Trade & Investment KwaZulu-Natal
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South Africa
KWAZULU-NATAL
Zulu Kingdom. Exceptional


# ANNUAL REPORT

2024/2025


# TRADE & INVESTMENT KWAZULU-NATAL'S GENERAL INFORMATION

REGISTERED NAME

**Trade & Investment KwaZulu-Natal**

PHYSICAL ADDRESS

**Head Office**

**KwaZulu-Natal: Trade & Investment House,**
**1 Arundel Close, Kingsmead Office Park, Durban, 4001**

**Gauteng Office**

**99 George Storrar Avenue, Groenkloof, Pretoria, 0181**

POSTAL ADDRESS

**PO Box 4245, Durban, 4000**

**info@tikzn.co.za**

**+27 31 368 9600**

**www.tikzn.co.za**

**tikzn**

**@tikzn**

**trade-&-investment-kwazulu-natal**

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# List of Acronyms

| | |
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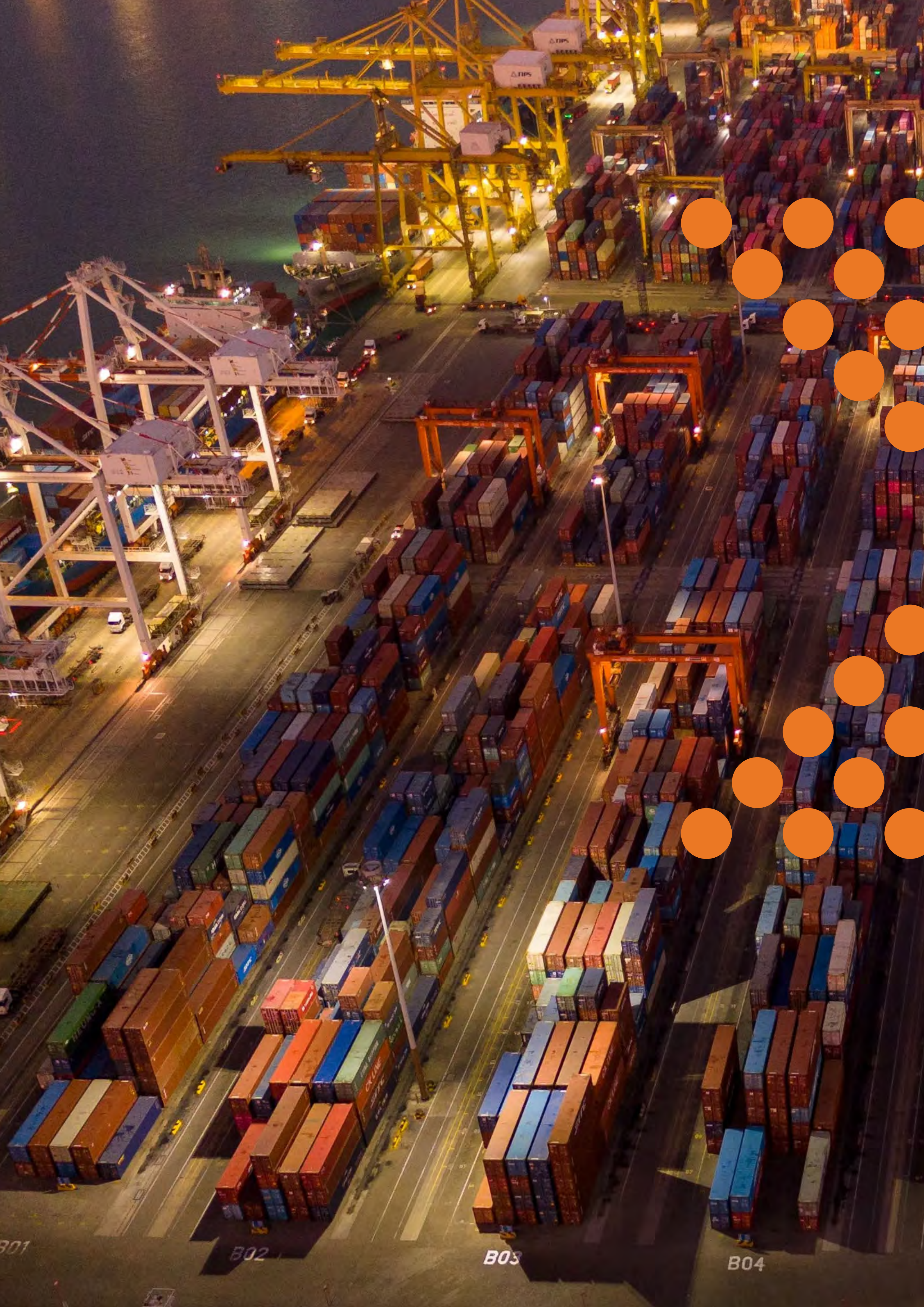
| AFS | Annual Financial Statements |
| AG | Auditor-General |
| AfCFTA | African Continental Free Trade Area |
| APP | Annual Performance Plan |
| ASB | Accounting Standards Board |
| BAC | Bid Adjudication Committee |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| BPO | Business Process Outsourcing |
| BREU | Business Retention and Expansion Unit |
| BRICS | Brazil, Russia, India, China and South Africa |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CS | Corporate Services |
| DDI | Domestic Direct Investment |
| DIRCO | Department of International Relations and Cooperation |
| DM | Destination Marketing |
| DRC | Democratic Republic of Congo |
| dtic | Department of Trade, Industry and Competition |
| DTP | Dube TradePort Corporation |
| EAP | Employee Assistance Programme |
| EDTEA | Economic Development, Tourism and Environmental Affairs |
| EDPU | Export Development and Promotion Unit |
| EIA | Environmental Impact Assessment |
| EMDEs | Emerging Markets and Developing Economies |
| EU | European Union |
| FDI | Foreign Direct Investment |
| GAAP | Generally Accepted Accounting Practice |
| GDP | Gross Domestic Product |
| GRAP | Generally Recognised Accounting Practice |
| IATF | Intra-African Trade Fair |
| ICT | Information and Communications Technology |
| IDZ | Industrial Development Zone |
| IEH | Industrial Economic Hub |

| | |
|---|---|
| IGRAP | Interpretation of the Standards of Generally Recognised Accounting Practice |
| IPA | Investment Promotion Agency |
| IPAP2 | Industrial Policy Action Plan 2 |
| IPU | Investment Promotion Unit |
| IT | Information Technology |
| JSE | Johannesburg Stock Exchange |
| KECP | KwaZulu-Natal Export Competitiveness Programme |
| KMU | Knowledge Management Unit |
| KZN | KwaZulu-Natal |
| MCU | Marketing and Communication Unit |
| MEC | Member of the Executive Council |
| MOU | Memorandum of Understanding |
| MPL | Member of the Provincial Legislature |
| NDP | National Development Plan |
| NGP | National Growth Plan |
| OSS | One Stop Shop |
| PAA | Public Audit Act |
| PFMA | Public Finance Management Act |
| PGDP | Provincial Growth and Development Plan |
| PGDS | Provincial Growth and Development Strategy |
| PhD | Doctor of Philosophy |
| (PTY) LTD | Proprietary Limited |
| PUM | Programma Uitzending Managers |
| RBIDZ | Richards Bay Industrial Development Zone |
| SA | South Africa |
| SADC | Southern African Development Community |
| SAITEX | South African International Trade Exhibition |
| SCM | Supply Chain Management |
| SCOPA | Standing Committee on Public Accounts |
| S&O | Strategy and Operations |
| SEZ | Special Economic Zone |
| TAF | Technical Assistance Fund |
| TIKZN | Trade & Investment KwaZulu-Natal |
| TKZN | Tourism KwaZulu-Natal |
| TOR | Terms of Reference |
| UNCTAD | United Nations Conference on Trade and Development |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# A

# GENERAL INFORMATION

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# 01 MEC's Foreword

**REV MUSA ZONDI**
**KWAZULU-NATAL MEC:**
ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

The year under review could be characterised by widespread upheaval underpinned on one side by constantly changing geopolitical dynamics, and accelerating technological change on the other. Amidst this reality, Trade & Investment KwaZulu-Natal (TIKZN) remained resilient and steadfast in its commitment to facilitate sustainable investment that is designed to create employment, alleviate poverty and advance economic and social transformation. TIKZN achieved relative success through strategic partnerships that positioned the province as a beacon for sensible investors intent on impact and returns. It is, therefore, with immense pride that I present the 2024/2025 Annual Report, which highlights the key achievements of the year, the challenges that were faced as well as the commitment of TIKZN, the Board and the staff, to rise above these circumstances to foster sustainable growth that is required to move the province forward.

Two significant elections bookended the year under review, one in the United States of America, which ushered in the second Trump Presidency, and the other in South Africa, which echoed this country's second instalment of a Government of National Unity (GNU). The subsequent political transition in KwaZulu-Natal reshaped the provincial governance landscape and created a renewed platform for investor confidence and more effective service delivery.

For TIKZN and its new Board, this meant that political change would be translated into economic opportunity, and by collaborating with the new leadership, specifically through its annual year-end Investment Conference, aligned investment strategies with provincial priorities. Similarly, the channels of collaboration between public institutions and the private sector were strengthened, and whatever fears investors may have had about the negative impact of the transition to a GNU were quickly allayed. As we prepare for the new financial year, there is every reason to believe that sentiment will continue.

While the long-term impact of the US election remains to be fully realised, early indicators from President Trump's second administration suggest a more aggressive and unilateral approach to trade and foreign policy. This has already begun to unsettle global markets and poses implications for South African exports, particularly in sectors targeted by renewed tariffs. Conversely, South Africa's Government of National Unity, both nationally and provincially, has taken early strides to stabilise the political landscape and restore institutional confidence. The renewed focus on collaborative governance, policy coherence, and economic revitalisation has created cautious optimism among investors. These early moves signal a positive shift in the domestic investment climate, even as the international landscape grows more uncertain.

The polycrisis which defined the previous year has continued with genocide in Gaza, wars in Ukraine and Sudan and the ceaseless hardships occasioned by these conflicts, most notably in an ever-growing global refugee crisis. The climate crisis continues uninterrupted, where natural disasters are routinely reported on every continent, with little sign of abatement anytime soon. Our province, which has witnessed these over the past two years, has barely repaired the damage caused and is already bracing itself for more storms, floods, devastation, and displacement. An inescapable fact is that the wealthier countries in the north are often responsible for most of the emissions that lead to the current climate crisis. Still, the poorer, less developed countries of the south bear the burden of its devastating consequences.

The second Trump administration has doubled down on its protectionist trade agenda, reintroducing and expanding tariffs across key global sectors. Industries such as steel, automotive components, electronics, and agriculture have been directly impacted by increased duties and tighter import controls. These measures have reignited trade tensions with major economies and created ripple effects across supply chains, adding layers of complexity to South Africa's export strategies. The destabilising economic effect of these policies remains a significant concern for emerging markets, including South Africa. For KZN exporters, this presents tangible challenges to market access and pricing competitiveness. At the same time, the European Union (EU), our major trading partner, has seen a continued rise in nationalist and populist sentiment, which may lead to the reconfiguration of long-standing trade agreements and frameworks. These dynamics demand vigilant trade diplomacy and adaptive economic planning to protect and expand the province's export potential.

This year saw 13 out of 17 scheduled elections held in Africa, with new leaders elected in six countries, while power transfers occurred in another four. The relatively peaceful nature of these elections bodes well for the future development of our continent, and it is one which TIKZN has been quick to leverage. This is best encapsulated in its Export Development and Promotion Unit, whose annual target of R65 million export sales was significantly exceeded, with a year-to-date (YTD) result of over R73 million. Similarly, the target of 240 jobs created through exporters eventually reached 496 jobs by the end of the fiscal year.

In taking its cue from these developments, TIKZN has cleaved closely to the country's national development goals and reaffirmed its commitment to the priority sectors outlined in the Provincial Growth and Development Plan. This has ensured a catalogue of urban and rural investments across the province. Similarly, the organisation has remained committed to the rollout of One Stop Shops across the province so that its much-needed assistance is not only confined to the urban metros.

Another highlight of the year was the Presidential visits to our province from 7 to 8 of November, culminating in a meeting with the Presidential Working Group whose mandate, among others, is to enhance business confidence and reposition eThekwini as a bastion of investment. This gained further traction with the reopening of the Hilton Hotel and the R1 billion investment by Southern Sun in the Maharani and Elangeni Hotels. This also coincided with the publication in the second quarter of the Durban Business Confidence Index, or BCI, by the University of KwaZulu-Natal's Macroeconomic Research Unit, which recorded an impressive 55.49%. This is the first time since the index's inception in 2022 that this confidence level has been achieved.

The last quarter of 2024 highlighted the resilience of the KZN economy. Despite global and domestic turbulence, the province leveraged its diverse sectoral base and strategic


infrastructure to overcome it. Nevertheless, a contraction in provincial GDP during this period reminded us of the vulnerabilities within our economic ecosystem. However, the agility of key industries, particularly agriculture, finance, construction, and utilities, emerged as stable contributors to growth. The continued encouraging rise of tourism to pre-pandemic levels provides a compelling argument for its centrality in job creation and its ability to foster inclusive development.

Looking ahead, it is crucial to acknowledge that South Africa's presidency of the Group of Twenty countries (G20), which commenced on 1 December 2024 gives South Africa and KZN an enormous opportunity for economic growth and investment by leveraging the opportunities ahead.

We remain committed to championing sustainable, inclusive, and high-impact investment. As we embrace the opportunities of 2025 and beyond, TIKZN will continue to act as a bridge between global capital and local potential. Together, we can cultivate a thriving investment climate, attract the partnerships we need, and create a prosperous future for all the people of KZN. The achievements recorded in this Annual Report would not have been possible without our partners in government, business, and civil society, to whom I extend fulsome thanks, as well as to the TIKZN team entrusted with driving our mission forward.

**HON REV M ZONDI, MPL**
MEC FOR ECONOMIC DEVELOPMENT,
TOURISM AND ENVIRONMENTAL AFFAIRS


INVESTMENT PLEDGE WALL
KWAZULU-NATAL INVESTMENT CONFERENCE
PROVINCE'S FUTURE
SIGNATURE

# 02 Board Chairperson's Statement

**MR MUSAWENKOSI MYENI**
**BOARD CHAIRPERSON:**
TRADE & INVESTMENT KWAZULU-NATAL

As we bring the 2010–2025 strategic period to a close, I offer this reflection with a sense of both gratitude and purpose. The past five years have brought with them a range of challenges, from tough economic conditions to shifts in global trade, but also important progress. Through it all, Trade & Investment KwaZulu-Natal remained committed to its role: enabling investment, promoting trade, and contributing to a more inclusive and competitive economy for our province.

This Annual Report captures not just a year of performance, but the completion of a strategic journey. It is a moment to acknowledge what has been achieved and to look ahead with clarity and conviction.

## Strategic Overview and Organisational Performance

The 2020–2025 strategy was built on a focused mission: to attract investment, grow exports, support existing businesses, and drive economic transformation. Through eight integrated programmes, TIKZN worked to position KwaZulu-Natal as a destination of choice for investors and a partner to local enterprises seeking growth.

Over the strategy period, TIKZN facilitated R23.2 billion in investment commitments, creating over 24,000 job opportunities. Business retention and expansion efforts brought in R9.79 billion, while export support generated over R292 million in turnover. The organisation also exceeded its inclusion targets, supporting 314 priority group beneficiaries.

The highlight of this period came with the KwaZulu-Natal Investment Conference in November 2024, which drew national and international stakeholders together in a landmark event that secured R85.2 billion in pledges. These pledges stand to impact more than 82,000 lives, a powerful example of what coordinated economic action can achieve.

## Strategic Relationships

Success over this period would not have been possible without strong partnerships. TIKZN worked closely with national and provincial governments, municipalities, the private sector, and international investors. These relationships helped unlock opportunities and ensured the province was represented effectively on regional and global platforms.

Our focus on collaboration, especially through platforms like the African Continental Free Trade Area (AfCFTA), BRICS, AGOA and many others, strengthened KZN's position as both a global gateway and a contributor to broader global development, especially in the continent.

## Board Challenges and Leadership

The Board's work during this strategy period demanded thoughtful leadership in the face of complexity. From adapting to shifting policy landscapes to navigating financial constraints, we were often called upon to make difficult decisions with far-reaching consequences. Striking the right balance between governance and agility was not just important, it was essential to our ability to respond meaningfully to the province's needs.

Notably, during the final quarter of the 2024/25 financial year, TIKZN operated without a sitting Board. This could have shaken confidence or stalled progress, but instead, the organisation stood firm. Through strong internal leadership, sound systems, and a deep-rooted culture of accountability, governance remained intact. The absence of a Board did not derail the mission; if anything, it revealed the strength of the foundation built.

What sustained the organisation throughout was not just structure, but shared conviction, a belief in the work, in the people behind it, and in the value TIKZN brings to KZN. That belief carried the organisation through uncertainty and affirmed our commitment to ethical leadership and service to the public.

## Looking Ahead: A Strategic Focus Anchored in Inclusive Growth

As we prepare for the next strategic phase beyond 2025, TIKZN's direction will be shaped by three national and provincial priorities: inclusive economic growth, reducing poverty and the cost of living, and building a capable, developmental state.

To turn these priorities into progress, TIKZN will continue to focus on what matters most laying the groundwork for an economy that works for everyone. This means boldly driving investment into sectors that fuel growth, including taking meaningful stakes in businesses that are key to the province's future. It means helping local firms not only survive but thrive in global markets, opening pathways for KZN to become a serious player in international trade. It means standing by the businesses that call this province home, supporting their growth, unlocking new opportunities, and keeping jobs where they matter most. And at the heart of it all, it means strengthening the institution itself, building a team and a culture defined by innovation, integrity, and delivery. Because real impact starts from within, what we build today will shape the KZN of tomorrow.

At the centre of these efforts is focus on people, ensuring that the benefits of economic development are widely shared.

## Appreciation and Acknowledgements

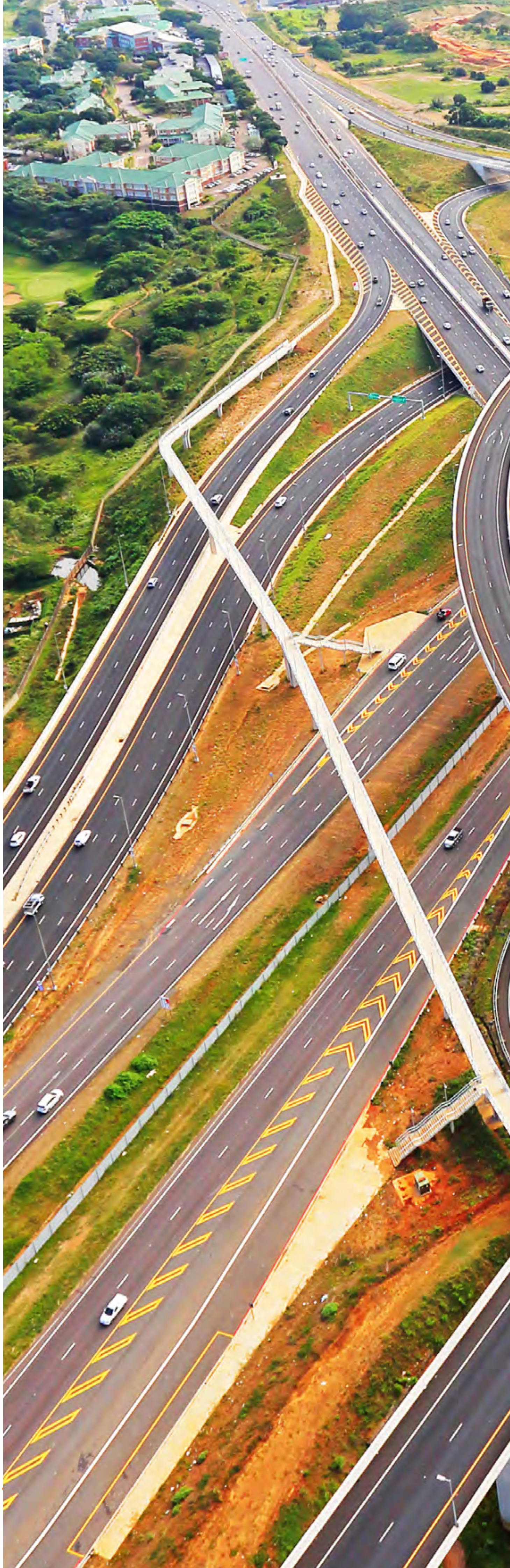
I extend heartfelt thanks to the Honourable MEC for Economic Development, Tourism and Environmental Affairs, Reverend Musa Zondi, for his steady support. To the outgoing Board, your leadership and dedication were essential in navigating a demanding period. To the incoming Board, thank you for embracing your role with purpose and momentum.

To the management team, under the leadership of CEO Sihle Ngcamu, thank you for your dedication, professionalism, and results-driven approach. The achievements of the past five years reflect your hard work and vision.

This has been a time of laying foundations. We have not only reported on outcomes, but we have also contributed to real change. As we look ahead, I'm reminded of a simple truth: "Nations rise not by what they have, but by what they are willing to become."

We need to continue to build a KZN that grows with intention, sincerity, and prospers with purpose for all its people.

**MR MUSAWENKOSI MYENI**
BOARD CHAIRPERSON:
TRADE & INVESTMENT KWAZULU-NATAL



# 03 Chief Executive Officer's Overview

**MR SIHLE NGCAMU**
**CHIEF EXECUTIVE OFFICER:**
TRADE & INVESTMENT KWAZULU-NATAL

The 2024/2025 financial year unfolded in an environment of profound transformation, politically, economically, and institutionally. As we navigated a period marked by shifting geopolitical dynamics, persistent structural challenges, and cautious investor sentiment, Trade & Investment KwaZulu-Natal remained committed to our core purpose: attracting and retaining investment, promoting trade, and enabling inclusive growth across our province.

Domestically, South Africa's transition to a Government of National Unity following the May 2024 general elections marked a turning point in our democratic journey. This new political framework (the most significant since 1994), brought a welcome sense of national stability and predictability. In KwaZulu-Natal, the provincial leadership responded decisively. High-level site visits to infrastructure projects, diplomatic outreach, and close cooperation with the private sector sent a clear message: KwaZulu-Natal is open for business and ready to collaborate for growth.

TIKZN played a central role in this effort. Leading up to the elections, as uncertainty grew, we convened focused dialogues between our shareholder, national partners such as SAPS, Transnet, and the Office of the Minister of Electricity, and the business community. These conversations helped ease market concerns and reinforced KZN's standing as a province committed to creating the right conditions for investment and economic activity.

Positive signs began to emerge. Load shedding declined sharply nationwide, and South Africa experienced a record-breaking 300-day period without blackouts, a development that significantly benefited KZN. More than 2,500 MW of new renewable energy capacity was added, and over 120 private generation projects progressed. The Durban Business Confidence Index rose above 63% in Q3 of 2024, a strong indication of improved sentiment. Interest rate cuts in early 2025 supported a more favourable operating environment, and KZN's economic growth in the second quarter of 2024 outpaced the national average, lifted by improved infrastructure and strong performance in agriculture, forestry, and fishing.

Still, challenges remained. Weather-related disruptions strained infrastructure. Delays in fiscal policy reform, including VAT discussions, created a measure of market hesitancy. At a global level, protectionist trade policies, reignited by the re-election of Donald Trump, raised concerns about South Africa's AGOA eligibility. Continued challenges at Transnet also hampered exporters and highlighted the urgent need for logistics reform. These realities sharpened our focus on building new trade partnerships and strengthening regional integration, especially through platforms like BRICS and the AfCFTA.

In the face of these difficulties, TIKZN remained focused on delivery. We successfully hosted the KwaZulu-Natal Investment Conference in November 2024, where 17 companies pledged R85.2 billion in new investments, with over 80,000 projected permanent jobs, most of which are now in the implementation phase. This was a defining moment for investor confidence in the province.

Our core work also delivered results:

- We committed R5.1 billion in new fixed investment (domestic and foreign) into the province, exceeding our R4 billion target, and enabling the creation of a potential of 5,100 jobs.
- Exporters supported through our programmes recorded a R73.29 million increase in turnover, along with 496 new jobs.
- Expansion and retention projects authenticated by companies reached R3.74 billion, against a target of R1 billion, contributing 3,163 new jobs.

Through the One Stop Shop, we continued to assist investors in navigating regulatory environments and unlocking project value.

Internally, we finalised a full strategic review, resulting in the approval of our 2025–2030 Strategic Plan and 2025/2026 Annual Performance Plan by the Office of the Premier and the department Economic Development, Tourism and Environmental Affairs (EDTEA). These will shape our actions for the next five years, ensuring alignment with both provincial goals and national imperatives.

We also delivered on our operational commitments. Of 45 set targets, 30 were surpassed, 9 achieved in full, and only 5 not met, mainly due to external factors. TIKZN maintained its Level 4 B-BBEE rating, reflecting its ongoing commitment to transformation and equitable development. Our audit results confirmed that TIKZN remains well-managed, and we maintained our clean audit status with the Auditor-General for the 6th consecutive year.

The upcoming G20 Summit, being hosted in South Africa this year, 2025, has presented an unparalleled platform for KZN to showcase its investment pipeline. The MEC for (EDTEA), Reverend Musa Zondi, has been instrumental in these efforts, engaging 31 diplomatic missions and visiting key industrial hubs in Ladysmith, Ezakheni, and Emadadeni. These outreach initiatives are laying the foundation for strong, action-oriented partnerships.

We were also pleased to welcome the appointment of our new Board of Directors in March 2025, chaired by Mr Musa Myeni, after spending the last quarter of the year without a sitting Board. This new Board comes with a diverse mix of expertise across business, academia, law, and civil society; the Board's leadership will help drive the next phase of our organisation's impact, focusing on catalytic investment, SME development, green growth, and inclusive transformation.

Looking ahead, we understand the road will have its share of obstacles, but we are confident in our direction. The conditions for renewed growth are taking shape, and KZN is well-positioned to leverage them. Through collaboration, clear focus, and smart execution, we will continue to position this province as a destination of choice for investors and a driver of economic opportunity for all.

I would like to sincerely thank the staff for the professionalism, commitment, and hard work that made this year's progress possible. I am also grateful to our new Board of Directors under the leadership of Mr Musa Myeni and our previous Board led by Mr Khanyisani Shandu, for the collective guidance and insight. And finally, to our shareholder, led by MEC Reverend Musa Zondi, thank you for your trust and ongoing support in our mission.

Progress is never inevitable. It is the result of clarity in vision, strength in partnership, and courage in execution.

As we step into a new chapter, let us remain clear in our purpose, grounded in partnership, and driven by the possibilities that lie ahead.

**MR SIHLE NGCAMU**
CHIEF EXECUTIVE OFFICER:
TRADE & INVESTMENT KWAZULU-NATAL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# 04 Statement of Responsibility and Confirmation of Accuracy of the Annual Report

To the best of our knowledge and belief, we 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 of any omissions.
- The Annual Report has been prepared in accordance with Annual Report guidelines, as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to a Public Entity.
- The accounting authority is responsible for the preparation of the Annual Financial Statements and for judgements made on this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an 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.

**Mr Sihle Ngcamu**
Chief Executive Officer
**Date: 31 March 2025**

**Mr Thokozani Mhlongo**
Chief Financial Officer
**Date: 31 March 2025**

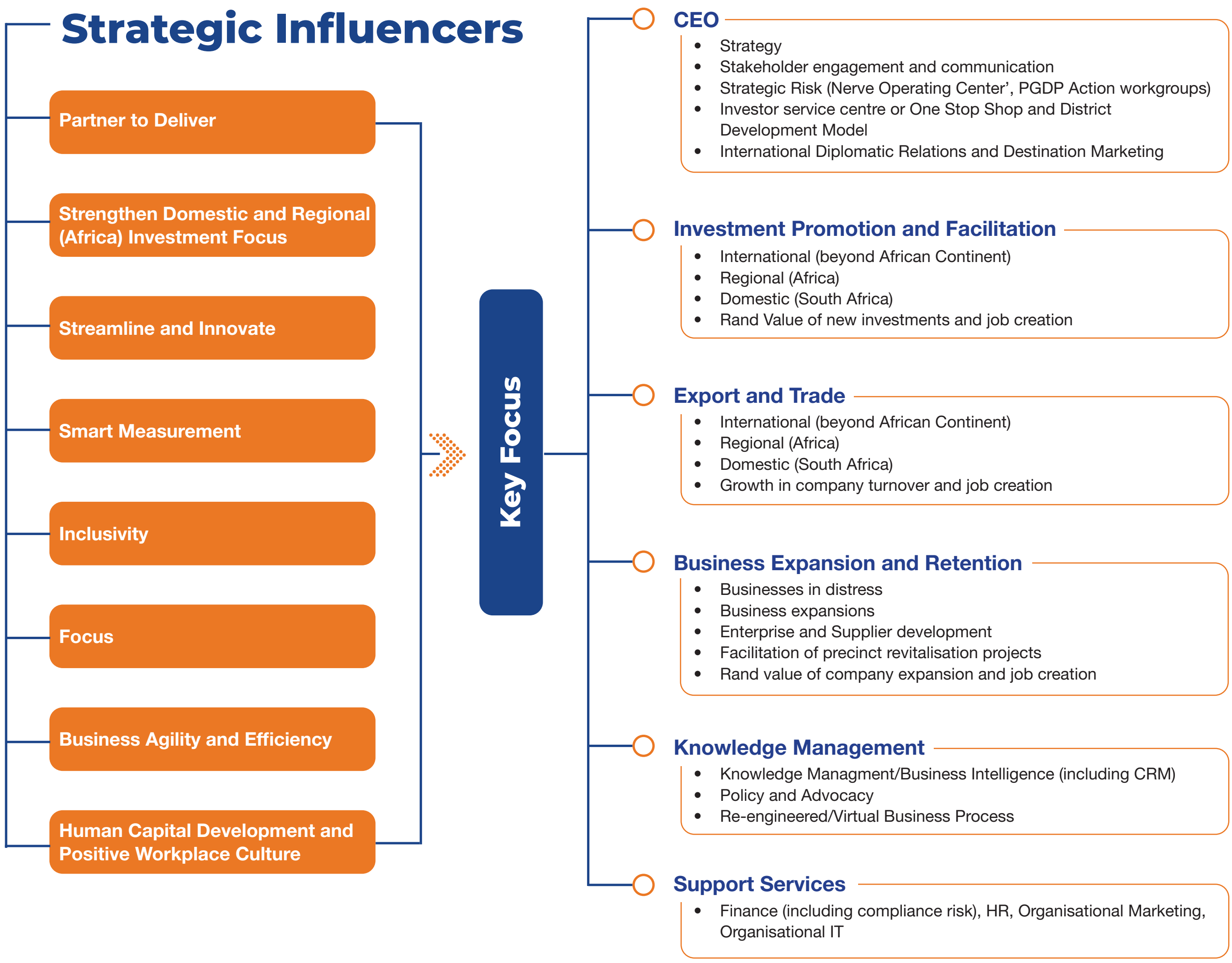
# 05 Strategic Overview

Trade & Investment KwaZulu-Natal is a South African trade and inward investment promotion agency, established as a Schedule 3C Public Entity, to promote the province of KwaZulu-Natal as an investment destination and to facilitate trade by assisting local companies to access international markets. The organisation is also tasked with identifying, developing, and packaging investment opportunities with a view of bolstering investment into the province. This is done through targeted interventions aimed at enticing investors to invest in the province and to positioning KZN as a prime investment destination.

In addition to investment promotion, the organisation is also tasked with driving trade (exports) which is achieved through identifying new markets for trade as well as developing export capacity within the province in order to drive positive trade balances. Furthermore, the Business Retention and Expansion unit ensures that investments in the province are sustained and growth driven. Significantly, these are critical building blocks in setting a firm foundation for job creation.

### *FIGURE 1: STRATEGIC INFLUENCERS*

The key strategic focus areas are illustrated in the figure below.



Operating in globally competitive markets, TIKZN is internationally acclaimed for positioning South Africa and KwaZulu-Natal as a world-class trade and investment destination, which is strategically located on SA's East Coast and covers an area of more than 94 000 square kilometres. The warm waters of the Indian Ocean, world-class game reserves and rich history, biodiversity, and major seaports, combine to make the province a prime tourist destination and an important hub for industrial development; a crucial gateway to rapidly emerging sub-Saharan economies and markets.

## KZN delivers:

- Superb natural resources;
- Exceptional productive capacity;
- A strong manufacturing sector and a leader in logistics;
- A valuable coastal location, featuring both SA's primary harbours - Durban, one of the busiest in Africa, and Richards Bay, which is SA's premier modern break-bulk harbour;
- Richards Bay Coal Terminal which is one of the world's largest coal export terminals and the largest in Africa;
- Richards Bay Industrial Development Zone (RBIDZ), a Special Economic Zone (SEZ), which is a purpose-built and secure industrial estate boasting award-winning industrial infrastructure on the north-eastern coast of KZN;
- Dube TradePort (DTP), a Special Economic Zone, a multimodal logistics platform, home to the King Shaka International Airport and the heart of SA's first purpose-built aerotropolis, or airport city;
- World-class tourist destinations;
- A diverse economy with strong manufacturing and agricultural attributes;
- An enviable lifestyle complemented by an idyllic climate;
- Accessibility to the province through six international direct route networks and
- Home to four UNESCO World Heritage Sites: uKhahlamba-Drakensberg Park, iSimangaliso Wetland Park, Sibhudu Cave and oHlange.


KZN provides for a wide range of economic activities, including capital-intensive manufacturing, transport, storage, communications, finance, business services, and agriculture, forestry, fishing, and accommodation sectors. Against this background, TIKZN sets out to promote all the province's competitive advantages. In so doing, it can leverage an ever-increasing share of the world's investment market.

TIKZN's ultimate goal is, to facilitate the establishment of both greenfield and brownfield local and foreign investments to protect the existing investments thus sustaining jobs and stimulating company growth through building their export capacity, exposing them to domestic, regional, and international markets.

TIKZN is focused on outcome-based reporting in accordance with the new treasury regulations built around the theory of change. TIKZN has redeveloped some of the performance measures to include a greater focus on influencing impact as part of the revised strategy and alignment to the district development model, namely:

- Increased engagement with municipal entities. This has been implemented across programmes and is aligned with stakeholder requirements of the organisation to work more closely with districts in an integrator/ coordinator role;
- TIKZN is leading the KZN Executive Liaison engagements to support district economic development and
- A more balanced approach to engaging both the public sector and private sector. This correlates to the role of the organisation being a key link between business and government.

The organisation is achieving good partnerships. This approach of "partnering to deliver" will be escalated in the organisation's future planning as resourcing is reduced.

## VISION

To position the province of KwaZulu-Natal as a premier destination for investment and the leader in developing and promoting trade in the province.

This will be undertaken through:

- Attracting new investments
- Facilitating export opportunities
- Facilitating business retention and expansion programmes

Ultimately, the success of TIKZN in delivering on its mandate will assist in supporting sustainable growth in KZN for the benefit of all its citizens.

## MISSION

The mission of TIKZN is:

- To retain and ensure the competitiveness of KZN companies
- To support KZN companies that are experiencing distress
- Identify and package trade and investment opportunities in KZN
- Brand and market KZN as an investment destination
- Identify and package export trade and investment opportunities in KZN
- Link opportunities to the developmental needs of the KZN community and
- Ensure easy access to investment and export trade opportunities.

## VALUES

The values of TIKZN are to espouse:

- Professionalism
- Integrity
- Passion

## OBJECTIVES

To meet shareholder and stakeholder expectations, TIKZN sets out to deliver exceptional levels of professional services and support to clients and stakeholders, delivering on the following key strategic objectives:

- To promote and facilitate new fixed investment in KZN (new investment, expansion and retention);
- To develop and facilitate export opportunities for the KZN;
- To improve market visibility and brand awareness of TIKZN's services locally and internationally;
- To generate and disseminate comprehensive business information to stakeholders;
- To facilitate trade and investment opportunities in KZN Province through the Gauteng Office;
- To advocate for a conducive business environment in the KZN;
- To improve organisational capability and effectiveness through continuously learning human capital and
- To comply with national and provincial treasury regulatory reporting standards.

## SERVICES

TIKZN undertakes a diverse range of key activities and, in addition, provides support services designed to ensure the successful promotion of business investment and trade development. Such activities and support services include:

- Joint venture facilitation;
- Business linkages between small and big businesses;
- The timely provision of relevant and reliable information to both potential and existing investors and traders;
- Assistance to both existing and new investors regarding applications for both investment and export marketing incentives
- Advice on business permits for foreign investors;
- Negotiation for Local Government incentives on behalf of investors;

- The provision of project support and after-care services to investors;
- The provision of assistance to existing and emerging international traders;
- Building export capacity;
- Providing access to markets for exporters
- International trade enquiry assistance;
- The location of suitable premises for investors and
- Facilitate linkages with banking institutions in securing project and operational finance.

### STRATEGIC ECONOMIC DEVELOPMENT PARTNERS

TIKZN has, through its strategic partnerships, aligned with several like-minded stakeholders to synergistically and consistently promote KZN's attributes. Such partnerships have led to numerous successful collaborations on projects, including inbound and outbound missions, events and promotional activities, all designed to leverage the expansion of the entity's overall business activities.

Strategic partners include:

- Public entities;
- Financial institutions;
- Academia and research institutions;
- Organised Business formations such as chambers of commerce and industry associations;
- Economic development agencies
- Municipalities in KZN;
- Other investment promotion agencies (national and international);
- Provincial and National Government departments and
- Foreign missions.

TIKZN has in place the professional expertise, experience and national and international networks required to maintain and expand KZN's competitive advantages as a prime investment destination and leader in export trade.

# 06 Legislative and Other Mandates

As a Schedule 3C Public Entity, TIKZN is required to comply with and adhere to the:

- Constitution of the Republic of South Africa Third Amendment Act, 1996. (Act No. 07 of 1996)
- KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No. 5 of 2010)
- Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations
- National Development Plan
- Provincial Growth and Development Plan
- Department of Economic Development, Tourism and Environmental Affairs Economic Transformation Plans (including Operation Vula, KZN Economic Recovery and Rebuild Plans and the like)
- Policies and directives of the Department of Economic Development, Tourism and Environmental Affairs
- Memoranda of Understanding signed with various countries around the world
- Bilateral and Multilateral agreements signed by DIRCO, the dtic, and other National Government Departments
- Industrial Policy Action Plan

# 07 Organisational Structure

Trade & Investment KwaZulu-Natal is a public entity in compliance with the PFMA and is managed by a Board of Non-Executive Directors appointed by the Executive Authority. Detailed below is a list of the Board members in the 2024/25 financial year.

## BOARD OF DIRECTORS[1]

**MR KS SHANDU**
Chairperson of the Board

**MS U MAHARAJ**
Board Member and Chairperson of the Audit, Risk and Compliance Committee

**ADV EM NKOSI**
Board Member and Chairperson of the Human Resources, Social and Ethics Committee

**MR EB MKHIZE**
Board Member and Chairperson of the Trade and Investment Committee

**MR D NAIDOO**
Board Member

**DR SK MPUNGOSE**
Board Member

**MR X CELE**
Acting Chief Financial Officer, Ex Officio Member

**MS N SAJINI**
Acting Company Secretary

**MS F PUPUMA**
Ex-officio Member representing EDTEA

**MR RN NGCAMU**
Chief Executive Officer, Ex Officio Member

[1]TERM CAME TO AN END ON 30 NOVEMBER 2024

## BOARD OF DIRECTORS 2025-2030[2]

**MR BM MYENI**
Chairperson of the Board

**PROF AT NZAMA**
Deputy Chairperson of the Board and Chairperson of the Trade and Investment Committee

**DR S NDLOVU**
Board Member and Chairperson of the Audit, Risk and Compliance Committee

**ADV N BUTHELEZI**
Board Member and Chairperson of the Human Resources, Social and Ethics Committee

**DR J CHANNING**
Board Member

**MR EB MKHIZE**
Board Member

**DR SK MPUNGOSE**
Board Member

**MS S DLUNGWANE**
Board Member

**CLLR N ZULU**
Board member

**MS F PUPUMA**
Ex-officio member representing EDTEA

**MR RN NGCAMU**
Chief Executive Officer, ex officio member

**MR T MHLONGO**
Chief Financial Officer, ex officio member

**MS N SAJINI**
Acting Company Secretary

[2]APPOINTED ON 10 MARCH 2025

# EXECUTIVE MANAGEMENT

**MR SIHLE NGCAMU**
Chief Executive Officer

**MR XOLILE CELE [3]**
Acting Chief Financial Officer

**MR THOKOZANI MHLONGO[4]**
Chief Financial Officer

**MS THULISILE GALELEKILE**
Executive Manager: Strategy and Operations

**MS DUMISILE NENE**
Executive Manager: Corporate Services

**MR CLAUDE MOODLEY**
Executive Manager: Export Development and Promotion

**MR MENZI DLAMINI**
Executive Manager: Knowledge Management

**MR INNOCENT HLONGWANA [5]**
Acting Executive Manager: Investment Promotion

**MR DONNY PATHAN [6]**
Acting Executive Manager: Investment Promotion

**[3] TERM ENDED ON 31 DECEMBER 2024**

**[4] APPOINTED 1 JANUARY 2025**

**[5] TERM ENDED ON 30 OCTOBER 2024**

**[6] APPOINTED 1 NOVEMBER 2024**

# B

# PERFORMANCE INFORMATION


**08** **Overview of Economic Environment**

- Auditor-General's Report: Predetermined Objectives
- Economic Outlook

**09** **Overview of Organisational Environment**

- Performance Information by Programme

**10** **Strategic Programmes**

- Investment Promotion
- Destination Marketing
- Export Development and Promotion
- Business Retention and Expansion
- One Stop Shop
- Knowledge Management
- Information Technology
- Marketing and Communications
- Gauteng Office

# 08 Overview of Economic Environment

## 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 the performance against predetermined objectives is included in the report to management, with material findings reported on in the 'Report on the annual performance' section of the Auditor's Report. Please refer to the Auditor's Report on page 122.

## ECONOMIC OUTLOOK

### Global Economy and Implications for South Africa and KwaZulu-Natal

The global economy is at a pivotal moment, facing a complex landscape characterised by slow growth, increasing geopolitical tensions, and rising global debt levels. Although some areas show signs of recovery from the pandemic, significant vulnerabilities in developing nations threaten to hinder progress. The economic landscape has worsened significantly due to the COVID-19 pandemic, with developing countries shouldering the brunt of the debt burden. Increasing sovereign debt levels, tightening financial conditions, and high interest rates have raised alarms about debt sustainability and fiscal capacity, limiting many governments' ability to stimulate economic growth.

Against this backdrop, the International Monetary Fund (IMF) has lowered its economic growth forecast for South Africa for 2025 from 1.5% to 1%. The global economy faces lower growth expectations, with broader projections revised to 2.8% in 2025, compared to 3.3% in the January 2025 update. This economic forecast is at risk due to increasing US trade tariffs, which will likely disrupt international supply chains, lower trade volumes, and weaken investor confidence. These changes will result in a decline in external export demand in key sectors such as mining, manufacturing, and agriculture. At the same time, South Africa, particularly KwaZulu-Natal, grapples with volatile capital flows and currency pressures that impact investment strategies and business confidence, coupled with heightened uncertainty surrounding trade policies and global economic governance that hinder medium-term planning.

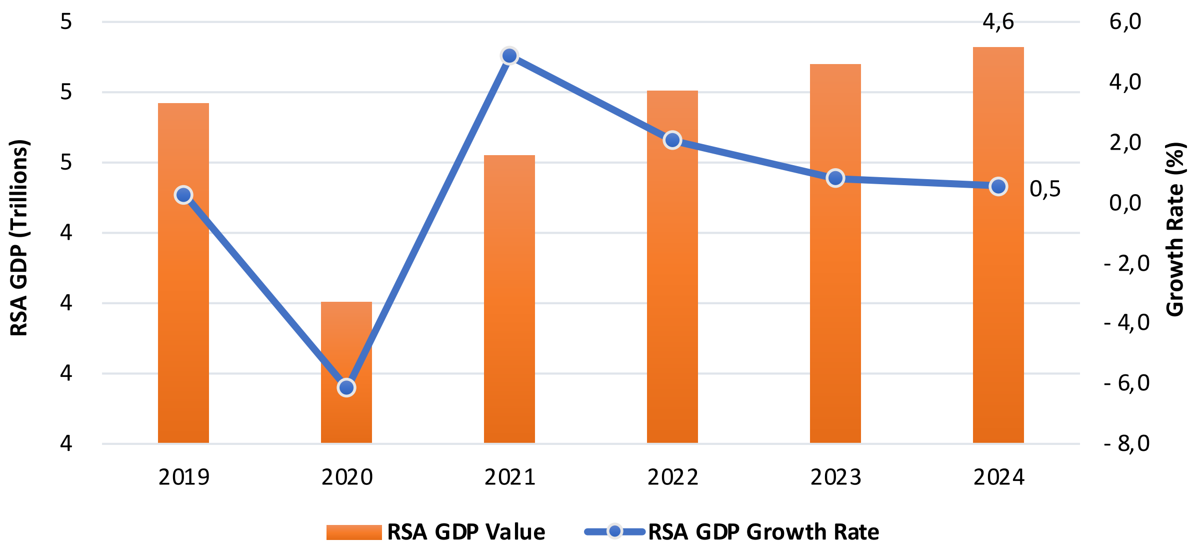
To enhance its domestic economic stability, South Africa must promptly enact economic reforms to boost competitiveness and productivity while developing strategies for trade diversification to lessen reliance on unstable markets and supporting local industries to build capacity and adapt to changing global trade dynamics, all while pursuing fiscal consolidation without hindering investments that foster growth.

Throughout the global economic adjustment period, South Africa and KwaZulu-Natal must strategically position themselves to address immediate challenges while cultivating a resilient, diverse, and inclusive economy.

### Sluggish Growth Amid Structural Challenges

With real GDP growth of just 0.6%, South Africa's economy performed poorly in 2024. This is the third year in a row that the growth rate has slowed, highlighting underlying flaws in the home economy. Although forecasts point to a steady recovery, with growth expected to increase from 1.4% in 2025 to 2.5% by the end of the forecast period—the recovery rate appears sluggish and unclear.

### *FIGURE 2: GDP SEASONALLY ADJUSTED YEAR-ON-YEAR GROWTH & RAND VALUE, SA, 2019-2024*

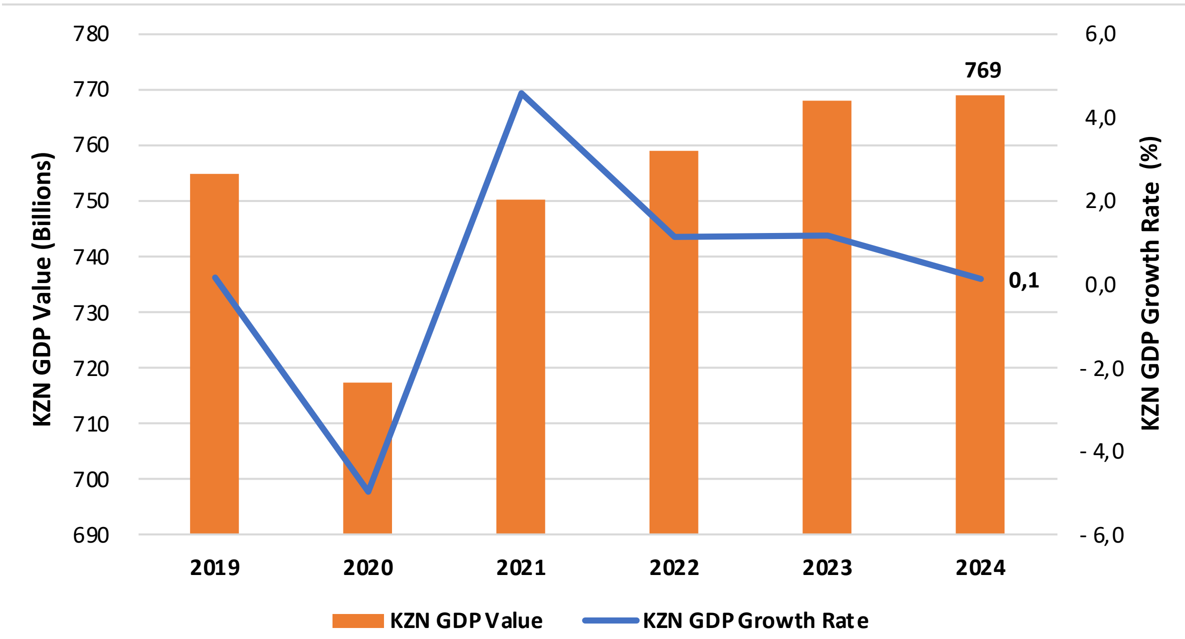



**Source: TIKZN based on Quantec, 2025**

The lacklustre performance of vital industries, notably mining and manufacturing, is a big concern. The manufacturing sector has struggled to increase output sustainably because of harsh operating conditions. With a notable decrease of 13.3% in 2024, the automobile industry has particularly hindered the larger transport equipment sector, which includes cars, components, and accessories. This decline consists of a 17.8% fall in manufacturing parts and accessories and a 10.9% decrease in automobile production, which are blamed on poor domestic and international demand and a worldwide shift toward new energy vehicles. Without decisive measures, the local business may find it difficult to adjust to these modifications, which poses strategic difficulties. The gloomy prognosis for these industries, essential to the overall economy, raises questions about South Africa's near-term development route. The economy still struggles with structural problems at home and worldwide challenges that stifle growth and erode investor trust. KZN Economic Growth Performance in 2024.

With a gross domestic product (GDP) of R768.3 billion, the KZN economy saw little growth in 2024 only 0.2%. The province accounting for around 16% of South Africa's total economic production, this rate of expansion was lower than the national average of 0.6%.

## *FIGURE 3:* GDP SEASONALLY ADJUSTED YEAR -ON-YEAR, KZN, 2019-2024




**Source: TIKZN based on Quantec, 2025**

The province's modest expansion was primarily due to contractions in key economic areas such as agriculture, construction, trade, manufacturing, and transportation, all subject to various cyclical and structural challenges. These industries' vulnerabilities mirror local problems like logistical inefficiencies, energy supply challenges, and infrastructure backlogs and constraints in national and international demand.

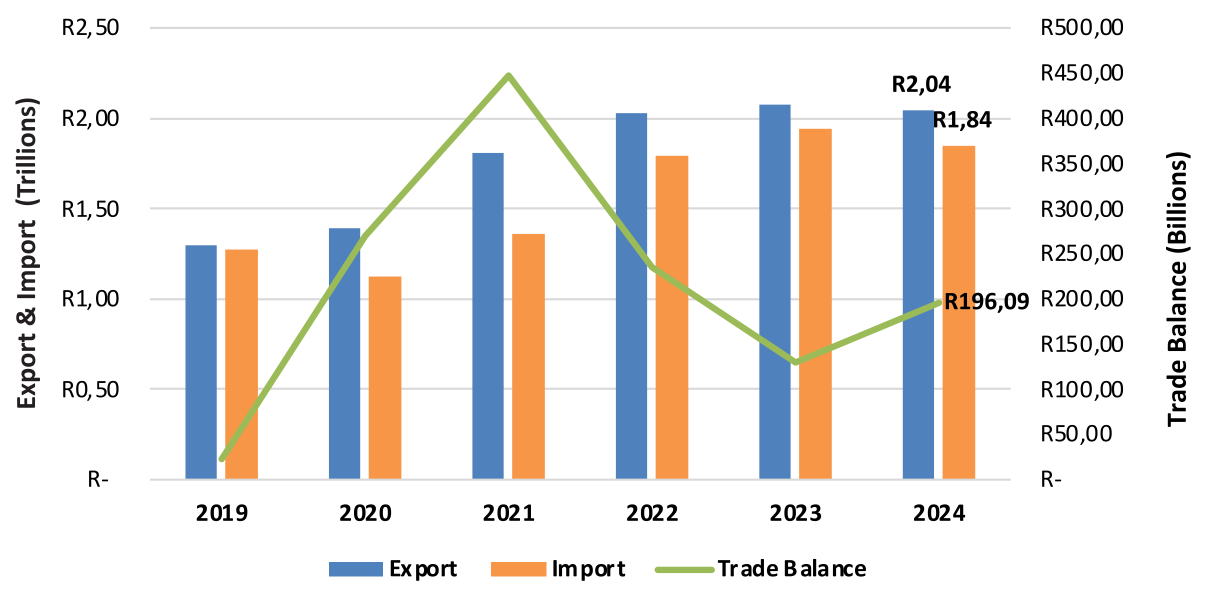
With the industry seeing a 16% quarter-on-quarter growth after rebounding from earlier harsh weather events and input cost pressures, agriculture saw a significant recovery in the last quarter of 2024. As we approach 2025, this late recovery has lessened some negativity caused by the earlier falls and points to a possible momentum.

With just 11 projects launched, 184 jobs produced, and R8 billion in capital expenditure, KZN saw its worst performance in foreign direct investment (FDI) in twenty years in 2024. This significant drop emphasises a challenging investment environment brought about by infrastructure gaps, declining investor trust, and worldwide uncertainty. In the 2025/2026 fiscal year, TIKZN intends to strengthen its investment promotion activities by targeting labour-intensive and high-growth industries. TIKZN will also revitalise the investment pipeline by packaging important projects and enhancing aftercare services to support investor retention and reinvestment. Additionally, we will collaborate closely with local governments to remove regulatory barriers and infrastructure bottlenecks to increase investment readiness, and we will conduct targeted investment roundtables to boost investor confidence and speed up the conclusion of agreements.

## South Africa Trade Performance in 2024

In 2024, a combination of domestic limitations, a worldwide economic downturn, and exogenous policy shocks caused major difficulties for the trade industry in South Africa. The imposition of new US tariffs on certain South African exports, notably metals and manufactured products, was a significant external factor that negatively impacted overall export performance by restricting access to a vital export market. Lower global demand and inefficiencies in domestic logistics exacerbated these problems, resulting in a 2.0% drop in the volume of goods exported. Total exports decreased by 1.6% to R2.04 trillion in nominal terms, while imports fell by a larger 5.1% to R1.84 trillion in response to sluggish domestic consumption and investment. Consequently, the nation's trade balance rose from R130 billion in 2023 to R195.6 billion.

### *FIGURE 4: RSA MERCHANDISE TRADE: 2019-2025 (NOMINAL)*




**Source: TIKZN based on Quantec, 2025**

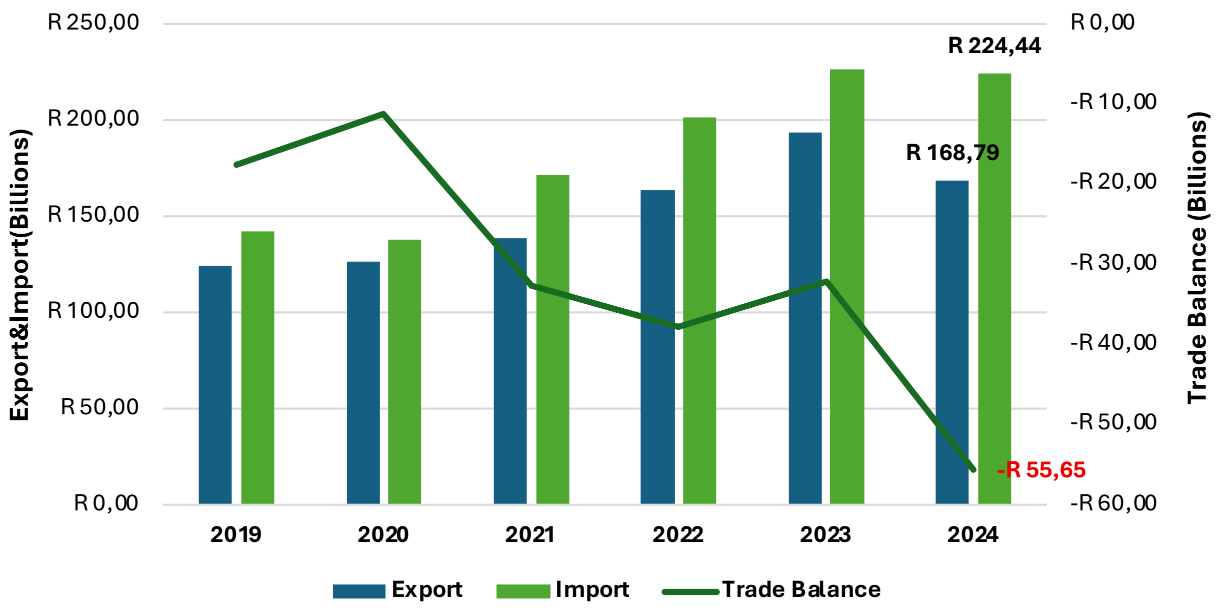
In terms of industries, produced exports saw the most significant decline, dropping 3.0% to R1.09 trillion. The US tariff measures and increasing global competitiveness have significantly impacted this industry, as seen by the 11.7% decrease in basic iron and steel exports and the 7.4% decline in motor vehicle parts and accessories.

The economy's heavy reliance on capital and energy-related items on the import side meant that a decline in investment demand resulted in a 6.3% decline in essential imports like machinery, equipment, and refined petroleum products.

## KwaZulu-Natal Trade Performance in 2024

KwaZulu-Natal Trade Performance in 2024 the province's trade imbalance increased significantly to over R26.3 billion. The increased imports of cars, mineral products, nuclear reactors, and sugar were the leading causes of this. The fragility of many essential export industries, such as the automobile, iron and steel, aluminium, and agricultural sectors, has been further highlighted by the potential for new US tariffs and the ambiguity surrounding the future of the African Growth and Opportunity Act (AGOA).

## *FIGURE 5: KZN MERCHANDISE TRADE: 2019-2025 (NOMINAL)*




**Source: TIKZN based on Quantec, 2025**

The strategic importance of this trade route is highlighted by the fact that, in the previous year, KZN's exports to the US alone totalled R17.8 billion. The trade imbalance in the nation may be made worse by any interruption. Although the United States has recently experienced political friction with South Africa, it has remained one of the top export markets for KZN. The US continued to be a major partner in KZN's exports throughout Q3 and Q4 of 2024, accounting for 12% (R5.08 billion) in Q3 and 10% (R4.79 billion) in Q4. In line with KZN's robust economic connections inside the SADC area, Namibia and Zimbabwe are reliable regional trading partners.

As a result, TIKZN is stepping up its attempts to broaden the province's export portfolio. The emphasis changes from dependence on commodities and automobiles to tapping into developing Asian markets and increasing intra-African commerce under the African Continental Free Trade Area.

## KZN FDI and Domestic Trends

From 2019 to 2024, KZN's FDI performance demonstrated significant volatility. In 2019, moderate inflows of foreign direct investment resulted in 20 projects, generating over 5,900 jobs. The COVID-19 pandemic in 2020 sharply reduced project numbers to eight and jobs to 2,744, although Capex rose to R46 billion, driven by a small number of large-scale investments.

A gradual recovery began in 2021, with 12 projects recorded, though job creation remained subdued. In 2022, both FDI inflows and employment weakened further, with Capex dropping to R11 billion. The province experienced a strong rebound in 2023, attracting R80 billion in Capex from 14 projects, but employment growth lagged behind the scale of investment.

By 2024, FDI performance reached its lowest point in the six-year period, with only 11 projects, 184 jobs created, and R8 billion in Capex. This sharp contraction highlights the urgent need to address constraints affecting investor confidence, project pipeline development, and job creation.

### TABLE 1: KZN FDI 5 - YEAR TREND

| Year | Projects | Jobs | Capex (R bn) | Observations |
|---|---|---|---|---|
| 2019 | 20 | 5,933 | 21 | Moderate FDI with lower job numbers. |
| 2020 | 8 | 2,744 | 46 | Pandemic impact, Capex spikes. |
| 2021 | 12 | 2,726 | 17 | Slight recovery post-pandemic. |
| 2022 | 16 | 2,889 | 11 | Low investment, job creation weak. |
| 2023 | 14 | 5,948 | 80 | High-value projects but low jobs. |
| 2024 | 11 | 184 | 8 | Weakest investment year overall. |

**Source: TIKZN, 2025**

## KZN Domestic Investment Trends

Despite modest growth of 0.5% in 2024 from R171.3 billion in 2023 to R172.08 billion, KZN is cementing its position as South Africa's premier investment hotspot. Since 2016, when investment stood at R135 billion, the province has added nearly R37 billion, defying economic headwinds and reflecting sustained investor confidence. Powered by world-class infrastructure, thriving Special Economic Zones, and an expanding industrial base, KZN is accelerating its role as a key driver of inclusive economic growth.

Direct Domestic Investment in KZN is largely concentrated in the eThekwini Metro, which leads both provincially and nationally. uMgungundlovu and King Cetshwayo follow as important investment hubs due to their strategic advantages. Meanwhile, uMzinyathi and Harry Gwala receive the least investment, signaling the need for targeted efforts to boost economic growth in these areas.

## TABLE 2: 2024 DIRECT DOMESTIC INVESTMENT BY REGION – R BILLIONS AND SHARE

| Region | Investment (R Billions) | % of KZN | % of South Africa |
|---|---|---|---|
| **South Africa** | R1 065.20 | | |
| **KwaZulu-Natal** | R172.08 | 100.00% | 16.15% |
| **eThekwini** | R86.86 | 50.47% | 8.15% |
| **uMgungundlovu** | R21.26 | 12.35% | 2.00% |
| **King Cetshwayo** | R14.70 | 8.54% | 1.38% |
| **iLembe** | R8.23 | 4.78% | 0.77% |
| **Amajuba** | R8.61 | 5.00% | 0.81% |
| **Ugu** | R7.76 | 4.51% | 0.73% |
| **Zululand** | R7.49 | 4.35% | 0.70% |
| **uThukela** | R6.14 | 3.57% | 0.58% |
| **Harry Gwala** | R3.88 | 2.26% | 0.36% |
| **uMzinyathi** | R3.61 | 2.10% | 0.34% |
| **uMkhanyakude** | R3.54 | 2.06% | 0.33% |

**Source: TIKZN based on Quantec, 2025**

### Prospects for the Future

South Africa's trade performance is predicted to be still weak but somewhat better in 2025, depending on several crucial events:

- A rebound in demand from China, the EU, and regional African partners may give some export impetus, especially if global interest rates stay stable and industrial output increases.
- Better logistics efficiency may alleviate domestic bottlenecks and facilitate improved export flow if implemented as part of the Transnet recovery plan and port infrastructure reforms.
- Uncertainties in trade policy remain a significant concern, especially if the US continues or intensifies tariff measures or other developed countries take similar protectionist actions. It will be imperative to diversify export markets—toward Africa, Asia, and the Middle East.
- A weaker rand exchange rate may give exporters some price competitiveness, but its effect will depend on global pricing circumstances and export elasticities.
- A slight rebound in domestic investment, particularly in energy and infrastructure, might boost demand for capital goods on the import side, but this will depend on energy stability and investor confidence.

Although a moderate recovery in trade volumes is predicted for 2025, the underlying problems with logistics, energy, and export concentration must be addressed to foster long-term trade expansion and increase resilience to external shocks.

# 09 Overview of Organisational Environment

The CEO (appointed by the Board) is supported by the Executive Management Team. The organization boasts highly skilled staff tasked with ensuring the efficient implementation of strategy and its deliverables. The organization is run through the following key Business Units:

- Investment Promotion and Facilitation, including the following sub-units
  - Business Retention and Expansion
  - Destination Marketing
- Export Development and Promotion
- Knowledge Management (Including ICT)
- Office of the CEO, including the following sub-units
  - Strategy and Operations
  - One Stop Shop Investment Centre (including advocacy)
- International Relations, housed within the Gauteng Office
- Support Services including the following sub-units:
  - Marketing and Communications
  - Finance (including Supply Chain Management)
  - Human Resources

The organogram, as approved by the Board of Directors in 2013, serves as the basis for monitoring and identifying positions requiring to be filled.

TIKZN's 2024/2025 budget, approved by EDTEA for the current medium-term expenditure framework, totalled R120 628 607. This was managed and expended in line with the Public Finance Management Act and Treasury Regulations.

## Key Policy Developments and Legislative Changes

There have been no policy changes to the entity's mandate.

## Strategic Outcome-Orientated Goals

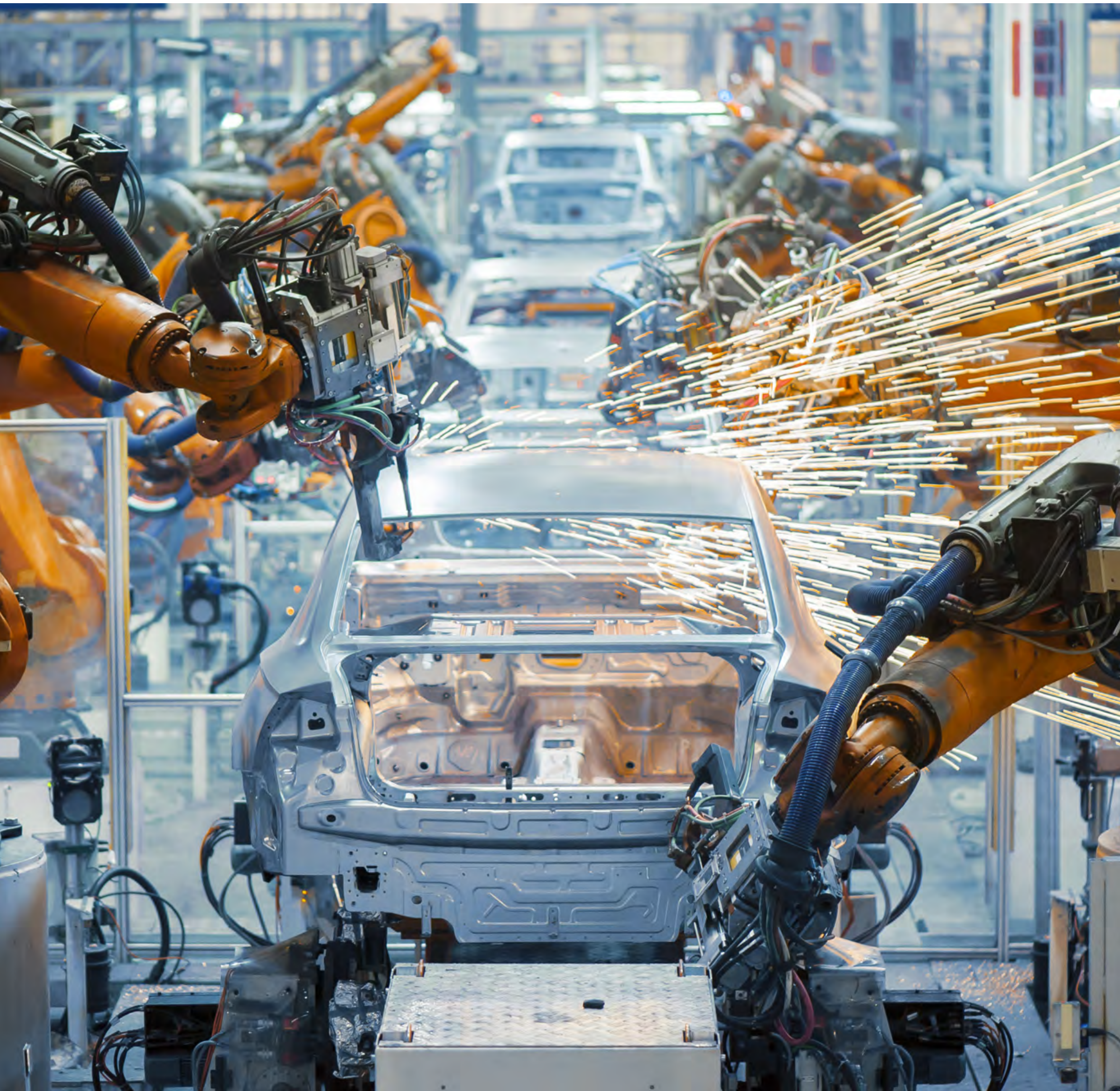
TIKZN has formulated a set of strategic performance objectives, endorsed by the organisation's Board. These encompass the need to:

- Market and position KZN as the preferred trade and investment destination
- Comply with national and provincial treasury, regulatory and reporting standards
- Improve human capital to ensure high performance
- Improve organisational effectiveness and efficiency through the utilisation of ICT
- Promote, attract, and facilitate new fixed investment in KZN
- Retain and expand businesses in KZN
- Market and position KZN in key markets
- Develop, grow, and promote exports from KZN
- Comply with national and provincial performance monitoring and evaluation standards and legislation
- Become, through international best practice, a central point of contact, an advocate for and communicator of regulatory guidelines to investors
- Be KZN's research, knowledge, and business intelligence leader
- Facilitate trade and investment opportunities in KZN through the Gauteng Office

## PERFORMANCE INFORMATION BY PROGRAMME

TIKZN's key organisational strategic objectives are contained within eight programmes, each with measurable indicators. These programmes include:

- Programme 1: Investment Promotion
- Programme 2: Destination Marketing
- Programme 3: Export Development and Promotion
- Programme 4: Business Retention and Expansion
- Programme 5: Office of the CEO
- Programme 6: Knowledge Management
- Programme 7: Support Services
- Programme 8: International Relations- Gauteng Office



## *TABLE 3:* PROGRAMME 1 - INVESTMENT PROMOTION

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 1. Growth and expansion (including transformation) of the economy through new Greenfields fixed investments | New fixed domestic and foreign investments committed in the KZN province through targeted investment support | 1.1. Rand value of new fixed investment (domestic and foreign) commitments, in the province, facilitated through targeted investment support | R8,331bn | R2,283bn | R6,4bn | R3bn | *R5,1bn | R2,1bn | The organisation has exceeded this target, mainly driven by the entity committing projects in the property development sector, which by their very nature require substantial investment due to their infrastructural requirements. |
| | Potential new jobs facilitated through targeted investment support | 1.2. Number of potential new jobs facilitated through targeted investment support | 3182 | 3889 | 4870 | 4000 | 5100 | 1100 | The entity has exceeded this target, once again due to some of the projects being in the property development sector which is known to contribute significantly to both temporal and permanent job creation during both construction and operational phases, respectively. |
| | Investment project opportunities facilitated for priority groups | 1.3. Number of investment opportunities facilitated for priority groups | 22 | 20 | 28 | 30 | *17 | 13 | TIKZN's experienced challenges in assisting previously disadvantaged groups due to the poor record management of compliance documents by the SMMEs thus posing a challenge when call for proposals or applications are being requested . The team will focus on a recruitment drive which will include roadshows with Municipalities and District agencies, Collaboration with Small Enterprise Finance Agency and Ithala Finance to ensure that SMME's are ready for investment. Further, the absence of the Technical Assistance Fund contributed to less projects from priority groups being facilitated as most of the project promoters within this category would require funding support to package their projects. |

- *Alternate means of verification were utilized to support the actual performance reported.

## TABLE 4: PROGRAMME 2 - DESTINATION MARKETING

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 2. Increased investment opportunities through targeted destination marketing | Destination marketing activations facilitated to create new investments | 2.1. Number of international trade and investment platforms hosted | 18 | 15 | 10 | 15 | 19 | 4 | The strategic relationships forged with key stakeholders has enabled participation at key platforms, resulting in this target being exceeded at no additional cost to the organizations. |
| | Provincial / International investment conference / Webinars hosted | 2.2. Number of international investment conferences coordinated in the province | 2 | 1 | 3 | 2 | 2 | 0 | This was achieved through a collaborative effort within TIKZN. To continue maintaining and achieving performance, a solid budget will have to be secured for the KZN Investment Conference. |

### TABLE 5: INVESTMENT PROMOTION BUDGET

| Programme/ Activity/objective | 2023/2024 (R'mil) | | | 2024/2025 (R'mil) | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Investment promotion | 84,411 | 17,067 | 67 | 14,958 | 24,846 | -10 |

Over expenditure on Investment Promotion was largely affected by the costs relating to the KwaZulu-Natal Investment Conference that was held in November 2024 to stimulate trade and investment in KZN, although these costs were funded through sponsorships from the entity's strategic partners such as African Bank Limited, InvestSA (the dtic), Cell C and others, the total costs exceeded the funding from sponsorships which consequently resulted into an over expenditure due to lower budget allocation for the event. Other significant over expenditure resulted from insufficient allocation of budget to finalise the development of the tourism site in Lilani, Greytown.

## TABLE 6: PROGRAMME 3 - EXPORT DEVELOPMENT AND PROMOTION

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 3. Growth and expansion (including transformation) of the economy through export promotion activities | Increased turnover by exporters assisted by TIKZN | 3.1. Rand value increase in the turnover of KZN exporters assisted | R102,35m | R66,59m | R62,6m | R65m | R73,29m | R8,29m | Key events played a significant role in reaching the target ,this included TIKZN's participation in FACIM, the Zimbabwe and Zambia Route Activation, the KZN Investment Conference, the China-ASEAN Expo (CAEXPO), and the China International Import Expo (CIIE) 2024. |
| | Jobs created by exporters assisted by TIKZN from a trade development and promotion perspective | 3.2. Number of jobs created by KZN exporters assisted | 547 | 287 | 271 | 240 | 496 | 256 | The administration of biannual feedback contributed positively to the over achievement of this KPI. Sales generated from key events, in turn, led to employment growth amongst KZN exporters. |
| | Emerging companies developed for export readiness | 3.3 a). Number of emerging companies capacitated for export readiness | 59 | 60 | 70 | 60 | 76 | 16 | This result was due to the facilitation of participation in a number of capacity building initiatives for KZN exporters including access to various incentives, training on exports and on quality improvement. |
| | | 3.3 b). Percentage of emerging companies capacitated for export within priority group | New | New | 61% | 60% | 67% | 7% | This achievement was due to the facilitation of participation in several capacity building initiatives for KZN exporters including access to various incentives, training on exports and on quality improvement for priority group companies i.e. Women, Youth and Persons with Disability. |
| | KZN exporters exposed to trade related events in targeted markets | 3.4. Number of companies that have participated in trade related events in targeted markets | NEW | 151 | 171 | 85 | 99 | 14 | This result was due to the facilitation of participation of exporters in several trade events like AASW@023, SAITEX, Decorex, AGOA, BRICS/ KZN Trade & Investment Summit, AFWL and ITAF 2023 to name a few key events. |
| | Exporter companies assisted | 3.5 Number of Exporters capacitated | 65 | 55 | 64 | 75 | 59 | 16 | The annual goal fell short due to budget limits and partner delays in implementing capacity-building programmes. Some sessions, like training on the UK Tariff Structure and Halal Exports, were postponed to the next financial year. Partners such as SABS, PUM, DHL, and Bizfarm will help deliver capacity-building support under cooperation agreements. A more streamlined annual plan is currently being implemented. |

## TABLE 7: EXPORT AND TRADE DEVELOPMENT BUDGET

| Programme/ Activity/objective | 2023/2024 (R'mil) | | | 2024/2025 (R'mil) | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Export & trade development | 7,714 | 8,985 | -1 | 8,027 | 8,959 | -1 |

The over expenditure under Export Development and Promotion was in the main attributed to the settlement claim arbitrated by the CCMA for a former executive employee. The export promotion initiatives was also affected by the budget cuts which were passed by the Provincial Treasury due to the ailing economic conditions.

## *TABLE 8: PROGRAMME 4 - BUSINESS RETENTION AND EXPANSION*

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 4. Transforming of the economy through expansion and retention of investments and jobs | Businesses supported through business retention interventions | 4.1. Number of businesses supported through business retention interventions | 130 | 135 | 125 | 100 | 161 | 61 | Support was provided to businesses to access open funding opportunities .TIKZN also collaborated closely with various economic development partners and businesses to address issues effecting businesses ,this resulted in the organisation exceeding the target for the year. |
| | Expansion and retention projects committed | 4.2 Rand value of expansion and retention projects authenticated by the company | R611,3m | R1,397bn | R,500bn | R1,0bn | 3,740bn | R2,740bn | The organisation got involved and intervened in a number of high valued investment projects, resulting in the entity exceeding this target for the year. |
| | Jobs created and retained from business support expansion and retention support interventions. | 4.3. Number of jobs from targeted expansion and retention support interventions authenticated by the company | 6323 | 1978 | 2983 | 1800 | 3163 | 1363 | The organisation was involved in the facilitation of projects that generated a substantial number of jobs. These investments focused on acquiring new machinery and equipment to help the businesses stay competitive, safeguard existing jobs and also to contribute to new job creation opportunities |
| | Business support programmes implemented to improve business competitiveness and efficiency | 4.4 Number of technical business support programmes implemented | NEW | 11 | 18 | 15 | 23 | 8 | Through strategic collaboration with stakeholders and other key economic development partners, the organisation embarked on a number of technical support initiatives resulting in the target being exceed for the year. |
| | Localisation Programmes facilitated | 4.5 Number of localisation projects facilitated in industrial spatial development nodes | NEW | 3 | 10 | 3 | 9 | 6 | TIKZN identified key industries which required collaboration with economic development partners to support business continuity, localisation and create a favourable environment for growth. These efforts helped sustain operations and improve the overall business climate and to prevent disruptions in the local supply value chains. These initiatives contributed to the over achievement of this target. |

## TABLE 9: BUSINESS RETENTION AND EXPANSION BUDGET

| Programme/ Activity/objective | 2023/2024 (R'mil) | | | 2024/2025 (R'mil) | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Business retention & expansion | 6,141 | 7,996 | -2 | 9,272 | 9,108 | 0 |

The annual budget allocation for Business Retention and Expansion initiatives was spent at just below 98% for the 2024/2025 financial year.

### TABLE 10: PROGRAMME 5: OFFICE OF THE CEO - STRATEGY AND OPERATIONS

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 5. Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction | Strategic partnerships facilitated | 5.1 Number of strategic partnerships facilitated | 6 | 4 | 5 | 4 | 4 | 0 | No deviations. Target met. |
| | Risks identified and properly mitigated or resolved | 5.2 Percentage of risks identified that are properly mitigated or resolved | 96% | 80.76% | 83% | 95% | 91% | 4% | To introduce and encourage a culture of risk-based planning, a robust risk assessment with each Business Unit was implemented to plan for the 2025/26 financial year, the strategic risk and compliance documents were reviewed and updated with the most updated practices to ensure improvement in the implementation of Risk Management within the organisation, therefore an upward trajectory is expected in the new financial year. |
| | BBBEE compliant | 5.3 Improvement on B-BBEE rating for TIKZN | Level 7 | Level 4 | Level 4 | Level 4 | Level 4 | 0 | No deviations. Target met. |
| | Policy Advocacy initiatives facilitated | 5.4 Number of policy advocacy initiatives facilitated. (New Indicator) | 7 | 3 | 6 | 4 | 4 | 0 | No deviations. Target met. |

## OFFICE OF THE CEO- ONE STOP SHOP

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 5. Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction | KZN projects supported with strategic business interventions | 5.5 Number of strategic project interventions processed by the One Stop Shop | 11 | 18 | 30 | 24 | 25 | 1 | The entity has been actively involved in supporting key strategic projects and this has yielded positive results for the organisation, as evident in the target being exceeded for the year. |
| | Catalytic projects facilitated through project brokering support interventions | 5.6 Number of Catalytic projects facilitated through project brokering support interventions | 8 | 6 | 8 | 4 | 8 | 4 | Through participation at different forums aimed at driving catalytic projects for the province, the organisation has been actively involved in project brokering support interventions for catalytic projects, resulting in the entity exceeding this target for the year. |
| | Satellite district OSS established | 5.7 Number of Satellite district OSS established | Level 5 | Level 5 | 3 | 3 | 5 | 3 | Although engagement with municipalities is well advanced, the rollout of district One Stop Shop was delayed and could not be completed this financial year. The delays were due to various implementation challenges. However, plans are underway to launch four district one-stop shops in the 2025/2026 financial year to enhance service delivery at the local level. |
| | | 5.8 Number of strategic interventions facilitated as part of the Red Tape Reduction Forum | NEW | NEW | NEW | 4 | 5 | 1 | The One Stop Shop facilitated a number of interventions to ensure that business challenges are addresses timeously. |

## *TABLE 11:* OFFICE OF THE CEO BUDGET

| Programme/ Activity/objective | 2023/2024 (R'mil) | | | 2024/2025 (R'mil) | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Office of the CEO | 22,842 | 13,390 | 9 | 17,573 | 13,091 | 4 |

During the financial year ended 31 March 2025, an amount of R1 000 000 was received from EDTEA as a conditional grant contribution to support the integrated services of the One Stop Shop across three district municipalities i.e. Amajuba District, uMzinyathi District and uThukela District.The entity could not spend the amount in the same year due as the implementation plans were not yet finalised. The rollout of the programme is expected to be executed in the ensuing financial year of 2025/2026. Part of the savings resulted from the filling of the senior and middle management positions that were filled torwards the end of the 2024/2025 financial year.

## TABLE 12: PROGRAMME 6- KNOWLEDGE MANAGEMET

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 6a) An enabling business environment through improved knowledge and business intelligence | New investment packaged projects to stimulate the KZN economy | 6.1 Number of investment projects packaged in conjunction with Investment Promotion, Export Development & Promotion and Business Retention & Expansion and external stakeholders | 10 | 8 | 8 | 8 | 10 | 2 | Demand surpassed the planned projects to be packaged this led to the overachievement of this target. |
| | Sector profiles developed and disseminated | 6.2 Number of comprehensive sector studies developed and disseminated via project steering committee or Board and external stakeholders | 16 | 13 | 15 | 14 | 17 | 3 | Additional requests from internal and external stakeholders for sector studies resulted in this target being exceeded. |
| | Quarterly Economic Reviews produced and disseminated | 6.3 Number of economic reviews produced and disseminated via project steering committee or Board or external stakeholders | 27 | 26 | 22 | 20 | 76 | 56 | Additional requests from internal and external stakeholders for economic reviews resulted in this target being exceeded. |

## INFORMATION TECHNOLOGY

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 6b) Improving organisational effectiveness and efficiency through utilisation of Information, Communication and Technology | Business improvement digitisation platforms for TIKZN | 6.4 Number of business improvement digitisation initiatives implemented | 4 | 6 | 5 | 4 | 4 | 0 | No deviations. Target Met |
| | TIKZN's ICT infrastructure solutions | 6.5 Number of ICT infrastructure solutions implemented | 8 | 9 | 10 | 4 | 6 | 2 | With the increased focus in developing infrastructure solutions for the organisation, the entity implemented a number of initiatives which resulted in exceeding this target for the year. |
| | Efficient and reliable network ICT connectivity | 6.6 Percentage ICT network reliability | New | New | 100% | 95% | 95,55% | 0,55% | Increase in the upgrade and enhancement of ICT network solutions resulted in higher network reliability. |
| | Cyber and information security initiatives facilitated | 6.7 Number of cyber security initiatives & training sessions facilitated | New | New | New | 4 | 6 | 2 | More initiatives than planned were implemented to improve cybersecurity measures and raise awareness, which resulted in the overachievement of this target. |

## TABLE 13: KNOWLEDGE MANAGEMET BUDGET

| Programme/ Activity/objective | 2023/2024 (R'mil) | | | 2024/2025 (R'mil) | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Knowledge Management | 31,662 | 22,352 | 9 | 33,091 | 13,666 | 19 |

Knowledge Management was adjusted upward with additional budget and 2023/2024 rolled-over funds earmarked for special projects such as Customer Relation Management System (CRM), Leather Processing Integrated Eco-hub, as well as precursor studies for the development of the Drakensberg Cable Car. These projects are classified as multi-years projects which were not completed on 31 March 2025.

## TABLE 14: PROGRAMME 7- SUPPORT SERVICES - FINANCE

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 7. Effective service delivery through integrated and strategic support to the organisation | Financial stability of the organisation | 7.1 Number of Clean Audit Opinions | 1 | 1 | 1 | 1 | 1 | 0 | In the efforts to drive good governance and ensure that the organisation complies with the PFMA prescripts, the organisation was able to maintain a clean audit finding for the 2023/24 financial year. |
| | | 7.2 Percentage of audit findings resolved prior to annual AG Audit | 96% | 89% | 75% | 95% | 95% | 0% | The entity has worked diligently to address all audit findings. |
| | | 7.3 Percentage of payments made within 30 days | 98.33% | 99.3% | 100% | 100% | 100% | 6% | In line with the government requirements to ensure that suppliers are paid within 30 days, the organisation has put systems in place to ensure full compliance with this requirement. As a consequence, the entity has been able to achieve a 100% score set for the year. |

## SUPPORT SERVICES - HUMAN RESOURCES

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 7. Effective service delivery through integrated and strategic support to the organisations | Performance management system implemented as per policy | 7.4 Number of performance reports tabled at Moderation Committee | 100% | 1 | 1 | 1 | 1 | 0 | The organisation met this target for the year. |
| | Training interventions implemented | 7.5 Percentage of training interventions implemented | 100% | 104% | 108% | 95% | 89% | 6% | There was a challenge in sourcing suitable and accredited service providers for the planned trainings, this resulted in the under achievement of this target . The improvement strategy is to explore the possibility of utilising the training panel of service providers to circumvent SCM challenges of non-availability of accredited and/or quality service providers. Training interventions have been carried over to the new financial year. |
| | Organisational development programmes implemented (Coaching and mentoring). | 7.6 Number of organisational development programmes implemented | 13 | 10 | 6 | 4 | 6 | 2 | The organisation exceeded this target as a result of implementing additional interventions that were deemed necessary in response to evolving employee wellness needs. These interventions were introduced to support staff wellbeing more comprehensively, ensuring that employees remained healthy, motivated, and productive throughout the period. |
| | Compliance to legislation and HR Policies and Procedures | 7.7 Number of legislated compliance documents submitted | 9 | 2 | 2 | 7 | 7 | 0 | The organisation met this target for the year. |
| | | 7.8 Number of compliance initiatives implemented | 9 | 8 | 8 | 4 | 7 | 3 | Due to the non-compliance to adopted policy prescripts there were a number of initiatives that has to be implemented to ensure adherence to policies ,this than led to the over achievement of this target. |

## SUPPORT SERVICES: MARKETING COMMUNICATIONS

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 7. Effective service delivery through integrated and strategic support to the organisations | Create awareness of TIKZN offerings | 7.9 Advertising Value Equivalent (AVE) generated | New | New | New | R15m | R18,2 | R3,2m | Marketing campaigns, combined with strategic paid media coverage, played a key role in exceeding the annual AVE target. |
| | Strategic stakeholder engagements | 7.10 Net promoter score generated through strategic stakeholder initiatives | New | New | New | 40 | 67 | 27 | Strategic stakeholder engagements and partnerships with clients, diplomatic corps, chambers, KZN Growth Coalition and other trade and investment partners resulted in TIKZN achieving a positive result for this period. |
| | Enhanced visibility of organisational activities through digital platforms | 7.11 Percentage growth of online engagements on TIKZN digital platforms | 9 | 8 | 8 | 4 | 7 | 3 | Extensive lobbying with various media agencies and positive media coverage of the KZNIC 2024 resulted in the positive online engagement performance. |

## TABLE 15: CORPORATE SERVICES BUDGET

| Programme/ Activity/objective | 2023/2024 | | | 2024/2025 | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Corporate Services | 33,983 | 36,614 | -3 | 33,909 | 40,317 | -6 |

The over expenditure under Corporate Services was attributed to the settlement claim arbitrated by the CCMA for former executive employees. Generally, the operating budget of the entity was immensely affected by the budget cuts which were passed by the Provincial Treasury due to the ailing economic conditions. Other items under Corporate Services comprised of the non-cash expenditure which ordinarily are not budgeted for and they include items such as leave days provisions, depreciation and amortisation expenses.

## TABLE 16: PROGRAMME 8- INTERNATIONAL RELATIONS: GAUTENG OFFICE

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual 2022/2023 | Audited Actual 2023/24 | Planned Achievement 2024/25 | Actual Achievement 2024/25 | Deviation from planned target to Actual Achievement 2024/2025 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|---|
| 8. International relations, investment attraction and destination marketing | Investment targeting and lead generation | 8.1 Number of Qualified leads generated | 47 | 31 | 47 | 50 | 51 | 1 | The target was exceeded as a result of a multifaceted approach that included proactive targeting of high-potential companies, the strategic use of destination marketing platforms to enhance visibility, active participation in industry events through speakership opportunities, and valuable referrals received from well-established strategic partners. These combined efforts significantly increased outreach, strengthened stakeholder networks, and ultimately contributed to surpassing the set objectives. |
| | | 8.2 Number of destination marketing activations to generate awareness | NEW | NEW | 23 | 30 | 31 | 1 | Through strategic relationships with a diverse range of stakeholders, the team gained access to various high-impact platforms, which created valuable opportunities for engagement and exposure. These interactions significantly enhanced the team's reach and effectiveness, ultimately contributing to the target being exceeded. |
| | | 8.3 Number of international relations programmes facilitated | 26 | 16 | 17 | 20 | 27 | 7 | Engagements were held with various Foreign Representatives to explore how KwaZulu-Natal (KZN) could leverage these international relationships to promote trade and attract investment into the province. These strategic discussions and collaborations played a pivotal role in broadening market access and visibility for KZN, ultimately contributing to the target being exceeded. |

## TABLE 17: GAUTENG OFFICE BUDGET

| Programme/ Activity/objective | 2023/2024 | | | 2024/2025 | | |
|---|---|---|---|---|---|---|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| Gauteng Investment Office | 3 474 | 3 949 | -0 | 3 550 | 4 121 | -1 |

Over expenditure on the Gauteng Investment Promotion office was largely affected by the budget cuts which led the budget for the financial year to fall below the inflationary increase that was initially factored in the budget for 2024/2025 financial year.

# 10 Strategic Programmes

## INVESTMENT PROMOTION

The Investment Promotion Business Unit is responsible for the delivery of three sub-programmes, being:

- Investment facilitation - Responsible for both domestic and foreign investment attraction and facilitation into KwaZulu-Natal;
- Destination marketing - Responsible for actively promoting KZN as a premier investment destination and
- Business Retention and Expansion - Responsible for providing support and facilitation services regarding the retention and expansion of businesses throughout the province.

### Investment Facilitation

During the 2024/2025 financial year, the Investment Promotion Unit delivered a strong performance across all its key performance indicators, significantly exceeding expectations in several areas. In Quarter 4 alone, the unit facilitated R4.5 billion in new domestic and foreign direct investment commitments, well above the quarterly target of R500 million, bringing the annual total to R5.1 billion, exceeding the target of R3 billion. The unit also facilitated the creation of 5,100 jobs, outperforming the annual goal of 4,000. In addition, the unit supported 17 investment opportunities for priority groups, falling short of the annual target of 30. These achievements reinforce the unit's strategic role in driving investment and inclusive growth across the province.

Key committed projects during the reporting period include the R3.5 billion Beachwood Lifestyle Estate, the R1 billion Prince Buthelezi Regional Mall, and the R600 million Princess Mkabayi Regional Mall, all of which are set to generate thousands of jobs and stimulate regional economic activity. A further R7.1 billion in imminent investments is expected from projects such as the Cotswolds Mixed-Use Property, Umdoni Point Lifestyle Village, and the Insimbi Ridge Cold Storage Facility. In addition, several catalytic projects were facilitated, including the R17 billion Engome Square City, the R6 billion Heineken Brewery, and the iLembe Production and Entertainment Hub. These initiatives align with key sectors such as property, logistics, manufacturing, and green energy.

### *TABLE 18: LIST OF COMMITTED PROJECTS*

The table below reflects details of three committed investment projects in the 2024/25 financial year.

| No | Name | Location | Rand Value | Jobs |
|---|---|---|---|---|
| 1 | Princess Mkabayi Regional Mall | Vryheid | R600m | 1400 |
| 2 | Beachwood Lifestyle Estate | Durban North | R3,5b | 2500 |
| 3 | Prince Buthelezi Regional Mall | Empangeni | R1b | 1200 |
| **Total** | | | **R5.1b** | **5100** |

### Committed Projects Description

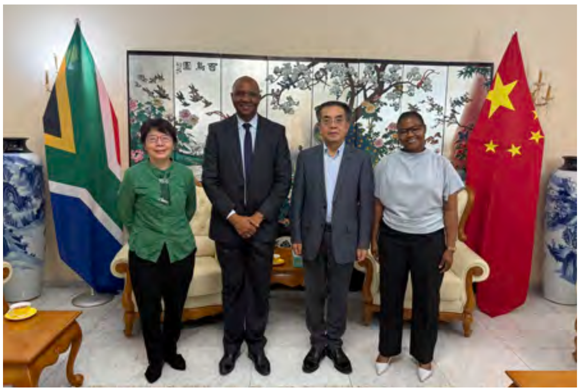
Beachwood Lifestyle Estate: The Development is 7-star-feet-in-the-sand dining contemporary urban resort. This entails a 9-hole golf course with club house, hotel sophisticated dining, boutique health spa treatments, health and fitness centre. It is owned and developed by the Destin Property Group. The development is located at the existing Beachwood Golf Estate, which has since been purchased by Edstan. Construction has commenced. The project rand value is R3.5 billion and it will create 2500 jobs.

Prince Buthelezi Regional Mall: Prince Buthelezi Mall is a fully enclosed shopping centre of 36 322m$^2$ that will serve the wider Empangeni region as a dominant retail facility. The development will offer a fresh, new, and modern approach to shopping and include conveniences such as an entertainment space, art features, free Wi-Fi, a play area and more. Anchor stores will include Checkers, Shoprite, Woolworths and Dis-Chem. The project rand value is R1 billion and it will create 1 200 jobs.

Princess Mkabayi Regional Mall: This is a retail development in Vryheid, with an estimated investment of value R600 million and expected to create 1400 jobs. Princess Mkabayi Mall covers 30 740m2 (with 800 open parking and 192 taxi parking area) and will be home to an exciting mix of national retailers that are not yet represented in the region, and will be anchored by Shoprite, Checkers, Dis-Chem, Woolworths and Clicks. The development allows for good visibility and ease of access. It is about 1.7 kilometres south of Vryheid CBD and decentralized from the main node. It is also within proximity to both townships in Vryheid namely; Lake Side and Bheka Zala.

## DESTINATION MARKETING

During the 2024/2025 financial year, TIKZN continued to deliver impactful outcomes through its Destination Marketing Programme, which is central to positioning KZN as a globally attractive destination for trade and investment.



Through well-executed strategic initiatives, active participation in high-level platforms, and targeted investor engagement, TIKZN reinforced the province's international competitiveness while exceeding annual performance targets.

A total of 19 international trade and investment platforms were hosted over the year, surpassing the annual target of 15, and two major international investment conferences were successfully staged within the province. These achievements reflect TIKZN's ability to drive results through strategic planning, global partnership development, and an agile approach to opportunity management.

Throughout the year, TIKZN actively participated in a series of inbound and outbound missions aimed at strengthening diplomatic and commercial ties across key markets. These engagements played a vital role in showcasing KZN's investment opportunities and enhancing bilateral relations.

Inbound delegations hosted included representatives from Mauritius (Creditfix – BPO), Lesotho (cross-border tourism collaboration), and the United Arab Emirates (UAE Embassy Business Dinner), along with a Taiwanese delegation exploring a bilateral agreement with South Africa. In addition, TIKZN welcomed missions from Georgia, India (India-KZN Business Day), China, and Eswatini, among others. Embassy engagements in early October also provided further opportunities for investment dialogue and partnership development.

On the inward mission front, TIKZN hosted the TOPIA delegation, facilitated bilateral engagements with Zimbabwean representatives, and worked closely with the Khangala Group on collaborative opportunities. These interactions strengthened investor confidence and laid the groundwork for future trade and investment flows.

Complementing these activities, TIKZN undertook several outward missions to priority markets. These included participation in the Presidential State Visit to China, where high-level engagements underscored KZN's role in the South Africa-China economic partnership. The organisation also led trade-focused missions to Zimbabwe and Zambia, and participated in the World Route Development Forum in Bahrain, further promoting KZN's logistics and connectivity potential to a global audience.

Beyond these missions, the year featured TIKZN's involvement in strategic international events, such as the Chinese Spring Festival, where relations with China were further reinforced, and the U.S. Department of Commerce's 5G Deployment Seminar, where KZN's digital infrastructure was promoted as a key economic growth enabler. TIKZN also provided direct investor support during the year, including facilitating visa-related resolutions for Thai investor Aeroklas, and engaging with a German textile delegation to present opportunities in the province's growing manufacturing sector.

A significant highlight of the year was the successful hosting of a high-impact KZN Investment Conference in November 2024. The conference resulted in formal investment pledges from 17 businesses, totalling R85.2 billion. These investments are expected to create approximately 62 400 temporary jobs and 82 271 permanent jobs, contributing meaningfully to the province's socio-economic development. Of the pledged projects, 82% have already entered the construction phase, while 18% are in the planning stage. The portfolio comprises 64.81% greenfield investments and 35.29% brownfield expansions, highlighting both new opportunities and reinvestment in existing infrastructure.

Key sectors that attracted investment include property development, tourism, manufacturing, logistics, and green energy, demonstrating KZN's diverse and resilient investment landscape. The success of the Destination Marketing Programme over the financial year reflects TIKZN's leadership, commitment to inclusive growth, and its effectiveness in positioning KZN as a preferred destination for global trade and investment.

## EXPORT DEVELOPMENT AND PROMOTION

The Export Development and Promotion unit delivered strong results for the year under review, with most key performance indicators meeting or exceeding their annual targets. These outcomes reflect sustained efforts to boost the competitiveness and capacity of emerging exporters in the province, despite budget constraints and logistical challenges that impacted on some planned activities.

One of the most notable successes was the increase in turnover recorded by emerging exporters supported by TIKZN. The annual target of R65 million in export sales was significantly exceeded, with a year-to-date (YTD) result of over R73 million. This performance was due to the timely administration of biannual feedback surveys, which enabled the team to better understand the needs of exporters and provide targeted interventions. This feedback loop proved to be a valuable tool in driving measurable impact across supported enterprises.

Similarly, job creation figures were outstanding. The target of 240 jobs created through exporters was more than doubled, reaching a total of 496 jobs by the end of the fiscal year. This impressive figure demonstrates the downstream economic impact of supporting export-ready businesses, many of which expanded operations and increased employment as a direct result of market access and capacity-building support.
TIKZN also prioritised empowerment and inclusion, particularly through the capacitation of emerging businesses from priority groups. A total of 76 companies were capacitated for export readiness, well above the target of 60. This performance was achieved despite a slowdown in the final quarter due to a strategic shift in focus towards existing exporters. Furthermore, 67% of those capacitated belonged to designated priority groups, exceeding the annual target of 60%. This achievement underscores the organisation's strong alignment with national transformation goals and inclusive economic growth strategies.

When it comes to participation in trade-related events, 99 companies engaged in target markets through organized activities, exceeding the annual target of 85. The prominent level of participation of exporters earlier in the year ensured that the target was surpassed.

However, not all targets were met as the number of exporters assisted with focused capacity building and technical support fell short, with only 59 exporters capacitated against a target of 75. The shortfall was primarily due to budget constraints and delays from delivery partners, which led to the postponement of key sessions, including training on the UK Tariff Structure and Halaal export requirements for the new financial year. In response to this underperformance, the unit is developing a more structured and streamlined annual delivery plan. Key partners, including SABS, PUM, DHL, and Bizfarm Venture Accelerator, are expected to play an increased role in implementing these training and support sessions going forward into the new fiscal year.

Despite these challenges, TIKZN delivered meaningful results for several emerging exporters whose growth stories illustrate the tangible impact of TIKZN's interventions:

- Energy Supplements: With targeted support from TIKZN, the company secured R9.1 million in export orders and created or retained 22 jobs.
- Ricinz Construction: Gained access to new international markets, leading to a R28 million contract and the creation of 150 jobs.
- Shlobo Designs: Achieved a 60% increase in turnover, secured R530,000 in trade event sales, and created jobs for eight women. Following participation in China-ASEAN Expo (CAEXPO), they attracted interest from a Chinese designer for online collaboration as well.
- Niice Foods: Saw a 466% increase in turnover, growing from R374,000 to R2.1 million within a year. They also added four (4) new staff members, with Anuga and China International Import Expo (CIIE) trade fairs yielding new leads, listings, and an export order, alongside an MoU.

Despite some setbacks, the organisation made substantial progress across its strategic indicators. The strong overachievement in areas such as turnover growth, job creation, and exporter capacitation reflects the responsiveness and impact of TIKZN's export support efforts.

Looking ahead, enhanced planning, stronger partner coordination, and continued use of feedback mechanisms will be critical to sustaining and expanding this momentum. To build on the gains achieved, the unit is currently developing a more streamlined and proactive delivery plan for the new financial year. This includes the rescheduling of postponed capacity-building sessions and leveraging the expertise of key partners such as South African Bureau of Standards (SABS), Programma Uitzending Managers (PUM), Deutsche Post DHL Group (DHL), and Bizfarm Venture Accelerator.

The recruitment of critical personnel and the pursuit of strategic funding partnerships will be prioritised to address existing structural constraints and unlock greater value for KZN exporters.

## BUSINESS RETENTION AND EXPANSION

In 2024/2025, The Business Retention and Expansion Unit (BREU) together with its strategic economic development partners and stakeholders focused on the development and implementation of programmes aimed at retaining and expanding domestic investments in KZN to support companies with initiatives to enable businesses to remain invested in the province.

There were number of businesses affected by on-going municipal services delivery challenges viz. electricity and water supply. All known manufacturing regions in the province were affected and this impacted negatively on the manufacturing, tourism, and hospitality sectors in these regions.

Although the BREU had delivered on the performance indicator targets, however this was done, during a year of operational budget cuts, and during difficult economic times. The Unit was dependent on financial and in-kind resources from development finance institutions and strategic partnerships with public and private sector to support businesses, provide support interventions, and measures to assist manufacturing businesses in distress. The BREU also focused on the business expansions particularly the company expansion plans announced at the South African Investment Conference. All these efforts were critical to stimulate economic growth and to avert de-industrialisation.

The Unit continued with the implementation of the programmes contained in the various MOUs with strategic economic development partners in terms of the partner to deliver strategy to support business turnaround, business development, business expansions, business stability and business retention with the support of the EDTEA.

The partner to deliver engagements assisted in stimulating the real economy through interventions, thus preventing the economy from sliding into de-industrialisation and its unintended consequences and we are therefore grateful for the support from the following organisations for the purposes of sharing resources, and assisting with business support viz:

- Department of Trade, Industry and Competition
- KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
- KZN Growth Coalition
- Durban Chamber of Commerce and Industry
- Pietermaritzburg Midlands Chamber of Business
- Northern KZN Chamber of Business.
- Zulu-Land Chamber of Commerce and Industry
- Minara Chamber of Commerce and Industry
- Mkhambathini Chamber of Business and Industry
- Industrial Development Corporation.
- National Empowerment Fund.
- Dube TradePort
- Richards Bay Industrial Development Zone
- Ithala Development Finance Corporation
- Industrial Development Corporation
- National Empowerment Fund

### Company expansion and retention facilitation services

In support for business retention and expansion initiatives, the Unit facilitated assistance to support 161 businesses, with R3,74 billion in company expansion projects, and with new job creation opportunities and retained jobs totalling

3163 jobs. The great work done is due to the facilitation of strategic interventions to offer support to businesses viz. addressing water supply and, electricity supply, access to finance and access to incentives. It must be noted there were some high valued investments which required strategic intervention support which led to committed company expansions. The BREU personnel worked in collaboration with other TIKZN business units and strategic economic development partners to implement business development, technical support programmes, the facilitation of strategic local business linkages opportunities and the collaboration with EDTEA and economic development partners.

The BREU also prioritised to working with KZN established businesses to ensure these businesses follow through with their expansion plans. The company expansion projects were in in the automotive, agro-processing, retail, tourism, information processing and manufacturing sectors. These investments focused on acquiring new machinery and equipment to help the businesses stay competitive and safeguard existing jobs. Some of the business expansion projects are listed in the below table.

### *TABLE 19: EXPANSION PROJECTS*

| No. | Name of Business | Description of Business Operations | Rand Value | Jobs |
|---|---|---|---|---|
| 1. | Sumitomo Rubber South Africa | Passenger and commercial tyre manufacturer | R1,7bn | 1499 |
| 2. | Simunye Cut and Edge | Cut, make and trim board supplier | R50m | 52 |
| 3. | Remau Office Furniture | Manufacturer and supplier of office furniture | R18m | 33 |
| 4. | Iqlaas Foods | Manufacturer of assorted pastry pies and pre-packaged food | R16,8m | 4 |
| 5. | Hypercheck | Retailer with various outlets in KZN. | R250m | 650 |
| 6. | Natal Portland Cement | Manufacturer of cement -based products. | R1,2bn | 200 |
| 7. | Gezile Industries | Manufacturer and hardware supplier | R300m | 150 |
| 8. | Clarks Auto Renovators | Vehicle repair and paint shop | R42m | 30 |
| 9. | Exemplar Retail | Property Developer of retail outlets | R161m | 350 |
| 10. | Mbonambi Furniture | Furniture manufacturer | R2m | 15 |

## Enterprise and business development support

There were various programmes which the BREU collaborated with other TIKZN Business Units and also with other strategic economic development partners. These programmes included both online platforms, conferences, and workshops to support such enterprises with business development opportunities in such areas as new knowledge, the identification of potential dynamic business partners capable of introducing new expertise, identifying new technologies applicable in specific sectors, continuous improvement processes and addressing business challenges. Some of these workshops included the participation of the MEC EDTEA, rovincial commissioner  SAPS and Municipal Managers.

### *TABLE 20:* ***PROJECTS***

| Project Name | Description |
|---|---|
| **Enterprise and Supplier Development - Smart Procurement World** (25 – 27 June 2024) | As part of its commitment to inclusive economic growth, TIKZN co-ordinated a supply and enterprise development initiative for its BBBEE suppliers at the Smart Procurement World Supply Chain Conference held at the Durban ICC from 25–27 June 2024. The initiative aimed to enhance supplier capabilities through skills development, innovation, technology adoption, and sustainable practices. The event brought together industry leaders and stakeholders to explore strategies that strengthen supply chain resilience and promote sectoral growth across KwaZulu-Natal. |
| **Enterprise and Supplier Development – AFRIMAT KZN** (1 June 2024) | TIKZN, together with industry stakeholders such as Smart Procurement World and AFRIMAT, invited KwaZulu-Natal companies to participate in an Enterprise and Supplier Development Programme on 1 June 2024. The programme was delivered via an online virtual platform, guiding companies through key areas including access to finance, skills development, and market entry. It also connected local suppliers with buyers through targeted matchups, masterclasses, and direct linkages aimed at accelerating economic growth. |
| **Enterprise Development Programme** (SAITEX 11 - 13 June 2024)<br>1. Siyazenzela Trailers<br>2. Gugu Mobile Boutique<br>3. Obees Brands<br>4. Khanyitex<br>5. Themzak | The Southern African International Trade Exhibition enabled TIKZN and KZN companies to showcase the province's multi-sectoral product offerings and promote investment opportunities within key sectors facilitated by TIKZN. The event provided a platform for companies to present their goods and services, engage in one-on-one business meetings, and explore potential linkages. Participants also attended seminars and conferences, gaining valuable insights into global manufacturing trends and strategies for recovery following the COVID-19 pandemic. Additionally, the exhibition facilitated knowledge sharing and networking with stakeholders from outside the province, contributing to enterprise development and improved competitiveness for KZN businesses. |

| | |
|---|---|
| **KZN Based B-BBEE Companies Enterprise Business Development Initiative**<br>(NAFBI /Big 5 (4 - 6 June 2024):<br>1. Silver Stars Trading 366<br>2. Zebzamo Trading<br>3. Sisphiwo Construction<br>4. AST Afrika Trading | Participation in the event provided KZN companies with the opportunity to acquire new knowledge and insights into trends and offerings within South Africa's construction sector. The conference highlighted key construction trends and predictions for 2024. KZN companies were supported through one-on-one appointments and business introductions aimed at facilitating potential business linkages. They also gained valuable business intelligence to enhance their competitiveness. |
| **Manufacturing Support Programme**<br>(23 July 2024) | An information session held on 23 July 2024 outlined the dtic's Manufacturing Support Programme (MSP) incentive, aimed at growing the sector through investment in new or expanding manufacturing projects that create jobs, drive transformation, and promote localisation. TIKZN shared this information to ensure the broader KZN business community can access and benefit from the incentive for capital expansion. Awareness has since increased, with several businesses applying for support. |
| **eThekwini Municipality Business and Stakeholder Engagement Session**<br>(23 August 2024) | These engagements took place on the 23 August 2024 and included industry stakeholders, government and businesses, with the KZN Growth Coalition playing a significant role in strengthening the relationship between the provincial government and KZN based businesses to boost investor confidence. Among the outcomes of the session is the work being done through the City and the Presidential eThekwini Working Group to upgrade the infrastructure and improve safety and security issues as well as initiatives to improve tourism and investor confidence. |
| **MTN Executive Liaison Indaba Workshop**<br>(20 September 2024) | The workshop was held on the 20 September 2024 at First National Bank in Umhlanga. The agenda included a presentation by the Chamber's representative highlighting key issues affecting businesses in KZN. The City also gave an update on water and sanitation infrastructure, as well as progress on the eThekwini turnaround strategy. |
| **KZN Lean Manufacturing Conference**<br>(6 - 8 November 2024) | TIKZN, in partnership with the Pietermaritzburg Midlands Chamber of Business, hosted the KZN Lean Manufacturing Conference to promote Lean principles as a means of enhancing organisational performance. The conference emphasised that Lean is not merely a cost-saving toolset, but a mindset that empowers employees to think differently, solve problems effectively, and foster a culture of continuous improvement. By combining practical tools with a shift in thinking, businesses can unlock greater employee engagement, innovation, customer satisfaction, and long-term value. |
| **Mkhambathini Chamber of Commerce and Industry Business Engagement**<br>(22 November 2024) | This event took place on the 22 November in Northern KZN. The pivotal focus of the session was to formally launch the Mkhambathini Chamber of Commerce and Industry. Representation from private entities, as well as local government graced the event, with the CEO of TIKZN providing the keynote address. The role of the Chamber is to actively engage with all entities to economically grow the Mkhambathini region. TIKZN is currently working with entities such as the Department of Water and Sanitation for the provision of basic water to areas like Smilobha and Phindang, as well as upgrades to existing water systems. |

| | |
|---|---|
| **Technology Innovation Support Programme at the Richards Bay Techno Hub** (2024/2025):<br>1. Ikamva lamabheje<br>2. NE Projects for his glory<br>3. Isibusiso Unlimited Solutions<br>4. Untrapped Holdings<br>5. Ikamva lamabheje<br>6. Devices Corp<br>7. Majola AD Group<br>8. K2022211301 (SOUTH AFRICA)<br>9. Better Future Foundations<br>10. Amu Transport Services<br>11. Beachlife Org<br>12. Durable Led Lighting | TIKZN, in collaboration with EDTEA, served on the steering committee of the RBIDZ Technology Innovation Support Programme, an initiative by the KZN Provincial Government to establish Technology Parks aimed at driving economic growth, job creation, investment, and innovation. The programme supports entrepreneurs with tech-driven ideas by offering assistance in product development, commercialisation, mentorship, and technical support. It focuses on innovations in sectors such as agro-processing, metal beneficiation, marine industry development, and energy, with a strong emphasis on local production and digitisation. |
| **Advancing South Africa's Textile Industry Programme** (27 March 2025) | The objectives of the session were to bring together German businesses and KZN businesses through a round table discussion on the 27 March 2025 in Umhlanga. The German delegation outlined what is on offer in terms of the latest technology which KZN businesses can take advantage of, to scale up their operations in terms of the latest technology. The dtic, having presented one of the keynote speeches, was also on hand to offer support in respect of the Clothing, Textile, Footwear and Leather (CTFL) grant available for businesses to acquire some of the capital equipment on offer from Germany. |
| **ZCCI Captains of Industry Engagement**<br>(14 March 2025) | TIKZN, in partnership with the KZN Growth Coalition and the City of uMhlathuze, hosted a strategic engagement with provincial government and industry leaders to deliberate on future development projects in the uMhlathuze region. The meeting aimed to promote unity, accelerate project implementation, and drive employment, economic growth, and investment. Key objectives included identifying strategic partners to create a more business-friendly environment, addressing long-term infrastructure challenges, particularly water, and strengthening collaboration between government and the business community. |
| **CTO information sharing seminar Durban**<br>(28 March 2025):<br>1. Siyakha<br>2. Syavaya<br>3. Redlands hotel<br>4. Mithas travel<br>5. Perfectify travel | TIKZN entered into an agreement to host an information sharing session with the Pietermaritzburg and Durban CTO forum. The event was targeted at captains of industry and was held online. This session was utilised to communicate mechanisms that will assist businesses in the sector (The tourism sector economic overview, NEF Tourism Transformation Fund and the PUM programme) for the tourism sector. The event served as a catalyst for promoting, enabling, and implementing innovative investment and transformation solutions by offering both financial and non-financial support, all with the aim of stimulating economic activity and creating jobs in South Africa. |

| | |
|---|---|
| **NCPC TIKZN information sharing session**<br>(31 March 2025):<br>1. LHL Engineering<br>2. SA Metering<br>3. Aurora Enterprises<br>4. Elegant line chemicals<br>5. TMGG | TIKZN, in partnership with the National Cleaner Production Centre South Africa (NCPC-SA), hosted an information-sharing session for KZN-based manufacturing SMMEs. The session aimed to support the transition to a green economy through resource-efficient and cleaner production (RECP) practices. Discussions focused on the circular economy and capacity building in manufacturing, highlighting challenges faced by SMMEs, including limited understanding of circular economy principles, dependence on larger companies, and difficulty in adapting business models. The webinar emphasised the need for a structured 12 to 24-month support programme to equip SMMEs with practical skills, technical knowledge, and long-term capacity for sustainable growth. |
| **SAB Information Sharing Session**<br>(10 March 2025): | TIKZN, in collaboration with the South African Breweries (SAB) Foundation, hosted an online information-sharing session on 10 March 2025. The session aimed to showcase various SAB programmes that empower entrepreneurs through skills development, funding, supplier opportunities, and networking. A key highlight was the Tholoana Enterprise Programme, which supports entrepreneurs in building sustainable, job-creating businesses. As of March 2024, the SAB Foundation had disbursed over R668 million in support to 7 409 entities, comprising R409 million in grants, R214 million in business development support, and R45 million in interest-free loans, with R12.8 million repaid to date. The Foundation also supports innovators and social enterprises in prototyping solutions. This partnership forms part of the BRE strategy to implement programmes in collaboration with municipalities, private sector, and industry players to support the growth of SMMEs. The session was attended by 30 small B-BBEE business owners. |
| **Durban Business Fair**<br>(28 - 30 March 2025) | TIKZN partnered with eThekwini Municipality to support the Regional Durban Business Fair, held from 28–30 March 2025 at Bridge City Mall in KwaMashu. The event aimed to revitalise township economies by showcasing local products, empowering entrepreneurs with skills, and creating networking opportunities. TIKZN secured a free exhibition stand, typically valued at R10,000, and invited three B-BBEE companies, Heartland Foods (cereal manufacturing), uMgibe Farm (agricultural products), and Frimax Foods (snack manufacturing), to exhibit at no cost. The fair was well attended by local small businesses and reinforced efforts to promote area-based economic development. |
| **uMkhanyakude Investment Seminar**<br>(14 February 2025) | On 14 February 2025, TIKZN, in partnership with uMhlosinga Development Agency and uMhlabuyalingana Municipality, hosted the uMthayi Festival Business Seminar ahead of the annual uMthayi Marula Festival, one of KwaZulu-Natal's flagship cultural events. Celebrating the AmaThonga clan's first harvest of the indigenous Amarula fruit, the festival emphasizes KZN's cultural and economic diversity. The seminar aimed to support economic development in the uMkhanyakude District and was well attended by local business owners. Presentations were delivered by leaders from TIKZN, uMhlosinga Development Agency, KZN Department of Agriculture, KZN Tourism & Film Authority, AVCO Food Cassava Plantations, KZN Ground Fund Agency, Isimangaliso Wetland Authority, and Mkuze Airport, focusing on the district's economic and investment outlook and strategies for unlocking municipal-level investment potential. |

## KZN Growth Coalition

The KZN Executive Liaison campaign has focused over the past year on the status of critical infrastructure, particularly water and sanitation, with the aim of supporting and strengthening ongoing municipal efforts to repair and sustainably maintain damaged systems. Through the KZN Growth Coalition, significant progress has been made in securing high-level engagements with the President, the Minister of Electricity in the Presidency, and National Treasury to address infrastructure development, electricity provision, and viable funding models. An equally urgent concern raised by the business sector is the structure of municipal budgets, which are viewed as overly focused on political and social agendas at the expense of socio-economic development. Businesses have also expressed a need for greater transparency, particularly around municipal strategies for consequence management. To facilitate continued dialogue and drive collaborative solutions, the KZN Growth Coalition has established regular engagements, both virtual and in-person—with municipalities, municipal managers, key officials, and specific project owners or developers across the province.

## OFFICE OF THE CEO - STRATEGY AND OPERATIONS

During the 2024/2025 financial year, the Office of the CEO continued to lead strategic and operational efforts aimed at strengthening service delivery, enhancing governance, and creating a more conducive environment for business and investment in KwaZulu-Natal. The focus remained on embedding sound leadership practices, driving strategic alignment across business units, and ensuring operational excellence in line with the organisation's mandate.

A key highlight of the year was the facilitation of four strategic partnerships, meeting the annual target. These partnerships were instrumental in expanding TIKZN's reach, leveraging external expertise, and enhancing the organisation's ability to deliver on its investment promotion and facilitation mandate. The successful collaboration with stakeholders across government, academia, and the private sector underscored TIKZN's commitment to driving inclusive economic growth through strategic alliances.

Risk management also remained a top priority, with the organisation achieving a 91% mitigation rate for identified risks, just short of the ambitious 95% target, resulting in a minor 4% deviation. This outcome was largely due to the introduction of a more robust and proactive risk management approach. A culture of risk-based planning was further encouraged across all business units through in-depth assessments and the integration of risk planning into operational strategies for the upcoming 2025/2026 financial year. Strategic risk and compliance documents were reviewed and updated in line with current best practices, laying the groundwork for improved implementation in future cycles.

TIKZN maintained its Level 4 B-BBEE rating, reflecting its ongoing commitment to transformation and equitable development. The organisation continues to prioritise diversity, empowerment, and procurement strategies that advance the goals of Broad-Based Black Economic Empowerment within both its internal operations and the broader ecosystem it supports. Achieving this rating for a second consecutive year demonstrates consistency and accountability in transformation efforts.

Additionally, the organisation facilitated four policy advocacy initiatives, meeting the target set for the year. These initiatives provided valuable platforms for engagement on issues impacting the business environment in KZN. Through active participation in policy forums and collaborative dialogue with industry stakeholders and government departments, TIKZN helped to influence regulatory frameworks and ensure alignment with investor needs and economic development priorities.

Overall, the Office of the CEO's Strategy and Operations programme delivered a stable and effective performance in 2024/2025, with all key indicators either met or closely approached. The year was marked by operational improvements, strengthened governance frameworks, and enhanced stakeholder engagement. These achievements position the organisation for continued progress and impact in the year ahead, particularly as it moves to implement more integrated, risk-aware, and partnership-driven approaches to service delivery and strategic management.

## OFFICE OF THE CEO - ONE STOP SHOP

In the 2024/2025 financial year, the One Stop Shop (OSS) continued to serve as a strategic hub for facilitating investment, improving intergovernmental coordination, and reducing bureaucratic barriers that often hinder business growth and investor confidence. The OSS remains central to KZN's broader strategy of creating an investor-friendly environment through responsive, transparent, and efficient service delivery across all spheres of government.

During the period under review, the OSS processed 25 strategic project interventions, surpassing the annual target of 24. These interventions addressed a wide range of investor challenges and opportunities and involved engagements with key stakeholders from national, provincial, and local government, as well as the private sector. Notable interventions included the Harry Gwala District Investor Prospectus Meeting, which focused on unlocking district-level investment potential, and the Dube TradePort Investment Conference sponsorship proposal, aimed at mobilising resources for promoting special economic zones and infrastructure-led growth.

The OSS also played a crucial role in provincial coordination efforts, including participation in the KZN Provincial Infrastructure Working Group and the District OSS Workshop, which brought together municipal partners to address service delivery bottlenecks and outline a framework for the rollout of district-level OSS branches. Additional efforts included collaboration with SARS on deploying a Self-Service Kiosk to improve tax accessibility for businesses, compilation of the 2023/2024 OSS Annual Report, and facilitation of regulatory processes such as the Hilton Hotel's liquor licence application, a strategic tourism-linked project in the hospitality sector.

Further strategic engagements included the Africa Continental Free Trade Area (AfCFTA) Conference, the Amajuba District Roadshow focused on the Ease of Doing Business, and the planning and execution of the KZN Investment Conference, including several oversight and planning sessions such as PSC meetings and correspondence with local stakeholders like eThekwini Municipality. TIKZN also co-hosted events such as the Ease of Doing Business Day with the Consul General of India, further enhancing global investor engagement and cross-border dialogue.

Importantly, the OSS continued its focus on supporting catalytic investments. A total of eight catalytic projects were facilitated through project brokering support, doubling the planned target of four. These included the Sweet Water Retail the Hilton Hotel's licensing process, the Umdoni Commercial, and AfriChlor's lease renewal at the Richards Bay Industrial Development Zone (RBIDZ), a critical chemical manufacturing facility with export potential. Additionally, environmental and compliance-related support was provided to Isitimela Rapid Rail Cargo Systems and ILembe Film Production, highlighting the OSS's growing role in balancing economic growth with regulatory adherence and environmental stewardship.

The OSS also facilitated several investor-linked administrative processes, such as a request from UGU District for a CIPC biometric installation, support for Uthingo Mills' application, and engagements on funding opportunities including a proposal to African Bank and submissions to ISA's funding window. These interventions were not only transactional but also strategic, positioning TIKZN and the OSS as connectors between opportunity and action.

The Red Tape Reduction Forum, a key mechanism within the OSS framework, successfully facilitated five interventions, exceeding the target of four. These included dedicated workshops in Amajuba District, a red tape-focused investor guideline session as part of the District OSS Workshop, and strategic presentations during events such as the KZN

Investment Conference and the uMkhanyakude District Roadshow. These engagements addressed issues such as delayed permitting, inefficient licensing processes, and regulatory uncertainty, common investor concerns that often delay or derail projects.

While significant progress was made, challenges remained. The OSS had aimed to roll out three new satellite district OSS facilities but was unable to complete these due to various implementation delays, primarily related to coordination complexities at the municipal level. However, engagements with municipalities are well advanced, and plans are in place to launch four district OSS branches in the 2025/2026 financial year. These will bring services closer to communities, strengthen the province's district-level investment facilitation capacity, and support government's broader district development model.

The performance of the OSS this year demonstrates its evolving maturity, increasing institutional credibility, and expanding influence in the investment ecosystem of KwaZulu-Natal. It has positioned itself not only as a service window but as a strategic partner in unlocking complex projects, navigating multi-level governance, and aligning investor needs with government responses. Its contributions have been critical in laying the groundwork for inclusive, sustainable economic growth.

## KNOWLEDGE MANAGEMENT

Knowledge Management enables organisations to leverage their intellectual assets and make informed decisions, playing a critical role in the investment cycle. In today's rapidly evolving business landscape, the ability to effectively capture, organise, and access knowledge is essential for maintaining a competitive edge. Implementing sound knowledge management strategies fosters a culture of learning and information sharing that enhances collaboration and drives innovation. It also assists in identifying risks and opportunities, allowing investors to make well-informed decisions. Moreover, the effective dissemination of internal knowledge contributes to improved productivity and operational efficiency, offering a strategic advantage in the investment process. Ultimately, by adopting robust knowledge management practices, organisations strengthen their capacity to generate sustainable and profitable returns on investment.

The Knowledge Management Unit has worked diligently to fulfil its mandate of positioning TIKZN as a trusted knowledge partner in business. Over the 2024/2025 financial year, the unit successfully packaged 10 investment projects and developed and disseminated 17 sector studies. These resources provided critical insights to key stakeholders, supporting evidence-based decision-making and strengthening investment planning across sectors.

In parallel, the IT sub-unit has focused on delivering secure, reliable, and efficient digital infrastructure to support the organisation's operations and strategic objectives. Several key milestones were achieved during the year, aligned with business improvement and technology advancement. The team implemented five strategic digitisation initiatives to improve operational efficiency and service delivery. In addition, six ICT infrastructure solutions were deployed to support organisational growth.

To enhance system performance and reliability, a new performance indicator was introduced to monitor ICT network performance. This resulted in a 95.30% network reliability rate, marking a notable improvement from previous years and demonstrating enhanced system stability. Furthermore, six cybersecurity initiatives and training sessions were conducted to strengthen the organisation's cyber resilience and raise awareness among staff.

Together, the efforts of the Knowledge Management and IT Units have significantly improved TIKZN's internal capabilities, reinforcing the organisation's ability to deliver value to investors and stakeholders through data-driven insights, reliable infrastructure, and secure systems.

## *TABLE 21: PROJECTS PACKAGED*

| Project Name | Description |
|---|---|
| **KZN Eco-hub**<br><br>• Project Location: uMgungundlovu<br>• Estimated project value: R350 000 000<br>• Estimated Jobs Creation: TBD | This project originates from the EDTEA, which serves as both the landowner and funding partner for the development of the KZN Eco-Hub. The Eco-Hub will consist of two key components, the KZN Leather Training and Incubation Facility, to be operated by the Durban University of Technology, and a biomass factory to be managed by Phambili Energy.<br><br>The development is planned over a three-year period, with 2024/2025 marking the second year of implementation, focused on initiating the construction phase. Significant progress has been made during this financial year, including the completion of all technical reports, final design work, and the submission of the Environmental Impact Assessment (EIA) application. In 2025/2026, construction will begin on both the bulk infrastructure and top structures. Project completion is targeted for the 2026/2027 financial year. |
| **Clothing & Textile Special Economic Zone (Multiyear)**<br><br>• Project Location: UThukela District Municipality<br>• Estimated project value: R500 000 000<br>• Estimated Jobs Creation:TBD | TIKZN, in partnership with the EDTEA as the funding partner, is leading the development of the Clothing and Textile Special Economic Zone (SEZ). The Industrial Development Corporation's (IDC) Industrial Development Zone (IDZ) unit has been appointed, through a Memorandum of Understanding, to facilitate the packaging and submission of the SEZ licence application to the Department of Trade, Industry and Competition (DTIC).<br>During the 2024/2025 financial year, the IDC's IDZ unit commenced work on the technical requirements necessary for the SEZ application. Submission of the application is expected by October 2025, pending the completion of all required technical reports. The overall project is projected to be completed by 2028. |
| **Sustainable Aviation Fuel**<br><br>• Project Location: Province wide<br>• Estimated project value: R500 000 000<br>• Estimated Jobs Creation: 65 jobs | This project involves a collaboration with SA Cane Growers. The South African sugar industry produces 19 million tons of sugarcane annually and is keen to find an alternative market for surplus sugar. One solution lies in the production of sustainable aviation fuel (SAF). This involves the conversion of sugarcane into bio-alcohol, such as ethanol or isobutanol, which can then be processed into SAF using alcohol-to-jet (ATJ) technology. The project intends to reduce CO2 emissions in aviation, improve the profitability of the sugar and milling sectors, and provide a more sustainable alternative to sugar exports. The South African sugar industry could become a key player in the SAF market, offering a sustainable solution to local and global fuel needs. |
| **Drones for Health**<br><br>• Project Location: Province Wide<br>• Estimated project value: TBD<br>• Estimated Jobs Creation: TBD | The project involves collaboration between the Aerotropolis Institute Africa (AIA), UKZN, the provincial Departments of Health and Transport, and other regulatory bodies like the Civil Aviation Authority, and it considers the utilisation of drones to facilitate medicine delivery to inaccessible, mainly rural areas. The insertion of drones into healthcare logistics has huge potential for job creation while positioning KZN at the forefront of drone technology adoption in Africa. South Africa has the highest burden of HIV in the World and, due to its high TB (Tuberculosis) cases, is also one of the highest-burdened countries in the world. There has been positive support from relevant provincial departments as well as from EDTEA, which has agreed to fund the drone pilot training component of this project. |

### Sector Studies

TIKZN undertook several research-related projects during the 2024/25 financial year. Research work included comprehensive sector studies, including:

- Green hydrogen sector study
- Citrus sector study
- Avocado sector study
- Improving Sustainable Tourism SMMEs Sector Study
- Beauty Care Sector Study
- Tourism Sector Study
- Wind Energy Sector Study
- Cassava Starch Sector Study
- Construction Sector Study
- Electric Vehicle Sector Study
- Clothing and Textile Sector Study
- Artificial Intelligence Sector Study
- Pharmaceutical Sector Study
- Seeds Sector Study
- KZN value proposition for New Energy Vehicle Sector Study
- Logistics Sector Study
- Waste-to-Energy Sector Study

## INFORMATION TECHNOLOGY

Information and Communication Technology (ICT) refers to the use of digital technologies to process, store, and exchange information and includes tools and applications such as computers, smartphones, the internet, social media, email, and software. It is the backbone of all organisations and ensures that they become more efficient and effective.

During the period under review, ICT implemented projects that were designed to enhance the organisation's digital presence. These were:

- TIKZN Domain Renewal
- Customer Relationship Management (CRM) System
- 2024 KZN Investment Conference Website
- Digital Business Card System
- Disaster Recovery Site and Back-Up Solution

The IT unit also implemented several ICT Infrastructure Systems and the following were implemented:

- Network Management Contract
- Uninterrupted Power Supply (UPS)
- Remote Telephone System to Mobile Devices
- Cybersecurity initiatives and training sessions

## MARKETING AND COMMUNICATIONS

The Marketing and Communications (M&C) sub-unit of TIKZN plays a critical role in delivering the organisation's mandate to position KZN as a premier trade and investment destination. Through integrated brand positioning, stakeholder engagement, media relations, and digital marketing strategies, the M&C unit amplifies TIKZN's visibility and reinforces its strategic priorities to local, national, and international audiences.

The unit's core responsibility is to communicate the province's value proposition to potential investors, stakeholders, and the broader public in ways that stimulate trade, attract investment, and build stakeholder trust. In doing so, M&C unit contributes directly to TIKZN's overarching strategy of catalysing economic growth and fostering inclusive development in KZN.

For the 2024/25 financial year, M&C sub-unit was assigned three key Annual Performance Plan (APP) targets:

- Achieve an Advertising Value Equivalent (AVE) of R15 million
- Attain a Net Promoter Score (NPS) of 40
- Deliver a 40% increase in stakeholder engagements

To meet these targets, the unit implemented targeted marketing programmes, strengthened partnerships across the public and private sectors, enhanced social media content strategies, and adopted a cost-conscious approach to paid media. These concerted efforts enabled M&C to meet and exceed its performance targets.

A significant milestone was securing strategic sponsorships for the successful hosting of the KwaZulu-Natal Investment Conference (KZNIC) 2024, which emerged as TIKZN's most impactful trade and investment platform to date. The conference demonstrated the organisation's pivotal role in attracting investment while positioning KZN as a top-tier destination for investors.

Another notable achievement was the rollout of the TIKZN District Roadshows, a targeted initiative designed to assist district municipalities in marketing their respective investment opportunities. These engagements supported local economic development, enhanced awareness of TIKZN's service offerings, and promoted the investSA One Stop Shop KwaZulu-Natal (OSS KZN), a critical platform for streamlining investment processes and improving ease of doing business. During the review period, successful engagements were conducted in the uGu, Amajuba, Harry Gwala, and uMkhanyakude districts. Plans are underway to officially launch the uGu and uMkhanyakude District OSS sites in the 2025/26 financial year.

To enhance brand visibility and lead generation, M&C welcomed the appointment of a new creative agency. The agency is tasked with elevating the TIKZN brand and driving high-impact digital campaigns, locally and internationally, to position KZN as a compelling investment destination and generate qualified trade and investment leads.

M&C also initiated a major digital transformation project, to revamp the TIKZN website and develop a dedicated OSS KZN website. All digital campaigns will be designed to drive traffic to these platforms, facilitating deeper engagement with both existing and prospective investors.

Further expanding its strategic reach, TIKZN supported the Route Development Initiative through Durban Direct, aimed at increasing direct flight access into the province through King Shaka International Airport (KSIA). Activities included participation in global aviation forums such as AviaDev 2024 in Namibia and Routes World 2024 in Bahrain, as well as outbound investment missions to Zambia and Zimbabwe with KZN-based businesses. The initiative also featured stakeholder masterclasses and private-sector engagements to align efforts around a shared air access vision. Enhancing connectivity has a measurable impact on investment facilitation and trade, bolstering KZN's standing as a gateway to Africa.

Despite ongoing budget constraints, M&C sub-unit prioritised innovation and efficiency. With paid advertising becoming increasingly cost-prohibitive, strategic partnerships have become vital in amplifying TIKZN's messaging. Looking ahead, M&C will continue to leverage these collaborations and execute highly targeted digital marketing campaigns to meet performance objectives.

These efforts will ensure that TIKZN's business units remain well-supported and that KZN continues to be positioned as a leading investment destination in an increasingly competitive global environment.

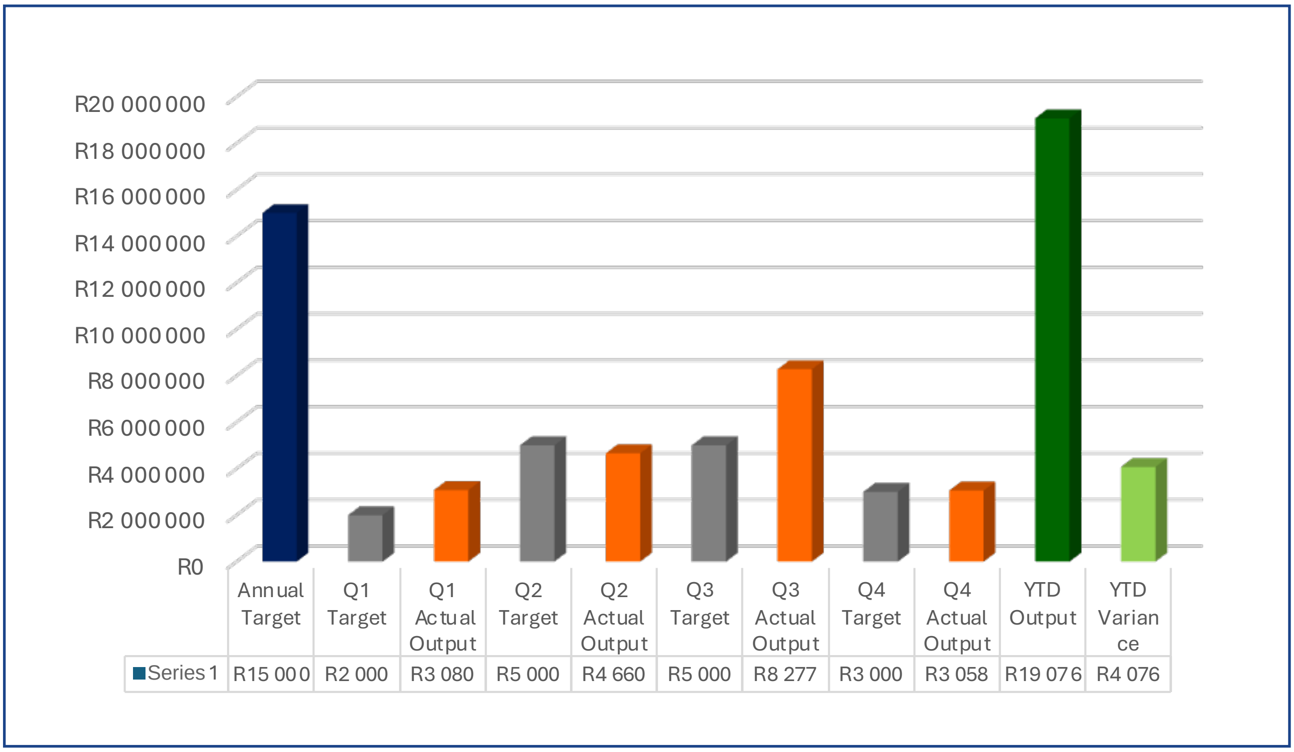
**Key marketing and communication initiatives: Rand value of advertising value equivalent (AVE) generated**

M&C unit is pleased to report an achievement of an AVE of just over R18 million, exceeding the annual target of R15 million for the 2024/25 financial period.

Marketing campaigns, supported by carefully targeted paid media coverage, were instrumental in surpassing the annual AVE target. These outcomes are particularly commendable considering the unit's budgetary limitations. However, to further strengthen brand visibility, stakeholder engagement, and lead generation in the future, increased investment in paid media will be critical.

This underscores the critical role that media buying, in combination with strategic lobbying, plays in improving content uptake and increasing media support for key initiatives. The table below depicts the performance of M&C for the 2024/25 financial period.

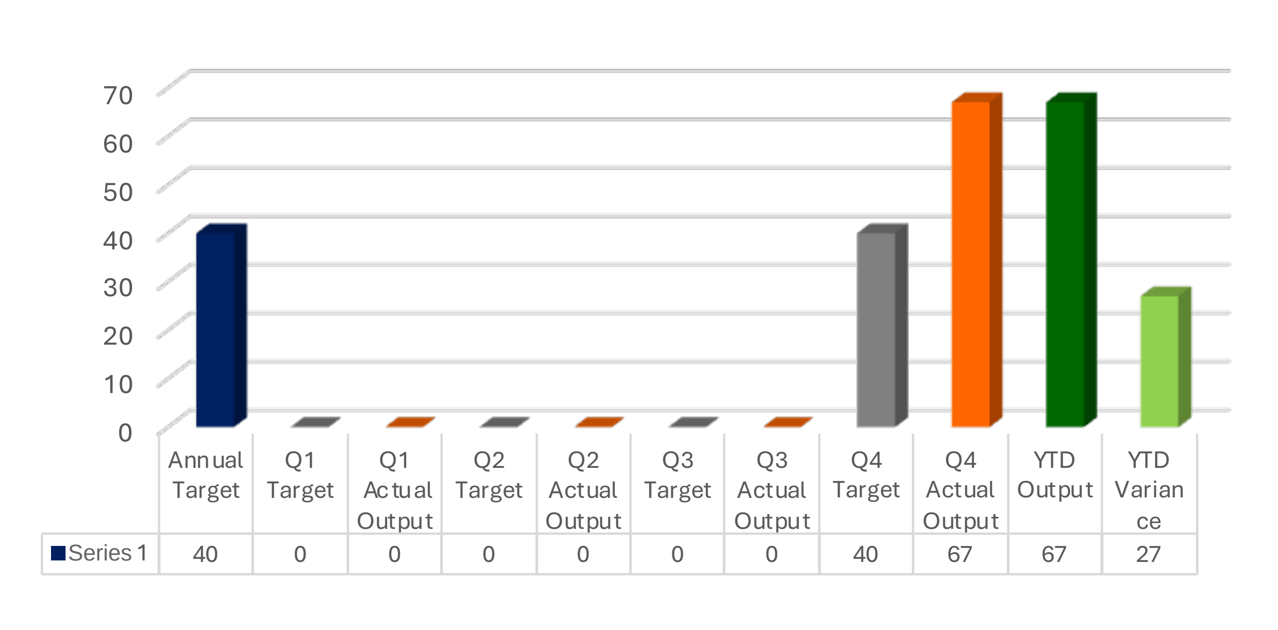
*FIGURE 6:* ***ADVERTISING VALUE EQUIVALENT (AVE) GENERATED***




### Net promoter score generated through strategic stakeholder initiatives

M&C successfully exceeded its Net Promoter Score (NPS) target of 40, achieving an impressive score of 67. This outcome was driven by strategic stakeholder engagement initiatives aligned with TIKZN's commitment to promoting inclusive economic growth throughout KZN. A key contributor to this success was the rollout of the TIKZN District Roadshows, which spotlighted investment opportunities in underrepresented municipalities while strengthening awareness of TIKZN's services at the local level. These engagements were instrumental in positioning the organisation as a credible and responsive driver of regional development.

## *FIGURE 7: NET PROMOTER SCORE GENERATED THROUGH STRATEGIC STAKEHOLDER INITIATIVES*




To gather this data, M&C conducted a customer satisfaction survey using a sample of 200 TIKZN stakeholders. However, only 18 stakeholders responded, which significantly limits the reliability and measurability of the results. As a result, the survey does not provide an accurate reflection of stakeholder sentiment. M&C recommends that this activity be allocated a dedicated budget in the upcoming financial period. This will enable the execution of a comprehensive perception survey focused on the TIKZN brand, the KZN destination, and the organisation's services. The insights gathered will inform the development of data-driven communication strategies that respond effectively to stakeholder feedback. The initial sample included the following stakeholder groups:

- Investment promotion clients
- Business retention clients
- Export promotion clients
- Business chambers and associations
- Diplomatic corp
- Investment promotion agencies (regional)

In addition, the Route Development Initiative through Durban Direct emerged as a high-impact programme designed to improve air access into the province via KSIA. By participating in international route development platforms and coordinating outbound missions with KZN-based businesses, TIKZN laid the groundwork for increased trade and tourism flows into the province. These efforts were complemented by masterclasses and sector engagements, which brought public and private stakeholders together around a shared vision of enhanced connectivity.

M&C also initiated direct engagements with the Diplomatic Corp, recognising their strategic role in expanding KZN's global reach. These interactions not only enhanced international awareness of the province's value proposition but also unlocked potential trade and investment leads through bilateral cooperation. Despite budget limitations, these stakeholder-driven efforts have proven instrumental in strengthening TIKZN's brand, building trust, and positioning the province as a globally competitive investment destination.

**Additionally, TIKZN implemented the following stakeholder engagement initiatives:**

***TABLE 22: STAKEHOLDER ENGAGEMENT INITIATIVES***

| TIKZN HOSTED ENGAGEMENTS | | | |
|---|---|---|---|
| **Campaign** | **Date** | **Description** | **Outcome** |
| Amajuba District Roadshow | 28–29 Aug 2024 | Local business workshops and stakeholder engagements in Amajuba District. | Strengthened local relationships and addressed investment challenges. |
| Business Engagements: Bulawayo, Harare, Lusaka | 16–18 Sep 2024 | International investment promotion in Zimbabwe and Zambia. | Promoted KZN's trade, tourism, and investment opportunities. |
| KZN Investment Conference | 11–12 Nov 2024 | Flagship event to attract investors and showcase KZN's economic potential. | Over 700 attendees; Over R85 billion in investment pledges committed; Over R5m in AVE generated; |
| Air Route Development Masterclass | 25–26 Nov 2024 | Masterclass and engagement on direct flight strategies hosted with UKZN and EDTEA. | Provided strategic insights on route development and stakeholder collaboration in driving direct international flights into the province. |
| uMkhanyakude Investment Conference | 14 Feb 2025 | Regional conference promoting district-level investment opportunities, aligned with the uMthayi Festival. | Strengthened local relationships and addressed investment challenges. |

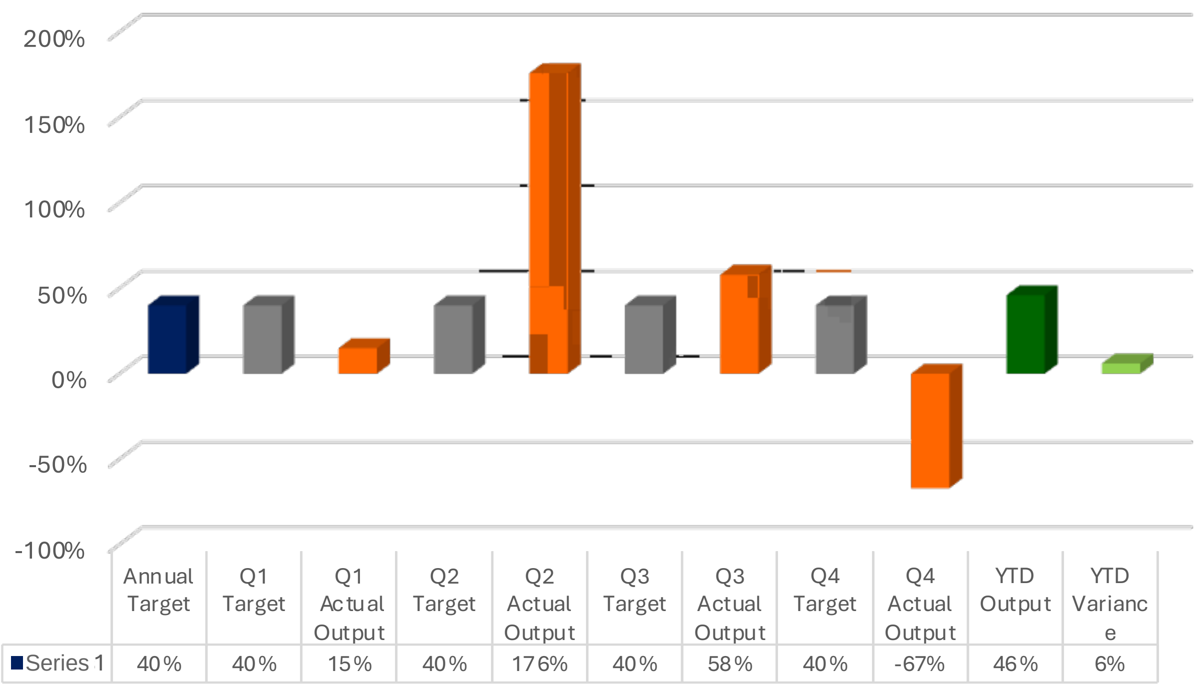
## Percentage growth of online engagements on TIKZN digital platforms

For the period under review, average online engagement growth among South African organisations ranged between 10–35%, with LinkedIn leading due to its strong B2B value, followed by Facebook and X (Twitter). Against this national backdrop, TIKZN recorded a standout 46% engagement growth rate, well above industry benchmarks. This performance is especially commendable given that no budget was allocated for paid promotions, demonstrating the effectiveness of TIKZN's organic content strategy and digital engagement efforts.

To build on this success and scale impact further, it is recommended that TIKZN invests in targeted digital campaigns aimed at high-potential international audiences. These should focus on lead generation, content amplification, and strategic influencer partnerships, particularly in countries of trade and investment interest. By doing so, TIKZN can strengthen its digital footprint, attract quality investor leads, and reinforce KZN's positioning as a preferred global investment destination.

The table below depicts the performance of M&C over the 2024/25 financial period. Key highlight is that M&C was able to achieve an outcome of 46% against a target of 40% for the year.

## *FIGURE 8: PERCENTAGE GROWTH OF ONLINE ENGAGEMENTS ON TIKZN DIGITAL PLATFORMS*




### Corporate Social Investment

TIKZN participated in different community outreach programmes aimed at supporting government's socio-economic agenda. TIKZN identified four initiatives to support for period under review. These CSI initiatives focused mostly on youth development and education.

These were:

- Donation to Linda Zama Foundation in support of early childhood development
- Donation to the Madam Cluck A Lot Skills Development Programme
- Hosting of a Supplier Development Workshop for existing and potential suppliers to enhance capacity, competitiveness, and participation in TIKZN's supply chain

## Looking ahead: 2025/26 focus areas

In the 2025/26 financial year, the (M&C) unit will focus on the following key priorities:

- Amplify G20-Linked Messaging: Position KZN as a pivotal player in global trade and regional integration through strategic communication aligned with South Africa's G20 presidency.
- Launch KZNIC 2025 Campaign: Roll out national and international campaigns for the (KZNIC 2025), engaging embassies, private sector champions, and global investment networks early.
- Expand Digital and Content Marketing: Introduce a suite of digital content platforms, including podcasts, webinars, and an investment explainer video series to attract and inform targeted audiences.
- Strengthen Route Development Support: Enhance support for air connectivity initiatives through Durban Direct, aimed at increasing direct international flights into KZN.
- Drive OSS Awareness Campaigns: Implement targeted campaigns to promote the (OSS) service offering, reinforcing TIKZN's role in investment facilitation.

The 2024/25 period marked a turning point in aligning provincial marketing with national and global imperatives. M&C unit has laid a solid foundation for 2025/26, with catalytic projects like KZNIC 2025 and the G20 presidency offering high-leverage platforms for investment growth, job creation, and reputational elevation of the province. KZN's story is one of opportunity and M&C is committed to telling it with clarity, credibility, and impact.

## INTERNATIONAL RELATIONS - GAUTENG OFFICE

The International Relations Programme, driven by TIKZN's Gauteng Office, continues to play a vital role in positioning KZN as a globally competitive investment and trade destination. During the 2024/2025 financial year, the office recorded significant achievements in lead generation, destination marketing, and the facilitation of international partnerships. These successes reflect a deliberate and integrated approach to strengthening diplomatic relations, enhancing global visibility, and attracting high-quality investment into the province.

A total of 51 qualified investment leads were generated during the year, exceeding the target of 50. This was achieved through a multifaceted strategy that included proactive targeting of high-potential companies, participation in industry events, leveraging destination marketing platforms, and collaboration with foreign missions and commercial attachés. The quality and diversity of these leads demonstrate the success of the office's strategic outreach efforts. These included initiatives such as the Charge N2 Electric Highway project, a national green mobility initiative; the Afya Foods expansion, focused on increasing production capacity; and the development of the Shongweni Hospital, a greenfield healthcare investment. Other notable leads included Takealot's regulatory engagement regarding liquor sales and distribution in KZN, and the R180 million Caldhame Duck Project in uMsunduzi Municipality, expected to create over 850 jobs. The Gauteng Office also supported export-related projects such as the wood pellet exports to the Philippines and Korea, facilitated through local partnerships with suppliers like Akili Timber.

Several international leads further illustrated the province's growing global relevance. Companies from Belgium, the Netherlands, India, South Korea, Taiwan, and Tunisia expressed interest in investing in key sectors ranging from e-commerce and manufacturing to biotechnology and energy. Projects included Biosourcing, a Belgian company looking to establish a goat's milk enzyme facility to combat breast cancer; Akinon, a Netherlands-based e-commerce platform seeking local partners; Gandhar Oil Refinery from India; and Hitachi/Zosen of Switzerland and Japan, which explored setting up a waste-to-energy facility in the province. These engagements confirmed the value of maintaining strong diplomatic and trade networks through the Gauteng Office's international outreach.

In terms of destination marketing, the office successfully executed 31 activations, surpassing its annual target of 30. These activities included a series of inbound and outbound missions, presentations to foreign delegations, and speakership engagements at key forums. The Czech Ambassador's visit, along with delegations from Japan, the UAE, Turkey, Sri Lanka, Georgia, and Canada, offered platforms to promote KZN's investment opportunities. Presentations at events such as the Middle East Export Masterclass, the AFSIC Investor Conference, and the BPI France Investment Showcase further amplified the province's presence among global investors. The office also took part in panel discussions and exhibitions at Smart Procurement World, Infrastructure Africa, and Embassy-led programmes like Olive Day (Tunisia), reinforcing the province's attractiveness across sectors.

The office's facilitation of 27 international relations programmes significantly exceeded the planned target of 20. These engagements were anchored in high-level dialogues with foreign governments, chambers of commerce, and diplomatic missions. Strategic collaborations were held with the Tunisian Ministry of Trade through a two-part business seminar focusing on chemicals and services, as well as the South African Embassy in Japan for a business seminar aimed at enhancing bilateral ties. The Gauteng Office hosted and participated in several key roundtable discussions with the EU delegation and embassies from countries including Russia, Morocco, Singapore, Austria, Turkey, the Philippines, and the USA. Bilateral trade discussions were also advanced with France through Ubifrance and Georgia via the Georgia Chamber of Commerce. These platforms served not only to promote investment opportunities but also to encourage knowledge exchange, technical cooperation, and institutional partnerships.

In addition to lead generation and diplomatic engagement, the office supported the advancement of several key investment projects through strategic showcasing to funders and project accelerators. This included the Radisson Blu Sibaya Hotel, a R450 million development with secured land and capital already raised; the R700 million Ukhozi Afritech battery storage project in the RBIDZ; and Agregatas' R220 million biomass plant. These projects were promoted through curated engagements such as the TIKZN-Mazars Project Showcase, the Charge Funder Roundtable, and presentations during the Buy Local Summit. These platforms linked credible investment opportunities to capital and strategic partnerships, accelerating investor readiness and supporting project implementation.

The office also worked closely with the Business Retention and Expansion Unit and the Export Development and Promotion Unit to provide tailored support to KZN-based enterprises. This included assisting companies like Caribbean Pirate Sauces, Designer Scents, and the Natal Box Factory with site identification, funding applications, and market development strategies. Efforts also extended to helping enterprises such as Macavation with export promotion, and Rabco with Halal certification for exports. These interventions ensured continuity of support across the investment lifecycle, from attraction and setup to growth and expansion.

The 2024/2025 performance of the International Relations Programme underscores the value of a coordinated, cross-functional approach to investment promotion. The Gauteng Office not only met but exceeded all its annual targets, demonstrating its strategic importance as a gateway for investment and international engagement. Through strong partnerships, targeted marketing, and effective diplomatic relations, the office has advanced KwaZulu-Natal's position on the global stage, contributed to job creation, and supported the province's broader objectives of inclusive and sustainable economic growth.

The achievements of the Gauteng Office in the 2024/2025 financial year reflect its critical role in expanding KZN's global footprint, deepening strategic partnerships, and unlocking high-impact investment opportunities. By leveraging diplomatic networks, targeted marketing, and strong inter-agency collaboration, the office has not only exceeded performance targets but has also laid a solid foundation for long-term economic growth and investor confidence in the province. As KZN continues to position itself as a gateway to Africa, the Gauteng Office remains a vital conduit for connecting local potential with global capital, innovation, and opportunity.

# C

# GOVERNANCE

**11** **Corporate Governance Statement**

- Introduction
- Portfolio Committees
- Executive Authority
- The Board
- Compliance with laws and regulations
- Risk Management
- Internal Control Unit
- Internal Audit and Audit Committees
- Fraud and Corruption
- Minimising Conflict of Interest
- Code of Conduct
- Health, Safety and Environmental Issues
- Company Secretary (if applicable)
- Social Responsibility
- Audit Committee Report
- B-BBEE Compliance Performance Information

# 11 Corporate Governance Statement

## INTRODUCTION

Trade & Investment KwaZulu-Natal (TIKZN) upholds the highest possible corporate governance standards by ensuring adherence to all relevant legislative requirements which include the entity's enabling legislation i.e., the KwaZulu-Natal Trade and Investment Agency Act, 2010, the PFMA as well as good governance principles contained in the King IV Report on Corporate Governance for South Africa (King IV) while recognising that governance goes beyond a set of frameworks, principles, policies and rules.

The Board of TIKZN is ultimately responsible for ensuring high corporate governance standards, assisted by management and aims to instil a culture of compliance and good governance. TIKZN is continuously committed to applying sound and meaningful governance practices and conducting its affairs with integrity. It regularly reviews its governance structures, practices, and processes to ensure continued alignment with legislative and regulatory changes and to continuously reflect best practices.

The Board, represented by its Chairperson and the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs (EDTEA) annually sign a Shareholders' Compact, which documents comprehensively each signatory's responsibilities.

## PORTFOLIO COMMITTEES

Parliament exercises its oversight role over the entity by interrogating its annual financial statements and any other relevant documents which must be tabled from time to time. The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor, whilst the Portfolio Committee exercises oversight over the service delivery performance of the entity and is concerned with service delivery and enhancing economic growth. As such it reviews the nonfinancial information contained in the annual reports of the entity.

## EXECUTIVE AUTHORITY

The Board reports to EDTEA through the annual report and the quarterly performance reports covering performance targets set out in the business plan, strategic plan, and annual funding agreement. In addition, quarterly meetings are attended with EDTEA to discuss the performance reports. The Board also attends briefing sessions when requested by the Executive Authority. Shareholder representatives serve on the Board ex-officio and attend Board and Committee meetings. During the period under review, the performance reports were submitted within set timeframes and the Chief Executive Officer attended all the quarterly meetings to discuss progress against the set targets.

## THE BOARD

The Board acts as the focal point for and custodian of corporate governance and constitutes a fundamental base for the application of corporate governance principles at TIKZN as well as ensuring the maintenance of the highest standards of ethics. It has absolute responsibility for effective organisational performance as per the entity's mandate and is fully accountable to the Shareholder and entity for such performance. The Board appreciates that strategy, risk, performance and sustainability are inseparable and gives effect to this by contributing to, and approving the strategy, satisfying itself that the strategy and business plans do not give rise to risks which have not been thoroughly assessed by management, identifying key performance and risk areas and ensuring that the strategy will result in sustainable outcomes.

## The Role of the Board

The Board has specific responsibilities set out in the KwaZulu-Natal Trade and Investment Agency Act, 2010 (Trade & Investment KwaZulu-Natal Act) and the PFMA and is further guided by the principles of good corporate governance as set out in the King IV Report. Trade & Investment KwaZulu-Natal. The role and responsibilities of the Board include the following:

- The duty of utmost care to ensure reasonable protection of TIKZN's assets and records. To act with fidelity, honesty, integrity and in the best interests of the entity in managing the financial affairs of TIKZN.
- Providing strategic direction and leadership to TIKZN. The Board has a strategic function in terms of providing the vision, mission, and goals of the entity. These are determined in conjunction with the CEO and the executive team.
- Formulating, monitoring and reviewing the corporate strategy, major plans of action, risk policy, annual budgets and business plans.
- Retaining full and effective control and management over the affairs of TIKZN.
- To provide effective leadership that is based on an ethical foundation, which is characterised by acting responsibly, honestly, with integrity, accountability and transparency. This sets the tone from the top to promote an ethical culture within TIKZN.
- To ensure that the entity is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of TIKZN but also the impact that the business operations may have on the environment and the society within which it operates .
- To govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.
- Considering and approving the annual financial statements .
- Ensuring that TIKZN complies with applicable laws, regulations, government policy and codes of best practice.

## Board Charter

The Board has adopted a formal Board Charter setting out its role and responsibilities, composition and functioning. The Charter is reviewed annually to ensure its effectiveness and relevance and during the period under review, the Trade & Investment KwaZulu-Natal Board continued to adhere to its Charter. The Charter confirms that the Board members retain overall responsibility and accountability for approving strategic plans; monitoring operational performance and management; determination of policy and processes to ensure the integrity of TIKZN's risk management and internal controls; legislative, regulatory and governance compliance; approval of significant accounting policies and annual financial statements; monitoring transformation and empowerment; determination of appropriate remuneration policies and practices and balanced and transparent reporting to stakeholders. As per the Charter, the Board meets a minimum of four times a year to discharge its duties; deliberating over a range of key issues, ensuring the proper direction and management of TIKZN.

The Chairperson provides the Board with leadership and guidance and encourages full and proper deliberation on all matters requiring the Board's attention. The CEO is charged with the day-to-day management of the organisation's operations and assists the Board in providing strategic and policy direction to the entity. Within the defined levels of authority, the CEO assumes responsibility for implementing the decisions of the Board and is accountable to the Board for the effective functioning of the entity within the Board-determined policy guidelines. All Board members are entitled to seek independent professional advice concerning the affairs of the entity, in appropriate circumstances and have unrestricted access to the Company Secretary, Board records as well as any information that they may require to effectively discharge their duties.

## Composition of the Board

The 2024/2025 reporting period marked a significant transition in the composition of the Board of TIKZN. At the start of the financial year, the Board comprised six non-executive members and the CEO, who served as an ex-officio member in accordance with section 16(5) of the Trade & Investment KwaZulu-Natal Act. The term of office for this Board concluded on 30 November 2024.

In the absence of a duly appointed Board and in line with section 49 of the Public Finance Management Act (PFMA), the CEO assumed the role of Accounting Authority from 1 December 2024 to 9 March 2025.

A new Board was appointed on 10 March 2025 by the KZN MEC for EDTEA and subsequently approved by the Provincial Cabinet. The reconstituted Board comprises eight non-executive members and the CEO in an ex-officio capacity. Members were selected for their expertise across key areas such as finance, law, economics, governance, trade, and investment, ensuring strong and balanced leadership. In line with the Trade & Investment KwaZulu-Natal Act, Board members are appointed for a five-year term, with eligibility for reappointment provided that they do not exceed ten consecutive years of service.

Following their appointment, the new Board participated in a comprehensive induction programme held from 24 to 26 March 2025. The programme began with an introductory engagement with the MEC, in accordance with the provisions of the Trade & Investment KwaZulu-Natal Act, and included detailed briefings on the Agency's strategic objectives, governance framework, legislative mandates, and fiduciary responsibilities. During this induction period, a special Board meeting was convened, at which the various Board Committees were formally constituted.

As at 31 March 2025, the Board comprised eight non-executive members, one executive member and the CEO in an ex-officio capacity. In terms of demographic composition, the Board reflects the province's transformation and diversity objectives, with the majority (89%) of members being Black and one member being White. Three of the Board members are female. This diverse representation enhances the Board's ability to provide inclusive and balanced oversight. Collectively, the members bring a wide range of skills and experience spanning finance, law, human resources, labour relations, economics, investment promotion and export development. This broad base of expertise enables the Board to exercise sound judgment, offer independent oversight and contribute meaningfully to the strategic direction of the entity.

During the reporting period, the Board convened four ordinary meetings, one strategy review session and a risk assessment workshop. In addition, four special meetings were held to address specific and urgent matters requiring the Board's attention between scheduled sittings.

## BOARD COMPOSITION DURING THE 2024 - 2025 FINANCIAL YEAR

### *TABLE 23: BOARD FROM 01 MARCH – 30 NOVEMBER 2024*

| Name | Designation | Date Appointed | Term Expiry | Qualification(s) | Area of Expertise | Board Committee Membership | Scheduled Meetings (Ordinary, Special, Strategy) | No of Meetings Attended |
|---|---|---|---|---|---|---|---|---|
| Mr KS Shandu | Interim Board Chairperson | 01/08/2021 (Initial appointment 15/11/2017) | 30/11/2024 | National Diploma (Chemical Engineering) | Business management and community development | N/A | 10 | 10 |
| Ms U Maharaj | Non-Executive Board Member | 01/08/2021 (Initial appointment 15/11/2017) | 30/11/2024 | B Accounting Honours, Post Graduate Dip Accounting, Chartered Accountant (SA) | Business management, human resource strategy, coaching and leadership development | • Chairperson of Audit, Risk & Compliance Committee<br>• Member HR, Social & Ethics Committee | 10 | 10 |
| Mr EB Mkhize | Non-Executive Board Member | 01/08/2021 | 30/11/2024 | Master of Social Science, BSc (Hons), BSc (Degree), Dip in Political & Social Development, Dip in Labour Economics and Certificate in Fundamentals of Business Administration | Business Administration and Management, Labour, economics, political and social development, project management | • Chairperson of Trade & Investment Committee<br>• Member of Audit, Risk & Compliance Committee | 10 | 10 |
| Adv EM Nkosi | Non-Executive Board Member | 01/08/2021 | 30/11/2024 | B. Juris; LLB; Diploma HRM; Executive Development Programme on Municipal Finance | Legal, human resource management (HRM), labour relations, financial management (SCM), government experience, and corporate governance | • Chairperson of HR, Social and Ethics Committee<br>• Member of the Trade and Investment Committee | 10 | 8 |
| Dr SK Mpungose | Non-Executive Board Member | 01/08/2021 (Formerly appointed 15/11/2017) | 30/11/2024 | BCom (Economics & Management); BCom Honours (Economics); MCom (Advanced Applied Economics); PhD (Economics) | Applied economics and finance; education and business management | • Member of Trade & Investment Committee<br>• Member of the Audit, Risk & Compliance Committee | 10 | 10 |
| Mr D Naidoo | Non-Executive Board Member | 01/08/2021 | 30/11/2024 | BA (Law); LLB | Law, Financial management (SCM, contract development), investments, imports and exports, energy, infrastructure, project management, government experience, environmental management | • Member of HR, Social & Ethics Committee<br>• Member of the Audit, Risk & Compliance Committee | 10 | 10 |
| Mr RN Ngcamu | Executive Board Member (Ex-Officio) | 01/10/2023 | 30/11/2024 | LLM; M Ed Geography & Development Studies; BA Honours & Geography & Development Studies; B Pead | Investment Promotion, Corporate Governance, Business Development | • Attends all Board and committee meetings | 10 | 10 |

## TABLE 24: BOARD FROM 10 MARCH 2025 – 31 MARCH 2025

| Name | Designation | Date Appointed | Term Expiry | Qualification(s) | Area of Expertise | Board Committee Membership | Scheduled Meetings (Ordinary, Special, Strategy) | No of Meetings Attended |
|---|---|---|---|---|---|---|---|---|
| Mr BM Myeni | Board Chairperson | 10/03/2025 | | BA, HIDR (M.Phil.), I.M.I, PMB | Business management, public relations, strategic communication, community development | N/A | 1 | 1 |
| Prof AT Nzama | Deputy Chairperson | 10/03/2025 | | PhD (Geography), MSc (Environmental Management), MA (Geography), MEd, BEd, BA Hons, BPaed | Tourism, environmental management, curriculum design, community engagement | • Chairperson of the Trade and Investment Committee | 1 | 1 |
| Dr SK Mpungose | Non-Executive Board Member | 10/03/2025 | | PhD, MCom, BCom (Hons), BCom, National Higher Certificate in Marketing | Applied economics, forecasting, strategic oversight, corporate governance | • Member of the Trade and Investment Committee<br>• Member of HR, Social and Ethics Committee | 1 | 1 |
| Ms S Dlungwane | Non-Executive Board Member | 10/03/2025 | | MPhil (Development Finance), CA(SA), BCom, CTA | Financial reporting, audit and risk, public finance oversight, higher education | • Member of Audit, Risk & Compliance Committee | 1 | 1 |
| Mr EB Mkhize | Non-Executive Board Member | 10/03/2025 | | Master of Social Science, BSc (Hons), Dip in Political & Social Development, Labour Economics, Business Admin | Labour, policy development, trade union activism, governance | • Member of Trade and Investment Committee<br>• Member of Audit, Risk & Compliance Committee | 1 | 1 |
| Adv N Buthelezi | Non-Executive Board Member | 10/03/2025 | | BSoc Sci, LLB | Legal (broad practice), governance, compliance, sales strategy | • Chairperson of HR, Social and Ethics Committee<br>• Member of Trade and Investment Committee | 1 | 1 |
| Dr J Channing | Non-Executive Board Member | 10/03/2025 | | PhD Philosophy (Tax), MSc in Applied Ethics, Dip HR, BA (Geography and Computer Science) | Property valuation, project management, taxation, mediation | • Member of Audit, Risk & Compliance Committee<br>• Member of HR, Social and Ethics Committee | 1 | 1 |
| Dr S Ndlovu | Non-Executive Board Member | 10/03/2025 | | Chartered Global Management Accountant (CGMA) – AICPA, Doctor of Business Administration (DBA/PhD), Master of Business Administration (MBA), Advanced Diploma in Management Accounting, Professional Accountant (SA), Associate Professional Accountant (APC) – SAICA | Entrepreneurship, finance, project management, governance | • Chairperson of the Audit, Risk & Compliance Committee | 1 | 1 |

## Remuneration of Board Members

The Board is remunerated in terms of a directive issued by the MEC for the Department of EDTEA, in line with National Treasury guidelines regarding Board remuneration.

## Board Induction, Training and Development

TIKZN believes in the professionalism of directors and recognises the importance of ongoing director development as a means of strengthening the effectiveness of individual directors and the Board. To this end, the organisation adopted a director development plan which is reviewed and updated annually and ensures access to an appropriate balance of knowledge, skills, experience, and independence. It provides members with the opportunity to better understand their fiduciary duties and responsibilities as directors and keep abreast of legislative and regulatory changes and best practice. TIKZN continually provides the Board with information on its business and changes in the business landscape to keep them abreast of the changing business and corporate governance requirements. The Board also makes use of external expertise on matters outside their knowledge, skills, and experience. Board members are afforded an opportunity to visit TIKZN project sites as part of their oversight role and are briefed on legal developments and changes in the risk and general business environment on an on-going basis.

## Company Secretary

The Company Secretary plays a pivotal role in supporting the Board's effective functioning and ensuring adherence to sound governance practices. As the custodian of corporate governance within Trade & Investment KwaZulu-Natal, the Company Secretary is responsible for ensuring that the Board and its Committees operate in line with applicable legislative requirements, regulatory obligations, and best practice governance frameworks.

Key responsibilities include:

- Serving as the central source of guidance and strategic advice to the Board, Executives, and the organisation on matters of corporate governance, fiduciary responsibilities, regulatory compliance, and legislative developments.
- Overseeing the development and maintenance of Board and Committee Charters to ensure alignment with governance standards and organisational objectives.
- Coordinating the preparation of annual Board and Committee work plans, meeting calendars, and the delivery of structured induction programmes, orientation, and ongoing training for Board members.
- Driving the continuous development of Board members and facilitating annual Board and Committee evaluations to enhance governance effectiveness.
- Acting as the secretariat to the Board and its Committees by ensuring the timely preparation and distribution of meeting agendas and supporting documentation, as well as maintaining accurate and comprehensive records of proceedings.

Through these functions, the Company Secretary enables the Board to discharge its responsibilities with transparency, accountability, and strategic oversight

## Board Committees

The Board has delegated specific functions to its well-structured committees but without abdicating its responsibilities. The delegation is recorded by formally approved Terms of Reference for each committee, which are reviewed annually to ensure their effectiveness and relevance. The committees are appropriately constituted with due regard to the skills required by each and have work plans which serve as a mechanism to ensure that meetings are structured in such a manner that they meet the King IV governance recommendations, the enabling legislation and that PFMA requirements are addressed. The Board effectively monitors the activities of its subcommittees through comprehensive reports that are tabled at every board meeting. These reports highlight emerging risks and recommend strategies that are deemed appropriate to enable the Board to monitor, among others, key organisational risk areas. TIKZN has the following established Board Committees:

- Human Resources, Social and Ethics Committee
- Trade and Investment Committee.
- Audit, Risk and Compliance Committee

## Human Resources, Social and Ethics Committee

The role of the Committee is to assist the Board with the oversight of social and ethical matters relating to TIKZN as well as human resources matters focusing on the entity's talent attraction, retention, succession planning, training, development, and remuneration.

- The Committee has an independent role with accountability to the Board and operates as an overseer and maker of recommendations to the Board for its consideration and final approval. The responsibilities of the Committee are recorded in its Terms of Reference and are summarised as follows:
- Regularly evaluate and monitor the human resources policies to ensure that the policies are up to date with the latest legislative requirements.
- Recommend staffing requirements for TIKZN by regularly monitoring that the organisational structure of the entity in line with its strategic plan and employment equity targets.
- Regularly evaluate and monitor the performance management policy and the implementation thereof to ensure that conditions are kept up to date with the latest developments.
- Monitor the implementation of the performance management system.
- Remuneration, benefits, and incentives.
- Monitor TIKZN's activities with regards to any relevant legislation, other legal requirements or prevailing codes of best practice pertaining to matters relating to social and economic development.
- Good corporate citizenship, including TIKZN's:
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption.
  - Contribution to the development of communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed.
  - Record of sponsorship, donations, and charitable giving.
- The environment, health, and public safety, including the impact of TIKZN's activities and its products or services on such issues.
- Stakeholder relationships.
- Labour relations and employment, including drawing matters within its mandate to the attention of the Board as required.
- Ethics and compliance with laws and regulations relevant to the Committee's areas of responsibility.
- Ensuring that the ethics of TIKZN are managed in a way that supports the establishment of an ethical culture.

### *TABLE 25: MEETINGS ARE AS PER TABLE*

| HUMAN RESOURCE, SOCIAL & ETHICS COMMITTEE MEETINGS | | | |
|---|---|---|---|
| **Name** | **Designation** | **Scheduled Meetings** | **No. of Meetings Attended** |
| Adv EM Nkosi | Chairperson until 30 Nov 2024 | 7 | 4 |
| Ms U Maharaj | Member until 30 Nov 2024 | 7 | 6 |
| Mr D Naidoo | Member until 30 Nov 2024 | 7 | 7 |

### Trade and Investment Committee

The role of the Committee is to assist the Board with the oversight of the execution of the trade and investment mandate and related activities of the entity being:

- Business operational strategy and policy advocacy.
- Investment promotion and facilitation, export development and promotion, business retention and expansion, research and innovation, enterprise development and monitoring. organisational performance
- Advice to and support of the Export and Investment Promotion Operational Business Units in the fulfilment of the organisation's mandate and their key objectives.
- Present the Board with new proposals on trade and investment initiatives.

The Committee has an independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval. The Committee's key responsibilities as contained in its Terms of Reference include inter alia:

- Providing strategic direction and support for the development and implementation of Trade and Investment Strategies in TIKZN.
- Monitoring and oversight of the entity's activities regarding:
- Reviewing and monitoring of organisational performance Implementation of One Stop Shop Services in promoting ease of doing business.
- Development and management of partnerships.
- Investment Promotion and Facilitation
- Export Development and Promotion
- Research and Information Policy advocacy and operational efficiency

## TABLE 26: MEETINGS ARE AS PER TABLE

| TRADE AND INVESTMENT COMMITTEE MEETINGS | | | |
|---|---|---|---|
| **Name** | **Designation** | **Scheduled Meetings** | **No. of Meetings Attended** |
| Mr EB Mkhize | Chairperson until 30 Nov 2024 | 5 | 5 |
| Dr SK Mpungose | Member until 30 Nov 2024 | 5 | 5 |
| Adv EM Nkosi | Member until 30 Nov 2024 | 5 | 5 |

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises four independent non-executive members who are appointed by the Board. The primary role of the Committee is to assist the Board in fulfilling its oversight functions in terms of the PFMA which includes ensuring the integrity of financial reporting and audit process, together with the maintenance of sound risk management and internal control systems. In pursuing these objectives, the Committee oversees the external auditors, the scope of work, the annual audit, and the applicable levels of materiality.

The Committee monitors development in corporate governance, thus ensuring that the entity continues applying high and appropriate standards. The primary functions of the committee include, inter alia reviewing and recommending to the Board the following:

- An examination and review of the Annual Financial Statements with management and external auditors to ensure that they are complete and consistent with information provided to them, prior to submitting to the regulators.
- The effectiveness of the entity's internal control system, information technology security and control.
- The control procedures followed by management and an assessment of their effectiveness, such as the safeguarding of organisational assets and the implementation of a fraud and prevention plan.
- An annual review of the risk management plan and related policies and framework.
- Compliance with the prescribed accounting framework, legal, statutory, and regulatory matters.
- A review of the external auditor's proposed audit scope, approach, and coordination of the audit effort with internal audit.
- A review and confirmation of the independence of the external auditors.
- A review and assessment of the adequacy of the internal audit charter and Audit, Risk and Compliance Committee terms of reference on an annual basis.
- The execution of all responsibilities, as outlined in the Committee's Terms of Reference.
- An evaluation of the Committee's and individual member's performance on a regular basis.

### *TABLE 27: MEETINGS ARE AS PER TABLE*

| AUDIT, RISK & COMPLIANCE COMMITTEE MEETINGS | | | |
|---|---|---|---|
| **Name** | **Designation** | **Scheduled Meetings** | **No. of Meetings Attended** |
| Ms U Maharaj | Chairperson until 30 Nov 2024 | 8 | 8 |
| Dr SK Mpungose | Member until 30 Nov 2024 | 8 | 8 |
| Mr EB Mkhize | Member until 30 Nov 2024 | 8 | 3 |
| Mr D Naidoo | Member until 30 Nov 2024 | 8 | 7 |

### Delegation of Authority

The Delegation of Authority Framework defines the levels of authority vested in the Board and management, enabling decision-making through designated Board and management committees. It provides a structured mechanism to support the Board in fulfilling its oversight responsibilities, while promoting accountability across all governance levels. The Board conducts regular reviews of the framework to ensure it remains aligned with legislative requirements and the evolving needs of the organisation.

### Executive Committee

The Board of TIKZN has delegated the day-to-day management of the organisation to the (CEO), who is supported by a team of Executives, each responsible for a specific unit. The Executive Committee (EXCO) serves as the highest executive decision-making body within the organisation. Its primary role is to drive the formulation and execution of the Board-approved strategy and policy direction, ensuring that all organisational activities are aligned accordingly.

Each Division is tasked with delivering on defined strategic objectives over a specified period, contributing to the overall performance and impact of the organisation..

## COMPLIANCE WITH LAWS AND REGULATIONS

The Board has the overall responsibility for ensuring that the entity complies with all applicable laws and regulations. This responsibility has been delegated to the Audit, Risk and Compliance Committee, which is charged with ensuring that the task is correctly and appropriately executed. The Compliance Officer and Company Secretary assists the Audit, Risk and Compliance Committee in monitoring the entity's compliance with all relevant laws and regulations and that such compliance is considered by the internal audit function, as well as the Committee. During the period under review, TIKZN set out to build an effective Compliance Management System based on a bedrock of documentation that espouses the philosophical and systematic approach to compliance, transparently and consistently with South African good practices. The Compliance Policy codifies the tone and philosophy in a top-down approach to compliance management. Implementing the Compliance Policy will require TIKZN to standardise its Compliance Management Standard Operating Procedures in a compliance manual. TIKZN is formulating this manual which will be used by members of the Audit, Risk and Compliance Committee in the implementation of the Compliance Policy.

## RISK MANAGEMENT

TIKZN follows a disciplined approach to evaluating risks and developing appropriate strategies to mitigate and manage risk. This risk management methodology is considered by the Audit, Risk and Compliance Committee and enhancements agreed during the financial year, have been recommended and adopted. The Board is responsible for the oversight of risk management and has delegated the responsibility to the Audit, Risk and Compliance Committee, which responsible for ensuring that TIKZN has implemented an effective policy and plan to manage risk and disclosure. While the head of each business unit assumes primary responsibility for identifying and managing risks inherent to the operations of his/her unit, the Audit, Risk and Compliance Committee reviews the risk management strategies, policies, and procedures to ensure that they are appropriate. It advises the Board and management on the organisation's risk management and independently monitors the effectiveness of the system of risk management.

Annually the organisation conducts a risk assessment to determine the effectiveness of its risk management strategy and to identify new and emerging significant risks that could hinder the achievement of its strategic objectives. The top five risks identified in the 2024/25 financial year included:

- Budget Constraints. Limited budget to deliver on the organisation's mandate. The root causes of this risk were
  - Fiscal constraints caused by the downward turn of the economy. –
  - Unprecedented events being the COVID-19 pandemic, climate change, social unrest and global conflict resulting in reprioritised budgets.
  - Over reliance on government funding.
- Challenges to retain and expand investment in KwaZulu-Natal. The root causes of this risk were attributed to:
  - An unconducive business environment impacting on business reinvestment decisions.
  - Ineffective management of key strategic industrial precincts resulting in low confidence.
  - Constrained business retention resources, i.e., human capital vacancy, and availability of funding.
  - "Business forums'" activities of site invasions and illegal disruptions of business operations and business continuity plans.
  - Lack of provincial stimulus funding to support.
- Failure to attract new investment in the province attributed to:
  - Changing trade and investment landscape globally.
  - Unprecedented events that impact on the SA and KZN economy.
  - Restrictive international travel as a result budgeted negatively impacting on investment and trade promotion activities.
  - Postponement/deferment of investment decisions by investors and project promoters.
  - Limited insights into new emerging sectors.
  - Red tape and inefficient approval processes which hindered investments including regulatory frameworks.
- Inconsistent conducive business environment in some municipalities and industrial precincts.
  - High cost of doing business in South Africa compared to other investment destinations (salaries, inflation, cost of utilities, business confidence, business security).
  - Ageing and inefficient infrastructure (rail, road, ports).
- Vulnerability and effectiveness of IT systems.
  - Limited monitoring and evaluation of I.T compliance controls.
  - Inadequate cyber security protection of online platforms. (i.e. TIKZN website, portals and social media platforms.
  - Limited contract management/ Implementation of DRP.
  - Reprioritised budget: Inadequate budget to finance IT department.
  - Aged infrastructure.
- Unattainable investments in line with Presidential targets:
  - The country's reputation impacting negatively on investor sentiments and confidence.

- Uncoordinated efforts by key players on destination marketing activities.
- Unapproved country investment strategy.
- No defined processes and guidelines on strategies to attract new investment.
- Lack of financial resources to effectively drive the attainment of these commitments.
- Unstable political landscape with investors adopting a wait and see approach.
- Lack of investment commitment from the private sector.
- Red tape and bureaucracy in the approval processes.
- Inefficient Department of Home Affairs.

Risk management or mitigation strategies adopted and implemented, in an effort to strengthen the control environment for the identified risks within the entity, were monitored by management with the assistance of internal audit, which provided quarterly assurance to the Audit, Risk and Compliance Committee and the Board, on the effectiveness and efficiencies of such controls.

## INTERNAL CONTROL UNIT

The effectiveness of internal control mechanisms is seen as regular management reporting. The CEO is responsible for reporting quarterly on the operations of the financial and accounting control frameworks and the Board also receives assurance from the Audit, Risk and Compliance Committee, which derives its information through regular audit reports on risk and internal control across the entity. During the review period several initiatives were undertaken to ensure improved internal control, including:

- An annual review of relevant finance policies and procedures.
- The implementation of action plans for internal and external audit findings.
- Compliance with policies and procedures within the prescribed accounting framework.
- A review of the controls designed to ensure that assets are safeguarded.
- A review of risk management and related policies.

## INTERNAL AUDIT

The Audit, Risk and Compliance Committee is responsible for ensuring that the internal audit function is independent and enjoys the necessary resources, standing, and authority within the entity to enable it to effectively discharge its duties. The role of internal audit is outlined in the Terms of Reference of the Committee and the Internal Audit Charter. The Committee oversees interaction between internal audit, external audit, and management, whilst also ensuring that these relationships are productive and add value to the organisation. The Committee also monitors, guides, and supervises the functioning of internal audit, ensuring that the services of both internal and external audit are sufficiently clarified and coordinated, thus providing an objective overview of the entity's operating systems of internal control and reporting. These include the following:

- Approval of the internal audit plan and work conducted by internal auditors in ensuring that action plans which are in place mitigate risks on matters reported to the Committee.
- An analysis of the Internal Audit Charter.
- An evaluation of the adequacy of corrective action taken in response to significant internal audit findings.
- A review of significant matters reported by the internal audit function.
- An assessment of the adequacy of the performance of the internal audit function.
- A review of cooperation and coordination between the internal and external audit functions.
- An evaluation of the independence and effectiveness of the internal audit function, inclusive of compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Audit.

During the year under review the Internal Audit was undertaken by BDO Advisory Services in line with an approved internal audit plan. Their internal audit activities included:

- Interim and Annual Financial Statement reviews
- Performance Information review for each quarter

- Auditor General and Internal Audit follow up review
- Risk Assessment
- Business Unit Audits for the Knowledge Management, Human Resources, Export Development and Promotion, and Finance units and of the Office CEO.

## FRAUD AND CORRUPTION

TIKZN subscribes to the highest ethical standards of business conduct. A set of values and a code of business conduct set out in the Code of Ethics Policy requires the Board of Directors and staff to display integrity, respect, openness and affords them the right and obligation to challenge others who are not adhering to these values. The entity also has an approved Fraud Prevention Policy and Plan as well as a Whistle-blowing Policy. These policies provide means by which employees and other stakeholders can raise concerns with appropriate line management or via the Tip-Offs Anonymous hotline, when they have reasonable grounds to believe that there are irregular activities involving TIKZN. The entity's operational whistle-blowing hotline can be used to report any offence or suspected fraudulent activity without fear of occupational detriment and/ victimisation. The Human Resources, Social and Ethics Committee and the Audit, Risk and Compliance Committee perform an oversight role pertaining to fraud and corruption, together with the implementation and maintenance of the Fraud Prevention Plan. During the period under review, the Internal Audit assignments included a Fraud, Risk and Ethics review. The internal audit findings were tabled with and reviewed by both the Audit, Risk and Compliance Committee and the Human Resources, Social and Ethics Committee as well as the Board. The continuous areas of improvement that have been implemented include Fraud and Ethics Training and awareness programmes and a revised Board approved Code of Ethics Policy. Ethics Management is being monitored through the Human Resources, Social and Ethics Committee.

## CONFLICT OF INTEREST

Annually Board members and staff are required to provide a declaration of their financial and business interests. At every Board and Committee meeting, there is a second stage of declaration of potential conflict of interest for matters on the agenda for the meeting and every Board member completes a Declaration of Interest form prior to each meeting. Should a conflict of interest occur, the affected Board member may not vote on any matter in which that individual has an interest. The Board member is recused from any meeting where such matters are discussed. A register of Declarations of Interest is maintained by the Company Secretary and is updated on an annual basis. The Board has an approved Conflict of Interest Management Policy which formally regulates the procedures and process of conflict-of-interest management in the context of the TIKZN Board members. The policy demonstrates the organisation's commitment to always conducting ethical and honest business. Members of the management team and staff are encouraged to disclose any gifts they may have received. Such disclosures are entered into the organisation's Gift Registry, which is managed by the Chief Financial Officer. With regards to external parties, TIKZN's procurement processes require that potential service providers complete and sign a form indicating any conflicts of interest in the processes or any linkages they may have with the staff of TIKZN.

## HEALTH, SAFETY AND ENVIRONMENTAL (SHE)

TIKZN closely monitors health, safety and environmental issues which may have an impact on its operations and staff. The entity's Environmental Management Policy sets out guidelines and its commitment towards the promotion of environmental protection and adherence to health and safety practices, as well as to protect and enhance the image, credibility, and sustainability of TIKZN as a responsible and reputable corporate citizen of KZN. The entity has a Board-approved Occupational Health and Safety (OHS) Policy and a Safety Health Environment Risk and Quality (SHERQ) Implementation Plan. The OHS policy provides a framework for health and safety management and establishes minimum occupational health and safety standards and requirements for TIKZN to reduce risk to employees and visitors. It is based on the principle that dangers in the workplace must be addressed by communication and cooperation between the staff and the entity. Both parties must proactively identify dangers and develop control measures to make the workplace safe. In this way, TIKZN and the staff are involved in a system where health and safety representatives may inspect the workplace regularly and then report to a health and safety committee, which in turn may submit recommendations to management. Health and Safety will ensure business optimisation and improvement through:

- Protection of human lives and environmental duty of care.
- Proper analysis of customer and stakeholder needs and expectations.
- Effective business objectives and priority setting to meet or exceed those needs and expectations.
- Establishment of measures for the achievement of business objectives.
- Systematic approach to defining, controlling, and continually improving business processes.
- Advancing business practices in line with international best practices, legislative requirements, and corporate best practice innovations. The SHERQ implementation plan is a guideline document in which the entity sets out provisions for and management of health and safety facilities, hygiene rules, identification of the various risks, their management and initiating controls. The plan has a system in place for promoting the health and safety of employees and visitors in the workplace through:
- The reduction and control of health and safety risks.
- Providing procedures to guide staff regarding identification, management, control, and elimination of the relevant risks.
- Implementing a system of corrective steps for improvement of quality.
- Implementing a system to reduce errors and following an approach to eliminate repeat incidents. SHERQ is an essential system for improving the health and safety profile of the entity, reducing its impact on the environment and ensuring consistency in quality.

## *TABLE 28: B-BBEE COMPLIANCE PERFORMANCE INFORMATION*

| Criteria | Response Yes / No | Discussion (include a discussion on your response and indicate what measures have been taken to comply) |
|---|---|---|
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No | TIKZN does not issue licences or concessions and therefore this criterion does not apply. However, in line with B-BBEE principles, the Entity supports regulatory frameworks that promote economic inclusivity. |
| Developing and implementing a preferential procurement policy? | Yes | TIKZN has implemented a Preferential Procurement Policy aligned with B-BBEE Codes of Good Practice. The final verification report confirms strong procurement performance, including procurement spend of 76.20% with 51% Black-owned suppliers and 22.05% with 30% Black women-owned suppliers. The Entity achieved a total of 29.03 out of 30 points for preferential procurement. |
| Determining qualification criteria for the sale of state-owned enterprises? | No | TIKZN does not manage the sale of state-owned enterprises. This function is outside the Entity's legislative mandate. |
| Developing criteria for entering into partnerships with the private sector? | Yes | TIKZN promotes B-BBEE compliance in its partnership and investment facilitation processes. While the B-BBEE scorecard does not assess partnership criteria directly, supplier development and enterprise development contributions demonstrate proactive engagement with qualifying black-owned businesses. The Entity scored 15.00/15.00 for Supplier Development and 15.00/15.00 for Enterprise Development. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment? | Yes | TIKZN ensures B-BBEE considerations are embedded in the evaluation of incentive and investment schemes. While no direct B-BBEE allocation criteria are measured in the scorecard, the Entity's focus on supporting black-owned enterprises and inclusive economic participation is reflected in the high ratings across enterprise development and socio-economic development (5.00/5.00). |


02

# D

# HUMAN RESOURCES MANAGEMENT


**12** **Overview of Human Resources Management**

- Human Resources Priorities
- Talent Management
- Learning and Development
- Human Resources Compliance, Governance and Controls
- Employee Relations
- Employee Recognition and Rewards
- Employment Equity
- Future Priorities

# 12 Human Resouces Management

The Human Resources (HR) function plays a vital role in supporting the overall effectiveness and strategic objectives of Trade & Investment KwaZulu-Natal. As the custodian of the organisation's most valuable asset, its people, HR is responsible for attracting, developing, and retaining a skilled and motivated workforce that drives TIKZN's mission.

Key responsibilities include:

- Attracting top talent with expertise in trade and investment promotion, business development, and stakeholder engagement;
- Designing competitive remuneration and benefits packages; and
- Implementing structured training and development initiatives to enhance organisational capacity.

Furthermore, the HR promotes a collaborative, customer-centric organisational culture and ensures alignment with corporate governance frameworks. This contributes to the successful execution of TIKZN's mandate.

## PRIORITIES

This is delivered through the following key priorities:

- Implementation of approved HR policies;
- Continuous improvement in executing the HR strategy;
- Proactive wellness and employee support interventions;
- Reduction in employee turnover;
- Strengthened employee engagement initiatives; and
- Positioning HR as a strategic business partner within the organisation.

## TALENT MANAGEMENT

TIKZN places high importance on attracting and retaining top talent as a key enabler of organisational success. The talent management strategy focuses on proactive recruitment, robust onboarding, and continuous performance management.

At the start of the 2024/25 financial year, the organisation had 13 vacancies. The HR unit prioritised filling critical positions to ensure continuity, successfully appointing 10 candidates by 31 March 2025. These included:

- Chief Executive Officer
- Chief Financial Officer
- Office Administrator: Business Retention and Expansion
- Sector Specialists (x2)
- Receptionist
- Economist
- IT Specialist
- Performance Monitoring & Evaluation Officer
- Business Retention & Expansion Officer
- Destination Marketing Manager

Despite these appointments, TIKZN concluded the year with 9 unfilled positions, resulting in a 14% vacancy rate. These vacancies are listed on the table below:

### *TABLE 29: SUMMARY OF EMPLOYMENT AND VACANCIES*

| Business Units | Total Number of Positions on Organogram | Total Vacancies |
|---|---|---|
| Office of the CEO and Gauteng Office | 10 | 3 |
| Knowledge Management | 10 | 2 |
| Investment Promotion and Business Retention | 17 | 2 |
| Finance | 8 | 0 |
| Corporate Services (Marketing and Human Resources) | 13 | 1 |
| Export Development and Promotion | 8 | 1 |
| **TOTAL** | **66** | **9** |

### *TABLE 30: FULL-TIME STAFF MOVEMENTS AND WORKFORCE AS OF 31 MARCH 2025*

| Business Units | Appointment | Terminations | Number of Employees on 31 March 2025 |
|---|---|---|---|
| Top Management | 2 | 0 | 6 |
| Senior Management | 0 | 1 | 5 |
| Middle Management | 4 | 1 | 15 |
| Junior Management | 3 | 2 | 21 |
| Semi-skilled | 2 | 1 | 9 |
| Unskilled | 0 | 0 | 1 |
| Temporary employees | 3 | 0 | 3 |
| **Total** | **11** | **5** | **60** |

### Terminations

During the period under review, a total of eight employment contracts were terminated, comprising of two expired contracts and six resignations.

## LEARNING AND DEVELOPMENT

Continuous learning and development are crucial for TIKZN to stay competitive and adapt to changing market conditions. TIKZN invest in training programs that equip our employees with the necessary skills and knowledge to excel in their roles. This includes technical training, leadership development, and cross-functional learning opportunities. By fostering a culture of learning, TIKZN ensures its workforce is equipped to navigate the complex landscape of investment promotion and facilitation.

To this effect, training and capacity building was provided with the aim to enhance employee skills development in their areas of expertise and contribute towards the business targets and its overall objectives.

The section below covers the key elements that comprise the learning and development initiatives that the HR embarked upon in the 2024/25 financial year.

### Bursary Scheme

TIKZN offers a bursary scheme that supports employees in their pursuit of further education and professional development. The scheme covers tuition fees for accredited programmes at recognised institutions of higher learning, in fields aligned with the employee's career growth and the organisation's strategic objectives. The HR sub-unit plays an active role in supporting bursary recipients by monitoring their academic progress and ensuring they remain committed to completing their studies successfully. During the 2024/2025 financial period, a total of eight bursaries were awarded to TIKZN employees as per the table below.

### *TABLE 31: SUMMARY OF EMPLOYEE ACADEMIC STUDIES*

| Study/Course | NQF Level | Number of Employees Enrolled |
|---|---|---|
| Master's Degree | 9 | 1 |
| Post Graduate Diploma / Honours Degree | 8 | 4 |
| Bachelor's Degree | 7 | 2 |
| National Senior Certificate | 4 | 1 |
| **Total** | | **8** |

### Corporate Education Programme

The organisation prides itself on the yearly intake of graduates and in-service trainees providing them with an opportunity to gain valuable work experience all whilst contributing to youth development and addressing youth unemployment. During this financial period, a total of seven interns and six in-service trainees underwent the TIKZN programme.

## HUMAN RESOURCE COMPLIANCE, GOVERNANCE AND CONTROLS

During this period, two policies were reviewed and approved by TIKZN Board of Directors. These were Recruitment and Selection Policy and Leave Management Policy.

## EMPLOYEE RELATIONS

TIKZN's consequence management for the 2024/2025 period is listed in the table below:

### TABLE 32: SUMMARY OF MISCONDUCT AND DISPUTES

| Nature of Action | Number of Cases |
|---|---|
| Final Written Warning | 0 |
| Disciplinary Proceedings | 1 |
| Dismissal | 2 |
| Disputes at CCMA | 2 |

## EMPLOYEE RECOGNITION AND REWARDS

Recognising and rewarding employee contributions is a critical component of fostering engagement and motivation at TIKZN. To this end, the HR has implemented a comprehensive rewards system that includes performance-based bonuses and various forms of recognition. This approach not only incentivises high performance but also cultivates a sense of pride, job satisfaction, and organisational loyalty, contributing to improved employee retention and a more engaged workforce.

TIKZN is committed to maintaining a high-performance culture by acknowledging employees who consistently demonstrate excellence in their roles. The following table outlines the recognition awards presented to outstanding performers during the reporting period.

### TABLE 33: SERVICE EXCELLENCE REWARDS

| Recognition Category | Number of Awardees |
|---|---|
| Customer Care Award | 2 |
| Best Leader Award | 1 |
| CEO's Award | 4 |
| Best Team | 3 |
| Open Category | 1 |

## EMPLOYMENT EQUITY

TIKZN continues to meet its Employment Equity Act obligations. EEA2 and EEA4 reports were submitted to the Department of Labour as required.

### TABLE 34: WORKFORCE(INCLUDING THOSE WITH DISABILITIES) PROFILE AS AT 31 MARCH 2025:

| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top Management | 3 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 6 |
| Senior Management | 3 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 5 |
| Professionally qualified and experienced specialists and mid-management | 7 | 1 | 0 | 1 | 5 | 0 | 1 | 0 | 0 | 0 | 15 |
| Selected technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 6 | 1 | 1 | 0 | 9 | 0 | 4 | 0 | 0 | 0 | 21 |
| Semi-skilled with discretionary decision making | 2 | 0 | 0 | 0 | 5 | 0 | 1 | 1 | 0 | 0 | 9 |
| Unskilled with defined decision making | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| TOTAL PERMANENT | 21 | 2 | 3 | 1 | 22 | 0 | 6 | 2 | 0 | 0 | 57 |
| Temporary employees | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 3 |
| **GRAND TOTAL** | **22** | **2** | **3** | **1** | **24** | **0** | **6** | **2** | **0** | **0** | **60** |

## FUTURE PRIORITIES

Despite prevailing budget constraints, TIKZN remains committed to optimising HR service delivery and driving transformation. The 2025/26 focus areas include:

- Review Human Resources Policies to keep abreast with legislation changes;
- Continuous review of HR policies to align with evolving labour legislation;
- Full implementation and monitoring of all approved HR policies;
- Expansion of employee wellness and support programmes;
- Reinforcement of TIKZN's values, ethics, and corporate culture;
- Digitisation of HR services to enhance operational efficiency; and
- Advancement of diversity, equity, and inclusion to achieve employment equity targets.

# E

# PFMA COMPLIANCE REPORT

13 **PFMA Compliance**

- Irregular, fruitless and wasteful expenditure and material losses
- Late and / or non-payment of suppliers
- Supply Chain Management

# 13 PFMA Compliance

## 1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular Expenditure

(a) Reconciliation of Irregular Expenditure

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Opening balance | 0.00 | 0.00 |
| Adjustment to opening balance | 0.00 | 0.00 |
| Opening balance as restated | 0.00 | 0.00 |
| Add: Irregular expenditure confirmed | 305 | 0.00 |
| Less: Irregular expenditure condoned | 0.00 | 0.00 |
| Less: Irregular expenditure not condoned and removed | 0.00 | 0.00 |
| Less: Irregular expenditure recoverable | 0.00 | 0.00 |
| Less: Irregular expenditure not recovered and written off | 0.00 | 0.00 |
| **Closing balance** | **305** | **0.00** |

Reconciling Notes

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure that was under assessment in previous year | 0.00 | 0.00 |
| Irregular expenditure that relates to prior year and identified in current year | 0.00 | 0.00 |
| Irregular expenditure for the current year | 305 | 0.00 |
| **Total** | **305** | **0.00** |

(b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure under assessment | 0.00 | 0.00 |
| Irregular expenditure under determination | 305 | 0.00 |
| Irregular expenditure under investigation | 0.00 | 0.00 |
| **Total** | **305** | **0.00** |

(c) Details of current and previous year irregular expenditure condoned

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure condoned | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(d) Details of current and previous year irregular expenditure removed (not condoned)

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure NOT condoned and removed | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(e) Details of current and previous year irregular expenditure recovered

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure recovered | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(f) Details of current and previous year irregular expenditure written-off (irrecoverable)

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Irregular expenditure written off | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement where such institution is not responsible for the non-compliance)

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| **Total** | **0.00** | **0.00** |

(h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| **Total** | **0.00** | **0.00** |

(i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

| |
|---|
| Disciplinary action taken |
| None |

1.2 Fruitless and Wasteful Expenditure

(a) Reconciliation of Fruitless and wasteful expenditure

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Opening balance | 0.00 | 0.00 |
| Add: Fruitless and wasteful expenditure confirmed | 26 | 0.00 |
| Less: Fruitless and wasteful recoverable | 0.00 | 0.00 |
| Less: Fruitless and wasteful written off | 0.00 | 0.00 |
| **Closing balance** | **26** | **0.00** |

Reconciling Notes

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Fruitless and wasteful expenditure that was under assessment in previous year | 0.00 | 0.00 |
| Fruitless and wasteful expenditure that relates to prior year and identified in current year | 0.00 | 0.00 |
| Fruitless and wasteful expenditure for the current year | 26 | 0.00 |
| **Total** | **26** | **0.00** |

(b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Fruitless and wasteful expenditure under assessment | 0.00 | 0.00 |
| Fruitless and wasteful expenditure under determination | 26 | 100 |
| Fruitless and wasteful expenditure under investigation | 0.00 | 0.00 |
| **Total** | **26** | **100** |

(c) Details of current and previous year fruitless and wasteful expenditure recovered

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Expenditure recovered | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

| Description | 2024/2025 | 2023/2024 |
|---|---|---|
| Expenditure written off | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

| |
|---|
| Disciplinary action taken |
| None |

1.3 Additional disclosure relating to material losses in terms of PFMA Section 55 (2) (b) (i) & (iii))

(a) Details of current and previous year material losses through criminal conduct

| Material losses through criminal conduct | 2024/2025 | 2023/2024 |
|---|---|---|
| Theft | R000 | 0.00 |
| Other material losses | R000 | 0.00 |
| Less: recovered | 0.00 | 0.00 |
| Less: Not recovered and written off | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(b) Details of other material losses

| Nature of losses | 2024/2025 | 2023/2024 |
|---|---|---|
| None | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(c) Other material losses recovered

| Nature of losses | 2024/2025 R000 | 2023/2024 |
|---|---|---|
| None | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

(d) Other material losses written off

| Nature of losses | 2024/2025 R000 | 2023/2024 |
|---|---|---|
| None | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** |

## 2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

| Description | Number of invoices | Rand Value |
|---|---|---|
| Valid invoices received | 472 | 40 029 |
| Invoices paid within 30 days or agreed period | 472 | 40 029 |
| Invoices paid after 30 days or agreed period | 0 | 0.00 |
| Invoices older than 30 days or agreed period (unpaid and without dispute | 0 | 0.00 |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | 0 | 0.00 |

## 3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

| Project Description | Name of Supplier | Type of procurement by other means | Contract number | Contract value |
|---|---|---|---|---|
| Continuation of online travel management services | Tourvest Travel Management Services | Single source | n/a | R 1 385 463,09 |
| Continuation of online travel management services | Tourvest Travel Management Services | Single source | n/a | R 2 185 463,09 |

1.1 Contract Variations and Expansions

| Project description | Name of Supplier | Contract modification type (Expansion or Variation) | Contract number | Original contract value | Value of previous contract expansion/s or variation/s (if applicable) | Value of current contract expansion or variation |
|---|---|---|---|---|---|---|
| None | | | | | | |

# F

# FINANCIAL INFORMATION

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# 14 GENERAL INFORMATION

| | |
|---|---|
| **Country of incorporation and domicile** | Republic of South Africa |
| **Legal form of entity** | Schedule 3C Public Entity |
| **Nature of business and principal activities** | Trade and Investment Promotion Agency |
| **Registered office** | Trade and Investment House<br>1 Arundel Close<br>Kingsmead Office Park<br>Durban<br>4000 |
| **Business address** | Trade and Investment House<br>1 Arundel Close<br>Kingsmead Office Park<br>Durban<br>4000 |
| **Postal address** | Trade and Investment KZN<br>PO Box 4245<br>Durban<br>4000 |
| **Bankers** | Standard Bank of SA Limited |
| **Auditors** | Auditor General of South Africa |
| **Secretary** | Ms NM Sajini<br>(appointed as Acting Secretary on 13 June 2024) |
| **TIKZN Agency Act 2010** | KwaZulu-Natal Trade and Investment Agency Act, 2010 (act No.05 of 2010) |
| **Preparer** | The Annual Financial Statements were internally compiled by:<br>Mr Thokozani Mhlongo<br>Chief Financial Officer |

# 15 BOARD'S RESPONSIBILITIES AND APPROVAL

The Members of the Board are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the year ended 31 March 2025.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The entity is wholly dependent on the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) for continued funding of operations. The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the operation.

Although the Members of Board are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors. The management of the entity is responsible for the internal audit and reporting of the entity's Annual Financial Statements.

The entity is assisted with the internal audit service by the contracted internal audit firm called BDO Advisory Services (Pty) Ltd.

The Annual Financial Statements set out on page 132, which have been prepared on the going concern basis, were approved by the Members of the Board.

**MR BM MYENII**
**CHAIRPERSON OF THE BOARD**

# 16 Audit, Risk and Compliance Committee Report

For the financial year ended 31 March 2025

## COMMITTEE RESPONSIBILITIES

The Audit, Risk and Compliance Committee (the Committee) is pleased to present its report for the year ended 31 March 2025.

The entity has a functional Audit, Risk and Compliance Committee, which oversees the Audit, Risk Management, and Compliance functions. The primary role of the Committee is to ensure the integrity of financial reporting and audit processes, risk management, and internal controls.

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a)(ii) of the Public Finance Management Act and Treasury Regulation 27.

The Committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, which is reviewed annually, and has regulated its affairs in compliance with the Public Finance Management Act (PFMA), Treasury Regulations, and King IV principles of good governance. The Committee confirms that it has discharged all its responsibilities as contained in its Terms of Reference.

The table below discloses relevant information of the Audit, Risk and Compliance Committee members:

## COMMITTEE COMPOSITION AND MEETINGS

The Committee comprises four independent non-executive members:

- Members from 01 March 2024 to 30 November 2024 Ms Maharaj (Chairperson), Mr D Naidoo, Mr EB Mkhize and Mr SK Mpungose.
- Members from 01 March 2025 to 30 March 2025, Dr S Ndlovu, Ms S Dlungwana, Dr J Channing and Mr EB Mkhize

All members of the Committee are appointed by the Board for their expertise in finance, governance, law, economics, and risk management. Attendance at scheduled meetings during the year is set out in the Corporate Governance Statement.

The table below discloses relevant information of the Audit, Risk and Compliance Committee members:

### *TABLE 41: RISK AND COMPLIANCE COMMITTEE MEMBERS:*

| Name | Designation | | Scheduled Meetings | No. of Meetings Attended |
|---|---|---|---|---|
| Ms U Maharaj | Chairperson until 30 Nov 2024 | BAcc (Hons); Post-graduate Diploma Accounting; Chartered Accountant (SA) | 8 | 8 |
| Dr SK Mpungose | Non-Executive Director until 30 Nov 2024 | PhD, MCom, BCom (Hons), BCom, National Higher Certificate in Marketing | 8 | 8 |
| Mr EB Mkhize | Non-Executive Director until 30 Nov 2024 | Master of Social Science, BSc (Hons), BSc (Degree), Dip in Political & Social Development, Dip in Labour Economics and Certificate in Fundamentals of Business Administration | 8 | 3 |
| Mr D Naidoo | Non-Executive Director until 30 Nov 2024 | BA (Law); LLB | 8 | 7 |
| Dr S Ndlovu | Non-Executive Director (Appointed 10 March 2025) | Chartered Global Management Accountant (CGMA) – AICPA, Doctor of Business Administration (DBA/PhD), Master of Business Administration (MBA), Advanced Diploma in Management Accounting, Professional Accountant (SA), Associate Professional Accountant (APC) – SAICA | N/A | N/A |
| Dr J Channing | Non-Executive Director (Appointed 10 March 2025) | PhD Philosophy (Tax), MSc in Applied Ethics, Dip HR, BA (Geography and Computer Science) | N/A | N/A |
| Ms S Dlungwane | Non-Executive Director (Appointed 10 March 2025) | MPhil (Development Finance), CA(SA), BCom, CTA | N/A | N/A |

## THE EFFECTIVENESS OF INTERNAL CONTROLS

The Committee is responsible for overseeing the following:

- Ensuring that the entity has adequate and effective systems of internal controls, risk management, and information technology;
- Ensuring that adequate controls to safeguard assets are in place;
- Implementation of fraud prevention plan;
- Assessment of the scope of work covered by Internal Auditors; and
- Ensuring that the entity adheres to best practice, in line with the PFMA (Act No.1 of 1999) and the King IV Report on Corporate Governance, which requires management to maintain and enforce strict internal controls. This is achieved through implementing a risk management process, and identifying corrective actions, suggestions and enhancements to controls and processes.

## THE COMMITTEE IS RESPONSIBLE FOR REVIEWING THE FOLLOWING:

- Reports issued by the Internal Auditors and the Management Report of the Auditor-General South Africa to identify any matters that were reported. The Committee also considers whether any of those reported matters reflect material deficiencies in the system of internal controls;
- The in-year monitoring (IYM) report and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act (Act No. 5 of 2022). The Audit, Risk and Compliance Committee is reporting that it is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the entity during the period under review; and
- The systems of internal control over the financial reporting for the period under review were efficient and effective.

## EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit, Risk and Compliance Committee has:

- Reviewed the audited Annual Financial statements included in the annual report with the Auditor-General South Africa; internal auditors, and the Chief Executive Officer;
- Reviewed the Auditor-General South Africa's Management Report;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments, noted the nature of the transactions and ensured that these were dealt with appropriately.

## INTERNAL AUDIT:

- BDO Advisory Services (Pty) Ltd were appointed as Internal Auditors, effective 1 March 2021 and their contract will end on 31 July 2025.
- The Committee continuously assesses the effectiveness of the internal audit function;
- Committee meetings are held with both Internal and External auditors to identify any potential weaknesses so that management can rectify them in a timely manner; and
- The Committee will continue to review reports from the internal auditors and assess the performance of their function.

## RISK MANAGEMENT:

- The Committee has overall responsibility for risk management, and management is accountable for designing, implementing and monitoring the risk management process;
- The Committee also has a responsibility to assess the reports provided by management on the progress made to obtain assurance on the overall system of risk management; and

- The Committee is responsible for assessing the effectiveness of the overall system of the risk management process. This includes assessing if there are any major incidents/ losses attributable to the failure of the risk management process and any major successes/gains achieved or losses/incidents avoided.

## COMPLIANCE:

- The Committee reviews the entity's compliance with legal and regulatory requirements;
- The Committee reviews the state of any unresolved issues raised and those not adequately addressed by the entity;
- The Committee reviews the information on predetermined objectives to be included in the Annual Report and ensures that such information is verifiable, meaningful and relevant;
- The Committee is tasked with monitoring the Supply Chain Management (SCM) related submissions and ensuring that all relevant Treasury circulars were adhered to; and
- The Committee has been instrumental in ensuring that the organisation's Information Technology (IT) maturity improves and has provided several key suggestions to assist the entity.

The Committee continues to apply itself, focus on critical and key deliverables of the entity, and to ensure that the entity continues to work towards the attainment and sustainability of a clean audit outcome.

**DR S NDLOVU**
**CHAIRPERSON: AUDIT, RISK AND COMPLIANCE COMMITTEE**

# 17 REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON TRADE AND INVESTMENT KWAZULU-NATAL

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the financial statements of the Trade & Investment KwaZulu-Natal set out on pages 128 to 184, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trade and Investment KwaZulu-Natal as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa 1 of 1999 (PFMA).

### Basis for opinion

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

### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
7. 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

8. 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.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 7, forms part of my auditor's report.

## REPORT ON THE ANNUAL PERFORMANCE REPORT

10. 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.
11. I selected the following material performance indicators related to programme 1: investment promotion presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Rand value of new fixed investment (domestic and foreign) commitments, in the province, facilitated through targeted investment support.
    - Number of potential new jobs facilitated through targeted investment support.
    - Number of investment opportunities facilitated for priority groups
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
    - The indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
    - All the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included.
    - The indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
    - The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
    - The indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
    - The reported performance information is presented in the annual performance report in the prescribed manner.
    - There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected indicators.

## Other matters

16. I draw attention to the matters below.

## ACHIEVEMENT OF PLANNED TARGETS

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.

18. The table that follows provides information on the achievement of reported performance indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 39 to 57.

### TABLE 35: INVESTMENT PROMOTION

| Targets achieved: 67%<br>Budget spent: 97% | | |
|---|---|---|
| **Output indicator not achieved** | **Planned Target** | **Reported Achievement** |
| Number of investment opportunities facilitated for priority groups | 30 | 17 |

## REPORT ON COMPLIANCE WITH LEGISLATION

19. 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.
20. 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.
21. 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.
22. I did not identify any material non-compliance with the selected legislative requirements.

## OTHER INFORMATION IN THE ANNUAL REPORT

23. 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, the auditor's report and the selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider

whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. 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

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
28. I did not identify any significant deficiencies in internal control.

Auditor - General

**Pietermaritzburg**
**30 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 the procedures performed on reported performance information for selected material performance indicators 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 at the date of this auditor's report. However, future events or conditions may cause a 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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

## *TABLE 36: 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);<br>Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b);<br>Section 55(1)(c)(i); 56(1); 57(b); 66(4) |
| **Treasury Regulations, 2005** | Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a);<br>Regulation 16A6.1; 16A6.2(a) 16A6.2(b);<br>Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c);<br>Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6;<br>Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7;<br>Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii);<br>Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f);<br>Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1;<br>Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1;<br>Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a)<br>Regulation 33.1.1; 33.1.3 |
| **Construction Industry Development Board Act 38 of 2000** | Section 18(1) |
| **Construction Industry Development Board ReQulations, 2004** | Regulation 17; 25(7 A) |
| **National Treasury (NT) Instruction No. 5 of 202/21 (Second Amendment)** | Paragraph 1 |
| **NT Instruction No. 5 of 202/21 (Erratum)** | Paragraph 2 |
| **NT instruction No. 5 of 2020/21** | Paragraph 4.8; 4.9; 5.3 |
| **NT Instruction No. 1 of 2021/22** | Paragraph 4.1 |
| **NT Instruction No. 4 of 2015/16** | Paragraph 3.4 |
| **NT Supply Chain Management (SCM) Instruction No. 4A of 2016/17** | Paragraph 6 |
| **NT SCM Instruction No. 03 of 2021/22** | Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6 |
| **NT SCM Instruction No. 11 of 2020/21** | Paragraph 3.4(a); 3.4(b); 3.9 |
| **NT SCM Instruction No. 2 of 2021/22** | Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1 |
| **Practice Note 11 of 2008/9** | Paragraph 2.1; 3.1 (b) |
| **Practice Note 5 of 2009/10** | Paragraph 3.3 |
| **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;<br>Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5;<br>Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2;<br>Paragraph 11.1; 11.2 |
| **Prevention and Combating of Corrupt Activities Act 12 of 2004** | Section 34(1) |

# 18 BOARD'S REPORT

The Members of the Board submit their report for the 12 months period ended March 31, 2025.

## INCORPORATION

Trade and Investment KwaZulu-Natal (TIKZN) is a Provincial Public Entity listed under Schedule 3C of the Public Finance Management Act (PFMA Act 1 of 1999). The entity reports directly to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

## REVIEW OF ACTIVITIES

**Main business and operations**
Trade and Investment KwaZulu-Natal is a provincial Public Entity established to promote the province of KwaZulu-Natal

(KZN) as a premier investment destination, to develop and promote trade by assisting KZN companies to access new markets. The entity also assists KZN companies in distress facing challenges with turnaround strategies as well as to support those organisations that want to expand their operations.

The entity posted a deficit of R11 257 455 for the year ended 31 March 2025 (31 March 2024: surplus of R930 579).

## GOING CONCERN

The Annual Financial Statements have been prepared on the basis of GRAP and 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 settlements of liabilities and commitments will occur in the ordinary course of business. To date EDTEA has committed to provide funding for the 2025/2026 financial year in terms of the Medium Term Expenditure Framework (MTEF) and signed Funding Agreement (FA).

The ability for the entity to continue as a going concern is dependent on a number of factors which include, adequate cash flow to run operations, skilled management, as well as a fully functional Board which provides direction to management to ensure that the entity fulfills its mandate in terms of its enabling legislation (TIKZN Act No.05 of 2010) and in terms of its Funding Agreement with EDTEA which is signed annually. This will ensure that funding is guaranteed and the entity continues as a going concern.

The entity had an accumulated deficit of R8 580 087 for the year ended 31 March 2025 (31 March 2024, accumulated surplus of R2 677 368 restated). The entity's total liabilities exceeded its assets by R8 580 087 for the year ended 31 March 2025 (31 March 2024, total assets exceeded the total liabilities by R2 677 368 restated). The Annual Financial Statements were 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 the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. To date EDTEA has committed to provide funding for the 2025/2026 financial year in terms of the Medium Term Expenditure Framework (MTEF) and signed funding agreement.

## SUBSEQUENT EVENTS

As at the date of reporting, the Members of the Board were not aware of any matters or circumstances that can impact on the entity's business and status as a going concern

## MEMBERS' INTEREST IN CONTRACTS

Members of the Board are required to complete declaration of interest forms in every meeting. As at the end of the year which ended on 31 March 2025, no conflict of interest was declared and recorded.

## ACCOUNTING POLICIES

The Annual Financial Statements were prepared in accordance with the prescribed South African Standards of Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board.

## MEMBERS OF THE BOARD

The Members of Board of the entity at the date of reporting were as follows:

| | | |
|---|---|---|
| Mr BM Myeni (Chairperson of the Board) | South African | appointed on 10 March 2025 |
| Prof AT Nzama (Deputy Chairperson of the Board) | South African | appointed on 10 March 2025 |
| Adv BN Buthelezi | South African | appointed on 10 March 2025 |
| Dr J Channing | South African | appointed on 10 March 2025 |
| Dr SK Mpungose | South African | re-appointed on 10 March 2025 |
| Mr BE Mkhize | South African | re-appointed on 10 March 2025 |
| Ms S Dlungwane | South African | appointed on 10 March 2025 |
| Dr S Ndlovu | South African | appointed on 10 March 2025 |
| Mr RN Ngcamu (Ex Officio) | South African | appointed on 01 September 2024 |

## SECRETARY

The Acting Company Secretary of the entity at the date of reporting was Ms NM Sajini.

**Business address:**
Trade and Investment House 1
Arundel Close
Kingsmead Office Park
Durban
4000

**Postal address**
Trade and Investment KZN
PO Box 4245
Durban
4000

## CORPORATE GOVERNANCE

### General

The Members of the Board are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment the Members of the Board support the highest standards of corporate governance and the ongoing development of best practice. The Board monitors the entity’s compliance with Good Corporate Governance Practices in line with the King IV Report on Corporate Governance for South Africa (King IV).

The salient features of the entity’s adoption of the King IV are outlined below:

## Members of the Board

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - Non-Executive Directors, all of whom are independent directors as defined in the Code; and
  - Executive Director (CEO - Ex Officio).
- has established a Board directorship continuity programme.

## Chairperson and Chief Executive Officer

The Chairperson is a Non-Executive and Independent Director as defined by the PFMA, TIKZN Act and the King IV report.

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

## Remuneration

The upper limits of the remuneration of the executive managers of the entity are determined by the Human Resources, Social and Ethics Committee in consultation with the Members of the Board.

## Board meetings

Four (4) Ordinary Board meetings including board strategy meeting and three (6) Special Board Meetings were held during the year ended 31 March 2025. The Board was scheduled to hold at least (4) five Ordinary Board meetings per annum. One ordinary Board meeting was not held due to the expiry of term of the old Members of the Board in the last quarter of the financial year. The on-boarding of the new Members of the Board was done towards the end of the last quarter of the 2024/2025 financial year.

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

## Audit, Risk and Compliance Committee

The Chairperson for the Audit, Risk and Compliance Committee (ARC committee) for the period up to November 2024 was Ms U Maharaj who was the Non-Executive Director and the Member of the Board. The term office for Ms U Maharaj as the Member of the Board came to an end on 30 November 2024.

Three (3) Ordinary ARC committee meetings and three (2) Special ARC committees were held during the year ended on 31 March 2025. There was no meeting held in the last quarter of 2024/2025 financial year as the term of office for the old Members of the Board came to an end on 30 November 2024.

The old Board was satisfied that the ARC committee was properly constituted and that they executed their responsibilities as expected of them in terms of the PFMA, TIKZN Agency Act and King IV report.

### Internal Audit

The internal audit service level agreement with BDO Advisory Services (Pty) Ltd was renewed in August 2023 for an extended period of two (2) years. The term of the extended period would come to an end on 31 July 2025, the entity at balance sheet date had already embarked on a process to appoint a service provider on new terms and conditions.

## BANKERS

Standard Bank of South Africa Limited is the banker of Trade and Investment KZN.

## AUDITORS

Auditor General of South Africa will continue as the external auditors of the entity in the ensuing year.

**MR BM MYENI**

**CHAIRPERSON OF THE BOARD**

# 19 COMPANY SECRETARY'S CERTIFICATION

## Declaration by the Company Secretary

Trade and Investment KwaZulu-Natal has been operating as a Provincial Public Entity for the year ended 31 March 2025. The Annual Financial Statements (AFS) were prepared on the basis of Generally Recognised Accounting Practice (GRAP)

**MS N SAJINI**
**ACTING COMPANY SECRETARY**

# 20 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

| Figures in Rand | Note(s) | 31 March 2025 | 31 March 2024 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Receivables from exchange transactions | 5 | 2 295 734 | 2 745 191 |
| Cash and cash equivalents | 6 | 17 356 779 | 26 172 892 |
| | | **19 652 513** | **28 918 083** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 2 | 6 413 124 | 7 082 205* |
| Intangible assets | 3 | 67 481 | 88 932 |
| | | **6 480 605** | **7 171 137** |
| **TOTAL ASSETS** | | **26 133 118** | **36 089 220** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Finance lease obligation | 7 | 206 745 | 183 930 |
| Payables from exchange transactions | 4 | 13 986 742 | 16 188 449 |
| Unspent conditional grants and receipts | 8 | 20 362 146 | 14 476 745 |
| Provisions | 9 | - | 2 198 411 |
| | | **34 555 633** | **33 047 535** |
| **Non-Current Liabilities** | | | |
| Finance lease obligation | 7 | 157 572 | 364 317 |
| **TOTAL LIABILITIES** | | **34 713 205** | **33 411 852** |
| **Net Assets** | | **(8 580 087)** | **2 677 368** |
| **Accumulated surplus (31 March 2024) / Deficit (31 March 2025)** | | **(8 580 087)** | **2 677 368** |

# 21 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2025

| Figures in Rand | Note(s) | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Income from principal-agent arrangements | 10 | - | 1 210 000 |
| Other income | 11 | 1 105 112 | 490 828 |
| Interest received - investment | 12 | 1 257 063 | 1 528 242 |
| **Total revenue from exchange transactions** | | **2 362 175** | **3 229 070** |
| **Revenue from non-exchange transactions**<br>**Transfer revenue** | | | |
| Government grants and subsidies | | 99 616 461 | 107 602 404 |
| **Total revenue** | 10 | **101 978 636** | **110 831 474** |
| **EXPENDITURE** | | | |
| Employee related costs | 13 | (64 244 867) | (60 934 898) |
| Depreciation and amortisation | 2 | (1 473 483) | (1 375 293) |
| Finance costs | 14 & 27 | (81 157) | (21 074) |
| Other operating expenses | 16 | (47 347 767) | (47 533 238) |
| Loss on disposal of assets and liabilities | 2 | (88 817) | (36 392) |
| **Total expenditure** | | **(113 236 091)** | **(109 900 895)** |
| **Surplus/ (Deficit) for the year ended 31 March 2025 / year ended 31 March 2024** | | **(11 257 455)** | **930 579** |

# 22 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

| Figures in Rand | Accumulated surplus / deficit | Total net assets |
|---|---|---|
| **Balance at 01 April 2023** | **1 366 306** | **1 366 306** |
| Changes in net assets | | |
| Surplus/ (Deficit) for the year ended 31 March 2024 | 930 579 | 930 579 |
| Prior period error adjustment | 380 483 | 380 483 |
| **Total changes** | **1 311 062** | **1 311 062** |
| **Balance at 01 April 2024 (restated)** | **2 677 368** | **2 677 368** |
| Changes in net assets | | |
| Deficit for the year ended 31 March 2025 | (11 257 455) | (11 257 455) |
| **Total changes** | **(11 257 455)** | **(11 257 455)** |
| **Balance at 31 March 2025** | **(8 580 087)** | **(8 580 087)** |

# 23 CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2025

| Figures in Rand | Note(s) | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Government Grants and Subsidies | | 103 307 000 | 103 597 000 |
| Interest income | | 1 257 063 | 1 528 242 |
| Interest income for principal-agent account | | 212 593 | 3 022 826 |
| Other receipts | | 1 105 112 | 490 828 |
| Receipts from principal-agent arrangements | 4 | - | 25 227 003 |
| | | **105 881 768** | **133 865 899** |
| **Payments** | | | |
| Employee costs | | (65 499 999) | (61 457 274) |
| Suppliers | | (44 598 947) | (47 604 792) |
| Finance costs including fruitless and wasteful expenditure | | (81 157) | (21 074) |
| Board emoluments and allowances | | (1 544 117) | (1 743 389) |
| Payments for principal-agent arrangements | 4 | (1 917 962) | (101 779 718) |
| | | **(113 642 182)** | **(212 606 247)** |
| **Net cash flows from operating activities** | **17** | **(7 760 414)** | **(78 740 348)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 2 | (871 768) | (452 824) |
| **Net cash flows from investing activities** | | **(871 768)** | **(452 824)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Finance lease payments | | (183 931) | (52 681) |
| **Net increase/(decrease) in cash and cash equivalents** | | **(8 816 113)** | **(79 245 853)** |
| Cash and cash equivalents at the beginning of the year | | 26 172 892 | 105 418 745 |
| **Cash and cash equivalents at the end of the year** | **6** | **17 356 779** | **26 172 892** |

# 24 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2025

## 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** | | | | | | |
| Other income | - | - | - | 1 105 112 | 1 105 112 | 11 |
| Interest received | - | - | - | 1 257 063 | 1 257 0 | 12 |
| Total revenue from exchange transactions | | | | 2 362 175 | 2 362 175 | |
| **REVENUE FROM NON-EXCHANGE TRANSACTIONS** | | | | | | |
| **TRANSFER REVENUE** | | | | | | |
| Government grants & subsidies | 91 007 000 | 29 621 607 | 120 628 607 | 99 616 461 | (21 012 146) | 10 & 33.1 |
| Total revenue | 91 007 000 | 29 621 607 | 120 628 607 | 101 978 636 | (18 649 971) | |
| **EXPENDITURE** | | | | | | |
| Personnel | (66 710 275) | - | (66 710 275) | (64 244 867) | 2 465 408 | 33.2 |
| Travel and Accommodation | (2 817 656) | - | (2 817 656) | (2 752 314) | 65 342 | 33.3 |
| Administration and Operational Costs | (18 055 520) | (1 050 000) | (19 105 520) | (24 186 763) | (5 081 243) | 33.4 |
| Project specific professional fees | (1 095 749) | (27 576 744) | (28 672 493) | (17 766 626) | 10 905 867 | 33.5 |
| Depreciation and amortisation | - | - | - | (1 473 483) | (1 473 483) | 2 |
| Marketing and Communication | (1 967 300) | (694 863) | (2 662 163) | (2 723 220) | (61 057) | 33.6 |
| Capital Costs | (360 500) | (300 000) | (660 500) | (871 768) | (211 268) | 33.7 |
| Total expenditure | (91 007 000) | (29 621 607) | (120 628 607) | (114 019 041) | 6 609 566 | |
| Operating deficit | - | - | - | (12 040 405) | (12 040 405) | |
| Loss on disposal of assets and liabilities | - | - | - | (88 818) | (88 818) | 2 |
| Deficit | - | - | - | (12 129 223) | (12 129 223) | |
| Actual Amount on Comparable | - | - | - | (12 129 223) | (12 129 223) | |

### RECONCILIATION

| | | | | | | |
|---|---|---|---|---|---|---|
| Capital Costs | | | | 871 768 | | 33.7 |
| Actual Amount in the Statement of Financial Performance | | | | (11 257 455) | | |

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED CONTINUED

## 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 POSITION** | | | | | | |
| **ASSETS** | | | | | | |
| **CURRENT ASSETS** | | | | | | |
| Receivables from exchange | 2 745 191 | - | 2 745 191 | 2 295 734 | (449 457) | 5 |
| Cash and cash equivalents | 26 172 892 | - | 26 172 892 | 17 356 779 | (8 816 113) | 6 |
| | 28 918 083 | - | 28 918 083 | 19 652 513 | (9 265 570) | |
| **NON-CURRENT ASSETS** | | | | | | |
| Property, plant and equipment | 7 082 205 | - | 7 082 205 | 6 413 124 | (669 081) | 2 |
| Intangible assets | 88 932 | - | 88 932 | 67 481 | (21 451) | 3 |
| | 7 171 137 | - | 7 171 137 | 6 480 605 | (690 532) | |
| TOTAL ASSETS | 36 089 220 | - | 36 089 220 | 26 133 118 | (9 956 102) | |
| **LIABILITIES** | | | | | | |
| **CURRENT LIABILITIES** | | | | | | |
| Finance lease obligation | 183 930 | - | 183 930 | 206 745 | 22 815 | 7 |
| Payables from exchange transactions | 16 188 449 | - | 16 188 449 | 13 831 591 | (2 356 858) | 4 |
| Unspent conditional grants and receipts | 14 476 745 | - | 14 476 745 | 20 362 146 | 5 885 401 | 8 |
| Provisions | 2 198 411 | - | 2 198 411 | - | (2 198 411) | 9 |
| | 33 047 535 | - | 33 047 535 | 34 400 482 | 1 352 947 | |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Finance lease obligation | 364 317 | - | 364 317 | 157 572 | (206 745) | 7 |
| TOTAL LIABILITIES | 33 411 852 | - | 33 411 852 | 34 558 054 | 1 146 202 | |
| Net Assets | 2 677 368 | - | 2 677 368 | (8 424 936) | (11 102 304) | |
| **RESERVES** | | | | | | |
| Accumulated surplus (31 March 2024) / Deficit (31 March 2025) | 2 677 368 | - | 2 677 368 | (8 580 087) | (11 257 455) | 25 |

# 25 SIGNIFICANT ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act 1 of 1999) as amended. The Annual Financial Statements of the entity have been prepared based on the expectation that the entity will continue to operate as a going concern for the next twelve (12) months.

### Presentation Currency

The Annual Financial Statements of the entity are presented in South African Rand, which is the functional currency of the entity.

### Accrual Basis

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below.

### Offsetting

Assets and liabilities, revenue and expenses have not been offset, except where offsetting is required or permitted by GRAP.

### Comparability

Comparative information represents the results of the financial year ended 31 March 2025 which were presented on the same basis as the previous year. In the preparation of the Annual Financial Statements, the entity has taken into consideration the guidelines, the list of standards and pronouncements in terms of GRAP Reporting Framework.

The following GRAP standards were issued but not adopted by the entity as they do not have any impact on the Annual Financial Statements for the year ended 31 March 2025.

| | |
|---|---|
| - GRAP 18 | Segment reporting |
| - GRAP 34 | Separate Financial Statements |
| - GRAP 35 | Consolidated financial statements |
| - GRAP 36 | Investments in Associates and Joint Ventures |
| - GRAP 37 | Joint arrangements |
| - GRAP 38 | Disclosure of interests in other entities. |
| - GRAP 108 | Statutory receivables |
| - GRAP 110 | Living and non-living resources |
| - IGRAP 1 | Applying the probability test on initial recognition of revenue |
| - IGRAP 19 | Liabilities to pay levies |
| - IGRAP 20 | Adjustments to revenue |

**The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below:**

| | |
|---|---|
| - GRAP 1 | Presentation of Financial Statements |
| - GRAP 2 | Cash Flow Statement |
| - GRAP 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| - GRAP 6 | Consolidated and Separate Financial Statements |
| - GRAP 9 | Revenue from Exchange Transactions |
| - GRAP 13 | Leases |
| - GRAP 14 | Events after the Reporting Date |
| - GRAP 17 | Property, Plant and Equipment |
| - GRAP 19 | Provisions, Contingent Liabilities and Contingent Asset |
| - GRAP 20 | Related Party |
| - GRAP 21 | Impairment of non-cash generating asset |
| - GRAP 23 | Revenue from Non-exchange transactions |
| - GRAP 25 | Employees benefits |
| - GRAP 24 | Presentation of budget information |
| - GRAP 26 | Impairment of cash generating assets |
| - GRAP 31 | Intangible Assets |
| - GRAP 104 | Financial Instruments |
| - GRAP 104(r) | Financial Instruments (revised) |
| - GRAP 106 | Transfer of functions between entities not under common control |
| - GRAP 109 | Accounting by Principals and Agents |

These accounting policies are consistent with the previous periods except for the first time adoption of the GRAP Standard.

GRAP Standards Approved but not yet effective.

The following GRAP pronouncements have been issued but not yet effective for the year ended 31 March 2025;

(a) GRAP 1 on Presentation of Financial Statements (amended 2022) - effective date; to be determined.
The entity will be required to disclose the significant assumptions and judgements used in its assessment of going concern.

(b) GRAP103 on Heritage assets (amended) - effective date; to be determined.
No impact as the entity does not have any heritage assets.

(c) GRAP104 on Financial Instruments (amended) - effective date; 1 April 2025.
Unable to reasonably determine at this stage.

(d) GRAP105 on Transfer of Functions between entities under common control (amended) - effective date; to be determined.
According to current information, the amended standard is not expected to have any impact unless there are future changes to the operational structure of the entity.

(e) GRAP106 on Transfer of Functions between entities not under common control (amended) - effective date; to be determined.
According to current information, the amended standard is not expected to have any impact unless there are future changes to the operational structure of the entity.

(f) GRAP107 on Mergers (amended) - effective date; 1 April 2025.
According to current information, the amended standard is not expected to have any impact unless there are future changes to the operational structure of the entity.

(g) IGRAP22 on Foreign Currency Transactions and Advance Consideration (amended) - effective date; to be determined.
Unable to reasonably determine at this stage.

## 1.1 Significant judgements and sources of estimation uncertainty

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

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

**Provisions**
Provisions were raised and management determined an estimate based on the information available. The provisions are measured at the present value of the estimated future outflows required to settle the obligation.

Additional disclosure of these estimates of provisions are included in note 9 for Provisions.

**Estimation of useful lives of tangible and intangible assets**
The entity's management determines the estimated useful lives and related depreciation and amortisation charges for the tangible and intangible assets based on industry norm as well as the management's estimation of an asset's condition, current use and expected future use.
These accounting policies are consistent with the previous period.

## 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current 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.

**Initial Recognition**
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.

**Initial Measurement**
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. The cost of the item is measured reliably after taking into account trade discounts and rebates which are deductible from the initial cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

The initial estimate of the costs of dismantling and removing the item and rehabilitation of 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 de-recognised.

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

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

The useful life of all categories of Property, Plant and Equipment are assessed on an annual basis. The useful lives of items of property, plant and equipment were assessed at the period ended 31 March 2025.

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Furniture and fixtures | Straight-line | 5 - 13 years |
| Office equipment | Straight-line | 5 - 13 years |
| IT equipment | Straight-line | 5 - 13 years |
| Leasehold improvements | Straight-line | 10 years |

The residual value, useful life and depreciation method of each asset is reviewed at the end of each annual reporting date. Where expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. 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 is 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.

**De-recognition**
An item of property, plant and equipment is de-recognised when the asset is disposed of or when there are no further future economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition 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.

A finance leased asset is depreciated over the shorter of the leased term and its useful life unless there is reasonable certainty that the lessee will obtain ownership of the asset by the end of the lease term in which case the entity depreciates the asset over its useful life.

In line with the National Treasury Regulations, it is organisational policy to donate items of computer equipment to identified and registered educational institutions.

**Leasehold Improvements**
Leasehold improvements are defined as permanent improvements constructed or installed on property that is leased under an operating lease or rental agreement. Permanent improvements to lease property are those items that cannot be removed without causing substantial damage to the leased premises such as built in cabinet, wiring, carpeting, flooring and electricity, etc.

Leasehold improvements are initially recognised at cost.

**Subsequent measurement**
The Leasehold improvements are capitalised and amortized over the remaining life of the leased term or the estimated useful life of the improvements.

## 1.3 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.

**Initial Recognition**
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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment loss.
Intangible assets are initially recognised at cost.

**Measurement**
An intangible asset that is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Computer software, other | Straight-line | 3 - 9 years |

Intangible assets are de-recognised:

- 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 de-recognition 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).

**Amortisation and impairment**
The amortisation period and the amortisation method for an intangible asset with an finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

## 1.4 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.

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

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

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

**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.

**De-recognition**
De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's .

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

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

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

A financial asset is:

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

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

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

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

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

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

**Loan commitment** is a firm commitment to provide credit under pre-specified terms and conditions.
Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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:

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Class

- Staff control accounts (travel advances)
- Prepayments
- Deposits
- Other receivables

The entity has the following types of financial liabilities reflected on the face of the Statement of Financial Position and supported by the accompanying disclosure notes thereto:

Class

- Trade payables
- Staff control account
- Accrued expenses
- Finance lease liability
- Leave liability
- Payables from principal-agent arrangements 13th Cheque Bonus Accruals

Financial liabilities and financial assets are initially measured at fair value subsequently at,

- amortised cost
- cost depending on their nature

**Other receivables**

Other receivables include a combination of deposits for rentals, municipal rates, refunds and staff advances. The deposit amount is insignificant and therefore was not amortised.

**Liabilities**

Trade liabilities including accrued expenses, staff claims, payables from principal-agent arrangements and the 13th Cheque bonus accruals are expected to be settled within the initial credit period in line with the Government sector norm.

Leave liabilities are expected to be settled at fair value.

**Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with bank(s) including call deposits. Cash equivalents are short-term highly liquid investments, readily convertible into know amounts of cash that are held with the registered banking institution with maturities of three months or less and are subject to an insignificant risk of change in value.

The entity categorises cash and cash equivalents as financial assets, the closing balance on the bank account is representative of its fair value of the monies held.

**Initial recognition**

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

**Impairment and uncollectibility of financial assets**

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets measured at amortised cost:**

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of the Financial Performance.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of the Financial Performance.

## 1.5 Statutory receivables

**Identification**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the entity.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts de-recognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

**Recognition**

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

**Initial measurement**

The entity initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

**De-recognition**

The entity de-recognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
    - de-recognise the receivable; and
    - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts de-recognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

## 1.6 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.

**Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

**Discount Rate Adopted**

Paragraph 26 of GRAP 13: The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs fo the lessee are added to the amount recognised as an asset.

"The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of
(a) the minimum lease payments; and
(b) the unguaranteed residual value
to be equal to the sum of (i) the fair value of the leased asset and (ii) any initial direct costs of the lessor."

Based on the definition above, it is impractical to determine the interest rate implicit in the lease as the unguaranteed residual value and the initial direct costs of the lessor are not readily available to the entity. Consequently, the entity's incremental borrowing rate shall be used.

The lessee's incremental borrowing rate of interest is the rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over similar term, and with a similar security, the funds necessary to purchase the asset.

The entity obtains its funding from the parent department (i.e. Department of Economic Development and Tourism) and is not reliant on external borrowings to fund its operations. However, if it did approach banking institutions to collaterally finance the funds required to purchase the photocopiers, the rate applied would be in close proximity to the prime lending rate of South Africa.

Hence, the entity has adopted the prime lending rate of 11.75% as its incremental borrowing rate and deems this to be reasonable based on the existing financial circumstances of the entity.
Any contingent rents are expensed in the period in which they are incurred.

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

## 1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or

- the number of production or similar units expected to be obtained from the asset by the entity.

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.
An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Reversal of an impairment loss**

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## 1.8 Employee benefits

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

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

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit
- obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
When an employee has rendered a service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

## 1.9 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 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.

## 1.10 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.

**Recognition**

Revenue are recognised when they are realized or realisable, and are earned when goods are transferred or services rendered. Revenue can be recognised in cash or accrued for. The following recognition criteria must be met;

- persuasive evidence of an arrangement must exist,
- delivery must have occurred or services been rendered,
- the price must be fixed or determinable, and
- collectibility should be reasonably assured.

The amount of revenue must be reasonably measured and the costs of revenue must be reasonably measured.
Measurement.
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Measurement**

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

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

## 1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

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

**Recognition**

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

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

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

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

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

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

## 1.12 Receivables from exchange and non-exchange transactions and loans and receivables

Receivables from 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 other party in exchange.

Receivables from non-exchange transactions are defined as transactions where the entity receives from another entity without directly directly giving approximately equal value in exchange.

Management assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Where there is evidence of an impairment loss, the loss is recognised in the surplus or deficit for the year. The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cashflows discounted at the effective interest rate, computed at the time of the initial recognition.

Receivables that are settled within a period of twelve (12) months are classified as current trade receivables. Long-term receivables are classified as non-current receivables.

**Recognition and measurement**
Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## 1.13 Payables from exchange and non-exchange transactions

Payables from exchange transactions are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate equal value.

Payables relating to non-exchange transaction are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate value without directly giving value in exchange.

Payables are the liabilities that the entity owe to their suppliers as the result of purchasing goods or rendering the services on credit.

**Recognition and measurement**
Payables are types of current liabilities which are normally paid within one (1) year from the purchasing date. The entity records and recognises payables at the same time the entity records and recognises the expenses or assets of the same transactions. For the rendering of the services or purchase of goods that immediately pay-off, recording of account payable is not necessary unless it is required by the control of the entity in its accounting system.

In case the payable is expected to be paid more than one (1) year, then the related liabilities are recorded in non-current liabilities categories.

Accounts payables are the balance sheet items and the recognition of them is the result of the accrual accounting concept. The entity records and recognises accounts payable at the time the entity has legal obligation to pay for the goods or services that have been procured at the agreed amount per contract or invoices.

## 1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method. Investment income comprises of interest from deposits placed with a reputable financial institution.

## 1.15 Accounting by principals and agents

**Identification**
An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

**Identifying whether an entity is a principal or an agent**
When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

**Binding arrangement**
The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

**Assessing which entity benefits from the transactions with third parties**
When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.

- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

**Recognition**

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity had the following principal-agent conditional grants dealt with under GRAP 109: -

- The dtic One Stop Shop facility marketing funding
- National Department of Tourism (NDT) tourism growth projects funding (finalised).
- IDC business support funding (finalised)
- Transnet Port Terminals (TPT) export development funding
- EDTEA floods disaster relief funding (finalised)
- Department of Small Business Development (DSBD) funding

## 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 annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

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 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.18 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance for the period concerned after the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 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.

National Treasury instruction note no. 4 of 2022/2023 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2022):

For determining whether irregular expenditure occurred, the following must be present:

- **a.** expenditure incurred in contravention of, or not in accordance with legislation; and
- **b.** expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position.

Irregular expenditure when incurred and confirmed is recorded in the Annual Financial Statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- **a.** irregular expenditure incurred and confirmed in the previous financial year;
- **b.** irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- **c.** irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- **d.** irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure must be recorded in the annual report.

### 1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The entity had the following projects funded on EDTEA Conditional Grants that are disclosed in terms of GRAP 23 on 31 March 2025:

- Technical Assistance Fund (TAF) - (exhausted)
- KwaZulu-Natal Growth Coalition
- Clothing and Textile Special Economic Zone
- Customer Relation Management (CRM)
- Aquaculture Projects - (exhausted)
- KZN Districts One Stop Shop Rollout Programme
- Drakensberg Cableway project
- Leather Processing Hub

### 1.21 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.
General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.
The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

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

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

### 1.22 Related parties

The objective of this Standard is to ensure that a reporting entity's Annual Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Standard requires disclosures of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standards of GRAP on Consolidated Financial Statements (GRAP 35) and Separate Financial Statements.

The entity operates in an economic sector currently dominated by public entities directly or indirectly owned by the South African Government. Related party transactions and outstanding balances within an economic entity are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the economic entity.

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. Management holds positions of responsibility within an entity. Members of management are responsible for the strategic direction and operational management of entity and are entrusted with significant authority. Their remuneration may be established by estate or by another body independent of the reporting entity. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

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

Related parties are disclosed in terms of GRAP 20.

### 1.23 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.

## 1.24 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are not included.

## 2. PROPERTY, PLANT AND EQUIPMENT

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 2 019 286 | (1 312 444) | 706 842 | 1 933 078 | (1 272 590) | 660 488 |
| Office equipment | 1 793 124 | (1 004 066) | 789 058 | 1 763 374 | (761 279) | 1 002 095 |
| IT equipment | 3 431 255 | (1 832 771) | 1 598 484 | 2 990 456 | (1 641 307) | 1 349 149 |
| Leasehold improvements | 8 774 192 | (5 455 452) | 3 318 740 | 8 774 192 | (5 023 266) | 3 750 926 |
| Total | 16 017 857 | (9 604 733) | 6 413 124 | 15 461 100 | (8 698 442) | 6 762 658 |

### Reconciliation of property, plant and equipment - 31 March 2025

| | Opening balance | Additions | Disposals | Adjustments from reassessment of useful life | Depreciation | Total |
|---|---|---|---|---|---|---|
| Furniture and fixtures | 660 488 | 115 460 | (13 925) | 88 685 | (143 866) | 706 842 |
| Office equipment | 1 002 095 | 33 470 | (372) | 77 320 | (323 455) | 789 058 |
| IT equipment | 1 349 149 | 722 838 | (74 521) | 153 542 | (552 524) | 1 598 484 |
| Leasehold improvements | 3 750 926 | - | - | - | (432 186) | 3 318 740 |
| | 6 762 658 | 871 768 | (88 818) | 319 547 | (1 452 031) | 6 413 124 |

### Reconciliation of property, plant and equipment - 31 March 2024

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 756 849 | 70 768 | - | (167 129) | 660 488 |
| Office equipment | 518 056 | 747 162 | (10 767) | (252 356) | 1 002 095 |
| IT equipment | 1 632 683 | 235 822 | (25 625) | (493 731) | 1 349 149 |
| Leasehold improvements | 4 184 239 | - | - | (433 313) | 3 750 926 |
| | 7 091 827 | 1 053 752 | (36 392) | (1 346 529) | 6 762 658 |

In the year ended 31 March 2025 the entity undertook an assessment of the useful lives of the assets, a period error adjustment to Property, Plant and Equipment was made from the result of the assessment.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

There were no repairs and maintenance expenses incurred for Property, Plant and Equipment (PPE) for the year ended 31 March 2025 (31 March 2024: Nil).

During the course of the 2024/2025 financial year ended 31 March 2025, the entity acquired capital assets for the value of R871 768. The new acquisition of assets was in respect of the new computer equipment and, furniture and fittings for new staff.

A total value of R88 818 of assets was written off in the financial year ended 31 March 2025. These assets were disposed of after they were identified during the assets verification exercise to be in a condition that was beyond repair and no longer serviceable. The entity resolved to sell these assets in their nature and condition in the recycling industry however no sale was made at year end.

**Carrying amounts for the finance leased assets**

| | | |
|---|---|---|
| Xerox AltaLink C8155 (5 multi-functional copiers in Durban Office) | 301 837 | 482 633 |
| Xerox VersaLink C7120 (1 multi-functional copier in Gauteng Office) | 37 327 | 56 779 |
| | **339 164** | **539 412** |

## 3. INTANGIBLE ASSETS

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Computer software, other | 89 143 | (21 662) | 67 481 | 89 143 | (61 147) | 27 996 |

**Reconciliation of intangible assets - 31 March 2025**

| | Opening balance | Adjustments from reassessment of useful life | Amortisation | Total |
|---|---|---|---|---|
| Computer software, other | 27 996 | 60 936 | (21 451) | 67 481 |

**Reconciliation of intangible assets - 31 March 2024**

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software, other | 56 759 | (28 763) | 27 996 |

Intangible assets consist of windows software and Adobe Acrobat design applications software. Other applications software such as SAP Business One are cloud-based hosted applications which are considered by the entity as a resource not owned or controlled by the entity and therefore does not qualify to be recognised as an intangible asset.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

## 4. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Trade payables | 2 011 514 | 1 608 567 |
| Staff Claims | 5 301 | 5 677 |
| Accrued expense | 1 511 646 | 1 159 214 |
| Leave Liability | 5 536 043 | 4 444 769 |
| Payables from principal-agent arrangements | 4 557 494 | 8 457 726 |
| 13th Cheque Bonus Accruals | 364 744 | 512 496 |
| | **13 986 742** | **16 188 449** |

**The following balances were settled within 30 days after the year ended 31 March 2025 / year ended 31 March 2024**

| Accounts settled within 30 days | | |
|---|---|---|
| Trade payables, staff claims and accrued expenses | 3 528 461 | 1 614 244 |

**Payables from principal-agent arrangements**

Total closing balances for payables from principal-agent arrangements for the year ended 31 March 2025 / year ended 31 March 2024 were recorded as follows.

| | | |
|---|---|---|
| Department of Trade, Industry and Competition (the dtic) | 3 295 892 | 4 164 221 |
| Transnet Port Terminals (TPT) | 972 214 | 1 763 873 |
| Industrial Development Corporations (IDC) | 131 309 | 131 309 |
| Department of Economic Development, Tourism and Environmental Affairs (EDTEA) | 119 865 | 2 314 727 |
| Department of Small Business Development (DSBD) | 38 213 | 83 596 |
| | **4 557 493** | **8 457 726** |

**Detailed analysis of principal-agent arrangements accounts.**

| Department of Trade, Industry and Competition (the dtic) | | |
|---|---|---|
| Opening balance | 4 164 221 | 3 980 592 |
| Grants received under principal-agent arrangements | - | 2 000 000 |
| Interest received for principal-agent account | 212 593 | - |
| Expenses for the principal-agent account | (1 080 922) | (1 816 371) |
| | **3 295 892** | **4 164 221** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|
| **National Department of Tourism (NDT)** | | |
| Opening balance | - | 9 370 236 |
| Grants received under principal-agent arrangements | - | 10 765 270 |
| Expenses for the principal-agent account | - | (20 195 820) |
| Interest received for principal-agent account | - | 60 314 |
| | **-** | **-** |
| **Transnet Port Terminals (TPT)** | | |
| Opening balance | 1 763 873 | 2 255 885 |
| Grants received under principal-agent arrangements | - | 2 333 333 |
| Expenses for the principal-agent account | (791 659) | (2 615 345) |
| Agent administrative fee | - | (210 000) |
| | **972 214** | **1 763 873** |
| **Industrial Development Corporation (IDC)** | | |
| Opening balance | 131 309 | 90 900 |
| Grant received under principal-agent arrangements | - | 10 000 000 |
| Expenses for the principal-agent account | - | (9 070 307) |
| Agent administrative fee | - | (1 000 000) |
| Interest received for the principal-agent account | - | 110 716 |
| | **131 309** | **131 309** |
| **Department of Economic Development, Tourism and Environmental Affairs (EDTEA)** | | |
| Opening balance | 2 314 727 | 67 995 682 |
| Approved rollover - transferred to operating requirements | (2 194 862) | - |
| Expenses for the principal-agent account | - | (68 037 069) |
| Interest amount approved for TIKZN operations | - | (495 682) |
| Interest received for the principal-agent account | - | 2 851 796 |
| | **119 865** | **2 314 727** |
| **Department of Small Business Development (DSBD)** | | |
| Grants received under-principal arrangements | 83 596 | 128 400 |
| Expenses for the principal-agent account | (45 383) | (44 804) |
| | **38 213** | **83 596** |

**(a) Department of Trade Industry and Competition (DTIC)**

To streamline foreign direct investment processes and alleviate administrative burdens, the entity and the department established a contractual working arrangement. This initiative led to the creation of a One Stop Shop facility, serving as an intergovernmental clearing house to address common challenges faced by investors. The DTIC committed to funding TIKZN for the establishment, operation and marketing of the facility.

As of 31 March 2025, a payable balance of R3 295 893 (31 March 2024: R4 164 221) remained from the principal-agent arrangements with DTIC.

An amount of R1 080 922 was spent on supporting the African Continental Free Trade Area (AfCFTA) conference, OSS standalone website development, OSS marketing campaigns as well the contribution made towards the logistics of the KwaZulu-Natal Investment Conference that was held in November 2024. An interest amount of R212 593 was earned from The dtic invested conditional grant funding.

The integrated activities of the One Stop Shop are outlined in the binding agreement signed in the 2017/18 financial year.

**(b) Transnet Port Terminals (TPT)**

TPT and TIKZN entered into a binding agreement wherein the entity would oversee an exporter development programme targeted at designated and identified groups, including emerging black, youth, women, and persons with disabilities export enterprises. The primary objective of the fund is to offer export development and promotional support to ten identified and approved companies over a three-year period. A budget of R7 000 000 was allocated for this purpose, equating to R2 333 333 per annum. The final tranche was received in 2023/2024 financial year.

As of 31 March 2025, a payable balance of R972 214 (31 March 2024: R1 763 873) was recorded on principal-agent arrangements with TPT. The entity had spent an amount of R791 659 to develop and support the emerging exporting business during the year ended 31 March 2025

**(c) Industrial Development Corporation (IDC)**

In the preceding two financial years, IDC collaborated with TIKZN to manage the disbursement of funds to businesses affected by the unrest and looting in Gauteng and KZN in July 2021. IDC appointed TIKZN as an implementing agent to efficiently provide funding services to the affected traders.

Building on the success of this partnership, the entity had received the support funding of R10 000 000 to assist businesses impacted by the floods in 2022/2023 financial year. A total amount of R9 070 307 was disbursed to the approved beneficiaries predominantly operating in the informal business sector environment.

As of 31 March 2025, a payable balance of R131 309 (31 March 2024: R131 309) remained in the principal-agent arrangements IDC account.

There was no expenditure incurred during the year ended 31 March 2025.

**(d) EDTEA floods disaster fund**

In response to the President's declaration of disaster in KZN following the floods in April 2022, the Department of Economic Development, Tourism, and Environmental Affairs (EDTEA) appointed the entity as an official inward investment promotion agency to facilitate the resuscitation of businesses that were affected. An amount of R67 500 000 was advanced to the entity in the last quarter of the prior financial year to manage and disburse relief funds to the affected businesses. As part of its rollover application to Provincial Treasury, the entity was permitted to retain and transfer prior accrued interest of R495 904 towards operational requirements in the new year.

During the financial year ended 31 March 2024, the entity disbursed a total amount of R68 037 069 to approved beneficiaries to aid in the restoration of their businesses. This total disbursed amount included project implementation costs and media publication expenses to create awareness.

Beginning of 2024/2025 the entity was approved to retain an amount of R2 194 862 from the interest income, this money was deployed into operations of the entity.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

As of 31 March 2025, a payable balance of R119 865 (31 March 2024: R2 314 727) was recorded under principal-agent arrangements.

**(e) Department of Small Business Development (DSBD)**

The DSBD fund aims to support the audio visual, visual art, craft and design industries which suffered economic decline due the COVID-19 pandemic. In the current financial year, the entity was appointed as a qualifying institution to administer the Craft Customised Sector Programme on behalf of DSBD for a five-year period. During the financial year of 2023/2024, the entity received thirty percent (30%) of its allocated funding of R128 400. Expenditure totalling R44 805 was incurred in 2023/2024 financial year in terms of the agreement.

At the end of 2024/2025 financial year, a payable balance of R38 213 (31 March 2024: R83 596) remained in the principal-agent arrangements account of DSBD. The entity had incurred an amount of R45 383 in the same year which ended 31 March 2025.

## 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Employee costs in advance | 12 | 145 |
| Prepayments | 1 660 343 | 2 109 668 |
| Deposits | 452 310 | 452 310 |
| Other receivables | 183 069 | 183 068 |
| | **2 295 734** | **2 745 191** |

Receivables from exchange transactions comprise prepayments from subscriptions and municipal deposits balances that were owing to the entity at 31 March 2025. Benefits from other receivables and prepayments are expected to be realised in less than one (1) year from the date under review. Municipal deposits would be expected to be refunded by the landlord upon the termination of the lease agreements for both Durban and Gauteng administration offices.

## 6. CASH AND CASH EQUIVALENTS

On 31 March 2025 (31 March 2024: R26 172 893) cash and cash equivalents were recorded as follows:

| | | |
|---|---|---|
| Cash on hand | 3 848 | 1 406 |
| Standard Bank Account (Main Bank) | 3 466 456 | 22 375 491 |
| Standard Bank Account (IDC flood relief fund) | - | 230 614 |
| Standard Bank Account (Main bank - NDT Tourism Projects) | - | 896 008 |
| Standard Bank Account (TAF) | 1 858 | 230 231 |
| Standard Bank Account (EDTEA floods relief fund) | - | 2 439 142 |
| Standard Bank Account (SA Invest OSS) | 3 294 823 | - |
| Standard Bank Account (EDTEA special project) | 10 589 794 | - |
| | **17 356 779** | **26 172 892** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

### Standard Bank Account (Preliminary, deposits and short-term interest bearing accounts

| | | |
|---|---|---|
| Opening Balance (cash and cash equivalents) | 22 376 897 | 31 024 657 |
| Government Grants and Subsidies for the year ended 31 March 2025 / year ended 31 March 2024 | 103 307 000 | 103 597 000 |
| Funds transferred to TAF account | (3 000) | - |
| Funds transferred to OSS account | (4 164 222) | - |
| Funds transferred to EDTEA project account | (14 222 883) | - |
| Funds transferred from NDT Tourism Projects account, IDC account, EDTEA floods relief funding account, OSS and EDTEA Project account | 8 263 843 | - |
| Grants for principal-agent arrangements | - | 4 461 733 |
| Interest income | 639 403 | 1 528 242 |
| Other receipts (receivables, refunds including petty cash) | 1 109 410 | 492 234 |
| Payments for the year | (113 836 144) | (118 726 969) |
| | **3 470 304** | **22 376 897** |

**Standard Bank Account (Technical Assistance Fund)**

| | | |
|---|---|---|
| Opening balance (cash and cash equivalents) | 230 231 | 512 280 |
| Funds transferred from preliminary transactions bank account | 3 000 | - |
| Payments for the year | (231 373) | (282 049) |
| | **1 858** | **230 231** |

**Standard Bank Account (NDT Tourism Projects)**

| | | |
|---|---|---|
| Opening balance (cash and cash equivalents) | 896 008 | 5 792 336 |
| Government grant received | - | 10 765 270 |
| Interest income | 19 705 | 60 314 |
| Payments for the year | (623 722) | (15 721 912) |
| Funds transferred from IDC floods relief fund account | 10 000 | - |
| Funds transferred to TIKZN primary and short-term bearing accounts | (301 991) | - |
| | **-** | **896 008** |

**Standard Bank Accounts (IDC floods relief fund)**

| | | |
|---|---|---|
| Opening balance (cash and cash equivalents) | 230 614 | 89 107 |
| Transfer of funds to NDT Tourism account | (10 000) | 10 000 000 |
| Interest income | 16 474 | 115 716 |
| Payments for the year | (6 630) | (9 974 209) |
| Funds transferred to TIKZN primary and short-term bearing accounts | (230 458) | - |
| | **-** | **230 614** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|
| **Standard Bank Account (EDTEA floods relief fund)** | | |
| Opening balance (cash and cash equivalents) | 2 439 142 | 67 995 682 |
| Interest income | 113 500 | 2 871 796 |
| Payments for the year ended 31 March 2025 / year ended 31 March 2024 | (2 170) | (68 428 336) |
| Funds transferred to TIKZN primary and short-term bearing accounts | (2 550 472) | - |
| | **-** | **2 439 142** |
| **Standard Bank Account (SA Invest OSS accounts)** | | |
| Grant received including transfers | 4 164 222 | - |
| Interest income | 212 593 | - |
| Payments for the year ended 31 March 2025 / year ended 31 March 2024 | (1 070) | - |
| Funds transferred to TIKZN primary and short-term bearing accounts | (1 080 922) | - |
| | **3 294 823** | **-** |
| **Standard Bank Account (EDTEA special project accounts)** | | |
| Transfer of funds from EDTEA Project account | 14 222 883 | - |
| Interest income | 467 981 | - |
| Payments for the period ended 31 March 2025 / year ended 31 March 2024 | (1 070) | - |
| Funds transferred to TIKZN primary and short-term bearing accounts | (4 100 000) | - |
| | **10 589 794** | **-** |

In the year ended 31 March 2025, a total of fourteen (14) bank accounts were held by the entity with Standard Bank of South Africa, these accounts were primarily used for day to day transactions such as payment of suppliers' accounts, monthly staff salaries, interest earnings from short-term interest bearing accounts, payment of expenses for tourism growth projects, payment of business propositions expenses, disbursements of floods and unrest relief funds, One Stop Shop activation expenses and for payment for EDTEA projects expenses.

Before the end of the 2024/2025 financial year, management resolved, through the delegated authority to close six (6) bank accounts that were no longer required. These accounts comprised three (3) primary accounts for payment of suppliers and three (3) for short-term interest bearing accounts and were dedicated to special projects. These projects were successfully completed by the entity and signed off hence the dedicated bank accounts were no longer required.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

## 7. FINANCE LEASE OBLIGATION

| | | |
|---|---|---|
| **Minimum lease payments due** | | |
| within one year | 238 653 | 238 653 |
| in second to fifth year inclusive | 164 898 | 403 551 |
| | **403 551** | **642 204** |
| less: future finance charges | (39 234) | (93 957) |
| Present value of minimum lease payments | **364 317** | **548 247** |

| | | |
|---|---|---|
| **Present value of minimum lease payments due** | | |
| within one year | 206 745 | 183 930 |
| in second to fifth year inclusive | 157 572 | 364 317 |
| | **364 317** | **548 247** |

| | | |
|---|---|---|
| Non-current liabilities | 157 572 | 364 317 |
| Current liabilities | 206 745 | 183 930 |
| | **364 317** | **548 247** |

The entity entered into finance lease arrangements in 2023/2024 financial year for photocopiers which were recognised in accordance with GRAP13 at acquisition date. The minimum lease payments have been discounted using an incremental borrowing rate at 11.75% p.a. After the initial lease period of 36 months, all leases have an option to extend until 31 March 2028 at zero rentals except for actual printing costs.

## 8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | | |
|---|---|---|
| Technical Assistance Fund (TAF) | - | 230 231 |
| Customer Relations Management (CRM) | 750 000 | 1 000 000 |
| KZN District Rollout Programme (One Stop Shop) | 1 346 761 | 696 761 |
| Leather Processing Hub | 13 353 841 | 8 536 515 |
| Aquaculture project | - | 23 630 |
| Drakensberg cable car | 4 911 544 | 3 989 607 |
| | **20 362 146** | **14 476 744** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

The opening balances for unspent conditional grants and receipts for the year ended 31 March 2025 included the approved rollover funds. The rolled-over funds were approved by EDTEA and the KZN Provincial Treasury for use in 2024/2025 financial year.

| | | |
|---|---|---|
| **Technical Assistance Fund (TAF)** | | |
| Opening balance | 230 231 | 512 280 |
| Less expenses incurred for the year ended 31 March 2025 / year ended 31 March 2024 | (230 231) | (282 049) |
| | **-** | **230 231** |
| **Lilani Hot Springs** | | |
| Opening balance | - | 2 469 885 |
| Less expenses incurred for the year ended 31 March 2025 / year ended 31 March 2024 | - | (2 469 885) |
| | **-** | **-** |
| **Growth Coalition** | | |
| Conditional grant received | 3 000 000 | 3 000 000 |
| Less expenses incurred for the year ended 31 March 2025 / year ended 31 March 2024 | (3 000 000) | (3 000 000) |
| | **-** | **-** |
| **Customer Relationship Management (CRM)** | | |
| Opening balance | 1 000 000 | - |
| Conditional grant received | - | 1 000 000 |
| Transfer to revenue | (250 000) | - |
| | **750 000** | **1 000 000** |
| **Clothing and Textile Special Economic Zones** | | |
| Conditional grant received | 1 000 000 | 8 000 000 |
| Less expenses incurred for the year ended 31 March 2025 / 31 March 2024 | (1 000 000) | (8 000 000) |
| | **-** | **-** |
| **KZN District Rollout Programme (One Stop Shop)** | | |
| Opening balance | 696 761 | 262 536 |
| Conditional grant received | 1 000 000 | 1 000 000 |
| Less expenses incurred for the year ended 31 March 2025 / 31 March 2024 | (350 000) | (565 775) |
| | **1 346 761** | **696 761** |
| **Leather Processing Hub** | | |
| Opening balance | 8 536 515 | 9 902 064 |
| Conditional grant received | 5 000 000 | - |
| Less expenses incurred for the year ended 31 March 2025 / 31 March 2024 | (182 674) | (1 365 549) |
| | **13 353 841** | **8 536 515** |
| **Aquaculture project** | | |
| Opening balance | 23 630 | 643 480 |
| Remaining amount approved for transfer to Operating Budget | (23 630) | - |
| Less expenses incurred for the period ended 31 March 2025 / 31 March 2024 | - | (619 850) |
| | **-** | **23 630** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|
| **Drakensberg cable car** | | |
| Opening balance | 3 989 607 | 4 201 221 |
| Conditional grant received | 1 000 000 | - |
| Less expenses incurred for the year ended 31 March 2025 / 31 March 2024 | (78 063) | (211 614) |
| | **4 911 544** | **3 989 607** |
| **World Route Airline Activation** | | |
| Conditional grant received | 1 300 000 | 800 000 |
| Less expenses incurred for the year ended 31 March 2025 / 31 March 2024 | (1 300 000) | (800 000) |
| | **-** | **-** |

**(a) Technical Assistance Fund (TAF)**

The purpose of the TAF fund is to provide crucial support to project promoters in preparing and packaging their projects to meet the necessary quality standards required for accessing funding from major financial institutions. The fund was proven beneficial to the project promoters, several funded projects had progressed closer to operational stages with some already fully operational. Expenditure for the year ended 31 March 2025 was recorded at R230 231. There was no remaining balance at 31 March 2025.

**(b) Lilani Hot Springs**

In the prior financial year, the entity received a lump sum of R5 000 000 in financial support from EDTEA to cover expenses related to project expenditure overruns. These overruns were attributed to additional work required to finalise the project. Lilani Hot Springs is located between Greytown and Kranskop in KZN and was originally funded by the National Department of Tourism (NDT). During the 2023/2024 financial year, the entity had incurred R2 469 885 expenditure on related construction and rehabilitation costs. The total allocation for this project was fully spent at year end of 2023/2024 financial year.

**(c) KwaZulu-Natal Growth Coalition Fund**

The entity received R3 000 000 funding from EDTEA to spearhead and facilitate robust discussions within the business community regarding environmental challenges and potential solutions in 2024/2025 financial year. The overarching goal of this coalition is to cultivate business stability by effectively addressing industrial conflicts, mitigating business disruptions, and combating illegal site invasions across KZN.

This initiative aims to engage stakeholders from diverse sectors, including property developers, tourism operators, investment agencies, ICT, and other industry leaders, fostering collaboration and collective action towards overcoming shared challenges.

The funding allocation for this programme was fully spent at 2024/2025 financial year to advance the objectives of the partnership with KZN Growth Coalition

**(d) Customer Relationship Management (CRM)**

EDTEA allocated R1 000 000 to the entity to implement a CRM system aimed at effectively managing investor relationships through systematic storage of their information. The fund's purpose is to develop a central investor database to improve data management and facilitate future engagements. The CRM system will integrate seamlessly with the entity's organisational processes thus streamlining operations and improving efficiency.

An amount of R250 000 was approved by the Shareholder (EDTEA) in the year ended 31 March 2025 for contribution towards the KwaZulu-Natal Investment Conference held in November 2024As of 30 September 2024.

The programme to develop CRM database by the appointed service provider was still in progress at 31 March 2025.

**(e) Clothing and Textile Special Economic Zones**

KZN currently boasts two Special Economic Zones (i.e. Dube Trade Port and Richards Bay IDZ), situated in eThekwini and Richards Bay respectively. Recognising the potential for further economic growth, the province has resolved to establish a new SEZ dedicated to the Clothing and Textile sector. The vision is to stimulate growth and revitalise the Clothing and Textile industry in the province.

To kick start this initiative, EDTEA through TIKZN has commissioned a comprehensive business case for the establishment of a Clothing and Textile SEZ at the Ithala Industrial Estate located in Ezakheni Township, outside Ladysmith. As a result of this initiative, an allocation of R8 000 000 was made to entity to implement the project in 2023/2024. The allocated funds were fully utilised during the financial year ended 31 March 2024 at which the entity demonstrated the entity's commitment into fostering economic development and creating opportunities within the Clothing and Textile sector.

An amount of R1 000 000 was allocated to the entity in the year ended 31 March 2025 to finalise the logistics of the project.

The funding allocation was fully spent at 31 March 2025.

**(f) One Stop Shop**

During the financial year, an amount of R1 000 000 was received from EDTEA as a conditional grant contribution to support the integrated services of the One Stop Shop. This allocation was designated for the rollout of governmental integrated services across three district municipalities i.e. Mkhanyakude District, Umzinyathi District and Uthukela District. The entity expensed R350 000 towards this initiative during the course of 2024/2025 financial year. The remaining unspent amount of R696 761 was carried over into the 2024/2025 financial year as the programme for other identified district municipalities was not finalised at year end.

An additional of amount of R1 000 000 was transferred to the entity as a buffer to complete the rolling out of the One Stop Shop centres into three (3) afore-mentioned district municipalities.

It is envisaged that the rollouts would be completed in 2025/2026 financial year as the Memorandum Of Understanding (MOU) and the Service Level Agreements (SLAs) with the concerned district municipalities are still being drafted.

**(g) Leather Processing Hub**

A total allocation of R10 000 000 was initially provided to the entity by EDTEA in prior periods to support a turnkey development project for an integrated Eco-Park located in the Mbali area of Pietermaritzburg. The main purpose of this funding is to establish both a leather processing and training incubation facility, as well as a biomass factory. In December 2022, a service provider was appointed and tasked with developing a comprehensive programme spanning from conceptualisation of the project to its final implementation.

The bidding process had to be restarted as there were inconsistencies with the evaluation results which contravened the SCM regulations for fairness and transparency in the process.

During the the year which ended 31 March 2025, the had entity spent an amount of R182 674 to restart the process. A further transfer of R5 000 000 was received during the 2024/205 financial year to support the completion of the project.

At 31 March 2025, the entity recorded a conditional grant of R13 353 841 (31 March 2024: R8 536 515) which was recognised under current liabilities.

**(h) Aquaculture projects**

This initiative was launched upon recognising the economic potential of the aquaculture and fish farming sector in KZN. These projects aim to enhance food security, promote exports and generate sustainable employment opportunities. On 31 March 2024 the entity remained with an unspent portion of R23 630 which was approved to be transferred to operational needs.
There was no balance remaining for this project at 31 March 2025.

**(i) Drakensberg Cable Way**

In the prior years, EDTEA approved and distributed R4 400 000 to the entity to facilitate an environmental impact assessment study for the proposed erection of a cableway in the Drakensberg region. The allocated funds are intended to ensure compliance with environmental regulations, assess relevant environmental issues and propose mitigation measures in the assessment report to be submitted to the Competent Authority for review.

Due to the site location which is in the buffer zone of the Ukhahlamba World Heritage, extensive engagements with key stakeholders and local authorities certain precursor studies are required to be undertaken to ensure compliance in various aspects which could impact the project.

In the year ended 2024/2025 financial year, the entity was further advanced with an additional funding allocation of R1 000 000 to meet the expenditure relating to precursor studies.

In the year ended 31 March 2025 the entity recorded an expenditure of R78 063 related to advertising of the tender and bids invitation to interested service providers.

At 31 March 2025 , the entity was still in the process of finalising the appointment of a preferred service provider to conduct the additional studies (i.e. geo-technical and weather studies) as precursory steps to inform the environmental impact assessment.

**(j) World Route Airline Activation**

In 2024/2025 financial year, EDTEA allocated R1 300 000 (31 March 2024: R800 000) to the entity to spearhead the implementation of the world route airline activation activations. This initiative aims to bolster air connectivity, aligning with the broader World Route development initiative known as Durban Direct. Leveraging its expertise in World Route activities, the entity was appointed as the primary co-ordinator to procure a World Route Exhibition stand, secure meetings with airlines and manage branding efforts.

In the the year ended 31 March 2025, the entity had fully spent the allocated funds towards the three (3) main programmes for .i.e AviaDev 2024, Routes World 2024 and Global airline engagements aimed to promote the airline routes in the identified destinations.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

## 9. PROVISIONS

Reconciliation of provisions - period ended 31 March 2025

| | Opening balance | Utilised during the year | Reversed during the year | Total |
|---|---|---|---|---|
| Pro-rata Bonus Provision and Performance Bonus Provision | 2 198 411 | (2 248 296) | 49 885 | - |

Reconciliation of provisions - year ended 31 March 2024

| | Opening balance | Additions | Utilised during the year | Reversed during the year | Total |
|---|---|---|---|---|---|
| Pro-rata Bonus Provision and Performance Bonus Provisions | 2 738 571 | 2 198 411 | (2 198 411) | (540 160) | 2 198 411 |

In 2024/2025 financial year, staff performance bonuses provided for in the prior year were approved by the Board for payment.

The approval by the Board was not affected by the Treasury directive on payment for staff performance bonuses.

In line with the Provincial Treasury's directive on staff performance bonuses, no payment for staff performances bonuses would be made in the foreseeable future.

## 10. REVENUE

| | | |
|---|---|---|
| Income from principal-agent arrangements | - | 1 210 000 |
| Other income | 1 105 112 | 490 828 |
| Interest received - investment | 1 257 063 | 1 528 242 |
| Government Grants and Subsidies | 99 616 461 | 107 602 404 |
| | **101 978 636** | **110 831 474** |

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

| | | |
|---|---|---|
| Income from principal-agent arrangements | - | 1 210 000 |
| Other income | 1 105 112 | 490 828 |
| Interest received - investment | 1 257 063 | 1 528 242 |
| | **2 362 175** | **3 229 070** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|
| The government grants and subsidies amount included in the total revenue amount arise from the non-exchange transactions as follows | | |
| Clothing, Textile and Economic Zones | 1 000 000 | 8 000 000 |
| Drakensberg Cableway Project | 78 063 | 211 614 |
| Technical Assistance Fund (TAF) | 230 232 | 282 049 |
| Main operating grant | 91 007 000 | 89 792 000 |
| KwaZulu-Natal Growth Coalition | 3 000 000 | 3 000 000 |
| Aquaculture projects | 23 630 | 619 850 |
| One Stop Shop district rollout | 350 000 | 565 775 |
| Leather Processing Hub | 182 674 | 1 365 549 |
| Lilani Hotspring Tourism Programme Fund | - | 2 469 885 |
| World Route Airline Activation | 1 300 000 | 800 000 |
| Approved rollover of interest to fund operations | 2 194 862 | 495 682 |
| CRM re-purposed funds | 250 000 | - |
| | **99 616 461** | **107 602 404** |

## 11. OTHER REVENUE

| | | |
|---|---|---|
| Income from principal-agent arrangements | - | 1 210 000 |
| Other income | 1 105 112 | 490 828 |
| | **1 105 112** | **1 700 828** |

Other income comprises of the insurance payout for theft of the portable computer items and receipts under the financial assistance scheme of which 40% of the total travel costs was refunded by the BEE partners who were assisted financially to explore business opportunities abroad and create new markets for their products.

## 12. INVESTMENT REVENUE

| | | |
|---|---|---|
| Interest income | | |
| Bank | 1 257 063 | 1 528 242 |

Interest received from the entity's short term investment account held with Standard Bank of South Africa.

## 13. EMPLOYEE RELATED COSTS

| | | |
|---|---|---|
| Basic | 38 039 345 | 36 461 882 |
| Medical aid - company contributions | 992 340 | 1 054 530 |
| UIF | 247 976 | 255 216 |
| WCA | 69 604 | 69 604 |
| SDL | 527 975 | 519 423 |
| Leave pay provision charge | 1 091 273 | (522 376) |
| Defined contribution plans | 8 333 058 | 8 233 663 |
| PAYE | 14 943 296 | 14 862 956 |
| | **64 244 867** | **60 934 898** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

Number of employees (57 permanent employees and 12 employees under internship and in-service training programme (31 March 2024: 57 permanent employees and 11 employees under internship and in-service training programme.

Employees related costs included an amount of R2 442 945 (before tax) which was paid as severance benefits to three (3) former executive managers in a labour dispute settlement agreement.

| | | |
|---|---|---|
| Number of employees | 69 | 68 |

The entity has a Defined Contribution Plan with Alexander Forbes, employees contribute a minimum of 7,5% and the employer contributes 13,065% for the year ended 31 March 2025 (31 March 2024: R8 233 663) Trade and Investment KwaZulu-Natal made contributions as follows

| | | |
|---|---|---|
| Pension contributions | 7 557 787 | 7 457 754 |
| Group life and disability | 462 862 | 456 323 |
| Funeral and Administration costs | 324 246 | 319 586 |
| | **8 344 895** | **8 233 663** |

The entity has a Defined Contribution Plan with Alexander Forbes, employees contribute a minimum of 7,5% and the employer contributes 13,065% for the year ended 31 March 2025 (31 March 2024: R1 765 440) Trade and Investment KwaZulu-Natal made contributions as follow.

| Executive Managers contributions - 31 March 2025 | Pension contribution | Group life and disability | Funeral and Administration | Total |
|---|---|---|---|---|
| Ms TO Galelekile | 282 418 | 17 486 | 12 249 | 312 153 |
| Mr C Moodley | 281 347 | 17 420 | 12 203 | 310 970 |
| Mr XM Cele (Acting CFO until 31 December 2024) | 144 281 | 8 933 | 6 258 | 159 472 |
| Mr RN Ngcamu (appointed as CEO on 01 September 2024) | 386 239 | 22 664 | 15 877 | 424 780 |
| Mr MS Dlamini | 287 234 | 16 457 | 11 529 | 315 220 |
| Mr IS Hlongwana (Acting EM until 31 October 2024) | 131 072 | 8 115 | 5 685 | 144 872 |
| Mr TV Mhlongo (appointed CFO on 01 January 2025) | 90 860 | 5 626 | 3 941 | 100 427 |
| Mr D Pethan (appointed Acting EM on 01 November 2024) | 102 079 | 6 320 | 4 428 | 112 827 |
| | 1 705 530 | 103 021 | 72 170 | 1 880 721 |

Trade and Investment KwaZulu-Natal made pension contributions for its Executive Managers for the financial year ended 31March 2024 as follows.

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

| Executive Managers contributions - 31 March 2024 | Pension contribution | Group life and disability | Funeral and Administration | Total |
|---|---|---|---|---|
| Mr NST Matjie (contract ended on 30 September 2023) | 219 282 | 13 577 | 9 505 | 242 364 |
| Ms Z Msomi (resigned on 31 July 2023) | 95 097 | 5 888 | 4 123 | 105 108 |
| Ms TO Galelekile | 268 437 | 16 620 | 11 639 | 296 696 |
| Mr C Moodley | 267 419 | 16 524 | 11 595 | 295 538 |
| Mr XM Cele (appointed as ACFO on 01 August 2023) | 122 304 | 7 572 | 5 305 | 135 181 |
| Mr RN Ngcamu (appointed as ACEO on 01 October 2023) | 267 419 | 16 557 | 11 595 | 295 571 |
| Mr MS Dlamini (appointed on 01 May 2023) | 251 601 | 14 416 | 10 095 | 276 112 |
| Mr IS Hlongwana (appointed as Acting Executing Manager on 01 October 2023) | 107 546 | 6 659 | 4 665 | 118 870 |
| | 1 599 105 | 97 813 | 68 522 | 1 765 440 |

## 14. FINANCE COSTS INCLUDING FRUITLESS AND WASTEFUL EXPENDITURE

| | | |
|---|---|---|
| Finance costs include finance lease interest and F&W expenditure (referred to in note 27) | 81 157 | 21 074 |

## 15. AUDITORS' REMUNERATION

| | | |
|---|---|---|
| Audit fees (internal and external) | 2 716 255 | 3 446 830 |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

## 16. OTHER OPERATING EXPENSES

| | | |
|---|---|---|
| Advertising, Marketing and Communication costs - domestic | 2 494 434 | 1 676 738 |
| Auditors remuneration | 2 716 255 | 3 446 830 |
| Bank charges | 41 441 | 57 331 |
| Cleaning and garden services | 428 928 | 394 640 |
| Computer expenses | 1 235 826 | 834 841 |
| Professional fees | 17 992 335 | 20 676 906 |
| Consumables | 133 453 | 108 351 |
| Lease rentals on operating lease | 5 627 490 | 5 689 706 |
| Refreshments for external meetings | 73 487 | 39 910 |
| Recruitment costs | 1 513 766 | 63 468 |
| Export training and exhibition costs | - | 159 902 |
| Insurance | 796 863 | 645 677 |
| Registration and attendance fees for conferences and seminars | 90 649 | 83 113 |
| IT expenses | 225 415 | 139 037 |
| Repairs and Maintenance | 125 949 | 280 333 |
| Promotions and sponsorships | 2 522 462 | 962 586 |
| Board emoluments and allowances | 1 544 117 | 1 743 389 |
| Board training and other costs | 500 586 | 226 952 |
| Board travel and accommodation | 340 741 | 443 787 |
| Postage and courier | 79 | 13 450 |
| Printing and stationery | 312 023 | 119 150 |
| Security for office premises | 441 549 | 453 061 |
| Staff welfare | 283 267 | 162 343 |
| Subscriptions and membership fees | 2 386 168 | 2 973 688 |
| Telephone | 242 146 | 345 984 |
| Training | 679 633 | 1 108 720 |
| Travel - local | 2 756 784 | 3 186 955 |
| Advertising, Marketing and Communication costs - international | 834 019 | 523 169 |
| Water and electricity | 1 007 902 | 973 221 |
| | **47 347 767** | **47 533 238** |

| Figures in Rand | 31 March 2025 | 31 March 2024 |
|---|---|---|

## 17. CASH USED IN OPERATIONS

| | | |
|---|---|---|
| (Deficit) surplus | (11 257 455) | 930 579 |
| Adjustments for: | | |
| Depreciation and amortisation | 1 473 483 | 1 375 293 |
| Gain on sale of assets and liabilities | 88 817 | 36 392 |
| Finance costs - Finance leases | - | (94 301) |
| Movements in provisions | (2 198 411) | (540 161) |
| Changes in working capital: | | |
| Receivables from exchange transactions | 449 458 | (428 773) |
| Payables from exchange transactions | (2 201 707) | (76 504 656) |
| Unspent conditional grants and receipts | 5 885 401 | (3 514 721) |
| | **(7 760 414)** | **(78 740 348)** |

## 18. OPERATING LEASE

| | | |
|---|---|---|
| **Total operating lease** | | |
| Within one year | 5 693 906 | 5 397 435 |
| In second to fifth year inclusive | 7 149 919 | 12 843 825 |
| | **12 843 825** | **18 241 260** |
| **Kingsmead Investment (Pty) Ltd** | | |
| Minimum payment within one year | 5 237 654 | 4 941 183 |
| In second to fifth year inclusive | 6 959 814 | 12 197 468 |
| | **12 197 468** | **17 138 651** |
| **Friedshelf 385 cc** | | |
| Minimum payment within one year | 456 252 | 456 252 |
| In second to fifth year inclusive | 190 105 | 646 357 |
| | **646 357** | **1 102 609** |

### (1) Kingsmead Investment (Pty) Ltd

The term of the lease came to an end on 30 June 2022 at which the entity undertook to extend the lease term by a further one (1) year until 30 June 2023 with the benefit of about 4.5% reduction in the square meterage rate. After consideration of benefits of the lease and the reduction in lease costs offered by the landlord, the lease term was subsequently extended to 30 June 2027. The lease agreement for Durban administration office was renewed with the revised terms and conditions of the lease for a further period of four (4) years with Kingsmead Investment (Pty) Ltd.

### (2) Friedshelf 385 cc

The entity has a lease agreement in place for its Gauteng satellite offices with the company called Friedshelf 385 CC. This lease was renewed in the 2021/2022 financial year for a further period of 5 years. The Gauteng office was established to target investors based in Gauteng Province but wanted to invest in KwaZulu-Natal. The landlord agreed not to increase rental costs by an inflationary escalation rate for the duration of the lease term.

## 19. FINANCIAL INSTRUMENTS DISCLOSURE

### Categories of financial instruments
### Year ended 31 March 2025

| Financial assets | 1 year or less | Total |
|---|---|---|
| TAF cash and cash equivalents | 1 858 | 1 858 |
| TIKZN cash and cash equivalents | 3 470 304 | 3 470 304 |
| The DTIC One Stop Shop | 3 294 823 | 3 294 823 |
| Receivables from exchange transactions | 2 295 734 | 2 295 734 |
| EDTEA projects | 10 589 794 | 10 589 794 |
| | **19 652 513** | **19 652 513** |

| Financial liabilities | 1 year or less | 1 to 5 years | Total |
|---|---|---|---|
| Accruals and payables | 13 986 742 | - | 13 986 742 |
| Finance lease liability | 206 745 | 157 572 | 364 317 |
| | **14 193 487** | **157 572** | **14 351 059** |

### Year ended 31 March 2024

| Financial assets | 1 year or less | Total |
|---|---|---|
| TAF cash and cash equivalents | 230 231 | 230 231 |
| TIKZN cash and cash equivalents | 22 376 897 | 22 376 897 |
| NDT Tourism Projects cash and cash equivalents | 896 008 | 896 008 |
| IDC relief funds cash and cash equivalents | 230 614 | 230 614 |
| Receivables from exchange transactions | 2 745 191 | 2 745 191 |
| EDTEA floods relief fund | 2 439 142 | 2 439 142 |
| | **28 918 083** | **28 918 083** |

| Financial liabilities | 1 year or less | 1 to 5 years | Total |
|---|---|---|---|
| Accruals and payables | 16 188 449 | - | 16 188 449 |
| Finance lease liability | 183 930 | 364 317 | 548 247 |
| | **16 372 379** | **364 317** | **16 736 696** |

### Credit Risk

The items indicated under trade and other receivables refer to subscriptions and rental prepayments in the leases for the Durban office and travel advance payments for staff business travel. The cash and cash equivalents are deposits which are placed with highly reputable financial institutions. These deposits comprise of grants received from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and these grants are deposited as draw-downs every month. Other deposits were received as conditional grants from Industrial Development Corporation (IDC) and the National Department of Tourism (NDT) for special projects. The entity limits its exposure by dealing with well established financial institutions.

### Liquidity Risk

The entity's exposure to liquidity risk is very minimal as it is 100% funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). The annual budgets are approved at the beginning of each fiscal year and draw-downs are requested on a monthly basis. Cashflows are monitored monthly and against budgets and adjustments are made where necessary. Risk management assessments are conducted bi-annually to assist with identifying any possible cashflow, liquidity or other risks.

**Interest Rate Risk**

Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds but monitors the fluctuations in interest rates and obtains advice from bank officials on a regular basis. Although the Rand has fluctuated in the recent months, the risks arising out of the decline in the Rand have not been passed onto the entity.

The current interest rate exposure of the entity is 11.75% as determined by the South African Reserve Bank (SARB).

**Currency Risk**

Although the entity's funds that are placed with financial institutions maybe subject to currency risk this does not affect the cashflow of the entity as majority of our liabilities are Rand denominated.

## 20. COMMITMENTS

| | | |
| --- | --- | --- |
| Operational Commitments | 15 378 394 | 17 696 839 |

## 21. COMMITMENTS - TECHNICAL ASSISTANCE FUND

On 31 March 2025, the revised schedule for the total value of the approved TAF projects since the inception of the fund was determined at R15 911 145 (31 March 2024: R16 072 487) , an amount of R15 877 305 (31 March 2024: R15 621 354) was disbursed since the inception. The Technical Assistance Fund was depleted in the year ended 31 March 2025 and no commitments were made (31 March 2024: R451 133) in the year.

## 22. RELATED PARTIES

| | | |
| --- | --- | --- |
| **Income received from related parties** | | |
| Department of Economic Development, Tourism and Environmental Affairs (EDTEA) | 103 307 000 | 103 597 000 |
| **Expenditure transactions with related parties** | | |
| Ithala SOC Limited | (120 000) | (79 916) |
| Tourism KZN | (200 000) | - |
| Moses Kotane Institute | (450 000) | - |
| Dube Trade Port Corporation | (62 934) | - |
| **Accounts payable balances with related parties** | | |
| Department of Economic, Tourism and Environmental Affairs (EDTEA) | (20 362 146) | (14 481 744) |

**Department of Economic Development, Tourism and Environmental Affairs (EDTEA)**

EDTEA is the sole shareholder of Trade and Investment KwaZulu-Natal (TIKZN) as Schedule 3C Public Entity. The entity was approved by EDTEA for funding related to the entity's operational requirements and other conditional funding to pursue specific projects aimed at developing and promoting the economy of the Province of KwaZulu-Natal.

In the year ended on 31 March 2025, a total amount of R103 307 000 was received from the sole shareholder (EDTEA) as follows;

- **a.** Operating budget allocation for the period (R91 007 000),
- **b.** Eco-Park project - Leather Processing Hub (R5 000 000)
- **c.** Clothing and Textile Special Economic Zones (R1 000 000)
- **d.** KZN Growth Coalition Fund (R3 000 000)
- **e.** One Stop Shop (R1 000 000)
- **f.** World Route Airline Activation (R1 300 000)
- **g.** Drakensberg Cable Car (R1 000 000)

On 31 March 2025, an amount of R20 362 146 (31 March 2024: R14 481 744) was recorded as a conditional grant owing to the Shareholder (EDTEA) for special projects.

**Ithala SOC Limited**

An amount of R120 000 related to brokerage services offered by Ithala Development Finance Corporation to provide for indemnity insurance for Senior Executive and Non-Executive Members of the entity. These services were paid for by the entity in the year ended 31 March 2025.

Ithala Development Corporation Limited is one of the entities in the group of entities that are under the control of the Provincial Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

**KZN Tourism Authority**

KZN Tourism Authority is one of the entities in the group that are funded and controlled by EDTEA. Trade and Investment KZN (TIKZN) is a member of the same group of entities that are controlled and funded by EDTEA.

In the year ended 31 March 2025, the entity partnered with KZN Tourism Authority in promoting the Hollywood Bets Durban July 2024 horse racing event, which attracted strategic KZN stakeholders. An amount of R200 000 was contributed to the KZN Tourism Authority to support the event.

**Moses Kotane Institute**

Moses Kotane Institute is one of the entities in the group that are funded and controlled by EDTEA. Trade and Investment KZN (TIKZN) is a member of the same group of entities that are controlled and funded by EDTEA.

The Institute was established in 2007 by the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) as an agency of the KwaZulu-Natal provincial government mandated to conduct research and promote innovation, training and skills development that responds to the needs of the provincial economy, through collaboration and coordination.

An amount of R450 000 was paid to Moses Kotane Institute to promote strategic skills development initiatives for youth.

**Dube Trade Port Corporation**

Dube Trade Port is a Special Economic Zone and comprises a precinct purpose-planned to drive industrial development in South Africa through the promotion and attraction of both domestic and foreign direct investment to this part of KwaZulu-Natal.

The entity is one of the entities in the group that are controlled by EDTEA.

An amount of R62 934 was paid during the course of 2024/2025 financial year by the entity towards the dedicated virtual firewall service to protect the entity's computer programs and related services.

**Key Management Personnel**

Transactions with key management personnel are disclosed in note 13 of the Annual Financial Statements.

**Other entities controlled by EDTEA**

Trade and Investment KwaZulu-Natal is a member of a group of entities controlled by EDTEA. The following entities are related parties as defined in terms of paragraph 10 (b) (i) of GRAP 20 as they are all controlled by EDTEA.

- KZN Tourism Authority
- KZN Liquor Authority
- KZN Sharks Board
- KZN Growth Fund
- Dube Trade Port Corporation
- Richards Bay IDZ
- Moses Kotane Institute
- KZN Film Commission
- Ithala Development Finance Corporation
- KZN Ezemvelo Wildlife
- KwaZulu-Natal Gaming and Betting Board
- Ithala SOC Limited

## 23. NON-EXECUTIVE DIRECTORS' EMOLUMENTS AND EXECUTIVE MANAGERS' REMUNERATIONS

Members of the Board were paid a total amount of R1 544 116 in Board fees and travel allowances for the year ended 31 March 2025 (31 March 2024: R1 743 389).

**Year ended 31 March 2025**

| Members of the Board | Board Fees | Travel Allowances | Total |
|---|---|---|---|
| Mr KS Shandu (Interim Chairperson of the Board until 30 November 2024) | 483 570 | 9 818 | 493 388 |
| Adv ME Nkosi (term of office ended on 30 November 2024) | 207 372 | 1 949 | 209 321 |
| Mr EB Mkhize (reappointed on 01 March 2025) | 191 133 | - | 191 133 |
| Ms U Maharaj (term of office ended on 30 November 2024) | 246 967 | 10 916 | 257 883 |
| Dr SK Mpungose (reappointed on 01 March 2025) | 200 582 | 11 970 | 212 552 |
| Mr D Naidoo (term of office ended 30 November 2024) | 177 443 | 2 396 | 179 839 |
| | **1 507 067** | **37 049** | **1 544 116** |

| Committees of the Board | Ordinary Board | Audit, Risk and Compliance Committee | Human Resources, Social and Ethics Committee | Trade & Investment Committee | Total |
|---|---|---|---|---|---|
| Total Board Fees - period ended 31 March 2025 | 1 117 565 | 188 746 | 109 959 | 90 797 | 1 507 067 |

## Year ended 31 March 2024

| **Members of the Board** | Board Fees | Travel Allowances | Total |
|---|---|---|---|
| Mr KS Shandu (appointed as Interim Board Chairperson on 01 November 2023) | 443 570 | 4 092 | 447 662 |
| Ms CM Cronje' (resigned on 17 October 2023) | 241 580 | - | 241 580 |
| Mr GW Bell (resigned on 31 October 2023) | 91 194 | - | 91 194 |
| Adv ME Nkosi | 164 078 | 6 483 | 170 561 |
| Mr EB Mkhize | 168 550 | 4 954 | 173 504 |
| Ms U Maharaj | 236 702 | 6 991 | 243 693 |
| Dr SK Mpungose | 170 805 | 4 192 | 174 997 |
| Mr D Naidoo | 198 583 | 1 615 | 200 198 |
| | **1 715 062** | **28 327** | **1 743 389** |

| **Committees of the Board** | Ordinary Board Committee | Audit, Risk and Compliance Committee | Human Resources, Social and Ethics Committee | Trade & Investment Committee | Total |
|---|---|---|---|---|---|
| Total Board Fees - period ended 31 March 2025 | 1 246 794 | 229 065 | 141 162 | 98 041 | 1 715 062 |

Executive managers' remuneration is on a Total Cost to Company and includes travel allowances and medical contributions.

| **Executive Managers - year ended 31 March 2025** | Salary | Medical Aid | Travel and Allowances | Performance Bonus | Total |
|---|---|---|---|---|---|
| Mr RN Ngcamu (appointed CEO on 01 September 2024) | 2 924 286 | 69 671 | 243 807 | 74 738 | 3 312 502 |
| Mr C Moodley | 1 986 476 | 58 569 | 152 190 | 170 556 | 2 367 791 |
| Ms D Nene | 2 011 309 | - | 133 512 | 76 050 | 2 220 871 |
| Ms T Galelekile | 2 063 073 | - | 65 271 | 75 023 | 2 203 367 |
| Mr MS Dlamini | 1 941 627 | - | 44 460 | 70 610 | 2 056 697 |
| Mr XM Cele (Acting CFO until 31 December 2024) | 1 340 962 | - | 20 083 | 51 272 | 1 412 317 |
| Mr IS Hlongwana (Acting EM until 31 October 2024) | 1 106 205 | 61 327 | 112 043 | - | 1 279 575 |
| Mr D Pethan (appointed Acting EM on 01 November 2024) | 844 238 | - | 65 000 | 147 060 | 1 056 298 |
| Mr TV Mhlongo (appointed CFO on 01 January 2025) | 657 302 | - | 14 318 | - | 671 620 |
| | 14 875 478 | 189 567 | 850 684 | 665 309 | 16 581 038 |

| Executive Managers - year ended 31 March 2024 | Salary | Medical Aid | Travel and Allowances | Performance Bonus | Total |
|---|---|---|---|---|---|
| Mr NST Matjie (contract ended on 30 September 2023) | 2 240 044 | - | 184 688 | 266 215 | 2 690 947 |
| Ms ZM Msomi - CFO (resigned on 31 July 2023) | 784 906 | - | 23 159 | 173 176 | 981 241 |
| Mr RN Ngcamu (Appointed ACEO on 01 October 2023) | 2 147 947 | 114 099 | 171 048 | 162 327 | 2 595 421 |
| Mr C Moodley | 1 866 542 | 62 940 | 128 942 | 162 327 | 2 220 751 |
| Ms D Nene | 1 888 991 | - | 126 868 | 153 360 | 2 169 219 |
| Ms T Galelekile | 1 943 677 | - | 80 954 | 162 945 | 2 187 576 |
| Mr SM Dlamini (appointed on 01 May 2023) | 1 684 368 | - | 50 092 | - | 1 734 460 |
| Mr XM Cele (appointed ACFO on 01 August 2023) | 1 137 221 | - | 20 562 | 36 168 | 1 193 951 |
| Mr I Hlongwana (appointed AEM on 01 November 2023) | 867 142 | 42 763 | 90 706 | 54 916 | 1 055 527 |
| | 14 560 838 | 219 802 | 877 019 | 1 171 434 | 16 829 093 |

## 24. Prior period error

The entity performed its annual reassessment of assets useful life in terms of the GRAP requirements. The related adjustments totalling R380 483 were processed retrospectively as an error.
The correction of the error(s) results in adjustments as follows:

| Description of assets | As previously reported as at 31 March 2024 | Adjustments | Restated amount as at 31 March 2024 |
|---|---|---|---|
| PPE - Computer Equipment | 1 349 149 | 153 542 | 1 502 691 |
| PPE - Furniture & Fittings | 660 488 | 88 685 | 749 173 |
| PPE - Office Equipment | 1 002 095 | 77 320 | 1 079 415 |
| Intangible Assets - Computer Software | 27 996 | 60 936 | 88 932 |
| | **3 039 728** | **380 483** | **3 420 211** |

| Effect on the prior year Accumulated Surplus | As previously reported as at 31 March 2024 | Adjustments | Restated amount as at 31 March 2024 |
|---|---|---|---|
| Accumulated Surplus | 2 296 885 | 380 483 | 2 677 368 |

## 25. GOING CONCERN

The entity recorded an accumulated deficit of R8 580 087 for the year ended 31 March 2025 (31 March 2024, accumulated surplus of R2 677 368 restated). The entity's total liabilities exceeded its total assets by R8 580 087 for the year ended 31 March 2025 (31 March 2024, total assets exceeded the total liabilities by R2 677 368 restated).

This is due to over expenditure as a result of the budget cuts in 2024/2025 financial year however this is the first time that the entity finds itself in this financial position.

The Annual Financial Statements were prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. To date EDTEA has committed to provide funding for the 2025/2026 financial year in terms of the Medium-Term Expenditure Framework (MTEF) and signed MOU.

The entity has a guaranteed funding from EDTEA for 2025/2026 financial year.

Management have considered the risks, but based on their evaluation, the following mitigating factors have concluded that the going concern assumption is appropriate for the following 12 months.

The entity had several multi-year special projects that were being implemented in 2024/2025 financial year. The funding for these multi-year projects was managed by the entity under the agreed conditional terms and conditions as part of the ring-fenced funding. As part of the management plan for 2024/2025 an approval was obtained from EDTEA to utilise these multi-year projects conditional grants funding to meet immediate expenditure pressures relating to 2024/2025 financial year operational projects and programmes.

Management has no knowledge of any possible occurrence of any event that will cause discontinuation of the business operations of the entity.

Even though the entity reported a net liability position at balance sheet date (31 March 2025), the entity will be able to honour its liabilities in the foreseeable future based on management plans as outlined below.

**Management Plans**

The following plans were outlined by the management of the entity with the view to achieve a favourable outcome in asset and expenditure management which are envisaged to be achieved with committed funding by the Provincial Treasury Medium-Term Expenditure Framework.

Implementation of cost saving and austerity measures - Meticulous monitoring daily running expenses.

Enhanced budget monitoring processes and oversight by management to identify areas that may require intervention to prevent deficit at financial year end.

Motivate for repurposing of other conditional grants which have been identified by management not to materialise due to limited funding.

Regularly monitor and report on the progress of the expenditure management at TIKZN to board and shareholder.

Regular engagement with the shareholder to finalize EDTEA funding agreements earlier in the year and expedite timely release of funds.

## 26. EVENTS AFTER THE REPORTING DATE

Events after reporting date are classified into two (2) categories, adjusting and non-adjusting.

**Adjusting events after the reporting date**

Management was not aware of any adjusting events after the reporting date of 31 March 2025.

As a result no adjustments were made to the Annual Financial Statements as there were no adjusting events reported after the reporting date.

**Non Adjusting**

Management was not aware of any non-adjusting events to be reported on after the reporting date of 31 March 2025.

## 27. FRUITLESS AND WASTEFUL EXPENDITURE

| | |
|---|---|
| SARS penalties and interest | 26 434 |

The entity incurred an amount of R26 434 in fruitless and wasteful expenditure in the year ended 31 March 2025. This fruitless and wasteful expenditure was attributed to the late declaration and payment of the tax liability by TIKZN on the April 2024 and May 2024 backpay for inflation adjustment to employees' salaries. The late declaration and payment to SARS occurred as a result of late processing of the revised payroll for backpay which missed the 7th June 2024 deadline to declare the revised EMP 201 to SARS and make a payment. TIKZN was not yet complete with the determination test as at the end of the financial year but had confirmed that the entity did incur fruitless and wasteful expenditure.

The entity was  at the stage to identify person(s) to be held liable for causing the entity to incur fruitless and wasteful expenditure.

Once people responsible have been identified, the next step would be consequence management on gross negligence against the identified people.
The last step would be the recovery process of the amount incurred and then application for condonation with Provincial Treasury.

Once condonation is received, the expenditure will then be removed from the annual financial statements as well as from the register of fruitless and wasteful expenditure.

## 28. IRREGULAR EXPENDITURE

The entity incurred irregular expenditure to the value of R305 200. This irregular expenditure was incurred when the entity procured goods and services through deviations from 3 quotations process. The transactions that were processed as a deviation did not fully meet the criteria to be deviations and should have been procured through a 3 quotations process. This resulted in material non-compliance with procurement legislation.

## 29. BUDGET DIFFERENCES

**Material differences between budget and actual amounts**

Detailed explanations are provided under note 33.

**Differences between budget and actual amounts basis of preparation and presentation**

There are differences between budget and actual amounts as the basis of preparation and presentation differ. The Annual Financial Statements for the entity were prepared on the accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance. Budget is prepared on a cash basis and the details of the differences between actual expenditure and approved budget are indicated in the Statement of Comparisons of Budget and Actual Amounts.

Detailed explanations have been provided under note 33.

**Changes from the approved budget to the final budget**

The changes in the approved budget appropriation for 2024/2025 resulted from the approved rollover of conditional grants. EDTEA approved R16 671 381 as a rollover from conditional grants to provide technical support for business propositions, leather processing hub, district investment agencies roll-out for One Stop Shop facilities, aquaculture feasibility studies, leather processing hub, Drakensberg cable car project to stimulate tourism growth within Ukhahlamba region, as well as interest approved to deploy in the entity's operational requirements.

In 2024/2025 financial year the budget allocation of R94 171 000 was cut by an amount of R3 414 000 due to the ailing economy of the country. A projection of R650 000 interest to be generated from short-term investment accounts was factored as an upward adjustment to budget.

The entity's 2024/2025 budget was further upward adjusted by a total amount of R12 300 000 which was allocated to special projects projects as follows;

- Drakensberg Cable Car (R1 000 000)
- Leather Processing Hub (R5 000 000)
- KwaZulu-Natal Growth Coalition (R3 000 000)
- Clothing and Textile Special Economy Zones (R1 000 000)
- KZN District Rollout for One Stop Shop Centres (R1 000 000)
- World Route Airline Activation (R1 300 000)

| **Year ended 31 March 2025** | **Total Budget** | **Final Budget (Adjusted Budget)** | **Actual Expenditure** |
|---|---|---|---|
| Trade and Investment KZN - Public Entity | 91 007 000 | 120 378 381 | (113 236 091) |

| **Year ended 31 March 2024** | **Total Budget** | **Final Budget (Adjusted Budget)** | **Actual Expenditure** |
|---|---|---|---|
| Trade and Investment KZN - Public Entity | 90 116 002 | 123 289 150 | (109 900 895) |

## 30. FINANCIAL STATEMENTS PREPARATIONS

The Annual Financial Statements were prepared on the basis of GRAP as required by the PFMA.

## 31. CONTINGENT LIABILITY

TIKZN has an outstanding case versus an ex-Executive on an unfair dismissal case which was based on misconduct. The case internally was heard by two senior counsel and Senior Commissioner at the CCMA and the outcome was in favour of TIKZN. The applicant has referred the matter to the labour court. The labour court date has not yet been set for the matter. The possible liability for TIKZN cannot reliably be estimated as the applicant is challenging for reinstatement and not any costs against TIKZN. The prospects of the applicant being successful are less to none. The prospects of success can only be fully reviewed once the attorneys have received the record of proceedings and the applicant's notice to abide, and/or supplementary affidavit.

The foreseeable costs for the reinstatement of the applicant is estimated on a 12 months' total salary of R1 624 000 (subject to tax implications) and the legal costs for the attorneys which could only be determined once the matter is in court, the attorneys on record for TIKZN are DERIK JAFTHA ATTORNEYS.

## 32. RECONCILIATION OF AMOUNTS IN TERMS OF GRAP 24

| **Year ended 31 March 2025** | **Operating Activities** | **Financing Activities** | **Investing Activities** | **Column heading** | **Total** |
|---|---|---|---|---|---|
| Actual amount on comparable basis in the budget and actual comparative statement | (7 760 414) | (183 931) | (871 768) | - | (8 816 113) |

| **Year ended 31 March 2024** | **Operating Activities** | **Financing Activities** | **Investing Activities** | **Column heading** | **Total** |
|---|---|---|---|---|---|
| Actual amount on comparable basis in the budget and actual comparative statement | (78 740 348) | (52 681) | (452 824) | - | (79 245 853) |

## 33. ACTUAL OPERATING EXPENDITURE VERSUS BUDGET OPERATING EXPENDITURE

**33.1 Total Revenue**

During the year ended 31 March 2025, the entity collected a total amount of R91 007 000 from the Department of Economy Development, Environmental Affairs and Tourism (EDTEA) in terms of the funding agreement. An amount of R2 194 862 was accumulated from EDTEA floods relief invested funds as an interest in the prior year. This amount was motivated by the entity to be retained for operational purposes hence recognised as part of the total revenue. A total revenue amount of R6 336 536 was recognised from conditional grants in the period concerned in line with GRAP 23 which instructs that revenue should only be recognised once the conditions attached to the grants are fulfilled.

A total amount of R2 362 625 was recorded by the entity from the interest income and other income in the year ended 31 March 2025.

**33.2 Compensation of employees**

This category of compensation of staff included a total severance pay of R2 442 945 in favour of Miya and Others in terms of the settlement agreement. The applicants were paid out through their attorneys on 7 October 2024. A tax portion of this amount was paid to SARS in terms of the tax directives applicable to severance pays. The budget for category was further impacted by the placement costs relating to the recruitment of the senior executive staff members.

**33.3. The expenditure for travel and accommodation** was recorded at 97% for the period ended 31 March 2025. Normally, this item usually fully spent at year end as travel and accommodation are largely dependent on the programmes of the entity for the year. The entity observed that this category was also affected by other initiatives which were not necessarily in the planned programmes of the entity but were fundamentally important to be accommodated as they were aligned to the mandate of the organisation.

**33.4 Admin and operational costs**

The total spending rate included non-cash item such as the depreciation costs. This group of expenditure items was dominated by costs incurred by the entity to support the operational requirements and other expenditure pressures such as legal costs in connection with the CCMA matters, audit fees, IT connectivity and related maintenance costs, costs for international subscriptions, insurance costs; etc. The entity allocated an amount of R 1 050 000 as an additional budget from the approved interest allocation to defuse expenditure pressures from the operations.

**33.5 Professional costs for outsourced functions** recorded a massive over expenditure than what was initially allocated, the over expenditure was attributed to the outsourced payroll function, whistle blowing services to deal with unethical behaviour and misconduct, SAP Business One programme support and maintenance, as well bringing on board the independent finance consultant to assist the ACFO during the external audit period were not adequately budgeted for. Although the budget for professional costs was supported by rollover funds approved by EDTEA it was found that the budget for the rehabilitation of the tourism site was not sufficient to support the construction costs relating to the Lilani Hotspring tourism site project in Greytown. The under expenditure was attributed to the SCM delays in finalising the appointments of the suitable service providers for the Drakensberg Cable Car and the Leather Hub projects.

**33.6 Marketing and Communication**

This programme recorded an over expenditure of 2,2 % in the year ended 31 March 2025. According to the confirmed calendar of events, majority of costs were relatively incurred in the third quarter of 2024/2025. An additional amount of R694 863 was allocated to this programme to further support marketing and communication initiatives for the KZN Investment Conference including the events collaborated with the main Shareholder (EDTEA).

The budget for marketing materials used for the investment conference was recorded overspent to budget due to high costs relating to preparation and marketing of the event.

The costs for hosting the investment conference were noted to be higher than it was budgeted, this was due to the high exhibition costs to showcase some of the products made in KwaZulu-Natal. The exhibition event was extended by a day to accommodate the exhibitors. The funding from the entity's external partners could only cover a certain portion of the entire costs.

**33.7 Capital Costs** recorded an over expenditure by 32% for the year ended 31 March 2025. An additional amount of R300 000 was allocated by the entity from the approved interest as an additional budget to cushion the excessive capital costs relating to working tools and replacement of the deteriorating capital assets.

**PHYSICAL ADDRESS**

**Head Office:**

**KwaZulu-Natal: Trade & Investment House,**
**1 Arundel Close, Kingsmead Office Park, Durban, 4001**

**Gauteng Office:**

**99 George Storrar Avenue, Groenkloof, Pretoria, 0181**

**POSTAL ADDRESS**

**PO Box 4245, Durban, 4000**

info@tikzn.co.za +27 31 368 9600 www.tikzn.co.za