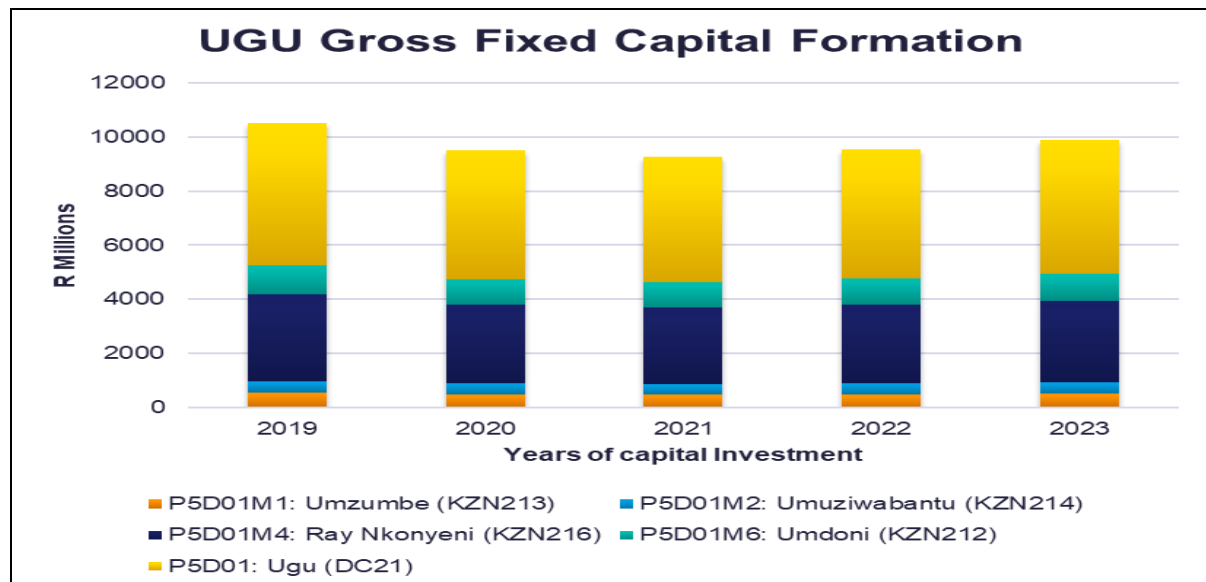
- ✓ **Enabling and facilitating investment** by increasing investment into the economy through increased Gross Fixed Formation<sup>13</sup> as a share of the GDP-R by at least 3% by 2030;
- ✓ **Improving economic governance and infrastructure** by improving LED planning, management and administrative capacity/skills so as to enable, facilitate and promote inclusive economic growth and transformation.
- ✓ **Developing an Inclusive Ugu Economy** by facilitating and enabling fair and distributive economic growth and transformation through various programs resulting in reduced % poverty household index, improved standard of living (GDP-R per capita), reduced GC, reduced unemployment, reduced youth unemployment, increased youth labour absorption and participation rate.
- ✓ **Building a Diverse and Innovative Economy** through enabling and supporting the building of a sustainable, competitive and productive economy which is characterized by increasing sectoral GVA contributions and comparative advantage therefore increasing job creation and contributing to the provincial GVA through increasing GVA R-Value per sector, increasing LQ, and provincial % GVA contribution and increasing job creation.
- ✓ **Strengthening local innovation systems;**
- ✓ **Enterprise development and support** by facilitating, promoting, supporting and enabling local enterprise development so as to achieve inclusive economic growth and transformation and
- ✓ **Developing learning and skillful economies.**

## BUSINESS CONFIDENCE INDEX – RSA-KZN



Source: S&P Global Market Intelligence,2024

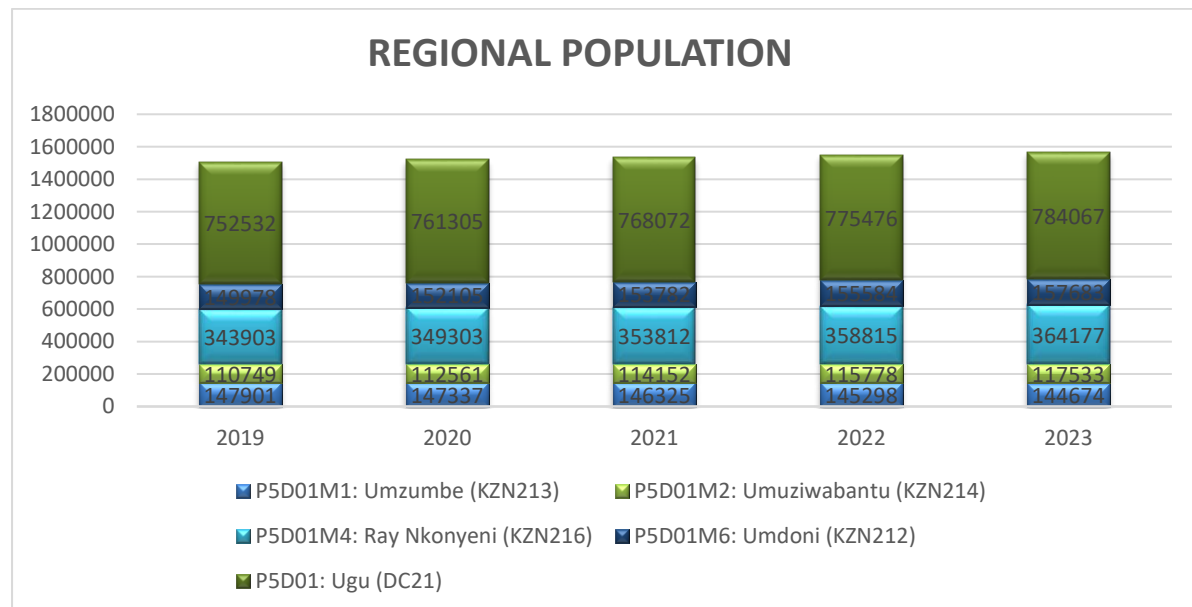
The line graph illustrates the Business Confidence Index (BCI) trends from Q1 2022 to Q3 2024, comparing KwaZulu-Natal (KZN)—which includes the Ugu District—and the Republic of South Africa (RSA). The baseline is set at 50, with values above indicating business optimism and below showing pessimism. As of Q3 2024, KZN's BCI stood at 53%, signaling positive business sentiment, while RSA remained slightly below the baseline, reflecting cautious optimism. KZN's index showed more fluctuation over the period but frequently stayed above the baseline, especially from mid-2023 onward. In contrast, RSA's BCI remained relatively stable but consistently hovered around or below the baseline, suggesting more restrained business confidence at the national level.



Source: S&P Global Market Intelligence,2024

The Gross Fixed Capital Formation (GFCF) across the Ugu District Municipality (DC21) and its local municipalities—Umzumbe, Umuziwabantu, Ray Nkonyeni, and Umdoni—shows a general decline from 2019 to 2021, followed by a moderate recovery in 2022 and 2023. Ray Nkonyeni consistently had the highest GFCF, contributing the majority share to the district total, though it also experienced a decline in 2020 and 2021 before recovering. Umzumbe and Umuziwabantu recorded the lowest

GFCF values throughout, but both showed slight upward trends in 2022 and 2023 after earlier declines. Umdoni's GFCF also dipped between 2019 and 2021 but improved modestly thereafter. Overall, the district's total GFCF fell from R5.25 billion in 2019 to R4.63 billion in 2021, then rebounded to R4.94 billion by 2023, indicating a gradual recovery from earlier economic contractions, likely influenced by national and global disruptions such as the COVID-19 pandemic.

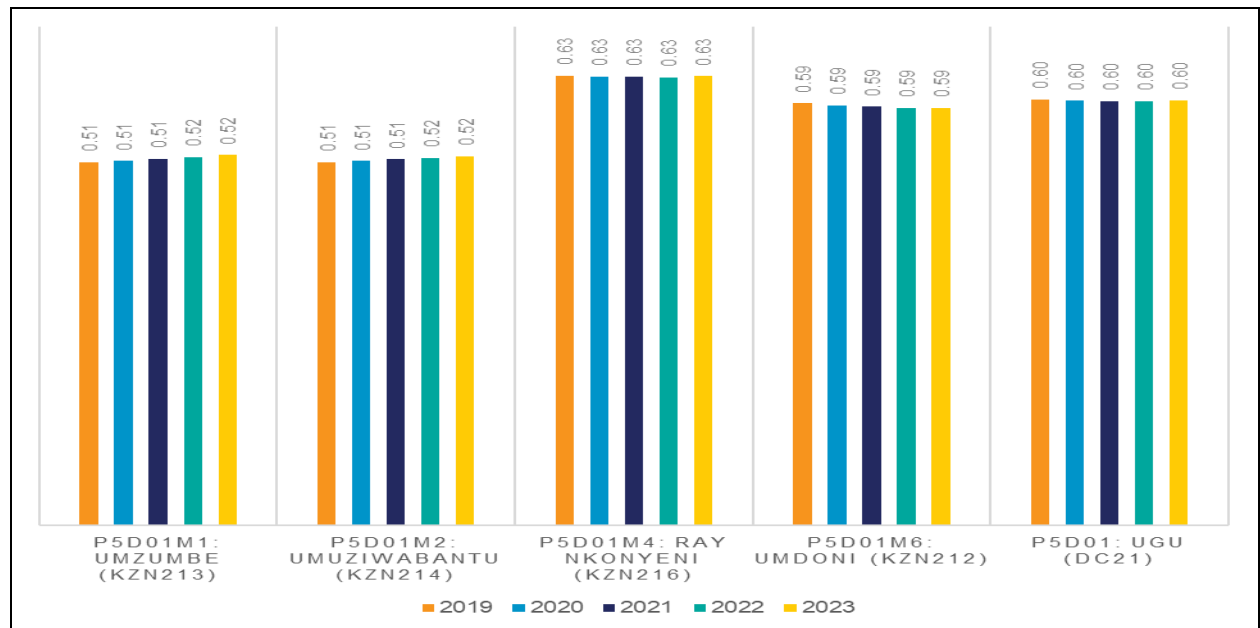


Source: S&P Global Market Intelligence, 2024

Between 2019 and 2023, Ugu District's population grew modestly from 752,532 to 784,067, an increase of about 4.2%. Ray Nkonyeni, the largest and fastest-growing municipality, saw its population rise by over 20,000, reinforcing its role as the district's urban and economic center. Umdoni and Umuziwabantu also experienced steady growth, reflecting increasing settlement or improved socio-economic conditions. In contrast, Umzumbe's population declined each year, dropping from 147,901 in 2019 to 144,674 in 2023—an indication of possible outmigration, aging demographics, or limited local economic opportunities. This uneven population trend points to growing urban concentration in Ray Nkonyeni and highlights the need for balanced regional development strategies to prevent rural decline and overburdening of services in high-growth areas.

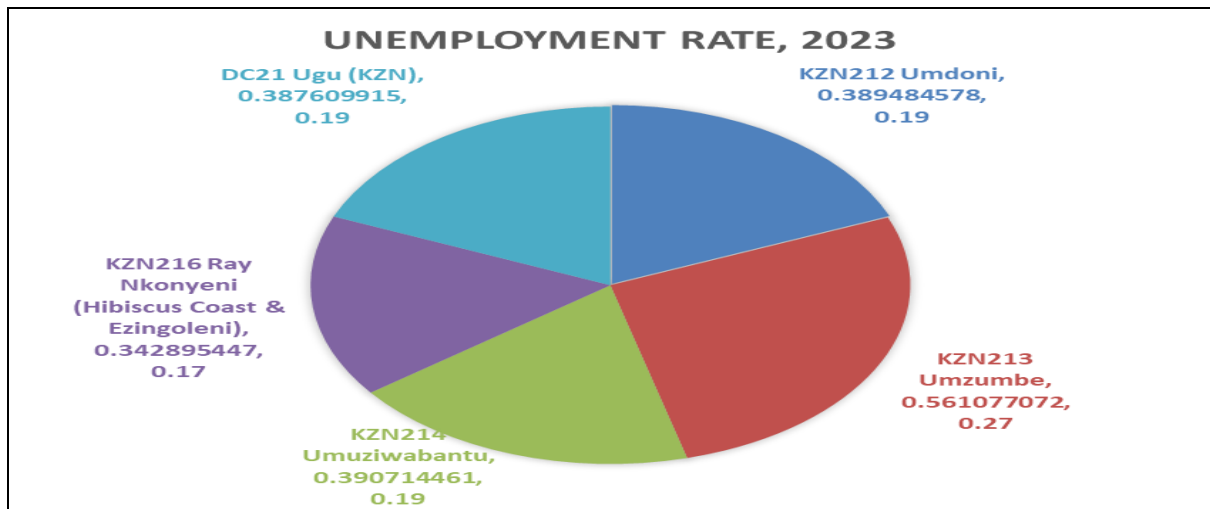


## MUNICIPAL GINI COEFFICIENT FOR CURRENT INCOME AT 2024, MUNICIPAL BASED LEVEL



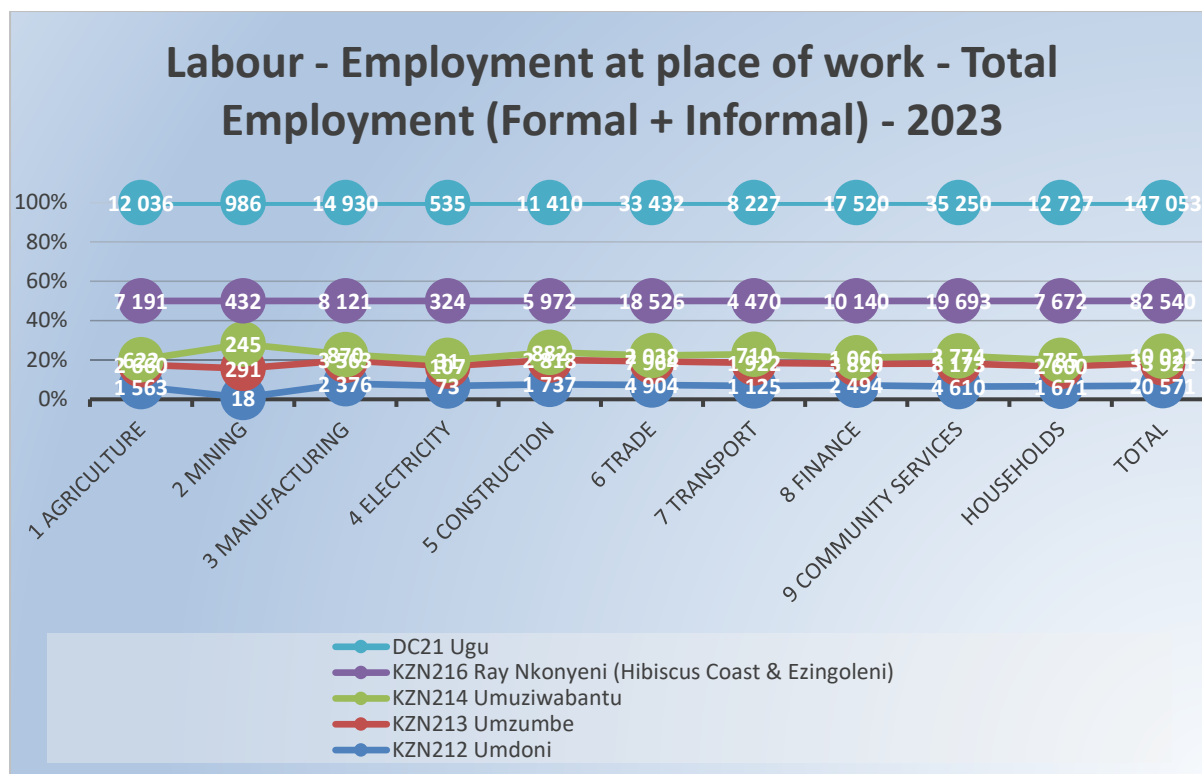
Source: Quantec, 2024

The Gini Coefficient data for Ugu District and its municipalities from 2019 to 2023 indicates persistent and significant income inequality across the region. Ray Nkonyeni consistently recorded the highest inequality with a coefficient of 0.63, well above the district average of 0.60, reflecting its status as the economic center where wealth concentration may be more pronounced. Umdoni also exhibited high inequality (0.59), while Umzumbe and Umuziwabantu showed slightly lower but still concerning levels (0.51–0.52). The district-wide Gini Coefficient remained unchanged at 0.60 over the five-year period, suggesting little to no progress in reducing income disparities despite modest economic and employment growth. This stagnation points to structural inequalities, likely tied to disparities in access to high-paying jobs, education, and services, especially between urban and rural areas. Addressing this will require inclusive development strategies focused on equitable access to opportunities and resources across all municipalities.



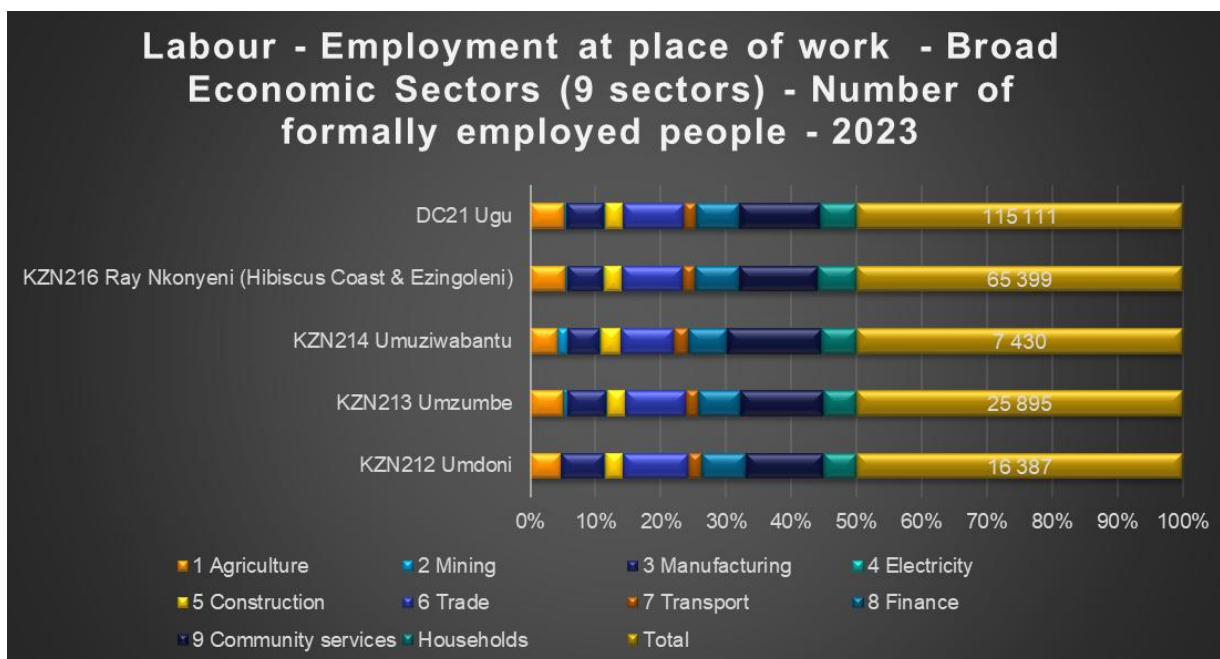
Source: Quantec, 2024

In 2023, Ugu District (DC21) faced a high overall unemployment rate of 38.8%, with stark disparities among its municipalities. Umzumbe recorded the highest unemployment rate at a concerning 56.1%, indicating deep economic distress likely tied to limited formal sector opportunities and population decline. Ray Nkonyeni, the district's economic hub, had the lowest unemployment rate at 34.3%, reflecting its stronger job market, broader sectoral base, and better access to services. Umdoni (38.9%) and Umuziwabantu (39.1%) hovered around the district average, suggesting moderate employment challenges. The data highlights the urgent need for targeted local economic development, especially in Umzumbe, through job creation initiatives, skills development, and support for informal sector growth to reduce unemployment and improve livelihoods across the district.



Source: Quantec, 2024

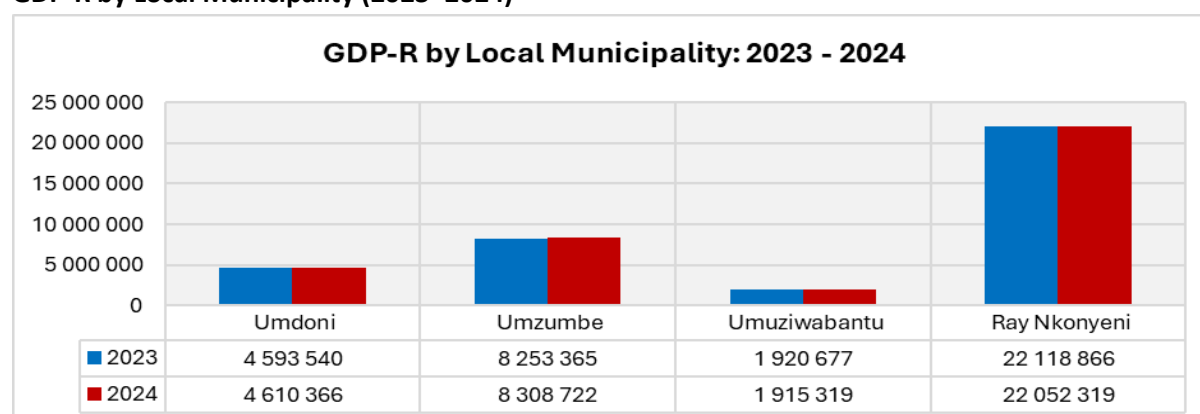
In 2023, total employment (formal and informal) in Ugu District rose to 147,053, marking a substantial increase from the formal sector total of 115,111, with informal employment particularly significant in sectors like trade, construction, and manufacturing. Ray Nkonyeni remained the primary employment hub, accounting for 82,540 jobs—over 56% of the district total—driven by high employment in trade (18,526), community services (19,693), and construction (5,972). Umzumbe followed with 33,921 jobs, showing strong informal sector presence, especially in trade and construction, which more than doubled from their formal sector counts. Umdoni and Umuziwabantu also saw notable increases, though their overall shares remained smaller. The informal sector clearly plays a critical role in job creation across Ugu, particularly in lower-income municipalities. This indicates the need for targeted support strategies for the informal economy—such as skills development, access to finance, and infrastructure—to ensure more sustainable and inclusive employment growth across the region.



Source: Quantec, 2024

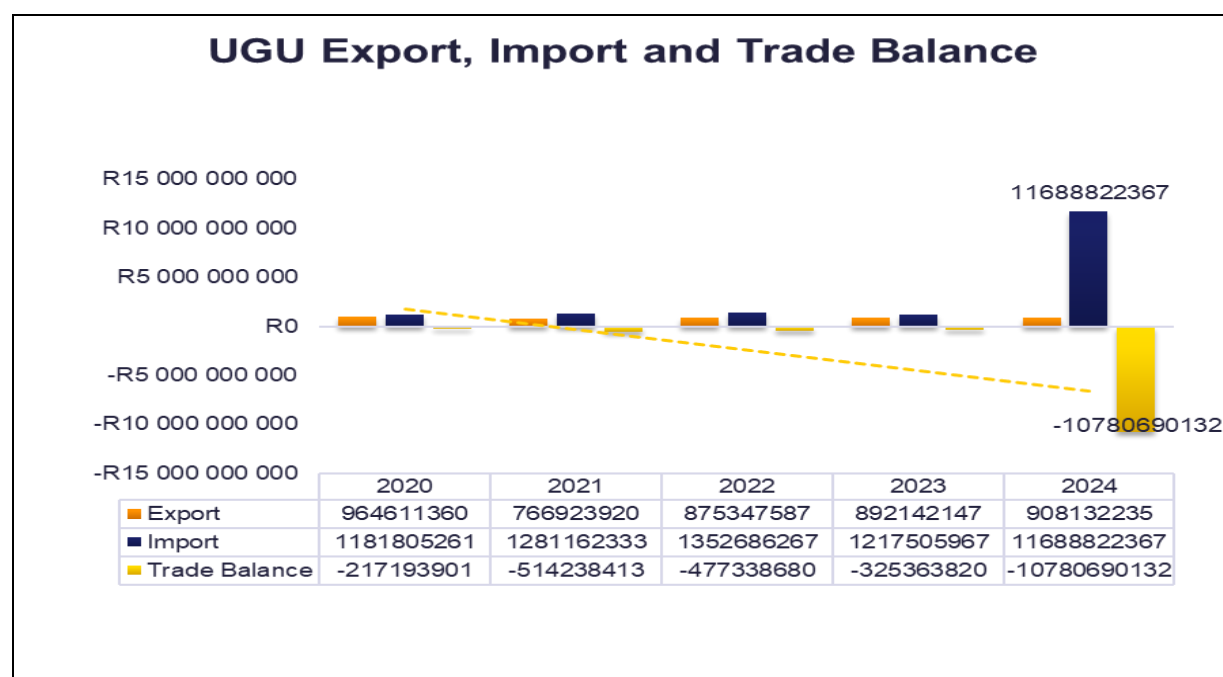
In 2023, formal sector employment in Ugu District Municipality (DC21) reached 115,111 individuals, with Ray Nkonyeni municipality accounting for the bulk—over 56%—highlighting its role as the district's economic hub. The most significant employment sectors across the district were community services (28,399), trade (21,463), and finance (15,364), indicating a service-driven economy. Agriculture (12,036) and manufacturing (12,945) also featured prominently, especially in Ray Nkonyeni and Umzumbe, reflecting some level of primary and secondary sector activity. Mining and electricity remained the smallest sectors, employing less than 1,000 and 600 people respectively across the entire district. Umuziwabantu had the lowest overall employment (7,430), pointing to limited economic activity or smaller population size. This data underscores the concentration of formal employment opportunities in Ray Nkonyeni and suggests a potential need for targeted investment and development in the less economically active municipalities like Umuziwabantu and Umdoni to foster balanced regional growth.

#### GDP-R by Local Municipality (2023–2024)



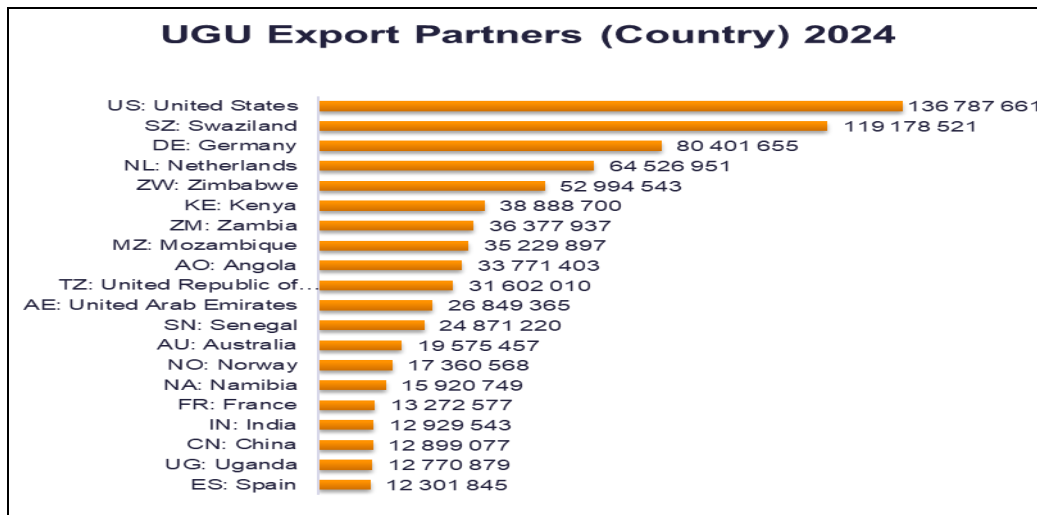
Source: State of the Ugu District economy, 2024)

In 2024, Ray Nkonyeni Municipality contributed the largest share to the Ugu District economy with approximately R22.5 billion, accounting for 60% of the district's total. Umzumbe followed with R7.5 billion (20%), Umdoni with R5 billion (13%), and Umuziwabantu with R2.5 billion (7%). Despite the district's overall modest GDP-R growth rate of 0.12%, performance varied by municipality. Umdoni and Umzumbe showed marginal growth, while Ray Nkonyeni and Umuziwabantu experienced slight declines, with Umuziwabantu being the only municipality to record an overall year-on-year decrease in GDP-R between 2023 and 2024



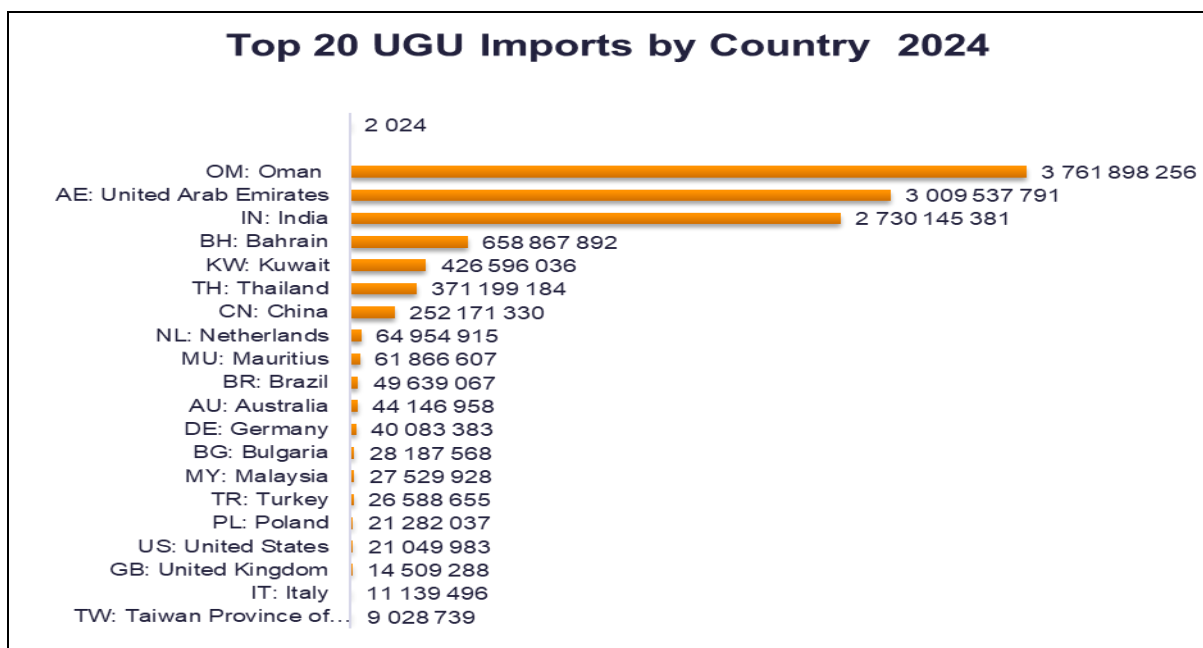
Source: S&P Global Market Intelligence, 2024

The Ugu District's trade performance from 2020 to 2024 reveals a persistent trade deficit, with imports consistently exceeding exports. Although exports fluctuated modestly, rising slightly from R766.9 million in 2021 to R908.1 million in 2024, imports surged significantly—especially in 2024, when they skyrocketed to R11.69 billion, nearly ten times higher than the previous year. This led to a dramatic widening of the trade deficit from R325.4 million in 2023 to an alarming R10.78 billion in 2024. Such a spike suggests a substantial increase in dependency on foreign goods or possibly the inclusion of major capital imports for infrastructure or industrial development. If not matched by a rise in export capacity or domestic production, this growing imbalance could indicate increasing vulnerability in the district's external economic position and highlight the need for strategic trade and industrial policy adjustments.



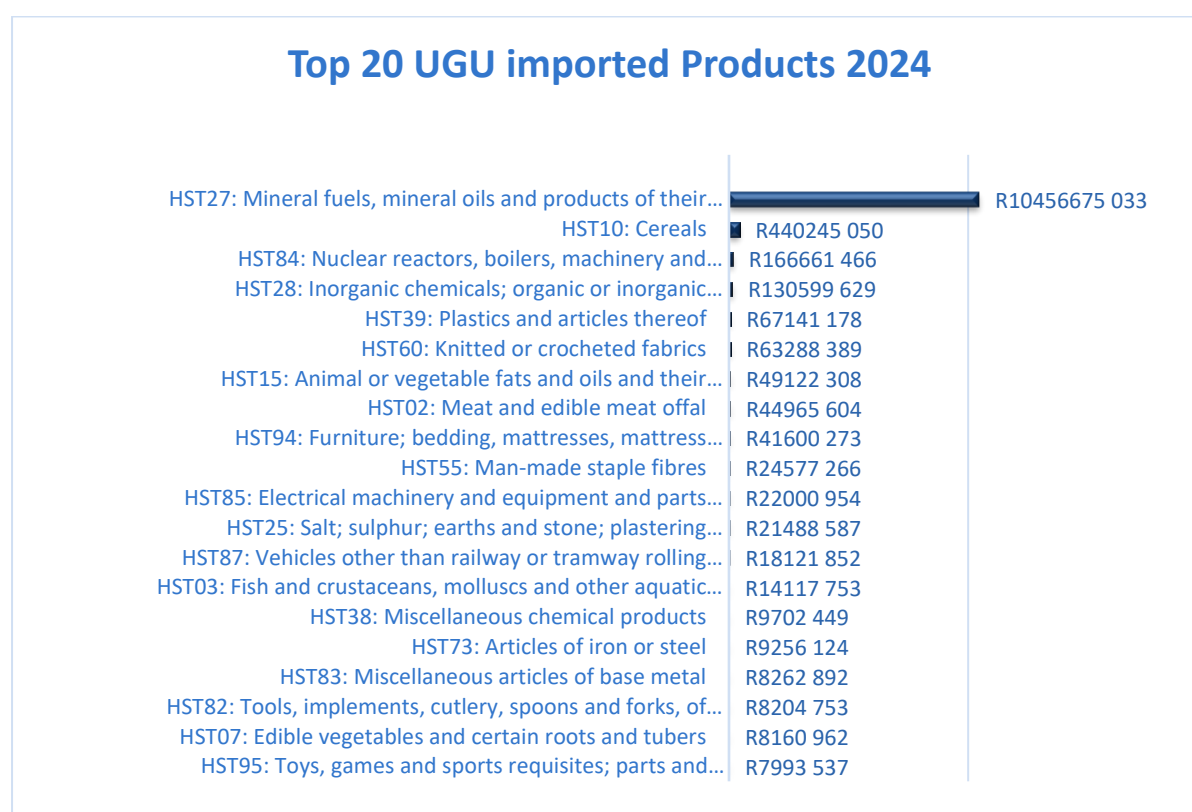
Source: S&P Global Market Intelligence,2024

In 2024, Ugu District's export market was notably diverse, spanning multiple continents, with the United States emerging as the top export destination at R136.79 million. Regional trade within Africa was strong, with Swaziland (R119.18 million), Zimbabwe, Kenya, Zambia, and Mozambique all featuring prominently, reflecting solid intra-African trade ties. European countries such as Germany, the Netherlands, France, and Spain also played significant roles, indicating some penetration into developed markets. Despite China and India being global trade powerhouses, their shares were relatively modest at just under R13 million each. The presence of countries like the UAE, Australia, and Norway further highlights Ugu's reach into various global regions. However, given the district's massive trade deficit, these export relationships, while valuable, appear insufficient to offset its heavy import dependency, pointing to a need for strengthening export volumes or diversifying into higher-value products.



Source: S&P Global Market Intelligence,2024

In 2024, Ugu District's import profile was heavily concentrated in the Middle East and Asia, with Oman (R3.76 billion), the United Arab Emirates (R3.01 billion), and India (R2.73 billion) collectively accounting for nearly 85% of the district's total imports. This suggests a strong reliance on these countries for energy products, industrial materials, or large-scale capital goods. Additional significant import partners included Bahrain, Kuwait, and Thailand, reinforcing the trend toward energy and manufactured goods from oil-producing and industrialized nations. China and European countries like the Netherlands and Germany also contributed, albeit at a much smaller scale. The substantial import values from countries like Oman and the UAE align with the massive jump in total imports in 2024, likely reflecting major one-off purchases or infrastructure investments. This import-heavy structure, particularly skewed toward a few countries, highlights both the economic risks of supplier concentration and the urgent need to strengthen local production and diversify export markets to stabilize Ugu's trade balance.



Source: S&P Global Market Intelligence, 2024

In 2024, the dataset reflects a highly concentrated economic pattern, with one category accounting for over R10.45 billion—approximately 90% of the total value of R11.58 billion—while the remaining 19 categories each contributed significantly less, ranging between R440 million and R8 million. This stark disparity suggests a dominant reliance on a single product or sector, likely a major import or expenditure driver such as fuel, infrastructure, or heavy equipment. The overall distribution indicates limited diversification, highlighting potential vulnerability to sector-specific disruptions and the need for a more balanced economic or import strategy.

## 1.5.2 Spatial Features

Location Advantages	Natural/Geographic Advantages	Infrastructural & Resource Advantages
<ul style="list-style-type: none"> <li>• <b>Borders the Eastern Cape</b>- Potential Gateway to the Eastern Cape.</li> <li>• <b>Integration with South Durban Basin</b>- The South Durban Basin Industrial area, as a key economic development node in the province is located immediately to the North of the District.</li> <li>• <b>Primary Corridor linking Durban and Port Shepstone</b>- The N2 corridor linking Durban and Port Shepstone has been identified in the PSEDs as being a primary development corridor in the province and as such earmarked as an economic growth corridor.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Sub-tropical Climate</b>- The district's sub-tropical climate makes it the province's top produce of agricultural produce such as bananas and macademia nuts.</li> <li>• <b>Beautiful and Swimming Beaches</b>- Ugu District is blessed with some of the and most accessible beaches in the province.</li> <li>• <b>Marine Life (Sharks and Sardines)</b>- The District possesses two of the country's top dive sites.</li> <li>• <b>Oceans Economy Opportunities</b></li> <li>• <b>Two Dramatic Gorges</b>- The district has two of the largest and most spectacular gorges in the province, Oribi Gorge and Umtamvuna Gorge.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>N2 Highway</b>- The N2 stretches through the area from North to South (Scottburgh to Port Shepstone and East to West (Port Shepstone to Harding).</li> <li>• <b>Good Quality Limestone and Lithium</b>- The district has some of the best quality limestone rock in the province, and has two major quarries in the Oribi Gorge area.</li> </ul>

Source: Ugu District Municipality Overview Document 2021

## 1.5.3 Categorisation of Ugu Sectoral Advantages

The comparative advantage of Ugu District (advantage at provincial level) as location quotient. The sector with the greatest comparative advantage is agriculture, forestry and fishing and within that sector fishing, followed by agriculture then forestry.

INDUSTRY	LOCATION QUOTIENT
<b>Agriculture, Forestry and Fishing</b>	<b>2.10</b>
Agriculture	2.16
Forestry	1.83
Fishing	3.81
<b>Mining and Quarrying</b>	<b>0.53</b>
<b>Manufacturing</b>	<b>0.88</b>
Food, beverages	1.31
Petroleum products, chemicals, rubber and plastic	0.67
Rubber Products	1.26
Other non-metal mineral products	1.22
Metals, metal products, machinery and equipment	0.79
<b>Electricity, Gas and Water</b>	<b>1.16</b>
<b>Construction</b>	<b>1.04</b>
<b>Wholesale and Retail Trade, Catering and Accommodation</b>	<b>1.09</b>
<b>Transport, Storage and Communication</b>	<b>0.83</b>
<b>Finance, Insurance, Real Estate and Business Services</b>	<b>0.83</b>
<b>General Government</b>	<b>0.99</b>
<b>Community, Social and Personal Services</b>	<b>1.2</b>

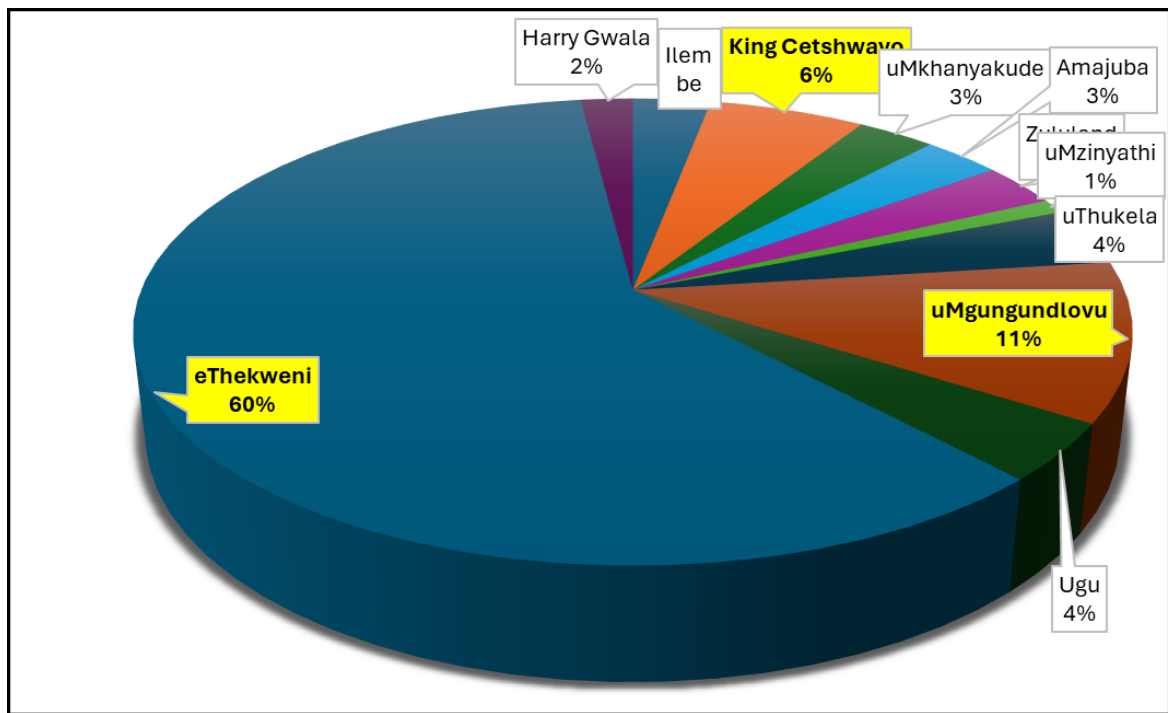
Source: State of the Ugu District economy, 2024)

The sectoral location quotient (LQ) data for Ugu District reveals a clear comparative advantage in **Agriculture, Forestry and Fishing**, with an overall LQ of **2.10**, indicating that the district's employment



or output in this sector is more than twice the provincial average. Within this category, **Fishing** shows the strongest relative specialization with an exceptionally high LQ of **3.81**, followed by **Agriculture (2.16)** and **Forestry (1.83)**. This suggests Ugu has a strong natural resource base and specialization in primary sector activities, particularly along its coastal and rural areas. Other sectors with above-average LQs include **Community, Social and Personal Services (1.20)**, **Food and Beverages Manufacturing (1.31)**, and **Electricity, Gas and Water (1.16)**, reflecting secondary strengths in public services and specific manufacturing niches. Conversely, sectors like **Mining (0.53)**, **Finance (0.83)**, and **Transport (0.83)** show a weaker presence relative to the province, indicating potential gaps in industrial diversification and infrastructure. These insights support strategic development around Ugu's core natural strengths, particularly agro-processing and coastal economies, while identifying underdeveloped sectors for potential growth and investment

### KZN Economy: Percentage share by Districts & Ugu LM's percentage share



Source: Source: State of the Ugu District economy, 2024)

The pie chart illustrates the distribution of a certain metric across various districts in KwaZulu-Natal, with eThekweni contributing the largest share at 60%, followed by uMgungundlovu at 11% and King Cetshwayo at 6%. Other districts such as uThukela and Ugu each contribute 4%, while uMkhanyakude and Amajuba each account for 3%. Smaller contributions come from Harry Gwala (2%), Zululand (2%), uMzinyathi (1%), and iLembe, which is not labeled but visually minimal. Overall, the chart highlights a heavy concentration in eThekweni, indicating its dominant role relative to other regions.

### The comparative advantage per LM (advantage at provincial level) as Location Quotient:

Economic Sector	Ugu District	Umdoni	Umzumbe	Umuziwabantu	Ray Nkonyeni
Agriculture, forestry and fishing	3.81	6.72	2.98	3.55	5.02
Mining and quarrying	0.1	0.02	0.07	0.17	0.11
Manufacturing	1.15	0.94	1.04	0.99	1.01
Electricity, gas and water	1.18	0.87	1.1	0.83	1.26
Construction	1.09	0.97	1.15	1.17	1.13
Wholesale and retail trade, catering and accommodation	1.06	0.81	1.33	1.17	0.99

Source: State of the Ugu District economy, 2024)

The district and every local municipality in the district have comparative advantage in agriculture, forestry and fishing. Considering the sectors other than agriculture, forestry and fisheries the best one comparative advantage sectors per municipality are as follows:

- ✓ Ray Nkonyeni Municipality: Electricity, Gas and Water (utilities);
- ✓ Umzumbe Municipality: Wholesale and retail trade, catering and accommodation;
- ✓ Umuziwabantu: construction and wholesale and retail trade, catering and accommodation;
- ✓ Umdoni: Has none over 1.point, however, construction and manufacturing would be their closest to 1.point.

## 2 STRATEGIC OVERVIEW

### 2.1 Strategic Analysis

The strategic analysis has been conducted using two commonly used tools, analyse both the internal and the external factors, that may influence the entity and may have material impact on the entity's ability to achieve its strategic objectives.

#### 2.1.1 SWOT Analysis

The SWOT analysis provides a comprehensive analysis of the organisational capabilities, by identifying the entity's strengths and weaknesses. The analysis also endeavours to sense the external environment, by identifying opportunities and threats, in the entity's operating environment. Below is the entity's SWOT analysis;

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>✓ One of the Best Functioning DDA in the Province (as awarded by COGTA – March 2025)</li> <li>✓ Definitive beach and ocean product base- Blue Flag/ 3 Marine Protected Areas (MPAs)</li> <li>✓ Part of the declared Eastern Seaboard Development: government priority development</li> <li>✓ Two world class diving sites (Protea Banks and Aliwal Shoal) attract international tourists.</li> <li>✓ The Sardine Run; the largest biomass and natural phenomena experienced annually. Popular on the Ugu District shores compared to other parts of KZN.</li> <li>✓ Traditionally a strong destination brand.</li> <li>✓ Appeal to mainstream middle income and working-class groups.</li> <li>✓ Year-round favourable climatic conditions.</li> <li>✓ Rural/hinterland eco-cultural and adventure assets.</li> <li>✓ Reputation as a value for money destination.</li> <li>✓ Direct Margate- Johannesburg air route.</li> <li>✓ A broad base of sports and leisure facilities: golf, bowling, rugby, soccer.</li> <li>✓ Multiple hospitality options with high bed and accommodation stock.</li> <li>✓ Dezzi KZN South Coast Raceway – Motor Racing.</li> <li>✓ Routes: Southern Explorer,</li> <li>✓ Internationally acclaimed tourism facilities (Zipline at Lake Eland – Protea Banks and Aliwal Shoal).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Dependency on Municipal Funding tend to negatively affect the implementation of the mandate.</li> <li>✓ Implementation capacity adversely affected by the financial inability to fill key and critical positions, resulting in delays in the implementation of projects.</li> <li>✓ Effective fundraising ability is lacking.</li> <li>✓ Ageing infrastructure in the District</li> <li>✓ Inadequate enforcement of By-Laws, mainly at beach precincts</li> <li>✓ Lacking of funding to conceptualise and implement rural tourism.</li> </ul>

Figure 2: SWOT Analysis

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>✓ Funding from the private sector in return for fees earned for implementing their capital projects.</li> <li>✓ Improved public relations and reputation as a result of delivery of complex projects.</li> <li>✓ Investment in innovations and ideas.</li> <li>✓ Implementing high impact projects that will benefit the communities served, including development of identified pieces of land.</li> <li>✓ Opportunities for new Rural Tourism Routes throughout the Ugu District (extend the Great Drives Out).</li> <li>✓ Increased business and events tourism.</li> <li>✓ Marine tourism development.</li> <li>✓ Opportunities for new rural / hinterland experiences</li> <li>✓ Potential to further market to our key markets nationally and globally. Tapping into new and unexplored target markets.</li> <li>✓ Higher market penetration into SA's main market demographics.</li> <li>✓ Margate Airport as an improved access facility and route development opportunities</li> <li>✓ Strategic alliances with public/ private/ NGO sectors through PPPs.</li> <li>✓</li> <li>✓ Lack of ICT infrastructure (broadband)</li> <li>✓ Establishment of social infrastructure . Upskilling of locals and establishment of satellite facilities (MUT, UNISA)</li> <li>✓ Opportunity to encourage businesses to be members of SCTIE and EDTEA; to ensure their compliance with legislation.</li> <li>✓ Potential to develop world class beachfront amenities and facilities.</li> <li>✓ Agri hub</li> <li>✓ Establishment of fresh produce collection depot</li> <li>✓ Massive road / interchange construction</li> <li>✓ Products to be diversified to attract new markets</li> <li>✓ Market exposure through digital platforms, Mobile App, social media, websites, virtual events and tours.</li> <li>✓ New N2 link to Eastern Cape.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Delayed implementation of catalytic projects mostly affected by several factors e.g.: cash flow, red tape, lack of synergy between traditional council and government..</li> <li>✓ Adverse economic context from world economy, to national and provincial spheres.</li> <li>✓ Red tape (inconsistencies in various applications by local municipalities).</li> <li>✓ Negative perceptions of the safety and security of the Coastal strip and hinterland to visitors and residents, which includes community unrest and protests.</li> <li>✓ No functional Fresh Produce hub</li> <li>✓ Degenerating urban appeal and deteriorating beach infrastructure – leased municipal buildings within the Admiralty Reserve.</li> <li>✓ Competition from other destinations with similar offerings.</li> <li>✓ Inadequate water distribution and water quality</li> <li>✓ Increasing costs of doing business in terms of energy and water for businesses/potential investors.</li> <li>✓ Brain drain</li> <li>✓ Skills mismatch</li> </ul>

## 2.1.2 PESTLE Analysis

The PESTLE analysis, is a comprehensive analysis of the external environment, by analysing how these external factors, that the entity has limited power to influence, may affect the entity's ability to achieve its strategic goals.

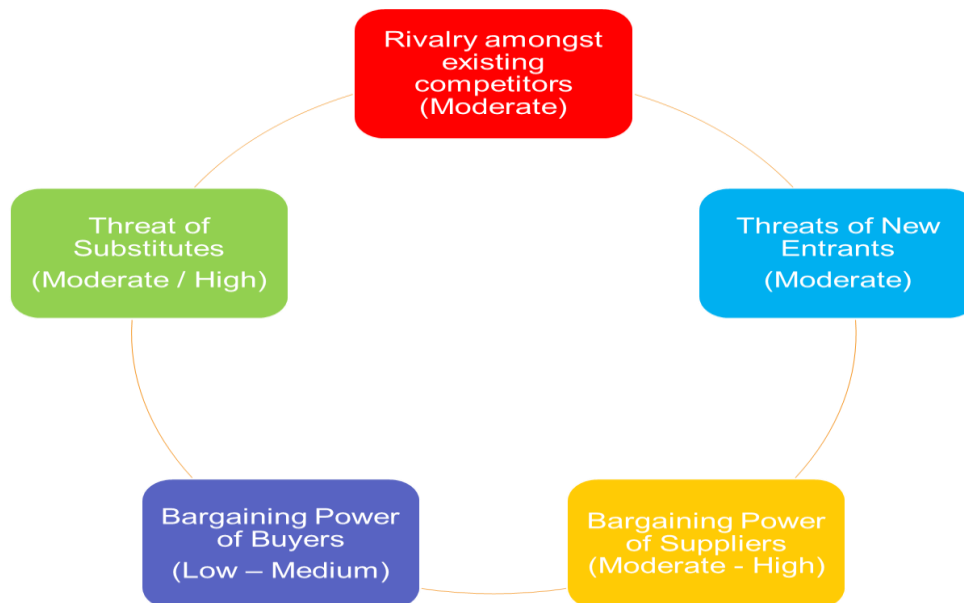
POLITICAL	ECONOMIC
<ol style="list-style-type: none"> <li>1. High political uncertainty</li> <li>2. Policy uncertainty</li> <li>3. Lack of inclusion of Traditional Leaders</li> <li>4. Highly unionised workforce</li> <li>5. Eastern Seaboard Development remains unfunded</li> <li>6.</li> </ol>	<ol style="list-style-type: none"> <li>1. Fiscus shrinking</li> <li>2. Geo-Political tension</li> <li>3. SCM disruptions (conflicts)</li> <li>4. Global Economic Volatility (Global Economic downturns)</li> <li>5. US Executive order (sanctions to Africa)</li> <li>6. Exchange rates</li> <li>7. Repo rate</li> <li>8. Investment Grading (Grey listing)</li> <li>9. Technical stagflation (high unemployment/ high inflation/ slow economic growth)</li> <li>10. Investor Exodus</li> <li>11. Unfunded National &amp; Provincial Mandate of DDA's</li> <li>12. Non-adherence to SLA's</li> <li>13.</li> </ol>
SOCIAL	TECHNOLOGICAL
<ol style="list-style-type: none"> <li>1. Municipal Strikes and Municipal Labour unrest</li> <li>2. Social discontent</li> <li>3. Social inequalities</li> <li>4. Mining remains a threat to community and business, if not environmentally conscious</li> <li>5. Lack of reliable water supply to business &amp; communities</li> <li>6. High rate of illiteracy</li> <li>7. Brain Drain</li> <li>8. High insurance premiums brought about through natural disaster</li> <li>9. Climate related disasters</li> <li>10. Reduced business profits impacting CSI facility</li> <li>11. Health – disease outbreak (COVID / Foot &amp; Mouth/ Monkey Pox)</li> <li>12.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lack of District ICT infrastructure (Broadband etc.)</li> <li>2. Cyber Crime</li> <li>3. Lack subscription technological revolutions</li> <li>4. Lack of Research &amp; Development (no Universities in district &amp; Research Institutes)</li> <li>5. Lack of Digital facilities for Tourism &amp; Investment marketing</li> <li>6. Business Processing Organisation opportunities</li> <li>7. Untapped Renewable Energy investment &amp; transition</li> <li>8.</li> </ol>
✓ LEGAL	✓ ENVIRONMENT
<ol style="list-style-type: none"> <li>1. Non-adherence to SLA's</li> <li>2. Established by legislation with no funding mandate</li> <li>3. Cost of business compliance obligations is high &amp; time consuming (Amongst others: Environmental Regulations/ Health &amp; Safety / Land ownership regulations / SPLUMA / Labour Laws / Trade &amp; Export laws / Intellectual Property)</li> <li>4. Compliance with KZN Provincial Tourism Act.</li> <li>5. Misalignment of municipal bylaws in relation to primary &amp; secondary laws of the Country</li> <li>6. Slow Land Reform implementation for investment &amp; development</li> <li>7.</li> </ol>	<ol style="list-style-type: none"> <li>1. Oil exploration effects to tourism</li> <li>2. Lack of infrastructure in rural areas</li> <li>3. Geographical spread/ which affect service delivery effectiveness</li> <li>4. Agriculture</li> <li>5. Soil erosion/deforestation</li> <li>6. Proper water management that will prevent deviation of water by unauthorized individuals.</li> <li>7. Umuziwabantu Gumtree reserves are high as compared to other areas.</li> <li>8. Lack of skills in preserving the environment</li> <li>9. Environmental Impact Assessment turnaround time</li> <li>10. Water pollution (maintenance of rivers)</li> <li>11. Government water pollution</li> </ol>

PESTLE Analysis

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### 2.1.3 PORTERS FIVE FORCES

Porter's Five Forces is a strategic framework used to analyse the competitive intensity within an industry. It identifies five key forces that shape competition: rivalry among existing competitors, threat of new entrants, bargaining power of suppliers, bargaining power of buyers, and threat of substitute products or services.



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#### 2.1.3.1 Competitive Rivalry (Moderate – for Visitors and Investment)

SCTIE is not in competition with Municipalities. We are committed in collaborating and supporting them in promoting tourism and investment. Our goal is to enhance regional growth by working together, to showcase the KZN South Coast's unique offerings.

DIRECT RIVALS

INDIRECT RIVALS

- Durban Tourism
- iLembe Enterprise - Tourism
- Other Routes in the KZN Province (8)
  - + Midlands Meander Route
  - + Route 66: Zululand Heritage Route
  - + Battlefields Route
  - + Zululand Heritage Route
- Other Routes in the Country
  - + Eastern Cape Routes (12)
  - + Tsitsikamma Adventure Route
  - + Garden Route
  - + Panorama Route

- District Development Agencies

#### 2.1.3.2 Threats of New Entrants (Moderate – Rising Regional and Private Competition)

- The possibility of some municipalities to establish their own local agency directly competing with SCTIE's strict mandate.
- Private tour operators and hospitality groups are launching their own digital marketing campaigns.
- The Eastern Seaboard Development (linked to G20 hosting discussions) could create new Special Purpose Vehicle that would conflict SCTIE's strict mandate.
- Marketing Agencies



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#### 2.1.3.3 Bargaining Power of Suppliers (Moderate – High : Media, Marketing & Tourism Product Owners)

- Limited choices and options enables suppliers to dictate price.
- Existing Oligopolistic firms may collude to dictate regional business systems.
- High-cost of advertising on National Media platforms, making it difficult for SCTIE to negotiate favorable rates.
- SCTIE's dependance on stakeholders to host media.

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#### 2.1.3.4 Bargaining Power of Buyers (Low to Moderate: <Visitors & Investors have many choices)

- |                                   |   |
|-----------------------------------|---|
| • Catalytic projects              | • Maritime/ Ocean economy                                   |
| • Tourism sector                  | • Mining and beneficiation                                  |
| • Agribusiness                    | • Logistics (airport and storage)                           |
| • Property development            | • Hinterland sites (KwaXolo Caves/<br>Umzumbe River Trails) |
| • Port Shepstone business hub     | • Eastern Seaboard  |
| • Renewable energy/ Green economy | • One Stop Shop   |
| • Manufacturing                   | • Buy Local.  |

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#### 2.1.3.5 Threat of Substitutes (Moderate to High)

- Competing Destinations are a high threat.
- Ballito and Dolphin Coast – attracting high end travelers with luxury accommodation with close proximity to King Shaka International Airport.
- International Destinations are a high threat due to affordability and accessibility - South Africans are choosing international travel over local destinations.
- Durban, Cape Town and the Garden Route have more developed infrastructure and better financial incentives – which is attracting investors.
- The impact of globalization has enabled the international market to compete with the South Coast.
- Aging infrastructure.

## 2.2 Legislative Mandate

The very need for the development of this five-year plan, comes from the requirement in the Municipal Finance Management Act. The Municipal Finance Management Act (MFMA S87 (5)(d)) stipulates that the budget of a municipal entity must include a multi-year business plan for the entity that;

- ✓ sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent municipality;
- ✓ is consistent with the budget and integrated development plan of the entity's parent municipality;
- ✓ is consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality; and
- ✓ reflects actual and potential liabilities and commitments. Including particulars of any proposed borrowing of money during the period to which the plan relates;

Whereas the 5-year plan of the entity is informed by this section of the MFMA, it at all times should be guided by the Municipality's Integrated Development Plan (IDP).

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#### 2.2.1 The Constitution, 1996 (Act No. 108 of 1996)

Municipalities are empowered by the Constitution of the Republic of South Africa, 1996 to provide a broad range of services in a sustainable manner. This authority emanates from 152(1) of the Constitution which stipulates the objects of local government, namely to:

- ✓ Provide democratic and accountable government for local communities;
- ✓ Ensure the provision of services to communities in a sustainable manner;
- ✓ Promote social and economic development;

- ✓ Promote a safe and healthy environment; and
- ✓ Encourage the involvement of community organisations in the matters of local government.

While working to achieve these objectives, municipalities are expected to transform its approach and focus to be developmental in nature (section 153). To do this, the Constitution requires a municipality to:

- ✓ Structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community'
- ✓ Participate in national and provincial development programmes; and
- ✓ Together with other organs of state contribute to progressive realisation of fundamental rights contained in sections 24 to 27 and 29.

The establishment of District Development Agencies, is largely anchored on these developmental imperatives, put on the shoulders of municipalities, by the constitution.

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## 2.2.2 The White Paper on Local Government 1998

The White Paper on Local Government<sup>14</sup>, which preceded the enactment of the Systems Act, noted the following regarding the service delivery options:

- ✓ The challenge posed by the need to address the backlog in service delivery in historically deprived areas;
- ✓ The need for municipalities strategically to assess the most appropriate forms of service delivery for their areas from the range of options available;
- ✓ The need to ensure that municipal administrations to be geared so as to implement the chosen service delivery option in the most effective manner and to provide maximum benefit to communities;
- ✓ The possibility that an appropriate mix of such options may be necessary.

The amalgamation process dealt with these, and the entity was established as a special purpose vehicle, focusing on being a bridge between Local Government and the Private sector, in finding investments to implement the Ugu Local Economic Development Framework 2022-2032.

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<sup>14</sup> Source: National Department of Provincial & Local Government Municipal Entity Toolkit

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### 2.2.3 The Local Government Municipal Systems Act 2000 (Act No. 32 of 2000)

MSA (8A) limits the type of entities a municipality may establish to only three types (private company, service utility or multi-jurisdictional service utility), and imposes a stricter establishment process for the establishment and acquisition of private companies, conditions for co-ownership etc. by the Code.

In order to allow for proper governance arrangements, the Act prohibits councillor representation on the boards of municipal entities, and allows for appointment of non-executive directors in line with the King governance principles. In future, the performance of the entity against its service delivery agreement and specific performance objectives and indicators need to be determined for annual performance review.

The Act also provides for the disestablishment of municipal entities, if the entity does not perform satisfactorily, or if it experiences serious or persistent financial problems.

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### 2.2.4 Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

This Act was promulgated to<sup>15</sup>:

- ✓ Secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government;
- ✓ Establish treasury norms and standards for the local sphere of government; and
- ✓ Provide for matters connected therewith.

The Municipal Finance Management Act (MFMA) requires that, the budget of a municipal entity must include a multi-year business plan for the entity that;

- a) sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent municipality;
- b) is consistent with the budget and integrated development plan of the entity's parent municipality;
- c) is consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality; and
- d) reflects actual and potential liabilities and commitments. Including particulars of any proposed borrowing of money during the period to which the plan relates;

It is from this requirement that the entity had to develop the 5-year plan, that is aligned to the parent municipality's IDP.

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<sup>15</sup> Source: National Department of Provincial & Local Government Municipal Entity Toolkit

## 2.3 Organisational Mandate

The management of the relations between the Ugu District Municipality and the entire family of local municipalities and the entity is key to the continuous existence of any municipal entity. This is more difficult since, other than service utility agencies, it becomes difficult to measure the real impact of the entity to the communities of municipalities.

When dealing with the mandate of the entity, through the strategic review process, it was noted that;

- ✓ This mandate and many of the entity's objectives *may significantly change* considering political, economic, social and other external environment factors,
- ✓ It is *difficult to find an "absolute single right answer"*, to most of the challenges and questions facing the board and management,
- ✓ As previously alluded to, in their nature, municipal entities have *many stakeholders*, in most instances, *with conflicting interests* and
- ✓ The instability in the environment in which municipal entities exist, leads to a lot of *surprises*, which may frustrate achievement of set objectives.

All in all, municipal entities operate in highly complex situations.

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### 2.3.1 Mandate

The Ugu District Municipal Council meeting held on Thursday 23 September 2021 resolved that, the Ugu South Coast Tourism (USCT) and Ugu South Coast Development Agency (USCDA) must be merged into a single entity<sup>16</sup>. This was necessitated by the weaker economic growth experienced in South Africa and the consequent reduction in the baseline budget allocations to the Province over the Medium-Term Revenue and Expenditure Framework, and the need to have more streamlined efficiencies and a more cost-effective approach towards issues of economic growth, development and transformation.

The mandate of the merged entity, that is, SCTIE, being:

*"The Entity is mandated to drive the economy of the Region through positioning it as a tourism and investment destination. As the official economic development arm, the Agency will proactively identify and unlock the full tourism, trade and investment potential of the region. That will involve engaging with all the role-players and stakeholders to attract tourists and assist investors looking to branch out into the district uncovered opportunities."*

From the above definition of the mandate of the entity, it is clear that, the mandate is to make the District a destination of choice for *visitors and their capital reserves and investors*. The District, through its tourism sector, has a potential to project its economic potential, to the varied types of individual tourists, as an investment destination of choice. The District also has sectors of economic potential which may be proactively targeted for investment: through promotion, attraction, enabling and facilitating the investment.

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<sup>16</sup> Source: Extract from the Minutes of the Meeting of the Ugu District Municipal Council held on the 23<sup>rd</sup> September 2021

The Strategy concluded the following, regarding the entity's mandate;

- ✓ Through tourism the District stands a chance to meaningfully showcase its investment potential, to potential investors, who may come either as leisure, business or medical tourists, in the District,
- ✓ All other sectors, with potential, stand a chance to leverage on tourism traffic (but not exclusively so), both for marketing and distribution of their products and
- ✓ The tourism sector stands to directly benefit, from all investment initiatives, from initiation to operation.

In the final analysis it can therefore be concluded that, even though the entity may have two (or more functions), but it has a single mandate of making the District a ***destination of choice for tourists and investors.***

#### **INVESTMENT CASE**

- Growth(AD)=  $C+I+G(X-Z)$
- Diversification of regional investment portfolios
- Identify, facilitate and package investment opportunities
- Facilitate the enablement of environment to be investment friendly (investor ease of doing business)
- Promote KZN south coast as the investment destination of choice, and grow the economy.

#### **TOURISM CASE**

- Growth(AD)=  $C+I+G(X-Z)$
- Attract and increase the number of tourist to the destinations
- Extend tourist geographical spread across the district
- Facilitate the availability of world tourist services
- Ensure the availability of tourism information infrastructure
- Providing local tourism authority services in line with legislative prescripts (KZN Tourism Amendment Act 2002)

***AD: Aggregate Demand C: Consumption***

***I: Investment***

***G: Government spending***

***X-Z: Export - Import***

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#### **2.3.3 LED Division of Roles and Responsibilities: The LM's, Ugu and SCTIE**

The strategic review process involved comprehensive consultations on the role of all key stakeholder and the following high level responsibility matrix was agreed upon. It was agreed that;

***The district is responsible for the coordination and sharing of Local Economic Development knowledge (information), coordinating district wide interventions/programmes, identifying linkages between LM's and developing regional plans and infrastructure that will unlock the full economic potential of Ugu District.***

*The local municipalities are responsible for implementing their own LED programmes and projects in their jurisdiction, for developing and reviewing their own policies, by-laws, plans and strategies and developing infrastructure that will unlock the full economic potential of Ugu District and*

*The entity is responsible for proactive packaging, promoting and facilitating tourism products and initiatives and proactive packaging, promoting and facilitating investment for specific opportunities, in addition to providing support and “enabling” investment in response to potential investment to unlock the full economic potential of Ugu District.*

The strategic review process agreed on the above as high-level separation of responsibilities, between the entity and the family of municipalities.

Key Issue:	Role of District Municipality	Role of Local Municipality	Role of SCTIE
Marketing & Promotion	Provide information and contribute towards Marketing and promotion: Investment & Tourism	Provide information and contribute towards Marketing and promotion: Investment & Tourism	To create and implement a coordinated Marketing and Promotion Strategy to promote the district as attractive investment destination through : building a brand and presenting an image for investment through - direct marketing techniques, investment facilitation, retention and aftercare
Attraction	Providing district level information based on economic intelligence, on priority sectors to target and priority projects requiring investment.	Providing local level information based on economic intelligence on priority sectors to target and priority projects requiring investment.  Provide up to date inventory of zoned and serviced commercial and industrial lands and buildings within LM - this enabling identification potential locations for new businesses and investments.	Development of a strategy and plan for attracting business investment. (Investment attraction strategy & plan)  Proactively pursuing growth opportunities by attracting new businesses or enterprises from outside the district to invest in the district in accordance with the approved strategy and plan (includes investment in prioritised projects, targetted industries, sectors and businesses and includes seeking business partners or investors for existing businesses)  Obtaining district wide consolidated inventory for investment purposes.
Facilitation	Input into district element of facilitation agreement: addressing enabling elements of ease of investment/red tape reduction and cost of doing business	Input into LM element of facilitation agreement: addressing enabling elements of ease of investment/red tape reduction and cost of doing business	Development and implement an annual investment facilitation agreement with district and LMs and other key stakeholders: defined roles and responsibilities, enabling regulatory environment, streamlined administrative procedures reducing time and costs associated with licencing, permits and approvals allowing ease of investment and operations and challenges addressed.
Stakeholder Management	Participate in relevant stakeholder forums to enable district perspective on matters	Engage with stakeholders on land and property ownership to share information with SCTIE for investment purposes, amongst other local municipal function and related stakeholder purposes	Develop Stakeholder management plan for implementation

Figure 3: Separation of functions LM, DM & SCTIE



## PART B: STRATEGIC PLANNING FRAMEWORK

### 3. Strategic Context

The strategic planning framework is informed by the objective realities outlined above and a comprehensive assessment of the amalgamation period. It has become clear that most of the Municipalities in the District find themselves in distress, because of their spatial and socio-economic disparities, which means they may always be a financially non-viable entity unless viable investments are made, that will yield viable households to service the bills for the provision of basic services.

Whereas the above may be true for largely rural municipalities, there is a possibility that some of our municipalities in the District have to deal with systemic issues around powers and functions, rapid growth in urbanization with expansion of capital infrastructure to fulfil increasing demand, and an inability to grow operational revenue to ensure sufficient maintenance and operation of the infrastructure to match demand, calls for yet a differentiated support.

It is therefore clear that the rationale for the existence of the entity is the economic advancement, of the people of Ugu District, which in turn will lead to viable Municipalities in the District.

#### 3.1 Vision

*By 2036 the South Coast will be KZN's Leading Investment and Tourism Destination.*

#### 3.2 Mission

By 2036 for the South Coast, to be a destination of choice and attract investment through different sectors and tourism in order to transform the economy to a diversified economy. The entity will achieve this by focusing on;

- ✓ Increasing the number of tourists/visitors to the District,
- ✓ Diversifying the economy of the district through, targeted strategic private and public investment,
- ✓ Building and managing relations with the district family of municipalities and key stakeholders and
- ✓ Being a financially viable entity.

#### 3.3 Values

The very nature and the purpose of the entity, is to be a bridge between local government, provincial and national governments and the private sector, hence the values upheld by the entity are aimed at meandering the maze.

- ✓ Innovation
- ✓ Stakeholder Driven
- ✓ Integrity
- ✓ Delivery Focused
- ✓ Excellence

### 3.4 Strategic Goals

The following four goals form the foundation of the strategy of the entity.

- GOAL 1:** *To market, attract, promote, enable and facilitate investments into, and within, the District, that will grow, diversify and transform the economy of the district into an inclusive economy and destination of choice for investors.*
- GOAL 2:** *To market, attract, promote more visitors into the District and be a destination of choice in KZN for tourists.*
- GOAL 3:** *To put in place adequate systems and processes, to ensure stakeholder engagement and the enhancement of people of Ugu, to be able to manage the economy and render quality services and*
- GOAL 4:** *To put in place adequate systems and processes, to ensure that the entity has capacity and financial viability, to deliver on its mandate.*

### 3.5 Motto

*“KZN’s destination of choice”*

### 3.6 Organizational goals and strategies

Based on the organisational strategic goals, the entity has developed strategic interventions, to achieve the goals set. Even though goal three deals with stakeholder management as a goal, it becomes critical for the implementation of almost all the entity’s strategies.

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#### GOAL 1: *To Attract Investments into the District Economy*

- ✓ Package investment opportunities (*Investment Product Development*).
- ✓ Robustly promote Ugu District as an investment destination and promote specific targeted potential investments (*Investment Destination & Specific Investment Marketing*).
- ✓ Pro-actively facilitate investment through linking opportunities and prioritised investment opportunities with investors, and securing investment commitments (*Investment Facilitation*)
- ✓ Pro-actively research and ensure the district “enables” ease of investment through red tape reduction and ensuring Ugu competitiveness second to none.
- ✓ Forge effective relationships with government and business, to make the entity a platform for investor information and support services, in order to link local and other businesses, to opportunities identified in the district economy (*Investor support services*).

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**GOAL 2:**      *To increase the number of visiting tourists in the District*

- ✓ Implement destination management services, that will put measures in place to attract tourists to the district (**Tourism Destination Marketing**).
- ✓ Develop an inclusive and diverse tourist destination with services that are attractive to visitors while addressing the competitiveness of the destination (**Tourism Product Development**).
- ✓ Contribute to making the District a warm and welcoming destination, by investing in the improvement of good quality service, across the board (**Good Quality Service**) and
- ✓ Ensuring the availability of tourism information infrastructure (**Tourism Information Services**).
- ✓ Ensure strategic entry and exit points and other identified areas are aesthetically pleasing for tourism through a (**Social Compact with Key Stakeholders**).

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**GOAL 3:**      *To Manage Stakeholders that are key in achieving economic diversification and growth*

- ✓ Effectively manage all economic development role players and stakeholders, that will work with the entity, to achieve its objectives (**Stakeholder Management**),
- ✓ Utilise or facilitate creation of intergovernmental platforms, to lobby Municipalities and government department, on infrastructure requirements to enhance the District's tourism and investment destination appeal (**One-Stop-Shop**) and
- ✓ Enhance the capabilities of people of the District, to ensure inclusivity and improve service levels, in the identified sectors, through working with different stakeholders (**Human Capability Enhancement**).
- ✓ Facilitate and Implement a Social Compact with stakeholders to enable common economic development interests and objectives are met.

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**GOAL 4:**      *To put in place adequate institutional support and financial viability mechanisms, to deliver on the entity's mandate*

- ✓ Work towards a mixed funding model of 90% government and 10% Self-funding (**Funding Model Review**) by the end of five years.
- ✓ Ensure that the Entity is financially sustainable and viable (**Financial Viability**) and
- ✓ Ensure that the Entity operations are compliant with all regulatory frameworks (**Institutional Support**).
- ✓ Facilitate the establishment of a district investment committee to assist SCTIE to fulfil its mandate.

*Within the Implementation Framework, the entity Key performance Objective, Indicators and targets will be set for the above mentioned, strategic goals and objectives.*

### 3.6.1 GOAL 1: INVESTMENTS ATTRACTION

In the Ugu Local Economic Development Framework 2022-2032, key is increasing the production of goods and services (new investment or retention & expansion) and efficient movement of the goods, and related inputs, and people through:-

- ✓ targeted sectoral growth (growth sectors with greatest job creation potential) and transformation interventions (rural linkages and industrialization in targeted areas/localities) through PPPs and other appropriate mechanisms, and govt enabling support (red tape reduction etc)
- ✓ the provision of transport and intermodal infrastructure (road, rail, air, sea), ensuring that the system creates opportunities for people and businesses to access the services and support they need and
- ✓ the provision of reliable energy, water and wastewater, and digital/connectivity services infrastructure and government accessible services infrastructure.

In order to get the above right and in place, the entity needs to go on a comprehensive drive for investments, into the district. In this regard, the entity needs to;

- ✓ Lobby for infrastructure that is required, that is the responsibility of Local Government (i.e. the district family of municipalities),
- ✓ Lobby for required infrastructure, that is the responsibility of Provincial and National Government (including respective State-Owned Entities) and
- ✓ Lobby for private sector for investment in identified key economic sectors.
- ✓ Facilitate and Lead in a Social Compact Agreement to enable common interests and objectives to be achieved.

In line with the recovery framework, the strategic review process emphasized the importance for the synergies between identified sectors. In order to ensure that the entity contributes in, the economic advancement, of the people of Ugu District, which in turn will lead to viable Municipalities in the District, the targeted investments shall meet most of the following criteria;

- ✓ Create jobs and an inclusive economy,
- ✓ Create opportunities for the processing of raw materials extracted locally,
- ✓ Create opportunities for the processing of locally produced agri-products,
- ✓ The tourism industry shall provide a platform, for showcasing and distribution of locally manufactured goods and
- ✓ These investments, further contribute to the implementation of Tourism products developed by the entity.

## 6.7 Categories of Potential Investments

In order to adequately serve the family of municipalities, the services provided on Investment promotion function must be clearly defined. The following are proposed by this strategic plan;

- ✓ Provide information highlighting the benefits of locations around Ugu District and help identify suitable commercial premises in consultation with the local municipalities (*Site Identification*),

- ✓ Collate up-to-date market intelligence, including economic and sector investment profiles, business opportunities and trade conditions (*Customised Market Intelligence*),
- ✓ Facilitate meetings with potential public and private funders, private individuals, banks and private equity funds to help identify financing opportunities (*Financing opportunities*),
- ✓ Identify factors that could constrain investment and work with decision makers to find ways of breaking down barriers to operating in the District (*Infrastructure, Policy Advocacy and Red Tape Reduction*),
- ✓ Provide guidance and information to help investors understand the national, provincial, and local incentives available to business in their sector (*One Stop Shop*) and

The entity exists for the purposes of largely to serve the Ugu District Family of municipalities.

In order to ensure an inclusive economy, there is a need to categorise investments, such that there is a balanced portfolio of products, that will include investments in rural and township economies. The following categories will be used by the entity as a guide;

- Category A investments (R1m – R10m):** Aimed largely towards investments both rural and township economies. These may include, Agro processing, commercial property development and tourism products. Local investors may be approached for some of these investments
- Category B investments (R10m – R100m):** Aimed largely towards property and industrial development investments mainly in major commercial centres, regional commercial distribution and raw materials processing investments,
- Category C investments (Above R100m):** These are major developments and prioritised catalytic projects, aimed largely at current major industries operating in the District, domestic and foreign investors.

Below is the demonstration of the categories above;

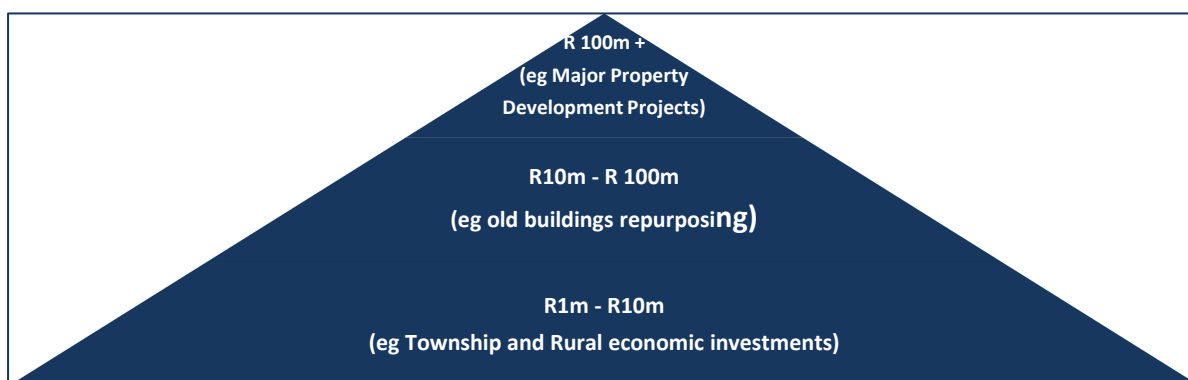


Figure 4: Potential investment categories

The Board therefore has to ensure that the entity focuses on all categories, so that all Local Municipalities get adequately serviced and stand a chance to address the spatial disparities between Municipalities and socio-economic disparities within the community, already identified.

### 3.8 Potential Investment Sectors

The highest comparative advantage for the Ugu District is within the agricultural, forestry and fishing sector.

At Local Municipal level all have comparative advantage within the agricultural, forestry and fishing sector but there are variations with regards to other comparative advantage sectors: as indicated in the following table:

<i>Economic Sector</i>	<i>Ugu District</i>	<i>Umdoni</i>	<i>Umzumbe</i>	<i>Umuziwabantu</i>	<i>Ray Nkonyeni</i>
<b><i>Agriculture, forestry and fishing</i></b>	<b>3.81</b>	<b>6.72</b>	<b>2.98</b>	<b>3.55</b>	<b>5.02</b>
<b><i>Mining and quarrying</i></b>	0.1	0.02	0.07	0.17	0.11
<b><i>Manufacturing</i></b>	<b>1.15</b>	0.94	<b>1.04</b>	0.99	1.01
<b><i>Electricity, gas and water</i></b>	<b>1.18</b>	0.87	1.1	0.83	<b>1.26</b>
<b><i>Construction</i></b>	1.09	0.97	1.15	<b>1.17</b>	<b>1.13</b>
<b><i>Wholesale and retail trade, catering and accommodation</i></b>	1.06	0.81	<b>1.33</b>	<b>1.17</b>	0.99

Source: ESRSDf 2023

#### 3.8.1 Agriculture

A location quotient (LQ) greater than 1.2 is indicative of a high comparative advantage and Agriculture, forestry and fishing sector has an LQ of 4,2 with Umdoni municipality having the highest potential and Umzumbe the lowest, at 3,2.

Although agriculture has averaged positive growth over the past ten years prior to 2021, and since has experienced unstable growth, and there are significant threats to future growth. To the extent that Ugu's comparative advantage was derived predominately from sugar cane and bananas, lowering crop yield and regional competition may strip the district of this comparative advantage . With these commodities (sugar cane, bananas and tea tree ) having challenges, the entity is applying the following strategies to see a recovery in the sector;

- ✓ Find and Secure investments for Agro-processing of local agri-produce (tea tree, macadamia, bananas, sugar, vegetables, timber).
- ✓ Development of fruit, vegetable , oil and other niche crops (research and identify potential new niche crops) production to commercial products.
- ✓ Development of markets and collaboration with private sector to receive product outputs.
- ✓ Enable existing agricultural businesses to be retained, and grow. (retention and expansion).
- ✓ Research and do feasibilities on any waste from agro-processing or agricultural production – to enable value-add, and commodification of the waste. Facilitate investment in the waste value-add.
- ✓ Lobby government and agro-industry associations (and/or form social compacts with agro industry associations) where necessary to protect any produce/products/markets (i.e. bananas threat from imports from Mozambique).

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### 3.8.1.2 Forestry

Forestry will receive much focus from the entity, within the next five years. The strategy is to have Umuziwabantu as the Forestry and wood processing industry hub of the District. To tap on forestry's potential, the following strategies will be applied;

- ✓ Together with the local municipality and other relevant stakeholders, identify land within the Ingonyama Trust land, that is unutilised but suitable for forestry.
- ✓ Following the relevant authorities having developed strategies and products for the participation of SME's in the forestry sector investment (such as honey and various honey-related products), to market, promote and attract investment.
- ✓ As part of the Industrial Parks Revitalisation & Development catalytic project, the entity will look for a major investor to kickstart the wood processing and furniture making (and other products) industries, earmarking this for the industrialisation of Harding town.
- ✓ Research any value-add to the waste from the above industrialisation, and enable investment thereafter.

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### 3.8.1.3 Fishing / Aqua Culture

Fishing will receive much focus from the entity, within the next five years. The strategy is to have Umzumbe as the Fishing and fish processing industry hub of the District. To tap on fishing potential, the following strategies will be applied;

- ✓ Together with the local municipality and other relevant stakeholders, identify land within the Ingonyama Trust land, that is unutilised but suitable for a fish farm.
- ✓ Following the relevant authorities having developed strategies and products for the participation of SME's in the fishing sector investment to market, promote and attract investment.
- ✓ Research any value-add to the fish farming from the above industrialisation, and enable investment thereafter.

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### 3.8.2 Business Processing Outsourcing (BPO)

The entity's approach to BPO's, is to try and ensure that un-occupied office space / municipal buildings can be properly utilised as Call Centres, for which there is a great demand. These should not require major financial contributions, however, will provide a large number of jobs for the communities.

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### 3.8.3 Manufacturing

The entity's approach to manufacturing, is to try and ensure that raw materials extracted, and agri-produce farmed from the District must be processed and shipped out/exported, either as processed or semi processed goods and not as raw materials. The following strategies are therefore in the entity's plans;

- ✓ Finding and securing Investors for various manufacturing opportunities.
- ✓ Beneficiation of agricultural, Forestry and mining and quarrying.
- ✓ Utilising Waste from agriculture, Forestry and mining and quarrying for the development of products of value (circular economy).
- ✓ Furniture, Coffins and textile/clothing sector support and

- ✓ Upgrading and development of new industrial parks linked to nodes and corridors, though separate project agreements when required.

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#### 3.8.4 Maritime

The RSDF stresses the importance of inter-regional connectivity, by properly linking different nodal areas and linking those to the entire region. The RSDF further proposes the development of small craft harbours to support the tourism industry as well as various other oceans economy activities, and a potential port for import and export of goods. With Ugu having a 112 km's coastline and the specific identification, by the RSDF of Small Harbours in Port Shepstone and Port Edward, the Ocean economy is one of the key sectors of the district economy.

The entity acknowledges the importance further looking into the potential of the maritime sector. As part of the catalytic projects drive including, different feasibility studies that are underway, to put together a solid case. Some of the possible investments to consider are;

- ✓ Marine University,
- ✓ Boat Making,
- ✓ Skipper Licencing,
- ✓ Fishing,
- ✓ Small craft harbour/marina development,
- ✓ Beachfront upgrade and development,
- ✓ Ocean adventure tourism, aligned to the objective realities of the coastline,
- ✓ Pharmaceutical products,
- ✓ Port Development.

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#### 3.8.5 Property Development

The RSDF identifies the importance of development of smart cities and towns. The framework further cautions against such a development ending up destroying the small towns. As a result, the smart cities will be developed in a manner that embraces African culture and puts more emphasis on strengthening linkages between urban and rural in a sustainable manner, and revitalisation of small towns with sustainable economies.

Another critical observation, is how on the LQ table above, the Wholesale & retail trade, catering and accommodation sector has a comparative advantage below 1,2. This is in spite of the fact that this includes what is currently the major sector (i.e., tourism). There is therefore a need for the Ugu to re-assert Port Shepstone as a Regional Development Anchor and as envisaged in the RSDF, strengthen the town as service centre for commercial goods and services as well as educational centre of excellence.

Through property development, Ugu can be able to boost the construction sector, which already has an LQ of above 1,2. There is therefore an opportunity to get more private sector investments into construction of commercial, residential and tourism sectors. The success of the diversification initiative lies in Ugu's ability, to extend a network of settlements and productive regions, beyond Ugu district's municipal area. The focus should not only be flow from the Eastern Cape, but there should be a way for the District to replace both Durban and Pietermaritzburg, as a major commercial centre for areas in the southern part of Harry Gwala District.



The entity will forge Strategic Partnerships to give effect to economic development on State, Ingonyama Trust and land owned by the private sector. Opportunities within the sector include, through separate project agreements.

- ✓ Assisting LM's with development of undeveloped land,
- ✓ Property development to attracting specialist potential investors, to invest in specialist capital infrastructure required, for a spectrum of medical services and supplies,
- ✓ Property development for major conference and meetings facility and
- ✓ Property development options to stimulate economic development for townships, small and rural towns and settlements.

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### 3.8.6 Mining and beneficiation of raw materials

The mining and quarrying sector has shown average GDPR decline post-2020 at a provincial level. At a district-level there are no statistics for this sector for this period, as yet, however, this sector is recognised as a growth sector<sup>17</sup>. The following strategies are therefore in the entity's plans:

- ✓ Facilitating and Implementing a Social Compact specifically focusing on mining and quarrying in the district: to which key stakeholders agree to a common strategy to ensure that mining and quarrying in the district is linked to beneficiation and manufacturing in the district.

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<sup>17</sup> Ugu Integrated Development Plan 2023/24 Review

### 3.9 Strategies and Proposals to attract investments into the District

SCTIE will have to facilitate and deliver, key investment opportunities, identified and packaged through the entity's Investment Framework.

SCTIE, in partnership with the District's family of municipalities, will embark on a comprehensive program, to market the District, as an KZN's investment destination of choice and through partnerships with the family of municipalities, TIKZN and other stakeholders, establish a "One-stop-shop services centre" for business support, opportunities and information.

Below is a further breakdown of the strategies and proposed interventions, within the next five-year period.

### 3.10 Institutional Support Mechanisms to Support Investment

#### 3.10.1.District Investment Framework

The entity will develop a comprehensive District Investment Framework, which will clearly spell out all investment opportunities in the district and set policy guidelines for the management of the investment marketing, promotions, facilitation and "enabling" function of the entity.

#### 3.10.2.District Investment Committee

A proposed strategy, is the establishment of a District Investment Committee. The committee shall sit periodically to amongst other things;

- ✓ Structure a Standard Operating Procedure (SOPS) for usage by all stakeholders which includes defined roles and responsibilities, timeframes for actions and therefore the committee will ensure reporting and accountability against the approved SOPS of the Committee.
- ✓ Consider new investment proposals,
- ✓ Consider challenges on all existing investments and
- ✓ Prepare a bi-annual report, on the state of investments in the District, this should align to the Ugu Local Economic Development Framework targets.

The envisaged committee shall be established within the District's IGR framework and shall include all Local Municipalities. The committee may also involve independent members of the public and experts.

### 3.11 RSDF Catalytic Projects

PROJECT NAME	LOCATION <sup>18</sup>	LOCAL GOVERNMENT LOBBY	PROV&NAT GOVT LOBBYING	PRIVATE SECTOR LOBBYING
Revitalization & development of Railway line	Infrastructure will be developed in all LM's: North to South and East to West.	All LM's to align respective spatial development framework	Transnet & PRASA Metrorail	Tourism Rail.
Port Shepstone Inter-Modal transport facility / Shopping Mall	Ray Nkonyeni Municipality	Lobby RNM & DM to align relevant services infrastructure		Secondary Investors
Road upgrade to N2 & intersection	Ray Nkonyeni Municipality	Lobby RNM & DM to align relevant services infrastructure	Department of Transport & SANRAL	N/A
Airport expansion and aerotropolis development	Ray Nkonyeni Municipality	Lobby RNM & DM to align relevant services infrastructure		Secure a major private investor
Port and Harbor development  Port Shepstone (T1)  Hibberdene and Port Edward. (T2)	Ray Nkonyeni Municipality	Lobby RNM & DM for site identification to align relevant services infrastructure		Secure a major private investor  State Investment  <b>(ISA INVOLVEMENT)</b>
Renewable Energy	All LM's	Programme Implementation	Programme Implementation	Programme Implementation
Digital Connectivity	All LM's	Programme Implementation	Programme Implementation	Programme Implementation
Circular Economy	All LM's	Programme Implementation	Programme Implementation	Programme Implementation
Industrial Parks	All LM's	Programme Implementation	Programme Implementation	Programme Implementation
Water and Waste Water Bulk Infrastructure	All LM's	Programme Implementation	Programme Implementation	Programme Implementation

<sup>18</sup> NB: The location only refers to physical infrastructure, however in their nature, catalytic projects will benefit residents from more than one municipality,

PROJECT NAME	LOCATION <sup>19</sup>	LOCAL GOVERNMENT LOBBY	PROV&NAT LOBBYING	GOVT	PRIVATE SECTOR LOBBYING
Ugu Agri-Hub Programme  <b>(Animal hides &amp; Food processing)</b>	Umzumbe	PPP  Programatised project submitted to ISA – December 2024 – pending outcome – expected before June 2025			
Industrial Development Programme	Umdoni  Umzumbe  Ray Nkonyeni  Umuziwabantu	PPP  Programatised project submitted to ISA – December 2024 – pending outcome – expected before June 2025			
Post School Education & Training Programme	Umdoni  Umzumbe  Ray Nkonyeni	PPP  Programatised project submitted to ISA – December 2024 – pending outcome – expected before June 2025			
Green Energy Program (District wide Renewable Energy)	Umdoni  Umzumbe  Ray Nkonyeni  Umuziwabantu	PPP  Programatised project submitted to ISA – December 2024 – pending outcome – expected before June 2025			
Coastal Development Programme  <b>(Turton Beach)</b>	Umdoni  Umzumbe  Ray Nkonyeni	PPP  Programatised project submitted to ISA – December 2024 – pending outcome – expected before June 2025			

<sup>19</sup> NB: The location only refers to physical infrastructure, however in their nature, catalytic projects will benefit residents from more than one municipality,

### 3.12 Current SCTIE Projects

PROJECT NAME	Who owns the land?	Under which sector does the investment fall	Has the developer been identified?	Is the lease agreement in place?	Has a PSC been appointed?	Comments
John Mason Park	Ray Nkonyeni Municipality	Property Development	Yes	No	Yes	Railway Crossing approved, and special studies completed
Hibberdene Mixed Use	Ray Nkonyeni Municipality	Property Development	Yes	Resolution to sign lease approved.	No	
Ifafa development	SCTIE	Agriculture and agri-processing	No	No	No	Pending the review of the Umdoni Scheme to reactive Act 70/70 process
Umzumbe River Trail	SCTIE/Umzumbe LM	Tourism	No	No	No	Stakeholder engagements, embarking on phase II to expand
KwaXolo Caves	KwaXolo Traditional Council	Tourism	Yes	N/A	Yes	Phase III in progress – funded by EDTEA
Itshe likaMaria	Umzumbe / Ingonyama Trust ?	Tourism	No	N/A	No	
Ntelezi Msani Heritage Centre	Umzumbe	Tourism	No	N/A	No	Site being managed  Opportunity for further development
Isivivane seNkosi uShaka	Umzumbe ?	Tourism	No	N/A	No	
KwaNzimakwe Multi-Trails	Ingonyama Trust	Tourism	No	N/A	No	Already hosts seasonal trail events with various clubs and partners
Gamalakhe Township Experience	Various	Tourism	No	N/A	No	Local guides received tour guide and first aid training

KwaNdwalane Experience & Nyandezulu Experience	Various	Tourism	No	N/A	No	Route identified, Training undertaken for guides, designated picnic & braai area along the route
Weza Hiking Trail	Umuziwabantu /	Tourism	No	N/A	No	Training undertaken for guides,
KwaFodo Village	Umuziwabantu /	Tourism	No	N/A	No	Structures delapidated – pending review
Emalangen Experience	Umdoni Various	Tourism	No	N/A	No	Training undertaken for guides,

These SCTIE projects are being assessed by the Board in relation to the Mandate and Goals of the new strategy and once resolved will be implemented.

Figure 5: List of current SCTIE projects being assessed (pre-Strategy)

Before identifying and packaging new projects, the entity shall have to consider lessons learned and ensure the adequate geographic spread of the projects.

### 3.13 New Potential Investments Identified

PROJECT NAME	Which municipality is earmarked	Key Sector	Has the feasibility study been conducted	Key Partners	Comments
Lithium processing investment	Umzumbe Municipality & RNM	Mining and Manufacturing	No	SCTIE, LM, DM, local businesses, EDTEA	Mining Social Compact
Major timber processing investment	Umuziwabantu	Agribusiness, Manufacturing	No	SCTIE, LM, DM, local businesses and private sector	Agriculture Social Compact
Lime Mining Waste processing and packaging investment	Ray Nkonyeni	Mining and Manufacturing	No	SCTIE, LM, DM, local businesses, EDTEA	Mining Social Compact
Macadamia Value Add Processing, packaging and distribution	Ray Nkonyeni, Umzumbe and Umdoni	Manufacturing	No	SCTIE, LM, DM, TIKZN,	Agriculture Social Compact
Sugar cane processing	Ray Nkonyeni, Umzumbe, Umdoni and Umuziwabantu	Manufacturing	No	SCTIE, LM, DM, SASA and private sector Associations etc.	Agriculture Social Compact

PROJECT NAME	Which municipality is earmarked	Key Sector	Has the feasibility study been conducted	Key Partners	Comments
NPC Cement manufacturers distribution center	Ray Nkonyeni	Mining and Manufacturing	No	SCTIE, DM, LM and EDTEA	
Other Value-Add Waste Processing (e.g. banana material etc.)	All LM's	Agriculture & Mining Manufacturing	No	SCTIE, DM, LM and EDTEA	
N2 Mnafu Interchange	Umzumbe	Connectivity – Road	No	SCTIE, Umzumbe DOT / SANRAL	Road Connectivity
Umsikazi Mountain	Umzumbe	Tourism and Retail	Yes	SCTIE, Umzumbe	Tourism & Retail
Mawuleni Nature Reserve	Umzumbe	Tourism and hospitality	Yes	SCTIE, Umzumbe	Tourism & Hospitality
KwaKiko	Umdoni	Tourism and hospitality	No	SCTIE, Umdoni	Tourism & Hospitality
Hibiscus Coast Marine Route	Umdoni, Umzumbe, Ray Nkonyeni	Marine Transport Route	No	SCTIE, Ray Nkonyeni, Umdoni, Umzumbe	Marine Transport Route
Historical Route	All LM's	Tourism, Heritage, Culture,	No	SCTIE, Ray Nkonyeni, Umdoni, Umzumbe  Umuziwabantu	Historical Cultural Route

Figure 6: List of New Potential Investments

### 3.14 New Potential Investments Identified through Municipal Strategy participation

PROJECT NAME	Which municipality is earmarked	Key Sector	Has the feasibility study been conducted	Key Partners	Comments
Worm Farming	Umuziwabantu	Agriculture	No	SCTIE / Umuziwabantu LM	Agriculture
Wonderland Experience	Umuziwabantu	Property Development / Tourism	No	SCTIE / Umuziwabantu LM	Property development
Real Estate Development	Umuziwabantu	Mixed Use Property Development	No	SCTIE / Umuziwabantu LM	Mixed Use – Property
Rural Horse Racing	Umuziwabantu	Sports	No	SCTIE / Umuziwabantu LM	Sports
Renewable Energy	Umuziwabantu	Green Energy	No	SCTIE / Umuziwabantu LM	Green Energy
MUT Campus	Umdoni	Education / Social Infrastructure	Yes	SCTIE / Umdoni LM	Social Infrastructure
Park Rynie Industrial Area	Umdoni	Manufacturing	No	SCTIE / Umdoni LM	Manufacturing
Umzinto Industrial Area	Umdoni	Manufacturing	No	SCTIE / Umdoni LM	Manufacturing
Pennington Industrial Area	Umdoni	Manufacturing	No	SCTIE / Umdoni LM	Manufacturing
Sizela Industrial Area	Umdoni	Manufacturing	No	SCTIE / Umdoni LM	Manufacturing
Scottburgh Beach Development	Umdoni	Property Development	No	SCTIE / Umdoni LM	Property development
St. Faiths Precinct Plan	Umzumbe	Commercial Retail	Yes	SCTIE / Umzumbe LM	Commercial Retail Property
Umzumbe Marine Tilapia Industry Incubator	Umzumbe	Agriculture / Fishing	Yes	SCTIE / Umzumbe LM	Agriculture
Mehlomnyama Mixed Use	Umzumbe	Real Estate	No	SCTIE / Umzumbe LM	Real estate



PROJECT NAME	Which municipality is earmarked	Key Sector	Has the feasibility study been conducted	Key Partners	Comments
Radio Station & Recording	Umzumbe	Film & Audio	Yes	SCTIE / Umzumbe LM	Film & Radio
Agro-Processing Plant	Ray Nkonyeni	Agriculture / Manufacturing	No	SCTIE / Ray Nkonyeni	Agriculture / Manufacturing
Conference Centre	Ray Nkonyeni	Property Development / Tourism	No	SCTIE / Ray Nkonyeni	Property Development
Sports Tourism	All LM's	Sports	No	SCTIE / UGU DM	Sports Tourism at USLC
Film Tourism	RNM / ALL	Film	No	SCTIE / Private Sector / Other Government Departments	SC Film City concept

## 4. TOURISM ATTRACTION

Ugu District is endowed with a number of natural attractions, with beach tourism being the major segment of this sector. The district has a number of coastal tourism towns.

The abovementioned towns are mostly within Ray Nkonyeni Local Municipality, specifically along R61 from Port Shepstone to Port Edward, however coastal tourism is also seen in Scottburgh, Park Rynie, Pennington, Sunwhich Port, Hibberdene etc. These towns are also surrounded by associated formal suburbs. These towns have a number of commercial and entertainment activities which embolden this tourism environment.

Ugu District Family of Municipalities, through the entity, aims not only at increasing the number of tourists visiting the District but also to find some depth within its tourists. If tourists are happy with their stay, the outcome may be the following, which will give the entity that depth per tourist;

- ✓ Average extension of the length of stay per visitor,
- ✓ Increased tourist financial spend,
- ✓ Taking full advantage of seasonal demands and
- ✓ Endeavouring to level out seasonality patterns, through targeted marketing

The entity will be able to increase the number of national and international tourists in the District through the following four strategic objectives:

- ✓ **Tourism Destination Marketing:** Putting in place effective tourism/destination marketing,
- ✓ **Tourism Product Development:** Extending geographic spread of tourists' destinations, within the District
- ✓ **Good quality services:** Contribute in making the District a warm and welcoming destination, by investing in the improvement of good quality service, across the board and
- ✓ **Tourism Information services:** Ensuring the availability of tourism information infrastructure

### 4.1 Tourism Destination Marketing

The entity will be responsible for promoting the image of the District as a prime tourist destination. as well as the image and reputation of the District, as a tourist destination, through an approved Marketing Plan.

INTERVENTION
Rollout "Uncover adventure" and "Step into adventure" campaigns, to reveal the strengths, beauty and potential of the District
Enhance the district as a Premier Beach destination, by conducting a feasibility study to measure the potential for Sea Adventure tourism (Diving, intensive beach sport etc.)
Promote the District as a Nature and outdoor experience destination
Promote culture and heritage tourism, in order to spread tourism to rural and township destinations
Put in place marketing campaigns, promoting the district as a Family focused destination
Prepare and implement a marketing plan for other Niche markets: e.g.: Medical tourism
Market the South Coast by continuously creating and increasing destination brand awareness and improving its image to potential visitors

## 4.2 Extending Tourism Geographic Spread

Extending the tourist geographical spread across the destination by supporting the development of innovative, unique and authentic tourism products which meet market needs and promote involvement of local communities. The ultimate aim is to ensure that the tourism economic benefits are spread out to different areas of all local municipalities of Ugu district.

INTERVENTION
Identify corridors/areas, within the nodal development framework of Local Municipalities, with potential to attract tourists.
Develop an inclusive and diverse tourist destination with services that attract both leisure and business visitors by developing new routes and activities
Through the Investment department, seek investors to invest in meeting and conferencing tourism facilities and facilities to support other niche markets e.g.: Medical Tourism
Identify and address gaps, through; <ul style="list-style-type: none"> <li>✓ Tourism SME Business development, support and</li> <li>✓ Identifying opportunities for youth involvement and support</li> </ul>

## 4.3 Improving Quality Of Service For Visitors

Ensuring the availability of world class tourist services by addressing people development to encourage transformation and spread the economic benefits of tourism. This also includes providing supportive services to established tourism businesses in order to retain their businesses and save jobs.

The entity will achieve the above by amongst the following interventions;

INTERVENTION
Create an enabling environment and support SME tourism operators, with grading of their respective products
Conduct capacity building programs, to improve quality of services and friendly environment, for tourism operators and other businesses that interact with visitors, in the District
Serve as industry coordinator, providing a clear focus and encourage more industry collaboration so as to share in the growing benefits of tourism.

## 4.4 Improving Tourism Information Services

This includes providing updated and relevant information about the destination

INTERVENTION	STRATEGIC PA Tourism KZN, District Municipality, Local Municipalities RTNER/S	TIMEFRAME
Diligently update "Uncover adventure" and "Step into adventure" platforms, to provide relevant information that, reveals the strengths, beauty and potential of the District, for the visiting tourist.	Tourism KZN, District Municipality, Local Municipalities	2023-2028

## 5. Stakeholder Management

The three major hinderances to the economic recovery that the District family of municipalities is pursuing, are;

- i. The red tape, resulting from local, provincial and national government and lack of competitiveness in that regard,
- ii. Required infrastructure to enhance the destination appeal of the District and
- iii. The actual human capabilities of the people of Ugu District.

All the above hinderances are largely dependent on other stakeholders, for the entity and the District family of municipalities to deal with these challenges and in this lies the need for the entity to have diligent stakeholder engagement processes and policies in place.

### 5.1 Stakeholder Relations

In order to secure effective implementation of the entity's tourism and investment mandate, the entity will have to develop relations with key stakeholders in the public and the private sector. This means that the entity will have to strengthen relations with;

- i. District Tourism Forum
- ii. CTO membership,
- iii. Business and Any Economic Sector Associations/Organisations including Foreign direct investors,
- iv. Government Departments, Parastatals & Institute of Higher Learnings
- v. Traditional leadership
- vi. Parent Municipality and
- vii. Local Municipalities.

Below are the identified interventions to manage stakeholder relations to work cohesively towards the growth and diversification of the District economy;

INTERVENTION	STRATEGIC PARTNER/S
Utilize or facilitate creation of Social Compact and intergovernmental platforms, to manage the implementation of the plan, with the District's family of municipalities	District and Local Municipalities
Ensure that all the relevant administrative issues (Business Plan, SLA etc.), that manages the relationship, between the entity and parent municipality are developed, compliant to all the relevant legislation.	District Municipality
Review the funding agreement framework, between the entity and Local Municipalities, to have clear deliverables per LM	District and Local Municipalities
Aggressively grow tourism membership base, by lobbying Local Municipalities, to support the registration SME's and new players	District and Local Municipalities
Coordinate the Annual hosting of the Ugu Investment Conference/s, to showcase the investment potential of the District: targeting relevant sectors and products for investment.	Private business, TIKZN, District and Local Municipalities
Coordinate promotion of sport, cultural and leisure events (like markets, festivals, sport tournaments etc.) organised by municipalities, NGO's and private business, to showcase the destination and get more tourist and investment into the District.	District and Local Municipalities

Figure 7: Interventions to Manage Stakeholder Relations

## 5.2 Investment and Tourism Destination Appeal Lobby

For the region to be able to attract tourists and investors, it is critical to ensure, stable availability of municipal infrastructure and services, as this affects the image and reputation of the destination. The entity will have an overall responsibility to lobby the municipalities and government departments, in the infrastructure investments, that will both enhance private investment and boost the destination appeal for tourists.

Below are the identified interventions to secure the kind of infrastructure that will enhance the tourism and investment appeal of the District, as a destination of choice;

INTERVENTION	STRATEGIC PARTNER/S
Lobby municipalities for the availability and maintenance of municipal infrastructure and services, to support the District's destination appeal.	District and Local Municipalities
Lobby municipalities and Department of transport, for the adequate signage to relevant tourist destinations in the District and aesthetically appealing signage control.	KZN Department of Transport, District and Local Municipalities
Lobby the municipalities, for the maintenance of beach facilities	District and Local Municipalities
Lobby department of Transport, for the upgrade of the alternative route to Oribi Gorge.	KZN Department of Transport, District and Local Municipalities

Figure 8: Interventions for destination appeal

## 5.3 Human Capability Enhancement

The biggest asset that the District has, is its people. Due to the major economic activity (tourism) being service based, it can never be avoided that the people of the District become part of the service either as;

- ✓ Owner of a tourism facility,
- ✓ Employee in a tourism facility,
- ✓ Business patroned by tourists (e.g. petrol station) or
- ✓ The host (the visited directly or indirectly).

In partnership with other stakeholders, the entity has been organising development programs, however in the next five years, this effort will be intensified.

INTERVENTION	STRATEGIC PARTNER/S
Put in place skills development programs with relevant SETA's, to capacitate the broader Ugu community to interact and serve positively both the tourists and potential investor, visiting the District	CATHSSETA, Services SETA, LGSETA, District Municipality and Local Municipalities
Lobby RNM/Umdoni for the possible available building, for the establishment of the District's institution of higher learning	
Support local business, looking at expanding their businesses in the District	
Lobby for medical specialist skills into the District, to boost Medical tourism in the District	Medical Practitioners Council, District Municipality
Consider registration of the entity as a certified and accredited training provider, with relevant SETA's	CATHSSETA, Services SETA, LGSETA, District Municipality and Local Municipalities

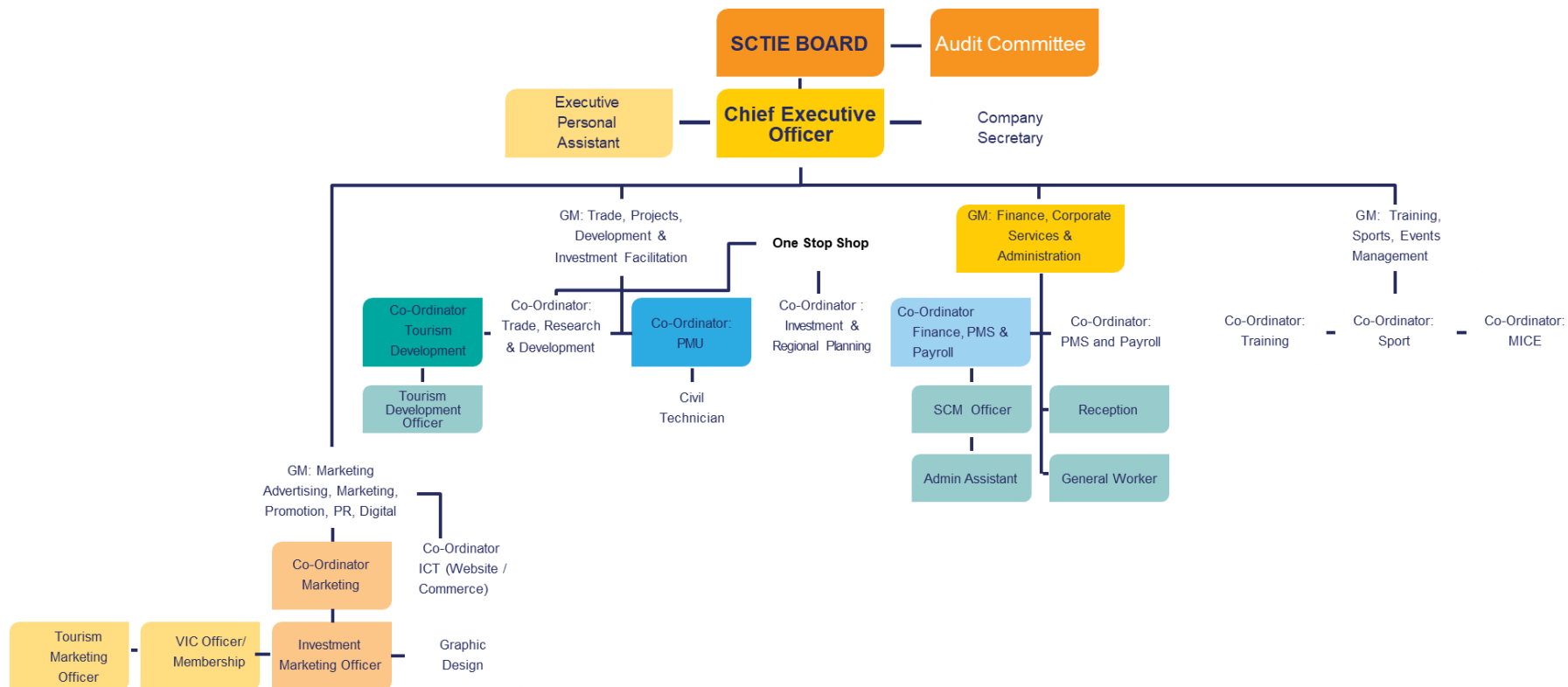
## **Conclusion**

The point that District Development Agencies 'biologically' exist in an intergovernmental relations environment, whilst having a wider community as a customer, requires the entity to have systems in place to manage these relations. Management and the Board will look at the structure and the capacity of the entity to deal with these challenges in order to diligently implement the above interventions. A thorough stakeholder Analysis and Framework to be developed and used in Annual Performance Plan.

## 6. INSTITUTIONAL CAPACITY AND FINANCIAL VIABILITY

### 6.1 Organisational Structure

# PROPOSED ORGANOGRAM



## 6.2 Current Financial Position

The current entity has experienced a difficult financial position in the recent past which is a result of numerous aspects which can be summarised as follows:

- ✓ **Grant Dependency:** The Entity is dependent on grant revenue for over 90% of its budget. This means that if there are any challenges with these grants, the sustainability of the entity cannot be guaranteed;
- ✓ **Limited Budget Provision from the Municipalities:** The municipalities, led by the parent, Ugu District Municipality experience their own financial difficulties resulting in limited budgetary allocation to the Merged Entity.
- ✓ **Transfer of Allocations to the Entity:** There has been acute delay in the actual transfer of allocations from the Ugu District Municipality to the Entity resulting in fruitless and wasteful expenditure being incurred, as well as strained relations with creditors and failure to deliver of the Annual Performance Scorecard. The precarious cash flow position that the entity finds itself in results in the inability of the entity meeting its obligations as they fall due.

## 6.3 Funding Model

In September 2021, the Ugu District family of municipalities resolved to amalgamate the two district-wide municipal entities being: Ugu South Coast Tourism, and Ugu South Coast Development Agency.

This was necessitated by:

- ✓ the weaker economic growth experienced in South Africa
- ✓ the consequent reduction in government funding
- ✓ the ability to reduce expenditure through economies of scale removing unnecessary duplications in oversight, staffing, infrastructure, services, etc.

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### 6.3.1 Background

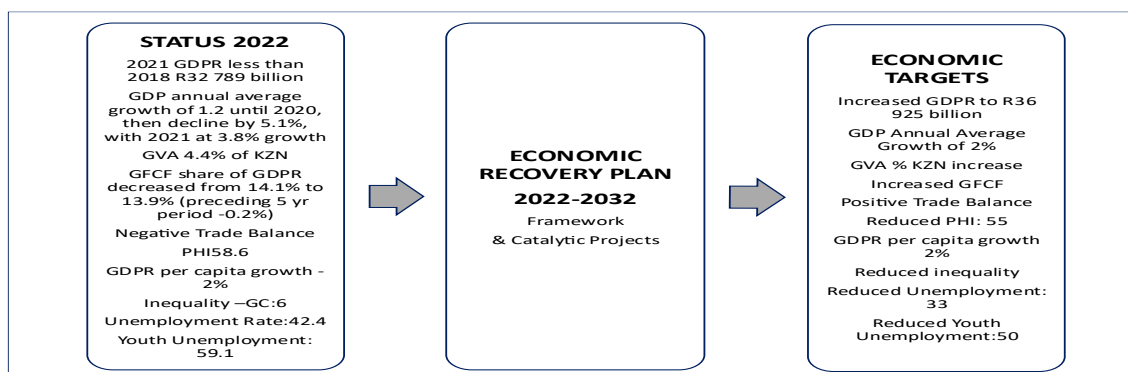
The Ugu District family of municipalities resolved to merge two existing SPVs into one LED Special Purpose Vehicle: South Coast Tourism and Investment Enterprise (SCTIE) and appointed an “Interim Board of Directors” for a one-year period to finalise the merger. The resolution was that the merged entity would commence business on 1 July 2022 and that by 1 July 2023 a new board of directors would be appointed, and the merger process completed with the new entity operating.

The resolution was taken within a context of a shrinking economy, reduced government spending and with the driving imperative of reducing expenditure.

The Mandate of SCTIE being to drive the economy of the region through positioning it as a tourism and investment destination and in so doing contributing towards economic growth, reducing unemployment and inequality.

At the end of 2022 an Ugu Local Economic Development Framework: Strategy & Plan (2022-2032) was adopted to be the strategic framework for achieving specific economic targets over a five- and ten-year period. This was reviewed in 2024.





Within the framework the LED SPV is predominately responsible for the strategic thrust of enabling and facilitating investment.

**STRATEGIC THRUST : ENABLE & FACILITATE INVESTMENT**

**STRATEGIC OBJECTIVE : TO INCREASE INVESTMENT INTO THE UGU ECONOMY THROUGH INCREASED GROSS FIXED FORMATION AS A SHARE OF GDP BY AT LEAST 3% BY 2030 AND % GVA SHARE SECTORAL GROWTH.**

INTERVENTIONS	PROGRAMMES
Develop a District framework: strategy & plan to attract domestic and international investors & then implement.	District Investment Framework: strategy & plan including but not limited to incentives (financial and non, red tape reduction, one stop shop, marketing, local investor targeted areas plans)
Investment Related Economic Intelligence: monitoring, reporting on actual to plan and impact	Investment economic intelligence
Identify and package (for ease of investment) investment opportunities in the district	Pro-active Nodal Investment Packaging: service, package & release to investors, through specific requested agreements only
Develop and implement a framework for Business Retention, Expansion & Attraction (BREA)	BREA Framework and Implementation
Lobby for stable and reliable service provision	Stable and reliable service provision Social compact
Reignite property investment and development market	One stop shop Land audit/investment register Special committee to unlock challenges
Image enhancement and beautification	Image Enhancement and beautification Interventions

**STRATEGIC THRUST : ENTERPRISE DEVELOPMENT & SUPPORT**

**STRATEGIC OBJECTIVE : TO FACILITATE, PROMOTE, SUPPORT AND ENABLE LOCAL ENTERPRISE DEVELOPMENT SO AS TO ACHIEVE INCLUSIVE ECONOMIC GROWTH AND TRANSFORMATION.**

INTERVENTIONS	PROGRAMMES
“Buy Local” programme developed and implemented to enable individuals to contribute towards strengthening the Ugu economy	Buy Local Programme Developed and Implemented
Widely market products produced by township and rural SMMEs	Township and Rural SMME’s Marketing Support
Support the development of rural tourism experiences (e.g., homestays)	Product Development and Marketing Support

The SCTIE Board of Directors have been oriented to the key District Economic Development Frameworks, plans and strategies to ensure alignment of the SPV as a stakeholder in the economic space, but also as working with other stakeholders – all within clearly defined roles and responsibilities.

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### 6.3.2 Funding SCTIE

#### *Flow of Benefits*

The benefits of SCTIE will not accrue to the Entity itself as they will flow directly to the State at National, Provincial, District and Local Government levels via increased levels of:

- ✓ Taxes – Income tax, Value Added tax, Petrol tax
- ✓ Levies – Skills levies, UIF, WCA, Parking, etc.
- ✓ Fines – Traffic, building,
- ✓ Assessment rates
- ✓ Business licenses
- ✓ Planning fees

#### *Own Revenues*

SCTIE is required to raise its own income, and not be dependent on grants from the district or local municipalities. This is critical to enable the entity to be sustainable.

This income may be, but not limited to, raised as follows:

- ✓ Receipt of grant and other funds from government or donors.
- ✓ Ring-fenced funding for specific projects
- ✓ Project facilitation/implementation fees
- ✓ Billboard and beach advertising (requires permission of local municipalities)
- ✓ Sale of branded apparel and souvenirs
- ✓ Value in kind – services donated by tourism enterprises towards in hosting media
- ✓ Clipping – value of media exposure generated without payment

#### *Grant Funding*

The municipalities in the district will annually contribute an annual grant to SCTIE. This grant together with an agreement will be entered into to enable reporting of performance to the agreement for usage of the grant allocated.

- ✓ KZN212 uMdoni
- ✓ KZN213 uMzumbi
- ✓ KZN 214 uMuziwabantu
- ✓ KZN216 Ray Nkonyeni
- ✓ DC21 Ugu District Municipality

Additional project facilitation fees will be paid by the Municipality to SCTIE if the Municipality decides to appoint SCTIE to implement specific projects on behalf of the Municipality.

### ***Division of Revenue Act (DORA)***

Section 214(1) of the Constitution provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government.

### ***Division of Revenue Bill***

An annual DORA Bill publishes the actual share to be paid to municipalities for the year in question, together with estimates for the next two years.

### ***Balance of Grant Versus Own Funding***

It is proposed that:

a ratio of 90:10 grant to own funding be achieved within 5 years, as follows:

- ✓ Year 1 – 2024/25 = 0%
- ✓ Year 2 – 2025/26 = 2%
- ✓ Year 3 – 2026/27 = 4%
- ✓ Year 4 – 2027/28 = 8% Year 5 – 2028/29 = 310%

### **SCHEDULE 3**

#### **DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY**

			National Financial Year		
			Column A	Column B	
				Forward Estimates	
Number      Municipality			2025/26	2026/27	2027/28
KWAZULU-NATAL			R'000	R'000	R'000
A	ETH	eThekwini	5 190 438	5 512 279	5 761 547
B	KZN212	uMdoni	182 765	182 132	190 351
B	KZN213	uMzumbhe	169 550	167 994	175 573
B	KZN214	uMuziwabantu	122 960	122 416	127 946
B	KZN216	Ray Nkonyeni	308 440	311 402	325 529
C	DC21	Ugu District Municipality	706 648	749 499	783 404
Total: Ugu Municipalities			1 490 363	1 533 443	1 602 803

### ***Quantification of Grant funding payments to SCTIE***

Based on:

- ✓ The strategic plan, annual performance plan and proposed budget of SCTIE, and
- ✓ The estimated total Equitable share to be received by the Ugu District family of municipalities
- ✓ it is proposed that the Ugu District family of municipalities resolve:

To pay an annual grant to SCTIE equal to 1.2 % for all local municipalities within the first month of the financial year each year/payment plan and 2.4% for that of the Ugu District Municipality (the Parent)

### ***Value Added Tax (VAT)***

Some years ago, a change in legislation required that grants paid to any government entity by any sphere of government are subject to VAT at the prescribed rate. This is in terms of the SARS Interpretation Note 39 (issue 3).

#### **PROPOSED FUNDING FORMULAR 2025 - 2026**

<b>Municipality</b>	<b>DORA figures, 2026</b>	<b>% as per funding model</b>	<b>Annual Grant 2026</b>	<b>add 15.5% VAT</b>	<b>Total 2026</b>
Grant Allocations - Umdoni Local Municipality	182 765 000	1.20%	2 193 180	330 074	2 523 254
Grant Allocation - Umzumbe Local Municipality	169 550 000	1.20%	2 034 600	306 207	2 340 807
Grant Allocation - Umuziwabantu Municipality	122 960 000	1.20%	1 475 520	222 066	1 697 586
Grant Allocation - Ray Nkonyeni Municipality	308 440 000	1.20%	3 701 280	557 043	4 258 323
Grant Allocation - Ugu District Municipality	706 648 000	2.40%	16 959 552	2 552 413	19 511 965
		<b>Totalling</b>	<b>26 364 132</b>	<b>3 967 802</b>	<b>30 331 934</b>

### ***Self-Sustainability of SCTIE***

It is anticipated that SCTIE will use the funding from the Municipalities and from own income generation, to capacitate itself towards the self-sustainability.

### ***Conclusion***

## ANNEXURE A: HIGH LEVEL UGU LOCAL ECONOMIC DEVELOPMENT FRAMEWORK 2022-2032

STRATEGIC THRUST (What)	OBJECTIVE (Why)	OUTCOME/IMPACT INDICATOR	SITUATIONAL ANALYSIS/CURRENT BASELINE	TARGET OUTCOME INDICATORS 2022-2021	TARGET OUTCOME INDICATORS 2027-2030	INTERVENTION PILLARS
ENABLE & FACILITATE ECONOMIC GROWTH	To grow the economy by an average of 2% annually, as reflected in GDP-R targets of 2027: R36 925 billion and a positive trade balance. And 2030: R40 769 billion and a positive trade balance	<i>Economic Growth in terms of size and performance of the economy measured by R-million generated &amp; GDP-R growth:</i>  UGU GDP-R (R Million Generated & GDP-R Growth)  %GDP Increase/Growth Rate (Compares year-over-year change in economic output to measure how fast the economy is growing)	<b>2021</b> Ugu GDP-R: R36 925 billion  <u><b>GDP % Growth:</b></u> <b>2016: 0.2%</b> <b>2017: 3.3%</b> <b>2018: 1.4%</b> <b>2019: 0.2%</b> <b>2020: -5.1%</b> <b>2021: 3.8%</b> <b>2022: 1.2%</b> <b>2023: 0.7%</b>	<b>2027: Ugu GDP-R: R36 925 billion</b>  <b>GDP % Average Growth: 2% for five-year period.</b>	<b>2030: Ugu GDP-R: R40 769 billion</b>  <b>GDP % Average Increase/Growth: 2% for five-year period.</b>	<ol style="list-style-type: none"> <li>1. Enable &amp; Facilitate Investment.</li> <li>2. Improving Economic Governance &amp; Infrastructure</li> <li>3. Developing an inclusive Ugu Economy</li> <li>4. Building a diverse &amp; innovative economy.</li> <li>5. Strengthening Local Innovation Systems.</li> <li>6. Enterprise Development &amp; Support</li> <li>7. Developing learning and skillful economies</li> </ol>
		Ratio: Imports: Exports	<b>Negative Trade Balance</b>	<b>Positive Trade Balance</b>	<b>Positive Trade Balance</b>	

### 6.4 The Financial Plan (5 Year Plan)

In terms of financial planning, SCTIE is committed to ensuring that it is financially stable, and focussed on the ability to continue to achieve its operating objectives and fulfil its mission from a financial perspective over the long term.

#### 6.4.1 SCTIE's Revenue Envelope

Unlike the District Municipality and the Local Municipalities in the District, SCTIE has no own generated revenue sources like, property rates and service charges. This means therefore the entity has to rely on at least three sources, both for operational and capital budget or projects, being;

- ✓ Tourism subscription fees,
- ✓ The District Municipality,
- ✓ The local municipalities in the District and

- ✓ Relevant provincial/national departments and their respective agencies
- ✓ Project facilitation fees
- ✓ Commission on sales, referral fees

#### 6.4.2 The Entity's Operational Expenditure Framework

Operational expenditure may either be applied directly to provide services of the company or may be part of operational overhead. Overhead costs are those that are not directly related to the production of goods or services, but are necessary for the operation of the entity.

These costs, inter alia include:

- a) Salaries and Board members allowances,
- b) General expenses,
- c) Repairs and Maintenance to "tools of the trade" assets,
- d) Depreciation

Some of the operational budget of the entity may be applied directly for service delivery (Direct Service Delivery Operational Expenditure). This may include items like;

- a) Destination attraction promotion
- b) Local enterprise support program for tourism and investment promotions and
- c) Events coordination.

Below is the Projected 5 Year Operational Expenditure Framework

Expenditure	2026	2027	2028	2029	2030
Directors remuneration & costs	1 024 586	1 075 815	1 129 606	1 186 087	1 245 391
Employee remuneration & costs	8 850 319	9 292 835	9 757 476	10 245 350	10 757 618
Interns & Graduates	139 230	146 192	153 501	161 176	169 235
Operational expenditure	3 405 722	3 576 008	3 754 809	3 942 549	4 139 677
Projects :					
- Investment: Facilitation, Marketing & Promotion	6 250 589	6 563 118	6 891 274	7 235 838	7 597 629
- Tourism: Facilitation, Marketing & Promotion	5 905 269	6 200 533	6 510 559	6 836 087	7 177 892
- Stakeholder Relations	358 703	376 638	395 470	415 243	436 006
Capital Expenditure	894 000	938 700	985 635	1 034 917	1 086 663
Total	26 828 418	28 169 839	29 578 331	31 057 247	32 610 109

*Tools of the trade*

This category is the budget that will be set aside for such capital assets that are necessary for the day-to-day operations of the entity. This may include capital assets such as office buildings, motor vehicles, office furniture and equipment etc. Management is fully responsible for such assets.

## CONCLUSION

SCTIE is currently heavily funded by the District Family of Municipalities. The majority of these expenses are for day-to-day operations than the implementation of programmes, which comes with a myriad of challenges.

In conclusion, financial sustainability requires an organization to have clear objectives, strategies and action plans. Therefore, SCTIE's emerging strategy and financial planning model will be as follows:

<b><i>Sound Financial Administration:</i></b> <ul style="list-style-type: none"><li>✓ Cost Containment</li><li>✓ liquidity and risk management</li><li>✓ Assets and liability management</li></ul>	<b><i>Income Diversification:</i></b> <ul style="list-style-type: none"><li>✓ Program/Project management fees</li><li>✓ Seminars and Conferences</li><li>✓ SCTIE Skills development institute</li></ul>
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## 8. Monitoring and Evaluation Framework

This Monitoring and Evaluation framework is based on principles intended to institutionalize the use of M&E as a tool for better management, transparency and accountability, so as to support the overall direction of the SCTIE Strategy and achievement of the results. Importantly the M & E framework proposed focuses on strategic-high level outcomes-based indicators and not implementation/operational output and milestone indicators. It is crucial that detailed implementation plans per project with KPI: Outputs and Milestones are developed to enable lower-level monitoring and evaluation as that is critical to achieve the below monitoring framework's usefulness in achieving strategic objectives, goals and ultimately Merged Entity Vision. This will be simplified by the Annual Performance Plan of the Merged Entity.

### 8.1 Key Principles of the Monitoring and Evaluation Framework

PRINCIPLE	DESCRIPTION
<b>GOVERNANCE</b>	
Transparency Accountability Participation Inclusion	<p>All findings are publicly available unless there are compelling reasons otherwise.</p> <p>Use of resources is open to public scrutiny. Voice is provided to historically marginalized people.</p> <p>Traditionally excluded interests are represented through M&amp;E processes.</p>
<b>M&amp;E IS DEVELOPMENTALLY ORIENTATED</b>	
<p>Rights-based: Bill of rights pro-poor orientation</p> <p>Service delivery and performance Learning</p> <p>Human resource management Impact awareness</p>	<p>A rights-based culture is promoted and entrenched by its inclusion in the value base for all M&amp;E processes.</p> <p>Poverty's causes, effects and dynamics are highlighted, and the interests of poor people are promoted and prioritized.</p> <p>Variables reflecting institutional performance and service delivery are analyzed and reviewed, links are identified, and responsive strategies are formulated.</p> <p>Knowledge and an appetite for learning are nurtured in institutions and individuals.</p> <p>The skills needed for deliberative M&amp;E are available, fostered and retained.</p>
<b>M&amp;E IS ALIGNED AND INTEGRATED</b>	
Aligned Integrated	<p>The M&amp;E framework is aligned with national policy on M&amp;E and provincial and district-level strategic planning frameworks.</p> <p>Integration mechanisms ensure alignment is achieved and maintained, in terms of who does what, within the multi-sector and multi- department situation.</p>
<b>M&amp;E IS UNDERTAKEN ETHICALLY AND WITH INTEGRITY</b>	
<p>Confidentiality</p> <p>Respect</p> <p>Representation of competence Fair reporting</p>	<p>There is responsible use of personal and sensitive information and promises of anonymity and non- identifiability are honored and relied upon.</p> <p>Dignity and self-esteem are built amongst stakeholders and affected people.</p> <p>There is skillful and sensitive implementation of M&amp;E processes.</p>



	<p>Those engaged in monitoring and evaluation fairly represent their competence and the limitations of their reports.</p> <p>Reporting provides a fair and balanced account of the findings.</p>
<b>M&amp;E IS USER ORIENTED</b>	
Defining and meeting expectations Supporting utilization	<p>M&amp;E products meet knowledge and strategic needs.</p> <p>A record of recommendations is maintained, and their implementation followed up.</p> <p>An accessible central repository of evaluation reports and indicators is maintained.</p>
<b>M&amp;E IS METHODOLOGICALLY SOUND</b>	
Consistent indicators Data/evidence-based Appropriateness Triangulated	<p>Common indicators and data collection methods are used where possible to improve data quality and allow trend analysis.</p> <p>Findings are clearly based on systematic evidence and analysis.</p> <p>Methodology matches the questions being asked.</p> <p>Multiple sources are used to build more credible findings.</p>
<b>M&amp;E IS OPERATIONALLY EFFECTIVE</b>	
Planned Scope Managed  Cost effective Systematic	<p>The M&amp;E tasks match the available resources: staff should not be overburdened by inappropriate M&amp;E activities.</p> <p>Conscientious management of the function leads to sustained on-time delivery of excellence</p> <p>The benefits of M&amp;E are clear, and its scale is appropriate given resource availability.</p> <p>Robust systems are created that are resilient and do not depend on individuals or chance.</p>

## 9. STRATEGIC OF THE UGU DISTRICT MUNICIPALITY

STRATEGIC THRUST (What)	OBJECTIVE (Why)	OUTCOME/IMPACT INDICATOR	SITUATIONAL ANALYSIS/CURRENT BASELINE	TARGET OUTCOME INDICATORS 2022-2027	TARGET OUTCOME INDICATORS 2027-2030	INTERVENTION PILLARS
ENABLE & FACILITATE ECONOMIC GROWTH	To grow the economy by an average of 2% annually, as reflected in GDP-R targets of 2027: <b>R36 925 billion and a positive trade balance.</b> And 2030: <b>R40 769 billion</b> and a <b>positive trade balance.</b>	<p><i>Economic Growth in terms of <b>size and performance</b> of the economy measured by R-million generated &amp; GDP-R growth:</i></p> <p><b>UGU GDP-R</b> (R Million Generated &amp; GDPR Growth)</p> <p><b>% GDP Increase/Growth Rate</b> (Compares year-over-year change in economic output to measure how fast the economy is growing)</p>	<p><b>2021 Ugu GDP-R: R32 789 billion</b></p> <p><u>GDP % Growth:</u>  2016: 0.2%  2017: 3.3%  2018: 1.4%  2019: 0.2%  2020: -5.1%  2021: 3.8%  2022*:1.2%  2023*:0.7%</p>	<p><b>2027: Ugu GDP-R: R36 925 billion</b></p> <p>GDP % Average Growth: 2% for five-year period targets below:  <b>2026: R36 201 billion</b>  <b>2025: R35 491 billion</b>  <b>2024: R34 795 billion</b>  <b>2023: R34 1136 billion</b>  <b>2022: R33 444 billion</b></p>	<p><b>2030: Ugu GDP-R: R40 769 billion</b></p> <p>GDP % Average Increase/ Growth: 2% for five-year period.</p>	<ol style="list-style-type: none"> <li>1. Enable &amp; Facilitate Investment</li> <li>2. Improving Economic Governance &amp; Infrastructure</li> <li>3. Developing an inclusive Ugu Economy.</li> <li>4. Building a diverse &amp; innovative economy.</li> <li>5. Strengthening Local Innovation Systems</li> <li>6. Enterprise Development &amp; Support</li> <li>7. Developing learning and skillful economies</li> </ol>

## 10. STRATEGIC IMPLEMENTATION PLAN

STRATEGIC THRUST (What)	OBJECTIVE (Why)	OUTCOME/IMPACT INDICATOR	SITUATIONAL ANALYSIS/BASELINE	TARGET 2022 - 2027	TARGET 2027 - 2030	SCTIE GOAL	SCTIE OBJECTIVE	SCTIE PROGRAMMES	PROGRAM OBJECTIVE	KPI OUTPUT
<b>ENABLE &amp; FACILITATE INVESTMENT</b>	To grow and transform the economy of the Ugu District through Investment and Tourism attraction	Increased Investment and Tourists in the District	GFCF share of GDP decreased from 14.1% to 13.9%. (Preceding 5-year period = -0.2%).	<b>GFCF share of GDP increase by at least 1. %</b>	<b>GFCF share of GDP increase by at least 2%</b>	<b>GOAL 1:</b> Investment Attraction	To market, attract, promote, enable and facilitate investments into the District, that will grow, diversify and transform the economy of the district into an inclusive economy and destination of choice in KZN for investors.	<ol style="list-style-type: none"> <li>Investment product development, through packaging.</li> <li>Investment destination and Specific investment marketing.</li> <li>Investment facilitation</li> <li>Investor support services</li> </ol>	To implement destination management services that will put measures to attract investments into the district economy	<b>Investment Framework: Strategy &amp; Plan</b> to include (but not limited to) the following: <ol style="list-style-type: none"> <li>Incentives: financial &amp; non-financial</li> <li>Red Tape Reduction</li> <li>One Stop Shop</li> <li>Marketing</li> <li>Focal investor targeted areas plans (aesthetics, services, etc.)</li> </ol>
						<b>GOAL 2:</b> Tourism Attraction	To market, attract and promote the District to increase the number of visitors, extend the geographical spread, improve quality of service and tourism information services to being a destination of choice in KZN for tourists.	<ol style="list-style-type: none"> <li>Tourism destination marketing.</li> <li>Tourism product development / diversification.</li> <li>Good quality services</li> <li>Tourism Information Services</li> <li>Destination appeal.</li> </ol>	To implement destination management services that will attract more visitors into the district, positioning it as a destination of choice and addressing the competitiveness of the destination	<b>Tourism Marketing Strategy:</b> to include (but not limited to) to following: <ol style="list-style-type: none"> <li>Destination Marketing Plan</li> <li>Extend the geographical spread of tourism through – Nodes and corridor development</li> <li>Route and activities</li> <li>Need / gap analysis for capacity building</li> <li>Establishment grading</li> <li>Industry coordinator</li> <li>Digital channels</li> </ol>
						<b>GOAL 3:</b> Stakeholder Management.	To contribute to making the District a warm and welcoming destination, by investing in the improvement of good quality service, across the board.	<ol style="list-style-type: none"> <li>Stakeholder management.</li> <li>One-Stop-Shop.</li> <li>Human capacity enhancement.</li> <li>Social Compact facilitation and implementation.</li> </ol>	To put in place adequate systems and processes, to ensure stakeholder engagement and the enhancement of people of Ugu, to be able to manage the economy and render quality services and ensure excellent stakeholder engagement.	<b>Stakeholder Management Framework:</b> to include (but not limited to) to following: <ol style="list-style-type: none"> <li>Family of Municipalities</li> <li>Provincial departments <ul style="list-style-type: none"> <li>EDTEA</li> <li>TIKZN</li> <li>TKZN</li> </ul> </li> <li>Business &amp; Economic sectors <ul style="list-style-type: none"> <li>CTO Forums</li> <li>Business Chambers</li> </ul> </li> <li>Destination appeal <ul style="list-style-type: none"> <li>Maintenance of municipal infrastructure</li> <li>Signage</li> <li>Beach amenities</li> </ul> </li> <li>Skills development programs</li> </ol>
						<b>GOAL 4:</b> Institutional and Financial Governance	To ensure SCTIE has the capacity and financial viability to deliver on its mandate , through systems and processes.	<ol style="list-style-type: none"> <li>Funding model review</li> <li>Financial viability</li> <li>Institutional support</li> </ol>	To put in place adequate systems and processes, to ensure that the entity has capacity and financial viability, to deliver on its mandate.	<ol style="list-style-type: none"> <li>Funding Model &amp; Self-sustainability program.</li> <li>SCTIE Board fully capacitated.</li> <li>Strategy, APP, Budget, Organisational Structure approved.</li> <li>Audit, Risk &amp; Performance committees in place.</li> <li>Policies in place</li> </ol>



STRATEGIC OBJECTIVE: Goal 1: Investment Attraction: To market, promote, attract and facilitate investment

Ugu IDP REF	NAT. KPA	DISTRICT STRATEGIC OBJECTIVE	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	SUB-PROJECT REF.	SUB-PROJECT	PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22 May 2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE					
	LED	To grow the district economy by an average of 2% annually over a five year period, as reflected in GDP-R target of R40 769 billion and a positive trade balance by 2030.	Goal 1	Investment	To grow and transform the economy of the district through investment and tourism attraction resulting in GFCF share of GDP-R achieving at least 2% increase by 2030 and increased tourists.	1.1.1	Investment Governance, packaging , enabling & facilitation	1.1.1.1	District Investment Framework: Strategy, Plan, Institutional Arrangements & SOPS	To develop and get approved a district investment framework: strategy, plan, institutional arrangements and SOPS to guide how investments are dealt with in an inclusive, strategic and structured manner ensuring accountability and clear role and responsibility definition by end March 2025	Approved by Board and Council Resolutions of Support by date	Date of Approval	Target removed: Completed	Operational	N/A	N/A	N/A	N/A	Board Resolution of Adoption by date					
								1.1.1.1.1		To develop the approved District Investment Strategy by date :	Approved by Board and Council Resolutions of Support by date : 30 June 2026	Date of Approval	30 June 2026.	R300 000				30 June 2026.	Board Resolution of Adoption by date					
								1.1.1.1.2		To develop the approved District Investment Implementation Plan by date :	Approved by Board and Council Resolutions of Support by date : 30 June 2026	Date of Approval	30 June 2026.					30 June 2026.	Board Resolution of Adoption by date					
								1.1.1.2.1		To drive the implementation of the district investment framework implementation to achieve planned outputs and outcomes of the framework as from 1 February 2025 onwards.	R-Value of Investment considered & R-Value of Investment secured for 2025-2026 year	R-Value Considered R-Value Secured	R50 million	Operational	N/A	R25 million	N/A	R25 million	Report submitted to the CEO with attached evidence (Investor Commitments/ Signed MOU and or Agreement)					
								1.1.1.3	Investment economic information	To consolidate existing business expansion and retention, and new business investment information bi-annually to feed into the state of the district economy report by due dates.	Bi-Annual Investment Information: investment queries, investment challenges, business retention, attraction, submitted to be included in State of the District Economy Report	Number of Investment Status Reports	2	Operational	N/A	1	N/A	1	Report compiled and submitted to the CEO.					
								1.1.1.4	One Stop Shop/Investor Support Service	To provide a single point of call for potential Investors and existing businesses wishing to invest further, to be "enabled" with ease to invest in the district	Number of reports on queries lodged (in-person & electronically) and related information (sector, outcome of assistance etc)	Number of Reports	4	R153 143	1	1	1	1	Quarterly report to the Board of Directors.					
						1.2.1	Investment Packaging & Facilitation	1.2.1.1	District Wide Catalytic Project Investment Packaging & Investment Facilitation	To package for investment Ugu Council Resolved district wide prioritised catalytic projects: - District-Wide Renewable Energy (Green Energy) - District-Wide Broadband/Connectivity	Project Plans to package projects ready for investment facilitation - Developed, Approved by 30 June 2026	Approved 2 project plans by 30 June 2026	Approved 2 project plans by 30 June 2026	R481 850	N/A	N/A	2	N/A	Board resolution for the 2 approved project plans					
								1.2.2		1.2.2.1	Eastern Seaboard investment packaging	To package bankable investment products arising from Eastern Seaboard Programme Implementation	Number of Approved investment products packaged	Number	Two products packaged	Operational	N/A	N/A	N/A	2	2 packaged products presented to board			
						1.2.2.2	Eastern Seaboard investment facilitation			To facilitate investment in the abovementioned products arising from the Eastern Seaboard Programme Implementation	R-value of investment facilitated	R-value of Investment	R20 000 000	Operational	N/A	N/A	N/A	R20million	Investor statement of intention Rand value					
						1.2.3		1.2.3.1	Pre-2024 Strategy Projects	To develop & implement an approved project plan (to co-ordinate and lead in getting investment) for the following: - Ifafa Project - Umzumbe River Trails	Approved Project Plans with Implementation timelines.	Number	2	R387 830	N/A	N/A	N/A	2	Board of Directors approved Project Plans.					
								1.2.3.2			To review each project plan in line with the signed Service Level Agreements in place with Local Municipalities. eg: - KwaXolo Caves - John Mason Park Development - Hibberdene Mixed Use Development	Report on each project with resolutions taken by the previous Board (prior 01.10.2023), with a revised implementation plan where required.	Number	3	R600 000	1	2	N/A	N/A	Board of Directors approved Project Plans.				
						1.2.4.1	NEW	2025 - 2026 Projects	To facilitate investment funding in line with the Local Municipal Project Plans :															
						1.2.4.1.1		- Umzumbe	- St. Faiths precinct development (Small towns)	R-value of investment facilitated	R-value of Investment	R20 000 000	NIL	NA	NA	NA	R20 000 000	Quarterly report submitted to the CEO reflecting the Rand - Value of investment facilitated						
						1.2.4.1.2		- Umzumbe	- Coffee farming (Report) - Mawuleni Nature Reserve (Report) - Mehlomnyama Mixed Use (Report) - Industrial Park development - Ugu Agri-Hub programme - Turton Beach development - Itshe likaMaria - Ntelezi Msani Heritage Centre - Isivivane seNkosi uShaka - Msikazi Mountain - Umzumbe Marine Tilapia incubator	Report on the progress of each project	Report	2	Operational	NA	NA	1	1	Progress report submitted to the CEO on each project within the Local Municipality						
						1.2.4.1.3		- RNM	- Techno-Hub - Lithium processing investment - NPC Cement manufacturers distribution centre	R-value of investment facilitated	R-value of Investment	R100 000 000	NIL	NA	50 million	na	50 million	Report submitted to the CEO reflecting the Rand - Value of investment facilitated						
						1.2.4.1.4		- RNM	- Small Craft Harbour ( T1 & T2) - Margate Airport expansion - Beachfront Upgrades - KwaNzimakwe Multi-Trails - Gamalakhe Township Experience - KwaNdwalane / Nyandezulu Experience - Lime mining and waste processing and packaging investment - Agro-processing plant - Conference Centre - South Coast Film City concept -Post School Education Training programme - Macadamia Value Add, processing, packaging & distribution	Report on the progress of each project	Report	2	Operational	NA	1	NA	1	Progress report submitted to the CEO on each project within the Local Municipality						

Ugu IDP REF	NAT. KPA	DISTRICT STRATEGIC OBJECTIVE	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	SUB-PROJECT REF.	SUB-PROJECT	PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22 May 2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
								1.2.4.1.5	- Umuziwabantu	- LED Strategy reviewal - Currently none - pending reporting below	Approved LED Strategy for Umuziwabantu Municipality	Approved LED Strategy	Nil	R178 500	NA	NA	1	NA	Resolution of the Board submitted to Umuziwabantu LM
								1.2.4.1.6	- Umuziwabantu	- Wonderland - Worm Farming - Bee Farming - Industrial park development - Weza Hiking Trail - KwaFodo Village - Timber processing investment - Rural Horse racing	Report on the progress of each project	Report	1	Operational	NA	NA	1	NA	Progress report submitted to the CEO on each project within the Local Municipality
								1.2.4.1.7	- Umdoni	- Post school eductaion & training programme : MUT	R-value of investment facilitated	R-value of Investment	20 000 000	Operational	NA	NA	NA	20 million	Report submitted to the CEO reflecting the Rand - Value of investment facilitated
								1.2.4.1.8	- Umdoni	- Beachfront development - Industrial Park (Park Rynie/ Umzinto/ Pennington/ Sizela) - Emalangen! Experience - KwaKiko	Report on the progress of each project	Report	2	Operational	NA	1	NA	1	Progress report submitted to the CEO on each project within the Local Municipality
								Added 30.04 DL	Cross - Cutting Projects	- Revitalisation & development of the Railway line - N2 Road upgrade & N2 Mnafu Interchange - Inductrial Development pogramme (ISA) - Hibiscus Marie Route - Circular Economy development and or support - Historical Route development - Sports events / Facilities (USLC)	Report on the progress of each project	Report	1	Operational	NA	NA	NA	1	Progress report submitted to the CEO on each of the cross-cutting projects within the District Municipality
						1.3.1	Investment Marketing, Attraction and Promotion	1.3.1.1	Investment Campaigns	To expose and manage the brand of the South Coast to potential Investors through print and online media throughout the year - through PR : - Port Shepstone Business Hub - Agriculture Value Add - Property Development - Manufacturing - Mining & Beneficiation - Maritime / Marine /Oceans Economy - Logistics (Airport / Storage) - Renewable Energy /Green Economy - Hinterland sites (KwaXolo Caves / URT) - Other opportunities arising including from	Rand value of Brand Exposure in relation to the Marketing Budget	Rands	R7 200 000	R1 059 420	1 500 000	1 500 000	2 100 000	2 100 000	Quarterly Brand Tracking Report reflective of the Advertising Value Equivalent (AVE) and the Advertising undertaken
								1.3.1.2	To position the South Coast in the Investment sectors by communicating the diverse offerings, through Investor Campaigns	Number of Investor Friendly Awareness and Activities undertaken to support Investment opportunities: - Advertising - PR - Activations	Number	60	R264 751	15	15	15	15	Quarterly Campaign report which would include the elements and advrting exposure received submitted to the CEO.	
																		Confirmation schedule / Notification / Clip of exposure received submitted to the CEO	
								1.3.1.3	To position the South Coast as a Destination of Choice within the KZN province with investment offerings	Quarterly newsletters and / or Mass Mailing communication distributed to all Stakeholders, focussing on Investment	Number	4	R16 000	1	1	1	1	Statistical report confirming the distribution of the Newsletters, or evidence of the Mass Mailing Communicaiton cirulated.	
								1.3.1.4		To effectively formulate an Annual Investment Campaign Marketing Plan	Annual Investment Marketing Campaign	Number	1	R40 000					Annual Investment Marketing Campaign approved by the CEO.
						1.3.2		1.3.2.1	Online Platforms	To effectively provide Information to potential investors the www.investkznsouthcoast.co.za Investment Website	Investment website updated quarterly, with statistical analysis and trends	Quarterly reporting referencing Website updates	4	R420 000	1	1	1	1	Quarterly Investment Services website update report submitted by the Manager
								1.3.2.2	To effectively provide Information and engage with potential investors through SCTIE Social Media platforms	Number of Facebook posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	60 posts and 8% growth		15 posts	15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
								1.3.2.3										Statistical report confirming the posts and the growth of the platform	
								1.3.2.4										Statistical report confirming the posts and the growth of the platform	
								1.3.2.5										Statistical report confirming the posts and the growth of the platform	
								1.3.2.6										Statistical report confirming the posts and the growth of the platform	
						1.3.3		1.3.3.1	Investment Marketing & Promotional Collateral	To develop and circulate a South Coast based Investment Brochure	Date of the South Coast Investment Brochures developed and circulated.	Date	31 March 2026.	R300 000	N/A	N/A	31 March 2026.	N/A	Brochure produced by date.

Ugu IDP REF	NAT. KPA	DISTRICT STRATEGIC OBJECTIVE	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	SUB- PROJECT REF.	SUB-PROJECT	PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22 May 2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE	
								1.3.3.2		To showcase diverse destination investment offerings on Collateral and promotional material production: - Promotional items - Videos - Images Library	Promotional Material and Collateral Produced for Investment attraction	% of budget	50%	R150 000	N/A	N/A	25%	50%	Expenditure Report & Evidence of Materials	
								- Videos		No. of Videos		2	N/A		1	N/A	1	Annual Video Portfolio		
								- Images		No. of Images		50	N/A		25	N/A	25	Annual Image Portfolio		
						1.3.4		1.3.4.1	Sector specific trade shows, exhibitions and Conferences and Activations	To host <b>OR PARTICIPATE in</b> a South Coast Investment Conference to market the investment opportunities <i>e.g.:</i> Catalytic Projects and Growth Sectors	Investor Conference	Number	1	R450 000	N/A	N/A	N/A	1	Report on the attendance and outcomes of Conference	
								1.3.4.2		To participate in exhibitions, shows, conferences and other relevant activation platforms to market the investment opportunities <i>e.g.:</i> Africa Energy Indaba, (March - Manufacturing Indaba, (July) - TIKZN Trade Delegations (November) - TIKZN Export Week, (Nov) - WTM Africa (April) - Buy Local Summit/ Expo (March)	Representation achieved in Sector Specific platforms	Number	5	R587 316	N/A	2	2	N/A	Attendance or Participation Report on the Sector Specific platform attended with relevant outcomes	
								1.3.4.3		To support Meetings, Incentives, Conferences and Events during the year <i>e.g.:</i> - To incorporate the Beach & Hinterland brand activations - Sardine Festival - Ugu Maskandi Festival - Ugu Jazz Festival	Number of MICE events & activities supported during the year.	Number	4	R646 780	1	2	N/A	1	Closeout report OR Event Support Report on the MICE activity supported	
								1.3.5		1.3.5.1	Investment Trade & Media Fam Trips	To host sector specific Trade, potential Investors and Media on investment site visits	Familiarisation Trips hosted during the year	Number of trips hosted	4	R215 000	1	1	1	1

SCTIE Annual Performance Scorecard : 2025/2026

STRATEGIC OBJECTIVE: Goal 2: Tourism Attraction: To market, promote, attract and facilitate tourism																				
Ugu IDP	Nat. KPA	DISTRICT STRATEGIC OBJECTIVE	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	SUB-PROJECT REF	SUB-PROJECT	SUB-PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22 May 2025	ADJUSTED BUDGET	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
	LED	To grow the economy by an average of 2% annually, as reflected in GDP-R targets of 2027: R36 926 billion and a positive trade balance. And 2030: R40 769 billion and a positive trade balance	Goal 2	Tourism Attraction: To market, attract, promote, the South Coast to increase the number of Visitors, extend the geographical spread, improve quality of service and tourism information services to being a destination of choice in KZN for Tourists.	To implement destination management services that will put measures to attract more visitors to the South Coast, positioning it as a destination of choice and addressing the competitiveness of the destination.	2.1	Tourism Facilitation	2.1.1.1	Related Economic Intelligence - Tourism Research	Obtaining KZN South Coast Data with regards to Seasonal footprint: - Summer Months	Research findings reports	Number of reports	2	R75 000		N/A	1	N/A	1	Report presented to the CEO
								2.1.1.2	Target Market Identification	To identify the KZN South Coast Target Market	Completed Research Report by date	Report by Date	30 June 2026.	R75 000		N/A	N/A	N/A	30 June 2026.	Report presented to the CEO
										Tourism District Strategy	Tourism District Strategy	District Tourism Strategy approved by date	Date	30 June 2026.	R180 000		N/A	N/A	N/A	30 June 2026.
						2.2	Tourism Product Development	2.2.1.1	Nodal development and support to extend the geographical spread for the following: - Umdoni - Umuziwabantu - Ray Nkonyeni - Umzumbe	Active implementation of the development programs which support Nodal development	Implementation of the Nodal Development Program	Percentage of program developed implemented	60% Achievement (accumulative)	R270 000						
								2.2.1.2	Nodal development and support to extend the geographical spread for the following: - Umdoni	Active implementation of the development programs which support Nodal development	Implementation of the Nodal Development Program	Percentage of program developed implemented	60%		10%	20%	40%	60%	Quarterly progress report submitted to the CEO on Nodal development within the Local Municipality	
								2.2.1.3	Nodal development and support to extend the geographical spread for the following: - Umzumbe	Active implementation of the development programs which support Nodal development	Implementation of the Nodal Development Program	Percentage of program developed implemented	60%		10%	20%	40%	60%	Quarterly progress report submitted to the CEO on Nodal development within the Local Municipality	
								2.2.1.4	Nodal development and support to extend the geographical spread for the following: - Ray Nkonyeni	Active implementation of the development programs which support Nodal development	Implementation of the Nodal Development Program	Percentage of program developed implemented	60%		10%	20%	40%	60%	Quarterly progress report submitted to the CEO on Nodal development within the Local Municipality	
								2.2.1.5	Nodal development and support to extend the geographical spread for the following: - Umuziwabantu	Active implementation of the development programs which support Nodal development	Implementation of the Nodal Development Program	Percentage of program developed implemented	60%		10%	20%	40%	60%	Quarterly progress report submitted to the CEO on Nodal development within the Local Municipality	
								2.2.2.1	SMME Support	To provide support to SMME's to enable them to actively participate in the industry, preparing them to service the Domestic and International markets	Capacitate and facilitate opportunities for SMME's to be assisted through: - Being trained, - Graded (TGCSA) - Exposure to markets	Number of Activities undertaken	4	R139 500		1	1	1	1	Activity Report on the support provided to the SMME's submitted to the CEO
								2.2.3.1	Youth Exposure to working environment	To provide support to government departments in programs pertaining to the implementation of Youth Development	Number of programs supported pertaining to youth development	Number	2	Operational		N/A	1	N/A	1	Report on the Youth Development Program supported submitted to the CEO
						2.3	Tourism Marketing, Attraction & Promotion	2.3.1.1	Brand exposure : Through Tourism Marketing Campaigns	To expose and manage the Brand of the South Coast through : travel and tourism platforms highlighting the diversity of the destination through Tourism Marketing Campaigns & PR: - Quarterly Seasonal Campaigns	Rand value of Brand Exposure in relation to the Tourism Marketing Budget	Rands	R23 000 000	R2 129 315		5 000 000	5 000 000	6 500 000	6 500 000	Quarterly Brand Tracking Report reflective of the Advertising Value Equivalent (AVE)
								2.3.1.2	To position the South Coast as the Destination of Choice in the tourism sector by communicating its diverse offerings e.g.: - Beach Destination - Golf - Marine activities (Diving / Fishing) - Adventure (Hiking / 4x4 / MTB ) - Nature and Outdoor - Culture and Heritage - Raceway - MICE - Agri-Rural	Exposure through : - Published articles/inserts in the local newspapers and national publications or platforms.	Number	60	R890 520		15	15	15	15	Quarterly Campaign report which would include the elements and adverting exposure received submitted to the CEO.	
								Exposure through : Radio, TV or Live-Streaming platforms		Number	2			1	1	N/A	N/A	Confirmation schedule / Notification / Clip of exposure received submitted to the CEO		
								2.3.1.3		To position the South Coast as a leader within the province with tourism offerings	Quarterly newsletters and / or Mass Mailing communication distributed to all Stakeholders, focussing on Investment	Number of Newsletters distributed	4	R14 837		1	1	1	1	Statistical report confirming the distribution of the Newsletters, or evidence of the Mass Mailing Communication circulated.



SCTIE Annual Performance Scorecard : 2025/2026

STRATEGIC OBJECTIVE: Goal 2: Tourism Attraction: To market, promote, attract and facilitate tourism																				
Ugu IDP	Nat. KPA	DISTRICT STRATEGIC OBJECTIVE	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	SUB-PROJECT REF	SUB-PROJECT	SUB-PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22 May 2025	ADJUSTED BUDGET	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
								2.3.1.4		To effectively formulate an Annual Investment Campaign Marketing Plan	Annual Investment Marketing Campaign	Number	1	R40 000		1	N/A	N/A	N/A	Annual Tourism Marketing Campaign approved by the CEO.
								2.3.3.1	E-Marketing	To efficiently manage the Entity owned digital channels (website, social media and mobile app) and ensure information is updated	Quarterly Content (New and Maintenance) updated, including statistics and trends analysis	Quarterly report referencing updates	4	R15 464		1	1	1	1	Quarterly Digital Reports submitted to the CEO
											Number of Facebook posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	60 posts and 8% growth	15 posts		15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
											Number of Instagram posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	60 posts and 8% growth	15 posts		15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
											Number of X (Twitter) posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	60 posts and 8% growth	15 posts		15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
											Number of LinkedIn posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	60 posts and 8% growth	15 posts		15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
											Number of YouTube posts with an overall annual growth in followers based on June 2025 figures of 8%	Number and Percentage	8 posts and 8% growth	15 posts		15 posts / 3%	15 posts / 5%	15 posts / 8%	Statistical report confirming the posts and the growth of the platform	
								2.3.4.1	Packaging	To participate/facilitate in marketing training workshops, to stimulate the development of tour packages to the South Coast.	Marketing workshops participated in during the year	Number of Workshops	1	R68 088		1	NA	NA	NA	Report on the Workshop held submitted by the Manager
								2.3.4.2		To create and showcase diverse tour packages during the year	South Coast Tour Packages created to improve geographic spread for tourists	Number of tour packages created	4	Operational		1	1	1	1	Tour packages developed
								<del>2.3.5.1</del> 2.3.5.1	Tourism Promotional Material/Collateral	To showcase diverse destination tourism offerings on Collateral and promotional material	Promotional Material and Collateral Produced	% of budget	50% (cumulative)	R100 000		N/A	N/A	25%	50%	Expenditure Report & Evidence of Materials
								2.3.5.2		- Videos	Number of Videos produced		2			N/A	1	N/A	1	Annual Video Portfolio
								2.3.5.3		- Images	Number of Images		50			N/A	25	N/A	25	Annual Image Portfolio
								2.3.5.4		To provide updated and relevant information related to tourism, print and digital	SC Experience, Accommodation , Routes, Niche products produced.	By Date	15 June 2026.	R470 000		N/A	N/A	N/A	15 June 2026.	Evidence of SC Information produced and available by date
								<del>2.3.6.1</del> 2.3.6.1	Tourism Trade Shows and Exhibitions	To participate in Exhibitions & Shows : e.g.: - SATSA Conf( Aug - moved ) - SACCI (Aug - moved) - SATSA Speed marketing (Aug - moved) - Meetings Africa, (Feb ) - TME, (Feb ) - WTM Africa (April ) - Africa Tourism Indaba, (May )	Domestic exhibitions and trade shows as per annual plan/calendar participated	Number of exhibitions/trade shows as per plan.	8	R651 045		N/A	N/A	5	3	Report on the Domestic Show / Exhibition participation submitted by the Manager
								<del>2.3.6.2</del> 2.3.6.2	Tourism Trade & Media Fam Trips	To host Tourism Trade and Media to experience the destination	Familiarisation Trips hosted during the year	Number of trips hosted	10	R150 000		2	2	3	3	Fam Trip report as well as supporting evidence

STRATEGIC OBJECTIVE: Goal 3: Stakeholder Relations																		
Ugu IDP Ref	National KPA	PROGRAM REF	PROGRAM	PROGRAM STRATEGIC OBJECTIVE	PROJECT REF	PROJECT	PROJECT OBJECTIVE	SUB-PROJECT	SUB-PROJECT OBJECTIVE	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22.05.2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
LED 3.1, 3.2, 3.3	Good Governance & Public Participation	Goal 3	Stakeholder Management: To contribute in making the South Coast a warm and welcoming destination, by investing in improvement of good quality service, across the board	To put in place adequate systems and processes, to ensure stakeholder engagement and the enhancement of people in the South Coast, to be able to manage the economy and render quality services and ensure excellent stakeholder engagement	3.1	Stakeholder management	To strengthen stakeholder relationships	Stakeholder Relations Management	Stakeholder Management Strategy and Plan	Approved Stakeholder Management Strategy	Date	31 January 2026.	Operational	N/A	N/A	N/A	31 January 2026.	Approved Stakeholder Management Strategy by Board by date
					3.2	Membership	To encourage South Coast tourism businesses to be Compliant in terms of the EDTEA legislative requirements	Grow Membership Base	To encourage compliance with legislation, and grow membership base	To increase the paid Membership base	Number	140	Operational	40	60	20	20	Report on the number of fully paid up Members submitted
					3.2.1				To review the membership benefits and fee structure - Sector wide	Finalised Membership Benefits and fee structure guideline	Date	15 February 2026.	Operational	N/A	N/A	15 February 2026.	N/A	Membership benefits and fee structure guideline submitted to the CEO by date.
					3.3	Business Relations	To strengthen relations with organised business to ensure effective implementation of programs	Stakeholder relations	To ensure that Municipal Stakeholders, Organised Business and Communities are aware and contribute to the programs of the Entity: e.g.: - Municipalities, - PTIC - PTF - DDA - CEO Forum - <b>District Tourism Forum</b> - Area Committees - Traditional Councils - Business Chambers - Associations - Road Shows	Number of engagements undertaken with Organised Business & Government Departments	Number	40	358 703	10	10	10	10	Agenda/Attendance Register/ Minutes/Record/ Presentation in the meeting participated in to strengthen relations in Investment & Tourism activities

STRATEGIC OBJECTIVE: Goal 4: Institutional Support & Financial Viability														
PROGRAM REF	PROGRAM	PROJECT	PROJECT OBJECTIVE	SUB-PROJECT REF.	SUB-PROJECT	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22.05.2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
Goal 4	Institutional Support and Financial Viability: To ensure SCTIE has the capacity and financial viability to deliver on its mandate, through systems and processes	Performance Management	To develop and adopt credible strategic and operational plans timeously aligned to government's planning cycle and prescripts.	5.1.1	Strategic Plan review	Reviewed Strategic Plan approved by Board by date	Date of Strategic Plan Approval	30 April 2026.	Operational	N/A	N/A	N/A	30 April 2026.	Board Resolution of the Approval of the Strategic Plan.
				5.1.2	Annual Performance Plan	Annual Performance Plan approved by Board by date	Date of Operational Plan Approval	31 May 2026.	Operational	N/A	N/A	N/A	31 May 2026.	Board Resolution of Approval
				5.1.4		Annual Report for SCTIE adopted by Board 31 December	Date of Annual Report Adoption	31 December 2025.	Operational	N/A	31 December 2024.	N/A	0	Board Resolution of Adoption, submission to the Ugu District Municipality
				5.1.5		Mid-Year Performance Report adopted and submitted to the Ugu District Municipality by 20 January	Date of Mid-Year Report Adoption	20 January 2026.	Operational	N/A	N/A	20 January 2026.	N/A	Board Resolution of Adoption, submission to the Ugu District Municipality
				5.1.6		Quarterly Performance Review reports submitted to Ugu District by the 5th of the New Quarter	Number of reports	4	Operational	1	1	1	1	Evidence of Submission to Ugu District Municipality
		Governance	To ensure good governance through statutory compliance and policy framework	5.2.1	Risk Management and Fraud Prevention	Completed Risk Register and Fraud Prevention Plan by 31 October	Date	31 October 2025.	Operational	N/A	31 October 2025.	N/A	N/A	Risk Register and Fraud Risk Register submitted to the CEO by date
				5.2.2	Annual Audit Plan	Annual Audit Plan approved by 31 October	Date	31 October 2025.	Operational	N/A	31 October 2025.	N/A	N/A	Board Resolution of Adoption of Annual Audit Plan
				5.2.3	Audit Committee	Number of Quarterly Audit Committee sittings.	Number per quarter	4	R145 491	1	1	1	1	Audit Committee Minutes
				5.2.7	Auditor-General Management Report	Auditor-General Management Report and Audit Finding: SCTIE	AG Report Opinion	Unqualified Audit	R880 895	N/A	Unqualified Audit Opinion	N/A	N/A	AG Management Report Duly Signed off and Tabled.
				5.2.8	Statutory Compliance	100% Statutory compliance for Board	Number of Board meetings held	6	Operational	2	2	1	1	Board Minutes.
				5.2.9			Report confirming statutory compliance with CIPC	100%	Operational	100%	100%	100%	100%	Confirmation of changes effected to CoR 39.
				5.2.11			AGM with the Parent by date	30 June 2026.	Operational	N/A	N/A	N/A	30 June 2026.	Agenda and Attendance Register for the AGM held, with Minutes from previous meeting held.
				5.2.12			Reviewed and updated Operational Policies Approved by date	20 June 2026.	Operational	N/A	N/A	N/A	20 June 2026.	Resolution by the Board by date
		Finance	To ensure good budgeting, financial management according to legislation	5.3.1	Budget Planning	Budget Related Policies approved by date	By date	31 May 2026.	Operational	N/A	N/A	N/A	31 May 2026.	Board Resolution Adopting Budget Policy
				5.3.2		S88: Mid Year Budget & Performance assessment report approved by date	By date	20 January 2026.	Operational	N/A	N/A	20 January 2026.	N/A	Board resolution for the approval of the S88 Mid Year Performance assessment report, and submitted to Ugu District Municipality
				5.3.4		First draft budget submitted to Ugu District Municipality 150 days before the start of the financial year	By Date	31 January 2026.	Operational	N/A	N/A	31 January 2026.	N/A	Evidence of first Draft Budget tabled, and Submission to Ugu DM.

STRATEGIC OBJECTIVE: Goal 4: Institutional Support & Financial Viability														
PROGRAM REF	PROGRAM	PROJECT	PROJECT OBJECTIVE	SUB-PROJECT REF.	SUB-PROJECT	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22.05.2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
				5.3.5		Revised draft budget submitted to Ugu, 100 days before the start of the financial year	By date	23 March 2026.	Operational	N/A	N/A	23 March 2026.	N/A	
				5.3.6	Working towards 90% Grant Funding - 10% Own funding	Annual Budget approved by the Board 30 days before the start of the financial year	By Date	31 May 2026.	Operational	N/A	N/A	N/A	31 May 2026.	Board Resolution of Approval of Draft Budget & submission to Ugu
				5.3.7		Funding Model Review - - Own revenue generation - Sourcing of Project Funds	By Date	30 October 2026.	Operational	N/A	30 October 2026.	N/A	N/A	Board resolution adopting the new Funding Model proposed
				5.3.7		12 Monthly Reports compiled and submitted by deadline.	Number of Reports by deadline.	12	Operational	3	3	3	3	Reports with submission dates.
				5.3.8		Draft AFS submitted to AG by date	Draft AFS submitted to AG by Date	31 August 2025.	Operational	31 August 2025.	N/A	N/A	N/A	Draft AFS submitted to AG with acknowledgement of receipt.
				5.3.10	Annual Financial Statements	Adopted Annual Financial Statements by the Boards by date	Adopted AFS by date	31 December 2025.	Operational	N/A	31 December 2025.	N/A	N/A	Board Resolution of AFS Adoption.
				5.3.11		Operational expenditure spend to plan	Percentage spend	80%	R2 210 146	80%	80%	80%	80%	Quarterly calcualtion reports on operational spend
				5.3.12	Operational Expenditure	Staff salaries paid monthly by date	12 x Salary Payments by date	25th of the month	R8 850 319	3x Monthly Payments by 25th	3x Monthly Payments by 25th	3x Monthly Payments by 25th	3x Monthly Payments by 25th	Confirmation of changes effected to CoR 39.
				5.3.13		Board salaries paid monthly by date	12 x Salary Payments by date	25th of the month	R1 024 586	3x Monthly Payment by 25th	3x Monthly Payment by 25th	3x Monthly Payment by 25th	3x Monthly Payment by 25th	Salary Reports by date
				5.3.14	Capital Expenditure	% capital expenditure to plan.	% capital expenditure to plan.	50%	R894 000	0%	25%	30%	50%	Quarterly Reports.
				5.3.15	Fruitless & Wasteful Expenditure	Less than 1% Fruitless and Wasteful expenditure	Budget % spend fruitless and wasteful expenditure	Less than 1%	R4 190	<1%	<1%	<1%	<1%	Board Reports and Minutes, and Register.
				5.3.16	Unauthorised Expenditure	Less than 1% unauthorised expenditure	Budget % spend unauthorthorised expenditure	Less than 1%	Operational	<1%	<1%	<1%	<1%	Board Reports and Minutes, and Register.
				5.3.17	Grant Funding	% of Municipal Grant revenue collected as per the funding model	% of Municipal Grant funding collected	100%	R26 364 132	100%	100%	100%	100%	Quarterly reports on the grant funding received
				5.3.18	Received Revenue to Plan	90% revenue received as per Annual Revenue Budget	% revenue received to plan.	90%	R464 286	30%	70%	80%	90%	Quarterly Reports

STRATEGIC OBJECTIVE: Goal 4: Institutional Support & Financial Viability														
PROGRAM REF	PROGRAM	PROJECT	PROJECT OBJECTIVE	SUB-PROJECT REF.	SUB-PROJECT	ANNUAL KEY PERFORMANCE INDICATOR: OUTPUT	UNIT OF MEASURE	ANNUAL PERFORMANCE TARGET - DRAFT	ANNUAL BUDGET: DRAFT 22.05.2025	Q1: TARGET	Q2: TARGET	Q3: TARGET	Q4: TARGET	PORTFOLIO OF EVIDENCE
				5.3.19	Revenue Generation	To raise own revenue or support funding through various avenues to reach a 90/10 split in relation to grant funding from participating municipalities, over a five (5) year period	Revenue generated or support received	R355 228.08	Operational	N/A	118 409	118 409	118 409	Report submitted to the CEO on the revenue and or support generated as a percentage of the Annual Grant budget received
				5.3.20	Annual Procurement Plan	Development of an Annual Procurement Plan, with quarterly reports on expenditure	Quarterly Procurement report	4	Operational	1	1	1	1	Quarterly Reports
				5.3.23	Asset Register	100% compliant Asset Register implementation	% Compliance	100%	Operational	100%	100%	100%	100%	Quarterly Reports
		Corporate Service & HR	To ensure HR matters are compliant and enable core functions to be performed.	5.4.1	Staffing	100% posts in structure filled.	% filled posts in structure	100%	Operational	100%	100%	100%	100%	Quarterly Reports
				5.4.2	Internships	Appointment of Interns and or Graduates in SCTIE departments	Number of Interns / Graduates appointed	3	R139 230	N/A	3	N/A	N/A	Salary Reports by date
				5.4.3	Staff Development	Plan Development by date	Date	30 December 2025.	R165 000	N/A	30 December 2025.	N/A	N/A	Quarterly Reports
				5.4.4	Staff Performance	100% relevant staff with signed annual performance plans by date of 31 July	% Section 57 staff with signed annual plans by 31 July	100%	Operational	100%	N/A	N/A	N/A	Duly Signed Annual Performance Plans
				5.4.5		Implementation Individual Performance Management Systems (IPMS)	% Implementation of IPMS	100%	Operational	N/A	100%	100%	100%	Quarterly Performance Reports
				5.4.6		Cascading of Individual Performance Management Systems (IPMS) - by dare	Date	15 December 2025.	Operational	N/A	15 December 2025.	N/A	N/A	Duly Signed Annual Performance Plans