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SOUTH COAST TOURISM & INVESTMENT ENTERPRISE

2024-2025 Final Draft – Annual Performance Report

***Approved by the SCTIE Board of Directors:
11 December 2025***

Dr. VI Sibiya: Chief Executive Officer
vusumuzi@sctie.co.za

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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LIST OF ACRONYMS

AFS	Annual Financial Statement
APR	Annual Performance Report
AG	Auditor General
AGSA	Auditor General of South Africa
APR	Annual Performance Report
APP	Annual Performance Plan
BoD	Board of Directors
DTF	District Tourism Forum
CEO	Chief Executive Officer
CFO	Chief Financial Officer
ED	Executive Director
ESD	Eastern Seaboard Development
IDP	Integrated Development Plan
KPA's	Key Performance Area
LED	Local Economic Development
KZNTAFA	KwaZulu Natal Tourism and Filming Authority
MFMA	Municipal Finance Management Act
MOU	Memorandum of Understanding
MICE	Meetings, Incentives, Conference and Events
MSA	Municipal Systems Act
MPAF	Marketing, Promotion, Attraction and Facilitation
NED	Non-Executive Director
PTAC	Provincial Tourism Audiovisual Committee
PMS	Performance Management System
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
RNM	Ray Nkonyeni Municipality
RSDF	Regional Spatial Development Framework
SAT	South African Tourism
SCM	Supply Chain Management
SCTIE	South Coast Tourism and Investment Enterprise
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small, Medium and Micro Enterprises
SLA	Service Level Agreement
WIL	Work Integrated Learning
WTM	World Travel Market

CHAPTER 1: GENERAL INFORMATION

1.1. Mandate & Legal Framework

The South Coast Tourism and Investment Enterprise (SCTIE) is the official economic development and destination marketing agency for the Ugu District Municipality in KwaZulu-Natal. Established in July 2022, SCTIE was created through the merger of Ugu South Coast Tourism NPC and the Ugu South Coast Development Agency SOC Ltd, forming a single, unified entity responsible for driving both tourism promotion and investment facilitation within the district. The entity was established in terms of Chapter 10 of the Municipal Finance Management Act (MFMA) No. 56 of 2003, Sections 76 and 86 of the Municipal Systems Act (MSA), and the Companies Act No. 71 of 2008. It operates as the official investment arm of Ugu District Municipality, serving all municipalities within the Ugu family.

The entity's core mandate in terms of section 84 of MSA is to:

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 tourists 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)

1.1.1. Legal and Policy Framework

SCTIE operates within the legislative and regulatory framework applicable to municipal entities, including:

- **Municipal Finance Management Act, 2003 (Act No. 56 of 2003)** – for financial governance, accountability, and reporting.
- **Municipal Systems Act, 2000 (Act No. 32 of 2000)** – for aligning strategic and operational planning with the Ugu District Municipality's Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).
- **Companies Act, 2008 (Act No. 71 of 2008)** – as a state-owned company, SCTIE complies with the Act's requirements for governance, transparency, and reporting
- .

- **Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)** – for procurement practices that support local economic development.
- **Labour Relations Act, Basic Conditions of Employment Act, and Employment Equity Act** – for human resource management and fair labour practices.
- **National Development Plan (NDP), Provincial Growth and Development Strategy (PGDS), and Ugu District Growth and Development Plan (DGDP)** – as higher-level policy frameworks guiding economic development priorities.

1.1.2. Relationship With Parent Municipality

SCTIE is wholly owned by Ugu District Municipality, which is its parent municipality. The relationship is governed through a Service Level Agreement (SLA), approved by Council, which outlines:

- Annual performance targets and key deliverables.
- Funding arrangements, primarily from the municipality’s equitable share and contributions from local municipalities.
- Governance and reporting protocols to Council, the Audit Committee, and relevant oversight bodies.

In terms of the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA), municipal entities are required to align their strategic and business plans with the Integrated Development Plan (IDP) of their parent municipality. This ensures that the entity’s programmes contribute directly to the developmental priorities and Key Performance Areas (KPAs) of the municipality, thereby avoiding duplication and strengthening cooperative governance.

The South Coast Tourism and Investment Enterprise (SCTIE), as the municipal entity of Ugu District Municipality, has structured its four strategic KPAs to align with Ugu’s IDP KPAs; Investment Attraction, Tourist/Visitor Attraction, Stakeholder Management, and Institutional Support & Financial Viability. The table below demonstrates this alignment, showing the line of sight between the municipality’s strategic priorities and SCTIE’s operational focus areas.

SCTIE KPA	Focus Areas	Corresponding Ugu District IDP KPA	Alignment Explanation
1. Investment Attraction	<ul style="list-style-type: none"> - District Investment Framework - Investment promotion & facilitation - Red tape reduction & walk-through support 	Local Economic Development (LED)	Ugu IDP's LED KPA emphasizes economic diversification, job creation, and enabling an investor-friendly environment. SCTIE is the implementing arm for this.
2. Tourist / Visitor Attraction	<ul style="list-style-type: none"> - Destination marketing - Tourism product development - Service quality improvements 	Local Economic Development (LED)	Tourism is a core LED driver in Ugu's IDP. SCTIE directly manages tourism marketing and product development, fulfilling the IDP's tourism growth strategy.
3. Stakeholder Management	<ul style="list-style-type: none"> - Social compacts - Investor one-stop shop - PPP facilitation 	Good Governance & Public Participation	Ugu IDP emphasizes Intergovernmental Relations (IGR), DDM clusters, and partnerships. SCTIE extends this by formalizing private-sector and investor relations.
4. Institutional Support & Financial Viability	<ul style="list-style-type: none"> - SCTIE funding model - Financial sustainability - Organisational capacity 	Municipal Financial Viability & Management Municipal Transformation & Institutional Development	SCTIE's financial and governance framework supports Ugu's broader financial viability KPA, while its organisational strengthening aligns with institutional development in the IDP.

1.2. Strategic Overview

The 2024-2025 financial year marked the third year of operations for the South Coast Tourism and Investment Enterprise following the merger of Ugu South Coast Tourism and the Ugu South Coast Development Agency in July 2022. The period under review was defined by a combination of strategic progress and significant operational challenges, most notably the delayed receipt of grant funding from the parent municipality, which placed considerable strain on the organisation's cash flow and resource capacity.

Despite these constraints, SCTIE delivered 87% of its Annual Performance Plan targets, reflecting the resilience and adaptability of its staff and management team. Key achievements included:

- Implementation of coordinated tourism and investment marketing campaigns that generated a combined Annual Average Value Equivalent of over R45 million from a marketing spend of approximately R2.9 million.
- Facilitation of catalytic projects such as the KwaXolo Caves development, the One Stop Shop investor facilitation centre, and the Hibberdene Mixed Use precinct.
- Support for SMME and youth development programmes, enabling participants to access training, placement, and stipends amounting to approximately R6.7 million across the district.
- Sustained digital growth through social media platforms, websites, and mobile applications, strengthening SCTIE's ability to reach both local and international markets.

The strategic focus for the year was guided by the entity's mandate to:

1. Position the KwaZulu-Natal South Coast as a leading tourism and investment destination.
2. Facilitate sustainable local economic development by unlocking sector-specific opportunities.
3. Enhance stakeholder partnerships to leverage additional resources and capacity.
4. Support local enterprises through the Buy Local campaign, product development initiatives, and training programmes.

Looking ahead, SCTIE's Board of Directors, appointed in October 2023, has approved a revised strategic plan that seeks to diversify revenue streams, strengthen marketing efforts, and increase the geographical footprint of both tourism and investment activities. While the current funding environment remains uncertain, the organisation is committed to implementing strategies that ensure operational sustainability and continued impact in the district.

1.3. Organisational Structure

1.3.1. Board of Directors

The South Coast Tourism and Investment Enterprise is governed by a Board of Directors that provides strategic leadership, ensures alignment with the Ugu District Municipality's development objectives, and upholds principles of good corporate governance. The Board consists of independent directors with sectoral expertise, supported by ex-officio representatives from each local municipality in the district, and is led by the Chairperson.

Mr. Sandile Dlomo
Board Chairperson

Dr. Vusumuzi Sibiya
Chief Executive Officer

Ms. Nongcebo Masito
Board Deputy Chairperson

Mr. Lunga Yeni
Board Member

Dr. Khululiwe Godlwana
Board Member

Mr. Thokozani Sabela
Board Member

South Coast
PARADISE OF THE ZULU KINGDOM

South Africa
iSizwe sithixo kaSizwe
Awake up new ways

MEET OUR BOARD MEMBERS



Ms. Deidre Rankin

GM: Economic Development & Environmental Services – Ugu



Mr. Sfiso Nxele

GM: Planning & Development – Umdoni



Mr. Ngcebo Mthembu

Manager: Local Economic Development – Umzumbe



Mr. Velemsemi Nxumalo

Manager: Local Economic Development – Umuziwabantu



Mr. Dalisu Zulu

HOD: Planning & Development Services – Ray Nkonyeni



MEET OUR EX -OFFICIO MEMBERS OF THE BOARD

Board Member Profiles

1. Mr. Sandile Dlomo – Chairperson & NED

As Board Chairperson, he provides strategic direction and ensures that governance processes align with municipal and national frameworks.

Qualifications:

- Bachelor of Laws (LLB)
- Practical Legal Training

2. Ms. Nongcebo Masito – Deputy Chairperson & NED

She serves as the Deputy Chairperson, supporting the Chair in strategic oversight. She also serves as a Non-executive director accountable to the mother board of director.

Qualifications:

- Master of Business Administration (MBA)
- Bachelor of Arts: Communication Science
- Bachelor of Commerce: Economics and Business Management
- PhD in Business Management and Administration (in progress)

3. Mr. Lunga Yeni – Board Member & NED

Serves as a Non-executive director accountable to the mother board of director.

Qualifications:

- Bachelor of Laws (LLB)

4. Dr. Khululiwe Godlwana – Board Member & NED

Non-executive director accountable to the mother board of director and sits on the Audit committee.

Qualifications:

- Master's in Public and Development Management
- Harvard MBA equivalent leadership Development course which focused on Personal Development, Organisational Management as well as Human Resource Management
- BA Honours International relations
- BA (Law and Politics)
- Specialist Certificate: Programme Planning, Programme Design and Management, Monitoring and Evaluation
- Exempted by the Global Institute for Chartered Secretaries of South Africa

5. Mr. Thokozani Sabela – Board Member & NED

Serves as a Non-executive director accountable to the mother board of director.

Qualifications:

- Master of Business Administration (current)
- Postgraduate Certificate in Management
- Bachelor of Social Sciences

Dr. Vusumuzi Sibiya – Chief Executive Officer (CEO) & ED

Dr. Sibiya leads the operational management of SCTIE, overseeing strategy implementation, stakeholder engagement, and organisational sustainability.

Qualifications:

- Doctor of Philosophy in Business Administration (PhD)
 - Research Title: *An integrative leadership approaches towards an employee's engagement: Case of uMkhanyakude District Municipality*
- Master of Management in Finance and Investment: Development Economics
 - Research Title: *Cash flow Management and prediction of financial distress and bankruptcy of all firms listed in the Johannesburg Stock Exchange (JSE)*
- Master of Business Administration
 - Research Title: *The effect of leadership style on productivity at uMzimkhulu Illovo Sugar Limited*
- Master of Social Science in Development Studies (*In Progress*)
 - Research Title: *Role of the Eastern Seaboard development in stimulating inclusive economic growth in Ugu District, KwaZulu Natal*
- Postgraduate Diploma in Public Management (Honours Degree-Cum Laude) (NQF 8)
- Bachelor's Degree in Management Science (NQF 7)
- National Diploma in Business Management (NQF 6)
- Certificate in CPMD / Municipal Finance Management (NQF 6)

Ms. Diedre Rankin – Ex-Officio Member (Ugu District Municipality)

Represents the parent municipality, ensuring strategic alignment with Ugu District's Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

Mr. Sfiso Nxele – Ex-Officio Member (Umdoni Local Municipality)

Acts as the liaison between SCTIE and Umdoni Local Municipality, supporting local tourism initiatives and investment opportunities.

Mr. Ngcebo Mthembu – Ex-Officio Member (Umzumbe Local Municipality)

Acts as the liaison between SCTIE and Umzumbe Local Municipality, supporting local tourism initiatives and investment opportunities. Brings knowledge of rural economic development and community-based tourism from Umzumbe.

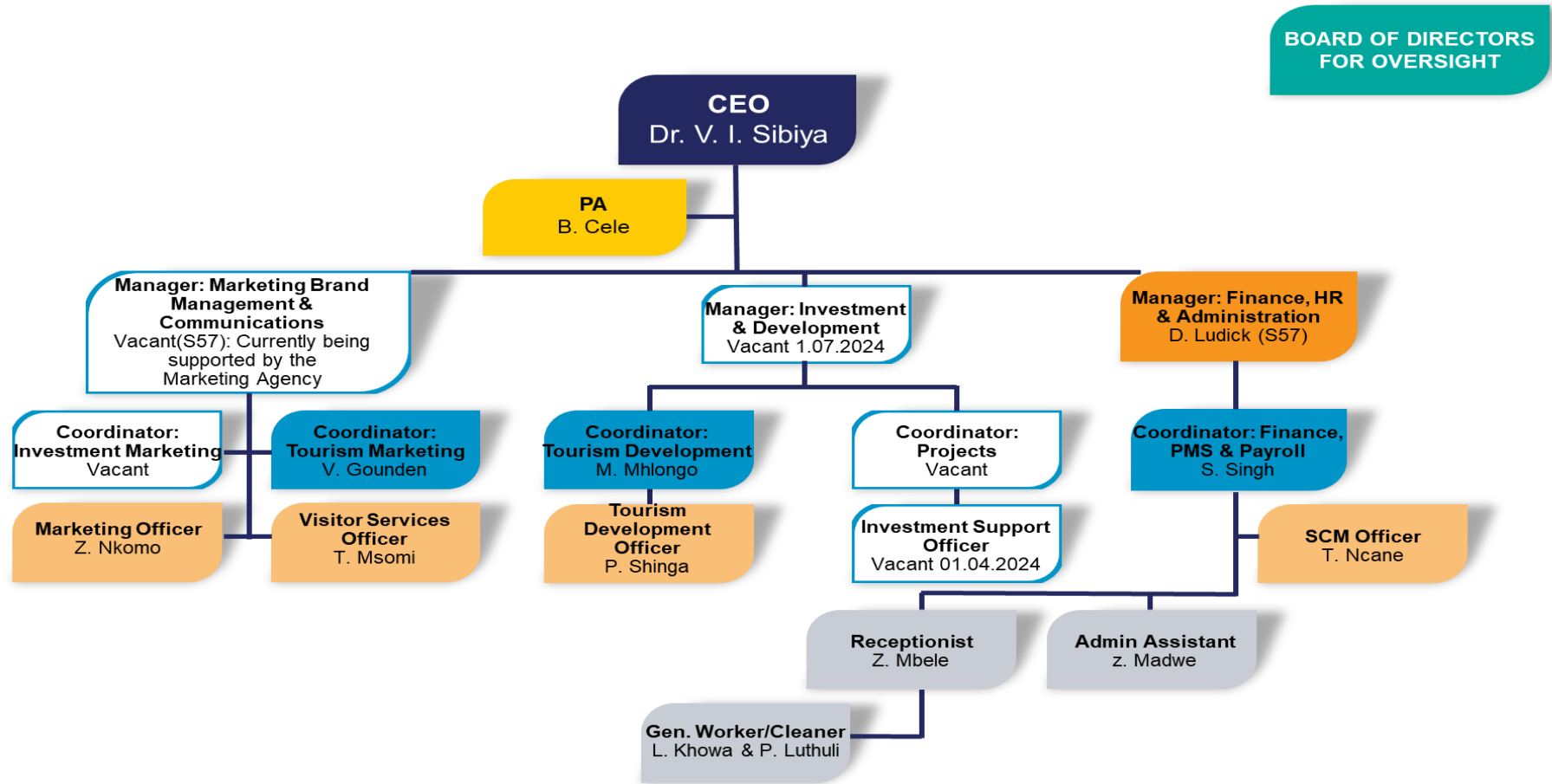
Mr. Velemseni Nxumalo – Ex-Officio Member (Umuziwabantu Local Municipality)

Acts as the liaison between SCTIE and Umuziwabantu Local Municipality, supporting local tourism initiatives and investment opportunities. Supports small-town revitalisation and tourism product development initiatives in Umuziwabantu.

Mr. Dalisu Zulu – Ex-Officio Member (Ray Nkonyeni Local Municipality)

Serves as the liaison between the South Coast Tourism & Investment Enterprise (SCTIE) and Ray Nkonyeni Local Municipality, facilitating alignment on local tourism initiatives and promoting investment opportunities. Focus areas include development planning, urban tourism development, and the implementation of events-based marketing strategies to stimulate local economic growth and enhance the region's tourism appeal

1.3.2. Organisation Structure



BOARD OF DIRECTORS FOR OVERSIGHT

CHAPTER 2: FOREWORD AND OVERVIEW

2.1. Board Chairperson's Foreword

The 2024/2025 financial year marked a significant chapter in the journey of the South Coast Tourism and Investment Enterprise (SCTIE). While we continued to operate in a constrained fiscal environment, we also experienced meaningful progress across several strategic fronts, affirming our organisation's growing resilience and adaptive capacity.

The year began with considerable financial strain, primarily due to the continued non-payment of the 2.4% grant allocation from our Parent Municipality, linked to their equitable share. This persistent funding shortfall has had real operational impacts and remains a serious concern. In addition, instructions by the Auditor-General to write off debts from the 2022/2023 financial year and impair those from 2023/2024 resulted in net VAT implications of R941,273.42. These developments highlighted the need for continued prudent financial management and robust oversight.

Despite these headwinds, the organisation achieved several key milestones that speak to the dedication of our leadership and staff. Notably, a competent Chief Executive Officer was successfully appointed during the reporting period. Under their leadership, SCTIE has begun executing its strategic mandate with precision and renewed vigour. A major highlight was the successful review and realignment of our corporate strategy with local economic development frameworks and municipal Integrated Development Plans (IDPs), ensuring that our priorities support broader regional development goals.

Corporate governance remained a top priority. All board members, including ex-officio members, underwent extensive training facilitated by the Department of Cooperative Governance and Traditional Affairs (COGTA) in October. This critical intervention has significantly improved the board's oversight capabilities and governance posture. However, the current size of the board remains a limiting factor in constituting functional sub-committees, and we hope to see progress on this matter in the coming year.

SCTIE was also honoured to receive the COGTA Municipal Excellence Award for Best Functioning District Development Agencies, a proud recognition of our operational improvements and impact within the Ugu District.

We also made encouraging progress in areas where we had previously underperformed. This includes hosting a series of successful stakeholder engagement sessions and formalising partnerships with the private sector through Memoranda of Understanding. Our collaboration with South African Tourism during the "Sho't Left" Easter Campaign further elevated our brand visibility, while our joint efforts with KZNTAFA and EDTEA resulted in a highly successful South Coast Summer Campaign Launch, which helped build visitor confidence and reinforced our readiness for peak tourism season.

On the investment promotion front, SCTIE worked closely with local municipalities to convene impactful platforms such as the Umdoni Investment Seminar and the Ray Nkonyeni Municipality

(RNM) Investment Conference. These events were essential in positioning our region as an attractive investment destination.

Internationally, SCTIE participated in prominent trade and promotional platforms including Africa's Travel Indaba (Durban ICC), World Travel Market (Cape Town ICC), and Meetings Africa (Sandton, Johannesburg). Through these engagements, we amplified the South Coast's profile as a destination of choice for tourism and investment.

In support of tourism development, SCTIE actively engaged in the Provincial Tourism and Audiovisual Committee, the District Tourism Forum, and Area Tourism Committee meetings, reflecting our continued commitment to sectoral collaboration and sustainable tourism growth.

As part of our MICE (Meetings, Incentives, Conferences, and Events) programme, we successfully revived the iconic Ugu Jazz Festival, restoring a key cultural and economic event to our regional calendar.

While we acknowledge the continued lack of progress on COGTA's intergovernmental intervention which has unfortunately yielded no tangible improvements, we remain steadfast in our commitment to good governance and regional development. The lessons learned this year have equipped us with sharper insight and greater resolve.

In conclusion, I wish to extend my deepest appreciation to the Board, our management team, our staff, and all stakeholders and partners who continue to support SCTIE. Together, we are charting a path forward, one grounded in accountability, innovation, and shared growth. With a capable executive team in place, a strengthened governance framework, and a clear strategic direction, I am confident that SCTIE is poised for even greater impact in the years ahead.



MR. SANDILE DLOMO
Chairman of the Board

2.2. Chief Executive Officer's Overview

It is with great responsibility and renewed optimism that I present this overview for the South Coast Tourism and Investment Enterprise (SCTIE) Annual Report for the 2024/2025 financial year.

The past year was defined by both operational challenges and strategic progress. Amid persistent financial constraints particularly the delayed and partial disbursement of grant funding from our Parent Municipality, Ugu District Municipality, we remained steadfast in delivering on our mandate to drive tourism and investment development in the KZN South Coast.

We are especially proud of our organisation's performance improvement from 78% to 87%, despite limited resources, unfilled critical posts, and an overstretched team. This speaks to the dedication, professionalism, and resilience of SCTIE staff and leadership.

A significant milestone during the period under review was our successful external audit by the Auditor-General for the 2023/2024 financial year. SCTIE obtained an unqualified audit opinion with matters, reflecting sound financial management and improved compliance. The audit findings have been received with full transparency, and the issues raised are being proactively addressed during the 2024/2025 financial year as part of our internal improvement plan.

In response to ongoing funding shortfalls, a new financial model was developed, consulted during the strategic planning session, and is now being implemented to enhance long-term sustainability. This model aims to diversify income streams, introduce cost containment measures, and reduce reliance on public sector transfers. Additionally, a new organisational structure was developed, presented, and formally adopted by the Board. This structure aligns institutional capacity with strategic objectives and positions SCTIE for greater operational efficiency.

Despite continued underfunding particularly the failure of Ugu District Municipality to meet its full 2.4% equitable share contribution, our shareholder municipalities demonstrated commendable commitment. Umdoni, Umzumbe, and Ray Nkonyeni Municipalities each honoured 100% of their 1.2% obligation, while Umuziwabantu Municipality contributed 59%. We thank them sincerely for their support, especially during a time of fiscal pressure across all spheres of government.

However, financial stress remains a pressing issue. Delayed grant transfers from our Parent Municipality resulted in non-compliance with the Municipal Finance Management Act (MFMA), specifically Section 99(2)(b) and Section 19(a), leading to fruitless and wasteful expenditure in the form of avoidable finance costs. To mitigate further impact, SCTIE entered into a six-month repayment agreement with the Auditor-General. VAT obligations due to the South African Reserve Bank by 30 June 2025 total R1,084,594.78, with an additional R108,459.00 in penalties. Adjustments by the Auditor-General related to the write-off of the 2022/2023 debt and impairment of 2023/2024 receivables also led to VAT implications totalling R941,273.42.

Nonetheless, SCTIE continued to deliver on its mandate. We maintained transparency and accountability to our clientele by keeping KZN South Coast travellers informed during the

Mbongintwini Bridge collapse, offering real-time travel updates and alternate routes to minimise disruptions and maintain visitor confidence.

From an investment and development perspective, we achieved notable progress. We launched the SCTIE Investment Directory and Brochure, introduced new investment facilitation frameworks in collaboration with the KZN One Stop Shop, and celebrated the opening of several key developments including the Port Shepstone Intermodal Facility, Checkers FreshX Store, Action Sports South Coast, and the R1.2 billion NPC expansion. The development of Phase 3 of the KwaXolo Caves, funded by EDTEA, enhanced our cultural tourism offering. We also entered into strategic Memoranda of Understanding with several private-sector real estate partners including Umdoni Point Coastal Forest, Renishaw Hills, Serenity Hills, and Ekubo Coastal Estate. In addition, we further entered into symbiotic relationship (MOU) with African Women in Business partnered with Beaver Creek on organic coffee farming.

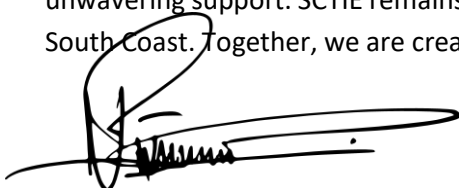
To ensure strategic alignment, I participated in the strategic planning sessions of Ugu District Municipality, Umdoni, Umzumbe, and Umuziwabantu, ensuring that SCTIE's strategic plan is informed by local priorities and Integrated Development Plans. SCTIE also participated in major investment platforms such as Africa's Travel Indaba, World Travel Market, Meetings Africa, and the KZN SALGA Investment Show in Durban and Umhlanga, strengthening our brand visibility and expanding investment leads.

We were also proud to revive the Ugu Jazz Festival as part of our MICE (Meetings, Incentives, Conferences, and Events) programme, helping boost regional economic activity and destination appeal. Our work continued to align with broader national frameworks such as the Eastern Seaboard Development, the District Development Model, and the Economic Sector and Infrastructure Development Cluster.

Despite our successes, institutional capacity remains a challenge. Not all critical positions within SCTIE have been filled, placing considerable pressure on the existing team. This is a high-priority issue which we intend to address under the newly adopted organisational structure.

Finally, it is with pride that I note SCTIE was honoured with the COGTA Municipal Excellence Award for Best Functioning District Development Agencies, an important recognition of our governance turnaround and operational impact.

In closing, I extend my deepest thanks to our Board of Directors for their vision and leadership, to our management and staff for their tireless dedication, and to our partners and stakeholders for their unwavering support. SCTIE remains committed to building a resilient, inclusive, and investment-ready South Coast. Together, we are creating a foundation for sustainable regional growth and prosperity.



DR. VUSUMUZI SIBIYA
Chief Executive Officer

CHAPTER 3: CORPORATE GOVERNANCE

3.1. Report of the Audit Committee.

The Audit Committee (“the Committee”) presents its report for the year ended 30th of June 2025.

Audit committee responsibility

The Committee reports that it has complied with its responsibilities arising from section 166 of the MFMA. Furthermore, it has adopted formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter, and discharged all its responsibilities as contained therein during the year.

Audit committee members and attendance

The Committee consisting of the following five (5) members listed hereunder has met at least four (4) times per annum as per its approved terms of reference.

Name of member	Number of meetings attended
Mr. A.D. Gonzalves (Chairman)	5/5
Ms. S Dlungwane	5/5
Mr. T. Zakuza	4/5
Mr. P. Preston	5/5
Ms. S Khanyile	5/5

All members are external and therefore independent with no conflicts of interests being reported.

Audit committee meetings

Five (5) meetings were held during the year as follows:

Meeting	Date of meeting	Type of meeting
1.	19 July 2024	Ordinary
2.	26 August 2024	Special
3.	25 October 2024	Ordinary
4.	12 March 2025	Ordinary
5.	27 June 2025	Ordinary

The Committee held meetings with the Accounting Officer, senior Management of the entity, Internal Audit and the Auditor-General of South Africa (AGSA) collectively and individually, on matters related to governance, internal control, and risk in the entity, throughout the reporting period. A member of the board of directors is a standard invitee to our meeting and has attended our meetings. Representatives from the AGSA have attended some of the meetings.

Effectiveness of internal controls

An assessment of the findings identified by Internal Audit as well as the audit and management reports presented to the Committee by the Auditor-General of South Africa (AGSA), reveals that the internal control environment, risk management, and governance processes are adequate and effective over financial and performance reporting. The committee notes that compliance was partially effective, with room for improvement. The committee recommends taking reasonable steps to ensure compliance with procurement processes and thus prevent irregular expenditure. The Committee is satisfied that Internal

Audit provided assurance in terms of governance, risk management, and control as per the approved risk-based audit plan. At the end of the financial year, the following internal audit engagements were reported as complete as per the approved risk-based audit plan:

- Annual Financial Statement Review
- Annual Performance Information Report Review
- Financial Discipline Review
- Follow Review: AGSA and Internal Audit Findings
- Revenue Management
- Supply Chain Management Review;
- Quarterly Performance Information Report Reviews,
- Unauthorised, Irregular and Fruitless and wasteful expenditure investigations.

Risk management and governance

The entity's financial sustainability is materially threatened due to the failure of the Ugu District Municipality (parent) and several local municipalities to make timely transfers as required by their service level agreements. This urgent cash flow crisis is impacting performance, limiting strategic achievement, and creating a continuous risk of fruitless and wasteful expenditure, thus compromising compliance with MFMA Section 65(2)(e).

In-Year Management and Monthly/Quarterly Reports

The entity has reported to the board of directors and the Council of Ugu District Municipality as required by the MFMA. The Committee found the in-year management reports, including both financial and non-financial data, to be satisfactory during the year under review.

Evaluation of the annual financial statements

The Committee has reviewed:

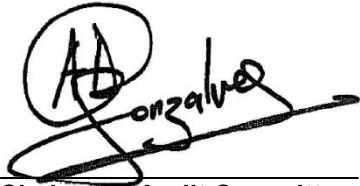
- The unaudited annual financial statements, with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Changes in accounting policies and practices;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;
- The unaudited annual performance information on predetermined objectives with due consideration of the independent assurance provided by the internal audit function as well as the assurance provided by Management;
- The AGSA audit and management reports, with due consideration of the responses provided by Management; and
- The audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Officer.

Auditor-General of South Africa (AGSA) Report

The annual financial statements are prepared in accordance with the South African Standards of Generally Recognized Accounting Practice and in the manner required by the MFMA. The Committee concurs with and accepts the AGSA's audit report on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the AGSA.

Conclusion

The Committee expresses its gratitude to the Board of Directors, the Accounting Officer, the CFO, administrative staff, and the AGSA for their commitment, co-operation, and assistance. The Committee recommends that Management address the material findings identified by AGSA relating to compliance, by addressing the root cause of the control deficiencies.



Chairman: Audit Committee
05 December 2025

3.2. Risk Management Approach

SCTIE recommitted itself to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no. 56 of 2003, by approving the entity Enterprise Risk Management Policy and Fraud Prevention Strategy in May 2024. Risk management is recognised as an integral part of responsible management and the Entity adopted a comprehensive approach to the management of risk.

Effective risk management is imperative to the Entity's ability to fulfil its mandate, to meet the service delivery expectations of the public and the performance expectations within its mandate.

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of our stakeholders. Sound management of risk has enabled us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders' expectations; and

Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

3.2.1. Risk Register

SEE ANNEXURE: E

3.3. Internal Audit and Control Systems

Internal Audit is undertaken through a shared service of the Ugu District Municipality.

The purpose of the Internal Audit Activity is to assist the Accounting Officer and Senior Management in achieving their objectives and to discharge their responsibilities by providing an independent, objective assurance and consulting services designed to add value and improve the Municipal Entity's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Section 165 (1) of the Municipal Finance Management Act, Act 56 of 2003, (MFMA) mandates each Municipal Entity to have an internal audit unit. Section 165(2) of the MFMA requires internal audit to:

- (a) prepare a risk-based audit plan and an internal audit program for each financial year
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:
 - i. internal audit;
 - ii. internal controls;
 - iii. accounting procedures and practices;
 - iv. risk and risk management;
 - v. performance management;
 - vi. loss control; and
 - vii. compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
- (c) Perform such other duties as may be assigned to it by the Accounting Officer.

The Internal Audit Charter, was approved by the Audit Committee in October 2024, along with the Annual Audit Plan.

The Annual Audit Plan consists of general, compliance and risk-based audits. The assignments undertaken in 2024- 2025:

Project / Focus Area	Objective and scope
General	
- Annual Audit Plan	To ensure compliance MFMA Section 165.
- Review Internal Audit Charter	To enhance the effectiveness of the internal audit providing independent, objective assurance and consulting services designed to add value and improve the Entity operations.
- Review Audit Committee Charter	To ensure compliance MFMA Section 166.
Compliance Audits	
- Review of Annual Financial Statements	Improve the quality and credibility of the AFS prior to submission to the Auditor General.
- Review of Annual Performance Report	Improve the quality and credibility of the APR prior to submission to the Auditor General.
- Performance Management Reviews	Review effectiveness, efficiency of the Performance Management System. <ul style="list-style-type: none"> - Review IDP alignment - PMS Framework - Annual Performance Plan / SDBIP - S57 Performance Contracts - Quarterly performance results - Review Portfolio of Evidence files
Risk Based Audits	
o Financial Discipline	<ul style="list-style-type: none"> - Review internal controls over preparation and review of treasury reconciliations for the quarter ended. - Testing the adequacy and effectiveness of controls over significant risk, which will include information technology and general control testing.
o Supply Chain Management	<ul style="list-style-type: none"> - Adequacy of SCM Policy in compliance with legislation. - Review of procurement processes in respect of compliance - Review adequacy and effectiveness of procurement systems to mitigate against inherent risks.
o Investigate UIFWE	<ul style="list-style-type: none"> - Investigate all incidents of irregular, fruitless and wasteful expenditure referred for investigation as per circular 68 of MFMA and determine whether there are grounds of recovering expenditure incurred as a result of negligence.

<ul style="list-style-type: none"> ○ Revenue Management: Billing and Debt Collection 	<ul style="list-style-type: none"> - Evaluate the adequacy and effectiveness of internal controls relating to the reliability and integrity of the revenue management process.
Follow-Up Audits	
<ul style="list-style-type: none"> - Follow Up and review of the Management Correction action plan to address AG(SA) finding 	<ul style="list-style-type: none"> - Ascertain the status of implementation of the management actions in respect of prior reported finding by the AG(SA) to improve audit outcomes. - Conducted verification on implemented action plans.
<ul style="list-style-type: none"> - Follow Up of Risk Mitigation Plans 	<ul style="list-style-type: none"> - Ensure implementation of risk mitigation plans.

3.4. Compliance

In line with the Companies Act, the Municipal Structures Act, and the principles of good governance as outlined in King IV, the Board of Directors is entrusted with providing ethical leadership, strategic direction, and oversight to ensure effective and responsible management of the organization. The Board is accountable for compliance with all applicable legislation, financial sustainability, and alignment with public sector mandates and service delivery objectives. It ensures that governance processes promote transparency, accountability, and stakeholder inclusivity.

To support its functions, the Board has established key sub-committees as recommended by King IV, including the Audit and Risk Committee, Human Resources. In terms of a Social and Ethics Committee, due to the size of the Board, this responsibility is undertaken by the full Board. These committees enable focused oversight of critical areas such as financial reporting and risk management, executive remuneration and performance, and the organization’s ethical and social responsibilities. Each committee operates under approved terms of reference, contributing to the overall effectiveness and integrity of the governance framework.

Board members receive a monthly stipend and are paid meeting fees for their attendance of meetings. In the instance that the meeting is three hours or more, a full meeting fee is payable

3.4.1. Board Attendance

i. Standard and Special Board meetings:

Standard Quarterly Board meetings are held to ensure proper oversight on Budget as well as implementation of Annual Performance Scorecard to ensure annual key performance indicators are met.

Special Board meetings are held specifically when required to meet compliance requirements, these being before the submission of the draft Annual Financial Statements and Annual Report to the Auditor-General SA in August, the approval of the final Annual Report and Annual Financial Statements by the end of December, the approval of the entity draft budget for consultation by the end of March, the approval of the Annual Budget and Annual Performance Plan by the end of May.

Board members	Board and Special Board meetings attended (9)
Mr. Sandile C Dlomo	9
Mrs. Nongcebo V. Masito	9
Dr. Khululiwe H. Godlwana	8
Mr. Lunga G. Yeni	9
Mr. Henry T.H Sabela	8

ii. Annual General Meeting:

One Annual General Meeting is held each year, with the Shareholder / Parent Municipality

Board members	AGM attendance (1)
Mr. Sandile C Dlomo	1
Mrs. Nongcebo V. Masito	1
Dr. Khululiwe H. Godlwana	1
Mr. Lunga G. Yeni	Apology received
Mr. Henry T.H Sabela	1

iii. Audit Committee meetings:

In terms of Board Committees, the Audit Committee is a shared service committee, appointed by the Ugu District Municipality. Dr Khululiwe Godlwana is appointed by the Board in terms of her governance expertise, to attend the Audit Committee meetings as an invited guest. In her absence, the Chair may attend alternatively nominate a representative of the Board to attend on her behalf.

The Audit Committee meet four times per year to ensure their oversight roles, and have one special meeting per year in their review of the draft Annual Report and Annual Financial Statements, prior to the submission to the Board of Directors for their approval.

Board members	Audit Committee meetings (5)
Mr. Sandile C Dlomo	1
Dr. Khululiwe H. Godlwana	3

iv. Strategic Planning meetings

The entity had a two-day session in April where various stakeholders were invited to attend to ensure that extensive consultation on the annual strategy review was done. Thereafter a special meeting was held with the Board of Directors.

Board members	Strategic Planning (3)
Mr. Sandile C Dlomo	3
Mrs. Nongcebo V. Masito	2
Dr. Khululiwe H. Godlwana	1
Mr. Lunga G. Yeni	1
Mr. Henry T.H Sabela	2

v. *Performance Management and Human Resources*

During the financial year, the Board appointed an HRM Committee for the formulation of the vacancy and interview process for the position of the Chief Executive Officer. The Chairman of the Board is also responsible for the quarterly performance review of the Chief Executive Officer. Not all directors participate in both functions.

Board members	PMS and HR
Mr. Sandile C Dlomo	9
Mrs. Nongcebo V. Masito	1
Dr. Khululiwe H. Godlwana	1
Mr. Lunga G. Yeni	3
Mr. Henry T.H Sabela	7

vi. *Other meetings*

In terms of their roles and functions, the Board of Directors are required to attend other meetings which would include special meetings with the parent Municipality, attendance of various Council meetings as well as representing the entity at stakeholder meetings.

Board members	Other
Mr. Sandile C Dlomo	30
Mrs. Nongcebo V. Masito	6
Dr. Khululiwe H. Godlwana	6
Mr. Lunga G. Yeni	9
Mr. Henry T.H Sabela	20

3.5. King Codes of Corporate Governance

The Board and management team are committed to the principles of openness, integrity and accountability advocated by the King Code. The SCTIE made progress during the reporting period towards entrenching and strengthening the implementation of the recommended practices in its governance structures, systems, processes and procedures. The internal audit team – as a shared service with Ugu District Municipality – provided regular feedback to the Audit and Risk Committee (to be strengthened), which is responsible for monitoring compliance with the King Code.

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency. The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the entity's stakeholders.

3.5.1. Application of King IV: Corporate Governance Principles

SCTIE demonstrates a strong alignment with the principles of the King IV Report on Corporate Governance. The Board, led by an independent Chairperson, provides effective oversight, while management ensures execution, reflecting a clear separation of powers. Ethical leadership is reinforced through a Code of Conduct, and statutory compliance with the MFMA, Companies Act, and reporting obligations has been consistently achieved.

Performance and value creation are monitored through quarterly reviews of the Annual Performance Plan, with measurable impact seen in tourism growth, investment packaging, and socio-economic benefits. While compliance is evident, the organisation could strengthen value reporting by quantifying socio-economic returns more systematically.

Governance structures are supported by an independent Audit and Risk Committee, and stakeholder inclusivity is evident through regular engagement forums. However, gaps remain in ICT governance, remuneration benchmarking, and the institutionalisation of Board self-evaluations. These areas reflect partial application of King IV principles, requiring focused improvement.

Overall, SCTIE can be considered largely compliant with King IV, demonstrating strong governance in leadership, oversight, and accountability, while needing to address specific gaps to reach leading practice.

CHAPTER 4: ORGANISATIONAL PERFORMANCE

4.1. Annual Performance Plan/Scorecard (APP)

Due to the revision of the corporate strategy in May 2024, the 2024 Annual Performance Plan for comparative indicators has been included separately.

SEE ANNEXURE: A (i) – 2025 and ANNEXURE: A (ii) – 2024 comparative

4.2. Key Performance Areas (KPA)

4.2.1. Destination Marketing

The South Coast Tourism and Investment Enterprise (SCTIE) delivered a comprehensive programme of tourism marketing activities under the annual theme “Now’s the Time”, designed to position the KwaZulu-Natal South Coast as a premier leisure, adventure, and cultural destination. The campaign was rolled out through four seasonal sub-themes, each aligned to visitor demand cycles and national tourism events. Despite financial constraints, SCTIE’s in-house team successfully implemented multi-platform marketing, public relations, event support, digital integration, and research initiatives, generating significant media value and strengthening the region’s profile.

4.2.1.1. Seasonal Campaigns

Quarter One

The theme “*Your Spring Adventure Awaits*” was launched to coincide with World Tourism Month. The campaign promoted the South Coast as an attractive springtime destination, using digital and social media channels, press releases, and activations such as the World Tourism Day community beach clean-up.

Quarter Two

The theme “*Embrace Summer*”, focusing on festive season travel. Marketing activities emphasised the South Coast’s extensive Blue Flag beaches, outdoor adventure opportunities, and family-friendly experiences. The campaign also integrated the **Buy Local initiative**, which continued to expand its membership and promote local economic support.

Quarter Three

The theme “*Breakaway*” highlighted Valentine’s getaways, Easter holidays, and business tourism (MICE). The messaging positioned the South Coast as a destination for both leisure and conferencing, with strong PR support generating substantial earned media exposure.

Quarter Four

The theme “*Ocean Sunrises and Hinterland Adventures Await*”, showcasing the South Coast’s winter and hinterland experiences. Marketing focused on the sardine run, diving, hiking, birding, and agri-tourism while maintaining the emphasis on the region’s Blue Flag beaches.

The following marketing elements were harnessed to maximise marketing efforts:

1. Social Media
2. Advertising
3. Public Relations.
4. Fam Trips
5. Research
6. VIC Portal
7. App

We promoted our tourism opportunities on various KZN South Coast platforms. We measure the Average Value Equivalent of each quarterly campaign, to ensure we are getting value for money on the marketing spend.

The Annual Average Value Equivalent achieved through the Tourism Marketing Campaigns for the 2024-2025 year is:

Medium	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Print	5 452 909	5 462 032.25	2 136 443	1 809 206	14 860 590.2
Broadcast	5 868	2 153 84.50	8 946	1 059 29	336 127.50
Online	2 290 082	6 242 042.97	2 778 033	3 465 182	12 025 087.30
Total	7 748 859	1 191 9459.70	4 923 422	5 380 317	29 972 057.70

4.2.1.2. Media Value and Public Relations

Public relations and media engagement were critical to SCTIE’s campaigns. Press releases aligned to quarterly themes achieved wide coverage in national and regional outlets, strengthening the South Coast’s brand credibility. A total of 27 tourism-related press releases were issued, generating millions in earned media value across print, online, and broadcast platforms.

Quarter 1

Tourism Disseminated Press Releases	Earned (PR) Media Exposure
Beach safety tips to follow on your KZN South Coast breakaway	Rising Sun (Overport) - 15 Aug 2024
12 Hidden gems on the KZN South Coast	Purely Local - 21 Aug 2024 https://purelylocal.co.za/explore/12-hidden-gems-on-the-kzn-south-coast/
KZN South Coast extends its rural tourism with launch of the KwaNdwalane Adventure Experience	Rising Sun Weekly - 4 Sep 2024
Celebrate Heritage Month with 9 Must-Visit Cultural & Heritage Experiences on the KZN South Coast	Safari Africa - 18 Sep 2024 https://www.safari-africa1.co.za/celebrate-heritage-month-with-9-must-visit-cultural-heritage-exp...
Breakthrough win for ‘masterful’ Kelsey	South Coast Herald - 19 Sep 2024 https://www.citizen.co.za/south-coast-herald/sports-news/local-sports/2024/09/19/breakthrough-win...
Celebrate Heritage Month with 9 Must-Visit Cultural & Heritage Experiences on the KZN South Coast	Rove SA - 19 Sep 2024 - https://rovesa.co.za/activities-and-adventure/celebrate-heritage-month-with-9-must-visit-cultural...
Indigenous Games return to coast	South Coast Fever - 20 Sep

Quarter 2

PRESS RELEASES – TOURISM	EARNED (PR) MEDIA EXPOSURE
South Coast Tourism and Investment Enterprise Welcomes Dynamic New CEO, Dr Sibiya, to Lead Investment and Tourism Growth	South Coast Fever, My ZA, My PR, My Pressportal, My Durban, Marketing Spread, SA Today, Gauteng Online Magazine, Showbiz Scope, Visit KZN South Coast, Rove SA, South African Lifestyle Magazine, Rising Sun Newspapers – (18/10) Sunday Times (Final), Business Times, Sunday Times (Early Edition), Business Times, Sunday Times (Third

	<p>Edition), Business Times, Sunday Times (Second Edition), Business Times – (20/10)</p> <p>Rising Sun (Mid-South Coast), Rising Sun (Chatsworth), Rising Sun (Merebank), South Coast Herald – (22/10)</p> <p>Rising Sun (North Coast) – (23/10)</p> <p>Rising Sun (Overport) – (24/10)</p>
<p>Bumper festive season forecast as KZN South Coast earns highest number of Blue Flag beaches in KZN!</p>	<p>5FM, Lotus FM, IOL, My PR, My Durban SA Today, Buy PE, Gauteng Online Lifestyle Magazine, Visit KZN South Coast, Rove SA, News24 – (30/10)</p> <p>The Mercury, IOL, The Citizen, South Coast Herald, Travel South Africa, Conferencing South Africa – (31/10)</p> <p>The Witness – (01/11)</p> <p>Independent on Saturday, IOL – (02/11)</p> <p>Vuma FM, Tourism Update, The South African, SA People News, Economy 24, Affluencer – (04/11)</p> <p>Rising Sun (Mid South Coast), Rising Sun (Chatsworth), Rising Sun (Merebank), Bizcommunity, Getaway – (05/11)</p> <p>Rising Sun (North Coast) – (06/11)</p> <p>Rising Sun (Overport) – (07/11)</p> <p>South Coast Fever, South Coast herald (Mid South Coast Edition), South Coast Herald, Durban Local – (08/11)</p> <p>South Coast Herald – (09/11)</p> <p>Getaway – (11/11)</p> <p>South Coast Info – (19/11)</p> <p>Rising Sun Weekly – (27/11)</p> <p>Times Network/ News24 – (30/11)</p>

<p>Top 10 Must-Visit Rural Attractions on KZN South Coast</p>	<p>My Pressportal – (08/11)</p> <p>SA Today – (09/11)</p> <p>My Durban – (10/11)</p> <p>Good Things Guy, Visit KZN South Coast, Businesses South Africa, Rising Sun Newspapers, Travel South Africa – (11/11)</p> <p>The Vibe ZA, Rove SA – (12/11)</p> <p>Eyethu Ugu – (15/11)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank), My PR, South Coast Info – (19/11)</p> <p>Rising Sun (North Coast) – (20/11)</p> <p>Rising Sun (Overport) – (21/11)</p>
<p>The KZN South Coast is ready to welcome holidaymakers for the festive season</p>	<p>George Herald, Knysna Plett Herald, Mossel Bay Advertiser, Oudtshoorn Courant, SA Today, Gauteng Online Magazine, Showbiz Scope, Tourism News Africa, Rove SA, South African Lifestyle Mag, South Cape Forum, Gaaff-Reinet Advertiser – (13/11)</p> <p>Travel South Africa, Visit KZN South Coast – (14/11)</p> <p>South Coast Fever – (15/11)</p> <p>Mother & Child – (18/11)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank), South Coast Info – (19/11)</p> <p>Rising Sun (North Coast) – (20/11)</p> <p>Rising Sun (Overport), East Coast Radio – (21/11)</p> <p>Good Things Guy – (28/11)</p> <p>IOL – (30/11)</p>
<p>Your essential KZN South Coast summer event guide!</p>	<p>I Love ZA – (26/11)</p> <p>My PR, My Pressportal, SA Today, Visit KZN South Coast, Rove SA, InBound, My Durban – (27/11)</p>

	<p>Marketing Spread, Free Mail, Tourism News Africa – (28/11)</p> <p>Gauteng Online Lifestyle Magazine, South African Lifestyle Magazine – (29/11)</p> <p>Mzansi Life & Style – (02/12)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (10/12)</p>
Important beach safety tips to follow when visiting the KZN South Coast this summer	<p>My PR, Marketing Spread, SA Today, Rove SA, My Pressportal – (27/11)</p> <p>Getaway, IOL, Free Mail, Businesses South Africa – (28/11)</p> <p>South Coast Fever – (29/11)</p> <p>Sunday Tribune, South Coast Herald – (01/12)</p>
Time to take it easy on the KZN South Coast with these ‘slow travel’ trend activities	<p>IOL, My Pressportal, Free Mail, South African Lifestyle Magazine, My PR, Marketing Spread, SA Today, Buy PE, Gauteng Online Lifestyle Magazine – (29/11)</p> <p>Visit KZN South Coast – (01/12)</p> <p>Joburg Style, Travel South Africa, Tourism News Africa – (02/12)</p>
Now's the time to secure your 2025 events on the KZN South Coast—your ultimate MICE destination!	<p>My PR, My Durban, SA Today, Tourism News Africa, My Pressportal – (03/12)</p> <p>Free-Mail – (04/12)</p> <p>Visit KZN South Coast – (05/12)</p>
Embrace summer at some of the best camping and caravan parks on the KZN South Coast!	<p>My PR, My Pressportal, Marketing Spread, SA Today, Free-Mail – (06/12)</p> <p>My Durban, Buy PE – (07/12)</p> <p>Gauteng Online Lifestyle Magazine, Visit KZN South Coast – (08/12)</p> <p>IOL, Tourism News Africa – (09/12)</p>

<p>Enjoy a different view at The Upside-Down House</p>	<p>My PR, My Pressportal, Marketing Spread – (09/12)</p> <p>Visit KZN South Coast, Rising Sun Newspapers – (10/12)</p> <p>Tourism News Africa – (11/12)</p> <p>Rove SA, InBound – (12/12)</p>
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Quarter 3

<p>PRESS RELEASES – TOURISM</p>	<p>EARNED (PR) MEDIA EXPOSURE</p>
<p>Celebrate the month of love with these epic KZN South Coast outdoor adventures</p>	<p>My PR, My Pressportal, My Durban, Marketing Spread, SA Today, Rove SA – (11/02)</p> <p>Buy PE, Visit KZN South Coast – (12/02)</p> <p>Tourism News Africa – (13/02)</p> <p>Spice4Life, African Safaris – (14/02)</p> <p>Purley Local – (24/02)</p>
<p>7 reasons why the KZN South Coast is the perfect Easter getaway</p>	<p>My PR, My Pressportal, SA Today, Gauteng Online Lifestyle Magazine, Absolute Woman, Showbiz Scope, Visit KZN South Coast, Free-Mail, South African Lifestyle Mag – (19/02)</p> <p>Buy PE – (20/02)</p> <p>My Durban, Rove SA, In Bound – (21/02)</p> <p>Sawubona – (24/02)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (25/02)</p> <p>Rising Sun (North Coast), African Safaris, Tourism News Africa – (26/02)</p> <p>Rising Sun (Overport) – (27/02)</p> <p>Mother & Child – (01/03)</p>

	Rising Sun Weekly – (05/03)
8 unique team-building getaways to try on the KZN South Coast	<p>Spice4Life, My ZA, My PR, My Pressportal, Marketing Spread, SA Today, Buy PE, Visit KZN South Coast, Free-Mail – (24/02)</p> <p>My Durban, Travel South Africa, South Coast Info, Margate Information, Activities South Africa, Rove SA, In Bound – (25/02)</p> <p>Tourism News Africa – (06/03)</p>
The countdown has begun! 5 reasons not to miss the Sardine Run on the KZN South Coast	<p>Main News – (02/03)</p> <p>Business Tech, Visit KZN South Coast, Joburg Etc – (03/03)</p> <p>My ZA, My PR, My Pressportal, Marketing Spread, SA Today, Gauteng Online Lifestyle Magazine, Free-Mail, South African Lifestyle Mag, Rising Sun Newspapers, Absolute Travel – (04/03)</p> <p>Getaway, Tabloid Newspapers, My Durban – (05/03)</p> <p>Rove SA – (06/03)</p> <p>South Coast Herald (Mid South Coast Edition), African Safaris – (07/03)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (11/03)</p> <p>Rising Sun (North Coast) – (12/03)</p>
Don't miss out on any of the KZN South Coast's Easter getaway specials and events!	<p>Visit KZN South Coast – (10/03)</p> <p>My PR, My Pressportal, SA Today, Free-Mail (11/03)</p> <p>My Durban, Rove SA – (12/03)</p>

Quarter 4

PRESS RELEASES – TOURISM	EARNED (PR) MEDIA EXPOSURE
<p>The KZN South Coast Has Sardine Fever! 7 Great Ways to Witness the Greatest Shoal on Earth</p>	<p>IOL, The Star, Msn, MyPR, My Pressportal, Marketing Spread, South Africa Today, Visit KZN South Coast, Free-Mail, Witness– (09/04)</p> <p>IOL, My Durban, Rove SA, Rising Sun Newspapers – (10/04)</p> <p>Sunday Tribune, The Citizen (Network News) – (13/04)</p> <p>Rising Sun (Chatsworth) – (15/04)</p> <p>South Coast Herald – (21/04)</p> <p>South Coast Fever, South Coast Herald (Mid South Coast Edition) – (25/04)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (29/04)</p> <p>Rising Sun (North Coast) – (30/04)</p> <p>Rising Sun (Overport) – (01/05)</p> <p>Tourism News Africa – (05/05)</p>
<p>10 Reasons Why the KZN South Coast is Being Considered a Top Film Destination</p>	<p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (13/05)</p> <p>Rising Sun (North Coast) – (14/05)</p> <p>Rising Sun (Overport) – (15/05)</p> <p>Rising Sun (North Coast), IOL, Free-Mail, Visit KZN South Coast, Msn, IOL Property, My PR, My Pressportal, My Durban – (16/04)</p> <p>Business Day (Final), Business Day (Late Final), Business Live, Marketing Spread – (17/04)</p> <p>Art Smart – (20/04)</p> <p>Tourism News Africa – (09/05)</p> <p>Rising Sun (Chatsworth) – (03/06)</p>

<p>Experience an Authentic Cultural Adventure on the KZN South Coast with 6 Great Drives Out Tours</p>	<p>My Pressportal, Joburg Style, South Africa Today, Visit KZN South Coast, Tourism News Africa – (06/05)</p> <p>Getaway, My PR, My Durban, Marketing Spread, DUrban TV, AFriVu – (07/05)</p> <p>Buy PR – (08/05)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (13/05)</p> <p>Rising Sun (North Coast) – (14/05)</p> <p>Rising Sun (Overport) – (15/05)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank) – (03/06)</p> <p>Rising Sun (North Coast) – (04/05)</p> <p>Rising Sun (Overport) – (05/06)</p> <p>Tourism News Africa – (09/06)</p>
<p>Don't Miss These Epic Sardine Run Events Taking Place on the KZN South Coast!</p>	<p>Visit KZN South Coast – (03/06)</p> <p>My PR, My Pressportal, Marketing Spread, South Africa Today, African Safaris, Free-Mail – (04/06)</p> <p>Sawubona, My Durban, Buy PE, Absolute Travel – (05/06)</p>
<p>The Sardine Run Action Has Arrived on the KZN South Coast – and Now's the Time to Visit!</p>	<p>My PR, My Pressportal, I Love ZA, South Africa Today, Buy PE, Visit KZN South Coast, Free-Mail – (06/06)</p> <p>My Durban – (07/06)</p> <p>Paarl Post, Standard & Breederivier Gazette, My Cape Town, Port Elizabeth Express, Novus Press Bulletin, Swartland Gazette – (08/06)</p>

4.2.1.3. Familiarisation (Fam) Trips

Fam trips remained a cost-effective marketing tool, allowing media representatives, influencers, and tour operators to experience the South Coast firsthand. SCTIE hosted or participated in 13 fam trips

during the year, securing significant in-kind contributions from partners. These trips resulted in extensive editorial coverage, broadcast features, and tour packaging opportunities.

Trip Name	Date	Area	Media/Stakeholders	Value/Exposure
101 Things To Do	27–28 Jun 2024	Port Edward	eNCA, Citizen, Sunday Times, ECR, Ilanga, SuperSport, SAT, etc.	R32,990 value; TV, radio & print exposure
SA Women’s Open	06 Sep 2024	Southbroom	SuperSport	R50,000 TV exposure
SAT Tour Operator Fam	17–20 Sep 2024	Scottburgh–Port Edward	SAT tour operators	Packaging opportunities
KZN South Coast Marathon	29 Sep 2024	Ugu District	South Coast Herald	Local exposure
World Tourism Day Trip	27 Sep 2024	Hibberdene	SC Fever, 1KZNtv	TV & print exposure
Blue Marlin Seascape	03 Oct 2025	Scottburgh	Influencers	Online influencer coverage
Summer Season Launch	15–16 Nov 2024	Ramsgate	ENCA, Morning Live	National TV exposure
Kurudi Afrika	23–24 Sep 2024	Umzumbe	Influencers, Ilanga	Print & social media
Pre & Post Indaba Trip	10–12 May 2025	Scottburgh, Oribi Gorge	West Africa & India buyers	International packaging
SABC 3 Morning Live	20–22 Dec 2025	Ray Nkonyeni	SABC Morning Live	National TV exposure
Meetings Africa Buyers	27–28 Feb 2025	Umdoni	UK buyers/media	Buyer education
SAT Shot’ Left	14–16 Mar 2025	Scottburgh	Bloggers/Influencers	Social media
KZNTAFA Post-Indaba	2025	Region-wide	Intl. buyers	Global exposure

4.2.1.4. Events and Trade Shows

Events play a central role in stimulating local economies, creating awareness, and attracting visitors. During the year, SCTIE supported 13 events, boosting visibility for the destination while strengthening partnerships with local businesses and communities.

SCTIE also ensured the South Coast’s presence at major industry platforms, including Meetings Africa (Johannesburg), World Travel Market (Cape Town), and Africa’s Travel Indaba (Durban). These engagements provided opportunities to profile the region as both a leisure and business tourism destination, establish trade links, and secure collaborative partnerships.

Event/Show	Date & Location	Objectives	Outcomes
Meetings Africa	Feb 2025 – Johannesburg	Position the KZN South Coast as an emerging MICE (Meetings, Incentives, Conferences, Exhibitions) destination; promote conference facilities and investment potential.	Over 20 scheduled B2B meetings; profiled the South Coast as a competitive small/medium conference hub; strong alignment with national business tourism strategy.
World Travel Market (WTM Africa)	Apr 2025 – Cape Town	Expand brand visibility in the international market; showcase niche tourism offerings (beaches, adventure, agri-tourism); build trade partnerships.	High-value engagements with local and international buyers; generated new leads for packaging and collaborative marketing; positioned South Coast as a year-round destination.
Africa’s Travel Indaba	May 2025 – Durban	Strengthen the South Coast’s role in Africa’s largest tourism expo; highlight investment-linked tourism products; network with African and global buyers.	35+ pre-scheduled meetings; new cross-border tourism discussions with Eswatini Tourism Authority; hosted local product partners on the stand; secured significant exposure with 1,000+ exhibitors and buyers.

4.2.1.5. Digital Platforms

Digital marketing remained central to SCTIE’s strategy. The Visit KZN South Coast website was upgraded and fully synchronised with the Explore KZN South Coast mobile app, ensuring up-to-date accommodation, event listings, and destination information. The app continues to provide real-time navigation, visitor information centres, and booking functions.

Social media channels recorded steady growth across Facebook, Instagram, Twitter/X, and LinkedIn, though restructuring in early 2025 temporarily affected posting frequency. Engagement rates rebounded in later quarters, with significant reach achieved during peak seasonal campaigns.

Platform	Followers	Posts	Impressions	Engagement	Notes
Facebook	15,011	98	234,970	31,878	+393 growth
Twitter/X	1,116	16	633	82	Modest reach
Instagram	2,902	311	21,521	338	+47 growth
LinkedIn	423	19	1,116	441	Highest engagement rate (39.5%)
App Downloads (iOS/Android)	953 total	–	–	–	Steady growth

4.2.1.6. Research and Market Insights

To guide future marketing strategies, SCTIE conducted a target market survey with 131 tourism businesses in the region. Findings confirmed that the South Coast primarily attracts middle-income family travellers, with strong domestic markets in KwaZulu-Natal and Gauteng, and international visitors from Germany and the UK. Beaches remain the leading drawcard, complemented by growing demand for eco-tourism, adventure, and cultural experiences.

Key insights highlighted the South Coast’s reputation as affordable, though limited in luxury offerings, and revealed a rising trend in remote-work-friendly travel options. Social media, particularly Facebook, remains the most influential platform for travel decisions.

Research Findings: Visitor Profile

Category	Key Insights
Traveller Type	Families (self-catering preferred)
Age Groups	35 – 44 (highest), 45 – 54 (next)
Source Markets	Domestic: KZN & Gauteng; International: Germany, UK
Motivations	Beaches, family holidays, adventure, MICE
Average Spend	R3 000 – R5 000 per trip
Top Spend Areas	Accommodation, food & beverage, outdoor activities
Trends	Affordable/family-friendly image; limited luxury; eco-tourism and remote work demand increasing
Key Marketing Channels	Social media (esp. Facebook), word of mouth, online booking

4.2.1.7. Overall Impact

Despite financial and operational challenges, SCTIE’s tourism marketing campaigns achieved notable success. The integrated approach of seasonal campaigns, PR and media engagement, digital assets, events, and market research resulted in an Annual Average Value Equivalent (AVE) of nearly R30 million in exposure for the region. This outcome demonstrates SCTIE’s ability to maximise impact with limited resources while sustaining the South Coast’s profile as one of KwaZulu-Natal’s leading tourism destinations.

4.2.2 Investment Marketing

The Annual Average Value Equivalent achieved through the Investment Marketing Campaigns for the 2024-2025 year is:

Medium	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Print	1 207 440	1 353 272	651 512	806 313	4 018 537
Broadcast				40 996	40 996
Online	316 945	2 141 134	703 446	2 094 446	5 255 971
Total	1 524 385	3 494 406	1 354 958	2 941 755	9 315 504

4.2.2.1 Seasonal Investment Campaigns

4.2.2.1.1 Themed Campaigns:

Quarter 1

Theme - 'Uncover Potential'

Invest in the future on the KZN South Coast, with the huge potential for growth in sectors such as tourism, real estate, agribusiness, renewable energy, logistics and transport, manufacturing, maritime sector and mining. The affordable land, subtropical climate, and quality of life make the KZN South Coast one of South Africa's most attractive investment destinations.

Quarter 2, Quarter 3 and Quarter 4

Theme – "Now's the Time to Invest"

The investment marketing campaign was centred around this quarter's theme of 'Now's the time to invest in the KZN South Coast!'. By highlighting the potential and success within our key investment sectors, we're encouraging investors to act fast to maximise the benefits found here. The campaign features the region's potential across agribusiness, the ocean economy, real estate, tourism, manufacturing and more.

4.2.2.1.2 Press Releases

Quarter 1

PRESS RELEASES – INVESTMENT	EARNED (PR) MEDIA EXPOSURE
Injabulo Lifestyle Estate Introduces Affordable Luxury with R750,000 Freehold Homes – 20 August 2024	Invest KZN South Coast 19 Aug 2024 Everything Property 21 Aug 2024 Marketing Spread - 9 Sep 2024
Celebrating the KZN South Coast Remarkable Women Entrepreneurs in Agribusiness – 13 September 2024	SA Profile Magazine - 18 Sep 2024 Media Xpose- 27 Sep 2024 Invest KZN South Coast - 27 Sep 2024
Marine Drive Rehabilitation Reaches 50% Milestone -19 September 2024	Invest KZN South Coast - 22 Sep 2024 The Citizen - 2 Oct 2024 South Coast Herald - 2 Oct 2024

Quarter 2

PRESS RELEASES – INVESTMENT	EARNED (PR) MEDIA EXPOSURE
<p>The campaign to Buy Local on the KZN South Coast speeds up towards the festive season</p>	<p>Stokvel Talk, SA Today, Tourism News Africa, Invest KZN South Coast – (11/11)</p> <p>My Durban, Marketing Spread, Rove SA, Rising Sun Newspapers – (12/11)</p> <p>Buy PE – (13/11)</p> <p>African Business Quarterly – (14/11)</p> <p>Tourism Update – (15/11)</p> <p>Rising Sun (Chatsworth), Rising Sun (Merebank), Media Update, South Coast Herald – (19/11)</p> <p>Rising Sun (North Coast) – (20/11)</p> <p>Rising Sun (Overport) – (21/11)</p>
<p>KZN South Coast development pledges towards local investment</p>	<p>My Pressportal, SA Today – (19/11)</p> <p>My PR, Buy PE, African Business Quarterly, Free Mail, Invest KZN South Coast – (20/11)</p> <p>My Durban, Marketing Spread, Tourism News Africa – (21/11)</p> <p>Moneyweb – (25/11)</p> <p>Rising Sun (Chatsworth), Rising Sun Merebank – (26/11)</p> <p>Rising Sun (North Coast), Everything Property – (27/11)</p> <p>Rising Sun (Overport) – (28/11)</p>
<p>Blue Flag beaches a huge boost for the property market on KZN South Coast</p>	<p>IOL, IOL Property, My PR, My Pressportal, Marketing Spread – (25/11)</p> <p>Buy PR, Everything Property, Free-Mail, Rove SA – (26/11)</p> <p>Invest KZN South Coast – (27/11)</p>

	Gauteng Online Magazine, South African Lifestyle Magazine – (29/11)
Female-founded beauty brands lead the way for investment growth on the KZN South Coast	In Bound – (26/11) My PR, My Pressportal, Marketing Spread, African Business Quarterly, Invest KZN South Coast – (27/11) Rising Sun (Chatsworth), Rising Sun (Overport) – (03/12) Rising Sun (North Coast) – (04/12) Rising Sun (Overport) – (05/12)
The KZN South Coast is a hub for top-quality macadamia nut export	Southern Africa’s Freight News, My PR, Maroela Media, My Pressportal, Marketing Spread, SA Today, Gautneg Online Lifestyle Magazine, Showbiz Scope – (09/12) Buy PE, Visit KZN South Coast, Free-Mail, Pro Agri Media, Rising Sun Newspapers – (10/12) Tourism News Africa – (11/12)
Lights, action, invest! Ugu International Film Festival (UGUIFF) puts investment opportunities on the global stage	MyPressportal, My PR, Marketing Spread – (12/12)

Quarter 3

PRESS RELEASES – INVESTMENT	EARNED (PR) MEDIA EXPOSURE
KZN South Coast’s fashion labels making an impact on the global stage	My PR, Pressportal, Joburg Style, I Love ZA, SA Today, Invest KZN South Coast – (25/02) My Durban – (26/02) Gauteng Online Lifestyle Magazine, Showbiz Scope, South African Lifestyle Mag – (27/02) Eyethu Ugu – (28/02) Rising Sun (Chatsworth), Merebank – (04/03)

	Rising Sun (North Coast) – (05/03) Rising Sun (Overport) – (06/03)
Growth of mushroom farm on the KZN South Coast shows now's the time to invest in agriculture	My ZA, My PR, My Pressportal, SA Today, Buy PE, Main News, Free-Mail, Invest KZN South Africa – (28/02) Moneyweb, Full View, Main News, Economy 24, Pro Agri Media, Tech Weekly – (02/03) Green Economy Media, My Durban – (03/03) Tourism News Africa – (05/03) The Citizen – (06/03)
R8-million expansion of KwaXolo Caves Adventures highlights tourism investment potential on KZN South Coast	My Pressportal, SA Today, My PR, Invest KZN South Coast, Rove SA, Joburg Style, African Business Quarterly, Marketing Spread – (13/03)
KZN South Coast Gears Up for the G20 A Business Tourism Perspective	South Coast Herald - 4 Mar 2025 https://www.citizen.co.za/south-coast-herald/south-coast-fever/2025/03/04/g20-summit-to-benefit-South-Coast
Port Shepstone Intermodal Facility increases accessibility and retail opportunities for this business.	Port Shepstone's growth continues with Checkers FreshX development Everything Property - 11 Mar 2025 - Admin https://everythingproperty.co.za/dev-port-shepstones-growth-continues-with-checkers-freshx-development

Quarter 4

PRESS RELEASES – INVESTMENT	EARNED (PR) MEDIA EXPOSURE
SCTIE's Upskilling of Local SMEs Boosts Job Creation and the KZN South Coast's Tourism Offerings	My PR, South Africa Today, Free-Mail, Invest KZN South Coast – (30/04) Rising Sun (Chatsworth) – (06/05) Rising Sun (Chatsworth), Rising Sun (Merebank) – (13/05) Rising Sun (Overport) – (15/05)

	<p>Rising Sun (North Coast) – (14/05)</p> <p>KZN Namuhla Community Newspaper (Online) – (22/05)</p> <p>KZN Namuhla Community Newspaper (Print) – (23/05)</p> <p>My Durban, Buy PE, Tourism News Africa – (02/05)</p>
South Coast Tourism & Investment Enterprise shares 4 ways to grow tourism investment on KZN South Coast	<p>Post, My PR, My Pressportal, My Durba, SA Today, Buy PE, Free-Mail, Invest KZN South Coast – (22/05)</p> <p>Marketing Spread, Gauteng Online Lifestyle Magazine, Showbiz Scope, Green Economy Media, Sandton Lifestyle Magazine, Post Express – (23/05)</p>
National Government Backs Investment Resolutions Made to Boost Umdoni’s Economic Potential	<p>My PR, My Pressportal, My Durban, South Africa Today, Buy PE, Free-Mail, Invest KZN South Coast – (10/06)</p> <p>Eyethu Ugu – (13/06)</p>

4.2.2.1.3 Investment Trade & Media Fam Trips

Trip Name	Date	Area	Media / Stakeholders
Renishaw Coastal Precinct Media Briefing & Ribbon Cutting	7 August	Umdoni	TIKZM+N / Crookes Brothers Limited / Cubisl Group / Hampsons / SABC News / Mail & Gardian / SC Heral / Rising Sun
2024 Lifestyle Property Developers : SA Womens Masters	6 September	Southbroom	Various TV
Renishaw Hills and Umdoni Point Coastal Forest Estate	18 February	Umdoni	Local media / Maverick International
Umdoni Investment Conference	4-5 June	Umdoni	1KZN TV / Mid South Coast Mail

4.2.2.1.4 Investment Trade Shows, Exhibitions and Conferences

Event / Show	Date	Objectives	Outcomes
Ugu International Film Festival & Business Market (Margate)	13-16 September	The Ugu International Film Festival (UGUIFF) which attracts local and international stakeholders from the film industry, with local talent given a platform to shine. Expanding the opportunities within this sector to other industries, the 2024 UGUIFF strategy included a 'Film and Business Market' which further boosted local economic growth.	Zindela Pictures Group, organisers behind UGUIFF, partnered with South Coast Tourism and Investment Enterprise (SCTIE), the South Coast Chamber of Commerce, and Ray Nkonyeni Municipality to leverage the region's economic potential through this platform. This year saw local businesses exhibiting their products and services directly to end-users and potential buyers within the film industry. The event also featured educational workshop sessions with stars like Pallance Dladla, Sthembiso Mtshali, Masechaba Ndlovu, Luthuli Dlamini, Siyabonga Shibe and many more.
Ray Nkonyeni Investment Conference (Southbroom)	23-24 October	To find a collaborative approach that drives investment in the region, and to facilitate partnerships to strengthen collaboration across industries and drive sustainable projects, as well as identify challenges and potential solutions to investment-related obstacles in the Ray Nkonyeni Municipality.	All parties concluded the event with clear-cut resolutions on how to create an investor-friendly environment, SCTIE among them

KZN Investment Conference (Durban)	11-12 November	The KwaZulu-Natal Provincial Government and Trade & Investment KwaZulu-Natal (TIKZN) hosted an investment conference, themed, “Unlocking KZN’s Economic Potential: Driving Trade and Investment to Transform the Province’s Future.	A major highlight of the conference were the investment pledges made by several companies, demonstrating investors’ confidence in the province, 16 companies committed to investing a collective R75.8 billion during a two-day Investment Conference. Investment pledges included manufacturing, tourism, automotive, logistics and property development projects.
Meetings Africa (Gauteng)	24-26 February	SCTIE attended Meetings Africa 2025 themed ‘Africa’s Success Built on Quality Connections’ at the Sandton Convention Centre. Meetings Africa is owned by South African Tourism, with the specific objective of creating a market access platform for African Business Events Products. The 19th edition was a productive, inspiring and rewarding platform which welcomed 410 exhibitors and over 300 buyers from 27 African countries.	SCTIE maximised their exposure by scheduling various meetings prior to the trade show via the Meetings Africa Business Matchmaking programme - a method to identify and connect companies and buyers with common business interests. This was a unique opportunity to meet incredible people, gain valuable insights into tourism industry, and discover opportunities for collaboration and investment.
SALGA Municipal Investment & Development Show	13-14 March 2025	We participated in the two-day Municipal Investment and Development Trade Show hosted by the South African Local Government Association (SALGA). The event showcases the investment opportunities across sectors like agriculture,	Through this engagement - Activating KZN continues to bridge the gap between local government and private investors, strengthening collaboration for economic

(Umhlanga)		finance, and tourism, while promoting capable local governance as a driver of economic growth.	resilience and growth. SALGA affirmed that KwaZulu-Natal is open for business, offering a thriving environment for investment and economic growth.
Umdoni Investment Conference (Umdoni)	4-5 June 2025	The Umdoni Investment Seminar, held from 4–5 June 2025, brought together government leaders, business stakeholders, development agencies, and community representatives to identify investment opportunities and build strategic partnerships in support of local economic development. The seminar was hosted by Umdoni Local Municipality in partnership with South Coast Tourism and Investment Enterprise(SCTIE). It was attended by key stakeholders from both the public and private sectors. Deputy Minister Zikalala delivered the keynote address on the final day, affirming the Department of Public Works and Infrastructure’s commitment to supporting Umdoni’s development priorities. The event featured panel discussions, project exhibitions, and engagements aimed at unlocking growth through infrastructure-led investment.	All parties concluded the event with clear-cut resolutions on how to create an investor-friendly environment, SCTIE among them

4.2.3. Tourism Development

Tourism Development has been particularly active in providing assistance and facilitation on training programs which are paid for by other governmental departments and private training organisations needing assistance to implement, training programs. With our participation and through the local municipalities, we assist in the sourcing of learners to the programs, arranging of training venues and the sourcing of host employers for the 'on the job' training.

Further to this, officials are actively involved with the communities identifying new experiences which can be marketed, or opportunities which capitalised on and turned into businesses. These then form the basis of Tourism Nodes, which are key to extending the geographical footprint of tourists. With this, we support business to ensure that the services or facilities they offer ready for market.

Our focus this year has been on the following:

- i) Tourism Product development,
- ii) SMME Development,
- iii) Youth Development programs and
- iv) Training

4.2.3.1. Tourism Development

a) KwaXolo Caves Adventures

One of our key roles is developing and supporting our sustainable tourism initiatives while upskilling our local communities. Through this, we are growing our tourism economy and creating a more inclusive tourism economy that extends into the rural areas.

The construction of KwaXolo Caves Adventures phase 2, involves a multi-purpose building that will incorporate a restaurant, coffee shop, visitor ablutions, and storage areas. Additional amenities under development include a guardroom, communal braai area, picnic sites, children's play area, as well as water and sewer systems. SCTIE is part of the Precinct Project Management Team which holds the meetings quarterly.

Phase 2 involves the construction of further adventure elements, such as a 106 km zipline connecting two edges of the valley and a high-wire bridge. These activities, funded with R4 million from Idwala Holdings, will adhere to stringent adventure tourism standards, positioning KwaXolo as a pioneering adventure tourism destination within a rural setting.

The expansion created employment for local workers including women and youth, underlining the project's focus on community upliftment and skills development. Despite ongoing construction, the site continues to welcome tourists to explore the caves and walk across the suspension bridge.

SCTIE facilitated the manufacturing and installation of KwaXolo Caves signage. Eight brown tourist signs were installed in June 2025 on provincial roads leading to the facility from Southbroom and

Ezingolweni. Two signs were installed on the national road (R61) Southbroom in 2022 and six were installed on the district road in 2020.

The installation of signs on district, provincial and national roads concludes that SCTIE has completed the sign project for KwaXolo Caves, as per the agreement on the MOA between SCTIE and KwaXolo Caves Adventures. All the above-mentioned signs are installed legally as the approval letters were issued by the relevant authorities.

Community Outreach Programme:

SCTIE participated in the Ray Nkonyeni Municipality community outreach and youth awareness programme for KwaNzimakwe and KwaXolo communities. The event took place at Mphelwala Community Hall on the 23 April 2025. This was aimed to actively involve the community in the process, promoting a sense of ownership, responsibility and to foster the preservation of cultural heritage.



KwaXolo Caves Adventures
Current Project

- Home of historic caves and rock art paintings
- **Phase 1:** of the project was funded by COGTA approximately ten years ago. It included a reception building with a meeting hall, staff ablutions, gravel access roads and parking, paved pathways, water tanks and soakaway sewage system
- **Phase 2:** The zipline construction was funded by Idwala Carbonates, at a budget of approximately R4.5million .
- **Phase 3:** is still in progress, funded by EDTEA and implemented by KZN Tourism and Film Authority. It consists of a restaurant, coffee shop, ablutions and storage.
- **Signage:** Funded by SCTIE. Tourism brown signs have already been installed on the national road (R61) and local road (D1095). The Department of transport is in the process of installing the signs on provincial roads, P732 and P284.
- KwaXolo Caves Adventures is operational, pending the implementation of phase 3 which is the development of 10 luxury chalets, an amphitheater, and a 100-seater hall. The project has been reviewed and approved by the KwaXolo Trust.
- **Challenges:** The road connecting The KwaXolo Caves Adventures is too muddy during heavy rains and that makes the establishment inaccessible during that period.

Budget: R 8 600 000		
Business case / Strategic Level	✔	SCTIE Ray Nkonyeni
Economic Case – Value for money	✔	SCTIE Ray Nkonyeni
Commercial Case - Project packaging	✔	SCTIE
Execution, monitoring and evaluation	✔	SCTIE Ray Nkonyeni
Management Case	✔	SCTIE Ray Nkonyeni



b) Umzumbe River Trail

The Umzumbe River Trail was officially launched in 2022 at the Africa Travel Indaba, aiming to connect visitors with the natural beauty and cultural heritage of the KwaZulu-Natal South Coast. The trail connects the coast and hinterland as it starts at Phungashe Dam in Umzumbe), ending at Sea Park Beach in Ray Nkonyeni. The trail consists of six (6) days hiking over a distance of 71km through mostly pristine and unspoilt savanna covered hills with spectacular views and river crossings. The trail winds across a landscape that is home to six Zulu clans namely; Nhlangwini, Mabheleni, KwaCele, KwaNdelu, kwaQwabe and KwaMadlala. Authentic homestays and local tourist guides are ready to welcome visitors, offering experience of the traditional culture of each clan.

SCTIE is in the process of maintaining the trail as it is slightly affected by the recent KZN floods and veld fires. The trail remains opened to visitors as it has not lost its former glory.



Umzumbe River Trail Current Project

- Umzumbe River Trail starts at Phungashe Dam (Umzumbe) and finishes at Sea Park Beach (Ray Nkonyeni).
- The full trail is 71km and can be hiked over six (6) days. It winds its way through the six (6) traditional authorities of, Nhangwini, eMabheleni, KwaCele, KwaNdelu, KwaQwabe and KwaMadlala.
- **Phase 1** (completed in 2021: **Budget R1 529 654**) was funded by EDTEA, consisting of 74 directional stones with URT signage in strategic, 30 hiking signs on timber poles, and 3 viewing platforms of 10m² in size, along the route.

The trail is operational, pending the implementation of the following phases, with an overall budget of R 44 493 541:

- **Phase 2:** Land identification and overall design (**Budget: R5 619 956**)
- **Phase 3:** Construction of intermediate camps (**Budget: R20 924 554**)
- **Phase 4:** Construction of start and end camps (**Budget R16 419 377**)
- **Challenges:** Illegal mining, trail maintenance, vandalism and fires

Budget: Phase1 R 1 529 654.00		
Business case / Strategic Level	✓	SCTIE, Umzumbe, Ray Nkonyeni
Economic Case – Value for money	✓	SCTIE, Umzumbe
Commercial Case - Project packaging	✓	SCTIE
Execution, monitoring and evaluation	✓	SCTIE, Umzumbe, Ray Nkonyeni
Management Case	✓	SCTIE



c) Ntelezi Msani Heritage Centre

Ntelezi Msani Heritage Centre in Mthwalume - Umzumbe, is a notable arts and heritage facility which was established in 2007. The centre plays a vital role in preserving and sharing the long history and traditions of the Zulu nation. It allows visitors to experience this unique history through artwork, dance, seminars and musical performances. The centre hosts cultural workshops where guests can learn about Zulu beadwork, traditional medicine and local crafts, making it a fantastic educational experience.

SCTIE applied for six tourism brown signs for Ntelezi Msani Heritage Centre to be installed on the provincial roads from the N2, Mthwalume offramp. The application was sent to the Department of Transport in 2022. On 20 March 2025, SCTIE received an approval for only two signs that are closest to the facility. According to the department, they are only authorised to approve signs that are on the nearest routed roads, depending on the uniqueness of the tourism attraction.

The installation of Ntelezi Msani signage is part of SCTIE'S responsibilities as per the MOA signed between Ntelezi Msani Heritage Centre Foundation and SCTIE. SCTIE has already installed the signs on the local (Dingimbiza) and national (N2) roads.



Ntelezi Msani Heritage Centre Current Project

- Ntelezi Msani Heritage Centre in Mthwalume, is a notable arts and heritage facility which was established in 2007. The centre plays a vital role in preserving and sharing the long history and traditions of the Zulu nation. It allows visitors to experience this unique history through artwork, dance, seminars and musical performances.
- Signage: Funded by SCTIE. Tourism brown signs have already been installed on the national road (N2) and local road (Dingimbiza). The Department of transport (DOT) has approved the signs to be installed on provincial roads. SCTIE trained 10 local guides for Ntelezi Msani Heritage Centre to ensure quality service for visitors.
- SCTIE placed a 3x10m container at Ntelezi Msani Heritage for a craft facility/ craft shop. SCTIE further donated craft displays to make the container welcoming for visitors.
- Ntelezi Msani Heritage Centre is operational, pending the implementation of the next phase which is the amphitheatre, museum and craft facility.
- **Challenges:** Funding for the next phase including the upgrading of the entrance from the main road. Road application to be approved by the DOT.

Budget R		
Business case / Strategic Level	✓	SCTIE. Umzumbe
Economic Case – Value for money	✓	SCTIE. Umzumbe
Commercial Case - Project packaging	✓	SCTIE
Execution, monitoring and evaluation	✓	SCTIE. Umzumbe
Management Case	✓	SCTIE. Umzumbe



d) KwaNdwalane Experience

In March 2025, SCTIE in partnership with SA Red Cross South Africa, conducted an onsite health and safety training for Kwa-Ndwalane experience SMMEs. The purpose of the training was to upskill the guides on safety guidelines when hosting visitors, given the nature of this adventure experience which is a hiking trail over the cliffs, forest and a waterfall.



KwaNdwalane Experience Current Project

- KwaNdwalane is situated between Port Shepstone and Paddock, under iNkosi S. N. Ndwalane. The area is perfectly located as it is on the route to Oribi Gorge. The place boasts natural attractions such as mountains, cliffs, forest, rivers, an 80m waterfall, local eateries and homestays.
- The KwaNdwalane Adventure experience is divided into two routes, the Nyandezulu Experience, 9km from Shelly Beach and the new Madakane Route in Murchison, 14km from Port Shepstone. Both experiences share the 80m waterfall on Izotsha River.
- The Nyandezulu experience includes hiking to Ntantana Mountain, Mdlungwana Holy Mountain, and a waterfall, while the new Madakane route also has unique spots which make it a must visit.
- The Madakane Route starts from Phola Park, just 1.5km from Murchison Provincial Hospital. The route involves hiking through the forest with many indigenous trees including hundreds of protea plants. There are designated picnic and braai areas along the way in a full view of the waterfall and surrounding areas.

Budget R		
Business case / Strategic Level	✓	SCTIE. Ray Nkonyeni
Economic Case – Value for money	✓	SCTIE. Ray Nkonyeni
Commercial Case - Project packaging	✓	SCTIE
Execution, monitoring and evaluation	✓	SCTIE. Ray Nkonyeni
Management Case	✓	SCTIE. Ray Nkonyeni



e) Recreational Dams

SCTIE partnered with EDTEA in the identification of prominent KZN South Coast recreational dams. The programme involves evaluating recreational needs that would enhance or build tourism potential. Whilst keeping conservation issues in mind, the department, as part of its tourism development mandate seeks to ensure that infrastructure, visitor needs and environmental sustainability aspects are considered for future developmental endeavours in as far as product diversification in the province is concerned. The KZN South Coast identified dams will go through a funding selection process along with other dams from the province.

f) Identification of new places of interest

SCTIE continues to identify new places of interest within the KZN South Coast. The new Upside Down House in Melville and the Notebook Hotel in Umtentweni offer unique experiences to visitors.

SCTIE connected the two establishments with relevant departments who would assist with compliance matters. The Upside Down House is designed to mimic the traditional Upside-Down House concept, with the roof on the ground and the foundations in the air while the Notebook Hotel is a stylish modern hotel offering a coffee shop with an outdoor seating area, conference room and a swimming pool. The hotel boasts a variety of accommodation options such as disability friendly rooms, pet friendly rooms, self-catering and bed & breakfast rooms.

g) Best Tourism Villages by UN Tourism Competition

As per SCTIE's mandate to attract and increase the number of tourists to the destination, extend tourist geographical spread across the district and to facilitate the availability of world class tourist services, SCTIE took the initiative of entering the Best Tourism Village (BTV) competition by UN Tourism, focusing on Port Edward area. The programme recognizes rural destinations that excel in preserving cultural and natural heritage, promoting sustainable tourism practices and fostering community well-being. By participating in this initiative, SCTIE showcased its unique offerings on a global platform, fostering trade, tourism, and cultural exchange while contributing to the broader national and African development goals.

4.2.3.2. SMME Development

i. Rural Tourism Capacity Building Programme

SCTIE in collaboration with the National Department of Tourism (NDT) and EDTEA conducted a Rural Tourism Capacity Building workshop for 60 tourism SMMEs at Margate Hotel on 05 November 2024. All four local municipalities were represented and some transported their SMMEs. That was the beginning of an implementation of a three-year programme with the aim to stimulate economic growth opportunities in rural area nodes that are having the potential of tourism growth and to promote awareness on environmental practices for sustainability.

The department developed the Rural Tourism Strategy with the aim of providing better coordination and packaging of tourism products. Various stakeholders such as COGTA, provincial departments,

agencies, local and district municipalities, financial institutions and institutions of higher learning, are involved in the planning and implementation of the programme.

ii. Access to Market Capacity Building Workshops

SCTIE in partnership with South African Tourism (SAT), conducted a virtual “marketing your business” training for KZN South Coast Tourism SMMEs. The session was done in preparation for the speed marketing which took place later in the year.

Forty SMMEs were invited and SCTIE had the boardroom available for those who were unable to participate from their businesses due to internet challenges. The programme skilled SMMEs with marketing techniques and the facilitator demonstrated examples on how to market a tourism business.

SCTIE participated in another capacity building workshop for co-operatives on the 28 May 2025. The session, held at Port Shepstone Civic Centre, was aimed at skilling Ugu District cooperatives on how to market and sell their products. The participants included women, youth and people with disabilities.

iii. Financial Management and Business Ownership Compliance Workshop

On 13 March 2025, SCTIE in partnership with Small Enterprise Development and Finance Agency (SEDFA) organized a financial management and business ownership compliance workshop for 20 SMMEs, held both virtually and physically at SEDFA offices in Port Shepstone. The training was aimed at providing money management skills to business owners to improve their business administration and generation of revenue.

iv. Enterprise Supply Development Webinar

SCTIE together with local SMMEs participated in the virtual Enterprise Supply Development Webinar on the 05th December 2024, which was organised by South African Local Government Association (SALGA) in partnership with NDT. The webinar was aimed at addressing challenges faced by small businesses which included governance compliance issues, funding, access to market and growth. Various practitioners presented interventions that needed to be implemented to assist and develop businesses.

v. Tourism Business compliance workshop

SCTIE in partnership with EDTEA conducted a Tourism Business Compliance Workshop on the 20 November 2024. The session for 40 SMMEs took place at Port Shepstone Methodist Church hall. The necessity of the workshop came after it was noticed that most tourism businesses are operating without being compliant. The workshop was an information sharing platform for businesses so they could see how far they were on the compliance ladder in order to make the necessary corrections. The following partner departments were invited for presentations:

- Department of Employment and Labour
- KZN Liquor Authority - liquor licensing

- Tourism Grading Council of SA
- Business Registration
- Town Planning – presented town planning and zoning
- Environmental Health

vi. Universal Access Workshop

SCTIE participated in the virtual SMME Universal Access Workshop, organised by EDTEA on the 05 December 2024. The purpose of the workshop was to address the importance of accessibility on tourism businesses.

Tourism operators were encouraged to consider different personal conditions of their guests when designing facilities. This included facilities such as entrance doors, bathrooms and other facilities that might limit access for guests.

vii. Tourism Business Inspection

SCTIE in partnership with EDTEA, conducted a blitz operation on tourism businesses around Port Shepstone on the 22 November 2024. The operation was aimed at informing, ensuring, enforcing legal operations and inspection of adherence to compliance guidelines by tourism businesses. Five tourism establishments were visited and none of them were registered with SCTIE and EDTEA. Ugu Disaster Management, RNM Law Enforcement, Ugu Environmental Health Services and Department of Employment and Labour were among the stakeholders that participated and each department checked own requirements for compliance.

viii. Support to Crafters

SCTIE continuously develops platforms and business connections for SMMEs such as those between crafters and shop owners. SCTIE undertakes the liaison/facilitation role between crafters and the shop owners/management. SCTIE signed vendor agreements with 18 shops at the end of the financial year. SCTIE in partnership with San Lameer Country Club created a platform for three local crafters to showcase and sell their products at the SA Women's Golf Competition which ran from 4 to 6 September 2024. Some crafters solely depend on such platforms as their source of income.

ix. Occupational health and safety norms for safe tourism operations

SCTIE in collaboration with NDT and EDTEA through the Tourism Sector Recovery Plan (TSRP) initiatives, coordinated a free SMME training on Norms and Standards for Safe Tourism Operations. The two-day session took place at Margate Hotel on the 06 and 07 November 2024 and it was on a first come first serve principle as the space was limited to 40 SMMEs.

The programme was aimed to facilitate consensus on minimum universal practices which the sector overall will abide by. It was also a platform to charge tourism business operators with the responsibility to ensure compliance with health measures and interventions in their operations. Participants received their certificates on the 30 March 2025.

x. Tourism Grading Programme

During the month of February 2025, Tourism Grading Council of South Africa (TGCSA) activated a free grading opportunity for eligible tourism businesses to apply.

With South Africa, preparing to host the G20 Summit in November 2025, TGCSA identified a need to uplift the standards of accommodation establishments. This initiative seeks to encourage businesses to apply for the star grading to be among the listed quality assured establishments in the country. SCTIE disseminated the information to local tourism businesses.

xi. SMMEs Funding Opportunity

SCTIE encouraged local SMMEs to apply for the Women Advancement Fund during the month of January 2025. The funding was introduced by the KZN Office of the Premier for eligible women owned businesses and it was aimed at boosting the emerging and existing businesses in order to continue operating and improve employment opportunities.

xii. Africa's Travel Indaba Exhibition

The Small Enterprise Development and Finance Agency (SEDFA) created an opportunity for women owned tourism businesses to apply for exhibiting at Africa's Travel Indaba, 12-15 May 2025, with 12 May being the Business Opportunity Network Day (BONDay). SCTIE encouraged all eligible women owned businesses to apply. Sunny Rock Self-catering from the KZN South Coast was among the successful KwaZulu-Natal applicants.

Two KZN South Coast establishments namely, Dino Park and Monate Outdoors received the same support the previous year, 2024.

Another opportunity for SMMEs was the Market Access Support Programme from the National Department of Tourism (NDT). Unfortunately none of the KZN South Coast establishments succeeded due to not meeting the minimum requirements. SCTIE met with NDT and showed interest for future similar programmes. NDT availed themselves to partner with SCTIE in the SMME training to prepare them for future funding opportunities and sustainability.

xiii. Inkundla Theatre Festival

SCTIE participated in the 14th Edition Inkundla Theatre Festival preparatory meeting which took place at SCTIE boardroom on 12 May 2025. The event normally attracts a number of attendees mainly youth as it showcases a variety of artistic expressions including dance, comedy, South African storytelling and theoretical innovations. The main event took place at Uvongo Town Hall on 30 May 2025. SCTIE further created a platform for six crafters to exhibit and sell their products at the event.

xiv. Tourist Guides Association

SCTIE assisted the KZN South Coast Tourist Guides Association in the submission of annual reports to the Department of Social Development. All registered Non-Profit Organisations (NPO) are required to submit their annual reports as part of keeping their NPOs functional.

4.2.3.3. Youth Support

i. National Skills Fund (NSF): Work Integrated Learning Project

Tourism World Academy was appointed by the Department of Higher Education and Training to implement the Work Integrated Learning (WIL) Project on behalf of the National Skills Fund (NSF). The project enables young people to complete their qualifications and to gain practical work experience that would improve their employability. This WIL project is not limited to tourism but it includes other qualifications such as business management, human resources development and others.

SCTIE in partnership with Tourism World Academy and local municipalities, coordinated the recruitment of graduates and facilitated the sourcing of host employers between June and August 2024. The Graduates from Umdoni, Umzumbe and Ray Nkonyeni, attended their induction on the 02 August 2024 at Umzumbe MPCC, Ward 17, while Umuziwabantu had theirs on 05 August 2024 at Umuziwabantu Municipality.

Ugu district has 56 graduates that are placed at different host employers for a period of 12 to 24 months, starting from September 2024, as follows:

Graduates	No. of Graduates	Monthly Stipend per Learner	Programme duration
University Graduates	35	R6000.00	24 Months
University of Technology Graduates	05	R5 500.00	12 Months
TVET College Graduates	16	R5 500.00	18 Months

ii. Tourism Monitors Programme

The National Department of Tourism appointed Tourism World Academy to implement the Tourism Monitors Programme, through the Expanded Public Works Programme (EPWP) from March 2024 to March 2025. Tourism World Academy ran the programme in the Ugu District in partnership with SCTIE. The objectives of the programme included enhancing tourism safety awareness, upskilling of unemployed youth and reducing tourist vulnerabilities.

The monitors were placed at different tourism attractions and sites where they were performing duties such as giving out information to visitors and reporting any unlawful activity to law enforcement. Each monitor received R4 600.00 stipend per month.

Out of 200 Tourism Monitors in KZN, 27 were in the Ray Nkonyeni municipal area. Two monitors dropped out after finding permanent employment elsewhere.

The key performance areas included but not limited to:

- patrolling within the identified attractions and sites;
- guarding of tourist buses and vehicles;

- raise tourism awareness and provide information to tourists;
- alert the South African Police Services (SAPS) of suspicious crime incidents (ears-and eyes of SAPS);
- report any crime incidents to SAPS or other relevant enforcement agencies;
- attend to crimes likely to affect tourists (i.e.) car hijacking, motor vehicles theft, robbery and burglary;
- assist in tourist victim support (tourist in distress); and
- Provide basic tourism information about local attractions.

iii. CATHSSETA Discretionary Grants

Tourism World Academy was appointed by CATHSSETA to implement tourism and hospitality related trainings. SCTIE partnered to ensure the smooth running of the three programmes which took place in the Ugu District. The programmes were, Assistant Chef Programme, Professional Cookery Programme and Tour Guiding, details as follows:

- **Assistant Chef Programme:** Induction for 20 learners took place at Umuziwabantu Municipality on the 21 June 2024. Learners attended a one-month theory training and participated in two months practical training at different establishments until the end of September 2024. Umuziwabantu did not have enough host employers since the area has few tourism establishments, therefore SCTIE had to look for host employers in Ray Nkonyeni area as well. Each learner received R2 200.00 stipend per month.
- **Professional cookery Programme:** The programme was assigned to Umdoni youth that were already employed in the hospitality industry. Most participants were self-employed with own catering businesses, working from home. Induction took place on the 19 August 2024 at Happy Wanderers Holiday Resort. Learners received theory training at Umzinto Dining Hall once a week until the end of the programme. There were no stipends paid, however the training was at no charge to learners.
- **Tour Guiding Programme:** SCTIE allocated the tour guiding programme to Umzumbe area, as the local municipality was working on identifying new attractions and places of interest such as Mawuleni Nature Reserve, Msikazi Mountain and others. Induction for tourist guide learners took place on the 05 August 2024 at Umzumbe Council Chambers. The programme started with 30 unemployed learners, 04 pulled out after finding greener pastures elsewhere. The remaining 26 learners attended a three months theory training at Umzumbe MPCC, Ward 17 and did their practical's at different sites for a period of 9 months until the end of June 2025.

iv. Esayidi TVET College Breakfast Indaba

SCTIE participated in the 2024 Breakfast Indaba which was hosted by Esayidi TVET College – Gamalakhe Campus on the 19 September 2024. The purpose of the event was to foster collaboration and partnership opportunities between the college and local businesses and to pave a way for students when they reach a stage to look for host employers who could partake in youth projects such

as internship programmes. SCTIE assisted the college by recommending and introducing some of the potential tourism businesses for the programme.

v. Tourism and Hospitality Students Enhancement Workshop

SCTIE in partnership with EDTEA hosted a TVET College Tourism & Hospitality Students Enhancement Workshop at Esayidi TVET College - Gamalakhe Campus on the 22 October 2024. The programme prepared tourism and hospitality students for successful industry careers through building technical and soft skills, enhancing students' employability with up to date trends within the tourism industry and equipping them with resources available for entrepreneurs. The session was attended by some of the key tourism and SMME stakeholders such as NDT, CATHSSETA, SEDFA, NYDA and Department of Employment and Labour.

vi. Umuziwabantu Youth Engagement Session

SCTIE participated in the Youth Engagement Session which was hosted by Umuziwabantu Local Municipality at Harding Sport Field on the 29 June 2024. The event was attended by the Honourable Mayor Cllr L.S. Zungu who gave a platform to SCTIE and other stakeholders to address youth on programmes such as starting businesses, internship programmes, mentorship programmes, job opportunities and any other assistance available in different sectors.

vii. Lifeguard Training Programme

The lifeguard training programme was funded by NDT and implemented by SAIMI in partnership with SCTIE and EDTEA. The programme ran from the 3rd October to the 25th October 2024 at the Margate Olympic Swimming Pool and Margate Hotel.

The recruitment was a joint effort from SCTIE, SAIMI, Lifesaving KwaZulu-Natal, Umdoni Municipality, Umzumbe Municipality and Ray Nkonyeni local municipality. The recruitment days on the 3rd and 04th October saw over 50 potential learners who participated in the pre-assessment test.

Twenty previously disadvantaged candidates were selected for the training, all below 35 years of age. Among those, fifteen were selected for the lifeguard training and 5 qualified for a first aid certificate due to their inability to attain the required swimming fitness and skills.

Workplace experience was hosted at the Umtamvuna and Scottburgh Lifesaving Clubs.

viii. Food and Beverage Quality Assurers Programme

Youth that participated in the 2023/2024 Food and Beverage Quality Assurers Programme, obtained their accredited certificates at their graduation ceremony which was held in Durban on the 25 February 2025. The programme started with 25 learners and 18 of them completed the training. Fourteen (14) of the learners received employment mostly from the businesses who were giving them work experience during the training (host employers).

ix. Assistant Chef Skills Programme – Ray Nkonyeni

The three months Assistant Chef programme in Ray Nkonyeni which was funded by CATHSSETA ended in December 2024. The project was implemented by Lungile Mchunu Consultancy (LMC) in partnership with SCTIE and EDTEA. Twenty learners were enrolled on a two months theory training at Tolomane

Mnyayiza Youth Development Centre in Boboyi, Ray Nkonyeni then SCTIE assisted with sourcing of host employers for a one-month workplace training. The programme started with 20 learners and there were only two drop outs. The 18 successful learners will receive NQF Level 2 certificates in due course. At the end of the programme, one of the learners received a one-year renewable contract at the Grove Restaurant in Margate.

x. In-service Training for DUT Tourism Students

On 30 April 2025, SCTIE received a request from the Durban University of Technology (DUT) to partner with the university in the in-service training programme for nine Ugu District eco-tourism final year students. SCTIE made arrangements with hospitality establishments to host and mentor the students for a period of six months between June and December 2025 as per the programme's requirements. The students were funded by the National Student Financial Aid Scheme (NSFAS) which provided them with a monthly stipend to cover basic needs during the programme.

The in-service training is an essential component of the students' academic curriculum, designed to bridge the gap between theoretical knowledge and real-world application. The programme aligned with national strategies to promote work-integrated learning opportunities for young South Africans. The students gained invaluable insights into community-based tourism practices, heritage conservation, visitor management and sustainable tourism development. Host employers were encouraged to employ some of the trainees after completing their work experience.

Summarised youth programmes with stipends:

Programme	No. of Youth participating	Duration	Local Municipality	Monthly Stipend per learner	Total Monthly Stipends	Total Stipends - end of the programme
Assistant Chef Umuziwabantu Programme implemented by Tourism World Academy	20	3 months (July 2024 – September 2024)	Umuziwabantu	R 2 200,00	R 44 000,00	R 132 000,00
Assistant Chef Ray Nkonyeni Programme Implemented by Lungile Consultancy	20	3 months (September 2024 – 06 December 2024)	Ray Nkonyeni	R 2 200,00	R 44 000,00	R 132 000,00
National Certificate -Prof. Cookery	15 employed youth	12 months (September 2024 – September 2025. Five (5) days theory training per month)	Umdoni	N/A	N/A	N/A
FETC in Tourism Guiding	30	12 months (3 months theory training and 9 months' work placement).	Umzumbe	R 3 500,00	R 105 000,00	R 1 260 000,00
Tourism Monitors	26	12 months (March 2024 – March 2025)	Ray Nkonyeni	R 4 600,00	R 119 600,00	R 1 435 200,00

Tourism Graduates Development Programme	5	24 months (September 2023 – September 2025)	All LMs	R 7 500,00	R 37 500,00	R 900 000,00
National Skills Fund – Implemented by Tourism World Academy	35x University Graduates	24 months (September 2024 – September 2026)	All LMs	R 6 000,00	R 210 000,00	R 5 040 000,00
	5x Univ. of Technology Graduates	12 months (September 2024 – September 2025)		R 5 500,00	R 27 500,00	R 330 000,00
	16x TVET College Graduates	18 months (September 2024 – May 2026)		R 5 500,00	R 88 000,00	R 1 584 000,00
Esayidi TVET college – Inservice Training funded by the National Skills Fund	10	18 months November 2023 to 30 April 2025	Ray Nkonyeni	R 5 000,00	R 50 000,00	R 900 000,00
Total	182				R 725 600,00	R 11 713 200,00
	Graduates					

4.2.4. Stakeholder Engagement & Partnerships

Consultative Meeting and District Tourism Forum: EDTEA embarked on the consultative visits to KZN local and district municipalities, to better understand the tourism overview in each district. The meeting in the Ugu District took place on the 16 October 2024 at Port Shepstone Civic Centre. It was resolved in the meeting that SCTIE in partnership with Ugu District Municipality should form a District Tourism Forum that would include both private and public sectors to ensure better collaboration and improved understanding of work relations amongst all tourism role players.

Area Tourism Committee: SCTIE is in the process of conducting the Area Tourism Committee Annual General Meetings at different parts of the South Coast from Scottburgh to Port Edward and inland. The purpose of the meetings is to renew Area Tourism Committees in preparation for the formation of the District Tourism Forum.

1. SCTIE conducted its first 2024/2025 Area Tourism Committee AGM in Umdoni on 20 March 2025. The session was attended by 20 local tourism businesses and that was a progress towards forming the District Tourism Forum which will be participated by different stakeholders including private and public sectors.
2. Following the Umdoni Area Tourism Annual General Meeting (AGM), SCTIE conducted an Area Tourism Committee Meeting on 02 June 2025, where the Chairperson and the Deputy Chair were elected by the Umdoni committee members. Advocate Brijraj from Umdoni Business Chamber was re-elected as the Chairperson and Mr Paul De Beer from Seaside Escape Self-catering was re-elected as the Deputy Chairperson.

Ugu District Priority Committee on rural safety and tourism: SCTIE participated in the Ugu District Priority Committee on rural safety and tourism which is held quarterly at Port Shepstone SAPS. The committee focuses on addressing crime in both rural and urban areas, promoting tourism through initiatives such as awareness campaigns and improving safety at tourist sites to create a safe environment for both rural communities and visitors.

Local Government Peer Learning Session: SCTIE participated in the Local Government Peer Learning Session which was held in St Lucia in November 2024. The format of the workshop was a face-to-face interaction with practitioners and political head practitioners from various municipalities with objectives to:

1. Create a platform where tourism local economic development share experiences, best practises, case studies, tourism development models or approaches
2. Create a platform for local government consultation on prevailing tourism policies and strategies
3. Strengthen and enhance technical capacity (skills, expertise and knowledge) of local government / LED practitioners.
4. Identify and propose areas of government interventions, norms and standards
5. Ensure alignment of municipal tourism plans with provincial and national plans
6. Provision of technical support to municipalities and agencies

Proudly SA & SEDFA Business Forum: SCTIE participated in the Proudly SA & SEDFA Business Forum which was held at Wild Coast Sun in December 2024, with a theme “Unpacking the localisation of the SMMEs”

Umuziwabantu Local Municipality Spatial Development Framework: SCTIE participated in the Development of Umuziwabantu Local Municipality Spatial Development Framework (SDF) as part of the process to developing the SDF and ensuring that there is a report with valuable input from all persons/ institutions operating within the local space.

Consumer Education, Awareness and Community Engagement Workshop: SCTIE participated in the Consumer Education, Awareness and Community Engagement Workshop which was held at Esibanini Community Hall -Umzumbe. The workshop was organised by EDTEA Port Shepstone Office and it was aimed at educating the community and local businesses about their protection rights as customers against retail shops and other outlets. In preparation for the peak season, SCTIE used the opportunity to educate the community about adhering to the rules set at beaches and other public areas. The communities were encouraged to keep the public areas clean at all times, no littering.

Stakeholder Engagement and Information Sharing Session: SCTIE participated in the Stakeholder Engagement and Information Sharing Session which took place at Eziqoleni Taxi Rank and Hibberdene Taxi in October 2024. The event was organised by the Department of Government Communication and Information System, targeting local communities to inform them about government services. SCTIE uses such opportunities to drive the “sunny and safe” campaign to ensure the safety of visitors during season and offseason.

Courtesy visits to tourism establishments: SCTIE management paid a courtesy visit to Margate Hotel in November 2024 after it was reported that the historic hotel burnt down on 18 November 2024. The hotel was re-opened following the renovations and upgrades, including a transformed dining room and upgraded guest rooms to enhance guest experience.

Provincial quarterly Tourism Master Plan Implementation and Monitoring Committee Meeting: On 27 and 28 March 2025, SCTIE in partnership with EDTEA, hosted the provincial quarterly Tourism Master Plan Implementation and Monitoring Committee Meeting Umdoni. The first day of the meeting started with site visits to nearby Umdoni and Umzumbe tourism attractions and projects. The second day was a formal meeting at Sugar Beach Holiday Resort, with relevant stakeholders discussing tourism plans and providing progress reports of the existing and planned future projects. The Sugar Beach Management offered the venue free of charge as a support to tourism. The following committee meeting took place at KwaZulu-Natal Sharks Board on the 16 May 2025

Media and Developmental Communication Networking Session: SCTIE participated in the Media and Developmental Communication Networking Session which was conducted by the Government Communication and Information System (GCIS) in partnership with Gagasi FM. The event took place

on the 11 April 2025 at Margate Hotel. The purpose of the session was to strengthen the relations between the media and government.

Cleanup Campaign – Oslo Beach: SCTIE in partnership with Creston College, local tourism businesses, Ray Nkonyeni Local Municipality (RNM) Waste Management, law enforcement and community members conducted an area cleanup campaign on the 19 September 2024. The area is a busy tourist route as it connects Port Shepstone and Margate areas.

SCTIE engaged in many other stakeholder engagements including Umdoni LED Forum and Ugu LED Forum.

4.2.4.1 Memorandum of Understanding (MOU's) for 2024/2025 FY

<i>No</i>	<i>Entity name</i>	<i>Economic Sector</i>	<i>Capital Value(Rand Value)</i>
1.	Renishaw Coastal Precinct	Real estate and mixed-use development	475 million
2.	Serenity Hills Eco Estate	Property Development	110 million
3.	Umdoni Point Coastal Forest Estate	Property Development and Mixed -Use Development	3.6 billion
4.	Ekubo Coastal Estate	Property Development	tbc
5.	African- WIB (Women in Business)	Agriculture and Agro-Processing	tbc

CHAPTER 5: SERVICE DELIVERY PERFORMANCE

5.1. Service Level Agreement (SLA) Projects

Municipal Area	Project Name	Business Case	Feasibility	Ready To Go
Umuziwabantu	Worm Farming	X	X	X
	Wonderland Experience	X	X	X
	Real Estate Development	X	X	X
	Industrial Park Development	X	X	X
	Rural Horse Racing	X	X	X
	Renewable Energy (Solar)	X	X	X
Umdoni	MUT Campus– Catalytic Project	X	X	X
	Park Rynie Industrial Area	X	X	X
	Umzinto Industrial Area	X	X	X
	Pennington Industrial Area	X	X	X
	Scottburgh Beach Development	X	X	X
	Sezela Industrial Area	X	X	X
	Ifafa Property (Industrial Park Farm)	X	X	X
Umzumbe	St. Faiths Precinct Plan	X	X	X
	Umzumbe Marine Tilapia Industry Incubator	X	X	X
	Mehlomnyama Mixed Use	X	X	X
	Radio Station & Recording Studio	X	X	X
Ray Nkonyeni	Hibberdene Mixed Use	X	X	X
	John Mason Park	X	X	X
	Port Shepstone Small Craft Harbour (T1)	X	X	X
	Renewable Energy	X	X	X
	Techno Hub	X	X	X
	Margate Airport	X	X	X
	Hibberdene Small Craft Harbour (T2)	X	X	X
	Port Edward Small Craft Harbour (T2)	X	X	X
	Agro-Processing Plant	X	X	X
Resuscitation of Railway	X	X	X	

5.1.1 Resource mobilisation for Project Packaging

During the year under review, we submitted funding applications to Infrastructure South Africa for the packaging of catalytic projects. These projects are aligned with the Regional Spatial Development Framework and the Eastern Seaboard Development initiative. They have been programmatically grouped based on their homogeneity, and their forecasted capital values were aggregated accordingly.

Project Preparation Bid Window Confirmations:

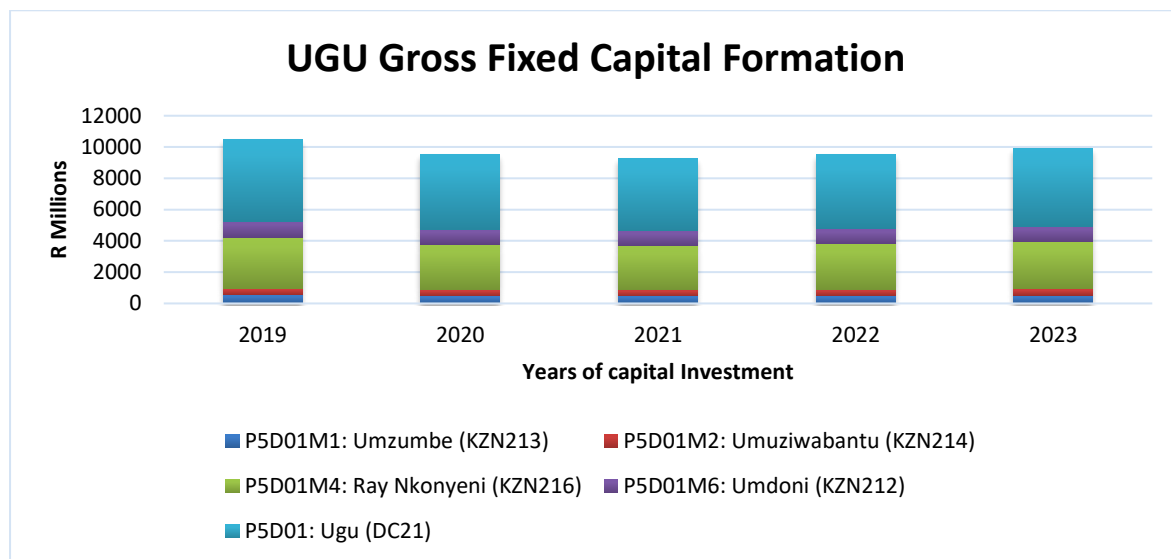
Programme Name	Projects Names	Municipal jurisdiction	Programme& project Rand value
UguAgri-Hub Programme	Resuscitation of Ugu Fresh Produce Establishment of Marine Tilapia Industry Incubatory (Acqua Culture), Umzumbe Fish Market, Fresh produce collection depot	Ugu& Umzumbe	R2.3Billion
Industrial Development Programme	Industrial Parks, Automotive/ Fitment Centres, Agri-processing Plants, Light Industry, Manufacturing of Pulp & Paper, Skin & Hide Production, Building Material Production, Wood Working Production, Waste Tyre Recycling, Furniture Making plant, Distilling Plant and Battery Centre	RNM, Umdoni, Umuziwabantu and Umzumbe	R3.8 billion
Post School Education & Training Programme	Construction of Higher Learning Institution, Development of Skill Centres and Student Accommodation (Funded through PPP)	Umdoni, Umzumbe and RNM	R12.8billion
Green Energy Programme (District-wide Renewable	District wide Wind energy sources solutions; District wide Solar energy sources solutions; and District wide Hydro-power sources solutions	RNM, Umdoni, Umuziwabantu and Umzumbe	R2 billion
Coastal Development Programme	Turton Beach Development ; Scottburgh Beach development, Tidal Pools; Promenades, Beach Access Roads; and Marine Route (Hydrofoil technology)	Umdoni, Umzumbe and RNM	R2.3 billion

Source: SCTIE Corporate Strategy,2025

5.1.2 SCTIE Investment Framework and Investment Directory

Ugu District Municipality, located in the KwaZulu-Natal province of South Africa, has a diverse economy driven by key sectors. As the economic arm of the Ugu District family of municipalities, SCTIE is responsible for positioning the KZN South Coast as the investment destination of choice. In addition, SCTIE’s mandate is to market, promote, attract, and facilitate investments. The district-wide investment framework and investment directory were conceptualised and developed within this context. [See annexure F\(i\) & \(ii\)](#).

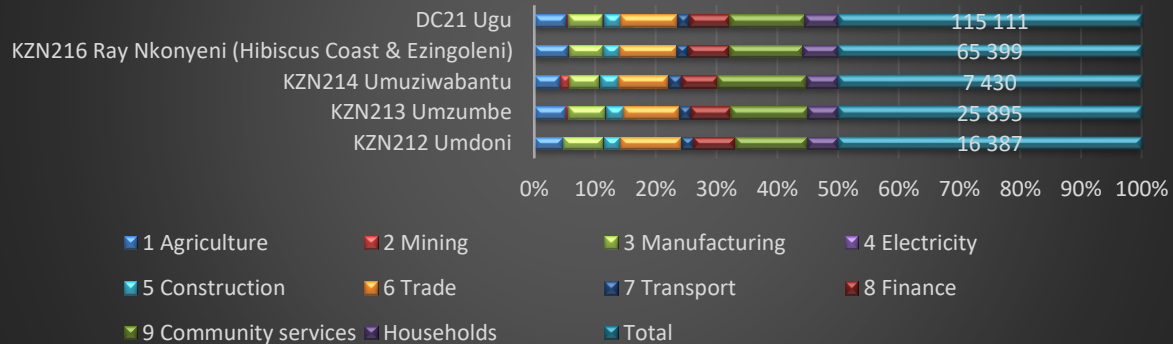
5.2. Contribution to local economic development



Source: S&P Global Market Intelligence, 2024

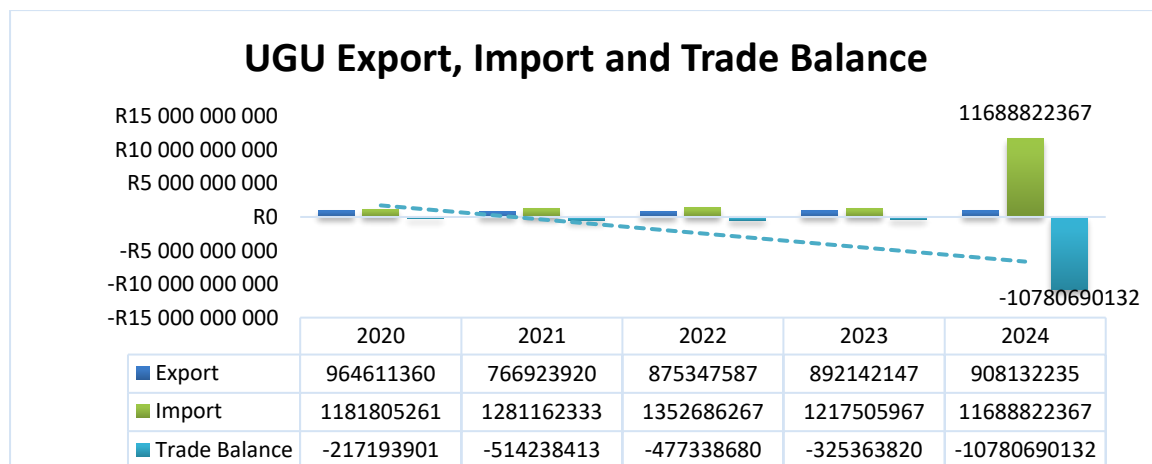
The Gross Fixed Capital Formation (GFCF) across the Ugu District Municipality (DC21) and its local municipalities—Umzumbe, Umuziwabantu, Ray Nkonyeni, and Umdoni—shows a general decline from 2019 to 2021, followed by a moderate recovery in 2022 and 2023. Ray Nkonyeni consistently had the highest GFCF, 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.

Labour - Employment at place of work - Broad Economic Sectors (9 sectors) - Number of formally employed people - 2023



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.



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.

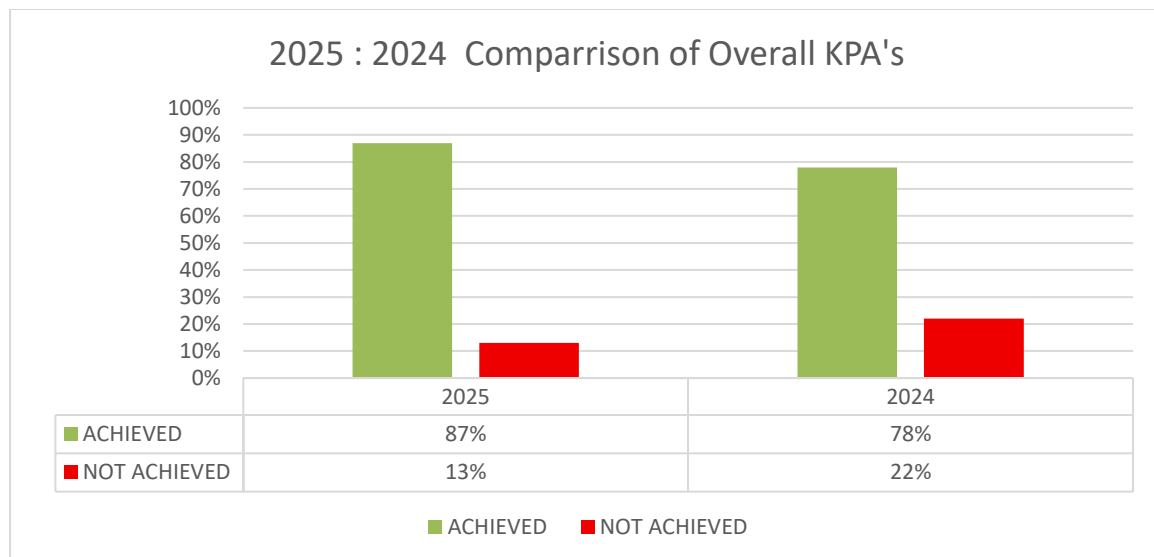
5.3. Annual Performance Scorecard

The Board of Directors approved the Annual Performance Scorecard (APP) for the 2025 financial year on the 28 July 2024. In following the revised Strategy, the 2025 APP was adjusted into four Key Performance Areas:

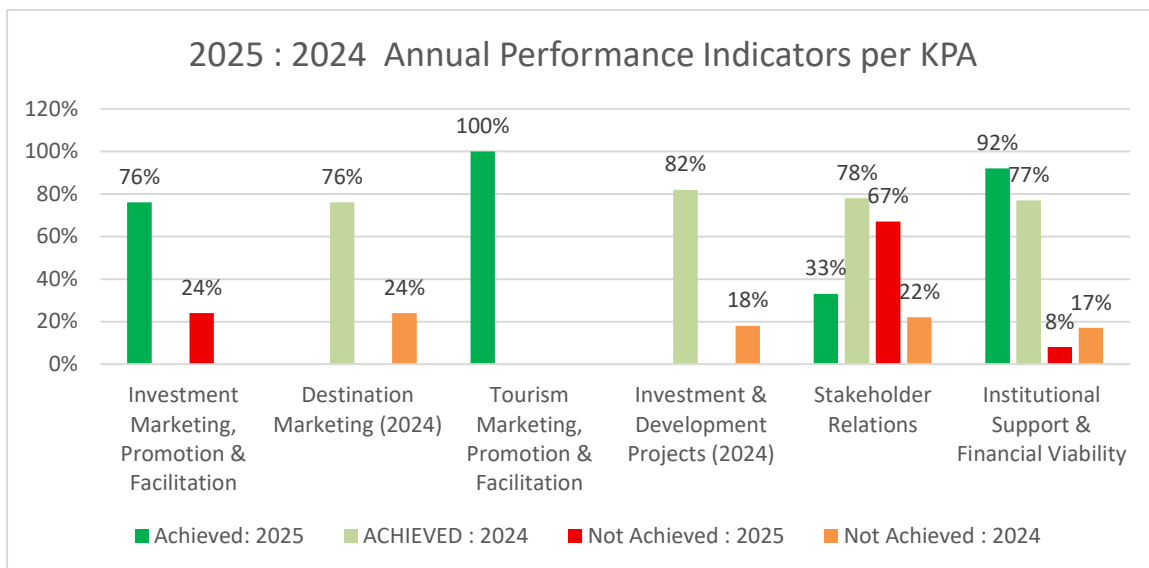
- 🚧 KPA 1: Investment Attraction: To market, promote and facilitate investment.
- 🚧 KPA 2: Tourism Attraction: To market, promote and facilitate tourism.
- 🚧 KPA 3: Stakeholder Relations
- 🚧 KPA 4: Institutional support and financial viability

At Mid-Year and as part of the Mid-Year Performance Report, the APP was carefully reviewed with some minor changes approved by the Board on the 16 January 2025.

Overall, the entity achieved 67 of the 77 targets set for the year, being an achievement of 87%, and the 10 Not Achieved targets, being 13%. In comparison to the 2024 year of 117 targets set, achieving 78% and 22% not achieved.



The following graph depicts the targets, broken down into the Key Performance Areas.



Please refer to the Annual Performance Scorecard for the detailed information on the Achieved and Not Achieved targets, which is included at the end of this report.

CHAPTER 6: HUMAN RESOURCE MANAGEMENT

6.1. Workforce profile

The approved organogram has a total of 18 posts. Of these, three are senior manager positions, and appointments are made in terms of Section 55, 56 and 57 of the Municipal Structures Act. The balance being standard permanent contract posts. Currently, there are 4 vacancies, being

- i) Coordinator – Investment Marketing**
No funding to support an appointment.
- ii) Coordinator – Projects**
Post on hold.
- iii) Investment Support Officer**
No funding to support an appointment.
- iv) Manager: Investment Projects & Development.**
No funding to support an appointment.

Position/Office	Type	Black		White		Indian		Comments
		Male	Female	Male	Female	Male	Female	
Chief Executive Officer	Contract	X	-	-	-	-	-	1 October 2024
Manager: Marketing, Brand Management & Communication	Contract	-	-	-	-	-	-	Frozen
Manager: Investment & Development	Contract	-	-	-	-	-	-	Vacant
Manager: Finance, HR & Administration	Contract	-	-	-	X	-	-	1 July 2024
Total		1	0	0	1	0	0	
Personal Assistant to the CEO	Permanent	-	X	-	-	-	-	
Co-Ordinator: Investment Marketing	Permanent	-	-	-	-	-	-	Vacant
Co-Ordinator: Tourism Marketing	Permanent	-	-	-	-	-	X	
Co-Ordinator: Tourism Development	Permanent	X	-	-	-	-	-	
Co-Ordinator: Projects	Permanent	-	-	-	-	-	-	Vacant
Co-Ordinator: Finance, HR & Administration	Permanent	-	-	-	-	-	X	
Marketing Officer	Permanent	-	X	-	-	-	-	

Position/Office	Type	Black		White		Indian		Comments
		Male	Female	Male	Female	Male	Female	
Visitor Services Officer	Permanent	-	X	-	-	-	-	
Tourism Development Officer	Permanent	X	-	-	-	-	-	
Investment Support Officer	Permanent	-	-	-	-	-	-	Vacant
SCM Officer	Permanent	-	X	-	-	-	-	
Admin Assistant	Permanent	-	X	-	-	-	-	
Receptionist	Permanent	-	X	-	-	-	-	
General Worker/Cleaner	Permanent	-	X	-	-	-	-	
General Worker/Cleaner	Permanent	-	X	-	-	-	-	
Total		2	8	0	0	0	2	
Intern	Intern contract	-	-	-	-	-	-	
Total		0	0	0	0	0	0	
Overall Total		3	8	0	1	0	2	

6.2. Vacancies and Recruitment Challenges

This year saw the appointment of two section 57 managers, one being the Manager: Finance, CS & Administration from the 1 July 2024, the other being the Chief Executive Officer from the 1 October 2024. Both are contracted appointments for a period of five years, each with a signed Annual Performance Contract for the financial year. Whilst SCTIE has continued to face cash flow challenges, the entity has not made any further appointments.

6.3. Training and skills development

While SCTIE has continued to face cash flow challenges, no training has been undertaken which would have financially impacted the entity. Provincial Treasury held in house training for supply chain management and tenders, which all Co-ordinators attended, along with the finance team.

6.4. Adopted Policies

POLICY	STATUS
Supply Chain Management Policy	Approved
Creditors Policy	Approved
Asset Management Policy	Approved
Budget Policy	Approved
Bank, Cash & Investment management Policy	Approved
Fraud Prevention Strategy & Enterprise Risk Management	Approved
Declaration of Interest Policy	Approved
Petty Cash Policy	Approved
Virement Policy	Approved
Delegations Policy	Approved
Procurement & Payment Policy	Approved
Credit Control, Debt Collection & Impairment Policy	Approved
Cost Containment Policy	Approved

CHAPTER 7: FINANCIAL PERFORMANCE

7.1. CFO's operational financial review

7.2. Funding Model and Revenue Sources

At the merge of Ugu South Coast Tourism and Ugu South Coast Development Agency, a Funding Model was formulated on the basis that the benefits of the functions which the entity performs, are ultimately reaped by government at various levels, being at a Local Municipal level, in the form of Rates, Taxes and Business Licenses, at a District Level in the form of water and sanitation services supply, and Nationally in the form of Taxes and Levies which accrue to government.

The Funding Model percentages payable from each municipality are as follows:

- i) Ugu DM – 3.7% of Equitable Share gazetted through DORA each year
 In May 2024 SCTIE were advised by Ugu DM, that they would not be able to afford the 3.7% as per the funding model, and revised the figure to 2.4%, being R16 013 064.00
 At Mid-year, this amount was again revised due to non-affordability to R8 400 000.00, being 1.26%
- ii) All Local Municipalities – 1.2% of Equitable Share through DORA each year

Municipality	DORA 2025	%	Annual Grant 2025
Umdoni Local Municipality	182 950 000	1.20%	2 195 400.00
Umzumbe Local Municipality	171 112 000	1.20%	2 053 344.00
Umuziwabantu Local Municipality	123 326 000	1.20%	1 479 912.00
Ray Nkonyeni Municipality	302 729 000	1.20%	3 632 748.00
Ugu District Municipality	667 211 000	1.26%	8 400 000.00
			17 761 404.00

It is on these figures along with a small percentage of revenue which we generate through membership fees, rental income from the Ifafa farm tenant and interest, that the Annual Performance Plan and Budget are developed.

SCTIE has once again, had an extremely difficult financial year, this even though the original budget was approved by the Board of Directors and the Council of the Parent Municipality in May 2024, along with the adjusted budget approved in January 2025. With this said, all local municipalities, other than Umuziwabantu settled their 2025 grants in full. The shortfall of the Umuziwabantu grant will be received on the 29th July 2025.

The following represents the total municipal debt as at 30 June 2025:

Municipality	Prior year grants	Current Year Grants +120 days	Current Year Grants – current	Balance
Umuziwabantu		701 899		701 899
Ray Nkonyeni	2 000 000			2 000 000
Ugu District	23 010 031		9 660 000	32 607 032
Total	R 25 010 032	R 701 899	R 9 660 000	R 35 371 930

On the 15 July 2024, SCTIE formally issued an appeal to COGTA for Inter-Governmental Relations Intervention, on the outstanding Ray Nkonyeni and Ugu District Municipality debt. Whilst COGTA acknowledge the submission it was only on the 10th March 2025 that our first meeting was held with the appointed facilitator to discuss the matter. It was COGTA's intention to meet and finalise a way forward on the issues within 7 days. After not having received any feedback from COGTA, SCTIE were advised that the appointed facilitator had been seconded to another department and that a new facilitator would need to be appointed. To date, there has been no further communication.

With the entity continuing to be in financial distress, only the very basic expenditure has been incurred which you will see evident from the Annual Financial Statements as included.

7.3. Statement of Financial Performance 2024/2025 Financial Year (AFS)

SEE DRAFT AFS: ANNEXURE C

CHAPTER 8: AUDITOR GENERAL FINDINGS

8.1. Year -1: Auditor General Report 2023-2024 FY (Previous FY)

The following represents Audit Report Findings from the 2023 – 2024 financial year, which have been managed throughout the year:

NO.	AUDIT FINDING	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	STATUS RESOLVED UNRESOLVED PARTIALLY RESOLVED
		FINANCIAL	PERFORMANCE	COMPLIANCE	INTERNAL CONTROL			
1	Money owed by the municipal entity was not always paid within {30 days / agreed period} as required by section 99(2)(b) of the MFMA	✓		✓	✓		This finding emanates due to the fact that grant funding is not released timeously and per the SLA's which are in place with the municipalities.	Partially resolved
2	Reasonable steps not taken to prevent irregular expenditure amounting to R62 231 as disclosed in note 34, of the AFS. The majority of this irregular expenditure caused by section 19(a) of the MFMA	✓		✓	✓		This finding was resolved during the audit - and Management are working closely with SCM to ensure 3 quotations are received.	Resolved
3	Reasonable steps were not taken to prevent fruitless & wasteful expenditure amounting to R86 714 as disclosed in note 33 of the AFS, as required by section 93(d) of the MFMA. Caused by late payments to SARS incurring penalties & interest	✓		✓	✓		Management to ensure that SARS payments are made timeously - when funding is available to make payments. This was brought about due to the late payment of vat on grants which had not been received.	Unresolved

4	Financial statements submitted were not fully prepared in all material aspects in accordance with section 122(1) of the MFMA. Material misstatements of receivables from non-exchange and VAT identified by the auditors were subsequently corrected.	✓		✓	✓		The corrections were effected to the non-exchange transactions and the VAT	Resolved
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The following represents Management Report Findings from the 2023 – 2024 financial year, which have been managed throughout the year:

NO.	AUDIT FINDING	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	STATUS RESOLVED UNRESOLVED PARTIALLY RESOLVED
		FINANCIAL	PERFORMANCE	COMPLIANCE	INTERNAL CONTROL			
1	Overstatement of Non-Exchange transactions	✓		✓	✓		This finding emanates from the impairment of the 2023 Ugu grant - and the write off of the 2024 Ugu Grant. AG ruled that the entity was to write off the 2023 grant and impair the 2024 grant.	Resolved
2	Lack of Debt Impairment policy	✓		✓	✓		Management will ensure a Debt Impairment Policy is formulated and approved by the Board.	Resolved
3	High dependency on the receipt of funding from the Ugu District Municipality	✓			✓		Management and the Board in in the process of formulating a Self-Sustainability Plan to reduce the dependency on the Ugu Grant	Unresolved
4	Payments not made within 30 days of receiving invoice as required by S99(2)(e) of MFMA	✓		✓	✓		This finding emanates due to the fact that grant funding is not released timeously and per the SLA's which are in place with the municipalities.	Unresolved

5	Reasonable steps were not taken to prevent fruitless & wasteful expenditure amounting to R86 714 as disclosed in note 33 of the AFS, as required by section 93(d) of the MFMA. Caused by late payments to SARS incurring penalties & interest	✓		✓	✓		Management to ensure that SARS payments are made timeously - when funding is available to make payments. This was brought about due to the late payment of vat on grants which had not been received.	Unresolved
6	Performance targets not achieved		✓	✓			Management reported these targets as not achieved - brought about due to the non payment of the Ugu grant - funds were not available for the projects	Resolved

8.2. Year 0: Auditor General Report 2024-2025 FY (Current FY)

NO.	AUDIT FINDING	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	STATUS RESOLVED UNRESOLVED PARTIALLY RESOLVED
		FINANCIAL	PERFORMANCE	COMPLIANCE	INTERNAL CONTROL			
1	Money owed by the municipal entity was not always paid within {30 days / agreed period} as required by section 99(2)(b) of the MFMA	✓		✓	✓		This finding emanates due to the fact that grant funding is not released timeously and per the SLA's which are in place with the municipalities.	Unresolved
2	Reasonable steps not taken to prevent irregular expenditure amounting to R14 544 as disclosed in note 33, of the AFS, in contravention to section 95(d) of MFMA.	✓		✓	✓		This finding was resolved during the audit - and Management are working closely with SCM to the monthly contract extensions.	Resolved

3	Reasonable steps were not taken to prevent fruitless & wasteful expenditure amounting to R32 655 as disclosed in note 32 of the AFS, as required by section 93(d) of the MFMA. Caused by late payments to SARS incurring penalties & interest	✓		✓	✓		Management to ensure that SARS payments are made timeously - when funding is available to make payments. This was brought about due to the late payment of PAYE, due to grants not having been received and no cash flow.	Unresolved
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CHAPTER 9: ANNEXURES

ANNEXURE A (i)(ii) : Annual Performance Plan/Scorecard

ANNEXURE B (i) : Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on South Coast Tourism and Investment Enterprise (SOC) Ltd

ANNEXURE B (ii) : Annual Financial Statements

ANNEXURE C: Municipal Entity/Service Provider Performance Assessment

ANNEXURE D: Municipal Entity Risk Register

Annexure E: Municipal Service Level Agreements (SLA's)

ANNEXURE F(i)(ii): SCTIE Investment Framework and Investment Directory



AUDITOR-GENERAL
SOUTH AFRICA

AUDIT REPORT

South Coast Tourism and
Investment Enterprise (SOC) Ltd

2024-25

Date: 30 November 2025

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on South Coast Tourism and Investment Enterprise (SOC) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South Coast Tourism and Investment Enterprise (SOC) Ltd set out on pages 01 to 64, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Coast Tourism and Investment Enterprise (SOC) Ltd as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

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

Emphasis of matters

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

Allowance for debt impairment provision on receivables from non-exchange transactions

7. As disclosed in note 6 of the financial statements, the allowance for debt impairment provision of R30 450 893 was reported, due to challenges regarding grant funding not being received timeously.

Going concern

8. As disclosed in note 37 of the financial statements, the municipal entity's ability to operate and meet its financial obligation is highly dependable on the timely receipt of grant funding from the district and local municipalities.

Other matter

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

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA, the municipality entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. The disclosure requirements did not form part of the audit of the financial statements and, accordingly, we do not express an opinion on it.

Responsibilities of the accounting authority for the financial statements

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

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

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx to xx, forms part of my auditor's report.

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to investment and tourism attraction key performance areas presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Rand value of investments considered & rand value of investments secured for 2024-2025 year
 - Bi-annual investment information: investment queries, investment challenges, business retentions, attractions, submitted to included in the state of the district economy report
 - Rand value of investment secured in the catalytic projects
 - Rand-value of investment facilitated – Eastern Seaboard
 - Quarterly reports identify investor friendly awareness activities undertaken by entity local advertising, activations
 - Capacitate and facilitate opportunities for SMME's to be assisted through being trained, graded (TGCSA), and exposure to market
 - Report on the support provided to youth
 - Exposure through Published articles/ insert in the local newspapers and national publications or platforms, and radio and television
 - Domestic exhibition and trade shows as per annual plan/calendar participated
17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported.

19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

23. The table that follows list the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 1 to 4.

Investment and tourism attraction

<i>Targets achieved: 66%</i>		
Key indicators not achieved	Planned target	Reported achievement
Rand value of investments considered & rand value of investments secured for 2024-2025 year	R50 million	R0
Bi-annual investment information: investment queries, investment challenges, business retentions, attractions, submitted to be included in the state of the district economy report	2	1
Rand value of investment secured in the catalytic projects	R50 million	R66 667

Report on compliance with legislation

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

Expenditure management

28. Reasonable steps were not taken to ensure that money owed by the municipal entity was always paid within 30 days or an agreed period, as required by section 99(2)(b) of the MFMA.
29. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R32 655, as disclosed in note 32 to the annual financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on long overdue supplier invoices.
30. Reasonable steps were not taken to prevent irregular expenditure amounting to R14 544 as disclosed in note 33 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by procurement process not followed resulting to monthly extensions of expired contracts.

Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in core function presented in the annual performance report that have been specifically reported on in this auditor's report.
32. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in core function presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
37. The accounting authority did not exercise adequate oversight responsibility regarding compliance with legislation.
38. Management did not perform adequate review and monitor compliance legislation.

AUDITOR - GENERAL

Pietermaritzburg

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure Sections 87(5)(b) & (d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), Sections 87(8), 88(1)(a), 90(1), 90(2)(a), (b) & (d), Sections 96(2)(a), (b), 97(e), (f), (h) & (i), 99(2)(a), Sections 99(2)(b), (c), (g), 102(1), 102(2)(a), Sections 112(1)(j), 116(2)(b) & (c)(ii), 122(1), 126(2)(b), Sections 133(1)(a), (c)(i), (c)(ii), 170, 172(3)(a) & (b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 5(4), 6, 6(8)(b), 7, 10(1), 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), (c) & (i), 16(a), Regulations 17(1)(a), (b), & (c), 19(a), Regulations 21(b), 22(1)(b)(i), 22(2), 27(2)(a) & (e), Regulations 28(1)(a)(ii), 29(1)(a) & (b), 29(5)(a)(ii), Regulations 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e) & (f)
Municipal Systems Act 32 of 2000	Section 93B(a), 93C(a)(iv)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1) & (2), 5(1), (3), (6) & (7), 6(1), (2) & (3), Regulations 6(6), 6(8), 7(1), (2) & (3), 7(6), 7(8), 8(2), 8(5), Regulations 9(1), 10(1) & (2), 11(1) & (2)
Preferential Procurement Regulations, 2022	Regulations 4(1), (2), (3) & (4), 5(1), (2), (3) & (4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), (b)(i), (ii), 45(4), Sections 46(1)(a), (b) & (c), 112(2)(a)



SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE
(Registration number 2016/158371/30)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Economic Development in the Ugu District area
Directors	Dr. Sipho J Nzimande (Outgoing chairperson) Mrs. Elizabeth J. Crutchfield (Outgoing deputy chairperson) Mr. Sandile C. Dlomo (Incoming chairperson) Dr. Khululiwe H. Godlwana Mrs. Nongcebo V. Masito (Incoming deputy chairperson) Mr. Paul T. Jefferys (Outgoing) Mr. Lunga G. Yeni Mr. Colin J. Davenport (Outgoing) Mr. Henry T.H Sabela
Registered office	16 Bisset Street Port Shepstone 4240
Business address	16 Bisset Street Port Shepstone 4240
Postal address	P.O. Box 570 Port Shepstone 4240
Controlling entity	Ugu District Municipality
Bankers	Standard Bank Limited
Auditors	Auditor General South Africa
Company registration number	2016/158371/30
Tax reference number	9357440180
VAT number	4080273974
PAYE number	7250793637
Preparer	The annual financial statements were compiled under the supervision of: Mrs D. Ludick
Website	www.sctie.co.za

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Contents

The reports and statements set out below comprise the annual financial statements presented to the the Board of Directors:

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ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MFMA	Municipal Finance Management Act

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

Consideration is also given to the provisions of the Companies Act (Act 71 of 2008) to ensure that such provisions are not contravened.

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

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

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

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

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on page 4 to 59, which have been prepared on the going concern basis, were approved by the board on 28 August 2025 and were signed on its behalf by:

Mr. Sandile C. Dlomo
Chairperson

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Board of Directors' Report

The directors submit their report for the year ended 30 June 2025.

1. Incorporation

The entity was incorporated on 13 April 2016 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

South Coast Tourism and Investment Enterprise is a municipal entity of Ugu District Municipality mandated to implement Growth and Development within the Ugu District.

The parent Municipality resolved to amalgamate Ugu South Coast Development Agency and Ugu South Coast Tourism effective from 1 July 2022. The Ugu South Coast Tourism transferred functions as per GRAP 105 to Ugu South Coast Development Agency, this is as per Merger and Acquisition agreement between the two entities. The entity name changed to South Coast Tourism and Investment Enterprise.

3. Going concern

Although the entity is technically solvent as its total assets exceed its total liabilities, liquidity remains a challenge. The parent municipality resolved to amalgamate its two entities, which would result in increased efficiency due to reduced operational costs and other commitments. The entity will be able to meet its obligations as they fall due, resulting in certainty regarding the going concern status of the entity.

4. Subsequent events

There were no subsequent events that the board of the directors are aware of in the year under review.

5. Board

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

Name		Changes
Dr. Sipho J Nzimande	Outgoing Chairman	End of term: 01 October 2023
Mrs. Elizabeth J. Crutchfield		End of term: 01 October 2023
Dr. Khululiwe H. Godlwana		Appointed: 01 October 2023
Mr. Sandile C Dlomo	Incoming Chairman	Re-appointed: 01 October 2023
Mr. Lunga G. Yeni		Appointed: 01 October 2023
Mr. Colin J. Davenport		End of term : 01 October 2023
Mr. Henry T.H Sabela		Appointed: 01 October 2023
Mrs. Nongcebo Vukile Masito		Appointed 01 October 2023

Number of meetings attended by the directors

Board Members	Board and Special Board Meetings	Audit Committee	Strategy	AGM	PMS and HR	Other meetings	Total
Mr. S.C Dlomo (Chairman)	9	1	3	1	9	30	53
Mr. LG Yeni	9	-	1	-	3	9	22
Mrs. NV Masito	9	-	2	1	1	6	19
Mr. HTH Sabela	8	-	2	1	7	20	38
Dr. K Godlwana	8	3	1	1	1	6	20

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Board of Directors' Report

6. Corporate governance

General

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

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board discusses the responsibilities of management in this respect, at Board meetings and monitors the entity's compliance with the code on a quarterly basis.

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

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors.

Chairperson and Chief Executive Officer

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

The roles of the Chairperson and Chief Executive Officer are separate, with specific responsibilities, so that no individual has unfettered powers of discretion.

Executive meetings

The board has met on 13 separate occasions during the financial year.

Non-executive directors have access to all members of management of the entity.

7. Controlling entity

The entity's controlling entity is Ugu District Municipality which owns all the issued share capital.

8. Auditors

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

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

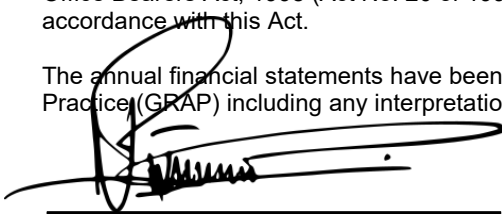
Chief Executive Officer's Certification

Chief Executive Officer's Certification

I am responsible for the preparation of these annual financial statements in terms of Section 124(1) of the Municipal Finance Management Act (Act No 56 of 2003), and which I have signed on behalf of the municipal entity.

I certify that the salaries, allowances and benefits of the board as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

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



Dr. Vusumuzi Sibiyi
Chief Executive Officer

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Non-Current Assets			
Investment property	2	9,406,111	9,406,111
Property, plant and equipment	3	406,452	527,511
Intangible assets	4	2,205	14,397
		9,814,768	9,948,019
Current Assets			
Receivables from exchange transactions	5	89,266	275,839
Receivables from non-exchange transactions	6	4,921,037	4,016,027
Cash and cash equivalents	7	1,104,361	36,461
		6,114,664	4,328,327
Total Assets		15,929,432	14,276,346
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	1,632,865	1,758,155
VAT payable	9	1,891,333	925,034
		3,524,198	2,683,189
Total Liabilities		3,524,198	2,683,189
Net Assets		12,405,234	11,593,157
Share capital / contributed capital	10	200	200
Accumulated surplus		12,405,034	11,592,957
Total Net Assets		12,405,234	11,593,157

* See Note 39

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Commission, membership fees and sales	11	145,098	88,363
Rental of facilities	12	142,675	154,374
Sundry income	13	35,795	158,101
Interest received	14	137,789	107,519
Total revenue from exchange transactions		461,357	508,357
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	17,761,404	32,446,054
Total revenue	16	18,222,761	32,954,411
Expenditure			
Bad debts and cancelled membership fees	17	(15,500)	(17,068,669)
Debt Impairment	18	(5,398,692)	(25,052,201)
Depreciation and amortisation	19	(87,300)	(92,779)
Directors remuneration	20	(650,190)	(837,558)
Employee related costs	21	(5,947,894)	(7,504,828)
Finance costs	22	(30,604)	(86,685)
Lease rentals on operating lease	23	(551,867)	(552,021)
Loss on disposal of assets	3&4	(56,526)	(16,310)
Operational costs	24	(1,668,703)	(1,821,617)
Developmental and project costs	25	(112,530)	(214,571)
Marketing and investment costs	26	(2,890,877)	(2,899,541)
Total expenditure		(17,410,683)	(56,146,780)
Surplus / (Deficit) for the year		812,078	(23,192,369)

* See Note 39

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Balance at 1 July 2023	200	34,785,326	34,785,526
Changes in net assets	-	(23,192,369)	(23,192,369)
Deficit for the year	-	(23,192,369)	(23,192,369)
Total changes	-	(23,192,369)	(23,192,369)
Prior year adjustments - Note 39	-	49,454	49,454
Restated* Balance at 1 July 2024	200	11,592,956	11,593,156
Changes in net assets	-	812,078	812,078
Surplus for the year	-	812,078	812,078
Total changes	-	812,078	812,078
Balance at 30 June 2025	200	12,405,034	12,405,234

Note

10

* See Note 39

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Commission, membership fees and sales		148,068	66,098
Rental		164,077	198,406
Grants		14,121,920	13,343,469
Sundry income		214,365	33,356
Interest income		131,463	125,396
		<u>14,779,893</u>	<u>13,766,725</u>
Payments			
Employee costs		(6,511,943)	(8,036,825)
Suppliers		(7,158,877)	(7,523,321)
Finance costs		(30,604)	(35,783)
		<u>(13,701,424)</u>	<u>(15,595,929)</u>
Net cash flows from operating activities	27	<u>1,078,469</u>	<u>(1,829,204)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(10,569)	(96,914)
Proceeds from sale of property, plant and equipment	3	-	6,782
Net cash flows from investing activities		<u>(10,569)</u>	<u>(90,132)</u>
Net decrease in cash and cash equivalents		1,067,900	(1,919,336)
Cash and cash equivalents at the beginning of the year		36,461	1,955,797
Cash and cash equivalents at the end of the year	7	<u>1,104,361</u>	<u>36,461</u>

* See Note 39

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Commission, membership fees raised and sales	87,885	(21,548)	66,337	145,098	78,761	40.1
Rental of facilities	218,400	1,800	220,200	142,675	(77,525)	40.2
Sundry income	-	17,336	17,336	35,795	18,459	40.3
Interest received	125,920	-	125,920	137,789	11,869	40.4
Total revenue from exchange transactions	432,205	(2,412)	429,793	461,357	31,564	

Revenue from non-exchange transactions

Transfer revenue

Municipal grants & subsidies	25,374,468	(7,613,064)	17,761,404	17,761,404	-	40.5
Total revenue	25,806,673	(7,615,476)	18,191,197	18,222,761	31,564	

Expenditure

Employee related costs	(8,750,327)	1,813,165	(6,937,162)	(5,947,894)	989,268	40.6
Depreciation and amortisation	(189,828)	96,828	(93,000)	(87,300)	5,700	40.7
Developmental costs	(3,414,811)	2,233,776	(1,181,035)	(112,530)	1,068,505	40.8
Finance costs	(50,000)	(99,493)	(149,493)	(30,604)	118,889	40.9
Lease rentals on operating lease	(672,500)	82,500	(590,000)	(551,867)	38,133	40.10
Debt Impairment	-	-	-	(5,398,692)	(5,398,692)	40.11
Bad debts written off	(10,000)	(9,000)	(19,000)	(15,500)	3,500	40.12
Directors Remuneration	(1,314,934)	521,076	(793,858)	(650,190)	143,668	40.13
Marketing costs	(8,885,471)	2,744,686	(6,140,785)	(2,890,877)	3,249,908	40.14
Operational costs	(2,267,052)	131,640	(2,135,412)	(1,668,703)	466,709	40.15
Total expenditure	(25,554,923)	7,515,178	(18,039,745)	(17,354,157)	685,588	

Operating surplus

Loss on disposal of assets and liabilities	(36,750)	-	(36,750)	(56,526)	(19,776)	40.16
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Surplus before taxation

	215,000	(100,298)	114,702	812,078	697,376	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

	215,000	(100,298)	114,702	812,078	697,376	
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Reconciliation

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	275,839	-	275,839	89,266	(186,573)	40.17
Receivables from non-exchange transactions	4,016,027	(2,000,000)	2,016,027	4,921,037	2,905,010	40.18
VAT receivable	-	-	-	2,582,227	2,582,227	40.19
Cash and cash equivalents	36,461	1,640,215	1,676,676	1,104,361	(572,315)	40.20
	4,328,327	(359,785)	3,968,542	8,696,891	4,728,349	
Non-Current Assets						
Investment property	9,406,111	-	9,406,111	9,406,111	-	
Property, plant and equipment	527,511	(4,548)	522,963	406,452	(116,511)	40.21
Intangible assets	14,397	(10,500)	3,897	2,205	(1,692)	40.22
	9,948,019	(15,048)	9,932,971	9,814,768	(118,203)	
Total Assets	14,276,346	(374,833)	13,901,513	18,511,659	4,610,146	
Liabilities						
Current Liabilities						
Payables from exchange transactions	1,758,155	(824,501)	933,654	1,632,864	699,210	40.23
VAT payable	925,034	334,966	1,260,000	4,473,560	3,213,560	40.24
	2,683,189	(489,535)	2,193,654	6,106,424	3,912,770	
Total Liabilities	2,683,189	(489,535)	2,193,654	6,106,424	3,912,770	
Net Assets	11,593,157	114,702	11,707,859	12,405,235	697,376	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share capital / contributed capital	200	-	200	200	-	
Reserves						
Accumulated surplus	11,592,957	114,702	11,707,659	12,405,035	697,376	
Total Net Assets	11,593,157	114,702	11,707,859	12,405,235	697,376	

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Commission, membership, sales	101,068	(24,780)	76,288	148,068	71,780	40.25
Rental	251,160	2,070	253,230	164,077	(89,153)	40.26
Grants	29,180,638	(8,755,024)	20,425,614	14,121,920	(6,303,694)	40.27
Sundry Income	-	-	-	214,365	214,365	40.28
Interest	125,920	-	125,920	131,463	5,543	
	29,658,786	(8,777,734)	20,881,052	14,779,893	(6,101,159)	
Payments						
Employee costs	(8,750,327)	1,813,165	(6,937,162)	(6,511,943)	425,219	40.29
Suppliers	(7,307,518)	2,815,104	(4,492,414)	(7,158,877)	(2,666,463)	40.30
Finance costs	(50,000)	(99,493)	(149,493)	(30,604)	118,889	40.31
	(16,107,845)	4,528,776	(11,579,069)	(13,701,424)	(2,122,355)	
Net cash flows from operating activities	13,550,941	(4,248,958)	9,301,983	1,078,469	(8,223,514)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(215,000)	100,298	(114,702)	(10,569)	104,133	40.32
Net increase/(decrease) in cash and cash equivalents	13,335,941	(4,148,660)	9,187,281	1,067,900	(8,119,381)	
Cash and cash equivalents at the beginning of the year	36,461	-	36,461	36,461	-	
Cash and cash equivalents at the end of the year	13,372,402	(4,148,660)	9,223,742	1,104,361	(8,119,381)	
Reconciliation						

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Offsetting

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

Consideration is also given to the provisions of the Companies Act (Act 71 of 2008) to ensure that such provisions are not contravened.

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

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 5 Borrowing Costs
- GRAP 9 Revenue from Exchange Transactions
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 18 Segment Reporting
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21 Impairment of Non cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 31 Intangible Assets
- GRAP 32 Service Concession Arrangements: Grantor
- GRAP 104 Financial Instruments
- GRAP 108 Statutory Receivables

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

South Coast Tourism and Investment Enterprise

(Registration number 2016/158371/30)

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and equipment	Straight-line	6- 20 years
Motor vehicles	Straight-line	5- 10 years
IT equipment	Straight-line	3-12 years
Signage	Straight-line	15 years
Containers	Straight-line	15 years

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

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

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

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

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1.3 Property, plant and equipment (continued)

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.4 Investment property

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

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

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

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

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

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

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

Cost model

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

Item	Useful life
Property - land	Indefinite

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

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1.5 Intangible assets (continued)

An intangible asset is recognised when:

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3- 10 years

Intangible assets are derecognised:

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

1.6 Financial instruments

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

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

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

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

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

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

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

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1.6 Financial instruments (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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1.6 Financial instruments (continued)

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Leases

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.8 Share capital / contributed capital

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

1.9 Revenue from exchange transactions

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

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1.9 Revenue from exchange transactions (continued)

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

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

Measurement

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

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

Interest, royalties and dividends

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

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

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

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

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1.10 Revenue from non-exchange transactions

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

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1.10 Revenue from non-exchange transactions (continued)

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

1.11 Borrowing costs

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

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

1.12 Comparative figures

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

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.14 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.15 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

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1.15 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8.

Useful lives of Property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for the Property plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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1.16 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

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

Selection of an appropriate reporting framework by the entity as a public entity

The entity assesses whether it meets the criteria in paragraph 11 of Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities.

This assessment is performed initially when the Directive becomes effective, and subsequently changes the reporting framework only if a significant change has occurred that leads the entity to conclude that it meets, or no longer meets, the relating criteria.

In making these assessments, management applies its judgement and consider all relevant historical facts and circumstances, as well as prospective information, ensuring a holistic assessment over an extended period of time is performed, to ensure that the entity does not change its reporting framework every year.

In the case of the entity as part of a group of entities, the assessments are applied to the economic entity. The reporting framework selected based on the assessment of the economic entity, is applied by both the controlling entity and controlled entity in preparing their annual financial statements.

1.17 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

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1.17 Tax (continued)

Tax expenses

Value Added Tax

The Entity is registered with SARS on invoice basis in accordance with Section 15 (2)(a) of the Value Added Tax Act No. 89 of 1991.

1.18 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.18 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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1.19 Provisions and contingencies (continued)

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.21 Government grants

Government grants are recognised as revenue when:

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Accounting Policies

1.21 Government grants (continued)

- it is probable that the economic benefits or services potential associated with the transaction will flow to the economic entity
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with grant.

These transfers are recognised in the financial performance as expenses in the period that the events give rise to transfer.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with these transactions will flow to the entity. An announcement at the beginning of the financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expenses have been incurred and to the extent that any other restriction have been complied with.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations it would be enforced by the transferrer, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or were past experience has indicated that the transferrer has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the statement of financial performance in the period which they become receivable.

Interest earned on investments is treated in accordance with the grants conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipal entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.22 Segment information

A segment is an activity of an entity:

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

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

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Accounting Policies

1.22 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

1.23 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1/07/2024 to 30/06/2025.

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

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

Variances between actual and budgeted are regarded as material when there is a variance of 10%.

1.24 Related parties

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

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

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

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

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

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

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

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Accounting Policies

1.24 Related parties (continued)

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

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

1.25 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

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2025

2024

2. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,406,111	-	9,406,111	9,406,111	-	9,406,111

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2. Investment property (continued)

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	9,406,111	9,406,111

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	9,406,111	9,406,111

Details of property

Ifafa Farm

Remainder of Portion 1 of the Farm Elysium number 15582, Registration division ET, province of KwaZulu Natal.

In Extent 92,4433 Hectares

Land is leased to Lancelot Estates CC for 9.5 % plus VAT of the cane gross proceeds per month with no escalation clause. There was no expenditure incurred to improve or repair the investment property in the year under review.

The directors assessed the carrying value of investment property at year end. There were no indicators requiring an impairment as at 30 June 2025.

Purchase price: 1 October 2016

- Capitalised expenditure

9,349,310	9,349,310
56,801	56,801
9,406,111	9,406,111

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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Figures in Rand	2025	2024
2. Investment property (continued)		
Amounts recognised in surplus or deficit		
Rental revenue from Investment property	142,675	154,374
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	59,122	55,976

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Figures in Rand

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and equipment	285,365	(147,141)	138,224	365,960	(190,367)	175,593
Motor vehicles	21,534	(12,920)	8,614	21,534	(8,614)	12,920
IT equipment	295,770	(144,869)	150,901	318,774	(109,564)	209,210
Containers	49,016	(9,803)	39,213	49,016	(6,535)	42,481
Signage	86,875	(17,375)	69,500	100,739	(13,432)	87,307
Total	738,560	(332,108)	406,452	856,023	(328,512)	527,511

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and equipment	175,593	9,612	(22,746)	(24,235)	138,224
Motor vehicles	12,920	-	-	(4,306)	8,614
IT equipment	209,210	957	(13,321)	(45,945)	150,901
Containers	42,481	-	-	(3,268)	39,213
Signage	87,307	-	(11,860)	(5,947)	69,500
	527,511	10,569	(47,927)	(83,701)	406,452

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and equipment	183,629	18,174	(2,439)	(23,771)	175,593
Motor vehicles	17,227	-	-	(4,307)	12,920
IT equipment	202,242	78,740	(20,653)	(51,119)	209,210
Containers	45,748	-	-	(3,267)	42,481
Signage	94,023	-	-	(6,716)	87,307
	542,869	96,914	(23,092)	(89,180)	527,511

Pledged as security

No assets were pledged as security for the year ended.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

IT Equipment	22,735	18,931
Furniture and Equipment	2,039	16,452
Motor vehicles	26,007	6,476
	50,781	41,859

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,410	(2,205)	2,205	21,596	(7,199)	14,397

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Computer software	14,397	(8,593)	(3,599)	2,205

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	17,997	(3,600)	14,397

5. Receivables from exchange transactions

Trade debtors	-	173,398
Deposits	86,615	81,892
Prepaid expenses	-	19,479
Accrued income	2,651	1,070
	89,266	275,839

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Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Age analysis		
0-30 Days	7,374	174,469
120 Days+	81,892	101,370
	89,266	275,839
6. Receivables from non-exchange transactions		
Municipal grants and subsidies	35,371,930	29,068,228
Allowance for impairment	(30,450,893)	(25,052,201)
	4,921,037	4,016,027
Municipalities contributing to receivables from non-exchange transactions above are as follows:		
Ray Nkonyeni Municipality	2,000,000	2,000,000
Ugu District Municipality	32,670,031	26,810,032
Umuziwabantu Municipality	701,899	258,204
	35,371,930	29,068,236
Receivables from non-exchange transactions aging (Gross)		
0-30 days	9,660,000	27,068,236
120 days +	25,711,930	2,000,000
	35,371,930	29,068,236
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	25,052,201	-
Ugu District Municipality	5,398,692	23,313,071
Ray Nkonyeni Local Municipality	-	1,739,130
	30,450,893	25,052,201
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	504	499
Bank balances	1,103,857	35,962
	1,104,361	36,461

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Figures in Rand 2025 2024

7. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA - Main Current Account (USCT) - 4074036586	-	98	353,081	-	98	353,081
SCTIE - Call Account : ABSA 9382648008	-	-	1,583,919	-	-	1,583,919
USCDA - Call Account : NSNP Raset 9340887696	-	-	1,102	-	-	1,102
URT - Investment Account 9358814944	-	-	799	-	-	799
TIKZN: One Stop Shop STD Bank 053302435	1,045	1,154	-	1,045	1,154	-
STD Bank - Call Account 058900578	7,014	2,593	-	7,014	2,953	-
STD Bank - SCTIE: Main Account 053302346	1,095,798	31,756	-	1,095,798	31,756	-
Cash on hand	-	-	-	504	499	-
Total	1,103,857	35,601	1,938,901	1,104,361	36,460	1,938,901

8. Payables from exchange transactions

Trade payables	469,478	527,851
Accrued leave pay	589,936	401,191
Accrued bonus	192,871	312,598
Provision for employment benefits	157,877	361,259
PAYE/ UIF/ SDL/ Pension Accrual	221,553	154,106
Other Creditors	1,150	1,150
	1,632,865	1,758,155

Trade payables from exchange transactions age analysis

0 - 30 days	1,356,968	1,370,232
31 - 60 days	4,901	250,903
61 - 90 days	-	126,500
91 - 120 days +	270,996	10,520
	1,632,865	1,758,155

9. VAT payable

VAT payable	1,891,333	925,034
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The Entity is registered with SARS on invoice basis in accordance with Section 15 (2)(a) of the Value Added Tax Act No. 89 of 1991.

10. Share capital / contributed capital

Authorised

200 Ordinary shares of R1 each	200	200
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Issued

Ordinary	200	200
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11. Commission, membership fees and sales		
Sale of goods	78,261	-
Commission on sales	335	1,363
Membership fees raised	66,502	87,000
	145,098	88,363
12. Rental of facilities		
Facilities and equipment		
Lancelot Estate CC	142,675	154,374
13. Sundry income		
Legal fees recovered	14,727	152,014
Insurance claim refund	19,748	6,087
VAT	1,320	-
	35,795	158,101
14. Interest received		
Interest revenue		
Bank	132,607	102,796
Other (Deposits)	4,723	4,723
SARS	459	-
	137,789	107,519

Total interest income, earned using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R137 789 (2024: R107 519).

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
15. Government grants and subsidies		
Operating grants		
Ugu District Municipality	8,400,000	23,313,071
Umdoni Municipality	2,195,400	2,083,344
Umzumbe Municipality	2,053,344	1,955,448
Umuziwabantu Municipality	1,479,912	1,405,572
Ray Nkonyeni Municipality	3,632,748	3,422,844
TIKZN - One Stop Shop	-	265,775
	17,761,404	32,446,054
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	-	265,775
Unconditional grants received	17,761,404	32,180,279
	17,761,404	32,446,054
TIKZN - One Stop Shop		
Current-year receipts	-	265,775
Conditions met - transferred to revenue	-	(265,775)
	-	-
The grant was received from Trade and Investment KwaZulu Natal in respect of the establishment of Ugu District One Stop Shop.		
16. Revenue		
Commission, membership fees and sales	145,098	88,363
Rental of facilities	142,675	154,374
Sundry income	35,795	158,101
Interest received	137,789	107,519
Government grants & subsidies	17,761,404	32,446,054
	18,222,761	32,954,411
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	145,098	88,363
Rental of facilities and equipment	142,675	154,374
Sundry income	35,795	158,101
Interest received	137,789	107,519
	461,357	508,357
Transfer revenue		
Government grants & subsidies	17,761,404	32,446,054

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Figures in Rand	2025	2024
17. Bad debt written off		
Ugu District Municipality	-	17,037,915
Cancelled membership fees	15,500	30,754
	15,500	17,068,669
18. Debt Impairment		
Ugu District Municipality	8,400,000	23,313,071
Ray Nkonyeni Municipality	-	1,739,130
Reversal of impairment	(3,001,308)	-
	5,398,692	25,052,201
19. Depreciation and amortisation		
Property, plant and equipment	83,701	89,180
Intangible assets	3,599	3,599
	87,300	92,779
20. Directors' remuneration		
Dr. S.J Nzimande	-	26,235
Mr. S.C Dlomo	250,481	308,592
Mrs. E.J Crutchfield	-	48,433
Mr. CJ Davenhill	-	17,715
Mrs. NV Masito	116,060	131,477
Dr. K Godlwana	79,726	97,335
Mr. LG Yeni	81,987	80,129
Mr. HTH Sabela	121,936	127,643
	650,190	837,559

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Figures in Rand	2025	2024
21. Employee related costs		
Basic	5,028,538	6,241,361
Bonus	233,521	582,398
Medical aid - company contributions	174,964	185,515
UIF	27,215	31,335
SDL	54,454	68,019
Leave pay (reversal) / charge	189,896	53,526
Pension	171,687	219,011
Overtime payments	-	32,595
Housing benefits and allowances	9,207	8,811
Telephone allowance	58,412	82,257
	5,947,894	7,504,828
Chief Executive Officer - PC Mangcu (01 July 2023 to 31 January 2024)		
Annual Remuneration	-	857,508
Performance Bonuses	-	178,516
Contributions to UIF	-	10,476
Cell phone allowance	-	15,075
Leave paid out	-	115,887
	-	1,177,462
Remuneration of Chief Executive Officer - VI Sibiya (01 October 2024 - 30 June 2025)		
Annual Remuneration	750,000	607
Contributions to UIF	8,914	-
Cell phone allowance	-	7,284
	758,914	7,891
Acting Manager: Finance, Corporate Services & Admin - S Singh (From 1 March 2024 to 31 August 2024)		
Annual Remuneration	65,022	151,486
Acting allowance	74,508	149,016
Contributions to UIF	1,002	2,004
	140,532	302,506
Remuneration of Manager Finance and HR - B Fikeni (01 July 2022 - 28 February 2023)		
Performance Bonuses	-	14,075

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21. Employee related costs (continued)

Manager: Development & Projects - N Hlongwane

Annual Remuneration	-	887,359
Performance Bonuses	-	67,581
Contributions to UIF	-	9,899
Cell phone allowance	-	7,284
Leave paid out	-	47,098
	-	1,019,221

Acting - Manager: Finance, Corporate Services & Admin - DL Ludick (01 July 2023 - 28 February 2024)

Annual Remuneration	778,092	622,473
Performance Bonuses	93,371	113,388
Contributions to UIF	9,492	7,494
Cellphone allowance	21,536	17,229
	902,491	760,584

Acting - Chief Executive Officer - DL Ludick (01 March 2024 - 31 August 2024)

Annual Remuneration	155,618	389,046
Acting Allowance	89,384	178,768
Contributions to UIF	3,443	3,797
Cell phone allowance	4,307	8,614
	252,752	580,225

22. Finance costs

Interest and penalties on late payment	30,604	86,685
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Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R30,604 (2024: R86,685).

23. Lease rentals on operating lease

Premises

Contractual amounts	505,200	503,100
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Equipment

Contractual amounts	46,667	48,921
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	551,867	552,021
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Leasing Arrangements

The entity leases office buildings under an operating lease arrangement. Lease term is 3 years, with no options to renew. No contingent rent is payable, and no restrictions are imposed by lease arrangements.

Payments are made on a straightline basis over the lease term.

Future minimum lease payments under non-cancellable leases:

Not later than 1 year : R463 100

Later than 1 year and not later than 5 years: Nil

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24. Operational costs		
Advertising	820	48,388
Audit committee fees	117,271	104,541
Auditors remuneration	776,728	874,762
Bank charges	18,727	32,076
Cleaning	12,432	12,192
Consulting and professional fees	43,645	135,316
Insurance	40,491	37,584
Motor vehicle expenses	27,340	43,165
Printing and stationery	58,201	54,201
Repairs and maintenance	54,701	47,790
Security	16,921	19,696
Software expenses	11,062	11,870
Staff welfare	3,039	42,880
Subscriptions and membership fees	5,159	3,648
Telephone and fax	96,817	90,989
Training	1,479	-
Travel and accommodation	91,047	39,943
Water and electricity	253,282	179,308
Workmen's Compensation	39,541	43,268
	1,668,703	1,821,617
25. Developmental and project costs		
SMME Training and development	2,921	21,511
KwaXolo cave route	37,912	281
Ifafa industrial park	59,122	55,976
Ntelezi Msani project	-	16,656
Umdoni projects	9,391	562
Umuziwabantu projects	3,184	1,575
One Stop Shop	-	118,010
	112,530	214,571
26. Marketing investment costs		
Advertising, public relations and campaigns	936,113	1,811,010
Marketing event support	869,565	-
Media educationals	12,335	12,704
Promotional items	17,053	40,237
Shows and exhibitions	370,879	80,727
Research and advisory	3,000	8,400
Marketing collateral, images and videos	49	165,537
MICE leads and support	90,342	-
Website & social media	458,811	732,069
Brand tracking	40,418	37,768
Stakeholder costs	92,312	11,089
	2,890,877	2,899,541

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27. Cash (used in) / generated from operations		
Surplus (deficit)	812,078	(23,192,369)
Adjustments for:		
Depreciation and amortisation	87,300	92,779
Loss on disposal of assets	56,526	16,310
Debt impairment	5,398,692	25,052,201
Bad debts written off	15,500	17,068,669
Changes in working capital:		
Receivables from exchange transactions	186,573	(74,313)
Receivables from non-exchange transactions	(6,319,208)	(21,404,685)
Payables from exchange transactions	(125,291)	297,326
VAT	966,299	314,878
	1,078,469	(1,829,204)
28. Auditors' remuneration		
Audit fee	776,728	874,762
29. Related parties		
Relationships		
Controlling entity		Ugu District Municipality
Directors		See Directors' Report and Note 22
Grant funding municipality		Umdoni Municipality Umzumbe Municipality Umuziwabantu Municipality SC Dlomo
100% Owner : S Dlomo Incorporated		
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Ugu District Municipality	32,670,032	26,810,032
Ray Nkonyeni Local Municipality	2,000,000	2,000,000
Umuziwabantu Municipality	701,899	258,204
Legal costs paid to related parties		
S Dlomo Incorporated	-	10,000
Related party transactions		
Grants revenue from related parties		
Ugu District Municipality	8,400,000	23,313,071
Ray Nkonyeni Municipality	3,632,748	3,422,844
Umdoni Municipality	2,195,400	2,083,344
Umzumbe Municipality	2,053,344	1,955,448
Umuziwabantu Municipality	1,479,912	1,405,572
Services in-kind received from related parties		
Ugu District Municipality	-	157,600
Compensation to directors and other key management		
Short-term employee benefits	209,529	260,488

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30. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	9,986	-
Current year subscription / fee	893,238	874,762
Amount paid - current year	(633,381)	(864,776)
	269,843	9,986

PAYE, UIF and SDL

Opening balance	129,296	(59)
Current year subscription / fee	1,292,228	1,784,718
Amount paid - current year	(1,206,135)	(1,655,363)
	215,389	129,296

Pension and Medical Aid Deductions

Opening balance	24,693	-
Current year subscription / fee	690,193	794,517
Amount paid - current year	(714,886)	(769,824)
	-	24,693

VAT

VAT payable	1,891,333	925,034
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All VAT returns have been submitted by the due date throughout the year.

31. Directors' emoluments

2025

	Emoluments	Board fees	Other	Total
Mr. Sandile C. Dlomo	56,026	53,674	140,783	250,483
Dr. Khululiwe H. Godlwana	33,995	17,402	28,329	79,726
Mrs. Nongcebo V. Masito	49,037	47,563	19,460	116,060
Mr. Lunga G. Yeni	33,995	26,858	21,134	81,987
Mr. Henry T.H Sabela	33,995	29,333	58,607	121,935
	207,048	174,830	268,313	650,191

2024

	Emoluments	Board fees	Other	Total
Dr. Siphon J Nzimande	14,007	12,228	-	26,235
Mrs. Elizabeth J. Crutchfield	12,259	15,074	21,100	48,433
Mr. Sandile C. Dlomo	50,518	84,357	173,717	308,592
Dr. Khululiwe H. Godlwana	25,496	33,725	38,114	97,335
Mrs. Nongcebo V. Masito	36,778	42,806	51,893	131,477
Mr. Lunga G. Yeni	25,496	27,653	26,980	80,129
Mr. Colin J. Davenhill	8,499	7,418	1,799	17,716
Mr. Henry T.H Sabela	25,496	38,851	63,295	127,642
	198,549	262,112	376,898	837,559

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32. Fruitless and wasteful expenditure		
Opening balance as previously reported	122,109	35,783
Opening balance as restated	122,109	35,783
Add: Expenditure identified - current	32,655	86,714
Less: Amount written off	(35,822)	(388)
Closing balance	118,942	122,109
33. Irregular expenditure		
Opening balance as previously reported	34,309	386,784
Opening balance as restated	34,309	386,784
Add: Irregular Expenditure - current	14,544	62,231
Less: Amount written off	(48,853)	(414,706)
Closing balance	-	34,309

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33. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Bid not evaluated in terms of SCM Regulation 28	No disciplinary action taken	-	28,084
Three written quotations not invited	No disciplinary action taken	14,544	34,147
		14,544	62,231

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34. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- All commitments 1,655,406 4,885,607

Total commitments

Total commitments

Authorised capital expenditure	-	3,173,495
Authorised operational expenditure	1,655,406	1,712,113
	<u>1,655,406</u>	<u>4,885,608</u>

TMSA & OJC 052019

A tender was awarded to TMSA & OJC 052019, for the provision of Marketing, Public Relations, Advertising Agency and Digital Services for a 36 month period in September 2022, for the total amount of R10 912 153. At the end of May 2024, the contract was ultimately suspended for a 4 month period due to cash flow challenges. The contract was reactivated in full for the period October to December 2024, whereafter we negotiated a reduced scope in the services for the remainder of the financial year. The remaining financial commitment is approximately R1 122 841.

Woodmill Lane

A tender for office accommodation was awarded to Woodmill Lane in June 2023. The 36 month lease ends 31 May 2026. The remaining financial commitment is approximately R532 565.

35. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

- Impractical to get three quotes 307,656 351,279

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36. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipal entity's risk management framework. The municipal entity's risk management policies are established to identify and analyse the risks faced by the municipal entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities and municipal entities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IASs mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipal entity in undertaking its activities.

The Chief Financial Officer monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipal entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipal entity will encounter difficulty in meeting the obligations associated with its Financial liabilities that are settled by delivering cash or another financial asset. The municipal entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipal entity's reputation.

Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Credit risk

Credit risk is the risk of financial loss to the municipal entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the municipal entity's receivables from customers and investment securities.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipal entity. The municipal entity has a sound credit control and debt collection policy and obtains collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipal entity uses other publicly available financial information and its own trading records to assess its major customers. The municipal entity's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of, other debtors, short-term investment deposits and bank and cash balances.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial asset	2025	2024
Cash and cash equivalents	1,104,361	36,461
Receivables from non - exchange transactions	4,921,037	4,016,027
Receivables from exchange transactions	89,266	275,839

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36. Risk management (continued)

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents and loan payables. The municipal entity is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of other debtors, short-term investment deposits and bank and cash balances.

37. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus of R 12,405,034 and that the entity assets exceed its liabilities by R 12,405,234.

The entity is however highly dependent on the District and Local Municipalities for grant funding and therefore its ability to operate and meet its financial obligation timeously depends on the timely receipt of these grants.

Ugu South Coast Tourism was deregistered and the deregistration processes was finalised on the 22nd of August 2025.

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38. Segment information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas:

- Operational
- Developmental and
- Marketing

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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38. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Operational	Developmental	Marketing	Total
Revenue				
Commission	335	-	-	335
Membership raised	-	-	66,502	66,502
Rental of facilities	-	142,675	-	142,675
Sundry income	35,795	-	-	35,795
Sales	-	-	78,261	78,261
Interest received	137,789	-	-	137,789
Government grants and subsidies	5,920,468	5,920,468	5,920,468	17,761,404
Total segment revenue	6,094,387	6,063,143	6,065,231	18,222,761
Entity's revenue				18,222,761
Expenditure				
Depreciation and amortisation	29,100	29,100	29,100	87,300
Directors remuneration	216,730	216,730	216,730	650,190
Employee related costs	3,419,540	1,076,007	1,452,348	5,947,895
Finance costs	10,201	10,201	10,201	30,603
Bad debts write off	-	-	15,500	15,500
Debt impairment	1,799,564	1,799,564	1,799,564	5,398,692
Lease rentals on operating lease	183,956	183,956	183,956	551,868
Loss on disposal of assets	18,842	18,842	18,842	56,526
Operational costs	556,234	556,234	556,234	1,668,702
Developmental and project costs	-	112,530	-	112,530
Marketing and investment costs	-	-	2,890,877	2,890,877
Total segment expenditure	6,234,167	4,003,164	7,173,352	17,410,683
Total segmental surplus/(deficit)				812,078

Assets

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38. Segment information (continued)

Property, plant and equipment	135,484	135,484	135,484	406,452
Investment property	-	9,406,111	-	9,406,111
Intangible assets	735	735	735	2,205
Receivables from exchange transactions	89,266	-	-	89,266
Receivables from non-exchange transactions	1,640,346	1,640,346	1,640,345	4,921,037
Cash and cash equivalents	368,120	368,120	368,121	1,104,361
Total segment assets	2,233,951	11,550,796	2,144,685	15,929,432
Total assets as per Statement of financial Position				15,929,432
Liabilities				
Payables from exchange transactions	544,288	544,288	544,289	1,632,865
VAT payable	630,444	630,444	630,445	1,891,333
Total segment liabilities	1,174,732	1,174,732	1,174,734	3,524,198
Accumulated surplus				12,405,034
Share capital				200
Total Net Assets				12,405,234

2024

	Operational	Developmental	Marketing	Total
Revenue				
Commission	1,363	-	-	1,363
Membership raised	-	-	87,000	87,000
Rental of facilities	-	154,374	-	154,374
Sundry income	158,101	-	-	158,101
Interest revenue	107,519	-	-	107,519

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38. Segment information (continued)

Government grants & subsidies	10,726,759	10,726,760	10,726,760	32,180,279
Conditional grants	-	132,888	132,888	265,776
Total segment revenue	10,993,742	11,014,022	10,946,648	32,954,412
Entity's revenue				32,954,412
Expenditure				
Depreciation and amortisation	30,926	30,927	30,926	92,779
Directors remuneration	279,186	279,186	279,186	837,558
Employee related costs	3,592,691	2,397,903	1,508,190	7,498,784
Bad debts	5,689,556	5,689,556	5,689,556	17,068,668
Development and project costs	-	214,571	-	214,571
Marketing and investment costs	-	-	2,899,541	2,899,541
Debt impairment	8,350,734	8,350,734	8,350,733	25,052,201
Finance costs	86,685	-	-	86,685
Lease rentals on operating lease	184,007	184,007	184,007	552,021
Operational costs	607,206	607,206	607,206	1,821,618
Loss on disposal	16,310	-	-	16,310
Total segment expenditure	18,837,301	17,754,090	19,549,345	56,140,736
Total segmental surplus/(deficit)				(23,186,324)
Assets				
Property, plant and equipment	175,837	175,837	175,837	527,511
Investment property	-	9,406,111	-	9,406,111
Intangible assets	4,799	4,799	4,799	14,397
Receivables from exchange transactions	275,839	-	-	275,839
Receivables from non-exchange transactions	1,338,676	1,338,676	1,338,675	4,016,027
Cash and cash equivalents	12,153	12,154	12,154	36,461
Total segment assets	1,807,304	10,937,577	1,531,465	14,276,346
Total assets as per Statement of financial Position				14,276,346

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38. Segment information (continued)

Liabilities

Payables from exchange transactions

VAT payable

Total segment liabilities

Accumulated surplus

Share capital

Total Net Assets

586,052	586,052	586,051	1,758,155
308,345	308,345	308,344	925,034
894,397	894,397	894,395	2,683,189
			11,592,957
			200
			11,593,157

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39. Prior-year adjustments

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

Statement of financial position

2025

	Note	As previously reported	Correction of error	Restated
Unspent conditional grants and receipts (A)		(55,500)	55,500	-
Accumulated surplus		(11,543,502)	(49,454)	(11,592,956)
		(11,599,002)	6,046	(11,592,956)

Statement of financial performance

2025

	Note	As previously reported	Correction of error	Restated
Employee related costs (B)	21	7,498,783	6,045	7,504,828

Errors

A) The unspent grant revenue was incorrectly not transferred to revenue in the prior years' although conditions having being met.

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40. Budget differences

Statement of financial performance

40.1

SCTIE entered into participation agreements in an effort to raised some revenue to assist with the costs of attending the Africa Travel Indaba in May. This also assisted the four establishments in attending the trade show at a cost which was less than purchasing their own space.

40.2 With the entity not entering into a long-term lease with the tenant, they are not investing in the maintenance of the soil, which has brought about the reduction in the crop quantity and quality, bringing about the reduction in income.

40.3

This income was made up of an award of legal fees R14 727, from the USCT labour matter which was finalised in May 2023. The amount of R19 748, for an insurance refund and R1320 from SARS for an old VAT refund.

40.4

With the non-payment of grants, cash on hand was significantly less than anticipated, causing a reduction of interest earned.

40.5

Whilst the municipapl grnats were invoiced, Ugu District has yet to meet their responsibilities to release their payments.

40.6

This reduction has been brought about, due to the unfilled positions in the organogram, which has been due to financial constraints that SCTIE is operating under.

40.7 A small reduction in depreciation, brought about by some of the losses incurred during the year.

40.8

Due to the entity only receiving approximately 49 % of its annual grant, many of the Catalytic Projects & Tourism Development projects could not be undertaken, in the manner in which had been intended.

Many of the targets achieved were done so by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs.

40.9

This expenditure was brought about due to the penalties and interest on late payments to SARS due to the non-availability of cash on hand to meet the SARS payment deadlines.

40.10

This is acceptable saving, which was brought about through management of the operational leases.

40.11

This provision for a debt impairment, is based on the impairment of the outstanding grant for 2023, owed by Ray Nkonyeni Municipality and the impairment of the full grant owed by Ugu District Municipality.

40.12

This reduction is a saving and is acceptable.

40.13

Directors are remunerated for meetings attended.

40.14

Due to the entity only receiving approximately 49 % of its annual grant, many of the Investment & Tourism Marketing activities could not be undertaken, in the manner in which had been intended. Many of the targets achieved were done so by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs.

The bulk of cash on hand was utilised for operational costs. Many of the targets achieved through the Marketing, PR, Advertising & Digital Services contract and were also done by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs. The bulk of cash on hand was utilised for operational costs.

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40. Budget differences (continued)

40.15

Management have monitored operational costs stringently, due to the very limited availability of cash on hand. Only absolute essentials were procured.

40.16

Losses were incurred on the scrapping of redundant assets.

Statement of Financial Position

40.17

Acceptable reduction, all other revenue exchange transaction were received.

40.18

SCTIE anticipated the payment of the outstanding grant funding from RNM, which was not received.

40.19

Less than expected due to the non receipt of grant funding.

40.20

This is higher than expected due to the query on the 2023/2024 vat on the Ugu Grant.

40.21

SCTIE carefully assessed the PPE on hand and has disposed of assets in poor condition.

40.22

Due to the disposal of computer equipment, the intangible assets were also disposed of.

40.23

This is higher than expected due to the non-payment of creditors at year end and the increase of provision of employee leave pay.

40.24

This is higher than expected due to the query on the 2023/2024 vat on the Ugu Grant.

Cash Flow Statement

40.25

This was brought about through the funding raised for Indaba stand participation.

40.26

With the entity not entering into a long-term lease with the tenant, they are not investing in the maintenance of the soil, which has brought about the reduction in the crop quantity and quality, bringing about the reduction in income.

40.27

This is due to the non-payment of the Ugu grant as committed in January.

40.28

This is the recovery of the SAMWU outstanding debt, which was finally recovered during the year.

40.29

This reduction has been brought about, due to the unfilled positions in the organogram, which has been due to financial constraints that SCTIE is operating under.

40.30

This reduction due to the entity not being in a position to procure as planned due to the non-receipt of the Ugu grant.

40.31

Provision was made for penalties on the vat on the adjustment made to the 2024 Ugu grant, which has not been finalised.

South Coast Tourism and Investment Enterprise

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40. Budget differences (continued)

40.32

This reduction due to the entity not being in a position to procure as planned due to the non-receipt of the Ugu grant.

South Coast Tourism and Investment Enterprise

Appendix E(1)

June 2025

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2025

	Act. Bal.	Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Commission, membership and sales	145,098	66,337	78,761	118.7	SCTIE entered into participation agreements in an effort to raised some revenue to assist with the costs of attending the Africa Travel Indaba in May. This also assisted the four establishments in attending the trade show at a cost which was less than purchasing their own space.
Rental of facilities	142,675	220,200	(77,525)	(35.2)	With the entity not entering into a long-term lease with the tenant, they are not investing in the maintenance of the soil, which has brought about the reduction in the crop quantity and quality, bringing about the reduction in income.
Government grants & subsidies	17,761,404	17,761,404	-	-	Whilst the municipapl grnats were invoiced, Ugu District has yet to meet their responsibilities to release their payments.
Sundry income	35,795	17,336	18,459	106.5	This income was made up of an award of legal fees R14 727, from the USCT labour matter which was finalised in May 2023. The amount of R19 748, for an insurance refund and R1320 from SARS for an old VAT refund.
Interest received - investment	137,789	125,920	11,869	9.4	With the non-payment of grants, cash on hand was significantly less than anticipated, causing a reduction of interest earned.
	18,222,761	18,191,197	31,564	0.2	
Expenses					
Employee related costs	(5,947,895)	(6,937,162)	989,267	(14.3)	This reduction has been brought about, due to the unfilled positions in the organogram, which has been due to financial constraints that SCTIE is operating under.
Depreciation & Amortisation	(87,300)	(93,000)	5,700	(6.1)	A small reduction in depreciation, brought about by some of the losses incurred during the year.
Lease rentals on operating lease	(551,867)	(590,000)	38,133	(6.5)	This is acceptable saving, which was brought about through management of the operational leases.
Finance costs	(30,604)	(149,493)	118,889	(79.5)	This expenditure was brought about due to the penalties and interest on late payments to SARS due to the non-availability of cash on hand to meet the SARS payment deadlines. Further penalties and interest will be incurred due to the VAT relating to the prior year adjustments, which has not been finalised.
Bad debts and cancelled membership fees	(15,500)	(19,000)	3,500	(18.4)	This reduction is a saving and is acceptable.
Marketing and investment	(2,890,877)	(6,140,785)	3,249,908	(52.9)	Due to the entity only receiving approximately 49 % of its annual grant, many of the Investment & Tourism Marketing activities could not be undertaken, in the manner in which had been intended. Many of the targets achieved were done so by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs. The bulk of cash on hand was utilised for operational costs. Many of the targets achieved through the Marketing, PR, Advertising & Digital Services contract and were also done by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs. The bulk of cash on hand was utilised for operational costs.

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2025

	Act. Bal.	Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Directors remuneration	(650,190)	(793,858)	143,668	(18.1) Directors are remunerated for meetings attended.
Developmental and special project costs	(112,530)	(1,181,035)	1,068,505	(90.5) Due to the entity only receiving approximately 49 % of its annual grant, many of the Catalytic Projects & Tourism Development projects could not be undertaken, in the manner in which had been intended. Many of the targets achieved were done so by leveraging other stakeholders for support, as SCTIE did not have the cash flow to bare these costs.
Debt impairment	(25,052,201)	-	(25,052,201)	- The bulk of cash on hand was utilised for operational costs. This provision for a debt impairment, is based on the impairment of the outstanding grant for 2023, owed by Ray Nkonyeni Municipality and the impairment of the full grant owed by Ugu District Municipality.
Operational costs	(1,668,703)	(2,135,412)	466,709	(21.9) Management have monitored operational costs stringently, due to the very limited availability of cash on hand. Only absolute essentials were procured.
	(37,007,667)	(18,039,745)	(18,967,922)	105.1
Loss on disposal of assets and liabilities	(56,525)	(36,750)	(19,775)	53.8 Losses were incurred on the scrapping of redundant assets.
Net surplus/ (deficit) for the year	(18,841,431)	114,702	(18,956,133)	(16,526.4)

South Coast Tourism and Investment Enterprise

Appendix E(2)

June 2025

Budget Analysis of Capital Expenditure as at 30 June 2025

	Additions	Revised	Variance	Variance	Explanation of significant variances from budget
	Rand	Budget Rand	Rand	%	
Municipal Entity					
Computers	957	(70,953)	(69,996)	99	SCTIE had insufficient cash on hand to enable the procurement of computers as planned. This due to the non-payment of the Ugu District Municipality Grant.
Furniture and Fittings	9,618	(43,749)	(34,131)	78	With the assets on hand and the non-appointment of new staff, SCTIE did not need to procure new furniture.
	10,575	(114,702)	(104,127)	91	