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SUBMISSION TO : SCTIE Board of Directors

DATE : 21 May 2026

1. ITEM/SUBJECT Final Draft Budget 2026/2027

2. PURPOSE For Approval

3. BACKGROUND AND RATIONALE

The first Draft Budget 2027 (150 days prior to start of the financial year) was presented and **approved**, on the 15 January 2026 by the Board of Directors to ensure that section 87 of the MFMA was met.

On the 12 March 2026 (100 days before the start of the financial year), the Board approved the 2027 Draft Budget, which was thereafter submitted to the Parent Municipality as required, for consultation. At the SCTIE Strategic review session, the draft budget was presented to stakeholders of consultation and input.

Presented herewith is the Final Draft Budget 2027:

Column A = Original Budget 2026
Column B = Adjustment Budget 2026 – Approved 15 January 2026
Column C = Draft budget 2026/2027 – (100 days) for Approved 12 March 2026
Column D = Final Draft Budget 2026/2027
MTREF 2028-2029

4. Final Draft Budget: 2026/2027

4.1. Municipal Grant revenue

Municipal Grant allocations	DORA figures, 2027	% as per funding model	Draft Budget 2027	add VAT (15%)	Total 2027	% Grant Budget
Umdoni Local Municipality	179 468 000	1.20%	2 153 616.00	323 042.40	2 476 658.40	8%
Umzumbe Local Municipality	165 070 000	1.20%	1 980 840.00	297 126.00	2 277 966.00	7%
Umuziwabantu Local Municipality	120 515 000	1.20%	1 446 180.00	216 927.00	1 663 107.00	5%
Ray Nkonyeni Local Municipality	308 900 000	1.20%	3 706 800.00	556 020.00	4 262 820.00	14%
Ugu District Municipality	744 602 000	2.40%	17 870 448.00	2 680 567.20	20 551 015.20	66%
		Totalling	**27 157 884**	**4 073 683**	**31 231 567**	**100%**

This is based on the DORA figures currently published in Gazette 52061 of 7 February 2026, as per the approved funding model.

Letters, sent to all the municipalities on the 18 March 2026 formally advised each municipality as to the amounts which following the signed Service Level Agreements, would be due for the 2027 financial year, as well as any shortfall in the current years grants. This was to ensure that they can accommodate the grant in their budget process.

It is to be noted, that to date, Ugu District Municipality has yet to settle the 2023 / 2024 / 2025 or met the grant committed as per the revised resolution at the Mid Term Adjustment budget amount of R8 479 776.00.

4.2. Own Revenue

SCTIE currently relies on own revenue generated via:

4.2.1. Membership fees

The Membership fee as per the attached Annexure in summary is proposed to be as follows:

Tourism:

i. Tourism Membership (Tier 1)..R 690.00
ii. Tourism Membership (Tier II – Growth) R1 380.00
iii. Tourism Membership (Tier III – Premium) R2 760.00

Investment:

iv. Investment Membership (T1) ....R 690.00
v. Investment Membership (T2)..R1 380.00
vi. Investment Membership (T3)..R5 750.00

4.2.2. Ifafa Farm rental – Cane crop

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

The rental income for the farm is declining, on an annual basis. Whilst the rezoning, EIA and Act 70 of 70 applications are being done, and pending the development of the property.

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

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

4.3. Other Project Management fees

4.3.1. National Skills Fund

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

4.3.2. Other

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

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

Expenditure:

4.3.3. Non-Executive Directors remuneration: R944 926

Currently, Non-Executive Directors are remunerated following the: 2025 Remuneration levels: Service Benefit packages for office-bearers of certain statutory and other institutions, as released in April 2026.

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

Non-Executive Directors fees are based on the following:

Position	Annual Stipend	Meeting fee	Prep fee
Chairman	58 323	4 629	1 737
Deputy Chair	51 048	4 051	1 518
Directors (3)	35 388	2 809	1 053

4.3.4. Employee costs: R10 296 160

For the purposes of this draft budget, employee increases have been based on the Salary and Wages Collective Agreement 2024 - 2029, signed in September 2024 between SALGA, SAMWU and IMATU, ends 30 June 2029, and in keeping with the TASK Grading system implemented in January 2026.

Based on CPI : Jan - Dec 2025 being 3.5% plus 0.75% as per the Wage Collective Agreement:

i. 4.25% has been budgeted for employees, and
ii. 3.5% for the Section 57 employees.

This figure includes a position for an Officer in the Projects & Development portfolio.

A budget provision for 4 Graduates to enable them to gain practical experience in their career paths, whilst benefitting SCTIE, in terms of delivering on our mandates, has been included.

4.3.5. Operational expenditure: R3 004 592

These have been reviewed and estimated percentages allocated

4.3.6. Investment: Facilitation, Marketing & Promotion: R6 405 544

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

4.3.7. Tourism: Facilitation, Marketing & Promotion: R6 648 275

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

4.3.8. Stakeholder Relations: R196 000

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

4.3.9. Capital Budget: R910 000

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

5. LEGAL/STATUTORY IMPLICATIONS

MFMA requirement.

6. FINANCIAL IMPLICATIONS

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

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

7. RECOMMENDATIONS

That the Board of Directors, APPROVES the Final Draft 2027 Budget in the amount of R28 405 498.00, to be submitted to the Ugu District Municipality.

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DR VUSUMUZI SIBIYA
Chief Executive Officer **Date: 15 May 2026**

Budget summation:

Final Draft Budget: R28 405 498.00 - for approval 21 May 2026									
	A	B	C	D	E	F	G	MTREF	
Budgets: 2026-2027	Origional Budget 2026 (May 2025)	Adjustment Budget 2026	2027 Draft Budget : March 2026	2027 : Final Budget: 21 May 2026	Inc / (Decr.) - Original Budget 2026	Inc / (Decr.) - Adj. Budget 2026	Percentage of Overall Budget 2026/2027	2028	2029
Income									
Municipal Grants	26 364 132	17 884 356	27 157 884	27 157 884	3%	52%	96%	27 972 621	29 371 252
Own Revenue	332 070	1 389 618	1 178 157	1 182 157	256%	-15%	4%	1 237 065	1 298 918
Interest	132 216	59 506	65 457	65 457	-50%	10%	0%	67 421	70 792
	26 828 418	19 333 480	28 401 498	28 405 498	100%	99%	100%	29 277 106	30 740 961
Percentage Own Revenue : Municipal Grant		8%		0					
Expenditure									
Directors remuneration & costs	1 024 586	843 858	944 926	944 926	-8%	12%	3%	927 729	974 115
Employee remuneration, Interns & costs	8 989 549	8 094 178	9 881 357	10 296 160	15%	27%	36%	10 118 723	10 624 659
Operational expenditure	3 405 722	3 057 204	2 983 306	3 004 592	-12%	-2%	11%	3 370 567	3 539 096
Projects :									
- Investment: Facilitation, Marketing & Promotion	6 250 589	3 998 135	7 300 618	6 405 544	2%	60%	23%	6 891 274	7 235 838
- Tourism: Facilitation, Marketing & Promotion	5 905 269	2 891 106	6 170 290	6 648 275	13%	130%	23%	6 510 559	6 836 087
- Stakeholder Relations	358 703	155 000	196 000	196 000	-45%	26%	1%	595 605	625 385
Capital Expenditure	894 000	294 000	925 000	910 000	2%	210%	3%	862 649	905 782
	26 828 418	19 333 480	28 401 498	28 405 498	100%	100%	100%	29 277 106	30 740 962