Annual Report
2024 - 2025

TOURISM&FILM KWAZULU-NATAL

KwaZulu-Natal
Tourism and Film
Authority

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Public Entity's General Information

REGISTERED NAME:
KwaZulu-Natal Tourism
and Film Authority

PHYSICAL ADDRESS:
Ithala Trade Centre, 2nd Floor,
Canal Quay (Signal) Road,
Durban

POSTAL ADDRESS:
P.O. Box 2516, Durban,
South Africa, 4000

TELEPHONE NUMBER/S:
+27(0) 31 3667500

EMAIL ADDRESS:
info@visitkznsa.com

WEBSITE ADDRESS:
www.visitkznsa.com

SOCIAL MEDIA:
@visitkzn
@filmkzn

List of Abbreviation/Acronyms

AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 19
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
KZNTAFA	KwaZulu-Natal Tourism and Film Authority / KZN Tourism and Film Authority
TKZN	Tourism KwaZulu-Natal
KZNFILM	KwaZulu-Natal Film Commission
MEC	Member of Executive Council
MPL	Member of Executive Council
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act, Act 1 of 1999
SMME	Small, Medium and Micro Enterprise
SCM	Supply Chain Management
TR	Treasury Regulations
QSE	Qualifying Small Enterprises
MICE	Meetings, Incentives, Conferences and Exhibitions
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
SAT	South African Tourism
ATI	Africa's Travel Indaba
CB	Convention Bureau

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Part A
General
Information

Foreword by the MEC of Economic Development, Tourism and Environmental Affairs

Reverend Musa Zondi

This financial year has been a historic one, as it is the first since the former Tourism KwaZulu-Natal and the KwaZulu-Natal Film Commission merged to form the KwaZulu-Natal Tourism and Film Authority. Much has already been achieved and much more is in the pipeline.

Tourism numbers are growing

Tourism, both nationally and provincially, is on the increase, with KwaZulu-Natal welcoming 710 914 international visitors in 2024 - a solid 14% increase over 2023. Whilst this is still below pre-pandemic levels by 7%, full recovery is expected by the end of 2025.

We also welcomed 7,5 million domestic visitors in 2024, who stayed an average of three nights, spending R4 032 per trip - resulting in a whopping R30,3-billion that came into the regional coffers.

Statistics show that 38,4% of tourists came for a holiday in KwaZulu-Natal in the fourth quarter of 2024 alone, while another 40,5% were visiting friends and relatives (VFR) - the latter being an increase of 35,9% compared to the fourth quarter of 2023.

As tourists can testify, KwaZulu-Natal has everything they could wish for... the Berg, the beaches, the bush, and the buzz. Not to mention the various top-class shopping centres, which are big drawcards and well patronised by both domestic and international travellers.

Ambitious plans

It goes without saying that we have ambitious plans to attract more international visitors to the province, including securing direct flights from key tourism and business destinations in Europe, Asia and other regions.

I am delighted to say that we welcomed a new regional route during the financial year under review - the Air Botswana route from Gaborone to King Shaka International Airport in Durban.

We made the most of this new development by hosting media from Botswana on one of the early flights. These guests toured KwaZulu-Natal to gain first-hand tourism experience of what our province has to offer. Such tours result in positive media and word-of-mouth coverage, which ultimately reap long-term benefits for the route and our region.

Investor confidence in KwaZulu-Natal is certainly increasing, and there are many confident and far-sighted investors who are pouring mega-millions of rands into tourism products in the province.

The result is that thousands of people gain employment during the construction phases, and many more secure full-time jobs once the projects are completed.

These new developments add to our stable of offerings and are critical for attracting both new and repeat tourists.

A destination like no other

As I pointed out at the launch of Tourism & Heritage Month in September 2024, when a range of tourism and heritage events unfolded, KwaZulu-Natal is a destination like no other in the world.

We have rich cultural traditions, history, and heritage - and it is these assets that will ultimately set us apart from other global destinations.

One noteworthy event during the 2024 Tourism & Heritage Month was the 40th anniversary of the famous Umkhosi Womhlanga (the Reed Dance), when I announced that a world-class Reed Dance documentary would be produced in 2025 to mark the milestone.

Another momentous event during the year was the unveiling of the new King Shaka statue at the Durban airport, which is named after the legendary king. The giant statue celebrates Zulu culture and is a fitting tribute that helps preserve King Shaka's story for generations to come.

Many visitors and locals have already had their photograph taken next to this iconic landmark.

History in the making

KwaZulu-Natal continues to make history, having been awarded two new World Heritage Sites during the year under review.

These are the iSibhudu Cave, an ancient rock shelter in a sandstone cliff in KwaDukuza, which shows evidence of some of the earliest human innovations, and Ohlange in Inanda, one of 14 components of the Nelson Mandela Legacy Sites, where Nelson Mandela cast his vote in the first democratic election.

It is accolades such as these that raise KwaZulu-Natal's international profile, leading to even more tourists planning to head our way. These global honours are not given lightly, so their importance cannot be over-emphasised.

It is now our responsibility to ensure that the iSibhudu Cave and Ohlange become positive and successful examples of sustainable tourism and economic development projects that help propel KwaZulu-Natal onto the global map.

Opportunity knocks

The challenges aside, there remain many opportunities for tourism and film, like the changing geo-political arrangements which have recently created new possibilities.

With Canada, Mexico, and China now affected by high tariffs imposed by the USA, potential tourists and filmmakers from these countries may be looking to redirect their trips and film projects to other countries - such as South Africa - where their discretionary purchases are more affordable.

This presents an opportunity to strengthen partnerships with South African Tourism to market the country as a destination of choice and capitalise on this potential shift.

And those tourists and filmmakers may well come - should come - to KwaZulu-Natal, of course.

A speedier visa process

With South Africa's introduction of the Tour Operators Training Scheme to speed up the visa process, particularly for Indian and Chinese tourists - from 20 days to as little as 24 hours, or at most, three days, we can expect even more visitors from those regions.

I must stress that we are committed to supporting and rebuilding this strategic asset to cater for increased tourist volumes - particularly Ezemvelo KZN Wildlife, which I have often described as one of the region's jewels.

We will achieve this through financial injections and restructuring, strategic leadership, integration into the biodiversity economy, and alignment with ecotourism objectives. I firmly believe that these changes will drive greater tourist arrivals to our products and better position them as ideal film locations for international productions.

Made in KZN Films

I am pleased to reveal that plans are afoot by a leading European film and series studio with worldwide production and distribution facilities, to develop a feature film that will narrate a "massive South African story".

The plan is to produce the film in KwaZulu-Natal, and I have no doubt that the project will boost the province and the country's economy as well as the tourism and film industries.

Durban and KwaZulu-Natal continue to be promoted daily as the most popular TV series in the country – the soap opera Uzalo – is filmed in the province. An average of five million viewers watch the programme against the backdrop of our lovely scenery, every day.

A big thank you

I must thank our Chairman, Dr Sibusiso Ndebele, as well as the Acting Chief Executive Officer, Sibusiso Gumbi, for leading the way and guiding the staff of our newly established entity, as we all continue to work hard to attract tourists and new film productions to the province.

With the teething problems behind us, we now look forward to an even brighter, more eventful, and productive future in the magical Zulu Kingdom.

Rev M. Zondi, MPL
MEC of Economic Development, Tourism and Environmental Affairs

Statement by the Chairperson of the KwaZulu-Natal Tourism and Film Authority

Dr Joel Sibusiso Ndebele

During this past year, our 11-person Board was proud to be part of the KwaZulu-Natal Tourism and Film Authority, overseeing the integration of the film and tourism sectors into a single entity.

It is highly uplifting to observe that, despite the KZN Tourism and Film Authority's staff needing to adapt to their diverse roles within the newly expanded organisation - which now encompasses both tourism and film - nearly all the targets established for the financial year have been met.

Additionally, many targets were surpassed, resulting in increased trade engagements, more activations, expanded partnerships, and a greater number of jobs created - along with other opportunities, including bursaries, for various beneficiaries in both tourism and film.

More Resources for SMEs

The KZN Tourism & Film Authority Board is committed to overseeing the entity's governance to promote, grow, and develop tourism and film in KwaZulu-Natal.

During the year under review, we've seen noticeable improvements and better-than-expected achievements, owing to the merger of the two former entities - with more resources becoming available and new systems being introduced and implemented.

It is important to acknowledge that film and tourism stakeholders may have previously expressed concerns regarding the programmes managed by the two distinct entities. However, we are pleased to report that all programmes are currently operating effectively. Communicating this continued focus to our stakeholders remains a top priority.

Enhanced ICT Systems

Various projects and initiatives were successfully developed to enhance the new entity's effectiveness and resilience.

The ICT and Cyber Security business unit delivered several strategic initiatives, with a major focus on activities linked to the merger.

Some of the key integrations included the unification of email platforms and the alignment of network security systems. This work helped streamline internal communication and ensured operational continuity across all locations under the new organisational structure.

A single accounting, supply chain management, and human resource system went live, allowing for unified central systems to operate effectively.

Infrastructure improvements were prioritised to accommodate the scale and needs of the merged entities.

An enabling environment for Tourism & Film Development

One year in, we are strengthening our focus on building relationships with stakeholders across the province, tapping into KwaZulu-Natal's potential, and fully capitalising on opportunities to foster economic growth and create employment.

As a merged entity, we have concentrated on growing the domestic tourism industry, creating an enabling environment for tourism development, increasing international arrivals into KwaZulu-Natal, and marketing the province to highlight the potential of its geographical spread.

Further focus will be placed on supporting emerging filmmakers and developing industry skills, especially scarce skills, to ensure sustainable growth and transformation within the sector.

Robust Tourism & Film Marketing Approach

The good work is well underway, and we've seen a heartening rise in the number of domestic and international tourists visiting our province.

However, it is also noted that the trade still faces some challenges, although I am pleased to report that there have been 25 trade engagements for destination marketing purposes, 13 more than initially planned.

Our attendance at international and South African tourism and film conferences is reaping rewards that will be felt for years to come.

The combination of tourism and film has proven advantageous, as their gradual integration takes shape, guiding our strategy to develop both sectors.

We actively promote tourism and film together on international platforms such as the World Travel Market in London and ITB in Germany.

The future looks even more promising as the world continues to recover from the effects of the COVID-19 pandemic and tourists begin to travel and explore again.

I am convinced that the programmes and initiatives the entity is focused on will bring attention, tourists, filmmakers, and economic benefits to the province.

We should continue to do what we always do: be proactive and constantly seek new opportunities and experiences to benefit both visitors and the tourism and film industries.

As evidenced by some of the suggestions discussed at our recent brainstorming sessions, there is no shortage of ideas for the future.

These and other ideas will help enhance our existing strategy - all aimed at achieving our goal of becoming the top destination of choice for both travellers and filmmakers.

We have the people

The merged KZN Tourism and Film Authority can look forward to a bright future. It will require hard work, but we have the tourism products and experiences, the film locations, the ideal weather and, as the MEC has noted, the all-important "can-do" attitude.

The first full year of the KZN Tourism and Film Authority is now behind us, and with much already achieved, we can now move forward together with renewed enthusiasm.

There is much to be excited about. We have the people and the commitment to propel the magic of the Zulu Kingdom to even greater heights.

The achievements realised by the entity over the financial year under review are clear examples of the hard work, commitment, and dedication of the KZN Tourism and Film Authority.

I express my sincere thanks to our shareholder, the MEC for the Department of Economic Development, Tourism and Environmental Affairs, Reverend Musa Zondi, and the entire team from EDTEA for their leadership and support throughout the year.

I would also like to express my gratitude to the Board, the Executive Management team led by the Interim CEO, Sibusiso Gumbi, and all staff members of the KZN Tourism and Film Authority - as well as our valued tourism trade partners - all of whom continue to work tirelessly to promote the diverse attractions and locations of KwaZulu-Natal, bringing both tourists and filmmakers to our region.

Dr J.S. Ndebele
Chairperson of the Board

Chief Executive Officer's Overview

Mr. Sibusiso Gumbi

One year has passed since the merger of the former Tourism KwaZulu-Natal and the KwaZulu-Natal Film Commission.

This amalgamation focused on marketing and promoting the tourism and audio-visual sectors, enabling industry development, fostering sustainable growth and job creation, and addressing historical disparities in infrastructure, skills, and resource allocation.

As we reflect on the past year, I am pleased to share that international tourism to South Africa has been on the rise since 2022, with an impressive 153% year-on-year growth recorded.

With the country welcoming 8,9 million travellers in 2024 - up 5,2% from 2023 - and KwaZulu-Natal's share being 710 914 (a 14% increase on the previous year), this certainly augurs well for even better results in the future.

In terms of domestic tourism, the country recorded 40,2 million domestic trips - the highest in five years - with KwaZulu-Natal notching up 7,5 million of those trips.

Contributing to these positive results has been our KZN Tourism and Film Authority, which continues to work hard to attract attention, visitors, and film productions to the province.

It is important to note that many of the targets set throughout the year were surpassed, including those specifically aimed at disadvantaged groups.

At a strategic level, we continued to collaborate with key partners and KZN-based entities on air access. As a result of our work with the Durban Direct Committee, we successfully secured a direct Air Botswana flight to King Shaka International Airport, thereby increasing the number of tourist arrivals from the SADC region.

Research and Knowledge Management

Several ICT projects were implemented, primarily focusing on activities related to the merger. A unified accounting, supply chain management, and human resources system went live, streamlining operations. Infrastructure improvements were also prioritised to accommodate the scale and needs of the merged entities.

PR, Communications and Stakeholder Relations

During the period under review, the entity adopted an aggressive approach in positioning the newly merged organisation, ensuring that stakeholders from both the tourism and film fraternities were kept abreast of the entity's programmes. Traditional media and social media served as vital tools in keeping stakeholders well informed, achieving a PR value of over R500 million during this fiscal year.

The entity's agile communication and public relations execution plans continued to provide communication support on key tourism and film platforms, both internationally and domestically. The media operating environment continues to evolve rapidly, and the use of digital multimedia tools has increased exponentially. As a result, the entity took full advantage of social media as a key PR leveraging tool, particularly in positioning KZN as a must-see, must-visit destination.

With the implementation of the merger underway in the second quarter of the 2024/25 financial year, the entity's stakeholder management efforts continued, engaging various trade partners in both tourism and film. Partnerships were crucial during this period, and our intergovernmental relationships remained strong, visibly supporting rural tourism and film programmes initiated across district and local municipalities, as well as through provincial and national government and various coordinating tourism and film structures.

Destination Marketing

Tourism marketing interventions included marketing support for small tourism enterprises - including those from various districts - to enhance their competitiveness. Several arts and crafts artisans were also assisted with profile and portfolio development, as well as access to marketing platforms.

Existing rural and township-based enterprises and projects received further support through infrastructure and business enhancement interventions.

Development interventions included market access support and grant funding for SMME projects. Female-owned enterprises, as well as those owned by youth, were also supported.

The number of seasonal domestic campaigns executed reflects consistent alignment with the domestic tourism strategy, indicating stability and effective resource allocation.

We exceeded our target for the number of new partnerships forged, having successfully capitalised on key opportunities to promote the province.

Convention Bureau

After a successful year, the bureau is now reviewing the Bid Support Fund allocation, enabling the team to target and pursue strategic business opportunities, along with exploring other funding mechanisms.

We are succeeding in forging private partnerships to drive some of our programmes - partnerships that ultimately help SMMEs grow their businesses.

Additionally, other SMMEs were provided with access to markets through participation in trade shows.

Audio-visual development and production

More than 30 filmmakers - including members of the disabled filmmaker cohort - attended key film festivals during the year. 80% of Film Fund funding was allocated to projects by designated groups. Funding was provided to KZN-based and South African-based filmmakers for script development, production, and co-production projects.

This funding supports the creation of independent film, television, documentary, TV series, and animation projects. In addition to job creation and the promotion of KwaZulu-Natal's unique locations, co-productions also serve to export the province's cultural, linguistic, and heritage assets.

Contracted productions were predominantly awarded to black and youth beneficiaries.

Financial Accounting

The entity strives to ensure that vulnerable groups are supported and given meaningful opportunities.

More than 70% of the entity's procurement budget is earmarked for the support of vulnerable groups, and 82% of procurement during the financial year - 10% more than planned - was directed to black-owned enterprises.

The merger played a significant role in the increase in spending on black beneficiaries, as it resulted in a larger overall budget.

In preparation for the merger, various projects and initiatives were developed to enhance the entity's effectiveness and resilience.

Human Capital Development

Efforts were made to align processes, ensure compliance, manage employee matters, and drive operational efficiencies within the merged environment.

Various positions were advertised and successfully filled. A range of organisational policies were approved post-merger, and training programmes were conducted to support the transition.

The total staff complement stands at 120 employees, all of whom have been issued with job profiles.

Changes and developments

A skills audit is currently underway to assess existing capabilities, identify skills and qualification gaps, and guide development within the evolving work landscape.

A Change Management intervention is also in progress, aimed at uniting the teams from the two former entities to build a cohesive and unified organisation.

Leadership programmes were attended by EXCO members, and leadership coaching has been earmarked for MANCO members. The key priorities for the year included organisational development, learning and development, employee relations and wellness, as well as compliance and reporting.

Employees are encouraged to develop their skills, with some having received bursaries for formal studies across various disciplines and institutions.

The organisation also contributes to youth development through a two-year internship programme aimed at unemployed graduates.

To remain competitive, the organisation keeps abreast of corporate best practices and maintains a strong position in relation to global standards and the ever-changing business environment.

Ultimately, the effectiveness of our shared vision and strategic leadership is fundamentally dependent on the capabilities of the teams responsible for executing plans and fulfilling the mandate entrusted to the entity.

Thank you

I express my sincere gratitude to MEC Reverend Musa Zondi, to EDTEA as our esteemed shareholder, to the Chairman of the Board, Dr Sibusiso Ndebele, and to all Board members for their consistent support and strategic direction throughout the year.

As we continue to navigate the intricacies of the newly merged tourism and film space, I would also like to thank our staff members for their exceptional contributions, their efforts have been instrumental in enabling us to achieve our objectives.

As we mark the one-year milestone of the new entity, we extend our appreciation to our stakeholders, including our trade and other partners, for their invaluable support in our initiatives to establish and elevate KwaZulu-Natal as a globally recognised tourism destination.

The new phase, entering the second year of our merged organisation, is an exciting one. We are driven by a revitalised commitment to build on our achievements as the KZN Tourism and Film Authority.

Mr S. Gumbi
Interim Chief Executive Officer

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

TO THE BEST OF MY KNOWLEDGE AND BELIEF, I CONFIRM THE FOLLOWING:

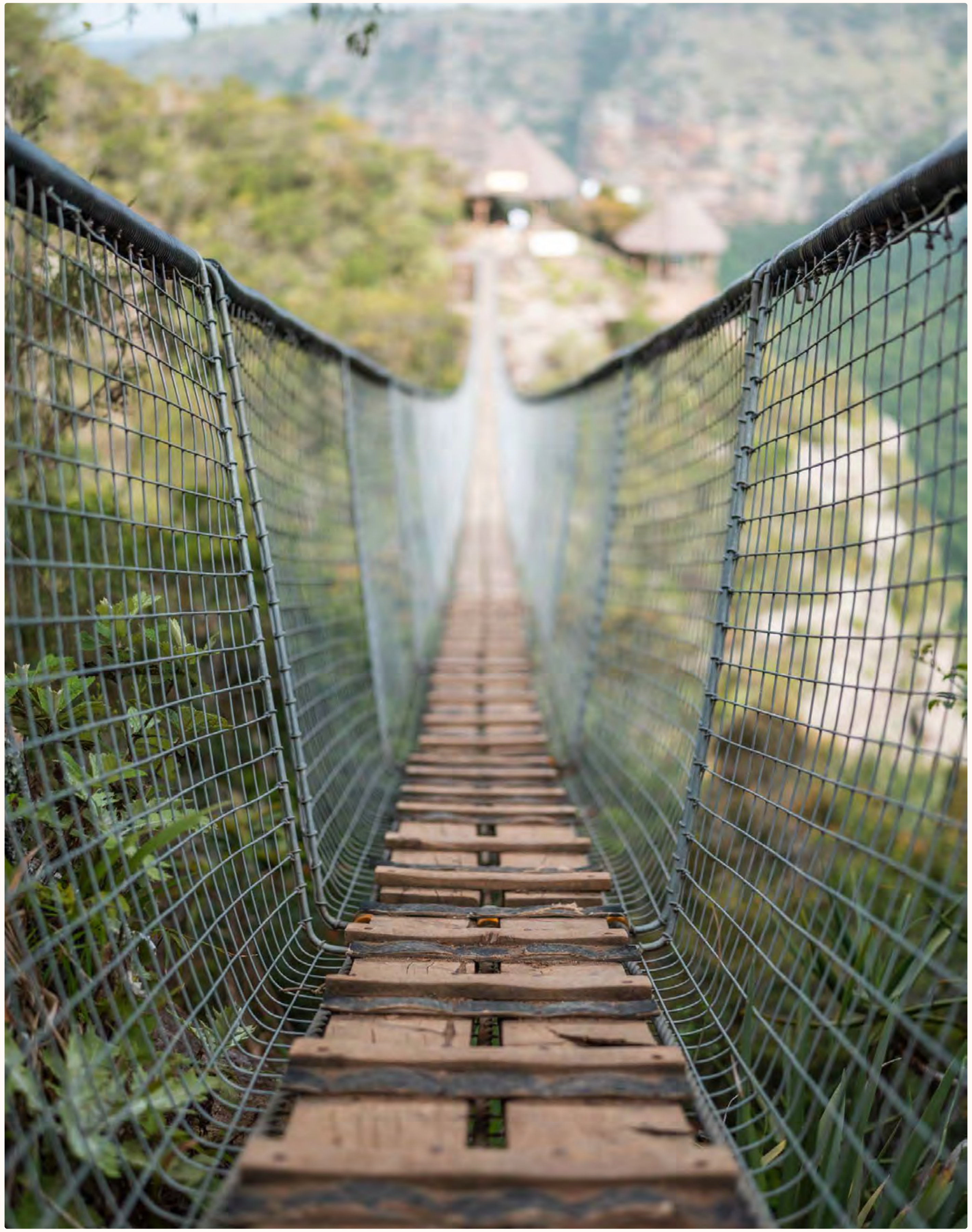
- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines of the annual report as issued by National Treasury.
- Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.
- The Accounting Authority is responsible for establishing and implementing the system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.
- The external auditors are engaged to express on independent opinion on the annual financial statements

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully

Mr S. Gumbi
Interim Chief Executive Officer
KZN Tourism and Film Authority

Dr J.S. Ndebele
Chairperson of the Board



Strategic Overview

VISION

KwaZulu-Natal is a preferred destination that ignites the spirit.

MISSION

In achieving its Vision, KwaZulu-Natal Tourism & Film Authority defines its mission as to:

- Promote KwaZulu-Natal as the premier destination for leisure, business events, and film production.
- Drive the growth and transformation of the tourism and film industries.
- Foster innovation, service excellence, and the creation of new tourism and film experiences.

VALUES

In working towards the achievement of its Vision and Mission, service excellence, and the creation of new tourism and film experiences. Tourism & Film Authority subscribes to the following internal values, which are underpinned by Ubuntu and aligned with the Batho Pele principles:

VALUE	KEY RISK
Excellence	Committed to delivering exceptional service and creating value for our customers.
Integrity	Acting ethically, responsibly, and with transparency.
Respect	Valuing diversity, culture, and compliance with policies and laws.
Accountability	Taking ownership of our actions and their outcomes.
Leadership	Leading by example and inspiring positive change.
Innovation	Embracing new ideas, learning from experience, and seizing opportunities.

Legislative and Other Mandates

The KwaZulu-Natal Tourism and Film Authority derives its establishment mandate from an Act of the KwaZulu-Natal Provincial Legislature. The KwaZulu-Natal Tourism and Film Authority Act No. 2 of 2024 establishes the KwaZulu-Natal Tourism and Film Authority as a juristic person in accordance with the provisions of the Public Finance Management Act (No. 1 of 1999).

The Act provides for the dissolution of the KwaZulu-Natal Film Commission and the KwaZulu-Natal Tourism Authority, and the transfer of their respective functions to the KwaZulu-Natal Tourism and Film Authority. It further repeals the KwaZulu-Natal Film Commission Act (No. 3 of 2010) and the KwaZulu-Natal Tourism Act (No. 11 of 1996), along with all associated amendments.

The objectives of the KwaZulu-Natal Tourism and Film Authority are to:

- Market and promote the film and tourism sectors.
- Facilitate the development of the film and tourism industries.
- Create an enabling environment for sustainable job creation in the film and tourism sectors.
- Address historical imbalances in infrastructure and the distribution of skills and resources in the film and tourism sectors within the province.

The KwaZulu-Natal Tourism and Film Authority has the following powers, functions, and duties:

- Act as the custodian for the integrated marketing and promotion of the province as a film and tourism destination to both local and international markets.
- Act as a hub for film and tourism-related information.
- Attract local and foreign investment for the establishment, development, and growth of film and tourism infrastructure, facilities, and products.
- Provide financial and non-financial support for the development and transformation of the film and tourism sectors.
- Attract film productions, leisure tourism, and business events.
- Encourage existing role-players and new entrants in the film and tourism sectors to support local enterprises, employ local people, and partner with local business entities.
- Provide support programmes targeting small, medium, and micro enterprises to facilitate empowerment and local employment.
- Raise additional funds - beyond appropriations from the Provincial Legislature - to better exercise the powers, perform the functions, and carry out the duties set out in this Act.
- Advocate for an environment conducive to the promotion, growth, and transformation of the film and tourism sectors and industries.
- Promote coherence and cooperation among all organs of state in respect of film and tourism matters, through the establishment of appropriate coordinating structures.
- Liaise and interact with all stakeholders and role-players in the film and tourism sectors.
- Facilitate and coordinate industry development in the film and tourism sectors.
- Partner with local, national, regional, African, and global organisations to further the objectives of this Act.

In addition, the following legislation, as amended, governs the operations of the Authority:

Legislation informing how the core mandate must be delivered	Tourism Act (No. 3 of 2014).
	National Film and Video Foundation Act (No. 73 of 1997).
	Broad-based Black Economic Empowerment Act (No. 53 of 2003).
	Preferential Procurement Policy Framework Act (No. 5 of 2000).
	Intergovernmental Relations Framework Act (No. 13 of 2005).

Amendments are being proposed to The Copyright Act (No. 98 of 1978), which is set to affect the film industry. The Copyright Amendment Bill is viewed by the creative sector as critical as the 1978 Act is outdated, particularly given the changes that have been brought about through technology advancements.

Among others, the Bill sets out the limitations and exceptions regarding the reproduction of copyright works; provides for the sharing, payment and resale of royalties; provides for access to copyright works by persons with disabilities; and includes a number of technological protection measures, including the protection of digital rights.

In addition, various governance legislation, as amended, must be complied with, *inter alia:*

Legislation and regulations pertaining to the governance environment and institution	Basic Conditions of Employment Act (No. 75 of 1997).
	Employment Equity Act (No. 55 of 1998).
	Labour Relations Act (No. 66 of 1995).
	Competitions Act (No. 89 of 1998).
	Prevention and Combating of Corrupt Activities Act (No. 12 of 2004).
	Promotion of Access to Information Act (No. 2 of 2000).
	Promotion of Administrative Justice Act (No. 3 of 2000).
	Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000).
	Protected Disclosures Act (No. 26 of 2000).
	Protection of Personal Information Act (No. 4 of 2013).
	Skills Development Act (Act No. 97 of 1998).
	Occupational Health and Safety Act (1993).
	Treasury regulations and accounting standards (as published).

Updates to Institutional Policies and Strategies

Various national policy and strategy frameworks give effect to how the mandate of the KwaZulu-Natal Tourism and Film Authority should be implemented and have a direct bearing on the Authority's priorities and focus areas, briefly summarised below:

POLICY FRAMEWORK	IMPLICATION
UN Sustainable Development Goals (SDGs) (2015)	Adopted by the United Nations in 2015, the 17 SDGs set a common sustainable development agenda for pursuit by all signatory nations, including South Africa. The following SDGs are particularly relevant to KZN Tourism & Film Authority: • **Goal 5:** Achieve gender equality and empower all women and girls. • **Goal 8:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. • **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
African Union Agenda 2063 (2015)	**The African Union Agenda 2063 reflects seven aspirations:** A prosperous Africa, based on inclusive growth and sustainable development. An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance. An Africa of good governance, democracy, respect for human rights, justice, and the rule of law. A peaceful and secure Africa. An Africa with a strong cultural identity, common heritage, values, and ethics. An Africa where development is people-driven, unleashing the potential of its women and youth; and Africa as a strong, united, and influential global player and partner.
National Development Plan, Vision 2030 (2012)	The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social, and economic backgrounds. 2030 targets include: • Elimination of poverty (income less than US 2$ per day). Reduction in inequality (move the Gini coefficient from 0.69 to 0.60). Reducing unemployment from 24.9% in 2012 to 14% by 2020, and 6% by 2030. **KZN Tourism & Film Authority contributes most directly to:** **Chapter 3 – Economy and jobs:** Tourism (including Film Tourism) is identified as a highly labour-intensive industry which stimulates the development of small businesses, which generate FDI and significant export earnings. Emphasis is placed on: • Increasing the number of tourists entering South Africa and the amount spent. The availability of tourism infrastructure. Positioning South Africa as a regional shopping and business centre; and Ease of access by air and travel facilitation through favourable visa regimes. **These themes are addressed as part of the Pillars and Actions of the National Tourism Sector Strategy (NTSS):** **Chapter 15 – Nation Building and Social Cohesion:** Arts, Culture and Heritage Sector is a powerful driver of creating a sense of inclusiveness and encouraging interaction between South Africans from different social backgrounds and, importantly, mobilising an active and responsible citizenry. Three themes of Chapter 15 of the strategy: Reducing poverty and inequality by broadening opportunity through economic inclusion, education and skills, and specific redress measures. Promoting mutual respect, inclusiveness, and cohesion by acting on the constitutional imperative that South Africa belongs to all who live in it, and that all are equal before the law; and deepening the national appreciation of the responsibilities and obligations that citizens have towards one another. **Furthermore, the NDP highlights that the economic value and contribution of the arts, culture and heritage sector is increasingly recognised; and that strategies must be developed and implemented to exploit its potential on a global scale.**
National Spatial Development Framework 2050 (2019)	Under the theme: *"Moving South Africa forward to the desired Spatial Future"*, the national Spatial Development Framework sets out an action plan to bring about radical spatial transformation at scale and manage and mitigate national risks (current and emerging). It proposes a set of five national spatial action areas, which require urgent, focused, and integrated national spatial infrastructure investment and spending; and concerted and sustained intergovernmental collaboration, including the alignment of plans, budgets, and departmental plans in and between the spheres of government. **KZN Tourism & Film Authority will play an important role in ensuring spatial equity through tourism and film, by improving the geographical spread of tourism and film and localising tourism and film support in collaboration with district and local marketing organisations.**
White Paper on the Development and Promotion of Tourism in South Africa (1996)	The Tourism White Paper informed the roles envisaged of the various partners in Tourism: **"Tourism must be Government led, private sector driven, and community-based".**

POLICY FRAMEWORK	IMPLICATION
Draft Revised White Paper on Arts, Culture and Heritage (2018)	The revision of the White Paper on Arts, Culture and Heritage seeks to assess the impact, gains, and limitations of the 1996 White Paper on Arts, Culture and Heritage and seeks to accelerate transformation and restructuring of the creative sector by removing the obstacles that hinder effective policy implementation. The amendments being considered further highlight the priority now given to the creative sector in South Africa: The Revised White Paper on ACH was adopted by the Cabinet on 22 August 2018. It envisages the reconfiguration of the institutional landscape. It has since been tabled in Parliament, but raises questions in terms of policy positions and landscape changes: • It proposes the amalgamation of certain institutions and the establishment of a Monolithic Council. However, how this Council will operate remains unclear. A feasibility study is currently underway. The design of such a structure should prioritise achieving economies of scale, improved alignment, reduced duplication, and enhanced performance — rather than serving individual interests. It is important to note that this pertains to governance at the Board level; the institutions themselves will continue to operate as stand-alone entities.
Medium-Term Strategic Framework 2019-2024 (MTSF)	MTSF 2014-2019 comprises seven medium-term priorities: • Priority 1: **A capable, ethical, and developmental State** • Priority 2: **Economic transformation and job creation.** • Priority 3: Education, skills, and health. • Priority 4: Consolidating the social wage through reliable and quality basic services. • Priority 5: Spatial integration, human settlements, and local government. • Priority 6: Social cohesion and safe communities. • Priority 7: **A better Africa and world.** Although KZN Tourism & Film Authority's primary contribution is to priorities 1, 2 and 7, it has direct and indirect roles to play in priorities 3, 5 and 6 as well.
KZN Provincial Growth and Development Strategy, 2021 (PGDS) (2021 Review, Draft)	The KZN Provincial Growth and Development Strategy (PGDS) envisions: **"KwaZulu-Natal will be a prosperous province with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the world".** The PGDP is a strategic management tool to ensure that, as a province, there is a concerted and measured effort to achieve the vision of the PGDS as a plan for the Province of KZN and not just for the government. Aligned to the 7 National Priorities of the 2019-2024 MTSF, the PGDP reflects impact and measurable outcomes for KZN for each of the priorities (these are the KZN additions to what is contained in the MTSF). **KZN Tourism & Film Authority contributes most directly to the following KZN-specific impacts of the PGDS:** • Priority 1 impact: The population of KZN is satisfied with the levels of government service delivery. • Priority 2 Impact: Inclusive, expanded and sustained economic output is the fundamental driver for job creation and transformed economic growth. • Priority 5 Impact: Improved coordination between national, provincial, and local government to improve service delivery. • Priority 7 Impact: A better South Africa and better region (tourism and protocols); and • Cross-cutting Priority Impact: All women, girls, youth, and persons with disabilities enjoy better life opportunities.
Medium-Term Development Plan [MTDP] 2024-2029 Strategic Priorities	Inclusive growth and job creation. Reducing poverty and tackling the high cost of living. Building a capable, ethical, and developmental state. Strategic Outcomes for 2030 • More decent jobs created and sustained. Investing for accelerated inclusive growth. Thriving tourism sector

Updates to relevant court rulings

There are currently no pending or finalised court rulings that have a significant, ongoing impact on the KZN Tourism & Film Authority operations or business obligations.

Organisational Structure

Board Leadership

Dr. Joel Sibusiso Ndebele
Chairperson

Ms. Rung Button
Deputy Chairperson

Ms. Bunny Bhoola

Ms. Sphume Dlungwane

Dr. Bandile Mkhize

Dr. Nomusa Zethu Qunta

Ms. Zinhle Sokhela

Mr. Mpume Sidaki

Ms. Diana Hoorzuk

Ms. Samantha Croft

Mr. Sandile Magoso

Organisational Structure

Executive Management

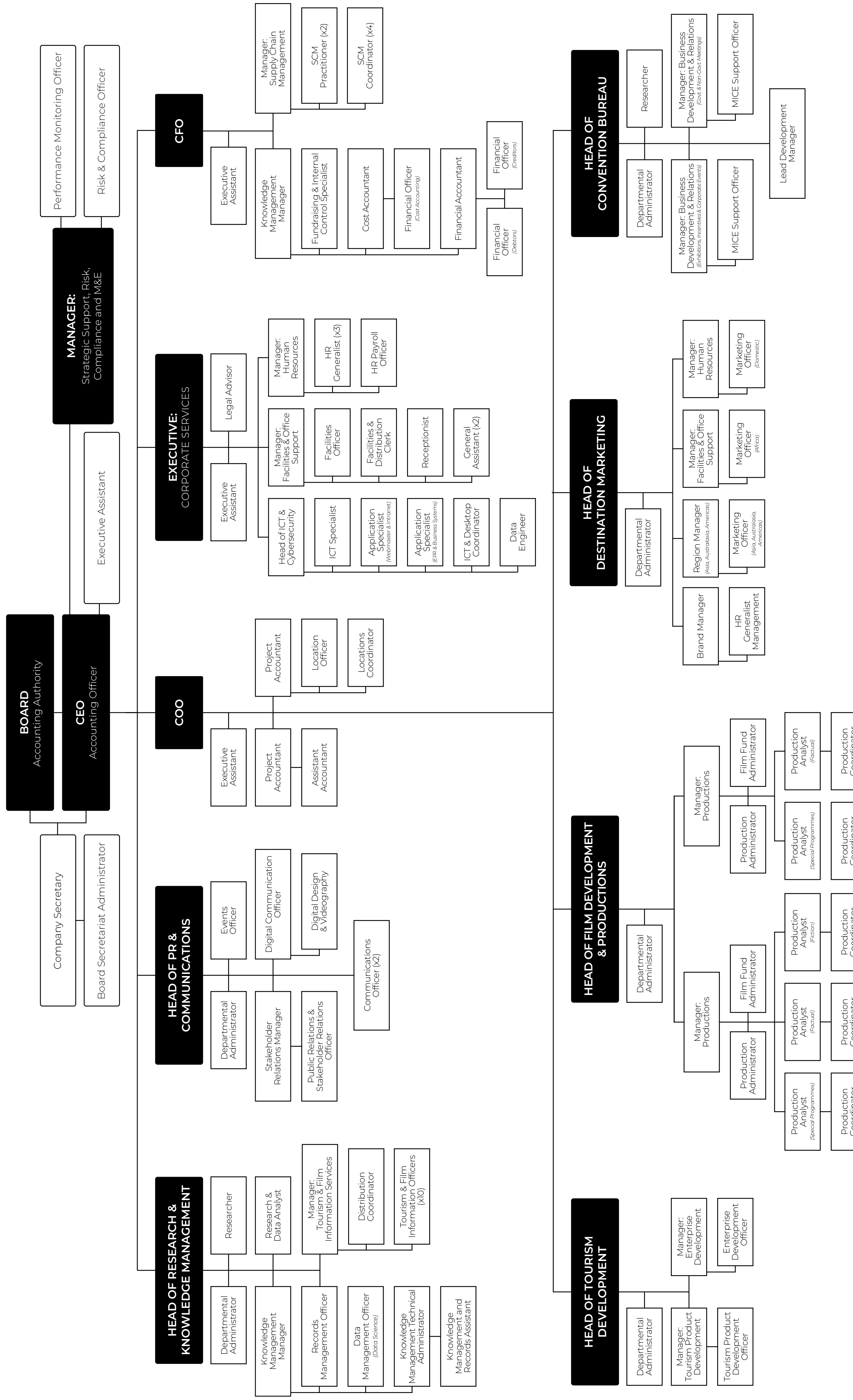
Mr. Sibusiso Gumbi
Interim Chief Executive Officer

Ms. Jackie Motsepe
Chief Operations Officer

Dr. Victor Senna
Chief Financial Officer

Ms. Phindile Makwakwa
Interim Executive: Corporate Services

ORGANISATIONAL ORGANOGRAM



Signed:

Dr. S.J. Ndebele
Board Chairperson

This final structure was approved by the Board of the KwaZulu-Natal Tourism and Film Authority at its meeting on 11 February 2025.

Part B
Performance Information

Auditor-General's Report Predetermined Objectives

The Auditor-General of South Africa currently performs the necessary audit procedures regarding the performance information, to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on performance against predetermined objectives is included in the report to management, with material findings reported in the Report on the Annual Performance section of the Auditor's Report. Please refer to the Auditor's Report on page 91

Overview of Public Entity's Performance

The KwaZulu-Natal Tourism and Film Authority was established through the merger of Tourism KwaZulu-Natal and the KZN Film Commission in the region. The Authority aims to boost and transform the tourism sector while generating economic benefits for all stakeholders. It focuses on nurturing the local film landscape, supporting talent, and providing platforms for all. Furthermore, B-BBEE endeavours to transform the South African economy to enable the meaningful participation of Black people, youth, and communities in the mainstream economy in a manner that has a positive impact on employment, income redistribution, structural readjustment, and economic growth.

The scope of the Auditor General is to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report.

The audit outcomes on performance information is included on page 90 of the Auditor General's report.

The pillars of the five-year strategy are as follows:

- Tourism and Film Skills Development
- Film Tourism and Production Development
- Heritage Tourism and Destination Marketing
- Investment Facilitation, Fundraising and Revenue Generation
- Internal Tourism and Regional Growth
- The entity is focused on providing skills and training development programmes, as well as quality business planning.

Corporate governance has been at the centre of the organisation's operations, complemented by the creation of an environment conducive to employee development and motivation.

GLOBAL OVERVIEW

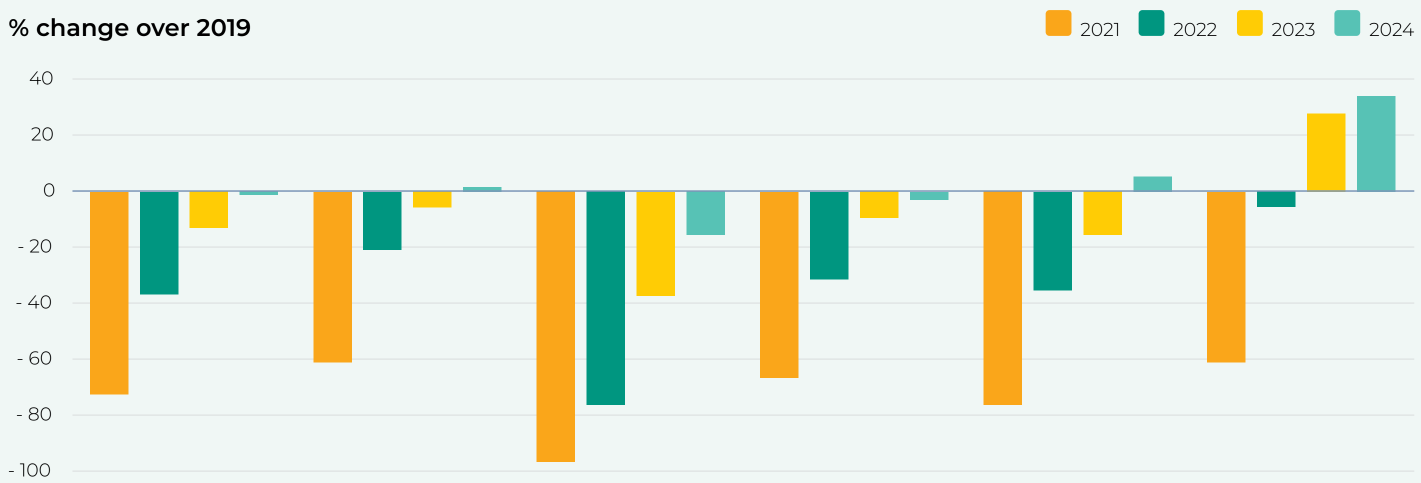
Globally, the tourism sector is showing a significant recovery compared to the pre-pandemic period. In 2024, approximately 1.4 billion international travellers were recorded - marking 99% of pre-pandemic levels.

This growth trajectory is underpinned by strong performance in certain regions. Leading the pack is the Middle East, which has surpassed pre-pandemic figures by 32%, followed by Africa (7%) and Europe (1%). The Americas remain marginally below pre-pandemic levels by 3%, with recovery prospects in the region remaining bleak amid ongoing trade policy uncertainty.

According to the Oxford Economics Report (2025), the United States is expected to experience a significant decline in inbound travel this year, delaying the full recovery of international arrivals until 2029. Meanwhile, the Asia-Pacific region remains 13% below pre-pandemic figures.

Figure 1 below summarises global and regional performance from 2021 to 2024 as a percentage change from 2019 values.

Figure 1: Global performance as a % of 2019



YEAR	WORLD	EUROPE	ASIA AND THE PACIFIC	AMERICAS	AFRICA	MIDDLE EAST
2021	-69%	-59%	-93%	-63%	-72%	-58%
2022	-34%	-20%	-75%	-29%	-31%	-5%
2023	-11%	-5%	-34%	-39%	-5%	31%
2024	-1%	1%	-13%	-3%	7%	32%

Source: UN Tourism

South African Tourism Performance

International tourist arrivals to South Africa have been increasing since 2022, with the highest year-on-year growth rate of 152% recorded. In 2024, South Africa welcomed approximately 8.9 million international travellers - a solid 5.1% increase compared to 2023.

Year-on-year, arrivals from Australasia and the Americas recorded double-digit increases of 12.4% and 10.9%, respectively. Arrivals from Africa increased by 5.6%, while arrivals from Europe remained flat when compared to 2023 figures. The Middle East was the only region to record a decline in arrivals to South Africa, decreasing by 16.1% compared to 2023.

Figure 2, represents the time series of international arrivals from 2019 to 2024.

Figure 2: International arrivals into South Africa

Top 10 Source markets

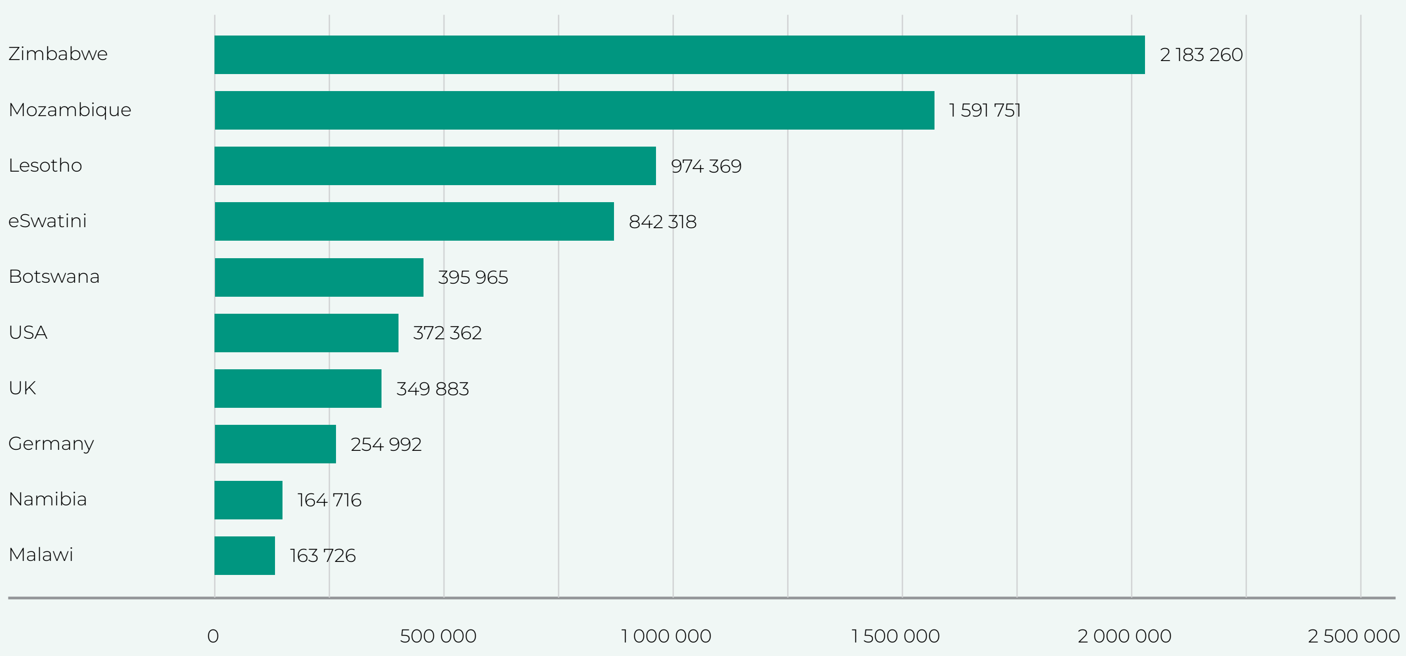
The African region accounted for over 70% of international arrivals into South Africa during 2024. This was predominantly driven by strong demand from countries such as Zimbabwe, which recorded a 3.6% year-on-year increase. This was followed by arrivals from Mozambique (1 591 751), Lesotho (974 369), and eSwatini (842 318).

Growth is expected to continue, supported by favourable economic and political conditions.

The graph below summarises the top ten source markets for South Africa in 2024.

Figure 3: Top 10 South Africa's source markets

Top Ten source markets



Source: SA Tourism

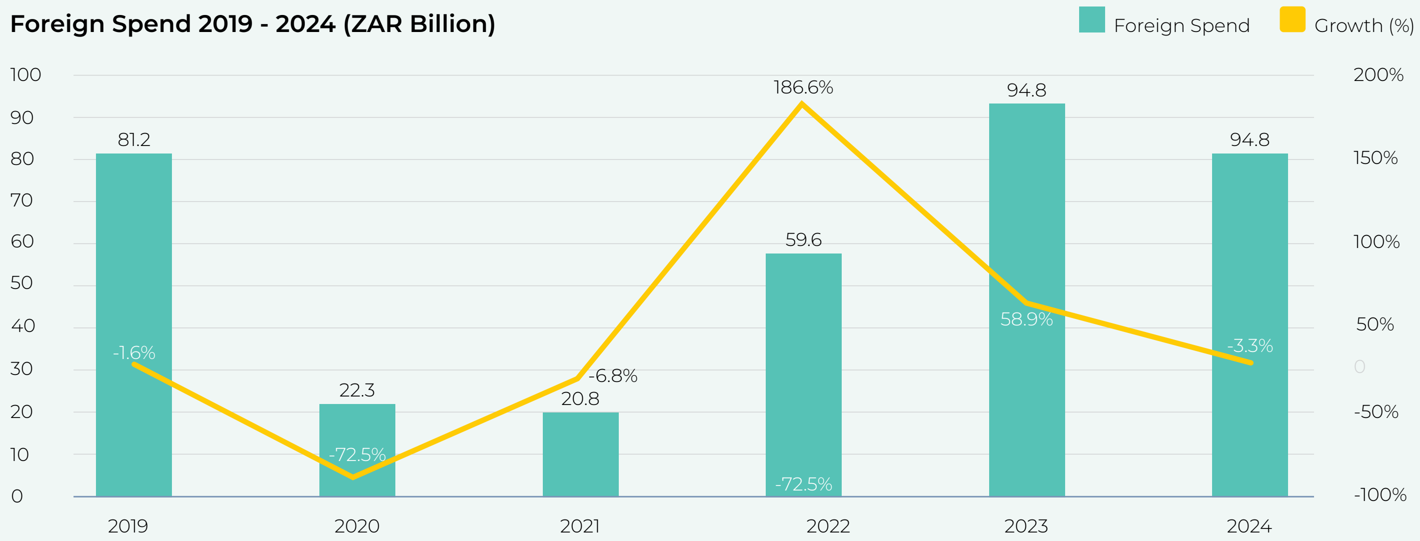
Foreign spend

Figure 4 below represents foreign spend by international tourists. The trend mirrors that of arrivals, with a steep decline observed from 2019 to 2020. Spend by international tourists marginally declined by 3.3%, from R94.8 billion in 2023 to R91.6 billion in 2024.

Foreign spend plays a vital role in stimulating economic activity and contributes to an increase in foreign reserves.

Figure 4: Foreign Tourists Spend

Foreign Spend 2019 - 2024 (ZAR Billion)



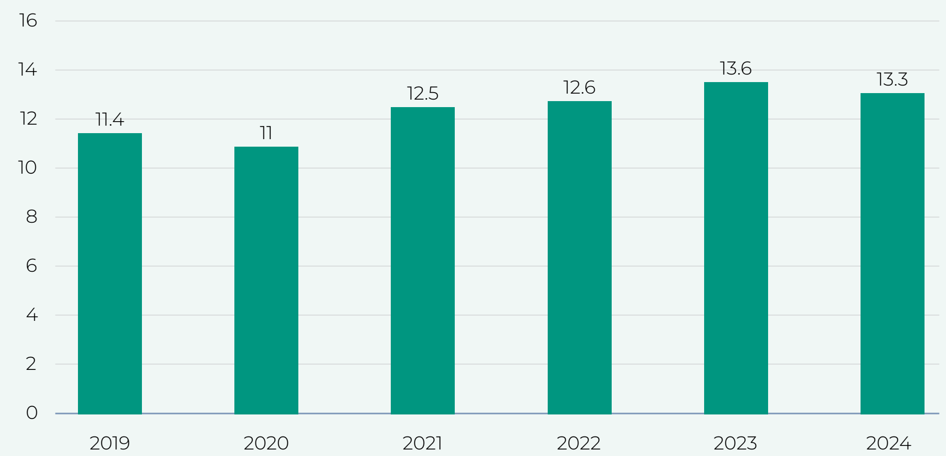
Average length of stay

Figure 5 indicates that international tourists are now spending more total nights in the country compared to 2019. However, the average length of stay has declined slightly, from 13.6 nights in 2023 to 13.3 nights in 2024.

This may partially explain the decrease in spending by international tourists, as overnight visitors typically contribute more to the economy than same-day travellers.

Figure 5: South Africa's Length of Stay

Average Length of Stay (nights)



Source: SA Tourism

Provincial distribution of international tourists

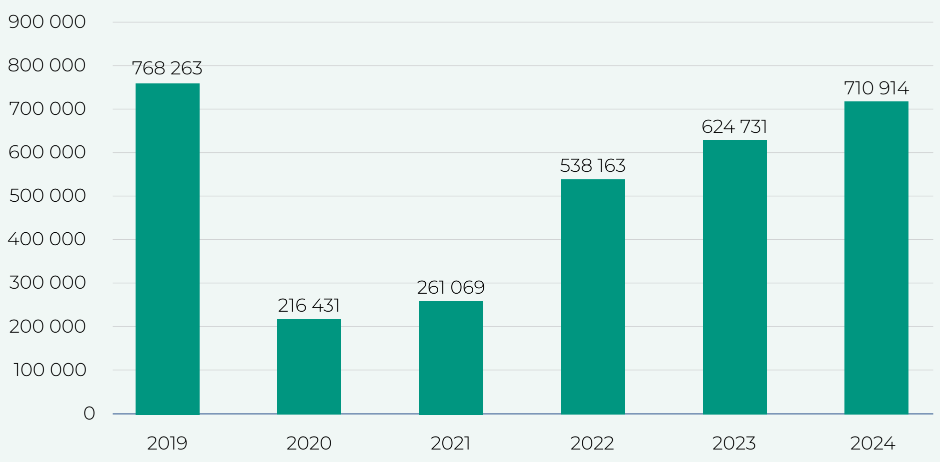
In 2024, KwaZulu-Natal received approximately 710 914 international arrivals - a solid 14% increase over 2023. This growth was driven by strong travel demand from countries such as eSwatini (285 613 travellers), followed by Zimbabwe (96 646), the United Kingdom (35 808), and the United States (38 440). However, the province remains approximately 7% below pre-pandemic levels. Full recovery by the end of 2025 is expected, ceteris paribus.

Similar to South Africa's foreign tourist spend, KwaZulu-Natal also experienced a decline in spending by international tourists. Foreign spend fell by 11%, from R6.2 billion in 2023 to R5.5 billion in 2024. Nevertheless, this figure remains above pre-pandemic levels (refer to Figure 6).

Figure 7 represents the length of stay by international tourists in KwaZulu-Natal. In 2024, tourists shortened their stay, spending one night less on average compared to 2023. As noted above, this has had a direct impact on overall spending.

Figure 6: Provincial distribution of international arrivals (KZN)

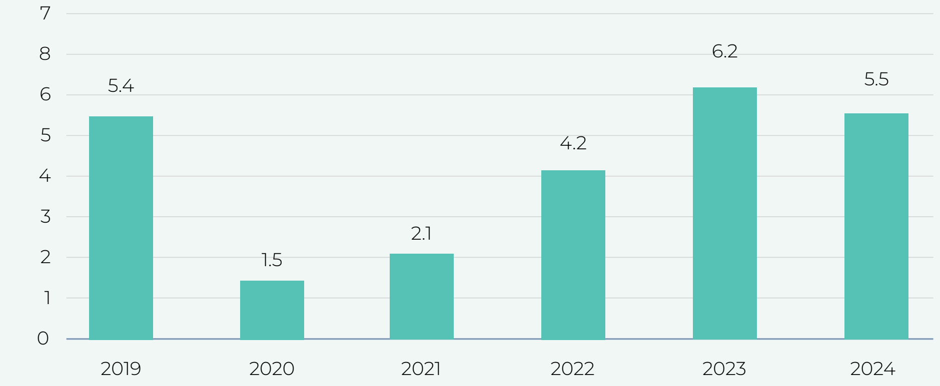
International Arrivals



Source: SA Tourism

Figure 7: Foreign tourists spend in KZN

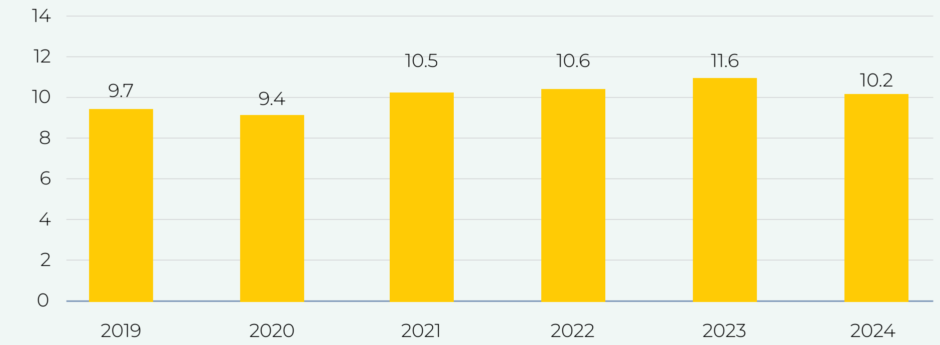
Foreign Spend in KZN 2019-2024 (ZAR Billions)



Source: SA Tourism

Figure 8: KZN Length of Stay

KZN Length of Stay 2019-2024 (nights)



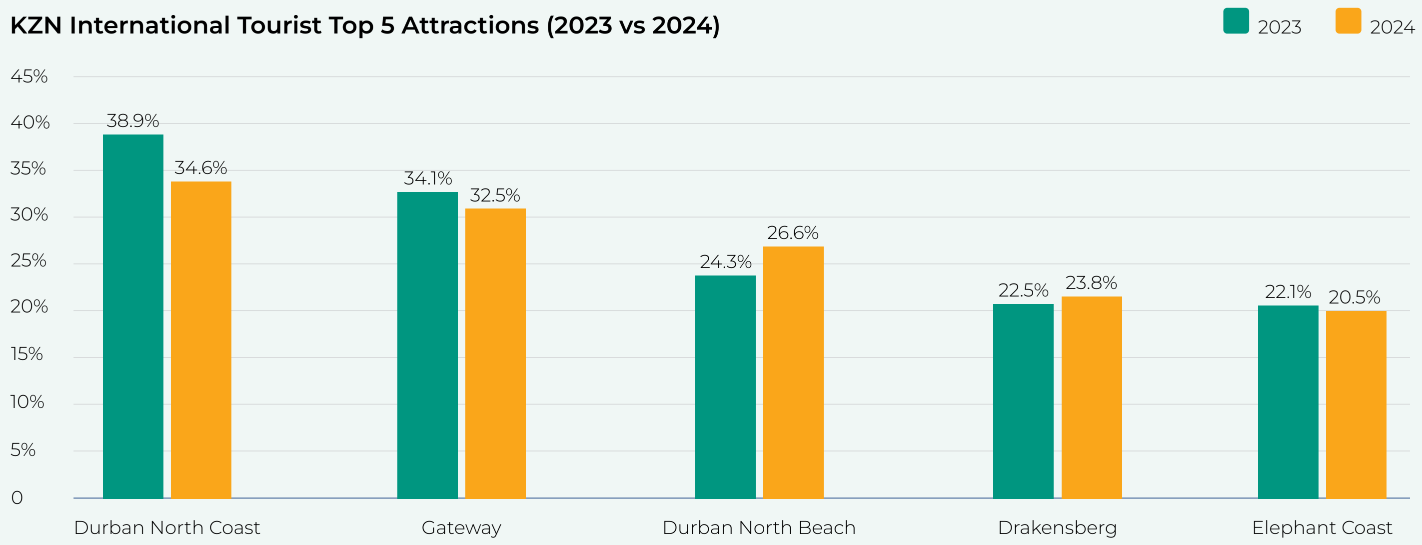
Source: SA Tourism

The top five most visited attractions in KwaZulu-Natal

The Durban North Coast continues to be a destination of choice for most international travellers. However, its share of international tourist visits marginally declined from 38.9% in 2023 to 34.6% in 2024.

Figure 9: KZN Top 5 Attractions

KZN International Tourist Top 5 Attractions (2023 vs 2024)



Source: SA Tourism

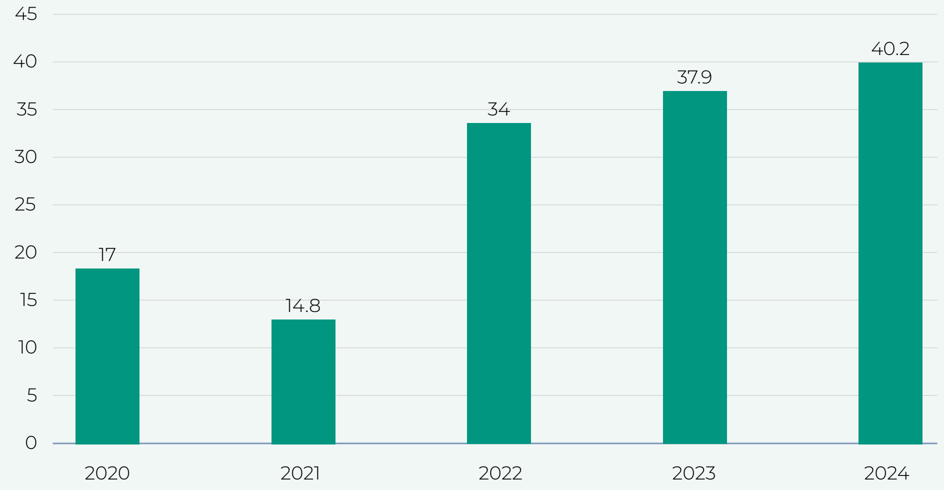
Domestic overview

Domestic tourism is also crucial for the well-being of the economy and often serves as an indicator of how robust the industry is for international tourism. South Africa recorded 40.2 million domestic trips in 2024 - the highest in the past five years - highlighting the resilience of the domestic tourism sector.

Domestic tourist spend in South Africa also increased, rising from R121.4 billion in 2023 to R136.4 billion in 2024. In addition, the average length of stay improved from 3.5 nights to 3.9 nights.

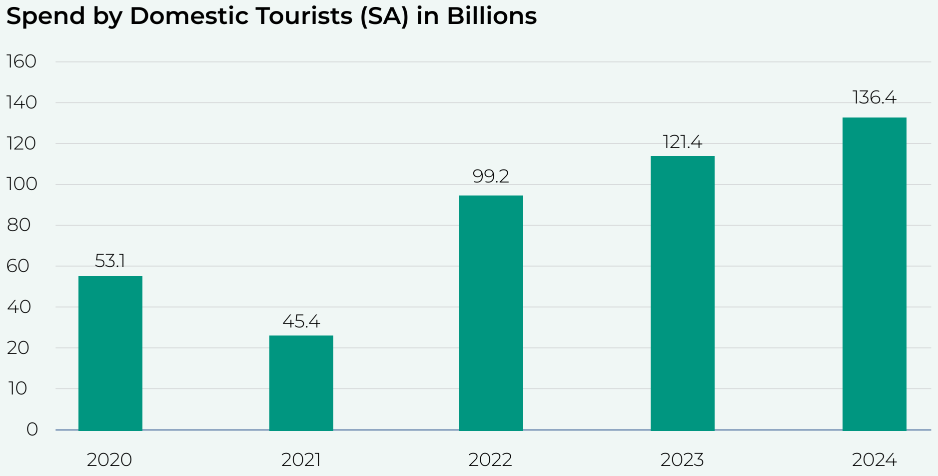
Figure 10: South Africa's domestic trips

Overnight domestic trips (SA) in millions



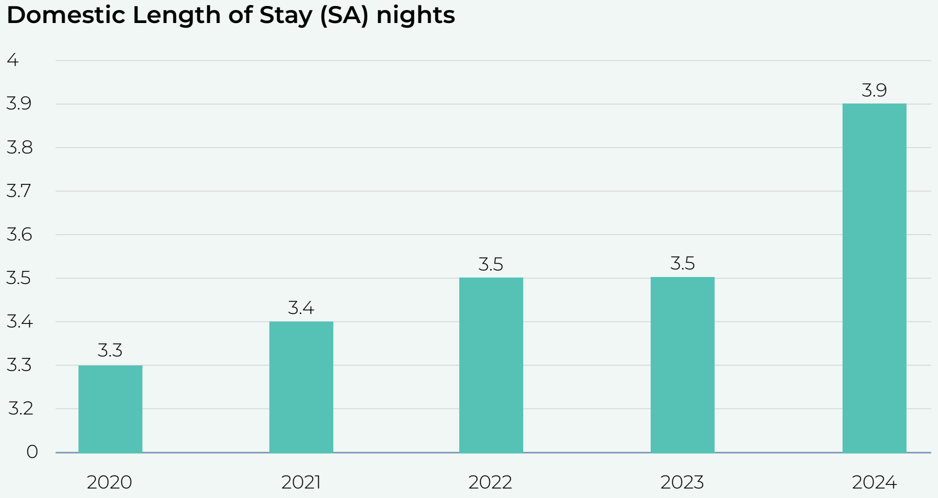
Source: SA Tourism

Figure 11: South Africa's domestic spend



Source: SA Tourism

Figure 12: South Africa's domestic length of stay



Source: SA Tourism

KZN key domestic measure

In 2024, KwaZulu-Natal recorded a total of 7.5 million domestic trips, with domestic spend amounting to R30.3 billion. On average, domestic tourists had a relatively shorter length of stay compared to international tourists, spending approximately R4,032 per trip while staying for an average of three nights.

Table1: Key measure (KZN)

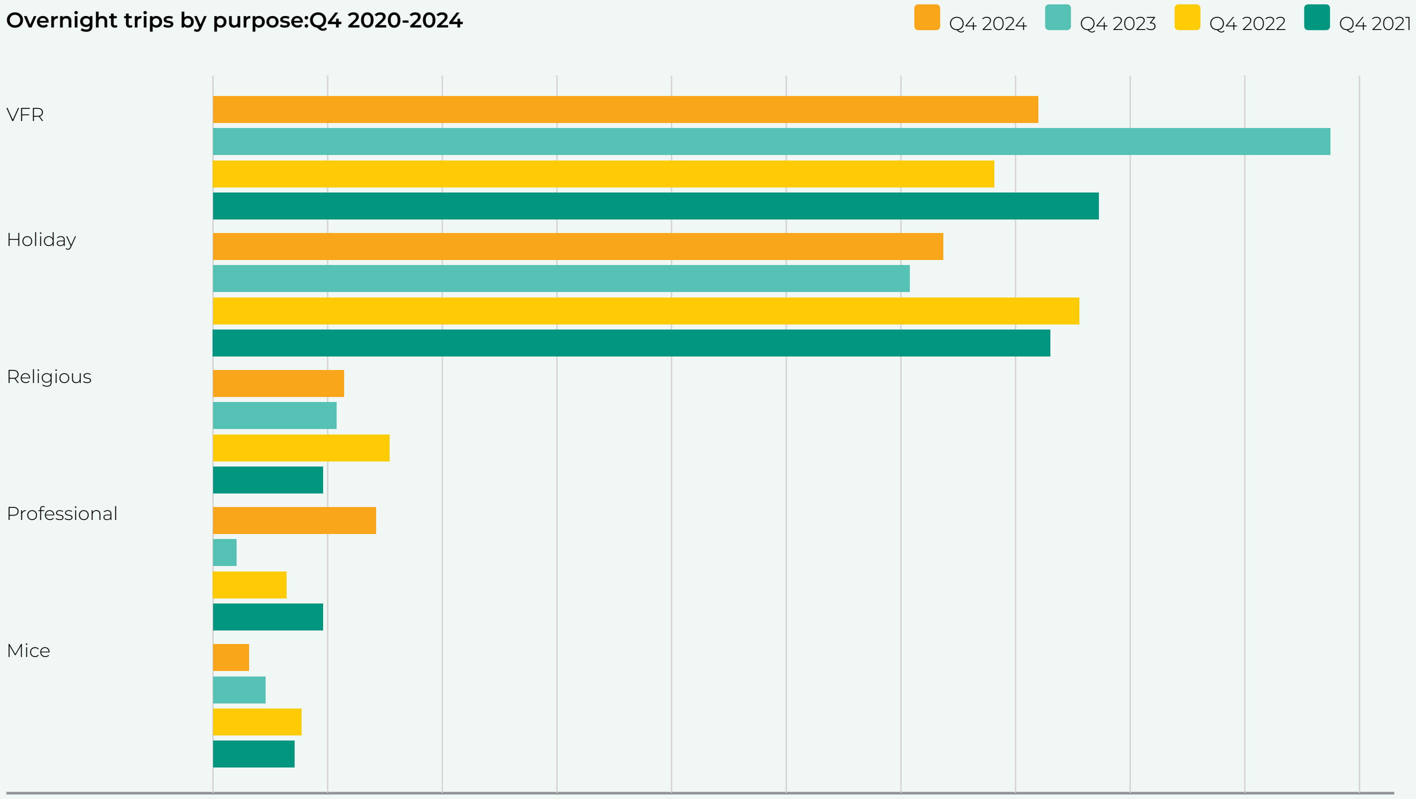
PROVINCE	TRIPS	SPEND	AVERAGE SPEND	LENGTH OF STAY
KZN	7.5 million	R30.3 billion	R4, 032	3.1 nights

With tourists having many reasons to travel, the fourth quarter of 2024 indicated that 38.4% of tourists travelled for holidays, while 40.5% travelled to visit friends and relatives (VFR), an improvement compared to the 35.9% recorded in the fourth quarter of 2023.

There was also a notable increase in the number of tourists travelling for religious purposes between the fourth quarter of 2022 and the same period in 2024.

The graphs below depict data on domestic tourists travelling for various purposes.

Figure 13: Overnight trips by purpose Q4



Source: SA Tourism

Some of the challenges faced by the tourism sector

The poaching of rhinos in South Africa has remained a critical issue over the years. According to the Department of Forestry, Fisheries and the Environment, the country recorded a decline in rhino poaching incidents in 2024, with a total of 420 rhinos poached - 79 fewer than in 2023, when 499 were recorded.

KwaZulu-Natal continued to be one of the hardest-hit provinces, losing approximately 232 rhinos in 2024. Nevertheless, this represents a significant decline from the 325 rhinos poached in 2023.

Rhino poaching negatively affects the tourism sector, as it threatens the existence of one of the Big Five, a major drawcard for both domestic and international tourists. Visitors interested in wildlife experiences may also feel unsafe if poaching activity is high, particularly where the presence of armed poachers could pose a risk. Moreover, rhino poaching can harm local economies that rely on wildlife tourism, as a declining rhino population may deter potential visitors.

Before the limitations imposed by COVID-19, South Africa benefited from strong market trends in its two key Asian outbound markets: India and China. However, travel restrictions and trade limitations enforced during the pandemic led to a decline in growth levels among these three countries. South African Tourism is now intensifying its efforts to restore tourism from these key Asian markets to pre-COVID growth levels.

With changing geopolitical dynamics, countries such as Canada, Mexico, and China, which previously had strong trade relationships with the United States, have been affected by high tariffs imposed by the USA. As a result, potential international tourists from these regions may look to redirect their travel to destinations where their discretionary spending will go further.

This presents a valuable opportunity for South African Tourism and provincial tourism authorities to position the country as a destination of choice for international travel and to capitalise on this shift in global travel trends.

Film Trends

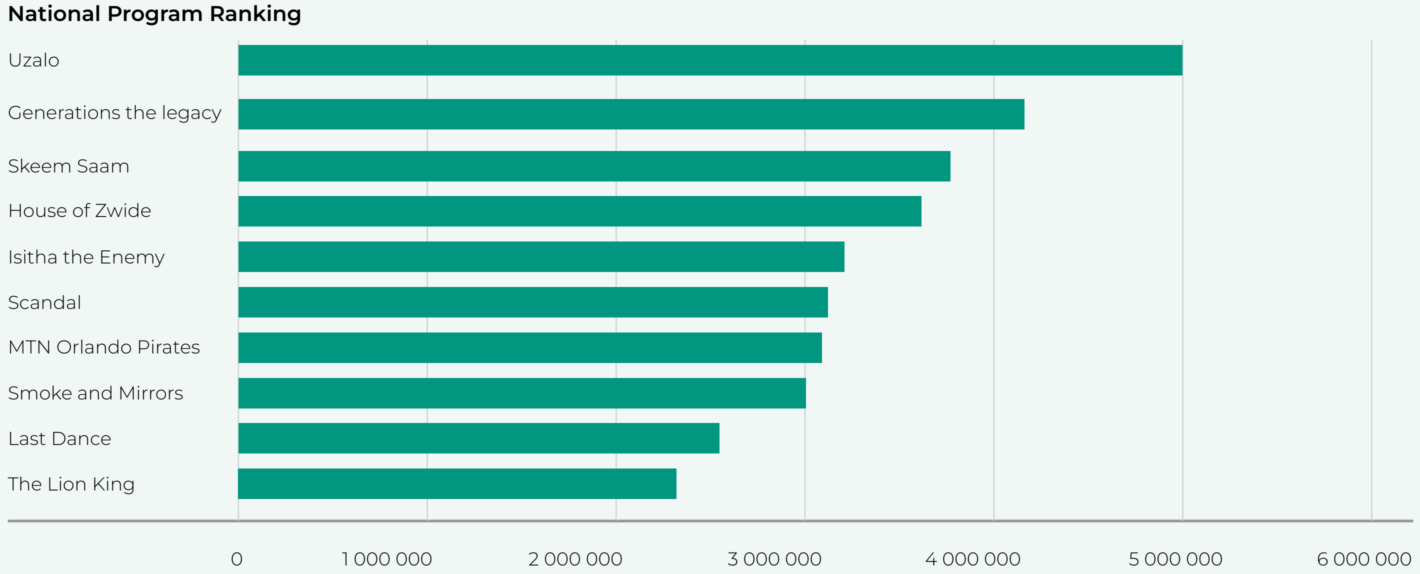
According to an industry report, Canal+ subsidiary StudioCanal is embarking on a project to develop a feature film that tells a "massive South African story," with the aim of producing it locally. The project is intended to boost the country's economy, as well as support the tourism and film industries.

The appetite for streaming platforms continues to grow among local filmmakers. Platforms such as Netflix, Amazon, and Showmax are attracting large numbers of subscribers. However, the box office segment of the industry continues to struggle in competing with foreign productions. The number of local films making it to the box office remains low, as do the revenues they generate.

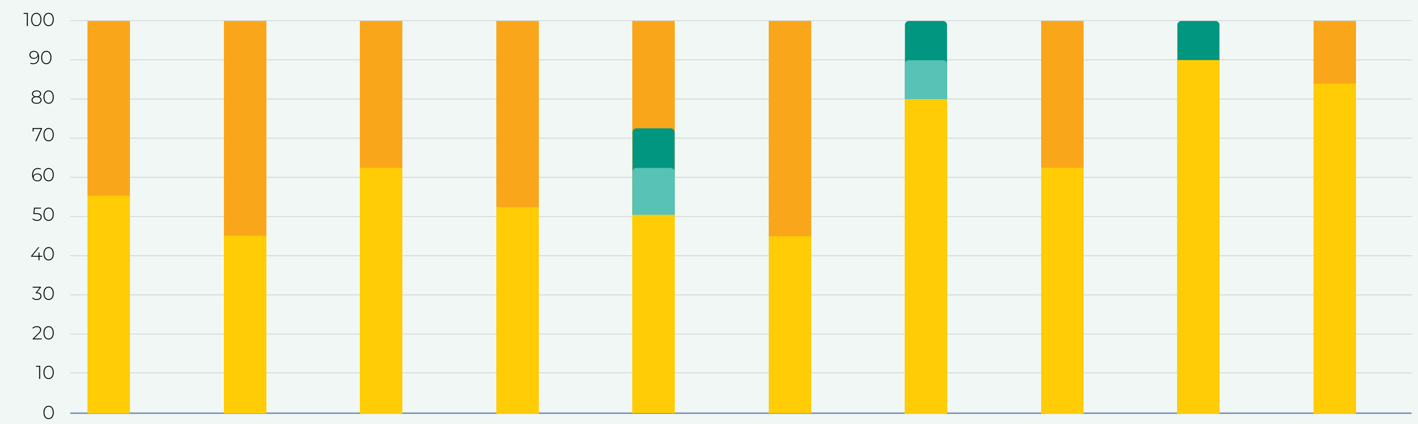
South African television industry

Uzalo continues to be the most popular TV series in the country, averaging more than 5 million viewers daily. The series is filmed in Durban and other KwaZulu-Natal locations, thus promoting the province as a tourism destination. On the next page is the ranking on the audience for SA television public channels:

Figure 1: Program Ranking in South Africa



Gender Distribution



CHANNELS	0 - 24 YEARS		MILLENNIAL		GEN Y		BABY BOOMER		TRADITIONALISTS	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
ETV	44%	54%	38%	46%	27%	54%	0%	37%	0%	15%
SABC 3	0%	0%	0%	0%	10%	0%	10%	0%	8%	0%
SABC 2	0%	0%	0%	0%	10%	0%	9%	0%	0%	0%
SABC 1	56%	46%	62%	54%	54%	46%	81%	63%	92%	85%

The above graph depicts the data of the TV channels and the percentage representation of viewers per age group by males and females from 0 – 24 years old, Millennials, Generation Y, Baby boomers, and Traditionalists. SABC 1 is the most watched channel, mostly by Traditionalists, Baby Boomers, and males in Millennials, recording over 60% of viewership. Although SABC 1 is leading, eTV has a high viewership of the 0 – 24 years age group in certain segments.

Overview Of The Organisational Environment

The Interim Chief Executive Officer (ICEO), appointed by the Board, is supported by the Executive Management Team. The entity appoints highly skilled staff tasked with ensuring the efficient implementation of strategy and its deliverables.

The organisation operates through the following key Business Units:

Tourism and Film Development, including the following sub-business units:

- Destination Marketing
- Audio-Visual Development and Production
- Tourism Development
- Convention Bureau

Office of the Chief Executive, including the following sub-business units:

- Governance, Risk and Compliance
- Research and Knowledge Management
- PR and Communications

Office of the Chief Financial Officer, including the following sub-business units:

- Financial Accounting
- Supply Chain and Asset Management
- Management Accounts
- Internal Control and Financial Systems

Corporate Services, including the following sub-business units:

- Human Capital Development
- Information, Communication and Technology
- Office Accommodation and Facilities Management
- Security Services and Transport Management
- Legal Services
- Cluster (Film Infrastructure) Management

The organogram, as approved by the Board of Directors in 2024, serves as the basis for monitoring and identifying positions that need to be filled. The entity's 2024/2025 budget, approved by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) for the current medium-term expenditure framework, totalled R286 702 831 after the budget cut. This was managed and expended in line with the Public Finance Management Act and Treasury Regulations.

Key Policy Developments and Legislative Changes

The KwaZulu-Natal Tourism and Film Authority Act, 2024 was gazetted on 24 May 2024, establishing the KwaZulu-Natal Tourism and Film Authority through the merger of Tourism KwaZulu-Natal (TKZN) and the KwaZulu-Natal Film Commission (KZNFC).

Progress Towards Achievement of Institutional Impacts and Outcomes

The KwaZulu-Natal Tourism and Film Authority has formulated a set of strategic performance objectives, endorsed by the organisation's Board. These objectives encompass the need to:

- Improve governance and performance.
- Ensure KwaZulu-Natal is recognised as Africa's leading film, leisure, and business tourism destination.
- Increase the volume of tourists and the value they contribute to the KwaZulu-Natal economy.
- Enhance the contribution of KwaZulu-Natal's tourism and film industry to inclusive economic growth.
- Increase the participation of previously disadvantaged groups in the audio-visual and tourism industries in KwaZulu-Natal.

Institutional Programme Performance Information

Key organisational strategic objectives are contained within four (4) programmes, each with measurable indicators. The programmes include:

- **Programme 1:** Office of the Chief Executive Officer
- **Programme 2:** Tourism and Film Development
- **Programme 3:** Office of the Chief Financial Officer
- **Programme 4:** Corporate Services

2024-2025 Performance Indicators, Planned Targets and Actual Achievements

PROGRAMME 1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

Programme Purpose: The Chief Executive Officer's primary role is to support the Board and provide overall guidance and oversight to the entity in order to achieve its strategic objectives, while ensuring compliance with the applicable legal framework. The Office of the CEO is structured into three sub-programmes.

Strategic Objectives:

- Achieve institutional excellence.
- Position KwaZulu-Natal as Africa's leading destination for leisure, business tourism, and audio-visual production.

Functions Coordinated under this programme (PKA) include

GOVERNANCE AND COMPLIANCE

- To oversee the effectiveness of the functions and operations of the Board and its committees in order to enhance governance and oversight. This includes the development of strategies, policies, and standards of performance, as well as the preparation of statutory and ad hoc reports on the organisation's performance.
- The programme also drives Governance, Risk, and Compliance through the promotion of organisational values, culture, and leadership. It supports the organisation's monitoring, evaluation, and performance reporting functions to ensure effective oversight and accountability.

RESEARCH AND KNOWLEDGE MANAGEMENT

- To support the entity's marketing, development, and film research initiatives.
- To stay abreast of the latest industry trends and measure performance against strategic objectives.
- To serve as the custodian of knowledge management, facilitating the provision and dissemination of tourism information.
- To disseminate destination information and marketing collateral to a wide range of stakeholders through strategic distribution points.
- To ensure that audio-visual and tourism information is accessible, thereby creating greater awareness of the destination.
- To manage and maintain the entity's records effectively.

PR AND COMMUNICATIONS

- To drive communication efforts aimed at enhancing a positive image of the destination.
- To foster stakeholder development, networking, and engagement in order to strengthen relationships and ensure a clear understanding of the entity's mandate and services.
- To manage the organisation's Socio-Economic Development programme.

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	VARIANCE	BUDGET	ACTUAL EXPENDITURE	VARIANCE
R'000	-	-	-	R69 846	R59 993	R9 852

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT	PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATIONS	COMMENTS
	2023/24	2024/25	2024/25		
6.1.1 Percentage implementation of Audit Improvement Plan	100%	100%	75%	25%	Some policies could not be developed/finalised. The entity started the process to develop policies to include mandates and legislations of the new merged entity.
6.1.2 Percentage implementation of the annually approved Risk Management Plan	80%	80%	80%	0	Nil
6.2.1 Number of government stakeholder engagements conducted	12	12	12	0	Nil

Explanation of Actual Achievement:

The implementation of the Audit Improvement Plan was designed to ensure that identified audit queries are resolved and eliminated from the organisation's processes. To ensure that policies and guidelines are in place to govern project funding, the development of the Tourism Development Strategy is currently underway. The Tourism Development project guidelines and framework have been drafted and are in the process of being approved.

As of March 2025, the entity has migrated to the SAGE system to ensure that all issued purchase orders are processed within contract values, thereby preventing overpayments once purchase orders are exhausted.

During the review of the Annual Performance Plans (APP), some indicators were removed to ensure alignment with the structure and objectives of the newly merged entity.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT	PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATIONS	COMMENTS
	2023/24	2024/25	2024/25		
5.1.2.1 Number of research papers produced	7	7	9	+2	The target was exceeded due to an additional two research reports.

Explanation of Actual Achievement:

Research

Seven studies were planned for the financial year; however, the organisation overachieved by completing nine projects. This was made possible by internal requests from business units, the availability of interns from the Office of the CEO, and the additional resources made available as a result of the merger, which enabled the completion of several requested desktop studies.

Of the nine projects undertaken, one was outsourced - a study focused on identifying skills gaps in the audio-visual industry and establishing a baseline for the tourism sector.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT	PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATIONS	COMMENTS
	2023/24	2024/25	2024/25		
6.3.1 Number ICT technology projects implemented	1	1	3	+2	The target was exceeded due to the merger of the two entities, leading to new systems being introduced and implemented.
6.4.1 Number Research reports produced	15	15	15	0	Nil
6.5.1 Percentage Implementation of the annual Tourism Information Distribution Plan 50,000 (copies of brochures)	167%	100%	114%	+14%	The target was exceeded due to several activations conducted and the events; that the entity participated in partnership with stakeholders.

Explanation of Actual Achievement:

ICT Technology projects

The ICT and Cyber Security business unit delivered several strategic initiatives during the year, with a major focus on activities related to the recent merger. Key integrations included the consolidation of Active Directory domains, the unification of email platforms, and the alignment of network security systems. These efforts helped establish consistent access controls, streamline internal communication, and ensure operational continuity across all locations within the new organisational structure.

Furthermore, a single accounting, supply chain management, and human resource system went live, enabling the implementation of unified central systems.

Infrastructure improvements were prioritised to accommodate the scale and operational demands of the merged entities. Enhancements included expanding data centre capacity, reinforcing cybersecurity controls to meet international compliance standards, and optimising cloud resources to improve performance and manage costs more effectively. User migration and system onboarding were efficiently executed through careful planning, minimising downtime and simplifying the transition to shared tools and platforms.

Support for end-user adoption was also prioritised, with structured training and helpdesk services rolled out across departments. Business applications such as SAGE, SAP, Microsoft 365, and others were reviewed for redundancy and consolidated where appropriate, improving data consistency and reducing licensing costs.

As the organisation moves forward, the ICT and Cyber Security team remains committed to strengthening systems governance, ensuring data accuracy, and building long-term resilience in support of unified business goals.

Research

A total of fifteen research studies were conducted by the business unit during the financial year. These studies focused on tourism sector performance, providing in-depth analysis of trends to equip Management with insights that guide decision-making and ensure that the entity's strategic plan is effectively implemented, monitored, and measured in alignment with sector performance.

Three of the studies were outsourced, namely: an analysis of the impact of business events hosted in the province; a baseline study of the tourism sector and the skills gaps within the audio-visual industry; and a domestic tourism survey. The latter was not finalised during the financial year and will be completed in the 2025/26 financial year.

Tourism and Film Information Services

Tourism and Film Information Services provides information to both domestic and international markets. This function is supported through the distribution of material to embassies, consulates, conferences, and various national distribution points.

During the 2024/2025 financial year, more promotional collateral was distributed at national distribution points than at international ones. This included distribution to local and national tourism information offices, district municipalities, tour operators, accommodation facilities, community engagements, and at events and exhibitions.

Although it was also a target to disseminate information at international distribution points (markets), this was constrained by the unavailability of core promotional material (brochures). The delay was due to rebranding efforts and the need to incorporate updated information following the merger with the Film Commission.

Despite this challenge, the overachievement in distribution was attributed to the entity's participation in numerous activations, events, and exhibitions, where brochures were effectively distributed.

PR AND COMMUNICATIONS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATIONS	COMMENTS
1.3.1 Percentage positive media coverage	>80%	80%	80%	0	Nil
1.4.1 Number of destination awareness interventions implemented	17	12	13	+1	The target was exceeded due to intergovernmental relation partnerships.

Explanation of Actual Achievement:

Due to partnerships established with intergovernmental relations stakeholders such as the Industrial Development Finance Corporation (IDFC), the Department of Sport and Recreation, the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), and the KwaZulu-Natal Regulatory Authority, the entity overachieved on destination awareness interventions implemented during the period under review.

During the merger, the entity began tracking both Tourism KwaZulu-Natal and the KwaZulu-Natal Film Commission's social media platforms more rigorously. Throughout this period, the entity consistently shared daily content across all media platforms, including Facebook, X (formerly Twitter), Instagram, TikTok, YouTube, and LinkedIn, showcasing the province's tourism and film offerings, as well as the destination marketing activities of the newly formed entity.

As a result, there was a notable increase in followers on the film-related social media platforms, driven by the engaging and interactive content uploaded. Content such as competitions and destination profiling, particularly on the MyKZN page, attracted significant attention and engagement from followers.

PROGRAMME 2: TOURISM AND FILM DEVELOPMENT

Programme Purpose: The KwaZulu-Natal Tourism and Film Development Programme consists of four sub-programmes. Its primary goal is to develop the tourism sector and film industry, with a focus on enterprise development and product development aimed at expanding the province's destination offerings.

Strategic Objectives:

- KwaZulu-Natal is recognised as Africa's leading destination for leisure, business events, and audio-visual production.
- Increased volume of tourists and the economic value they contribute to the KwaZulu-Natal economy.
- Enhanced contribution of KwaZulu-Natal's audio-visual industry and tourism sector to inclusive economic growth.
- Increased participation of previously disadvantaged groups in the audio-visual industry and tourism sector in KwaZulu-Natal.

Functions Coordinated under this programme (PKA) include

DESTINATION MARKETING AND PROMOTIONS

- To market the destination nationally and internationally to increase tourist arrivals, position KwaZulu-Natal as a preferred film production destination, and attract investment in the province's tourism and film industries.
- To implement the overall marketing and communications strategy in support of the various programmes and initiatives undertaken by the entity.

AUDIO-VISUAL DEVELOPMENT AND PRODUCTION

- To support the development and production of a variety of audio-visual content within the province through the Film Fund and to facilitate the creation and consumption of local content.
- To build capacity and capabilities within the local audio-visual industry.

TOURISM DEVELOPMENT

To facilitate tourism product development, enhance experience offerings, and contribute to transformation within the tourism sector.

CONVENTION BUREAU

To drive the growth of national and international business events in KwaZulu-Natal and to facilitate the transformation of the business events sector, thereby enhancing its contribution to the provincial economy.

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	VARIANCE	BUDGET	ACTUAL EXPENDITURE	VARIANCE
R'000	-	-	-	R163 990	R139 279	R24 771

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATIONS	COMMENTS
2.1.1 Number of interventions (product/ experience improvement) facilitated in support of existing tourism products	0	2	2	0	Nil
2.2.1 Number of new tourism experience offerings implemented	2	2	0	0	The under achievement is based on the delays experienced with two tourism infrastructure projects:

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATIONS	COMMENTS
2.2.1 Number of new tourism experience offerings implemented					**KwaXolo Caves & Adventures** The project has experienced delays in the appointment of the main contractor and local labour as the result of extended engagements with the community trust and local stakeholders, which was not anticipated, thus affecting the project timelines. The project has also experienced delays due to inclement weather conditions and persistent heavy rainfalls. However, overall the project is for 8 months, and the project progress is acceptable at 47% (154 of 255 days), and practical completion is July 2025. **Mandela Capture Site** The Capture site project is currently being implemented with the contractor on site. However, the project experienced delays which were technical in nature, relating to finalisation on technical drawings, approval of permits by local authorities, and some relating to the appointment of sub-contractors. It is pleasing that the project is currently in implementation and the construction programme indicates that the practical completion date is 31 July 2025, and the project progress is at 51% completion.
2.3.1 Number of tourism investment support activities facilitated	4	4	4	0	Nil
3.1.1 Number of small black-owned tourism enterprises supported	149	100	49	-51	The reason for non-achievement emanates from a prolonged procurement process to appoint a service provider to deliver on the enterprise development interventions. In order to address the challenges encountered, going forward the entity would issue a public call to KZN enterprises on the bases of interventions that have been planned.

Explanation of Actual Achievement:

The tourism development interventions executed during the year included market access support and capacity building for small tourism enterprises. This support targeted SMMEs from various districts within the province, with the aim of enhancing their competitiveness. In the year under review, 34 women-owned enterprises and 9 youth-owned enterprises were supported through various interventions by the entity.

Furthermore, as part of the rural tourism development intervention, a number of arts and craft artisans were assisted with profile and portfolio development to improve market access and promote professionalisation.

In addition, through an initiative aimed at supporting existing tourism enterprises, the entity provided both rural and township-based enterprises and projects with infrastructure and business enhancement support. This project support was intended to promote competitive and efficient business operations.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATIONS	COMMENTS
1.1.1 Number of trade engagements for destination promotion conducted	8	12	29	+17	The planned target was exceeded due to additional activities as a result of the merger.
1.2.1 Number of seasonal domestic campaigns implemented	5	5	5	0	Nil
4.1.1 Number of partnerships established to drive conversion	8	5	7	+2	The entity is part of the Routes Development Committee (RDC) and activities in the year under review allowed access to more relevant partnerships through the RDC
4.2.1 Number of tourism deals promoted	138	160	58	-102	The marketing department targeted 160 tourism deals for promotion and auditing. The discrepancy can be attributed to the recovery phase of the tourism industry in KZN which resulted in the reduced phase of deals obtained

Explanation of Actual Achievement:

The Marketing Department of the KwaZulu-Natal Tourism and Film Authority demonstrated noteworthy performance against its budget allocation for the 2024/25 financial year. The achievements reflect strategic alignment with the entity's operational goals and the positive impact of recent organisational changes.

Number of Trade Engagements for Destination Promotion Conducted

The substantial overachievement of the indicator was due to the merger that came with the additional opportunities for destination promotion.

Number of Seasonal Domestic Campaigns Implemented

Achieving the planned target during the year under review demonstrates consistent execution of our domestic tourism strategy, indicating stability and effective resource allocation.

Number of Partnerships Established to Drive Conversion

The increase of +2 partnerships in 2024/25 reflects our proactive approach and successful collaboration with the Routes Development Committee, enabling access to more relevant and impactful partnerships.

Number of Tourism Deals Promoted

The shortfall of the deals promoted in 2024/25 indicated the industry recovery. This highlights the need for continued focus on market conditions to drive future deal promotions.

In summary, the Marketing Department's performance showcases significant achievements, particularly in trade engagements and partnerships, while also noting challenges in deal promotion due to the evolving market conditions. These insights will guide our strategic adjustments moving forward.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATIONS	COMMENTS
5.1.1 Number of Bid proposals submitted for hosting of business events in the province	94	50	49	-1	Target was not achieved due to limitations in human and financial capacity within the department.
5.2.1 Number of Africa focussed roadshows conducted	4	4	4	0	Nil
5.3.1 Number of Business events hosted	33	25	25	0	Nil
5.2.2 Black-owned business events for SMMEs through mentorship	6	8	22	+14	More opportunities were made available through collaboration with strategic stakeholders, enabling the department to exceed its target. SME support opportunities included participation in the Standard Bank Top Women Achievement Programme and access to markets through involvement in various trade shows.

Explanation of Actual Achievement:

The Convention Bureau successfully met all its annual targets, except for the number of bids submitted, which stood at 49, a deviation of -1. Notably, there remains a critical gap in the resourcing of the department, both in terms of human capital and financial capacity. This has had a direct impact on the effective operation of the department and its ability to fully deliver on its targets.

The entity is currently in the process of reviewing the Bid Support Fund, a critical step in enabling the entity to target and pursue strategic business events for hosting in the province. Additional funding support mechanisms are being explored to enhance this process, with an increased focus on collaboration.

Future bid proposals will include funding models at the submission stage, ensuring that partnerships are formalised upfront rather than post-award.

As part of its SME support interventions, the entity partnered with Standard Bank, resulting in opportunities for 14 women-owned businesses to participate in the Standard Bank Top Women Achiever Programme. This afforded participants the chance to pitch their businesses and present potential expansion opportunities for further support.

Other SMEs were provided with market access opportunities through participation in trade shows, including Meetings Africa, where four (4) SMEs showcased their offerings.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.3.1 Percentage of people selected to attend markets and festivals from the designated groups	90%	90%	100%	+10%	Two funded applicants who attended the market festival were from the designated target group and were also based in the KwaZulu-Natal province.

Explanation of Actual Achievement:

The purpose of Markets and Festival Funding is to provide KwaZulu-Natal filmmakers with access to local, African, and global markets through attendance at premier markets and festivals. These events offer valuable opportunities for networking, knowledge-building, and securing co-production agreements.

Markets such as the Joburg International Film Festival host a range of activities, including panel discussions, screenings, pitch contests, skills development labs, and speed networking sessions, which promote engagement with other funders, financial institutions, producers, and distributors. This organised access allows KwaZulu-Natal filmmakers to connect with local, continental, and international markets.

During the year under review, over 30 local filmmakers participated in the Durban FilmMart and the Durban International Film Festival. Participants included a cohort of disabled filmmakers, female filmmakers from iLembe, and filmmakers from Mpophomeni. Their attendance enabled access to both a film market and a festival of film screenings.

At the Joburg Film Festival, which took place in March 2025, two African female filmmakers attended to showcase and pitch their projects, both of which had been developed with support from the KwaZulu-Natal Tourism and Film Authority.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.3.2 Percentage of Film Funded projects awarded to designated groups	95%	80%	90%	+10	Applied and funded applicants were within the target designated group and also, majority were from the KZN province.

Explanation of Actual Achievement:

The audio-visual production and development interventions executed during the year included the awarding of funding for development (script development), production, and co-production of film projects to KwaZulu-Natal-based and South African filmmakers. This funding enables the creation of independent film, television, documentary, TV series, and animation projects. These projects provide both entertainment and educational value to audiences, while also creating jobs and promoting KwaZulu-Natal's unique locations.

Co-productions, in particular, facilitate the exchange of skills and creative expertise between countries across the African continent and internationally. They also serve to export the cultural, linguistic, and heritage currency of KwaZulu-Natal. In terms of local economic impact, co-productions generate international spend within the region, supporting job creation, the use of accommodation and transport services, and the contracting of service providers, often at higher expenditure levels than locally produced projects alone.

The target for the year was met, with contracted productions primarily awarded to black- and youth-owned enterprises. However, the number of awards issued to women was limited, reflecting the broader gender imbalance within the film industry, where men remain dominant in both filmmaking and SME ownership. This highlights the need for more targeted interventions aimed at women, including ensuring that all information-sharing sessions specifically encourage female applicants and that targeted calls are issued exclusively for women filmmakers.

Notably, a total of four (4) awards were issued to the underserved district of uMzinyathi, as part of a deliberate strategic effort to extend access to the Film Fund across all regions of KwaZulu-Natal, including remote and historically marginalised districts.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.3.3 Number of productions awarded funding through the KwaZulu-Natal Film Fund	5	2	2	0	Nil

Explanation of Actual Achievement:

Production projects are defined as film, television, TV series, documentary, and animation projects that have completed the script development process and are deemed production-ready. During the year under review, the entity funded two exciting projects.

Knittyville is an early childhood development concept that was also developed by the entity. The show features knitted puppets animated in 3D, who live in a whimsical knitted village and deliver important age-appropriate content to young children, such as colours and counting. The project is the brainchild of a black, female animation company owner, born and based in Durban, who was developed through the former KwaZulu-Natal Film Commission's SMME development programme, which spanned over three years. Knittyville is licensed by the SABC and will be broadcast on both their television channel and digital platform.

Nelson Mandela's Favourite Folktales also received production funding. This project was awarded to a black, female-owned company (not KwaZulu-Natal-based) and was fully developed by the entity. It is a 3D animation project that reimagines and retells stories from Nelson Mandela's Favourite Folktales, a children's book of the same name.

The SABC is supporting the project as both the platform and license fee provider. It will be broadcast on their channel and digital platform. The children's animation series will be dubbed into five languages, including South African languages other than isiZulu and English, which are already available. This approach not only ensures accessibility to a wider South African child audience but also supports the export of locally created content to international markets, including Asia and other African regions

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
5.3.3.4 Number of Made for TV movies awarded funding in development	7	8	0	8	This target was not met due to budgetary constraints during the year under review.

Explanation of Actual Achievement:

The Made for TV project is a two-year mentorship programme aimed at emerging filmmakers who will develop and produce their first short films. Launched in 2016, the programme has successfully launched the careers of scriptwriters, directors, and producers based in KwaZulu-Natal, enabling them to build and sustain their careers within the province.

The target for Made for TV Development Projects was not met during the 2024/25 financial year due to a lack of available funding in quarters 1 to 3. Funding was made available in quarter 4 through savings, which allowed a Call for Applications to be issued. However, due to the large volume of applications received (over 300), the evaluation and selection process could not be concluded before the end of the financial year, resulting in the target not being met.

The evaluation and awarding of projects will take place in the 2025/26 financial year.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
5.3.3.5 Number of IsiZulu Made for TV movies awarded funding in production	2	2	2	0	Nil
5.3.3.6 Number of Made for TV movies awarded funding in Production	6	7	7	0	Nil

Explanation of Actual Achievement:

In the second year of the Made for TV project, projects that have concluded their development and have production-ready scripts, move onto the production phase of the project. In the 2024/25 financial year, nine (9) isiZulu language and other language scripts moved onto the production phase. Therefore, this target was met.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
5.3.3.7 Number of direct and indirect jobs created in the KwaZulu-Natal audio-visual industry	0	0	0	0	Nil
5.3.3.8 Number of temporary jobs created through KZN Film Fund	394	160	270	+111	The direct funding provided for projects resulted in the creation of more jobs than originally planned.

Explanation of Actual Achievement:

The target for temporary jobs created was met and exceeded, due to the entity's efforts in ensuring that productions employ crew and service providers from within the KwaZulu-Natal province.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
5.3.3.9 Number of co-productions within the African continent	0	2	2	0	Nil

Explanation of Actual Achievement:

Co-productions with two African countries were concluded; with Mauritius in the co-production of the Apex Alley documentary and Namibia in the co-production of Nokx, Queen of Pies.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
5.3.3.10 Number of international co-productions shot in KZN	1	2	2	0	Nil

Explanation of Actual Achievement:

This target was met and the projects were concluded which allowed for job creation and economic influx into the province.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.6.1 Percentage of temporary KZN crew employed on KZNFILM-funded Projects	72%	70%	78%	+8%	The funded temporary crew were from the designated target group and were also based in the KwaZulu-Natal province.

Explanation of Actual Achievement:

The target for temporary jobs created was met and exceeded, owing to the entity's efforts to ensure that productions employ crew and service providers from the KwaZulu-Natal province.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.9.1 Number of bursaries awarded to students studying film- related courses at tertiary institutions.	37	25	29	+4	This overachievement is due to additional funding received in Quarter 4 derived from savings. The bursary intake was accordingly increased.

Explanation of Actual Achievement:

A total of 25 film-related bursary beneficiaries were planned for the financial year. The entity overachieved by supporting an additional four beneficiaries, bringing the total to 29. This was made possible through additional funding, which enabled an increase in the number of supported beneficiaries.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.3.9.2 Number of SMME's supported through development programmes	new	40	41	+1	The target was exceeded due to the inclusion of an additional SMME that was provided with a market access platform.

Explanation of Actual Achievement:

A target of 40 film-related SMMEs was set for support through SMME development interventions during the financial year. The three interventions included the SMME Incubation Programme, Drone Programmes, which introduced a new skillset to SMMEs, and a Market Access Intervention for those seeking to access markets. The entity overachieved by supporting an additional SMME, bringing the total to 41, as one more SMME was accommodated through the Market Access Intervention.

PROGRAMME 3: FINANCE AND ADMINISTRATION

Programme Purpose: The programme's purpose is to assist the Chief Financial Officer in discharging the duties prescribed in Part 2 of Chapter 6 of the Public Finance Management Act (PFMA) and administering compliance with all relevant financial statutes and regulations, the most important of which is the PFMA.

In ensuring a cohesive and compliant service delivery environment, the programme strives to achieve a balance between delivering service excellence and maintaining an agile internal control environment, thereby instilling fiscal discipline within the entity. There are five subprogrammes within this programme. The following are the outcomes in the Strategic Plan that are aligned with the programme's purposes.

Strategic Objectives:

- Institutional Excellence
- Increased participation of transformed enterprises in KwaZulu-Natal's audio-visual and tourism industries.

Functions Coordinated under this programme (PKA) include

FINANCIAL ACCOUNTING

Manage financial resources and ensure that processes and procedures are in place to enable the achievement of the KwaZulu-Natal Tourism and Film Authority's objectives

SUPPLY CHAIN AND ASSET MANAGEMENT

To procure goods and services in compliance with applicable legislation and regulations

MANAGEMENT ACCOUNTING

- To effectively manage the entity's finances by allocating resources efficiently, prioritising spending, and controlling expenditures to prevent overspending.
- To ensure that the budget is aligned with the organisation's overall goals and mandates, identify gaps, and enhance financial transparency and accountability.

INTERNAL CONTROL AND FINANCIAL SYSTEMS

- To design, implement, and monitor the effective functioning of the system of internal control, ensuring that the entity's structure and systems support its policies and plans, and that the entity operates within the statutory and regulatory environment.
- To ensure the implementation of corrective measures and preventative controls in respect of all financial risks and audit findings, as per the reports of the Auditor-General and the Internal Audit Unit.

FINANCE AND ADMINISTRATION

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	VARIANCE	BUDGET	ACTUAL EXPENDITURE	VARIANCE
R'000	-	-	-	R 22 689	R 22 384	R 305

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.2.2.2 Percentage of procurement spend on Black-owned business enterprises	76%	72%	82%	+10%	The target was exceeded as there was more procurement spend on Black-owned enterprises.

Explanation of Actual Achievement:

The entity strives to ensure that vulnerable groups are given opportunities and supported throughout its value chain. Over 70% of the procurement budget is earmarked to support these groups. The increase in spending on Black-owned enterprises is attributed to the continued efforts to invite vulnerable groups to participate in available opportunities. The merger of the two entities also played a significant role, as the increased budget allowed the Supply Chain Management unit to procure more goods and services from these groups.

PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2023/24	ANNUAL PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
5.2.2.1 Unqualified audit report	Nil	Unqualified Report	Unqualified with Findings	N/A	Nil

Explanation of Actual Achievement:

The KwaZulu-Natal Tourism and Film Authority achieved an unqualified audit opinion with findings for the 2024/25 financial year. The findings arose from the entity having merged during the financial year and, as a result, experiencing compliance issues relating to strategic documents. The audits on the Annual Financial Statements and Supply Chain Management were without material findings.

PROGRAMME 4: CORPORATE SERVICES

Programme Purpose: The purpose of the programme is to manage and support the activities and programmes of the KwaZulu-Natal Tourism and Film Authority, providing oversight to enhance efficiency and effectiveness. Five subprogrammes within Programme Four are aligned with Outcome 1 of the Strategic Plan.

Strategic Objectives:

- Improve governance and performance

Functions Coordinated under this programme (PKA) include

HUMAN CAPITAL DEVELOPMENT

To provide strategic human resources support to all programmes, fostering a high-performance culture.

SECURITY SERVICES AND TRANSPORT MANAGEMENT

To manage the security and transport services to ensure safety, reliability, and efficiency.culture.

INFORMATION COMMUNICATION AND TECHNOLOGY

- To strategically provide a stable ICT environment that enables the KwaZulu-Natal Tourism and Film Authority to embrace the era of the Fourth Industrial Revolution.
- To create an enabling environment through an integrated strategy that drives efficiencies and supports effective communication.

LEGAL SERVICES

To provide comprehensive legal services to the organisation, ensuring compliance and mitigating legal risks

CLUSTER (FILM INFRASTRUCTURE) MANAGEMENT

To manage the Cluster infrastructure to ensure it effectively benefits emerging filmmakers. environment.culture.

OFFICE ACCOMMODATION AND FACILITY MANAGEMENT

To manage the security and facilities of the office space, ensuring a safe and efficient working environment.culture.

LINKING PERFORMANCE WITH BUDGET						
PROGRAMME	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	VARIANCE	BUDGET	ACTUAL EXPENDITURE	VARIANCE
R'000	-	-	-	R 30 170	R 43 016	(R 12 838)

OUTCOME: INCREASE PARTICIPATION OF THE DESIGNATED GROUPS IN THE FILM SECTOR					
PERFORMANCE INDICATOR	AUDITED ACTUAL ACHIEVEMENT	ANNUAL PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION/ COMMENTS
	2023/24	2024/25	2024/25		
6.6.1 Number of training interventions implemented	19	16	22	+6	The target was exceeded due to additional functional training requirements, as well as statutory training provided by provincial departments.
6.7.1 Number of organisational development programmes implemented	5	4	4	0	Nil
6.8.1 Procurement budget ring-fenced for spend on designated group business enterprises (Black, Women, Youth, and Persons with Disabilities).	70%	70%	90%	+20%	The entity continues to prioritise procurement of designated groups.
6.9.1 Percentage of invoices paid within 30 days	84%	100%	94%	-6%	The entity continues to engage with service providers regarding the dating of invoices and their timeous submission. A centralised invoice system has been implemented to improve the processing of invoices.

Explanation of Actual Achievement:

Training interventions are a critical tool to upskill staff and improve the effectiveness of the entity. The planned target was exceeded due to additional functional training requirements.

In preparation for the merger, the Organisational Development indicator was included in the planning phase of the 2024/25 APP to ensure the effective implementation of the rationalisation process for the two entities. Various identified projects and initiatives were developed to enhance the entity's effectiveness and resilience.

Part C
Governance

INTRODUCTION

The KwaZulu-Natal Tourism and Film Authority adheres to all corporate governance standards, including, but not limited to, legislative requirements such as the entity's enabling legislation (the KwaZulu-Natal Tourism and Film Authority Act 02 of 2024), the PFMA, and the good governance principles set out in the King IV Report on Corporate Governance for South Africa (King IV), while recognising that governance transcends frameworks, principles, and policies.

The Board of the KwaZulu-Natal Tourism and Film Authority is ultimately responsible for ensuring high corporate governance standards, assisted by management, and aims to instil a culture of compliance and good governance. The KwaZulu-Natal Tourism and Film Authority is continuously committed to applying sound and meaningful governance practices and conducting its affairs with integrity.

Portfolio Committees

The entity reports to the Economic Development, Tourism and Environmental Affairs Portfolio, as well as the Finance Portfolio Committee and the Standing Committee on Public Accounts (SCOPA). During the period under review, the entity did not attend any portfolio committee meetings.

Executive Authority

The Executive Authority of the entity is the MEC for the Department of Economic Development, Tourism and Environmental Affairs.

The Accounting Authority

In accordance with the KwaZulu-Natal Tourism and Film Authority Act 02 of 2024, the Board was appointed in September 2024. The Board is responsible for setting the strategic direction, overseeing the efficient operation of the organisation in line with its mandate, and being accountable to the Shareholder for the entity's performance. By identifying key performance and risk areas, ensuring that the strategy will produce sustainable outcomes, approving the strategy, and contributing to its development, the Board demonstrates its belief that strategy, risk, performance, and sustainability are inseparable. It also ensures that the strategy and annual performance plans do not create risks that management has not fully evaluated.

The Role of the Board

The membership of the Board is clearly defined, and its responsibilities are guided by the principles of good corporate governance, which include:

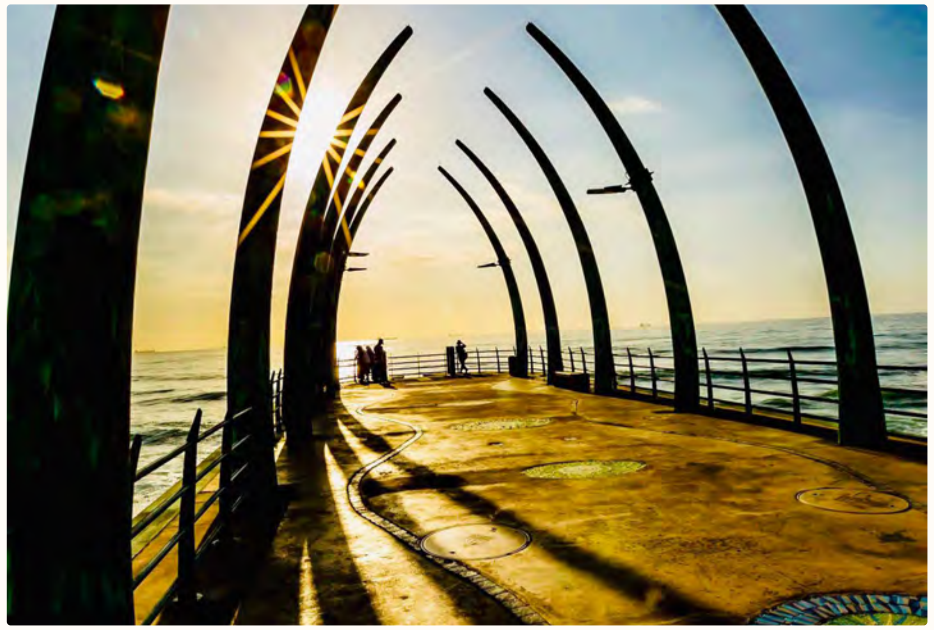
- Retaining full and effective control over the entity and providing effective leadership in the best interests of the entity.
- Informing and approving the strategies and strategic objectives of the entity, and ensuring that strategy, risk, performance, and sustainability considerations are effectively integrated and appropriately balanced.
- Determining and setting the tone of the entity's values, including principles of ethical business practice and the requirements of being a responsible corporate citizen.
- Bringing independent, informed, and effective judgement to bear on material decisions of the entity, including material policies, the framework of delegated authorities, appointment and removal of the Chief Executive Officer, approval of the appointment or removal of Executive Committee members, capital expenditure, annual budgets, and annual reports.
- Satisfying itself that the entity is governed effectively in accordance with corporate governance best practices, including risk management, legal compliance management, appropriate and relevant non-binding industry rules, codes, and standards, and internal control systems.
- Monitoring the implementation, by Board Committees and executive management, of the Board's strategies, decisions, values, and policies, with a structured approach to governance, reporting, risk management, information management (including information technology), and risk-based auditing.
- Ensuring that the entity has effective Board Committees as required by the KwaZulu-Natal Tourism and Film Authority Act, and as recommended by best corporate governance practice (King IV).
- Ensuring that there is an effective risk-based internal audit.
- Governing the disclosure control processes of the entity, including ensuring the integrity of the entity's annual report and reporting on the effectiveness of the entity's system of internal controls.
- Ensuring that disputes are resolved as effectively, efficiently, and expeditiously as possible.
- Monitoring the relationship between management and stakeholders of the entity.

The details of the Board members appointed by the MEC for Economic Development, Tourism and Environmental Affairs, including an indication of their attendance at meetings and remuneration paid during the financial year, are contained in the annual financial statements page 98.

Board Charter

The Board Charter regulates the functioning of the Board in accordance with the principles of good corporate governance. It ensures that all Board members, acting on behalf of the entity, are aware of their duties and responsibilities, as well as the various legislation and regulations affecting their conduct.

The Board of the KwaZulu-Natal Tourism and Film Authority was appointed in September 2024, with the Board Charter being approved in October 2024.



Composition of the Board

NAME & DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Dr. Joel Sibusiso Ndebele Chairperson	03/09/2024	-	· Diploma in Library Science · BA in International Politics · Honours BA in Development Administration	· Leadership Governance	-	-	· Board - 4
Ms Ragnhild (Rung) Lilly Unger Button Deputy Chairperson	31/08/2024	-	· Examen Philosophicum · English Intermediary ("Mellomfag") · Studies in Biblical Archaeology · Various South African Airways "Fares & Ticketing" Courses · BSP (Billing and Settlement Plan) · Galileo (Computerised Reservation System) · Amadeus (Computerised Reservation System) · IATA / UFTAA Standard International Travel Agent Diploma · Certificate of Registration as a Travel Agent · IATA / UFTAA Advanced International Travel Agent Diploma · South African Tourist Guide National Qualification – Tourism Guiding (Culture) · South African Tourist Guide National Qualification – Tourism Guiding (Nature) · ETDP Assessor Qualification	· Destination Management · Tourism Routes Development · Itinerary Planning and Marketing · Tourism Marketing to Domestic, Regional, and International Markets · Travel and Tourism Logistics	· NPC Eco Community Sheffield Beach · International Travel and Tours CC	· Destination Marketing Committee · Tourism and Film Development Committee	· Board – 4 · Destination Marketing – 2 · T&F Dev - 2

NAME & DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Dr Nomusa Zethu Qunta Member	31/08/2024	-	· Bachelor of Administration Degree · Bachelor of Commerce (Honours) · Master of Commerce Degree · Master of Business Administration · Public Sector Corporate Governance (Certificate) · PhD · Honours Degree in Theology	· Finance · Governance · Human Resources · Risk Management	· KZN Ezemvelo Wildlife	· Audit and Risk Committee · Human Resources, Social and Ethics Committee (Chairperson)	· Board – 4 · ARC – 2 · HRSEC - 3
Ms Gumthee (Bunny) Bhoola Member	31/08/2024	-	· Degree in Technology and Theology Management	· Tourism · Destination Marketing	· SATSA · Gandhi Foundation · International Institute of Peace through Tourism	· Destination Marketing Committee (Chairperson) · Tourism and Film Development Committee	· Board – 4 · Destination Marketing – 2 · T&F Dev - 2
Dr Isidore Bandile Mkhize Member	05/09/2024	-	· Bachelor of Arts · Master of Arts · Doctor of Philosophy	· Governance · Tourism Development · Destination Marketing · Human Resources		· Human Resources, Social and Ethics Committee (Chairperson) · Tourism and Film Development Committee (Chairperson)	· Board – 4 · HRSEC - 3 · T&F Dev - 2
Mr Sandile Magoso Member	31/08/2024	-	· National Diploma in Video Technology	· Film · Destination Marketing	· Durban University of Technology – Advisory Board	· Destination Marketing Committee · Tourism and Film Development Committee	· Board – 4 · Destination Marketing – 2 · T&F Dev - 2
Ms Diana Gloria Hoorzuk Member	03/09/2024	-	· Principles of Public Relations · Diploma in Executive Leadership – Municipal Development Programme	· Management · Governance · Tourism	· Ushaka Marine World · Umgeni Uthukela · Aidshealthcare Foundation · Durban Trace	· Destination Marketing Committee · Tourism and Film Development Committee	· Board – 4 · Destination Marketing – 2 · T&F Dev - 2

NAME & DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Ms Samantha Croft Member	02/09/2024	-	· Certificate in Hotel Management	· Tourism · Destination Marketing	· Sabi Sun	· Destination Marketing Committee	· Board – 4 · Destination Marketing - 2
Ms Dulcie Zinhle Sokhela Member	31/08/2024	-	· Master of Business Administration Degree · Postgraduate Diploma in Family Business · Postgraduate Diploma in Risk Management · Diploma in Human Resources	· Finance · Governance · Human Resources · Risk Management	· Safe City Msunduzi NPO · UMEDA · UKZN Foundation Trust · Fuel Retailers Association (KZN Region)	· Audit and Risk Committee · Human Resources, Social and Ethics Committee	· Board – 4 · ARC - 2 · HRSEC - 3
Ms Sphumelele Dlungwane Member	31/08/2024	-	· Master of Philosophy (Development Finance) · Chartered Accountant (CA) · Honours in Certified Theory of Accounting · Bachelor of Commerce (Financial Accounting)	· Finance · Governance · Human Resources · Risk Management	· Harry Gwala Development Agency · International Women's Federation for Commerce and Industry · Trade and Investment KwaZulu Natal · Ithala Development Corporation	· Audit and Risk Committee (Chairperson) · Human Resources, Social and Ethics Committee	· Board – 4 · ARC - 2 · HRSEC - 3
Mr Lindani Mpumelelo Sidaki Member	31/08/2024	-	· Bachelor of Commerce · Bachelor of Commerce (Honours)	· Finance · Governance · Human Resources · Risk Management	· Liberty Coal	· Audit and Risk Committee · Human Resources, Social and Ethics Committee	· Board – 4 · ARC - 2 · HRSEC - 3
INTERIM BOARD							
Prof. Thandi Nzama Chairperson	05/06/2024	31/08/2024	· PhD (Geography) · MSc (Environmental Management) · MA (Geography) · MEd · BEd · BA (Hons) Geography · BPaed (Geography, Biology, and Education) · Secondary Teachers' Diploma	· Tourism Development · Human Resource Development	· KZN Ezemvelo Wildlife · Isimangaliso Wetlands Park Authority · KZN Amafa · Enterprise Illembe Development Agency	-	· Board - 3

NAME & DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)	NO. OF MEETINGS ATTENDED
Ms. Linda Ngcobo Deputy Chairperson	05/06/2024	31/08/2024	· Chartered Accountant – 2002 (SAICA Reg. No. 07984085) · Postgraduate Diploma in Accounting · BComm Degree	· Finance · Governance	-	· Audit and Risk Committee · Marketing Committee	· Board – 3 · ARC – 2 · Mar Comm - 2
Mr Sthembiso Madlala Member	05/06/2024	31/08/2024	· Senior Teachers' Diploma · Bachelor of Arts · Advanced Certificate in Local Government and Human Resource Management	· Education Consultancy	-	· Human Resources, Social and Ethics Committee · Marketing Committee	· Board – 3 · HRSEC – 2 · Mar Comm - 2
Prof. Thokozani Mzimakwe Member	05/06/2024	31/08/2024	· B.Admin (Hons) · MA · PhD	· Management · Governance · Human Resources	· KZN Gaming and Betting Board	· Human Resources, Social and Ethics Committee · Tourism and Film Development Committee	· Board – 3 · HRSEC – 2 · T&F Dev - 1
Mr. Paulos Ngcobo Member	05/06/2024	31/08/2024	· Diploma: Human Resources · Diploma: Internal Relations	· Human Resources · International Relations	· Dube Trade Port	· Human Resources, Social and Ethics Committee · Audit and Risk Committee	· Board – 3 · HRSEC – 2 · ARC – 2
Dr. Krish Naidoo Member	05/06/2024	31/08/2024	· Doctor of Technology in Quality · Master's in Business Studies (Tourism) · Bachelor of Accounting Science · Higher Education Diploma · National Diploma in Hotel Management	· Quality · Education · Finance · Hospitality · Tourism	-	· Human Resources, Social and Ethics Committee · Tourism and Film Development Committee	· Board – 3 · HRSEC – 2 · T&F Dev - 1
Mr. Sifiso Kalinjani Member	05/06/2024	31/08/2024	· BMDP – Business Management Development Programme · National Certificate – Estate Agency Affairs Board (CEA) · The Leap Programme · Executive Management Certificate · Advanced Management Diploma	· Leadership Development · Marketing and Public Relations Management · Business Strategy · Entrepreneurship · Tourism · Property Management · Telecommunications	· KLZN United Music Industry Association (KUMISA)	· Audit and Risk Committee · Marketing Committee	· Board – 3 · Mar Comm – 2 · ARC – 2
Ms Diana Hoorzuk Member	05/06/2024	31/08/2024	· Principles of Public Relations · Diploma in Executive Leadership – Municipal Development Programme	· Management · Governance · Tourism	· Umgeni Uthukela · Aidshealthcare Foundation · Durban Trace	· Tourism and Film Development Committee · Marketing Committee	· Board – 3 · T&F Dev - 1 · Mar Comm - 2
Ms Nise Malange Member	05/06/2024	31/08/2024	· Advanced Diploma in Creative Writing & Filmmaking	· Theatre · Cultural Practitioner · Scriptwriting · Filmmaking and Videography · Governance · Tourism Development	-	· Tourism and Film Development Committee · Marketing Committee	· Board – 2 · Mar Comm - 2
Mr. Musa Mzimela Member	05/06/2024	31/08/2024	· BAdmin · BTech Management · Honours in Public Administration · Postgraduate Diploma in Governance and Political Transformation	· Governance · Finance · Human Resources · Tourism	-	· Human Resources, Social and Ethics Committee · Tourism and Film Development Committee	· Board – 3 · HRSEC – 2 · T&F Dev - 1

Risk Management

The KZN Tourism & Film Authority's primary objective is to create, preserve and realise value for the organisation. The Authority's approach to risk management seeks to identify risks and opportunities in the macro-environment, internally within the organisation, as well as issues that impact our stakeholders.

During the reporting year, the KZN Tourism & Film Authority adopted the approach of monitoring the risk registers of both former entities whilst the merger implementation process was underway. The operational requirements of establishing the new entity resulted in the risk assessment for the new entity being deferred to the new financial year. In order to ensure that risk mitigation was in place for the achievement of the APP for the respective entities, the Authority adopted the risk registers of the former entities, which have been utilised to track risk implementation.

DURING THE 2024/25 FINANCIAL YEAR, THE FOLLOWING AREAS WERE IDENTIFIED AS MEDIUM-HIGH RISK AREAS FOR THE FORMER ENTITIES:

- Non-compliance with EDTEA Funding Agreement submission deadlines
- Non-submission of HR statutory reports
- Malicious/malware attack
- Damage to and loss of laptops
- Non-compliance with SCM processes
- Insufficient budget available to deliver planned programmes
- Inability to meet financial obligations to contracted filmmakers
- Limited access to distribution platforms for KZN Film Commission funded productions
- Inadequate financial resources to fulfill Tourism KZN's mandate
- Inability to fill critical posts
- Challenges in positioning KZN as a domestic and international destination
- Delay in finalising the rationalisation process between the KZN Film Commission and Tourism KZN
- Disruption to normal business processes impacting service delivery

The Audit and Risk Committee continuously monitors the implementation of risk management to ensure that mitigation actions are achieved within a reasonable time. This resulted in 96% of the mitigation actions for the former KZN Film Commission and 75% of the mitigation actions for the former Tourism KZN being fully implemented by the end of the financial year. The actions that were not fully implemented were in progress and faced delays due to the merger implementation and changes in the operating environment for the organisation. Internal Audit reviews the progress made to date in order to provide further assurance to the Committee, confirming that risks are being managed and mitigated appropriately.

The Authority has prioritised its risk management culture and has commenced the development of key policies, frameworks and implementation plans to ensure that risk is adequately managed.

Internal Control Unit

The KZN Tourism & Film Authority is guided by the principles set out in the Public Finance Management Act (PFMA). This requires the entity to implement and maintain efficient and effective corporate governance and internal control systems. These systems are designed to provide cost-effective assurance that assets are safeguarded, and that liabilities and working capital are efficiently and effectively managed.

During the year under review, the Internal Audit function for the former KZN Film Commission was outsourced to Morar Incorporated, while for the former Tourism KwaZulu-Natal it was outsourced to Abacwaningi Business Solutions. Abacwaningi Business Solutions was appointed in January 2025 to provide internal audit services to KZN Tourism & Film Authority.

In line with the PFMA and King IV, the Internal Audit teams provided the Audit and Risk Committee and management with assurance that internal controls are appropriate and effective. The following internal audits were undertaken during the year under review:

- Budget Review – Former KZN Film Commission
- External Bursary Review – Former KZN Film Commission
- Asset Management – Former Tourism KZN
- Human Resource and Performance Information – Former Tourism KZN
- Irregular Expenditure – Former Tourism KZN
- Tourism KZN Annual Financial Statements Review
- Tourism KZN Projects Funding Controls
- Tourism KZN SCM Audit
- Tourism KZN Information Technology General Control Review

The Audit and Risk Committee (ARC)

The functions of the Audit and Risk Committee (ARC) are:

- To examine and review the Annual Financial Statements and interim financial reports with management and the external auditors before filing with regulators, and to consider whether such documentation is complete and consistent with information known to members of the Committee, and reflects appropriate accounting principles.
- To review the effectiveness of the entity's risk management and related policies, and internal control systems, including information technology security and control
- To review the risk management framework for identifying, assessing, monitoring and managing significant risks.
- To review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- To review the external auditors' proposed audit scope and approach, including coordination of audit efforts with internal audit.
- To serve as a Performance Committee and report to the Board on all matters relating to performance management.
- To provide oversight of IT operations and risks.
- To provide oversight of fraud prevention and misconduct.
- To review the Fraud Prevention Plan implemented to prevent and detect fraud.
- To review risk management and related policies.
- To review compliance with the prescribed accounting framework.

The Annual Report contains a report by the ARC, indicating their assessment of these matters.

The table below discloses relevant information on the Audit Committee members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	INTERNAL POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Ms Sphumelele Dlungwane	· Master of Philosophy (Development Finance) · Chartered Accountant (CA) · Honours in Accounting (Certified Theory) · Bachelor of Commerce (Financial Accounting)	External	ARC Chair	31 August 2024	-	2
Dr. Nomusa Zethu Qunta	· Bachelor of Administration · Bachelor of Commerce (Honours) · Master of Commerce · Master of Business Administration · Public Sector Corporate Governance (Certificate) · PhD · Honours in Theology	External	ARC Member	31 August 2024	-	2
Ms. Dulcie Zinhle Sokhela	· Master of Business Administration · Postgraduate Diploma in Family Business · Postgraduate Diploma in Risk Management · Diploma in Human Resources	External	ARC Member	31 August 2024	-	2
Mr Lindani Mpumelelo Sidaki	· Bachelor of Commerce · Bachelor of Commerce (Honours)	External	ARC Member	31 August 2024	-	2
INTERIM AUDIT AND RISK COMMITTEE						
Ms. Linda Ngcobo	· Chartered Accountant – 2002 (SAICA Reg. No. 07984085) · Postgraduate Diploma in Accounting · Bachelor of Commerce	External	ARC Member	05 June 2024	31 August 2024	2
Mr. Paulos Ngcobo	· Diploma in Human Resources · Diploma in Industrial Relations	External	ARC Chair	05 June 2024	31 August 2024	2
Mr. Sifiso Kalinjani	· Business Management Development Programme (BMDP) · National Certificate – Estate Agency Affairs Board (CEA) · The Leap Programme · Executive Management Certificate · Advanced Management Diploma	External	ARC Member	05 June 2024	31 August 2024	2
Mr. Mbuso Ngcobo	· Bachelor of Commerce (Accounting) · Chartered Accountant [CA(SA)] · Honours in Accounting with CTA	External	Independent Member	05 June 2024	31 August 2024	2
Mr. Denga Ramuedzisi	· Chartered Accountant [CA(SA)] · Registered Auditor · Bachelor of Commerce (Information Systems and Accounting) · Higher Diploma in Accountancy · Management Development Programme – B-BBEE (MDP-B-BBEE)	External	Independent Member	05 June 2024	31 August 2024	2

Compliance with Laws and Regulations

The Audit and Risk Committee (ARC) reports must comply with its responsibilities arising from Section 50(1) of the Public Finance Management Act and the Treasury Regulations. The ARC shall be responsible for:

- Reviewing the effectiveness of systems for monitoring compliance with laws and regulations, as well as the results of management's investigations and follow-up on any instances of non-compliance.
- Obtaining regular updates from management and the organisation's legal counsel regarding compliance matters.

Fraud and Corruption

The entity has a zero-tolerance policy towards fraud and corruption. All allegations of fraud, corruption and maladministration will be investigated, and tough action will be taken against perpetrators, including disciplinary steps, civil recovery of financial losses, and criminal prosecution.

The KZN Tourism & Film Authority implements appropriate prevention and detection controls and is currently developing policies, procedures and reporting mechanisms to strengthen these measures. The Authority adheres to the principles contained in the Code of Conduct for the Public Service, the Batho Pele principles, and the ethical values adopted by the Authority as outlined in its strategic plan.

Officials are afforded the necessary confidentiality when reporting suspected fraud and corrupt activities. All allegations of fraud, corruption and maladministration are treated in confidence, and every effort is made, subject to any legal constraints, not to reveal the identity of the reportee. Reported allegations are screened and evaluated, and all suspected fraud and corruption activities are reported via the Provincial Treasury Fraud Hotline.

Conflict of Interest

Each employee and Board member declares their business interests at the beginning of the financial year. Staff members who serve on various SCM committees are required to declare their business interests at every meeting they attend. It is standard practice that participants in the various governance structures declare any conflicts of interest in matters under discussion, which are then recorded in the minutes of the meeting.

Code of Conduct

With regard to SCM matters, the Code of Conduct as contained in the Provincial Treasury Practice Note 04 of 2007 is applied in the former KZN Film Commission. Furthermore, the KZN Tourism & Film Authority has a Code of Ethics policy, which serves as a set of rules guiding the behaviour of individuals in an organisational context. These behavioural rules are based on the Authority's core values and contribute to creating an organisational culture that upholds an exemplary reputation with all stakeholders.

This Code of Ethics is designed to remove ambiguity from values and to explain how employees are expected to demonstrate the organisation's core values. These values must be evident in daily conduct, becoming both a way of life and a way of doing business.

Health, Safety and Environmental Issues

The entity has a Health and Safety Committee appointed to address all health and safety matters in the workplace. On environmental matters, the entity has endeavoured to ensure that its systems are automated and, where possible, paperless, in order to reduce carbon emissions. With respect to the industry at large, the entity has produced guidelines for environmental sustainability, which have been shared with industry practitioners and municipalities.

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority as per the deadlines and dates outlined in the funding agreement.

Evaluation of Financial Statements

The Committee:

- Confirmed, based on management's review and projected cash flows, that the consolidated AFS were prepared on a going-concern basis.
- Examined the consolidated AFS and other financial information made public, prior to their approval by the Board.
- Considered accounting treatments, significant or unusual transactions, and accounting judgements.
- Considered the appropriateness of the accounting policies disclosed in the consolidated AFS and any changes made thereto.
- Considered any problems identified, as well as any legal and tax matters that could materially affect the financial statements.

Based on the results of a formal, documented review of the design, implementation and effectiveness of the organisation's system of internal financial control (as conducted by the internal audit function); considering information and explanations given by management; and discussions with the external auditor on the results of their audit, the committee is of the opinion that the KwaZulu-Natal Tourism and Film Authority's system of internal financial controls is effective and formed a fair basis for the preparation of reliable financial statements for the 2024/25 financial year.

The Audit and Risk Committee has also satisfied itself as to the integrity of the Annual Report.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs with and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited consolidated annual financial statements be accepted and read together with the report of the auditor.

Ms S. Dlungwane
Chairperson of the Audit Committee

Refer to PART F under the Annual Financial Statements page 98.

B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

HAS THE DEPARTMENT / PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARD TO THE FOLLOWING:		
CRITERIA	**RESPONSE YES / NO**	**DISCUSSION**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	n/a	
Developing and implementing a preferential procurement policy?	Yes	Preferential procurement forms part of the Supply Chain Management Policy, where specific goals are applied to all procurement in the organisation, with preference given to black people, women, youth, and people with disabilities.
Determining qualification criteria for the sale of state-owned enterprises?	n/a	
Developing criteria for entering into partnerships with the private sector?	n/a	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	This is achieved through various programmes, including training and grants, as part of our B-BBEE scorecard. These may fall under Socio-Economic Development, Enterprise Development, Supplier Development, or various skills training programmes.

Part D
Human Resources

Introduction

The role of Human Resource Management is to plan, develop, and administer policies and programmes designed to ensure the expeditious use of an organisation's human resources. This includes the effective utilisation of a substantial workforce, fostering desirable working relationships among all members of the organisation, and promoting maximum individual development.

The priorities set for the year were organisational development, learning and development, employee relations, employee wellness, compliance, and reporting.

The year under review was of critical importance, as it marked the finalisation of the KwaZulu-Natal government's entity rationalisation process, which resulted in the merger of the former Tourism KZN and KZN Film Commission into the KZN Tourism & Film Authority in May 2024.

A significant aspect of the merger was the integration of the Human Resources function and operational systems.

Set HR Priorities for the Year Under Review and the Impact of These Priorities

The following organisational development projects were undertaken during the financial year, informed by the needs of the newly merged entity:

Matching and Placement

The total staff complement of the entity is 120 employees. During the year under review, 68 permanent employees were matched and placed in new roles aligned to the positions they held in the former entities. Interim placement of 20 fixed-term employees was also finalised, bringing the total number of placements to 88 employees.

A detailed, independent process to develop job profiles was undertaken during the year under review. All permanent and fixed-term employees were issued with job profiles for the positions they currently occupy.

Following the matching and placement process, a service provider was appointed to identify skills and qualifications gaps. This initiative will guide the identification of skills development interventions going forward. The project was still underway at the end of the year under review.

Learning and Development

Internal employees are provided with opportunities to develop their skills, thereby improving organisational effectiveness and empowering individuals to perform optimally. Training is delivered through a focused approach in compliance with the Skills Development Act and aligned to sector requirements.

Individual development plans are informed by functional growth needs and compliance requirements, with a focus on performance enhancement.

The organisation also contributes to the development of unemployed youth through a two-year internship programme. These programmes include training, coaching, and mentoring. During the year under review, 53 internship opportunities were offered to unemployed youth within the organisation.

Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The organisation keeps abreast of corporate best practice by maintaining a competitive edge in line with global standards and the ever-changing business environment. The analysis of meaningful information is essential to enable management to make sound and viable decisions. Human Resources serves as a strategic enabler for adapting to change and implementing the necessary adjustments, thereby contributing to the evolving business environment and supporting business growth.

This report covers various aspects of corporate services, including human resource management, recruitment, employee development, policy formulation, change management, remuneration, procurement, merger-related activities, and financial management within the organisation.

Efforts were made to align processes, ensure compliance, address employee issues, and drive operational efficiencies across various functions within the merged environment.

Employee Performance Management Framework

Human Resources continued to facilitate the completion of Performance Agreements and Assessments. For 2023/24, 91.65% of assessments were submitted, and for 2024/25, 100% of agreements were submitted across all levels and departments.

Wellness Programmes

The organisation subscribes to a comprehensive wellness programme, which significantly contributes to improving productivity. It recognises that wellness promotes optimal performance, reduces work-related ill health, and improves employee relations. The entity considers employee health and well-being to be central to organisational performance.

During the year under review, the Human Resources Department coordinated 13 initiatives to support work-life balance, including sponsoring entry costs for road-running events, as part of interventions aimed at encouraging mental and physical well-being.

Policy Development

The KwaZulu-Natal Tourism and Film Authority's Human Resources policies include Recruitment and Selection, Code of Ethics, Acting, Cellphone Allowances, Talent Management, Internship Policy, Skills Development, Staff Conditions of Service, Sexual Harassment, Secondment and Transfer, Retrenchment, Leave, Grievance Policy, and Disciplinary Procedure and Policy. These policies were approved following the merger.

Highlight Achievements

An organisation is only as good as its people, and the mark of a successful company is when its staff are cheerful, industrious, efficient, and productive – in other words, when they act as ambassadors for the brand. The Human Resources Department, therefore, carries the responsibility of creating optimal conditions for the workforce. It must be responsive, proactive, and empathetic.

During the year, 58 beneficiaries participated in informal training, while 15 beneficiaries received bursaries for formal studies in a variety of disciplines and at various institutions. The appointed service provider coordinated consultative sessions with heads of units and employees to finalise job profiles. All positions occupied by incumbents have been finalised and signed off.

Future HR Plans and Goals

A Skills Audit project is currently underway to assess existing skills, identify gaps, and guide development plans within the new work landscape.

In addition, a Change Management intervention is in progress to support the integration of the two former entity teams and build a unified organisation. The appointed service provider has presented the implementation plan to EXCO and NEHAWU.

Human Resources Oversight Statistics

Personnel costs per programme

PROGRAMME	TOTAL EXPENDITURE	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE (R'000)	NO OF EMPLOYEES	AVERAGE PERSONNEL COSTS PER EMPLOYEE (R'000)
Office of the CEO	59 993	34 710	58%	29	1 197
Tourism and Film development	139 279	33 210	24%	33	1 006
Office of the CFO	22 051	11 591	53%	13	892
Corporate Services	43 016	10 574	25%	13	813
Total	**264 339**	**90 085**	**34%**	**88**	**1024**

Performance rewards

In line with the Provincial Treasury regulations on annual performance bonuses, no performance bonuses were paid during the year under review.

Training and Development

Various training programmes were conducted during the year, including Cybersecurity, Contracts Management, MS Word, MS Excel, Workplace Readiness Workshop for Interns, Mentoring of Interns, Facilitation Skills, Presentation Skills, Customer Care, and Disciplinary Charges.

The Institute of Directors in South Africa (IoDSA) programmes, such as Being a Director and Financial Insights for Non-Financial Directors, were attended by selected EXCO officials. Leadership coaching has also been earmarked for MANCO members.

PROGRAMME	TOTAL EXPENDITURE	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE (R'000)	NO OF EMPLOYEES	AVERAGE PERSONNEL COSTS PER EMPLOYEE (R'000)
Training (bursaries and informal training)	90 867	1 497	1.65%	58	26

Employment and Vacancies:

A key benchmark of staff satisfaction is retention, with the organisation setting a target of less than 10% staff turnover. During the year under review, the turnover rate was 9%, achieving this target.

The vacancy rate for permanent employees stands at 43%.

LEVEL	NUMBER OF EMPLOYEES 2024/25	NUMBER OF APPROVED POSTS 2024/25	NUMBER OF VACANCIES 2024/25	% OF VACANCIES
Top Management	1	4	3	75
Senior Management	2	7	5	71
Professional qualified	17	31	14	45
Skilled	46	74	28	38
Semi-skilled	1	2	1	50
Unskilled	1	2	1	50
TOTAL	**68**	**120**	**52**	**43**

Employment Changes

Various positions were advertised on the E-Recruitment System, including Accounts Administrator, Board Secretary, Customer Care Coordinator, Procurement Assistant, and Researcher roles. Recruitment for these roles was finalised during the financial year.

For some positions, such as Board Secretary, no suitable internal candidates were identified; therefore, the recruitment process was put on hold.

SALARY BAND	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top Management	1	0	0	1
Senior Management	4	0	2	2
Professional qualified	17	0	0	17
Skilled	46	0	0	46
Semi-skilled	1	0	0	1
Unskilled	1	0	0	1
TOTAL	**70**	**0**	**2**	**68**

Reason for Staff Leaving

During the year under review, the entity recorded two (2) permanent staff departures, attributed to various factors, including the pursuit of better career opportunities. In addition, six (6) fixed-term contracts expired during the reporting period.

Labour Relations

The organisation adopts an inclusive engagement approach that facilitates the involvement of social partners. As part of the merger process, an interim social partners' structure was formalised with NEHAWU. This arrangement has assisted in navigating the matching and placement process, as well as other HR-related matters arising from the merger.

The Human Resources Unit ensured full compliance with employment regulations and facilitated engagements with employees through the recognised structures.

The following are the various cases overseen by the Human Resources Unit during the year under review:

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	0
Final Written	0
CCMA Cases	6
Labour Court Cases	2
Dismissals	1

Equity Target And Employment Equity Status

Employment Equity:

The EEA2 and EEA4 reports for the period under review were prepared and submitted to the Department of Labour within the stipulated deadlines.

LEVEL	MALE							
	AFRICAN		COLORED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	1	0	0	0	0	0	0
Senior Management	1	1	0	1	1	0	0	0
Professionally Qualified	6	0	2	1	0	1	1	1
Skilled	19	3	0	0	0	0	0	0
Semi Skilled	2	0	0	1	0	1	0	1
Total	**29**	**5**	**2**	**3**	**1**	**2**	**1**	**2**

LEVEL	FEMALE							
	AFRICAN		COLORED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	1	0	0	0	0	0	0
Senior Management	4	0	0	1	0	1	0	0
Professionally Qualified	5	1	1	0	0	1	0	1
Skilled	37	0	0	0	4	0	0	0
Semi Skilled	0	0	0	0	0	1	0	1
Unskilled	2	0	0	0	0	1	0	0
Total	**50**	**2**	**1**	**1**	**4**	**4**	**0**	**2**

LEVEL	DISABLED							
	AFRICAN		COLORED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professionally Qualified	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi Skilled	0	1	0	0	0	1	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	**0**	**1**	**0**	**0**	**0**	**1**	**0**	**0**

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Part E
PFMA
Compliance

Irregular Expenditure

Reconciliation

DESCRIPTION	2025 (R'000)
Balance transferred from previous entities	15,011
Irregular expenditure confirmed	672
Less: Irregular expenditure not condoned and removed	-
Less: Irregular expenditure revocable	-
Less: Irregular expenditure written off	-
Closing balance	**15,683**

In the current year, there was one (1) case of irregular expenditure amounting to R671,787.00. From the balances of previous entities, there are multiple cases amounting to R11,441,000.00. In each case, an assessment and determination were concluded in accordance with the Irregular Expenditure Framework, and a request for condonation has been submitted to the KZN Provincial Treasury.

Reconciling Notes

DESCRIPTION	2025
Expenditure that was under assessment in 2024/25	-
Expenditure that relates to 2024/25 and identified in 2025/26	-
Irregular expenditure incurred during the year	672
Total	**672**

Removal, recovery or write off current and previous years irregular expenditure

DESCRIPTION	2025
Irregular expenditure not condoned and removed	-
Irregular expenditure removable	-
Irregular expenditure written off	-
Total	**-**

There was no irregular expenditure removed in the previous financial year. There was no recovery of fruitless and wasteful expenditure relating to the current or previous financial year. There were no incidents of write-offs for irregular expenditure relating to the current or previous financial year.

Details of current and previous year irregular expenditure unconfirmed

DESCRIPTION	2025
Irregular expenditure under assessment	672
Irregular expenditure under determination	-
Irregular Expenditure under investigation	-
Total	**672**

The current year's irregular expenditure was incurred as a result of using an expired contract and is under assessment.

Fruitless and Wasteful Expenditure

Reconciliation

DESCRIPTION	2025 (R'000)
Balance transferred from previous entities	699
Fruitless and wasteful expenditure confirmed	695
Less: fruitless and wasteful expenditure recoverable	-
Less: Fruitless and wasteful expenditure written off	-
Closing balance	**1,394**

In the current year, there were various transactions that resulted in fruitless and wasteful expenditure. These related to penalties and interest levied on the late payment of Pay-As-You-Earn (PAYE) to the South African Revenue Service (SARS), the settlement of a CCMA case, and catering delivered on an incorrect date. These matters are under assessment for recommendations regarding consequence management and/or recovery.

Reconciling Notes

DESCRIPTION	2025 (R'000)
Expenditure that was under assessment in the previous entities	699
Expenditure that relates to 2024/25 and identified in 2025/26	-
Fruitless and wasteful expenditure incurred during the year	695
Total	**1,394**

Details of current and previous year Fruitless and wasteful expenditure unconfirmed

DESCRIPTION	2025 (R'000)
Fruitless and wasteful expenditure under assessment	150
Fruitless and wasteful expenditure under determination	695
Fruitless and wasteful expenditure under investigation	-
Total	**845**

There is one case of loss through criminal conduct, which is under assessment for possible negligence. This loss was incurred as a result of a cybercrime of which the entity was a victim.

Details of current and previous year Fruitless and wasteful expenditure condoned

DESCRIPTION	2025
Fruitless and wasteful expenditure condoned	-
Total	-

Removal, recovery or write off current and previous years fruitless and wasteful expenditure

DESCRIPTION	2025
Fruitless and wasteful expenditure not condoned and removed	-
Fruitless and wasteful expenditure removable	-
Fruitless and wasteful expenditure written off	-
Total	**-**

No fruitless and wasteful expenditure was condoned or removed. There has been no recovery of any fruitless and wasteful expenditure incurred in the current or prior years. No fruitless and wasteful expenditure was written off. The matters are currently under assessment for possible recovery or disciplinary action.

Other material loses in terms of PFMA section 55 (2) (B) (I)

There was a material loss of R150 050 through criminal conduct in the current period due to a cyber-crime.

Supply Chain Management

During the year under review, there were eighteen (18) deviations from the SCM policy amounting to R36,739,568 (2023/24: 57). Furthermore, there were nine (9) variations incurred in the 2024/25 financial period amounting to R954,251.

DESCRIPTION	2025	2024
Board Evaluation	-	104
Conference & Events	1,407,981	15,483
Legal & Other Consultant Fees	443,700	1,406
Sponsorship & Partnerships	345,000	360
Lease Agreements	33,375,679	-
Advertising & Promotional Material	553,019	5,025
Subscriptions	212,650	1,748
Travel Guides	392,437	-
Exams	9,100	-
Total	**36,739,568**	**24,126,895**

Part F
Financial Information

Report of the auditor-general to the Provincial Legislature on the KwaZulu-Natal Tourism and Film Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Tourism and Film Authority set out on pages 98 to 145, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and cash flow statement and 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 KwaZulu-Natal Tourism and Film Authority as at 31 March 2025 and its financial performance and cash flows for the period then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Underspending of payables from non-exchange transactions

7. I draw attention to note 7 to the financial statements and the statement of comparison of budget and actual amounts, which indicates that certain conditional grants remained unspent due to the late receipt of funds, community protests, as well as delays in the entity's procurement processes.

Contingencies

8. As disclosed in note 25 to the financial statements, the entity has several pending litigation matters in progress. The ultimate outcome of these matters could not be determined, and no provision for any asset or liability that may result was made in the financial statements.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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

11. 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.

12. 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 on pages 5 and 6, forms part of my auditor's report.

Report on the annual performance report

13. 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.

14. The entity did not have an approved annual performance plan for the year under review that defined the performance planned for the year, as required by treasury regulation 30. Without this plan, I was unable to report on the usefulness and reliability of the annual performance report.

Report on compliance with legislation

15. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

16. 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.

17. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

18. The material findings on compliance with the selected legislative requirements are as follows:

Strategic planning and performance management

19. The strategic plan and annual performance plan for 2024-25 were not prepared and submitted for approval by the executive authority, as required by treasury regulation 30.1.1.

20. Quarterly performance reports were not prepared. Accordingly, procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 30.2.1

Other information in the annual report

21. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements.

22. My opinion on the financial statements and compliance with legislation does 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.

23. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

24. 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

25. I considered internal controls 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.

26. 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.

27. The oversight by leadership, as well as the monitoring and control activities by management, were insufficient to prevent the breakdown in compliance with the relevant prescripts.

Other reports

28. I draw attention to the following engagement conducted by the Special Investigating Unit. This report does not form part of my opinion on the financial statements or my findings on compliance with legislation.

29. A proclamation R.4539 of 22 March 2024 was signed by President Cyril Ramaphosa authorising the Special Investigating Unit (SIU) to probe allegations into the procurement of and contracting for suitably qualified companies to partner and invest with the erstwhile KwaZulu-Natal Film Commission (KZNFC) in the development and operation of the KZN Studios (Pty) Limited including the KZNFC's investment in the KZN Studios. The SIU will also investigate any unauthorised, irregular, as well as fruitless and wasteful expenditure incurred by KZNFC or the State. The scope of the investigation also covers any unlawful or improper conduct by officials or employees of KZNFC, the applicable suppliers or service providers or any other person or entity. As at the date of this report, the investigation was still ongoing.

Auditor-General

Pietermaritzburg

31 July 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 on the entity's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c);; 33.1.1; 33.1.3
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Annual Financial Statements

KwaZulu Natal Tourism and Film Authority Formerly known as KwaZulu Natal Tourism Authority & KwaZulu Natal Film Commission Trading as KwaZulu Natal Tourism and Film Authority Annual Financial statements for the year ended 31 March 2025.

KwaZulu Natal Tourism and Film Authority

Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Entity responsible for marketing the KwaZulu Natal province as a preferred destination for Tourism and Film
Business address	29 Signal Road Ithala Trade Centre Building Durban Waterfront 4000
Postal address	P.O Box 2516 Durban 4000
Bankers	Standard Bank
Auditors	Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Index

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
EDTEA	Provincial Department of Economic Development, Tourism and Environmental Affairs Text
NDT	National Department of Tourism

The financial statements set out on page 4 - 45, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2025 and were signed on its behalf by:

Dr. Sibusiso Ndebele
Board Chairperson

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Entity responsible for marketing the KwaZulu Natal province as a preferred destination for Tourism and Film
Business address	29 Signal Road Ithala Trade Centre Building Durban Waterfront 4000
Postal address	P.O Box 2516 Durban 4000
Bankers	Standard Bank
Auditors	Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Statement on Internal Financial Controls

The directors, whose names are stated below, hereby confirm that:

(a) the financial statements set out on pages 4 to 43, fairly present in all material respects the financial position, financial performance and cash flows of the entity in terms of GRAP;

(b) no facts have been omitted or untrue statements made that would make the financial statements false or misleading

(c) internal financial controls have been put in place to ensure that material information relating to the entity has been provided to effectively prepare the financial statements of the entity; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Interim CEO | 0bd47df3-32b7-4033-b5b0-3dc1ef6661f1

Mr. Sibusiso Gumbi
Chief Executive Officer
Date:______________

Dr. Sibusiso Ndebele
Board Chairperson
Date:______________

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025
Assets		
Current Assets		
Receivables from exchange transactions	9	7 514 690
Receivables from non-exchange transactions	10	594 594
Cash and cash equivalents	11	63 132 274
		71 241 558
Non-Current Assets		
Property, plant and equipment	3	2 045 493
Investments in associates	5	12 551 377
		14 596 870
Total Assets		**85 838 428**
Liabilities		
Current Liabilities		
Payables from exchange transactions	6	19 569 493
Payables from non-exchange transactions	7	17 686 910
		37 256 403
Non-Current Liabilities		
Employee benefit obligation	8	617 000
Total Liabilities		**37 873 403**
Net Assets		**47 965 025**
Accumulated surplus		47 965 025
Total Net Assets		**47 965 025**

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025
Revenue		
Revenue from exchange transactions		
Rental Income of facilities	12	116 389
Rendering of Services	12	296 582
Interest received	12	3 285 216
Funds Received-MICT SETA Leadership	12	571 900
Carrying amount adjustment	12	100 530
Other income	12	1 174 524
Total revenue from exchange transactions		**5 545 141**
Revenue from non-exchange transactions		
Transfer revenue		
Government grants -Discretional	12	248 447 000
Government grants -Non discretional	12	8 273 099
Revenue received from services received in kind		2 138 092
Total revenue from non-exchange transactions		**258 858 191**
Total revenue	12	**264 403 332**
Expenditure		
Finance and Administration - OCFO	13	(22 051 274)
Tourism and Film Development	14	(139 279 148)
Corporate service department	15	(43 016 266)
Office of the CEO	16	(59 993 221)
Impairment of non-current assets	3	(163 588)
Loss on disposal of non-current assets	3	(544 795)
Total expenditure		**(265 048 292)**
Deficit for the year		**(644 960)**

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Transferred balance from the old entities as at 01 April 2024	**48 609 985**	**48 609 985**
Deficit for the year	(644 960)	(644 960)
Total changes	(644 960)	(644 960)
Balance at 31 March 2025	**47 965 025**	**47 965 025**

Cash Flow Statement

Figures in Rand	Note(s)	2025
Cash flows from operating activities		
Receipts		
Government grants		263 446 920
Interest income		2 699 485
Other Income		1 675 560
		267 821 965
Payments		
Employee costs		(92 270 429)
Other payments		(181 885 133)
		(274 155 562)
Net cash flows from operating activities	19	**(6 333 597)**
Cash flows from investing activities		
Purchase of property, plant and equipment	3	(578 990)
Net increase/(decrease) in cash and cash equivalents		**(6 912 588)**
Cash and cash equivalents transferred at the beginning of the period		70 044 862
Cash and cash equivalents at the end of the year	11	**63 132 274**

The accounting policies on page 10 and the notes on pages 27 to 45 form an integral part of the financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental income of facilities	269 736	-	**269 736**	116 389	**153 347**	A
Interest received	2 500 000	-	**2 500 000**	3 285 216	**785 216**	B
Rendering of Services	-	-	**-**	296 582	**296 582**	
Fund received-MICT SETA	-	-	**-**	571 900	**571 900**	C
Carrying Amount Adjustment Leadership	-	-	**-**	100 530	**100 530**	D
Other income	-	-	**-**	1 174 524	**1 174 524**	E
Total revenue from exchange transactions	**2 769 736**	**-**	**2 769 736**	**5 545 141**	**2 775 405**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	240 749 000	-	**240 749 000**	248 447 000	**7 698 000**	F
Discretional grant-Project income	-	-	**-**	8 273 099	**8 273 099**	G
Roll Over funds 2023/24		4 226 343	**4 226 343**	4 226 343	**-**	
Revenue from services received in kind	-	-	**-**	2 138 092	**2 138 092**	H
Total revenue from non-exchange transactions	**240 749 000**	**4 226 343**	**244 975 343**	**263 084 534**	**18 109 191**	
Total revenue	**243 518 736**	**4 226 343**	**247 745 079**	**268 629 675**	**20 884 596**	
Expenditure						
Finance and Administration - OCFO	(20 667 000)	(2 022 000)	**(22 689 000)**	(22 383 678)	**305 322**	I
Tourism and Film department	(104 731 000)	(59 259 000)	**(163 990 000)**	(139 279 148)	**24 710 852**	J
Corporate service department	(83 191 000)	53 013 000	**(30 178 000)**	(43 016 266)	**(12 838 266)**	K
Office of the CEO	(37 160 000)	(32 686 000)	**(69 846 000)**	(59 993 221)	**9 852 779**	L
Total expenditure	**(245 749 000)**	**(40 954 000)**	**(286 703 000)**	**(264 672 313)**	**22 030 687**	
Operating surplus	**(2 230 264)**	**(36 727 657)**	**(38 957 921)**	**3 957 362**	**42 915 283**	
Loss on non-current assets held for sale or disposal groups	-	-	**-**	(708 383)	**(708 383)**	
Surplus before taxation	**(2 230 264)**	**(36 727 657)**	**(38 957 921)**	**3 248 979**	**42 206 900**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2 230 264)**	**(36 727 657)**	**(38 957 921)**	**3 248 979**	**42 206 900**	

REASONS FOR VARIANCES :

A-Rental income from facilities was lower than budgeted due to a reduction in tenants occupying the Film Cluster, coupled with the demolition of the edit suite and studio, which further decreased rental space availability.

B-Interest income exceeded budget projections for the financial year due to higher-than-anticipated bank balances maintained throughout the year

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

C-No budget was formulated for the funds received from MICT SETA, as these funds form part of the Memorandum of Understanding (MOU) signed during the 2023/24 financial year. The full amount was not received in that financial year, resulting in partial receipt during 2024/25, which had not been anticipated in the budget.

D-Other income was not budgeted for, as there was no reasonable basis or reliable source to project or estimate these earnings at the time of budget preparation.

E-The variance relates to rollovers that were rolled over from 2023/24 financial year.

G- Project income can only be recognised when all the conditions of the grant are met, it is difficult to budget ahead when at the time of budgeting no agreements are signed and there are delays on the current projects.

H-The services received in kind are not in monetary value and it is impractical to budget for them.

I-Office of the CFO slight underspending is due to routers that were cancelled in December thus reducing the costs together with savings on travel and accommodation.

J-The underspending in Tourism and Film department is due to the following factors :

1) EDTEA special film project funds were received in Q4 and these could not be fully spent due to being received late in the FY.

2) The FITI projects also underspent due to a delay in the appointment of the service provider to place the students in productions.

3) The significantly low rate of spending in Tourism Development relates largely to delays in spending of funds earmarked for the Nelson Mandela Capture site and KwaXolo caves. Mandela Capture Site was at a standstill due to community protest, but has since started work again. There was also a delay in the bid appointment for the Enterprise Development Panel.

K-The overspend is due to merger related costs that the entity had to absorb. This overspending is covered by underspending in other programmes.

L-The underspending in the Office of the CEO is due to the following factors:

1) Tourism Information Services – the underspending is due to savings realised within Tourism and Information Services in the research subscriptions which was 31% less than the budget, full budget for Printing and Stationery could not be utilised together with savings in Consultants, contractors & special services.

2) The underspending is also due to other factors like Local travel and accommodation, Postage and Courier services and cell phone allowances which had savings.

3) Furthermore, the underspending is due to savings realised in Board Fees as a result of the merger which also includes savings realised in Retainer Fees, Board Events and Board Local travel.

The budget of KZN Tourism and Film Authority is prepared on a cash basis as per budgeting requirements with the shareholder.

KwaZulu Natal Tourism and Film Authority
Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

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3) Furthermore, the underspending is due to savings realised in Board Fees as a result of the merger which also includes savings realised in Retainer Fees, Board Events and Board Local travel.

The budget of KZN Tourism and Film Authority is prepared on a cash basis as per budgeting requirements with the shareholder.

Significant Accounting Policies

Figures in Rand	Note(s)	2025

1. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

Financial statements shall be presented at least annually. When an entity's reporting date changes and the annual financial statements are presented for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:

(a) the reason for using a longer or shorter period; and

(b) the fact that comparative amounts for certain statements such as the statement of financial performance, changes in net assets, cash flows and related notes are not entirely comparable.

1.1 Presentation currency

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

1.2 Going concern assumption

These 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 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

Significant Accounting Policies

1.4 Interests in other entities

Investments in associates

An associate is an entity over which the investor has significant influence.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

Equity method

The entity with joint control of over, an investee, accounts for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption.

Exemptions from applying the equity method

The entity need not apply the equity method to its investment in an associate if the entity is a controlling entity that is exempt from preparing consolidated financial statements by the scope exception in the Standard of GRAP on Consolidated Financial Statements.

An investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, and therefore the entity elected to measure that investment at fair value in accordance with the Standard of GRAP on Financial Instruments. The entity makes this election separately for each associate , at the initial recognition of the associate .

Change in ownership interest

If the entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity transfers directly to accumulated surpluses or deficits the proportion of the gain or loss that had previously been recognised in net assets relating to that reduction in ownership interest if that gain or loss would be required to be transferred directly to accumulated surpluses or deficits on the disposal of the related assets or liabilities.

Impairment losses

The entity applies the Standard of GRAP on Financial Instruments to determine whether any additional impairment loss is recognised with respect to its interest in the associate that does not constitute part of the net investment and the amount of that impairment loss. Whenever application of the Standard of GRAP on Financial Instruments indicates that the investment in an associate may be impaired, the entity applies the Standard of GRAP on Impairment of Cash-Generating Assets and/or the Standard of GRAP on Impairment of Non-Cash-Generating Assets.

The recoverable amount of an investment in an associate is assessed for each associate unless the associate does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

1.5 Mergers

Identifying the combined entity and combining entities

For each merger a combined entity and combining entities is identified. All relevant facts and circumstances are considered in identifying the combined entity and combining entity.

The binding arrangement usually sets out which entities are to be combined as a result of the merger, and identifies the new reporting entity after the merger.

Determining the merger date

The combined entity and the combining entities identify the merger date, which is the date on which the new reporting entity obtains control of the assets and liabilities and the combining entities loses control of their assets and liabilities.

All relevant facts and circumstances are considered in identifying the merger date.

Significant Accounting Policies

1.5 Mergers (continued)

Assets acquired [transferred] and liabilities assumed [derecognised]

The recognition of assets and liabilities by the entity as combined entity are subject to the following conditions:

The assets and liabilities that qualify for recognition in a merger are part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

Accounting by the entity as the combined entity

Initial recognition and measurement

As of the merger date, the entity recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the entity reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjusts the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the merger date.

The entity considers all relevant factors in determining whether information obtained after the merger date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the merger date. Relevant factors include the date when additional information is obtained and whether the entity can identify a reason for a change to provisional amounts.

The entity recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

During the measurement period, the entity recognises adjustments to the provisional amounts as if the accounting for the merger had been completed at the merger date. Thus, the entity revises comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the entity revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure incurred in relation to the merger

Expenditures incurred in relation to the merger are costs that the entity incurs to effect the merger. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, costs to furnish information to owners of the combining entities, and salaries and other expenses related to services of employees involved in achieving the merger. It also includes costs or losses incurred in combining the assets and liabilities of the combining entities. The entity accounts for such expenditure as expenses in the period in which the costs are incurred.

Subsequent measurement

The entity subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

At the merger date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, the operating or accounting policies and other relevant conditions as these exist at the merger date. An exception is that the entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the merger date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and

Significant Accounting Policies

1.5 Mergers (continued)

- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

The financial statements of the entity are prepared using uniform accounting policies for similar transactions and other events or similar circumstances.

1.6 Significant judgements and sources of estimation uncertainty

In the process of applying its accounting policies, and in preparing the financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the financial statements and as well as 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 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 other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions are raised and management determines an estimate based on the information available.

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.

Significant Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Interests in Other Entities

Nature of the entity's interest in another entity or arrangement

The nature of the entity's interest in another entity or arrangement, is an investment is associate.

An associate is an entity over which the investor has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

The entity holds, directly or indirectly (e.g. through controlled entities), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

(a) representation on the board of directors or equivalent governing body of the investee;

(b) participation in policy-making processes, including participation in decisions about dividends or similar distributions;

(c) material transactions between the entity and its investee;

(d) interchange of managerial personnel; or

(e) provision of essential technical information.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.

On initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the surplus or deficit of the investee after the date of acquisition. The investor's share of the investee's surplus or deficit is recognised in the investor's surplus or deficit.

When an investment in an associate is held by, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value in accordance with GRAP 104. An entity shall make this election separately for each associate , at the initial recognition of the associate .

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Computer equipment	Straight-line	3-11 years
Production and development equipment	Straight-line	2-3 years
Furniture and fittings	Straight-line	6-12 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	5-10 years
Leasehold improvements	Straight-line	5-8 years(lease period)

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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.

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.

Significant Accounting Policies

1.7 Property,plant and equipment (continued)

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

1.8 Intangible assets

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

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

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life

Significant Accounting Policies

1.8 Intangible assets (continued)

Computer software	Straight-line	2-10 years

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 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.

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

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 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.

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.

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

Significant Accounting Policies

1.9 Financial instruments (continued)
- are held for trading.

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

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivable from exchange transactions	Financial asset measured at fair value
Receivable from non-exchange transactions	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability is measured at fair value
Payables from non-exchange transactions	Financial liability is measured at fair value

1.10 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 - 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.

Significant Accounting Policies

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

1.12 Employee benefits

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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:

(a) 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.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Significant Accounting Policies

1.12 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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.

Significant Accounting Policies

1.13 Provisions and contingencies (continued)

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Significant Accounting Policies

1.14 Revenue from exchange transactions

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

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

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

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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

Significant Accounting Policies

1.15 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.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Significant Accounting Policies

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current 10.

No comparative figures required for the year,as this is the first set of financials as the combined entity .

1.18 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).

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government

Irregular expenditure that was incurred and identified during the current financial must be diclosed in the notes of Annual Financial Statements.

1.20 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.

Significant Accounting Policies

1.20 Related parties (continued)

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.

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 financial statements.

1.21 Events after reporting date

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

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

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

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

1.22 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP). issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting.

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

Notes to the Financial Statements

Figures in Rand 2025

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

In instances where the effective date is not yet determined by the Minister of finance, year 20XX is reflected.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	01 April 2025	The adoption of this has not had a material impact on the results of the organisation, but has resulted in more disclosure than would have previously been provided in the financial statements
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2025	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment

	2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer equipment	6 859 510	(5 710 982)	1 148 529
Motor vehicles	575 278	(109 104)	466 174
Office equipment	411 588	(352 677)	67 604
Furniture and fixtures	2 413 008	(2 092 435)	320 573
Production equipment	751 210	(708 597)	42 613
Office fittings and alterations	186 736	(186 736)	-
Total	**11 197 330**	**(9 151 837)**	**2 045 493**

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Transfers received	Additions	Scrapping/disposal	Change in useful lives	Depreciation	Impairment loss	Total
Computer equipment	-	2 515 156	328 000	(25 022)	-	(1 506 017)	(163 588)	1 148 529
Leasehold improvements	-	291 016	-	(118 526)	-	(172 490)	-	-
Motor vehicles	-	585 196	-	-	-	(119 022)	-	466 174
Office equipment	-	178 105	-	(44 404)	-	(66 097)	-	67 604
Furniture and fixtures	-	268 795	250 990	(9 000)	-	(190 212)	-	320 573
Furniture fittings and alterations	-	8 694	-	-	-	(8 694)		-
Production equipment	-	8 887	-	-	77 374	(43 648)	-	42 613
	-	**3 855 849**	**578 990**	**(196 952)**	**77 374**	**(2 106 180)**	**(163 588)**	**2 045 493**

Pledged as security

None of the carrying value of assets are pledged as security.

Figures in Rand

4. Intangible assets

	2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 281 802	(1 281 802)	-

Reconciliation of intangible assets - 2025

	Opening balance	Transfers received	Amortisation	Scrapping /disposal	Total
Computer software	-	793 035	(445 595)	(347 440)	-

Pledged as security

None of the carrying value of intangible assets are pledged as security.

Figures in Rand 2025

5. Interests in other entities

Investments in associates

Name of the entity	Determination of ownership interest	% ownership interest 2025	% ownership interest 2024	Carrying amount 2025
KZN Studio (Pty) Ltd	Equity shares	10.00 %	- %	12 551 377
				12 551 377
				12 551 377

The carrying amounts of associates are shown net of impairment losses.

The investment in associate relates to an investment made by the entity in the establishment of KZN Film Studios .The entity Invested 10% equity stake in the company, which granted the entity seats on the board.

According to GRAP 36.6, an Associate, is an entity (including an incorporated entity such as partnership) which the investor has significant influence and that it is neither a controlled entity nor an interest in a joint venture.

Significant influence is described as the power to participate in the financial and operating policy decisions activity but is not control or joint venture.

An entity that holds directly or indirectly less than 20 % of voting power ,it is presumed that the investor does not have significant influence unless influence is clearly demonstrated.

The entity's voting power at KZN Film Studios is less than 20%, however it has a significant influence, that is demonstrated by :

-Representation on the Board of directors or equivalent governing body of the investee. The entities representation on the investee's board is one out of the three board members. No meetings were held were held during the period under review due to the project being put on hold.

-Participation in policy making processes including participation in decisions about dividends and similar distribution. The entity has rights at a later stage to transfer the project to a deserving Broad based black entity comprising of emerging film makers.

-Material transactions between the investor and investee, as per the framework, the entity contributed R15 million to cater for the first phase of the project. The first phase included the costs of Initial set-up, feasibility analysis and other project planning related costs.

-Interchange of managerial personnel, the entity's board appointed executive members as representatives.

-Provision of essential technical information, the Framework paragraph 4.5(2), commits the entity in availing resources to complete feasibility studies, business plan and other pre-operational activities on the project.

Based on the factors stated above, the entity then concluded there is significant influence over the investment made to the establishment of KZN Film Studios, and therefore the investment is disclosed as an investment in associate.

Notes to the Financial Statements

Figures in Rand	2025

6. Payables from exchange transactions

Trade payables	6 147 249
Accrued leave pay	4 720 040
Accrued 13th cheque bonus	324 429
Accrued expense	5 804 821
Operating lease payables	755 675
Other creditors	1 817 279
	19 569 493

Leave accrual reconciliation	**Total**
Raised in the current year	4 831 757
Leave payout	(111 717)
	4 720 040

7. Payable from non-exchange

Unspent conditional grant -project funds	17 686 910

Project Name	Transferred balances	Funding received	Actual Expenditure	Inter-transfer	March 2025
Mandela Capture Site	9 371 535	-	(441 383)	-	8 930 152
KwaXolo Caves	4 574 920	2 500 000	(6 160 196)	-	914 724
Ntsikeni Lodge	2 761 750	-	-	-	2 761 750
Ntabamhlophe	49 104	-	-	-	49 104
Umthayi Amarula	2 700	-	-	-	2 700
Festive events 2024	1 200 000	7 000 000	(7 000 000)	(1 200 000)	-
Hollywoodbet Durban July	-	-	(1 147 520)	1 200 000	52 480
Tourism Cluster Development	-	500 000	(500 000)	-	-
Film special projects	-	5 000 000	(24 000)	-	4 976 000
	17 960 009	**15 000 000**	**(15 273 099)**	**-**	**17 686 910**

8. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value	
Long service award	(617 000)
	(617 000)

Long service award is included in other long-term benefits (other than post-retirement benefit), that are not due to be settled in within 12 months after the end of the period in which an employee render related service. It is the entities policy to award employees for long service. Actuaries are used to determine the long service award at the end of the financial period .

Notes to the Financial Statements

Figures in Rand	2025

9. Receivables from exchange transactions

Trade debtors	6 386 942
Provision for doubtful debt	(88 869)
Prepayments	351 052
Staff debtors	25 297
Non trade receivables	840 268
	7 514 690

10. Receivables from non-exchange transactions

Related party debt	594 594

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8 903
Bank balances	63 123 371
	63 132 274

The entity had the following bank accounts :

First National Bank -Demand deposit :50841200012	42 837 024
First National Bank -Corporate Cheque Account :62849309457	806 352
First National Bank -Corporate Cheque Account :62794428899	11 015 273
First National Bank -Demand deposit :61084157564	1 023 604
South African Reserve Bank-Current account -95171126	238 468
First National Bank -Business travel lodge card:422825*******7002	178 423
ABSA-Current Account :4082822638	444 601
ABSA-Current account :9297079584	4 633 542
Standard Bank-Business Current Account:050058509	1 945 850

12. Revenue

Rental of facilities and equipment	116 389
Rendering of Services	296 582
Interest received	3 285 216
Funds received-MICT SETA Learnership	571 900
Other income	1 174 524
Carrying amount adjustment	100 530
Government grants & subsidies	248 447 000
Non-discretional grant received(Project income)	8 273 099
Revenue from service received in kind	2 138 092
	264 403 332

Notes to the Financial Statements

Figures in Rand	2025

12. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	79 323
Rendering of Services	296 582
Carrying amount adjustment	100 530
Interest received	3 285 216
Funds received -MICT SETA Learnership	571 900
Other income	1 174 524
	5 545 141

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	
Transfer revenue	
Government grants & subsidies	248 447 000
Non discretional grant-Project Income	8 273 099
Revenue from services received in kind	2 138 092
	258 858 191

13. Finance and Administration - OCFO

Audit costs	3 871 960
Consultants and professional fees	38 518
Bank charges	73 019
Insurance	460 665
Travel and accommodation costs	2 010 384
Printing and stationery	521 070
Doubtful debt impairment costs	170 836
Foreign exchange loss	24 933
Finance costs	109 144
Telephone and Router costs	442 007
Depreciation and amortisation	2 543 081
General costs	193 953
Employee costs	11 591 704
	22 051 274

14. Tourism and film development

Travel and accommodation costs	13 376 437
Destination marketing costs	54 023 410
Convention bureau costs	6 007 958
Tourism development costs and projects	5 702 338
Film industry skills development costs	8 824 706
Film production special projects and industry support	18 133 632
Employee costs	33 210 666
	139 279 148

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Notes to the Financial Statements

Figures in Rand	2025

15. Corporate Service Department

Consultants and professional fees	2 903 985
Employee wellness and welfare	409 496
Repairs and maintenance	967 888
Employee development and training	1 497 325
Cleaning and security services	1 124 336
ICT related costs	10 926 909
Recruitment costs	112 530
Other administrative expenses	1 232 759
Bank	121 244
Lease Charges	13 145 557
Employee Costs	10 574 237
	43 016 266

16. Office of the CEO

Travel and accommodation costs	4 182 966
Consulting and professional fees	5 791 592
Public Relations Costs	8 851 708
Research Costs	1 261 450
Operating costs	457 920
Workshops	17 550
Information Services	1 265 971
Board related costs	3 447 086
Employee Costs	34 710 044
	59 993 221

17. Segment Reporting

In accordance with the requirements of GRAP 18 – Segment Reporting, the entity has assessed the applicability of segment reporting for the period ended 31 March 2025.

The KwaZulu-Natal Tourism and Film Authority (KZNTFA) operates as a single programme with activities that are interrelated and managed as an integrated whole. The entity's operations are not organised into distinguishable components for which separate financial information is maintained for decision-making purposes.

Accordingly, segment reporting has not been applied, as management has determined that the entity constitutes a single reportable segment.

Notes to the Financial Statements

Figures in Rand	2025

18. Employee benefits

In the statement of performance for the organisation ,the entity's expense are presented by function (programme). In this method GRAP requires that there be additional disclosure on the nature of expenses .Employee costs are included in each programme ,but a separate disclosure for the entity's employees costs was deemed necessary to provide users of the financial statements with an overall picture.

Employee Costs

Finance and Administration-OCFO	11 591 704
Tourism and Film development	33 210 666
Corporate service department	10 574 237
The Office of the CEO	34 710 044
	90 086 651

Other long-term benefits :

Included in employee costs ,there are long-term benefits(other than post-retirement)that are not due to be settled within 12 months after the end of the period in which employees render relates service. It is the entity's policy to award employees for long service. Actuaries were used to determine the long service award accrual as at the end of the financial period.

Other long-term benefits	
Long service award	617 000

Termination benefits

Termination benefits are recognized and expensed when they are incurred. KwaZulu Natal Tourism and Film authority contributes towards a defined contribution plan, Membership is compulsory for all permanent employees .Included in the employee costs are contributions made to the provident fund.

19. Cash generated from operations

Deficit	(644 960)
Adjustments for:	
Depreciation and amortisation	2 543 081
Loss on sale of non-current assets	163 588
Loss on scrapping	544 795
Other Income	472 662
Changes in working capital:	
Receivables from exchange transactions	4 781 812
Other receivables from non-exchange transactions	(312 345)
Long service	255 000
Payables from exchange transactions	(1 684 508)
Payables from non-exchange	315 002
Other asset	(100 530)
	6 333 597

Notes to the Financial Statements

20. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

Figures in Rand	At fair value	At amortised	Total 2025
Financial instruments disclosure			
Receivable from exchange transactions	7 087 534	-	7 087 534
Receivable from non-exchange transactions	594 513	-	594 513
Cash and cash equivalents	-	63 132 274	63 132 274
	7 682 047	**63 132 274**	**70 814 321**

Financial liabilities

	At fair value	Total
Payables from exchange transactions	19 900 102	19 900 102
Payables from non-exchange transactions	17 686 910	17 686 910
	37 587 012	**37 587 012**

21. Mergers

Mergers occurring during the current reporting period

Nature of the merger

	Cost
Assets and liabilities transferred :	

Value of assets acquired and liabilities assumed

Notes to the Financial Statements

Figures in Rand	2025

21. Mergers (continued)

Assets acquired	
Cash and cash equivalents	70 044 862
Receivables from exchange transactions	2 193 609
Prepayments	906 722
Receivables from non-exchange transactions	136
Property, plant and equipment	3 870 155
Intangible assets	793 035
Investment in associates	12 450 847
	90 259 366
Liabilities assumed	
Payables from exchange transactions	20 651 773
Payables from non-exchange transactions	18 001 912
Employee benefit obligation	362 000
Provisions	2 633 696
	41 649 381
Difference between the carrying amounts of the assets acquired and the liabilities assumed and any adjustments required to the basis of accounting, in net assets	**48 609 985**

Other information

Merger-related costs

Merger-related costs including legal, consulting, and integration expenses were expensed in the current financial year, as required by GRAP 107.34. No such costs were capitalised.

Impact on comparative information

Comparative figures for the prior financial year are not presented for the merged entity. Financial information before the merger date reflects the separate operations of the former entities. All balances reflected from 1 April 2024 onward relate to the operations of the merged authority.

Additional implementation notes

-A new consolidated chart of accounts was implemented.

-A combined Fixed Asset Register (FAR) was developed by merging the legacy registers.

-All opening balances were reviewed for duplication (e.g., prepayments, provisions).

-Journal entries were passed to unwind and correct duplicated or misclassified balances.

Notes to the Financial Statements

22. Commitments

This committed expenditure relates to operating leases and will be financed by available bank facilities .

Operating leases - as lessee (expense)

Minimum lease payments due	
- within one year	8 399 664
- in second to fifth year inclusive	29 833 912
	38 233 576

Operating lease payments represent rentals payable by the entity for its office properties leased.

Notes to the Financial Statements

Figures in Rand 2025

23. Related parties

Relationships	
Non-executive directors	Refer to the non-executive director remuneration below
Executive directors	Refer to Executive directors remuneration below
Investment in Associate	KZN Studio (Pty) Ltd
Shareholder with significant influence/Controlling department	KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA)
Accounting officer of the controlling department	Mr N.Nkontwana
Member of the Executive council (MEC)	Honourable Reverend M.Zondi
Entity under common control	Moses Kotane Institute
Entity under common control	Richardsbay Industrial Development Zone
Entity under common control	KwaZulu Natal Growth Fund
Entity under common control	KwaZulu Natal Economic Regulatory Authority (KZNERA)
Entity under common control	Trade and Investment KwaZulu Natal
Entity under common control	KwaZulu Natal Ezemvelo Wildlife
Entity under common control	KwaZulu Natal Sharks Board
Entity under common control	Dube Trade Port Special Economic Zone
Entity under common control	Ithala Development Finance Corporation Limited

Related party balances

Amounts owing to related parties	
Unspent conditional grant by EDTEA	17 686 910
	-
Amounts owed by related parties	
Receivables from non-exchange transactions	594 513

Included in receivables ,is an amount owed by EDTEA, for the salary of the seconded Interim CEO. Due to administrative challenges on the EDTEA side ,the Interim CEOs salary had to be paid by the entity for four months. EDTEA has acknowledged the debt .

Revenue received from related parties	
Grant received from EDTEA	248 447 000
Services received in-kind	2 138 092

The services received in kind is an amount that has been recognised as revenue from non-exchange transactions, as the entity received secondment services from EDTEA for the Interim CEO, at no charge.

Remuneration of directors

Non-executive directors

2025

Name of directors	Fees for services as a member of the board /Committees	Other benefits received	Total
Dr S Ndebele	151 427	3 539	154 966
Ms D Hoorzuk	53 148	-	53 148
Dr B Mkhize	82 537	-	82 537
Ms R Button	161 949	3 237	165 186
Mr L Sidaki	111 656	-	111 656

Notes to the Financial Statements

Figures in Rand 2025

23. Related parties (continued)

Dr NZ Qunta	98 105	2 533	100 638
Mr S Dlungwane	69 510	9 983	79 493
Ms B Bhoola	69 710	-	69 710
Ms D Sokhela	103 127	-	103 127
Mr S Magoso	78 995	-	78 995
Dr K Naidoo	59 245	-	59 245
Mr Kalinjani	74 184	-	74 184
Mr M Ngcobo	21 330	-	21 330
Mr P Ngcobo	113 460	-	113 460
Mr S Madlala	60 069	-	60 069
Prof AT Nzama	132 745	-	132 745
Prof T Nzimakhwe	59 245	-	59 245
	1 500 442	**19 292**	**1 519 734**

Non-executive directors

KZN Film Commission

31 May 2024

Name of directors	Fees for services as a member of the board /Committees	Other benefits received	Total
BM Malange	32 026	2 815	32 841
M Mzimela	27 352	5005	32 357
L Berning	17 258	-	17 258
D Ramuedzisi	9 841	-	9 841
K Simelane	6 922	-	6 922
L Ngcobo	32 881	-	32 881
	126 280	**7 820**	**134 100**

KZN Tourism Authority

31 May 2024

Name of directors	Fees for services as a member of the board /Committees	Other benefits received	Total
Mr S Madlala	116 000	-	116 000
Mr T Mzimeli	116 000	-	116 000
Dr Sbusiso Ndebele	72 000	-	72 000
Mr P Ngcobo	67 000	-	67 000
Mr D Ramuedzisi	81 000	-	81 000
Ms M Madlala	81 000	-	81 000
Mr R Buton	55 000	-	55 000
Ms S Kaliingai	79 000	-	79 000
Dr K Naidoo	62 000	-	62 000
Prof T Nzamawe	62 000	-	62 000
Mr M Ngcobo	15 000	-	15 000
Ms D Hoorzuk	47 000	-	47 000
	826 000		**826 000**

Notes to the Financial Statements

23. Related parties (continued)

Management class: Executive management

2025

Name	Acting allowance	Basic salary	Post termination benefit (Provident fund)	Short-term employee benefits	Total
Mr S. Gumbi-ICEO	231 025	-	-	44 414	275 439
Ms J. Motsepe-COO	-	2 088 277	270 575	188 318	2 547 170
Mr V. Senna-CFO	-	1 763 159	224 251	322 065	2 309 475
Ms P.Makwakwa-EC	-	1 711 001	253 250	426 254	2 390 505
	231 025	**5 562 437**	**748 076**	**981 051**	**7 522 589**

- Interim Chief Executive Officer -ICEO

- Chief Operations Officer -COO

- Chief Financial Officer-CFO

- Executive Corporate Services – EC

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Financial Statements for the year ended 31 March 2025

Notes to the Financial Statements

The Interim Chief Executive Office was seconded by EDTEA and the entity was eligible to only pay for his acting allowance. The service received in kind for his service rendered has been recognised as Revenue from non-exchange.

24. Change in estimate

Property,plant and equipment

In terms of GRAP 17, the useful lives of certain items of property, plant and equipment assets were reviewed. The remaining useful life expectation of these assets differed from previous estimates resulting in a change in accounting estimate. The effect of the revision has decreased the depreciation charge by R77 374. The future impact of the change in estimate will result in the same amount being charged as depreciation

25. Contingencies

The entity reviewed its contingencies and the following cases were identified to be contingent liabilities as at 31 March 2025 .

During the period under review, four former employee's took the entity to the CCMA (Commission for conciliation, mediation and arbitration) for multiple reasons .

Case 1: A former employee's employment was terminated during the period under review. The employee took the matter to the CCMA for unfair dismissal. As at the reporting date, the arbitration was still underway, The legal costs associated with the matter so far are R845 000 .It is anticipated that the case might be finalised soon and legal costs might go up. At the reporting stage it was difficult to make a reliable estimate of the additional costs that might be incurred. The legal counsel of the entity is of the view that the entity has a strong case.

Case 2: A former employee's employment contract came to an end during the period under review. The employee took the matter to the CCMA for unfair dismissal. As at the reporting time, one seating of conciliation took place. No legal costs incurred pertaining to the case. At the reporting stage it was difficult to make a reliable estimate of the legal costs that might be incurred.

Case 3: Another former employee's employment contract came to an end during the period under review. The employee took the matter to the CCMA for unfair dismissal. As at the reporting time, a seating of conciliation took place and the matter was dismissed by the CCMA on technicalities. However the employee

Case 4: Another former employee's employment contract came to an end during the period under review. The employee took the matter to the CCMA for unfair dismissal. As at the reporting time, a seating of conciliation took place and the matter remained unresolved . At the reporting stage it was difficult to make a reliable estimate of the legal costs that might be incurred, the entity did not utilise the services of legal counsel. The entity believes it has a strong case.

Case 5: Another former employee took the entity to the labor court citing discrimination in terms of the Employment Equity Act. The matter has not been scheduled for a seating yet . As at the reporting stage the potential legal claim is R1 918 968 and the potential legal costs associated with the case are R300 0000.

Case 6: The entity has a litigation with KZN Studios, as at the reporting date the matter was still ongoing and not finalized. Potential legal costs for this matter are R414 000. Additionally this matter is under investigation by the Special Investigation Unit(SIU) as per proclamation no.4539.

Contingent assets

The entity was a victim of a cybercrime activity during the period under review, the matter is under SAPS investigation, and disclosed in fruitless and wasteful expenditure note 31. The amount incurred in this particular transaction was R150 050 ,section 205 was filled with the affected bank . The entity anticipate that the amount can be recoverable.

Notes to the Financial Statements

26. Risk management
Financial risk management

Figures in Rand	2025

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Credit risk

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 its exposure to any counter-party.

Financial instrument	2025
Cash and cash equivalents	63 132 274
Trade and other receivables	7 559 830

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow forecasts are prepared and monitored.

Financial instruments		Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other payables	- %	37 873 403	-	-	-	-

Foreign exchange risk

The entity has certain foreign transactions, due to the nature of its operations and mandate. It is therefore exposed to foreign exchange risk arising from various currency exposures.

The entity does not hedge foreign exchange fluctuations. and recognises the loss/profits in the statement of performance.

27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

28. Events after the reporting date

Post year end, a number of asset that were not in use were de-recognisedand scrapped and resulted in the loss of R523 392
The value of the scrapped assets is disclosed in the note for Property, plant and equipment & Intangible assets

29. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure identified - current	695 395
Criminal loss	150 050
Closing balance	**845 445**

Fruitless and wasteful expenditure is presented inclusive of VAT

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Notes to the Financial Statements

30. Irregular expenditure

Irregular Expenditure - current	671 687

Irregular expenditure is presented inclusive of VAT

The irregular expenditure incurred relates to a service provider commissioned for work, after their contract expired. The transactions is still under assessment .

Figures in Rand	2025


TOURISM&FILM
KWAZULU-NATAL