

HARRY GWALA DEVELOPMENT AGENCY

A DISTRICT REIMAGINED

ANNUAL REPORT 2024/2025





HARRY GWALA
DEVELOPMENT
AGENCY

MISSION

Providing quality and
responsive services
improving the quality
of life for all citizens
through the provision
of quality services

Hyda

HARRY
GWALA
DHA
1701
011-401-1111

RECEPTION
08:00 - 17:00
17:00 - 19:00

Hyda

VISION

to become
the premier
development
agency in
the country

ACRONYMS7

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ACRONYMS

Table 1

Acronym	Definition
ACEO	Acting Chief Executive Officer
ACFO	Acting Chief Financial Officer
AFS	Annual Financial Statements
AG/AGSA	Auditor General of South Africa
APR	Annual Performance Report
AR	Annual Report (in question)
BBBEE	Broad-Based Black Economic Empowerment
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COGTA	Department of Cooperative Governance and Traditional Affairs
COVID-19	Corona Virus Disease (2019) and variations
DGDP	Harry Gwala District Growth and Development Plan
DDM	District Development Model
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
HGDA	Harry Gwala Development Agency (Pty) Ltd
HGDM	Harry Gwala District Municipality
ICT	Information and Communication Technology
IT	Information Technology
ITG	Information Technology Governance
KPA	Key Performance Area
KPI	Key Performance Indicator
KING CODE	King Report on Governance for South Africa and the King Code of Governance Principles
LED	Local Economic Development
MFMA	Municipal Management Finance Act, Act 56 of 2003
MOU	Memorandum of Understanding
MSA	Municipal Systems Act, 32 of 2000 (as amended)
NDP	National Development Plan
PGDS	KZN Provincial Growth and Development Strategy
RASET	Radical Agrarian and Socio-Economic Transformation
SDBIP	Service Delivery and Budget Implementation Plan
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise

CHAPTER 1

MAYORS FORWARD & EXECUTIVE SUMMARY



FOREWORD BY HIS WORSHIP, THE MAYOR

COUNCILLOR ZD NXUMALO

On behalf of the Harry Gwala District Council and the Harry Gwala Development Agency (HGDA), I am honoured to present the Annual Report for the 2024/2025 financial year. This report provides a comprehensive account of the Agency's performance against its planned targets and offers stakeholders and the broader community a transparent reflection of its achievements, challenges, and areas for improvement.

The period under review was marked by significant institutional challenges, most notably a prolonged leadership vacuum following the precautionary suspension of the Chief Executive Officer. This situation persisted for the greater part of the financial year and inevitably impacted organisational stability, decision-making efficiency, and the execution of strategic programmes—particularly within the local economic development space. Despite these constraints, the Board, acting management, and committed staff demonstrated resilience and dedication in ensuring continuity of operations and delivery of essential services.

While some planned initiatives experienced delays, the Agency remained focused on its core mandate of driving socio-economic development, supporting SMME growth, and facilitating investment within the Harry Gwala District. The ability to sustain operational momentum under such challenging conditions is a testament to the commitment of the Agency's personnel and the continued support of its stakeholders.

Notwithstanding these efforts, it is important to acknowledge that overall performance declined during the year under review. Achievement of SDBIP targets decreased from 89.7% in the 2023/2024 financial year to 56% in 2024/2025, reflecting a significant regression. This decline must be considered within the broader context of leadership instability and operational constraints, while also serving as a clear indicator of areas requiring urgent corrective action.

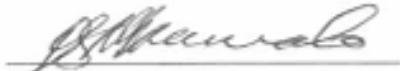
The year has therefore been one of both challenge and renewal. While socio-economic pressures and service delivery demands tested the Agency's capacity, they also reinforced the importance of strong governance, accountability, and strategic alignment. Lessons

drawn from this period will inform deliberate efforts to strengthen governance frameworks, enhance risk management practices, and ensure sustained leadership stability going forward.

Guided by the District's Growth and Development Strategy and anchored in principles of good governance, the Agency has continued to prioritise inclusive economic development. Key focus areas have included SMME support, investment attraction, and youth empowerment initiatives aimed at stimulating job creation and skills development within our communities.

This Annual Report presents an honest and balanced reflection of the Agency's performance—highlighting both achievements and shortcomings. Accountability remains central to our mandate, and we are committed to ensuring that the needs and aspirations of our communities continue to inform our strategic direction.

On behalf of the Harry Gwala District Municipality Council, I extend my sincere appreciation to the Interim Board of Directors, HGDA management, staff, and all strategic partners for their unwavering commitment during a challenging year. Together, we will continue to rebuild, strengthen, and position the Agency as a catalyst for sustainable and inclusive development within our District.



C.LLR ZD NXUMALO
HARRY GWALA DISTRICT MAYOR



FOREWORD BY THE INTERIM BOARD CHAIRPERSON

Ms. PP Nzimakwe

During the period under review, the Agency underwent a significant governance transition following the dissolution of the previous Board by the Harry Gwala District Council on 12 November 2024. An Interim Board, comprising four Non-Executive members was subsequently appointed to provide independent oversight and governance leadership during the transition period. I had the privilege of leading this Interim Board from November 2024 to June 2025.

This reporting period was marked by notable leadership and operational challenges, including the absence of a permanent Chief Executive Officer for a substantial portion of the financial year. This situation, arising from the precautionary suspension of the incumbent, placed additional demands on both governance and management structures and affected the pace of implementation of certain strategic initiatives.

Despite these constraints, the Interim Board exercised focused oversight to ensure organisational stability, continuity of operations and adherence to sound governance principles. Priority was placed on strengthening governance processes, reinforcing compliance controls, and supporting management in maintaining service delivery within a challenging operating environment.

Key governance interventions during the period included initiating the filling of critical vacancies, notably the Manager: Corporate Services and the Local Economic Development Officer positions, as well as reviewing internal systems and processes to enhance institutional capacity and organisational resilience.

Notwithstanding operational limitations, the Agency remained committed to its core mandate of promoting inclusive economic development within the Harry Gwala District. Targeted efforts continued in support of small business development, sustainable agricultural initiatives, tourism advancement, and youth

empowerment. In particular, youth-focused skills development programmes, including mobile device repair initiatives, were implemented to foster entrepreneurship and improve access to economic opportunities.

This Annual Report reflects both the challenges faced and the progress made in stabilising the organisation during a period of transition. While not all performance targets were fully achieved, important groundwork was laid to strengthen governance maturity, improve operational effectiveness, and position the Agency for sustainable growth.

The Board remains confident that the lessons learned during this transitional period will contribute to a more resilient and accountable organisation in the years ahead.

On behalf of the Interim Board, I extend my sincere appreciation to the shareholder, stakeholders, partners, management, and employees of the Harry Gwala Development Agency for their continued support and commitment. Together, we remain dedicated to advancing socio-economic development and improving the livelihoods of the communities we serve.



MS P.P. NZIMAKWE
INTERIM BOARD CHAIRPERSON



FOREWORD BY THE ACTING CHIEF EXECUTIVE OFFICER

MS. TT THIYANE- MAGAQA

The Harry Gwala Development Agency (HGDA) is a municipal entity wholly owned by the Harry Gwala District Municipality, established in terms of Section 86C of the Municipal Systems Act and regulated in accordance with applicable provisions of the Municipal Systems Act and the Municipal Finance Management Act. The Agency's mandate is to facilitate economic development and attract investment within the District and its local municipalities.

The 2024/2025 financial year was characterised by a number of governance and operational challenges, most notably the dissolution of the Board in November 2024 and the subsequent appointment of an Interim Board to ensure continuity. These developments, together with broader institutional constraints, impacted the Agency's ability to perform optimally against its planned targets.

Despite these challenges, the commitment and resilience demonstrated by the HGDA team have been commendable. Operating within limited resources, the team continued to deliver on key aspects of the Agency's mandate and maintained focus on advancing economic development initiatives within the District.

From a programme delivery perspective, the Agency made notable progress in several areas. Key achievements during the reporting period include the finalisation of the District Tourism Accommodation Guide, aimed at promoting local tourism offerings, and the completion of internal processes for the Women in Business Programme, which is designed to support and empower women-led SMMEs.

In further advancing inclusive economic participation, the Agency implemented a targeted Youth in Business Initiative focused on supporting youth-owned enterprises to scale and expand their operations. During the reporting period, youth-led businesses were invited to pitch business proposals for consideration. Successful applicants were awarded programme support to procure critical commodities required for business expansion. This intervention not only provided much-needed operational support but also strengthened entrepreneurial capacity among young people within the District. The initiative contributes to unlocking growth opportunities for youth-led enterprises, promoting sustainability, and enhancing their participation in the local economy.

The Agency also actively participated in strategic platforms such as the Africa Travel Indaba and the Comrades Marathon Expo, thereby strengthening its visibility and positioning the District as an emerging destination for tourism and investment. In addition, collaboration with the District Municipality on the Harry Gwala Marathon contributed to local economic stimulation and stakeholder engagement.

A significant milestone during the year was the establishment of a formal partnership with Impi Concept Events, an organisation specialising in event management, sports marketing, and music festivals. This collaboration is expected to enhance the District's profile through the promotion of one of South Africa's longest-running music festivals held annually in the Southern Drakensberg.

While progress has been made, certain strategic initiatives, including the Harry Gwala Social Compact, experienced delays due to challenges in finalising partnerships with key stakeholders. Addressing these constraints remains a priority as the Agency strengthens its coordination with government, business, organised labour, and civil society within the District Development Model framework.

Looking ahead, the Agency is well positioned to accelerate implementation of catalytic projects, improve turnaround times, and strengthen stakeholder relationships. Our focus remains on restoring institutional stability, enhancing performance, and delivering sustainable socio-economic impact.

I extend my sincere appreciation to the Harry Gwala District Municipality, the Interim Board, our partners, and the dedicated staff of the HGDA for their continued support and commitment during a challenging year. Together, we will continue to build a responsive and impactful development agency that contributes meaningfully to the growth and prosperity of the District.



MS T.T. THIYANE-MAGAQA
ACTING CHIEF EXECUTIVE OFFICER

1.1. REPORT PROFILE

Harry Gwala Development Agency's Annual Report complies with statutory disclosure requirements of the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act 71 of 2008, as well as relevant regulations, practice notes and circulars as would be issued by National and Provincial Treasury from time to time and is aligned to the shareholder's requirements. In addition, this Annual Report seeks to provide a wholistic account of the Entity's performance against set targets as agreed-to with the sole shareholder, the Harry Gwala District Municipality.

Harry Gwala Development Agency is, in terms of the law, expected to prepare Annual Report every year and publish such to its stakeholders as an indication of accountability. This report covers the twelve (12) month period from 1 July 2024 to 30 June 2025. The performance content of this Annual Report shows Harry Gwala Development Agency's progress with meeting predetermined objectives and performance indicators against the approved budget planning processes and Shareholder agreement, and it contains an audited performance scorecard for the period 2024/2025. The financial content of the Annual Report further contains the audited financial statements for 2024/2025.

The assurance of the annual report for both financial and performance information is provided by various phases and reporting systems which are tested by Internal Audit and reported on to the Independent Audit Committee. In addition, as a municipal entity, Harry Gwala Development Agency is audited by the Auditor - General of South Africa for financial, compliance and performance information.

Further information on the scope covered by Internal and External Auditors is provided in the Corporate Governance chapter of this report as well as in the Audit Committee and External Auditor's reports. The Annual Report content is structured to provide sufficient information to all stakeholders, from political authorities, regulatory bodies, investors, partners, employees and civil society, regarding Harry Gwala Development Agency's annual performance and on-going progress towards achieving its core mandate.

1.2. CORPORATE PROFILE AND OVERVIEW

The Harry Gwala District Municipality is situated in the utmost south of the KZN Province incorporating the Southernmost part of the uKhahlamba Drakensburg National Park adjacent to Lesotho and the gateway to both Eastern Cape and KwaZulu Natal Province and is located approximately 160 kilometres from the major node of eThekweni. The district covers approximately 1054 700 hectares and has a population density of around

0.5 persons per hectare, thus, a very sparsely populated District. The HGDM is constituted by four local municipalities namely the Greater Kokstad Local Municipality, the uMzimkhulu Local Municipality, the Ubuhlebezwe Local Municipality, and the Dr Nkosazana Dlamini-Zuma Local Municipality depicted on the map of the Harry Gwala District captured below.

The Harry Gwala Development Agency (HGDA) is a special purpose vehicle to manage and implement development projects within the Harry Gwala District Municipality (HGDM), which is designed to promote and develop economic potential by building opportunities and competitive strengths, leverage public and private resources for development opportunities which offer economic potential and to strengthen investment environments to compete effectively for capital in order to develop to full potential.

The Harry Gwala Development Agency is an economic development agency wholly owned by the Harry Gwala District Municipality solely established to pursue and facilitate investment, economic development and empowerment in Harry Gwala. The mandate of Agency is to improve the competitiveness of the Harry Gwala Region by creating a conducive environment for local businesses to compete successfully on the international stage.

The key sector areas are:

- Agriculture and agro-industry
- Tourism
- Public Sector
- Strategic Infrastructure Delivery
- Manufacturing
- SMMEs
- Informal economy (hawkers)

The Agency is tasked with augmenting the economic growth of the district, thereby realising the developmental path of the District in the Global, National, Provincial, and local contexts. The Agency has thus been tasked with the development, alignment and implementation of strategic economic initiatives/ catalytic projects determined by the district and its family of local municipalities. It is also assigned the responsibility to promote, profile and market the investment opportunities with the view to retain the existing investors and attract new investments into the district. Additionally, in June 2022, Minister Thoko Didiza, in terms of Section 18 of the Spatial Planning and Land Use Management Act, 16 of 2013 made a determination of the Eastern Seaboard Development which incorporates Harry Gwala District Municipality.

The Eastern Seaboard Development, responsive to the broad Presidential pronouncement of an African Smart City aims at strengthening economic linkages between provinces

through mutually beneficial development. One of the catalytic projects is to develop the spatial nodes in the four (4) local municipalities thus identifying land for new commercial, manufacturing, and industrial centres.



(Map of the Harry Gwala District)

The main objective of the establishment of the HGDA is to drive economic growth through the facilitation of high impact investment programmes on behalf of the district and local municipalities. In pursuing the above-mentioned objective, the HGDA is guided by the vision, mission, values, and strategic objectives captured below.

1.3. MANDATE

The Harry Gwala Development Agency (HGDA) is a municipal entity established through

a resolution and based on the provisions of the Local Government: Municipal Systems Act of 2000 by the Harry Gwala District Municipality. The typical mandate to be fulfilled by the HGDA is to improve the economic context and opportunity by focusing on sector competitiveness such as Industrialisation, Tourism, Agriculture, Job Creation, High Impact Projects, Business Development Services and SMME support within its area of jurisdiction. The mandate includes providing tools for economic development that include the weakest and most vulnerable sectors, developing relationships of collaboration and cooperation across sectors, as well as, managing the spatial organisation of the area in a socially efficient manner, particularly through the use of public land and targeted private projects. Furthermore, it is Agency's responsibility to also conduct fundraising and lead in the implementation of the high impact projects and promote completion among healthy businesses within the area.

The mandate of the Agency is derived from provisions of the following constitutional, legislative, and other policy mandates:

- Constitution of the Republic of South Africa, Act No.108 of 1996
- Local Government: Municipal Systems Act (MSA), Act No. 32 of 2000
- Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003
- Companies Act, Act No. 71 of 2008
- National Development Plan (NDP)
- KwaZulu-Natal Provincial Growth and Development Strategy (PGDS)
- Harry Gwala District Growth and Development Plan (DGDP)

The above-named Acts and policies guide the entity in the execution of various operations, activities, and responsibilities in line with its mandate of promoting and facilitating economic growth and development within the Harry Gwala District.

OUR JOURNEY TO "A DISTRICT REIMAGINED"

1.4. REVIEWED VISION, HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD

"A POLYCENTRIC RESOURCE ABUNDANT INVESTMENT GATEWAY, WITH ABSOLUTE TRANSFORMATIVE REGIONAL GROWTH AND DEVELOPMENT BY 2063"

The impetus for the Harry Gwala Development Agency (HGDA) is to augment an aligned approach to develop.

- Polycentric:** nodal development across HGDM responsive to the Eastern Seaboard and catalytic projects
- Resource Abundant:** natural resources (water, air, landscape, energy) inclusive of human resource development / skilled workforce
- Investment:** GKM economic hub, investment potential, abundance of land – need

to create different areas of growth in varied or specific economic sectors

- **Gateway:** Into KZN from Eastern Cape and into the Republic from the Kingdom of Lesotho

- **Transformative regional growth and development:** addressing spatial divide through cluster development with foci on rural development and integration.
- **2063:** Long term development due to magnitude of projects – aligned to African Union Agenda to advance development into SADC

Simultaneously addressing impact of (socio- political), population growth, migration and growing unemployment with emphasis on governments priority groups.

MISSION – the Mission is amended to read:

- *Providing quality and sustainable services responsive to growth and development with diligence and compassion.*
- *Rendering transparent corporate governance premised on the ethos of ethical and good governance to repair reputational damage whilst ensuring the promotion of economic prosperity for the district within a regional context.*

STRATEGIC OBJECTIVES – are amended to read:

- Objective 1: Inclusive economic growth and job creation with equal access to opportunities
- Objective 2: Human capital development (internally and within the communities we serve)
- Objective 3: A socially cohesive community ensuring socio-economic needs are met
- Objective 4: Efficient basic services (responsive to growth and development) and strategic economic infrastructure
- Objective 5: Effective, efficient, transparent and accountable leadership
- Objective 6: Sustainable and efficient sound financial management
- Objective 7: Good governance
- Objective 8: Spatial integration and environmental sustainability (redefining the district and advancing the green economy).

1.5. PRIORITY PILLARS TO REALISING GROWTH AND DEVELOPMENT:

- Pillar 1: Building diverse and innovation-driven local economies
 - Pillar 2: Developing inclusive economies
 - Pillar 3: Developing learning and skillful economies
 - Pillar 4: Enterprise Development and support
-

- Pillar 5: Economic government and infrastructure
- Pillar 6: Strengthening local systems of innovation

PILLAR 1: Building diverse and innovation-driven local economies

Focus	Applying science, exploiting technological and other forms of innovations to build diverse local economies
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Policy Imperatives	New Growth Path, Industrial Policy Action Plan (IPAP)
Outcome	Create more job opportunities, reduce poverty, increase and sustain revenue base, robust, sustainable competitive and diverse economic bases must underpin their local economic development strategies
Programmes:	<p>Sector Development Support Programmes focused on IPAP2 and NDP prioritized sectors (agriculture, manufacturing, trade, utilities, transport and communication) – opportunities in the ocean’s economy and green economy</p> <p>Integrated Urban Development Framework and Regional Economic Development (spatial relationships, value chains linked to corridor development)</p> <p>Rural Industrial Development Programme (RIDS) – regionally diversified industrial economy through encouraging industrial development zones, supporting regional development through business retention and expansion</p> <p>Industrial Cluster Development Programme – leverage industrial value chains and investing upstream and downstream industrial development based on IPAP2 – downstream processing of raw materials</p>
Programme Driver	<ul style="list-style-type: none"> ▪ Private Sector
Support:	<ul style="list-style-type: none"> ▪ Public sector: provide strong economic governance through a supportive and enabling business environment, unblocking constraints to investment and providing regulatory certainty.

PILLAR 2: Developing inclusive economies

Focus	Role of LED in economic and spatial inclusivity
Policy Imperatives	NDP imperatives
Outcome	To improve the living standards and ensure a dignified existence for all South Africans; the economy must create decent work and sustainable livelihoods
Programmes:	<p>Informal Sector Support – develop clear and realistic policies on supporting and developing informal enterprise to ensure their welfare and growth with eventual formalization and absorption of communities centered on informal economic activities into the economic fabric.</p> <p>Shared Economic Infrastructure Facility (SEIF) – provision of infrastructure on a 50:50 cost-sharing grant.</p> <p>Inner City Economic Revitalization</p> <p>Small Town Regeneration and an inclusive and integrated rural economy</p> <p>Township Economic Development Programmes</p> <p>Youth and Women empowerment</p> <p>Leveraging economic opportunities from Expanded Public Works Programme (EPWP) and Community Works Programme (CWP)</p>

	Developing capacity for STI to ensure that marginalized communities are not excluded from the knowledge economy and that existing spatial inequalities are not further extended
Programme Driver	Private and Public Sector
Support:	Public sector: provide strong economic governance through a supportive and enabling business environment, unblocking constraints to investment and providing regulatory certainty.

PILLAR 3: Developing learning and skillful economies.

Focus	Increasing human resource capital capacity, skills and innovation
Policy Imperatives	NDP imperatives
Outcome	To improve the prospects of the local economy, enable its people to seize local opportunities and create more returns that are rewarding. Development of a Community based Skills Development Plan as an annexure to Strategy.
Programmes:	Enhancing innovation, skills and productive capacities <input type="checkbox"/> Identify skills required for the 21 st century and addressing skills gap. <input type="checkbox"/> Development of workplace skills <input type="checkbox"/> Enterprise and entrepreneurship programmes
	Developing leadership and management skills
	Enterprise and entrepreneurship programmes
	Skills development – a catalytic role for municipalities
	Deploying STI resources to transform local economies and enhance inclusive growth
Programme Driver	Private and Public Sector
Support:	Sector Education and Training Authorities (SETAs), academic institutions, science councils, Technical and Vocational Education and Training (TVET) and community colleges, community-based innovation spaces / living labs and private service providers.

PILLAR 4: Enterprise development and support

Focus	Central role of entrepreneurship and small business support
Policy Imperatives	NDP imperatives
Outcome	To provide support for enterprise development and the heightened role of SMME development in job creation and addressing marginalization of informalsector

Programmes:	Small and Medium Enterprises environment and relief in tax burden and access to finance and affordable business premises and managerial expertise business infrastructure in poor areas or poverty nodes
	Cooperative Development
	Broad-Based Economic Empowerment for Youth and Women and People with Disabilities
	Business development services and collaboration
Programme Driver	Private and Public Sector
Support/ Partnership:	Cross cutting – complimentary to Building diverse innovation driven economies and developing inclusive economies

PILLAR 5: Economic Governance and Infrastructure

Focus	Seeks to position local government as a significant contributor to the achievement of national economic development goals
Policy Imperatives	Outcome 9 – promoting an accountable, responsive, efficient and effective local government system
Outcome	To create an enabling environment for LED inclusive of institutional systems and processes
Programmes	Improving the role of municipal leadership in LED in terms of capacity building and lobbying, and advocacy
	Efficient provisioning of land and land-use for economic development
	Efficient provisioning economic infrastructure through programmes such as Municipal Infrastructure Grant (MIG)
	Improving regulatory environment and Reducing Red Tape and Promoting Public Private Dialogue
	Deployment of STI resources especially in value-add activities and in the commercialization of innovations
Programme	Local Municipality
Driver	
Support:	Provincial and National Government

PILLAR 6: Strengthening Local Innovation Systems

Focus	Ensuring that local systems of innovation are strengthened to fully exploitscience, technology and innovation
Policy Imperatives	NDP imperatives
Outcome	STI to support development of local economies
Programmes:	STI are effectively generated and utilized within a network of actors (local and external) to leverage of and learn from each other
Programme Driver	Private and Public Sector
Support:	Cross cutting – complimentary to Building diverse innovation driven economies and developing inclusive economies

BACKGROUND / RATIONALE

Responsive to the developmental mandate of local government, the Agency was

established to respond to the following:

- To promote and develop the economic potential of a region through the development of economic opportunities that are in line with the unique competitive strengths of that local economy.
- To leverage public and private resources for the development of opportunities which offer economic and development benefits.
- To foster and develop the innovation and entrepreneurial potential and activities within a local area through the realization of key strategic investment projects and programmes
- To use the strengths of an area's economic environment created by the LED initiatives of the municipalities so that the region can compete effectively for investment that is necessary to reach full economic potential.

The Agency has thus been tasked with the development, alignment and implementation of strategic / catalytic Projects determined for the district and its family of LMs.

In addition, and probably more importantly, on 20 June 2022 Minister Didiza in terms of Section 18 of the Spatial Planning and Land Use Management Act, 16 of 2013 determined the Eastern Seaboard Regional Development, which incorporates HGDM.

The Eastern Seaboard, responsive to the Presidential pronouncement of an African Smart City intends to:

- Massify and optimize the industrial structure of the district and national economies, such that each city and district is complementary and not adversely competitive to each other.
- Marshall all of society and the various sectors into practical and functional partnerships.
- Directly link communities especially the youth and women to long term development goals and projects which will require the implementation of a practical skills revolution; and
- Transform and democratize economic ownership and management patterns, whilst optimizing local economic development by linking it to the national and continental economies through instruments such as the Africa Continental Free Trade Area.
- The complexities related to the planned project include the fact that with increased knowledge of the plans, investment and land speculators may 'run on' the current favourable land ownership patterns, which are currently largely tribal, communal, or state owned




1.6. FINANCIAL OVERVIEW

CASH FLOW MANAGEMENT AND INVESTMENTS CASH FLOW

CASH FLOW MANAGEMENT AND INVESTMENTS CASH FLOW

The Agency's cash flow is stable with a favourable balance of R25 380 403.00 as at end of 30 June 2025. The municipal Entity can continue operating for the next 12 months with the estimated fixed costs of R1.343 million.

The following is a detailed list of cash and cash equivalents as of 30 June 2025:

Item/Description	2024	2025	Movement
Bank Balance	8 444 902.00	16 480 312.00	
Short Term Deposit	9 978 618.00	8 900 091.00	
Total cash and cash equivalent	17 486 183.00	25 380 403.00	

1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW

The commencement of the 2024/2025 financial year was stable from July – August 2024. The organogram of the Agency was also amended and endorsed by the Board to incorporate critical skills for recruitment, namely the inclusion of the following positions: Internal Audit Manager, and SCM Practitioner and Internal Audit Officer.

Midway into the financial year vacancies existed within the Corporate services department, due to the resignation of the Manager: Corporate Services, in December of 2024.

The lessons learnt from the limited functionality of the Agency's operations from September to December 2024 remains foremost in the developmental trajectory and whilst challenges have been overcome, the Agency remains mindful that it must acknowledge gains such as continued exemplary political direction and governance as well as administrative governance. It remains critical that the human resource capital is built and strengthened to enable the realisation of the very strategic role that the Agency fulfils.

The following table depicts the departmental units and a high-level overview of their functions:

DEPARTMENT	FUNCTIONS
Office of the Chief Executive Officer	The functional areas of this department are, namely: Administration, Internal Audit; Risk Management; and Legal Services, Legislative compliance inclusive of synergy to realising prescripts contained in Companies Act and Municipal legislative prescripts, Organisational Performance Management
Budget and Treasury Office	The functional areas of this department are, namely: Income; Expenditure; Budget & Information Systems; and Supply Chain Management
Corporate Services Department	The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support, Organisation and Individual Performance Management
Growth and Development	The functional areas of this department are, namely: Local Economic Development; Special Programs; catalytic projects and programmes, economic sector development, investment attraction, business retention and expansion

In the 2024/2025 financial year, the Agency encountered challenges. The challenges that have been noted are as follows:

- Limited realization of the mandate of the Agency, in the implementation of Catalytic Projects – due to the precautionary suspension of the manager responsible for championing strategic projects and investments (The suspension occurred during period December 2024 – June 2025) due to allegations of misconduct.
- Inability to finalise the signing of the social compact agreement - due to the precautionary suspension of the manager responsible for championing strategic projects and investments
- Limited implementation of Local Economic Development Initiatives in Quarter 1 and Quarter 2 (Midterm) – due to the leadership vacuum – due to the precautionary suspension of the Chief Executive Officer, Ms ACR Whyte – during the period (September 2024 to January 2025- wherein he suspension was uplifted in January 2025, and she was again suspended in March 2025 – June 2025 due to allegations of financial misconduct leveled against her.

1.8. AUDITOR GENERAL REPORT

According to the Auditor General, the financial statements present the financial opinion of the Agency as of 30 June 2025 and their financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practices and the requirements of the Municipal Finance Management Act of South Africa 2003 (Act No. 56 of 2003) and the Division of Revenue Act of South Africa, 2022(Act No. 5 of 2022).

1.9. STATUTORY ANNUAL REPORT PROCESS

Section 127 of the Municipal Finance Management Act, sets out that:

“... the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.” [Section 127(2)]

“... the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.” [Section 127 (5) (b)]

“... the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report...” [Section 129(1)]

“... the accounting officer must submit copies of the minutes of the meetings to the Auditor- General, the relevant provincial treasury and the provincial department responsible for local government in the province.” [Section 129(2)(b)]

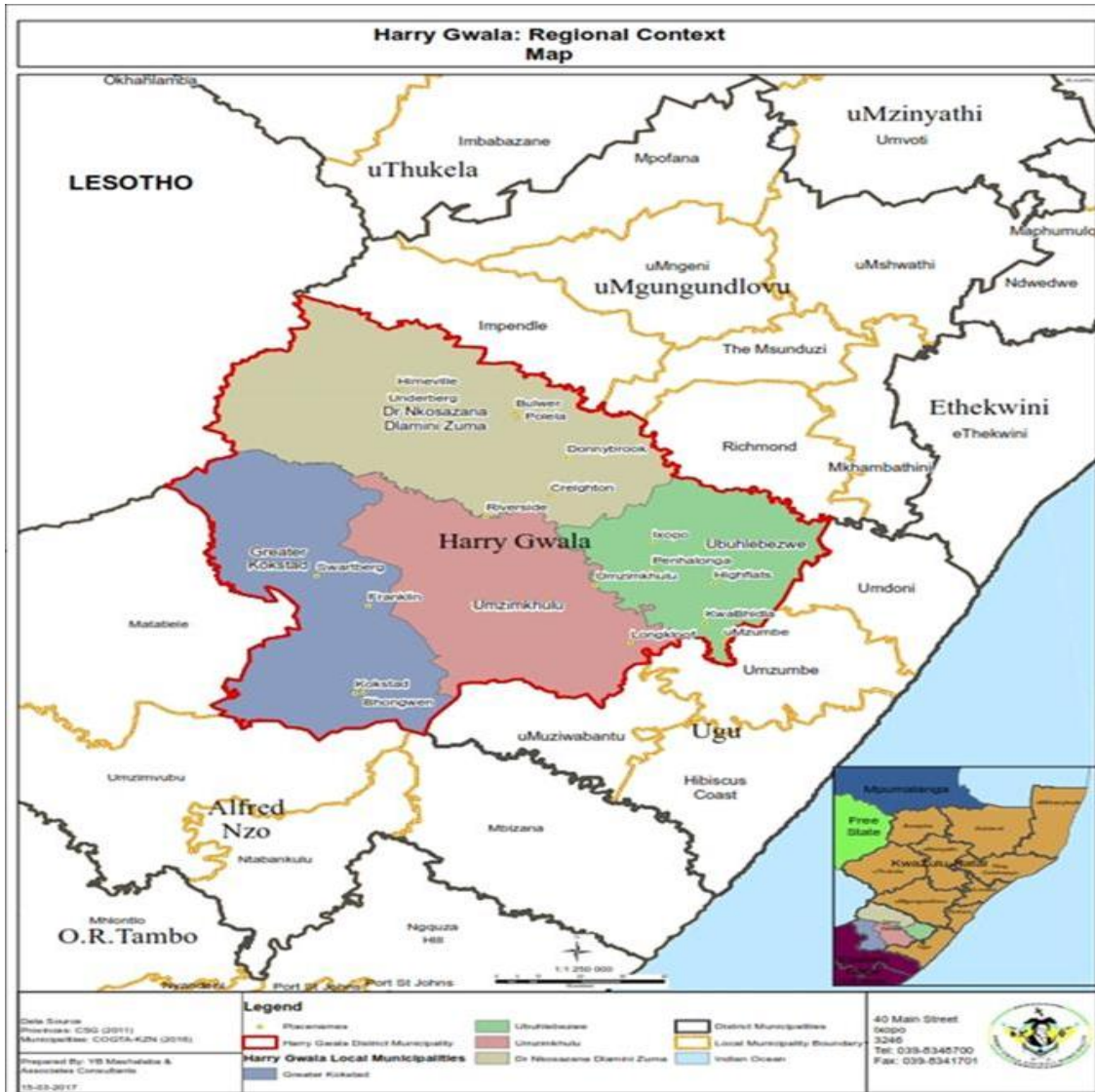
STATUTORY ANNUAL REPORT PROCESS TABLE

No.	Activity	Timeframe
1	Consideration of next financial year’s process plan. Except for the legislative content, the process plan will confirm in year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP/Budget implementation period – in this regard HGDA aligns its processes with that of the Parent Municipality as the strategic direction is derived from the IDP as well as the Growth and Development Strategy as well as Business Plan	July

2	Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting) – in specific to matters pertinent to local economic development – section C of the IDP	
3	Finalize the 4th quarter report for previous financial year	
4	Submit Annual Report to Internal Audit and AG	
5	Municipal entity submits Draft annual report to MM	
6	Audit Committee considers Draft annual report of municipality and the entity	August
7	Mayor tables the unaudited Annual Report (consolidated and individual)	August
8	Entity submit Draft Annual Report including consolidated annual financial statements and performance report to the AG	
9	Annual Report as submitted to AG to be provided as input to the IDP analysis phase	
10	AG audits Annual Report including consolidated AFS and Performance data	September/October
11	Entity receives and starts to address the AGs comments	
12	Mayor tables AR and audited financial statements to council complete with the AGs report	
13	Audited AR is made public, and representation is invited	November
14	Oversight committee assess the AR	
15	Council adopts oversight	
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial council	December
18	Commencements of Draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs.	January

1.10. THE HARRY GWALA CONTEXT

The Map below is a spatial context of the Harry Gwala District:



The Harry Gwala District Municipality [HGDM] is located in the southernmost part of the KwaZulu-Natal. It covers approximately 1 054 700 hectares and has a population density of around 0.5 persons per hectare, thus, a very sparsely populated District. HGDM (DC 43) consists of four Local Municipalities namely Ubuhlebezwe, Greater Kokstad, Dr. Nkosazana Dlamini-Zuma and uMzimkhulu and it includes the Mkhomazi Wilderness Area. The

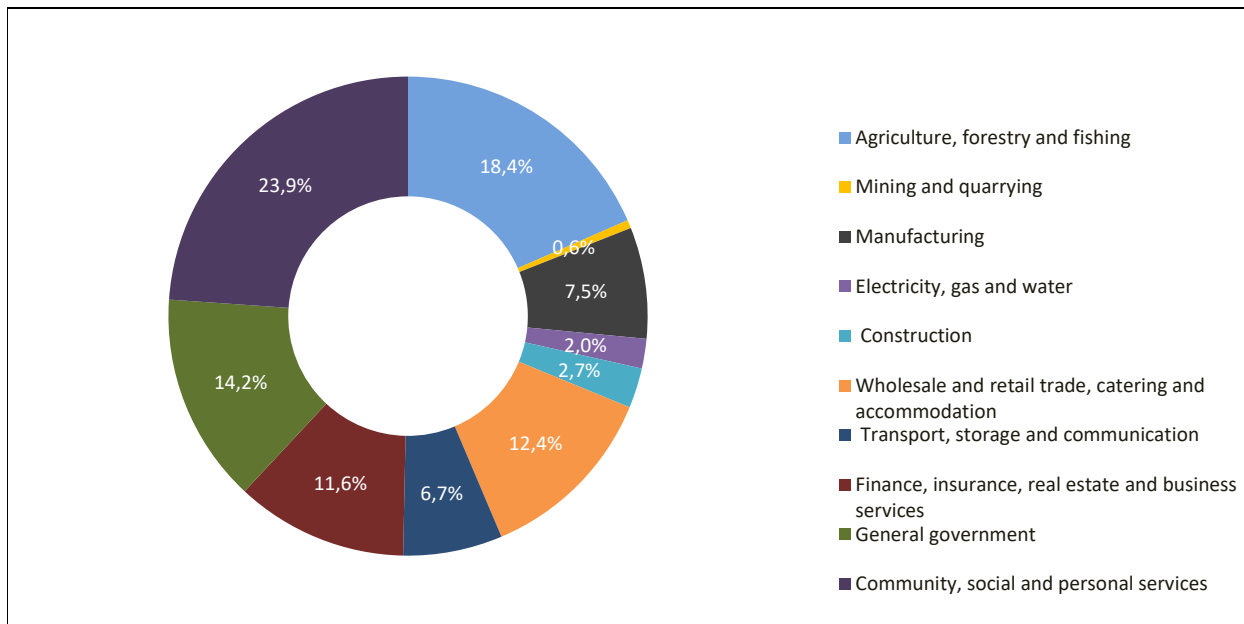
Municipality is predominantly rural in nature with limited job opportunities, low education levels, low levels of skills, high levels of poverty, etc. characterize its economy.

Although the District is known for its endowments and some key nodes including Kokstad, Ixopo, Underberg and Himeville are noted for its agriculture and tourist opportunities with Drakensberga strongly defining feature, there are serious socio-economic challenges that impede growth and development of the area.

1.11. SECTION 1: ECONOMIC PROFILE

The main economic drivers of the district municipality are community services, tourism, agriculture and retail trade. Community services, Agriculture, and retail trade were identified as main economic drivers of the district municipality's Gross value added (GVA), which is the measure of the value of goods and services produced in an area, industry or sector of an economy. Community services are estimated to continue at this rate of growth over the next few years, with 35% of the district's GVA. Agriculture contributes 25% of the district's GVA. Trade contributes 16% to the GVA of the district while manufacturing contributes 6%, transport 4%, electricity and construction each contributing 2% of the total economy.

The services sector holds a dominant position in the Harry Gwala economy, accounting for 68.8% of its total output. This sector includes finance, business services, wholesale and retail trade, transportation and storage, as well as general government and community, social, and personal services. Agriculture is another key sector, contributing 18.4% to the district's Gross Value Added (GVA), while manufacturing contributes 7.5%. Although electricity and gas currently constitute a smaller share at 2% of the district's economy, substantial investments are underway to develop the green economy, which is anticipated to emerge as a significant industry in the district's pursuit of sustainable development and smart city initiatives.



Structure of the Harry Gwala Economy , Source: Quantec Regional Data 2024

There is need to expand and encourage agricultural activities through extension services, funding and training of local residents.

- Abundance of natural resources and agricultural land and potential to establish forward linkages with manufacturing initiatives.
- Harry Gwala has a competitive advantage in terms of the domestic dairy industry with 10% of the milk consumed in SA coming from the district.
- Opportunities for value added milk products for local markets due to import substitution
- Growing demand for timber with most of the land that is arable for forestry.
- Business incubator programs for SMMEs in timber production

- Products from citrus farming are among the highest in the world exports rankings in South Africa and great potential for improved returns if more farmers engage

- more in processing of fruits.
- The soil and climatic conditions in Harry Gwala are suitable for potato farming making 44% of gross value of vegetable production.

1.12. SECTION 3: CHALLENGES AND DESIRED OURCOMES

Socio-Economic Challenges

A number of socio-economic challenges, which include but not limited to, plagues the Harry Gwala District:

- HIV/ AIDS
- Crime, particularly burglary and stock theft
- Prone to disasters, especial snow and heavy winds
- Youth unemployment and poverty
- Low Education Levels and skills (in addition, skills are not aligned to economic sector)
- Challenges in attracting investment and growing the Economy of Harry Gwala District Municipality (mainly due to an uncoordinated approach)
- Majority of the households are dependent on social grants, and have relatively low income, which constitute a low rates base for the District Municipalities to generate revenue for services.
- In terms of income levels, Harry Gwala District is one of the poorest within the province, with around 30% of the districts 'households being classified as in poverty.
- Poor Information and Communication Technology Infrastructure Spatial Challenges
- The concentration of major businesses along the main transport routes and associated centers (N2, R612, R617, R56) are some of the barriers to expanding economic opportunities to areas in the rural hinterland.
- There is a dislocation of rural settlement from urban job opportunities and the underdeveloped nature of the rural settlements of the district.
- There is an increase of land invasion around the urban centres
- The municipality is highly dependent on government social grants and the overall household income in the district is very low.
- In terms of income levels, Harry Gwala District is one of the poorest within the province, with around 30% of the district's households being classified as in poverty.
- The highest poverty is concentrated within the rural areas and within settlements and communities located within traditional council areas.
- The local retail market is limited, and often dominated by one or a few established (often white-owned) enterprises shoppers often travel to shop in larger towns, causing a leakage of purchasing power. This is very damaging to the small towns.
- The informal sector or local Spaza shops are expensive to operate for the small owners through challenges such as increase in prices as well as travel costs to larger centres are prohibitive for many informal entrepreneurs, and they therefore cannot access business support.

- A growing number of foreign nationals are entering the Tuck Shop Space. They tend to provide services, but they undercut the local black owners who are being driven out of the sector in urban and rural areas.

Infrastructure Challenges

Harry Gwala District Municipality, as a Water Services Authority is responsible for the provision of water supply and sanitation to its family of Municipalities. The main operational challenges in rendering urban water supply are-

- The aged infrastructure and the capacity of the existing infrastructure to deliver an increased water demand.
- The available water resources providing bulks to these areas are no longer sufficient to deal with growth and developments occurring in Towns.

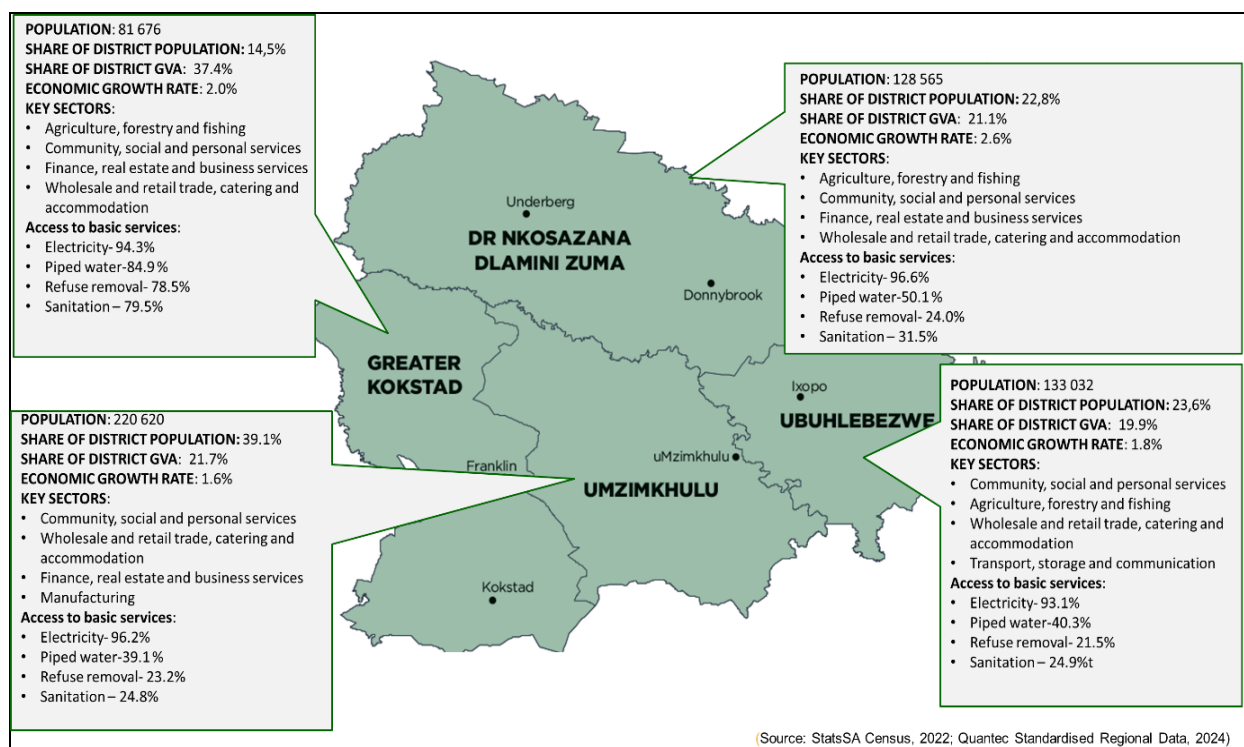
In rural areas, which is the most coverage of the district have standalone water supply schemes per village. Water is sourced from the production boreholes and natural local springs. There are villages that are served with water truck deliveries where the schemes are not yet constructed.

CHALLENGES:

The following presents the challenges that the Summit intends to address:

- Lack of shared conceptual understanding of what LED is (the role of government, private sector and business, informal economy, understanding of the cooperative model, poverty alleviation, etc.).
- Science, Technology and Innovation (STI) are not yet recognized as critical pillars and key drivers of economic development and growth.
- Limited funding and financing for municipal LED programmes (opportunities in Public Private Partnerships, access to grant, donor, foreign direct investment and other funding streams).
- Lack of a differentiated approach in LED implementation (finding new ways to achieve development desired); and
- Skills development and human resource ability to respond to the advancement of the economy.

District Summary Factsheet



1.13. DESIRED OUTCOMES:

The following presents the desired outcomes:

- Launch a more effective fight against poverty, inequality and unemployment through the development of an innovative, inclusive and competitive local economy whilst ensuring that planning considers the regional context of local economic development.
- Intensify the support for local economies in realising and building their economic potential, their diversity, levels of employment and the creation of decent work for their communities.
- Collaborative partnerships and strengthened intergovernmental coordination of economic development planning and implementation and between government and non-governmental sectors (i.e., three spheres of government, private sector and the business community, civil society organisations, non-governmental and community-based organisations (NGOs and CBOs), academic institutions and labour);

- Raise greater awareness of the significance of the locality as the focal point in generating national prosperity and in specific radical economic transformation to realise inclusive economic growth – it is imperative herein to record that inclusive does not exclude any sector of the economy but should create a platform to draw from already established business support and mentorship;
- Integrated place development that recognizes marginalized territories such as townships, informal settlements, peri-urban areas and rural settlements;
- Effective leadership and proper governance and state-led, private sector driven, community based sustainable development, which is Innovation-driven.

The outcomes of the Summit are encapsulated into the draft Local Growth and Development Plan (Strategy) which will shape the development trajectory of the Municipality over the remaining term of the current Council as legacy projects and over the imagined horizon of the revised vision as sustainable development projects.

The implementation of the Strategy, as a sector plan of the Integrated Development Plan, will be measured on an annual basis through the Service Delivery and Budget Implementation Plan (SDBIP), which is translated into the Organisation SDBIP, Departmental Plans and Annual Performance Plans of Heads of Department (HoDs), and Managers reporting to HoDs.

Opportunities	Constraints
<ul style="list-style-type: none"> • Rehabilitation and beautification of the Creighton and Himeville Parks thereby contributing to the tourism of these areas. 	<ul style="list-style-type: none"> • Vulnerability to climate change – unpredictable weather patterns, and natural disasters
<ul style="list-style-type: none"> • Imports of value-added dairy products (import substitution), meaning that there are opportunities for value added dairy products for local markets 	<ul style="list-style-type: none"> • Corporatization of agriculture – local benefits not optimized inclusive of land reform process being delayed
<ul style="list-style-type: none"> • Forestry contributes over R331million to the district’s GDP which is more than 8% of the district’s economy 	<ul style="list-style-type: none"> • Under skilled tourism sector
<ul style="list-style-type: none"> • Harry Gwala District is ideally suited for field crop production rising consumer demand; international trade and trade agreements. Opportunities exist for maize, high value citrus and cannabis / hemp, potato (throughout the value chain) 	<ul style="list-style-type: none"> • Lack of co-ordination between spheres of government as well as between local municipalities
<ul style="list-style-type: none"> • Ecotourism is one of the major economic engines with a 20% increase in employment from tourism – opportunities exist in Avi tourism, rail tourism, mission tourism, and cultural tourism. 	<ul style="list-style-type: none"> • Unregulated rural development, especially along corridors

CHAPTER 2

CORPORATE GOVERNANCE

2.1. SECTION 1: CORPORATE GOVERNANCE STATEMENT

The Board of Directors of HGDA endorsed the King IV Report (Code of Corporate Practices and Conduct). The directors are satisfied that the company has in all material respects complied with the provisions of the King IV Report and all the other legislation that is applicable to the organisation.

HGDA BOARD OF DIRECTORS has a unitary board structure comprising of non-executive directors. Directors are appointed by the Entity's sole shareholder the Harry Gwala District Municipality (HGDM). Following the dissolution of the board on the 12 November 2024, HGDM council appointed highly skilled Interim board members to ensure governance continuity. The interim Board resumed office shortly after their inauguration meeting that was held on the 22nd of November 2024.

An induction programme was put in place to ensure that the interim directors are familiarised with the operations, business environment, their fiduciary duties and responsibilities and the board's expectations. Induction was held in January 2025.

MEMBERSHIP/ ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS – 2024/25
basis to the Shareholder at Council meetings and the CEO to the Executive Committee

DIRECTORS	BOARD	AUDIT COMMITTEE	TOTAL
BOARD MEMBERS	Number of Meetings held:		
MS. SB DLUNGWANE <i>(Membership dissolved 12 November 2024)</i>	3	0	3
MR. S MBHELE <i>(Membership dissolved 12 November 2024)</i>	3	0	3
MR.. BM MHLONGO <i>(Membership dissolved 12 November 2024)</i>	3	0	3
MR. SI MABASO	12	0	12
MS. PP NZIMAKWE	12	0	12
MS. L MJOBO	9	0	9
MR. ZF BALENI	9	0	9
AUDIT COMMITTEE			
MR. S NGIDI	0	5	5
MR. T TSABO	0	4	4
MR MBANJWA	0	5	5
MR. D MPANZA	0	5	5

During the first 4 ½ months 2024/2025 financial year, The HGDA Board of directors comprised of 5 board members listed below:

July 2024 to November 2024

- Ms. SB Dlungwane – (September 2022) - Board Chairperson (Nominated and appointed Chairperson 3 October 2023 – 12 November 2024)
- Mr. BM Mhlongo (September 2022 to 12 November 2024)
- Mr. SI Mbhele (September 2022 to 12 November 2024)
- Ms. PP Nzimakwe (October 2023 to June 2025)
- Mr. SI Mabaso (October 2023 to June 2025)

Following Councils dissolution of the Board, the following Interim board members were appointed and were in office for the Period 12 November 2024 to 30 June 2025

Mr ZF Baleni

Ms L Mjobo

Ms PP Nzimakwe – re-appointed from previous board

Mr S Mabaso – re- appointed from previous board

2.2 Board Charter

The Board of Directors has developed and endorsed a Charter which reflects its corporate governance protocol and regulates its relationship with the District Municipality as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

BOARD COMMITTEES

BOARD COMMITTEES	HUMAN RESOURCES & FINANCE	GOVERNANCE & OPERATIONS	TOTAL
Members	Number of meetings held		
MR S MBHELE	2		2
MS PP NZIMAKWE	2		2
BM MHLONGO		2	2
SI MABASO		2	2

For the reporting period November 2024 to 30 June 2025, Board committees were not established due

to limitation in compositions of numbers

2.3. COMPANY SECRETARIAL FUNCTION

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary, currently incorporated into the internal functions within the Office of the CEO due to the size of the Agency and as determined by the functionality, for the year under review the Strategic and Executive Support personnel fulfilled the role, due to the Agency exceeding its budget for the Company secretarial services. The Company Secretary, namely Sokutu Attorneys was appointed on the 27th of June 2024 for a 36-month period, however after utilizing the Company secretary for 3 months the financial years budget had been exceeded, thus the decision was taken to revert back to utilizing the the Strategic & Executive support for Board secretarial services.

AUDIT COMMITTEE

The Audit Committee is a shared service with Harry Gwala District Municipality, the Committee was appointed by Harry Gwala District Municipality and the Directors are paid direct by the Agency. Its mandate is to oversee the audit of the Agency. This Committee consisted of four non-Executive members (Mr T Tsabo; and Mr D Mpanza; Mr R Mbanjwa and Mr S Ngidi), and Internal Audit (Inhouse). The Chairperson of the Committee is Mr S Ngidi. The Chief Executive Officer and Chief Financial Officer have a standing invitation for Audit Committee meetings.

The Terms of Reference for the Committee are:

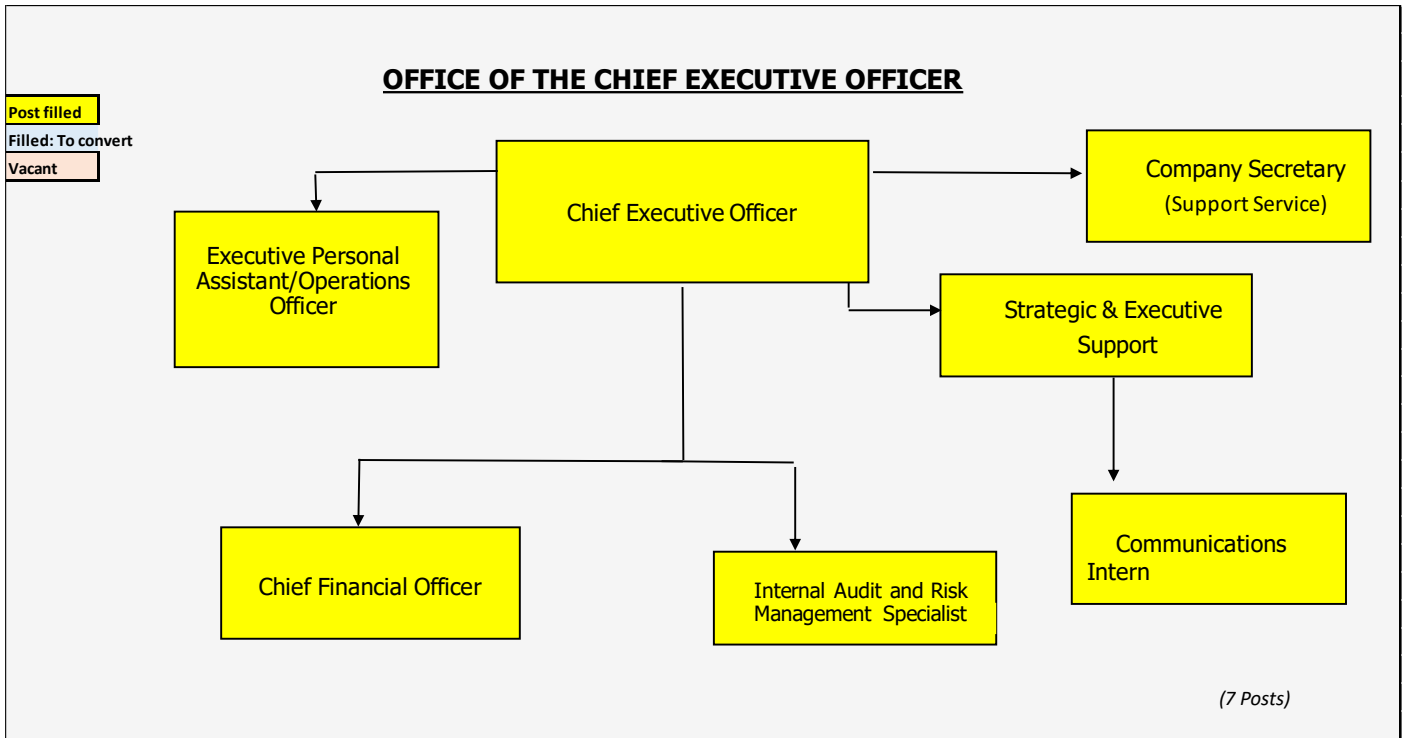
- Review of external and internal audit, internal control, and governance processes
- Review of assurance activities of service providers such as internal and external audit
- Reliability and integrity of financial and operational information
- Monitoring compliance to the Regulatory Framework applicable to the organization, with special emphasis on the Municipal Finance Management Act (MFMA) and Systems Act
- Safeguarding of assets

The Entity managed to develop and implemented a formal audit plan to subscribe to the highest audit standards during the financial year 2024/25.

2.4. SECTION 2: HIGH LEVEL ORGANISATIONAL OVERVIEW

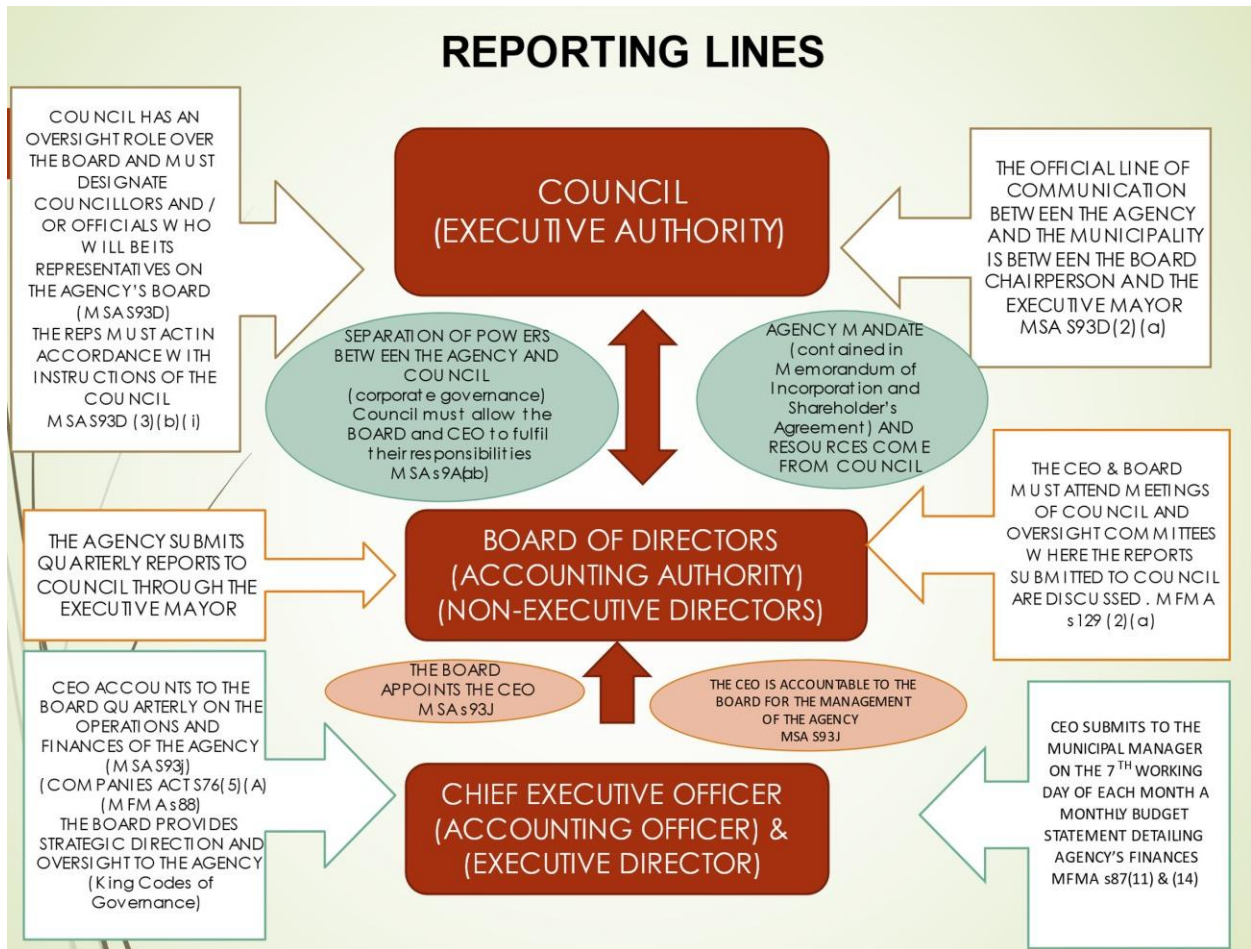
OFFICE OF THE CHIEF EXECUTIVE OFFICER

The executive and senior leadership report and account, through the Chief Executive Officer, to both the Board of Directors and the Shareholder concerning the functioning, performance, and the general management and administrative affairs of the HGDA.



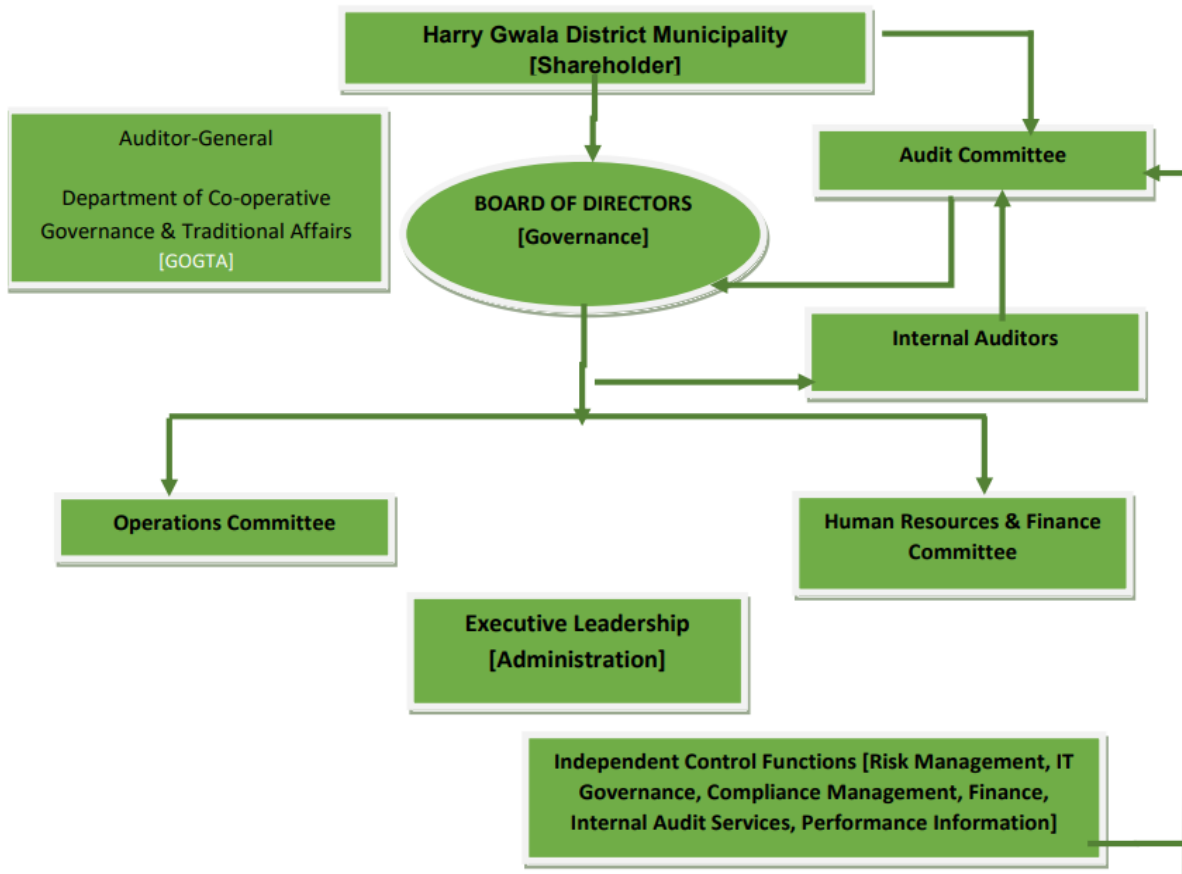
2.5. SECTION 3: GOVERNANCE AND STAKEHOLDER RELATIONS

POLITICAL GOVERNANCE AND ACCOUNTABILITY



FUNDAMENTAL RELATIONSHIPS AMONGS CRITICAL ROLE PLAYERS

The fundamental relationships among the Board, its committees, the management, the shareholder, and other stakeholders as established by the HGDA's governance structure, are illustrated below:



2.6. RISK MANAGEMENT

RISK MANAGEMENT MFMA section 62 (i) (c) requires the Accounting Officer to develop and maintain an effective, efficient, and transparent system of risk management. Risk Management is crucial management tool which if implemented effectively allows management to take informed decisions and ensure optimum achievement of municipal set goals and objectives.

It assists management to better prepare for undesired risk events and to identify untapped opportunities. The Harry Gwala Development Agency is progressively aligning itself with the principles of the King IV Report on Corporate Governance. The municipal entity at present unit is capacitated via the shared service agreement between HGDA and the parent municipality ,which is intended at increasing prominence on the oversight role with respect to risk management activity.

The municipal entity's risk management system is progressively improving and maturing through the envisioned alignment of risk management with the districts support and planning and processes and expanding responsibilities with respect to risk management activities.

The Entity conducted risk assessment workshops during the year addressing both operational and strategic risks. The progress on implementation of the mitigating factors was presented during the 2024/25 financial year. A strategic risk register has been development and managed through Internal Audit & risk.

Of critical importance for the Agency is the development and review of a Risk Management Framework and Enterprise-Wide Risk Management Framework which would detail the overall status and development trajectory of the risk management atmosphere and the desired state. Having noted that the Agency is in the infancy of implementation, a risk management policy, strategy and implementation is fundamental. The objectives would be to highlight and give emphasis to:

- The Agency's governance responsibilities
- Compliance
- Instilling the culture of risk management at all levels. i.e.: at decision making and on the day-to-day running of the municipality.
- Contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

HGDA realized the appointment of an Internal Audit Specialist on the 13 May 2024, thus the Agency's Internal Unit has been fully functional.

2.7. PERFORMANCE MANAGEMENT

The Audit Committee has the responsibility to review quarterly performance reports and the internal audit reports on performance management for 2024/25 financial year are based on the Entity's approved SDBIP. Control weaknesses were identified within the performance management.

One of the challenges that remain is the successful establishment of Performance Management structures as a means to measure the performance of Senior Managers responsive to the Performance Management Regulations. In the absence of the applicable structures the Chief Financial Officer has made an executive decision that no performance bonus will be considered until full compliance.

Corporate Ethics and Organisational Integrity

The HGDA and its Board subscribe to high ethical standards and principles. The HGDA's main objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations stakeholders.

Code of Conduct

The HGDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ Corporate Governance Protocol for Municipal Entities. The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism.

Through its code of conduct, the HGDA is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.
- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

The code requires all staff to act with the utmost integrity and objectivity and in compliance with the law and company policies at all times. Failure to act in terms of the code results in disciplinary action. The code is discussed with each new employee as part of the induction process, and all employees are asked to sign an annual declaration confirming their compliance with the code. A copy of the code is available to interested parties on request.

Any breach of the code is considered a serious offence and is dealt with accordingly, which serves as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme.

Declaration of interest

In accordance with its code of conduct, the HGDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's declared interests change. A register is circulated at every Board and Board committee meeting for the directors to declare any interest related to every matter discussed at a particular meeting. The employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the HGDA, gifts and hospitality, and the status of their municipal accounts.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1. SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS
SECTION 1.1: FINANCIAL PERFORMANCE

Item	Adjusted Budget	Actual Amount	Budget Less Actual	Percentage
External skill development	250,000.00	231,440.00	18,560.00	93%
Signs & Frames	200,000.00	-	200,000.00	0%
Support Tourism events	580,000.00	431,973.96	148,026.04	74%
EDF	2,000,000.00	1,685,979.00	1,993,850.00	84%
Trade and Exhibition shows	230,000.00	203,988.53	26,011.47	89%
Water bottling	1,000,000.00	-	1,000,000.00	0%
Back to school	40,000.00	29,450.00	10,550.00	74%
Tyre fitment	900,000.00	-	900,000.00	0%
Youth in business	350,000.00	223,000.00	127,000.00	64%
Business - Disability	50,000.00	-	50,000.00	0%
Women in business	500,000.00	500,000.00	-	100%
	6,100,000.00	3,305,831.49	4,473,997.51	54%

SECTION 2:

HARRY GWALA DEVELOPMENT AGENCY

The Harry Gwala Development Agency is a strategic entity established to spearhead economic development and investment promotion within the Harry Gwala District. It aims to stimulate economic growth, create employment opportunities, and improve the quality of life for the residents of Harry Gwala District by attracting and facilitating sustainable investments and fostering partnerships between the public and private sectors.

The Harry Gwala Development Agency is dedicated to fostering sustainable development and improving the quality of life for the residents of the Harry Gwala District Municipality in KwaZulu-Natal, South Africa. The Agency works collaboratively with various stakeholders to implement projects and programs that address the socio-economic challenges faced by the HGDM community.

HGDA is inspired by the vision of "A polycentric resource abundant investment Gateway, with absolute transformative regional growth and development by 2063."

Core functions and services

The Harry Gwala Development Agency offers a range of services to investors and businesses, including:

- i) Investment Facilitation:** Identifying and promoting investment opportunities across various sectors. Providing comprehensive support to investors throughout the investment lifecycle, from initial inquiry to project implementation. Facilitate joint ventures, mergers and acquisitions.
- ii) Business Development Support:** Assisting local entrepreneurs and businesses with business planning, market access, and capacity building. Offering advisory services on accessing finance, technology, and markets.
- iii) Infrastructure Development:** Coordinating with local municipalities and other stakeholders to develop and maintain critical infrastructure such as roads, utilities, and business parks.
- iv) Skills Development and Training:** Implementing programs to enhance the skills and employability of the local workforce. Partnering with educational institutions and training providers to meet the needs of key industries.
- v) Regulatory and Compliance Assistance:** Helping businesses navigate regulatory requirements and obtain necessary permits and licenses. Providing information on incentives and tax relief programs available to investors.

STRATEGIC PARTNERSHIPS

Trade and Investment KwaZulu Natal (Operation One Stop Shop)

One of the strategic objectives of the Agency is to forge partnerships with various partners to augment the existing capacity and stimulate investment that will ultimately lead to economic growth and development at various at various levels of the public and private sector. Therefore, the Agency has collaborated with various entities including, but not limited to Trade and Investment KwaZulu-Natal (TIKZN), the Moses Kotane Institute, District Community Tourism Organisation etc. The partnership with TIKZN has led to the realisation of the One Stop Shop (OSS) which was launched by the MEC for Economic Development, Tourism and Environmental Affairs Mr S Duma.

The OSS facility is an investment facilitation centre or a “single window” mechanism where relevant government agencies are brought to a single cohesive structure that co-ordinates and streamlines processes to provide prompt, efficient and transparent services to investors. It shortens and simplifies administrative procedures and guidelines for issuance of business approvals, permits and licenses and improves the overall investment climate and ease of doing business, thereby removing bottlenecks faced by investors in establishing and running businesses. Additionally, the OSS continues to serve as a single point for most services needed mainly by small enterprises and the community with different needs, bringing departmental services closer and make information easily available even in the deepest rural areas.

Moses Kotane Institute (Harry Gwala District Techno hub)

The Harry Gwala Techno hub is one of the digital capacity interventions established through partnership with Moses Kotane Institute to enable information and community knowledge Centre where people can access the ICT infrastructure and training available in the Digital skills. The centre continues to provide youth with upskilling programmes in the digital arena. Since establishment in 2024, more than four hundred (400) youth persons have received training on various learning areas such as design thinking digital literacy, 3D printing, data analysis, computing and cell phone repair training.

Sumitomo Rubber South Africa (SRSA) (Tyre Fitment and Repair Facilities).

Whilst priority is given to catalytic interventions, the entity remains heedful of local economies and the need to retain economic spend within its locality. The Agency also recognises the significance of Small Enterprises in contributing to the Domestic Growth Product (GDP) of the area and employment creation. Consequently, the Agency has made budget provision for the support of local businesses to venture into the automated industry. To ensure sustainability of businesses to be supported, the Agency has partnered with reputable service provider in the automotive sector value chain, Sumitomo Rubber South Africa (Pty) Ltd and concluded a Service Level Agreement for the establishment, promotion and retention of

emerging enterprises within the Harry Gwala District Municipality. The conclusion of the SLA saw four (4) fully fitted Tyre Repair and Fitment Containers in the district family of municipalities.

Sumitomo Rubber South Africa Pty (LTD) is a subsidiary of Sumitomo Rubber Industries Ltd and the only manufacturer of tyres, Dunlop, Sumitomo & Falken brands that has the informal business development aspect with focus on Township and Rural business. Since Sumitomo is the sole provider that can assist to advance the objective of township and rural development, the Agency intends to use Sumitomo Rubber South through the conclusion of an SLA to realise the establishment of the Tyre Fitment facilities targeting the previously disadvantaged individuals (Women, youth and disabled). As highlighted, SRSA is the only manufacturer and sole provider for various tyre brands that has informal business development aspect. Post the establishment of the proposed fully fitted tyre fitment and repair facilities, SRSA provides businesses with a credit facility for new entry markets as well as aftercare support. There is also value for money.

Overall objective of the Programme.

To provide type fitment and repair services in townships and rural areas.

- a) Creation of job opportunities
- b) Create entrepreneurial culture and promote self-reliance.
- c) Improvement of socio- economic welfare and contribution to economic growth and development
- d) Skills development and innovation.

Impi Concept Events (Splashy Fen Music Festival)

The year 2025 marked the beginning of a formal collaboration following the conclusion of a memorandum of Understanding between the Harry Gwala District Municipality through its entity, the Harry Gwala Development Agency established to, amongst others, drive tourism development, promotion and destination marketing and Impi Concept Event Impi Concept Events which is an entity specialising in event management, sports marketing and music festival. The Music Festival is also South Africa’s longest running and oldest music festival held annually within the beautiful Southern Drakensberg during the Easter period. It is so much more than just a music festival, but a festival that promotes cultural diversity which encourages social cohesion and facilitates economic growth and cultural tourism. This highly recognized event attracts thousands of festival enthusiasts from across the country and has tremendously grown over the years and is now attracting international fans and is the second biggest event in KZN following the Durban July.

This outdoor event offers diverse experiences such as:

- i) **Live Music Performances**, providing artists (international, national and local) with a platform for exposure and to entertain the audience.
 - ii) **Camping & Outdoor Lifestyle**, offering a nature-based experience with well-equipped campsites.
-

- iii) **Adventure Activities:** providing opportunities for hiking, river swimming and rafting and exploring the scenic beauty of the Southern Drakensberg.
- iv) **Food & Craft Markets:** offering local vendors with a platform to showcase regional delicacies, art and craft and further promoting economic participation.
- v) **Community Upliftment:** supporting local employment, youth development and corporate social responsibility initiatives.

Equally important, this signature event plays a significant role in positioning the district, particularly the Southern Drakensberg, as a premier tourism destination by:

- vi) **Attracting International and National Visitors:** Over 35% of attendees come from outside KZN, attracting new visitors to the local business tourism community.
- vii) **Driving Extended Stays:** 89% of the festivalgoers attend for three or more nights, resulting in increased spending in the region.
- viii) **Boosting Economic Impact:** The festival's total economic impact is estimated to be between R89.5 million and R116.7 million, reflecting a growth of over 50% since 2017.
- ix) **Promoting the Region's Tourism Assets:** 99% of attendees recommend the Southern Drakensberg as a must-visit destination enhancing the tourism industry.
- x) **Providing Business Opportunities through the entire value chain to locals** such as accommodation establishments, tour operators benefit from the influx of visitors and increased demand for services.

The event took place from 17 to 21 April 2025 and attracted more than eight thousand festival goers who spent the entire week indulging in various captivating activities and experiences the destination offers. More than 15 local businesses benefited significantly from the festival, especially through various programmes such as but not limited to Splashy Cares and Craft Market, business opportunities such as food and beverage vendors, craft stalls, accommodation, camping providers, local music.

SECTION 2:

Section 2.1. GOVERNANCE AND INSTITUTIONAL FRAMEWORK

One of the key strategic areas of focus is the issue of Governance and Institutional Framework hence the established Forums. Governance and institutional arrangements framework address the relationship more specifically coordination between local government structures regarding funding and resource allocation and secondly, speaks to level of coordination, collaboration, and communication between local government, private sector and other key role players in the economy. It also encourages the

The district has a functional Growth and Development Forum (LED), which is aligned to the Intergovernmental Relations Structures (IGR) and to the DDM Clusters. The forum functions in accordance with the adopted Terms of Reference. The main objective of the forum is to improve coordination and alignment of economic development planning, implementation and monitoring across government and non-governmental actors.

Another coordinating structure is that of the District Tourism Sector Forum, which specifically coordinates stakeholders to collaborate, share information, learn best practices and discuss key issues related to the tourism sector. The HGDA has also developed and is supporting the Community-based Tourism Organizations (CTOs), which are operational in all the four Local Municipalities. There is also the DCTO at District level.

POLICY / REGULATORY ENVIRONMENT AND ALIGNMENT

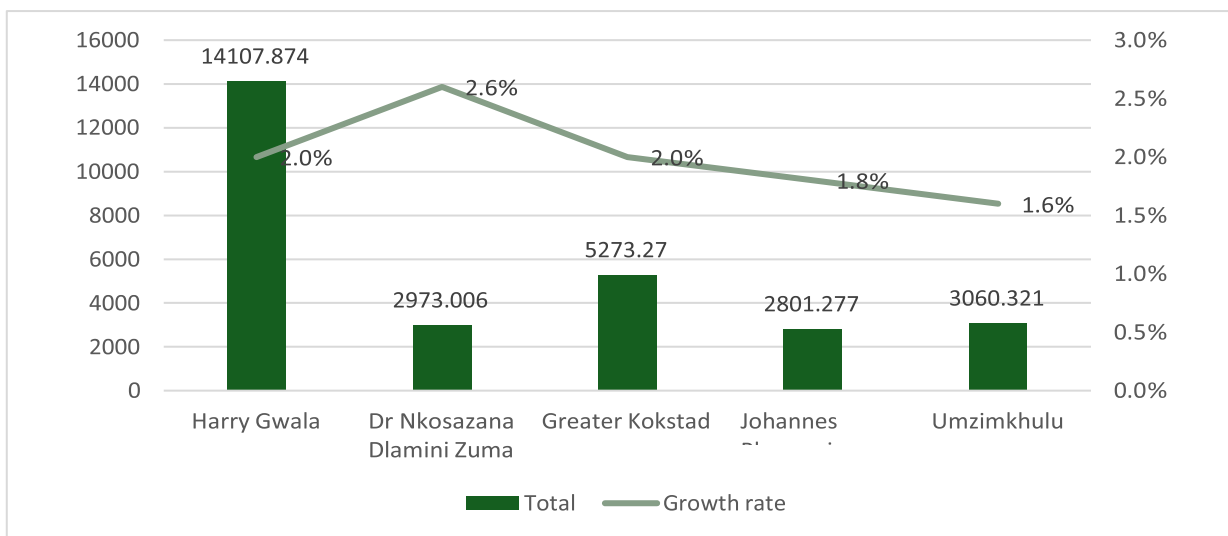
At district level, the Agency undertook the Local Economic Growth and Development Strategy review which took into into consideration the revised 2014 revised District Growth and Development Plan (DGDP) as well as the District One Plan. The strategy seeks to provide the broad economic and economic policy context, strategic goals and objectives, catalytic projects, financial and human resources required to realize its vision and objectives as well as an implementation plan which will be accompanied by Monitoring and Evaluation framework (M&E). during the Strategy review, the entity took into cognisance the alignment of the EDGDS with local municipality strategies, particularly, the updated strategies. The strategy is also aligned with the national and provincial policy thrusts such as Provincial Growth and Development Strategy which is aligned to the Sustainable Development Goals (SDGs), and specifically to the fourteen (14) national outcomes identified in the National Development Plan, the Enabling Pillars of the revised National Framework for Local Economic Development. The alignment is adequately and explicitly expressed in the District Economic Recovery Plan as well

STRATEGIC ECONOMIC ANALYSIS AND INTERVENTIONS

In 2022, Harry Gwala's Gross Value Added (GVA) at constant 2015 prices reached about R14.1b with a Compounded Annual Growth Rate (CAGR) of 2% for the period 2011 – 2022.

Economic size and growth of the HGDM and family of local municipalities in GVA terms at 2015 constant prices, 2022

Figure 1- GVA (million) 2015 constant prices

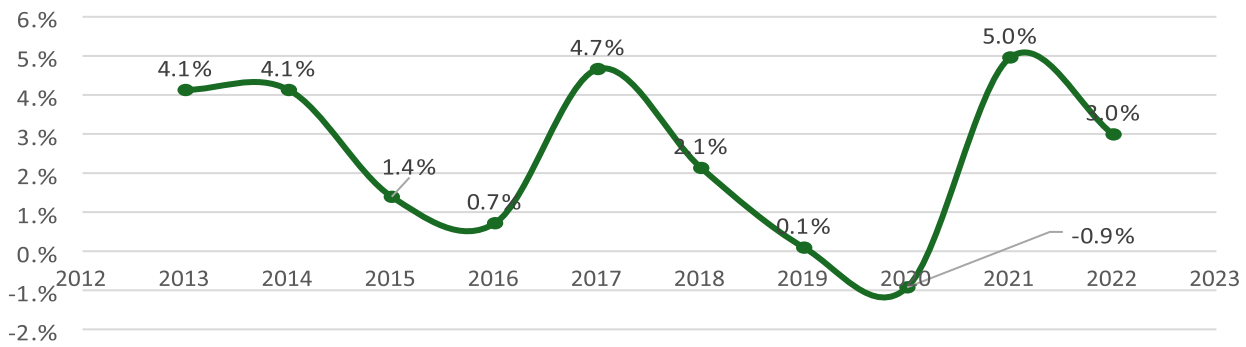


Source: Quantec Standardised Regional Data, 2024

Greater Kokstad contributes the most to the district's Gross Value Added (GVA) at 37.4%, indicating a relatively stronger economy. Dr Nkosazana Dlamini-Zuma Municipality has the highest economic growth rate at 2.6%.

In the period between 2013 and 2022, the economy (GVA) of Harry Gwala grew at an average annual rate of 2.1% due primarily to a period of relatively strong growth between 2016 and 2018, where the growth rate averaged above 3% per year.

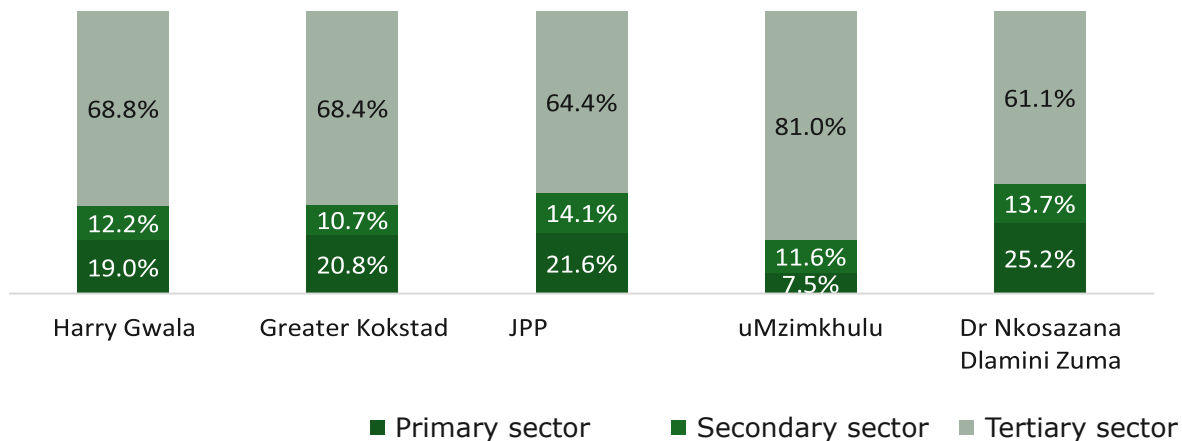
Figure 2. HGDM Economy Year on Year Change 2013 – 2022



Source: Quantec Regional Data 2024 Structure of the District Economy

The services sector dominates the Harry Gwala economy with a 68,8% weighting of the total economy. The sector is comprised of finance and business services, wholesale and trade, transportation and storage, general government and community, social and personal services. The agriculture sector is one of the other top performing sectors contributing 18.4% of the district's GVA. Manufacturing contributes 7.5% of the district's economic activity. Though electricity and gas are only contributing 2% to the economy of Harry Gwala district, there have been massive investments and plans in the green economy and, the district considers it as one of the main upcoming industries as the district pursues a sustainable smart city.

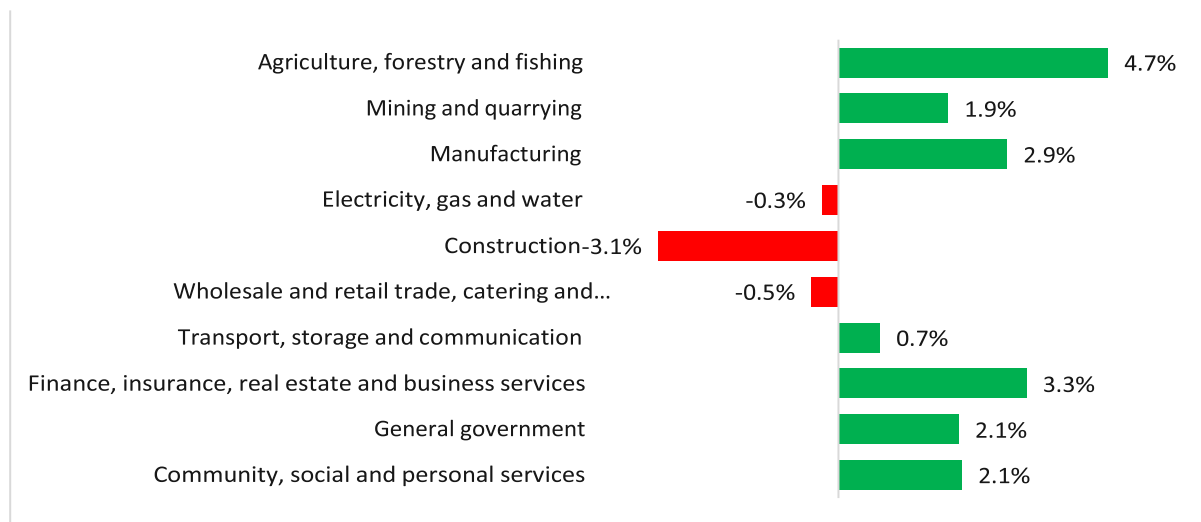
Figure 3 - Relative Sector Size



Source: Quantec Regional Standardised Data 2024.

Regarding the sectoral growth per sector in 2022, agriculture has exhibited the most rapid growth in GVA terms from 2010 – 2022. The finance and general government and community and personal services sectors also had significant growth rates over the same period. The construction industry suffered the highest contraction over the same period indicating that the sector requires significant investment support to stabilise.

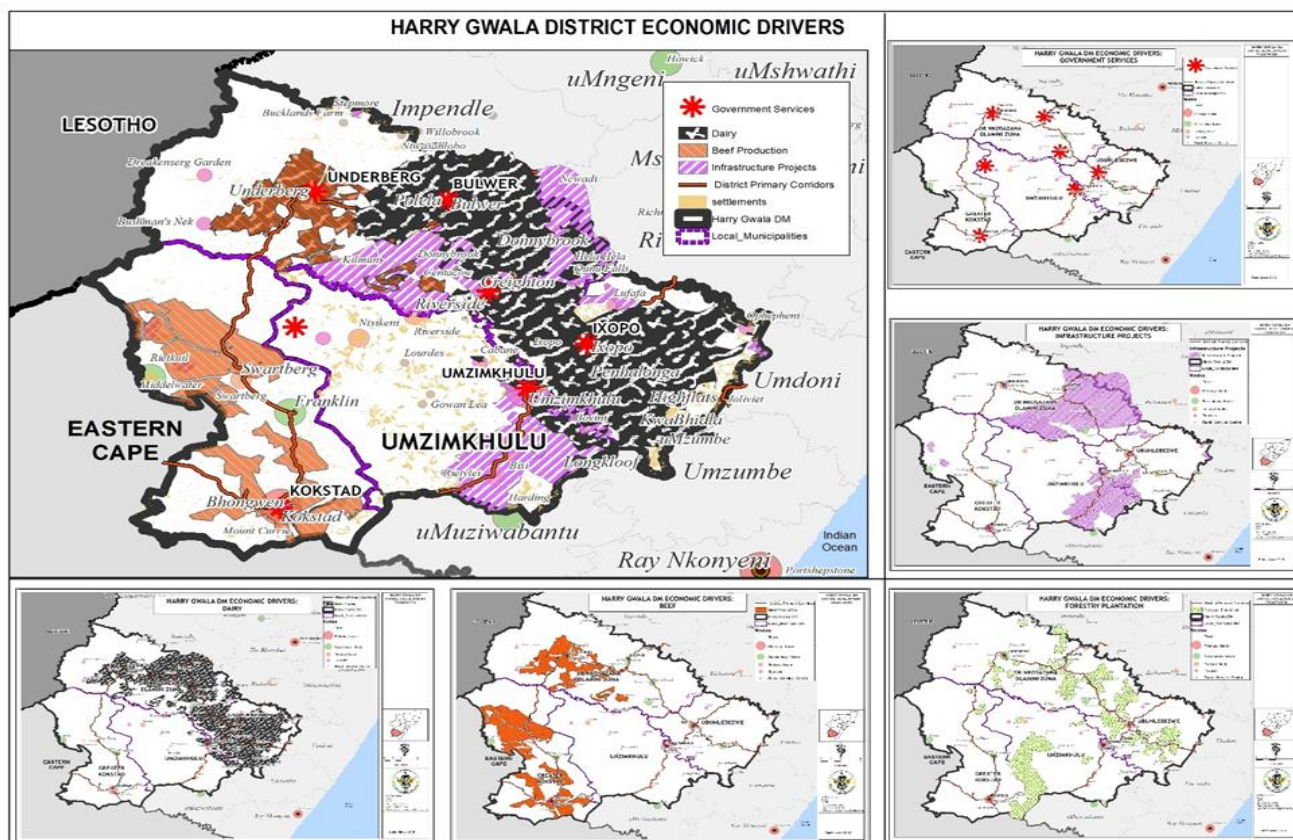
Figure 4. Growth prospects per sector in GVA terms



Source: Quantec Standardised Regional Data, 2024

DRIVERS OF GROWTH

Figure 5: The following map depicts the drivers of growth sectors in the district.



The existing Strategy includes a comprehensive analysis of District economic growth sectors:

	1996				2020			
	Kokstad	Ubuhlebezwe	Mzimkhulu	Nks Dlamini	Kokstad	Ubuhlebezwe	Mzimkhulu	Nks Dlamini
Primary Sector	20.9	20.8	6.2	24.8	23.6	23.8	6.8	28.0
Agriculture	20.7	20.2	5.9	23.3	23.6	23.7	6.7	27.8
Mining	0.1	0.6	0.3	1.5	0.0	0.1	0.1	0.2
Secondary Sector	12.8	22.4	16.7	17.6	9.1	16.5	10.9	13.3
Manufacturing	7.2	12.6	6.7	10.2	5.1	9.8	4.9	8.1
Electricity	2.6	6.4	8.2	3.9	1.5	3.4	4.1	1.9
Construction	2.9	3.5	1.8	3.4	2.5	3.3	1.8	3.2
Tertiary Sector	59.1	46.6	67.8	48.6	61.0	51.2	75.5	51.2
Trade	21.6	11.0	14.4	13.5	21.1	12.4	16.3	13.2
Transport	3.9	6.3	2.9	6.4	4.8	7.3	3.5	7.5
Finance	7.3	6.7	5.1	4.9	11.8	9.3	7.8	7.0
Community services	26.4	22.7	45.4	23.8	23.3	22.1	48.0	23.5

Source: IHS Markit (2020)

Table 1: represents the Regional Economic sector performance per local municipality between the period 2020 first quarter and the last quarter of 2021.

- **THE DISTRICT COMPARATIVE AND COMPETITIVE ADVANTAGES**

- **Agriculture and Hunting (stable existing sectors):** The district is renowned as having fertile agricultural land and a good climate for dairy farming. The district's intensive focus on expanding the agricultural industry, together with the traditional importance of this sector to the economy should ensure that this remains a comparative advantage sector of the district. The further development of the agro-processing industry should also sustain the demand for raw agro-products.
 - **Retail Trade and Services to Eastern Cape (stable existing sectors):** The Greater Kokstad Municipality is the major retail and services node for a vast Eastern Cape hinterland. Barring major new town developments in the Eastern Cape, the Municipality will retain this status. Even the re-routing of the N2 through the Wild Coast, is unlikely to substantially negatively affect the role this municipality plays in the region.
 - **Forestry and Logging (threatened and unstable):** The closure of a number of sawmills in the district reflect serious structural problems in this industry. These include a mismatch between the type of trees farmers are willing to grow and the type that are sought by sawmills. Uncertainty surrounding extensive land claims, also means that few farmers are willing to invest in planting trees which take long to mature.
 - **Agro-processing (especially Dairy):** While Food processing in general is not found to be a comparative advantage of the district, dairy processing certainly is. The district is the home of Clover SA, and several other companies utilising dairy are looking to get involved in the district. Other agro-processing opportunities such as biofuel; animal feed and essential oils are currently being explored. The district has the agricultural resources to supply these processes, thus creating the opportunity for an integrated value chain for agricultural products.
 - **Tourism:** Sani Pass offers the district several unique tourism-related opportunities, which have yet to be fully capitalised on. The potential paving of this route would make the route more accessible and could provide the opportunity for further collaborative tourism developments between KwaZulu-Natal and Lesotho. Steam train tourism in the district, if marketed and targeted effectively, also has good growth potential.
 - **Gateway to the Eastern Cape:** The N2 highway exits the province into the Eastern Cape This is the primary route connecting the Eastern and Western Cape with KwaZulu-Natal and experiences high traffic volumes (Business, Logistics, Gateway to KZN for tourists)
-

- **Gateway to Lesotho (Sani Pass):** Sani Pass is the only formal route into Lesotho from the province and provides tourists with the opportunity to explore the Mountain Kingdom.
- **Southern Drakensberg Escarpment (Natural/Resource Advantages):** The district has access to the southern portion of the Drakensberg escarpment in the province, and as such has a comparative advantage in eco-tourism (especially mountain tourism) compared to most other districts.
- **Relatively good agricultural land:** good climatic conditions and a relative abundance of water, flowing from the Drakensberg catchment areas.

The Spatial Development Framework (SDF) of the municipality clearly identifies the basic economic resources and economic infrastructure (Bulk services, Transportation, serviced industrial, commercial sites, productive agricultural land, etc.) of the Municipality. It forms a prominent sector plan or component of the Integrated Development Plan (IDP) for the Municipality. It gives logic to the IDP and serves as a tool for the implementation of the IDP and localized spatial plans and policies, including the Town Planning Schemes (TPS) AND Land Use Management System (LUMS). It also serves to facilitate planning at a higher level by informing national and provincial authorities of the spatial development directives of the Municipality and further provides strategic guidelines and principles through which the development initiatives and land use applications can be evaluated.

• **GREEN ENERGY – AN EMERGING SECTOR IN HARRY GWALA**

The Harry Gwala District is at the forefront of a transformative shift towards green energy, positioning itself as a key player in the global push for sustainable development. As concerns about climate change and environmental degradation rise, the district offers a wealth of opportunities for investment in renewable energy projects. The district enjoys high solar irradiance, making it an ideal location for solar power installations. Favourable wind conditions in certain areas provide opportunities for wind farm development. Rich agricultural and forestry resources create the potential for biomass energy production. The green energy sector in Harry Gwala District is poised for substantial growth, driven by ongoing technological advancements, and increasing global demand for sustainable energy solutions. Key areas of focus for future development include:

- **Expansion of Renewable Energy Infrastructure:** Scaling up existing projects and exploring new sites for solar, wind, and biomass energy production.
- **Research and Innovation:** Continued investment in research and development to enhance the efficiency and effectiveness of green energy technologies.
- **Public-Private Partnerships:** Collaborations between government entities and private investors to accelerate the deployment of renewable energy projects.

The district is certainly capitalising on the opportunities of Green Economy as it is identified as a sustainable development path based on addressing the interdependence between economic growth,

social protection and natural ecosystem. The National approach is to ensure that green economy programmes are to be supported by practical and implementable action plan therefore importance of building on existing best processes, programmes, initiatives and indigenous knowledge in key sectors “Towards a resource efficient, low carbon and pro-employment growth path” and that government alone cannot manage and fund a just transition to a green economy, that the private sector and civil society must play a fundamental role. The Green Strategy has been reviewed to identify green economy opportunities and explore how to maximise those opportunities. The Agency, Provincial Environmental Affairs as well as the local municipalities will facilitate the implementation of sustainable waste management practices (waste beneficiation).

- **RENEWABLE WASTE ENERGY PROJECT- BIOMASS FACTORY**

The Agency has partnered with the EDTEA for the establishment of a Biomass Pyrolysis Plant in Donnybrook under the Dr Nkosazana Dlamini-Zuma Local Municipality. The initiative is a private investment initiative supported by the Agency through funding from EDTEA (R2million) for infrastructure improvements. The Agency through a service provider successfully completed the refurbishment which was followed by an official launch in July 2024 by the erstwhile MEC for Economic Development and Tourism, Mr. S. Duma. The factory is fully operational and is involved in the conversion of forest waste to value added products operations (crude-wood vinegar, biochar etc). The raw material is sourced from local timber plantations processing facilities within the district. This facility has employed a significant number of employment opportunities.

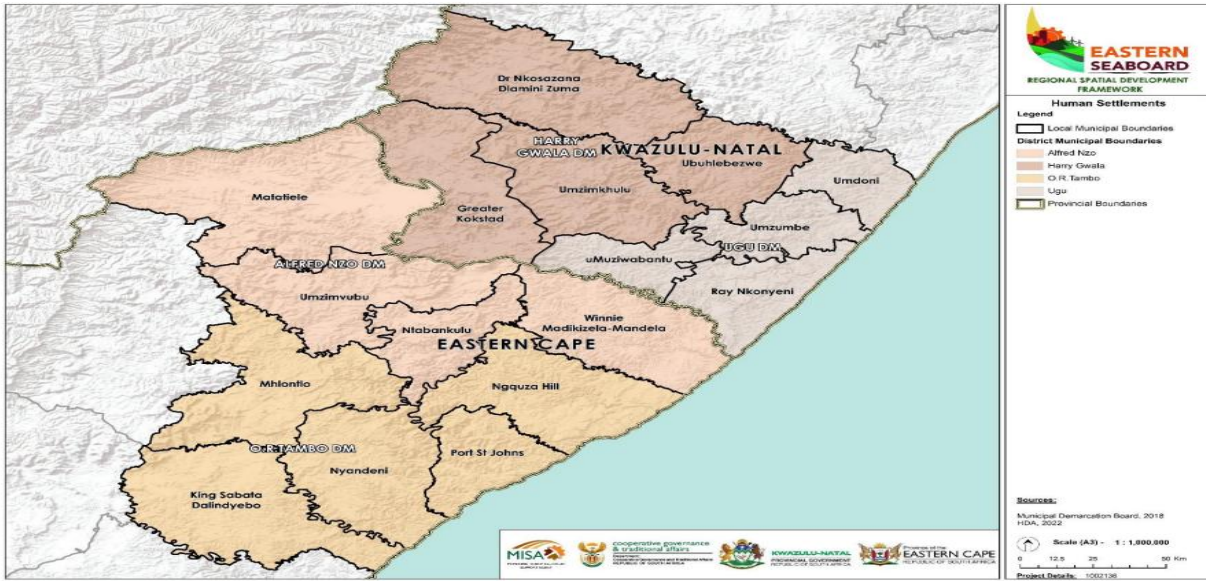
— **A NEED TO DIVERSIFY THE DISTRICT’S ECONOMY**

Land for industrial development has been identified at Local Municipalities as sub-projects of the nodal developments. Furthermore, the HGDA is partnering with departments like to DTIC in unlocking industrialization and manufacturing in the district. Even, SMMEs involved in manufacturing are supported through the enterprise development fund in partnership with EDTEA.

- **THE EASTERN SEABOARD DEVELOPMENT**

The recently proclaimed region known as the Eastern Seaboard Development has the following Vision: “a region known for its innovative learning culture, thriving economy, green energy production and sustainable environment”. The Map

Figure 6: Spatial context of the Eastern Seaboard Region.



Spatial context of the Eastern Seaboard Region, Source: draft ESRRSDF, 2023

Table 2 : The structure of the Eastern Seaboard Region’s RSDF is diagrammatically represented below:



Source: Structure of the ESRRSDF, RSDF, 2023

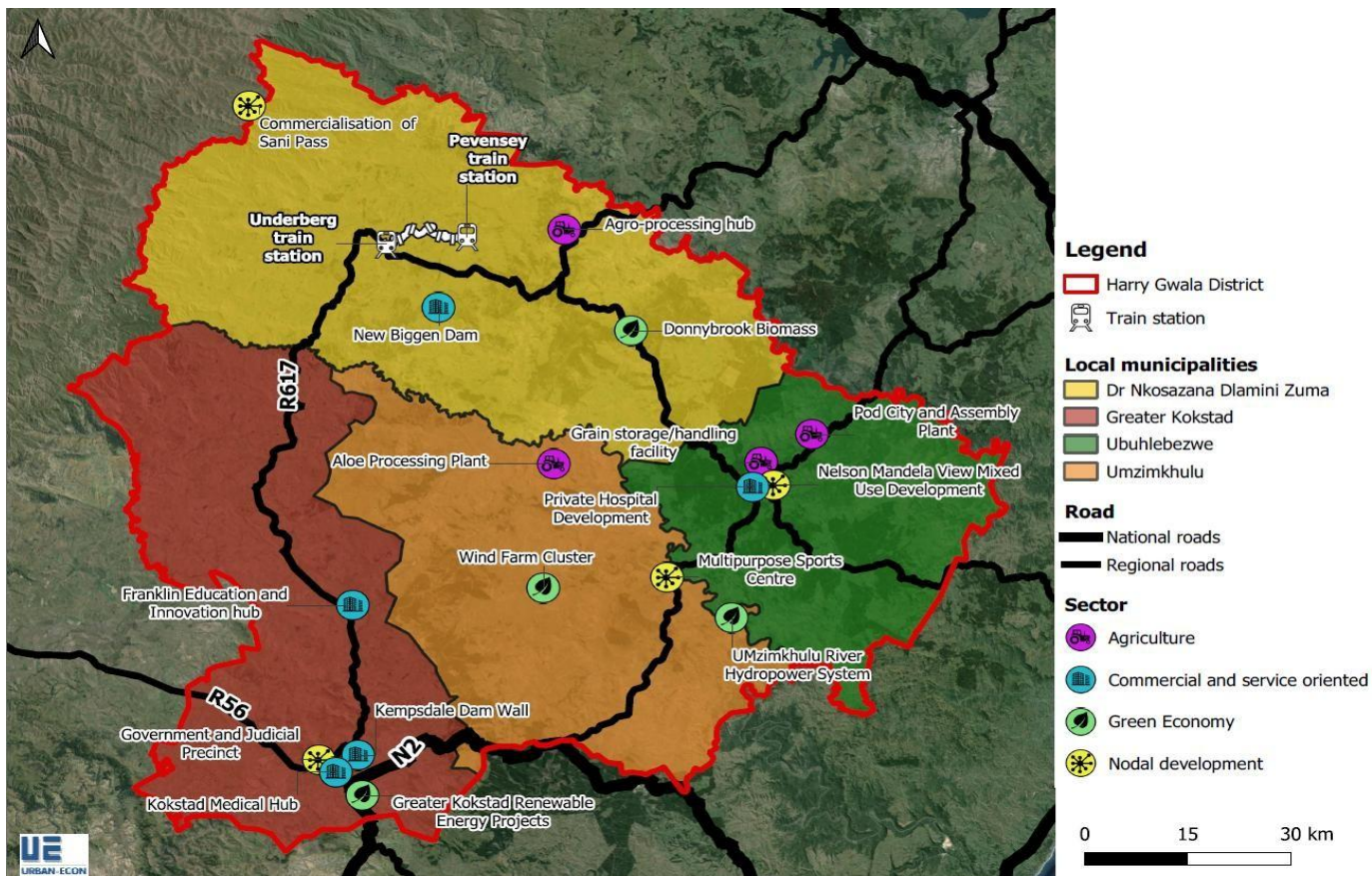
- STRATEGIC INTERVENTIONS (CATALYTIC PROJECTS)

— OPPORTUNITIES FOR INVESTMENT

The Harry Gwala District presents many investment opportunities across various sectors, underpinned by strategic planning, robust infrastructure, and a commitment to sustainable development. Investors are invited to explore these opportunities and participate in the district's growth journey. With strong government support and a conducive business environment, the Harry Gwala District is an ideal destination for forward-looking investments.

The following presents a highlight of key investment opportunities across various sectors, including agriculture, tourism and heritage, commercial and service-oriented development, green economy and nodal developments. By investing in the following catalytic projects unpacked below, investors can achieve substantial economic gains and contribute to the district's sustainable development and socioeconomic upliftment:

Figure 7: The following map showcases a summary of some of the projects and their locations.



Urban-Econ Mapping, 2024.

ALOE PROCESSING PLANT

Project Name-Aloe Processing Plant

Opportunity	This opportunity entails the construction of an aloe processing plant which will be in uMzimkhulu LM. Agro-processing ventures can add value to raw agricultural products making them more profitable.
Nature of the project	Agriculture
Rationale for this venture	The region grows Aloe ferox a superior type of aloe. Aloe Ferox can be processed into various value-added products such as gels, creams, health supplements, and beverages. This diversification can increase profitability and provide multiple revenue streams for producers. Aloe has been used for centuries in traditional African medicine for its healing properties. Leveraging this cultural heritage can enhance the appeal and authenticity of products derived from aloe.
Attractiveness Assessment	South Africa dominates Aloe farming in the Southern hemisphere, contributing over 60% of production. This substantial output reveals South Africa's key role in the Aloe industry. Globally, the market for Aloe products has risen to an estimated \$US 13 billion, emphasizing the widespread demand for Aloe-based goods. There is a growing global demand for natural and organic products, including those derived from Aloe Ferox. Its benefits for skin care, health, and wellness make it a valuable commodity with significant market potential. Through access to export markets (Durban port & Richards Bay port) and domestic market the aloe processing plant promises significant returns.
Key Comparative Advantage	<p>The district can naturally grow aloe ferox. Aloe Ferox, also known as Cape Aloe or Bitter Aloe, is distinct from its well-known cousin, Aloe Vera, in several significant ways. Unlike the widely cultivated Aloe Vera, Aloe Ferox grows wild in uMzimkhulu without pesticides or artificial fertilizers and is harvested using ancient methods. It contains nearly double the amino acids, making it especially beneficial for deep skin care and promoting healthy skin cell formation. Aloe Ferox also boasts 20 times more Aloin, a potent antioxidant and viral stimulant, found in its bitter sap. Unlike Aloe Vera, Aloe Ferox does not require filtering, preserving all active plant chemicals and maintaining the juice's natural properties and viscosity. Additionally, Aloe Ferox juice is richer in solids and contains significantly more iron and calcium. The cold-pressed extraction process further ensures that its natural botanicals remain intact, enhancing its superior skin care qualities and more natural processing methods.</p> <p>The aloe ferox grows in warm temperatures 12 °C -21 °C and in fertile soils, the district is blessed with both, making the district prime for aloe production and processing. The district benefits from a substantial population which offers ample labour resources.</p>
Potential Economic Impact	The Aloe industry has had a positive economic impact in many African countries, providing employment opportunities and contributing to rural development. Additionally, it can inspire economic growth through increased trade and investment in the region. Moreover, it may improve the district's reputation as a hub for Aloe products, attracting further business and tourism opportunities. As the global demand for Aloe continues to rise, there is potential for further economic growth through increased production and value addition.
Investment requirements	Phase 1: R 17 305 393 Phase 2: R 3 313 976
Location	uMzimkhulu

..1. GRAIN HANDLING AND DAIRY HUB

Project Name-District wide grain storage/handling facility	
Opportunity	This enterprise budgeted at R2 billion, will be in the Johannes Phumani Phungula Municipality area at Ellerton farm and is aimed at providing storage facilities to all district-wide farmers. In consideration, is the bulk infrastructure development such as the widening of the R56 and the construction of a weighbridge. It presents an opportunity to establish a Petrol Port, housing facilities, and logistics cooperatives and stimulate farmer’s activities. It has a very high potential to develop and promote nodal development
Nature of the project	Agriculture
Rationale for this venture	Johannes Phumani Phungula Municipality and the district is an agricultural region with many grain-producing farms. A grain handling site would provide the necessary infrastructure to support these farmers, offering storage, processing, and distribution facilities that can help improve efficiency and reduce postharvest losses. A business plan has already been done and currently looking for a new site.
Status	A business plan has been conducted.
Attractiveness Assessment	Investing in a grain handling facility in Johannes Phumani Phungula Municipality is attractive due to the region's agricultural potential, market demand, and supportive economic environment. The project promises economic benefits through job creation and improved infrastructure, along with enhanced food security and potential value addition. With government incentives and strategic planning, the investment can yield significant returns and contribute positively to the community and region. The grain and cereal industry in South Africa is a crucial component of the agricultural sector, contributing substantially to both the country's economy and labour force. South Africa's status as a net exporter of maize distinguishes it among African nations, with maize exports in the third quarter of 2023 totalling R5.8 billion, a 10.6% rise over the R5.2 billion recorded during the same period in 2022, harvested across 3.118 million hectares. These achievements underscore South Africa's focal role in the global grain market and emphasize the industry's substantial impact on the nation's agricultural economy.
Key Comparative Advantage	Establishing a grain handling facility in the Harry Gwala district presents multiple comparative advantages. Its diverse climate supports the cultivation of both white and yellow maize, ensuring a dependable grain supply. Abundant water sources and ongoing dam projects enhance agricultural productivity. Experienced local farmers contribute to high-quality grain production. Moreover, Harry Gwala's strategic location grants access to diverse markets, both local and international. These factors collectively position Harry Gwala as an appealing location for a grain handling facility, offering abundant maize supply, market access, and agricultural expertise.

Potential Economic Impact	<p>Establishing a grain handling facility offers significant benefits on various fronts. The grain industry's importance in South Africa, contributing over 30% to agricultural production, emphasizes the potential impact. Economic growth prospects are substantial, as the facility would create direct job opportunities and stimulate related industries. Local farmers would benefit from enhanced market access, leading to increased income and economic development in the region. Furthermore, the facility could drive agricultural innovation by encouraging modern practices, thus boosting productivity. Additionally, increased processed grain exports could strengthen foreign exchange earnings, enhancing overall economic stability.</p> <p>There are several other spinoffs from this project. It may catalyse and aid nodal development through the development of boarding facilities, eateries and any other services which may be required by haulage drivers and workers at the grain facility. In summary, the facility promises multifaceted benefits, including economic growth, agricultural advancement, nodal development and expanded market opportunities in Harry Gwala.</p>
Investment requirements	R2 billion
Location	Johannes Phumani Phungula Municipality (Ellerton farm)

POD CITY AND ASSEMBLY PLANT

Project Name-Pod City and Assembly Plant	
Opportunity	The project aims at establishing a pod city where hemp and cannabis are grown for export market and medicinal use. The project also involves the establishment of Hemp farms and establishment of a manufacturing plant of PODs. Opportunities lie in Farming hemp and cannabis, manufacturing by-products (such as eucalyptus oil), exports, logistics, and packaging.
Nature of the project	Agriculture
Rationale for this venture	The global market for hemp and cannabis products is expanding rapidly, driven by increasing legalization and acceptance for medical and industrial uses. Establishing a processing plant in Harry Gwala can tap into this growing market demand since the district has the ideal climate and existing operational farms. South Africa's cannabis industry holds significant economic potential, with projections of creating up to 25,000 jobs and reaching a value of approximately R28 billion. This growth is fuelled by increasing investments in cannabis-related financial commodities, reflecting a growing trend in the market. South Africa district benefits from an ideal climate for cannabis cultivation, positioning it as the third-largest producer globally, according to the World Health Organization.
Status	<ul style="list-style-type: none"> • There is an existing partnership. • Licensing application – cultivation and research (cannabis) and hemp production license application lodged with RSA Regulatory Authority.

Attractiveness Assessment	<p>The cannabis market in South Africa is expected to experience significant growth, with revenue projected to reach 4.263 billion rand by 2024. This growth trend is forecasted to continue with an annual growth rate of 1.19% from 2024 to 2029, leading to a market volume of 4.9035 billion by 2029. These figures underscore the substantial economic potential of South Africa's cannabis industry in the foreseeable future.</p> <p>Being among the first to establish a significant processing facility in the region can provide a competitive advantage in capturing market share and establishing brand recognition in the emerging hemp and cannabis industries. With access to international markets, particularly in Europe and North America where demand for hemp and cannabis products is high, the processing plant can capitalize on export opportunities, contributing to foreign exchange earnings for the country.</p>
Key Comparative Advantage	<p>Harry Gwala district offers a comparative advantage in producing and manufacturing cannabis products due to its diverse climate, abundant water sources, large land availability, well-developed transport network, and sizable labour force.</p> <p>South Africa has made advancements in legalizing cannabis for medicinal and research purposes, providing a supportive regulatory environment. This enables farmers and businesses in Harry Gwala to legally cultivate and process hemp and cannabis, ensuring compliance with national laws and regulations.</p> <p>There is a growing acceptance and support within local communities in Harry Gwala for hemp and cannabis cultivation, recognizing the economic benefits and job opportunities that such agriculture can bring to the region</p>
Potential Economic Impact	<p>The establishment of hemp and cannabis processing facilities in the Harry Gwala District holds significant economic potential. It promises to generate employment across various sectors including cultivation, processing, research, and administration, thereby reducing unemployment and improving local livelihoods. Farmers and landowners can diversify their income streams through crop cultivation and sales to processing facilities, enhancing overall economic stability. Value-added products like CBD oil and fibres for textiles offer higher profit margins and stimulate local economic growth. Additionally, developing a local supply chain for agricultural inputs and services supports ancillary industries and infrastructure improvements. Export opportunities for high-quality hemp and cannabis products can bolster foreign exchange earnings, while research collaboration with institutions can drive innovation in cultivation techniques and product development.</p>
Investment requirements	R150 million
Location	Various hemp farms across the district

AGRO-PROCESSING HUB

Project Name- Agro-processing hub

Opportunity	This enterprise is still at the concept stage. It involves establishing an Agro-processing hub that will provide the required food processing and packaging focusing on fresh produce, poultry, and beef processing. The objectives of this project are unleashing agricultural potentials, infrastructure, nodal development, and logistics. It will also provide an opportunity for exporting, research and economic development.
Nature of the project	Agriculture
Status	Concept stage
Attractiveness Assessment	<p>Investing in an agro-processing plant in Bulwer, Harry Gwala District offers compelling advantages. First, Bulwer is strategically located amidst fertile agricultural land and benefits from a favourable climate, ensuring a reliable supply of raw materials essential for processing operations. This proximity minimizes transportation costs and logistical challenges, enhancing operational efficiency. Secondly, there is a growing demand for processed agricultural products both locally and globally, presenting a lucrative market opportunity.</p> <p>The Agro-processing sector in South Africa plays a vital role in promoting food security, as highlighted by its significant contribution to the country's economy. In 2022, despite a slight moderation in growth compared to the previous year, the sector's value of sales increased to approximately R956.8 billion. This growth can be attributed to several factors, including the country's steadily growing population, which necessitates increased food production. Additionally, rising incomes and the "supermarket revolution" have fired a growing demand for processed food products. The expansion of supermarkets has not only increased access to processed foods but has also spurred structural transformation within the agri-food industry, contributing to its rapid evolution. Overall, these factors underscore the importance of the Agro-processing sector in meeting the food needs of South Africa's population and driving economic growth. Establishing a plant in Bulwer allows for meeting this demand and capturing value-added margins by processing crops like fruits, vegetables, and grains into packaged foods, beverages, oils, and other goods.</p>
Key Comparative Advantage	The area supplies a significant local labour force and direct transport routes, including tarred roads, enhancing accessibility. Easy access to major markets in Durban and Pietermaritzburg (PMB) further supports distribution. Ongoing infrastructure development expands the region's potential for growth. Additionally, substantial water supply (through rivers and dams) availability complements the quality agriculture farmers in the area to supply the Agro-processing hub, consolidating its strengths for Agro-processing development.

Potential Economic Impact	Establishing Agro-processing facilities offers numerous benefits, including increased demand for agricultural raw materials, leading to new output markets and higher income for farmers. This income boost enables investment in capital equipment, enhancing sector-wide productivity. Moreover, Agro-processing creates employment opportunities, stimulates exports, and generates income within the logistics sector. It also contributes to rural development by creating jobs and supporting local economies. Additionally, by diversifying markets, Agro processing promotes stability. Lastly, it drives innovation and technology transfer, advancing agricultural practices and processing methods. In summary, Agro processing is integral to economic growth, employment, innovation, and sustainability in rural communities.
Investment requirements	R40,000,000
Location	Bulwer

— **COMMERCIAL AND SERVICE ORIENTATED PROJECTS**

Commercial and service-oriented development in the Harry Gwala District plays a crucial role in fostering economic growth, enhancing the quality of life, and creating vibrant, inclusive communities. By strategically planning and investing in commercial hubs, diverse retail and entertainment options, service-oriented facilities, innovation hubs, and sustainable development practices, the district offers amazing investment opportunities.

NEW BIGGEN DAM

Project Name- New Biggen Dam	
Opportunity	Formulation of an earth dam to supply the whole of Harry Gwala and neighbouring districts. The dam would have a capacity of 77 million cubic metres of water and has a yield of 348 MI/day.
Nature of the project	Commercial and service-orientated
Status	Detailed feasibility of the project has been done (October 2023) Anticipated implementation period – 3 years from final approval
Attractiveness Assessment	Approximately 70% of the country's GDP relies on water sourced from the Limpopo, Inkomati, Pongola, and Orange Rivers. Therefore, the New Biggen Dam holds significant potential to boost the nation's water resources similarly. Furthermore, the dam will aid in managing high rainfall in the district. This dam will not only support irrigation for farmers but also serve essential flood control functions, thereby enhancing agricultural productivity and promoting environmental sustainability.

Key Comparative Advantage	The argillaceous nature of the soils around the uMzimkhulu River basin influenced the selection of an earthfall dam wall type at the chosen location. The presence of a high mountain catchment area will provide ample water supply to feed the dam. Additionally, the availability of extensive vacant lands offers opportunities for the project's development. Furthermore, the dam's construction is expected to yield numerous spill-over benefits for other projects in the region.
Potential Economic Impact	The construction of the dam in the Harry Gwala district promises numerous benefits. It secures water supply for the district and neighbouring areas, ensuring long-term water security. Additionally, the dam aids in flood prevention, enhancing safety and reducing potential damage. The project also holds the potential for boosting tourism through recreational opportunities around the reservoir. Moreover, improved water access and flood control measures enhance residents' overall quality of life. Furthermore, the dam's construction may stimulate infrastructure development, fostering economic and social growth in the region. Additional projects which may spur from this project are recreational fishing, canoeing, water sports, site viewing, and irrigation farming.
Investment requirements	R200M
Location	Ixopo, Underberg, uMzimkhulu

RAISING OF KEMPSDALE DAM WALL

Project Name- Raising of Kempsdale Dam Wall	
Opportunity	This project involves upgrading the existing Kempsdale Dam wall to increase its capacity from 215 055 m ³ to 2140000 m ³ with a yield of 12,34ML/day which will assure adequate water supply until 2040 in Greater Kokstad LM- sub-region. The dam offers an investment opportunity to generate hydroelectricity and to create tourism activities such as canoeing, fishing, and boat cruising
Nature of the project	Commercial and service-orientated
Status	The Municipal Infrastructure Support Agent (MISA) has approved the project packaging of the Kempsdale Dam.
Attractiveness Assessment	With all necessary approvals in place and the process underway, the extension holds significant promise, particularly in hydropower generation. This offers a sustainable energy source with lower operational costs compared to fossil fuel-based plants. Moreover, the dam serves multiple functions beyond energy production, including water supply, flood control, and recreation, making it a comprehensive solution to various regional needs.

Key Comparative Advantage	The project, expected to span three years, aims to enhance the raw water capacity of the dam to meet projected demands up to 2040. Furthermore, it will ensure the provision of a sufficient, safe, reliable, and sustainable potable water supply to critical areas including Kokstad town, Kokstad CMax prison, as well as Shayamoya and Bhongweni regions. Additionally, surplus electricity can be exported, potentially transforming the dam into a regional energy hub and stimulating economic growth.
Potential Economic Impact	The dam extension project promises several benefits for the region. It will enhance agriculture productivity by providing a reliable water source, consequently promoting Agro-processing development. Additionally, the dam's presence can attract future investments, particularly in agriculture and Agro-processing sectors, thereby boosting local businesses and stimulating economic growth. Moreover, the project includes hydropower development, offering a sustainable energy source that further contributes to the region's development and prosperity.
Investment requirements	R192,896,473.55 including vat
Location	Kokstad

KOKSTAD MEDICAL HUB (PRIVATE HOSPITAL, RETIREMENT VILLAGE)

Project Name- Kokstad Medical Hub (Private Hospital, Retirement Village and Pan Health)	
Opportunity	Kokstad Medical Hub involves the establishment of a private hospital, accommodation for nurses and medical staff, a retirement village, and the promotion of Pan Health. This is a targeted development to increase private sector investment, pan-health tourism, and urban renewal including the construction of an old age home. It will include 10 ICU Beds and 4 Neonatal, 2 x theatres (1 of which will be laminar flow – joint replacements, heart and brain operations), radiology, CT and MRI, and pharmacy. Designs to include a mini retail facility on the ground floor with specialized recovery wards on the uppermost level for medical/cosmetic recovery (Pan Tourism)
Nature of the project	Commercial and service-orientated
Status	Vacant land identified
Attractiveness Assessment	The Kokstad Medical Hub, consisting of a private hospital, retirement village, and Pan Health facilities, offers comprehensive healthcare services catering to the diverse needs of the community. This integrated approach promotes overall health and well-being while enhancing the quality of life for seniors through comfortable living arrangements and access to on-site medical care. Furthermore, the development of the medical hub is expected to stimulate economic growth by attracting investment, creating jobs, and supporting local businesses. As a regional healthcare destination, it has the potential to draw patients from neighbouring areas, benefiting both the local healthcare sector and

	ancillary services such as hospitality and retail. Overall, the Kokstad Medical Hub represents a significant investment in healthcare infrastructure, promising improved health outcomes and socio-economic development for Kokstad and surrounding regions.
Key Comparative Advantage	The Kokstad Medical Hub fills a crucial void in healthcare access, 150km from the nearest health centre. Nested in a serene environment, it offers an ideal setting for patient recovery, providing peace conducive to healing. With the district's scarcity of retirement centers, the center is set to meet the high demand for such facilities. Moreover, the clean and sparsely populated surroundings and access to land and water create a health-promoting environment, further elevating the hub's appeal for healthcare and retirement needs.
Potential Economic Impact	The Kokstad Medical Hub is expected to significantly impact the local economy by generating employment across various sectors, including healthcare, tourism, hospitality, construction, and administration. It will create opportunities for local businesses, stimulate real estate development, and attract patients from neighbouring areas, contributing to increased revenue for medical facilities and local businesses. Additionally, the hub's presence will stimulate demand for ancillary services (transportation, etc), further supporting local businesses and fostering growth and prosperity in the region.
Investment requirements	TBD
Location	Kokstad

FRANKLIN EDUCATION AND INNOVATION HUB

Project Name- Franklin Education and Innovation Hub	
Opportunity	Construction of a University. It will be constructed in KZN or Eastern Cape. (Franklin)
Nature of the project	Commercial and service-orientated
Status	Application made to the Department of Higher Education and Technology Ministry for Prioritization. Land is available to be donated.

Attractiveness Assessment	The Potchefstroom campus of NWU demonstrates considerable purchasing power, reflected in its substantial expenditures on operational and capital expenses, which surged from R659 million in 2006 to R1.75 billion in 2015. This growth, accompanied by a rise in student enrolment from 16,079 to 21,320 during the same period, exemplifies the transformative impact a university's development can have on a district like Harry Gwala. Such economic influence has the potential to spark the growth of local businesses, fuelled by the increased demand for goods and services from both the expanding student population and the university itself.
Key Comparative Advantage	The district lacks a university despite its high population and available donated land, signalling a prime opportunity for development. Additionally, with a future hospital project, medical accessibility and services are set to improve significantly, addressing healthcare needs effectively.
Potential Economic Impact	The establishment of a university in the district promises several significant benefits. Firstly, it would spur real estate development, with increased demand for housing and commercial spaces attracting construction firms, developers, and real estate agents. Secondly, the university's presence would boost economic activity, as students and staff contribute to various sectors, including accommodation, food, transportation, and entertainment. Lastly, it would aid in talent retention and attraction, as skilled professionals and academics are drawn to the area, reducing brain drain and strengthening the local workforce.
Investment requirements	TBD
Location	KZN or Eastern Cape

PRIVATE HOSPITAL DEVELOPMENT

Project Name- Private Hospital Development	
Opportunity	Construction of a private hospital in Johannes Phumani Phungul Municipality. Nodal Development Johannes Phumani Phungul Municipality Developers have lodged and presented to DBSA for funding for actual construction (R330m) – own contribution of R52m non disclosure agreement signed between Developers and Agency to enable the Agency to solicit equity funding and support from government Business Plan reviewed and engagements with DOT are underway HGD has confirmed water supply. The hospital has a license for 120 beds.
Nature of the project	Commercial and service-orientated

Status	Developers have lodged and presented to DBSA for funding for actual construction (R330m) – their contribution of R52m a non-disclosure agreement was signed between Developers and the Agency to enable the Agency to solicit equity funding and support from the government Business Plan reviewed and engagements with DOT are underway HGDM has confirmed water supply License for 120 beds (initial proposal for 80 beds)
Attractiveness Assessment	The establishment of a well-equipped private hospital in Johannes Phumani Phungula Municipality holds the potential to foster health tourism, drawing patients from neighbouring regions and even internationally. This influx of patients could significantly boost revenue for the hospital and stimulate supporting industries such as hospitality, transportation, and tourism. Projections indicate a robust growth trajectory for the healthcare market, with revenue expected to reach 9.04 billion South African Rand by 2029, driven by a 2.42% annual growth rate. South Africa's healthcare sector is evolving, with a growing emphasis on integrating traditional healing practices alongside modern medical techniques. This aligns with the country's increasing healthcare spending, which reached ZAR 392.0 billion (USD 29.5 billion) in 2018, reflecting 7.5% growth in local currency terms and 22.5% in USD terms from the previous year. Such investments represent 8.4% of GDP and USD 519 per capita, underscoring the sector's significance within the national economy.
Key Comparative Advantage	The establishment of a private hospital in Johannes Phumani Phungula Municipality offers significant benefits to residents and the local economy. By providing accessible medical services, residents can reduce travel expenses and out-of-pocket healthcare costs, thereby increasing disposable income for spending on other goods and services. Currently, the closest hospital to the Harry Gwala district is located 150km away, highlighting the urgent need for local healthcare facilities. Additionally, Johannes Phumani Phungula Municipality 's serene environment with clean air fosters a conducive atmosphere for patient recovery, enhancing the hospital's appeal and effectiveness in delivering quality care.
Potential Economic Impact	The introduction of a private hospital in Johannes Phumani Phungula Municipality promises multifaceted benefits for the local community and economy. Firstly, it generates income for residents through employment opportunities and business ventures, fostering economic growth. Secondly, the hospital's presence attracts healthcare professionals to the area, enriching the local workforce and contributing to the economy. Additionally, it stimulates real estate development, spurring the construction of residential and commercial properties to accommodate hospital staff, patients, and visitors, further enhancing the district's infrastructure and economic vitality.
Investment requirements	TBD

Location	Ixopo
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GREEN ECONOMY PROJECTS

The Harry Gwala District aims to serve as a beacon of environmental stewardship, innovation, and prosperity for current and future generations. The district has several lucrative opportunities with abundant green capital in the form of wind corridors, solar, and rivers (Umkomaas and uMzimkhulu).

MZIMKHULU RIVER HYDROPOWER SYSTEM

Project Name- uMzimkhulu River Hydropower System	
Opportunity	Development of a hydropower system on the uMzimkhulu River. It is an initiative to explore sources of renewable energy through the uMzimkhulu River. The uMzimkhulu River is also a comparative advantage for the district and can be used for sports events such as fishing.
Nature of the project	Green economy
Status	In development (Pre-construction phase)
Attractiveness Assessment	Hydropower emerges as a crucial pillar of South Africa's energy strategy due to its manifold benefits. By harnessing local water resources, South Africa can reduce dependence on imported energy, enhancing energy security and sovereignty. Moreover, hydropower's low greenhouse gas emissions compared to fossil fuels contribute significantly to climate change mitigation efforts.
Key Comparative Advantage	The uMzimkhulu River Hydropower System offers numerous advantages for South Africa's energy sector. With long-term sustainability in mind, these systems boast a lengthy operational lifespan and low operating costs, ensuring stable and sustainable energy generation for many years. The uMzimkhulu River's consistent flow throughout the year provides a reliable source of water, facilitating hydropower generation. Unlike solar or wind power, which can be intermittent, hydropower offers a reliable and consistent energy source, with water flow controllable to meet demand. Its flexibility enables swift adjustments to changes in electricity demand, making it instrumental for grid balancing and integrating other renewable energy sources
Potential Economic Impact	Hydropower systems in South Africa offer multifaceted benefits, spanning agriculture, energy, tourism, flood control, and economic development. With up to 40% of farmlands benefiting from dam water for irrigation, hydropower contributes significantly to agricultural productivity. Additionally, it plays a vital role in the country's energy mix, currently supplying 5% of electricity, expected to increase with renewable energy initiatives. Hydropower reservoirs serve as popular tourist destinations, stimulating local economies through recreational activities. Moreover, these systems aid in flood control efforts, mitigating downstream risks during heavy rainfall, while also creating employment opportunities in construction, operation, and maintenance, thus fostering local economic growth and improving community livelihoods.
Investment requirements	R 400M

Location	Krom Hoek
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GREATER KOKSTAD RENEWABLE ENERGY PROJECTS (BIOMASS/DIGESTERS, SOLAR STREET LIGHTING AND WATER GEYSERS)

Project Name- Greater Kokstad Renewable Energy Projects (biomass/digesters, solar street lighting and water geysers)	
Opportunity	Implementation of Green Economy methodologies in the Greater Kokstad LM such as biomass/digesters, solar street lighting and water geysers. The development of an energy generating plant at the Kraaifontein Landfill Site using garden waste.
Nature of the project	Green economy
Status	In partnership with UKZN, the municipality is conducting feasibility studies for the conversion of waste matter into energy. The municipality has purchased a farm with a plan to develop a Solar Generation Farm for producing electricity for streetlighting and supplementary distribution of electricity to households.
Attractiveness Assessment	<p>There is already a mature and growing market for energy. This initiative fits perfectly with the development of a Smart City that the Eastern Seaboard aims to build. Alternative power sources reduce carbon emission, which supports the Presidential Climate Commission's objectives.</p> <p>Renewable energy projects, such as biomass, solar, and geothermal, play a crucial role in environmental conservation. Biomass projects, when sustainably managed, use organic waste materials instead of virgin timber, thereby aiding forest conservation efforts. Solar and geothermal projects have minimal environmental impact compared to traditional energy sources, contributing to overall sustainability and reducing ecological harm. These renewable energy sources promote a cleaner, greener future while mitigating the negative effects of climate change and fostering environmental stewardship.</p>

Key Comparative Advantage	The district presents an abundance of available land and vegetation offering opportunities for various renewable energy projects. With ample water sources such as the uMzimkhulu River, the region possesses a reliable and sustainable resource for hydroelectric or other water-based energy initiatives. Additionally, its elevated terrain provides optimal sunlight exposure, making it an ideal location for the installation of solar energy infrastructure. Moreover, the district benefits from a plentiful labour force, providing the manpower necessary for the construction, operation and maintenance of renewable facilities. Furthermore, the area's diverse climate lends itself well to a range of renewable energy technologies. Overall, these natural attributes position the district as a prime location for the development and implementation of various renewable energy sources.
Potential Economic Impact	Renewable energy projects yield numerous benefits, including job creation across various sectors, significant cost savings, improved public health through reduced pollution, driving technological innovation, and positioning nations as global leaders in sustainability and climate action. These initiatives foster stable employment, bolster local economies, enhance public safety, and signify a commitment to a more sustainable and resilient energy future.
Investment requirements	10M
Location	Greater Kokstad

WINDFARM CLUSTER DEVELOPMENT – UMZIMKHULU

Project Name- Wind Farm Cluster Development - uMzimkhulu	
Opportunity	Harry Gwala District is one of the areas that has been identified by the Eastern Seaboard as a wind corridor. Thus, the area has a high potential for wind energy. An investment opportunity therefore exists to harness or partner with the government to erect a wind farm in uMzimkhulu and boost green energy production.
Nature of the project	Green economy
Status	Concept Stage
Attractiveness Assessment	Wind farms perfectly fit the Presidential Climate Commission's carbon emissions reduction objectives. Increasing demand for renewable energy can provide a stable market. Wind energy has experienced remarkable growth globally, quadrupling its global capacity over the past decade, according to the International Renewable Energy Agency (IRENA). This expansion has significantly contributed to curbing carbon emissions, with wind power generation preventing over 1.1 billion metric tons of CO2 emissions in 2020, highlighting its pivotal role in combating climate change. This initiative helps alleviate the pressure of electricity shortages

	implying the availability of an existing mature and growing energy market.
Key Comparative Advantage	uMzimkhulu boasts abundant wind resources, ideal for wind farm development, thanks to its consistent and strong winds. The region offers potential economic benefits with lower land costs than other areas. Additionally, existing or planned grid infrastructure nearby streamlines the connection of wind farms to the electricity grid, potentially reducing transmission losses. Furthermore, wind energy production in uMzimkhulu contributes to water conservation since it doesn't require water for cooling, unlike traditional thermal power plants. Moreover, there is plenty of suitable land that can be used for wind turbines without significant displacement or environmental disruption is crucial.
Potential Economic Impact	Opportunities for local employment during and after construction. Developers can capitalize on economies of scale by constructing multiple wind farms in proximity, reducing costs per unit of energy produced. Consolidating wind farm development optimizes land use, minimizing conflicts and environmental impacts while allowing for alternative land uses like agriculture. Concentrating development fosters technological innovation, enabling research on enhancing turbine efficiency, energy storage, and grid integration.
Investment requirements	TBD
Location	uMzimkhulu

DONNYBROOK BIOMASS PROJECT

Project Name- Donnybrook Biomass Project	
Opportunity	Construction of a biomass factory in Donnybrook
Nature of the project	Green economy
Status	Completed
Attractiveness Assessment	Biomass offers a carbon-neutral energy solution, as the CO2 emitted during combustion is balanced by the CO2 absorbed during its growth, aiding in combatting global warming. Biomass District Heating (BDH) systems enhance urban environments by eliminating CO2 emissions compared to fossil fuels while improving energy efficiency with lower biofuel costs. Its widespread availability, derived from various industrial and agricultural processes, positions biomass as a promising renewable

		energy source with significant growth potential. Projects like the Donnybrook Biomass initiative promote energy independence by utilizing local biomass resources and reducing reliance on imported fossil fuels. When sustainably managed, biomass energy maintains carbon neutrality, as CO2 emissions from combustion are offset by plant absorption during photosynthesis, ensuring no net increase in atmospheric carbon dioxide levels.
Key	Comparative Advantage	Donnybrook benefits from abundant biomass resources like agricultural and forestry residues, along with organic municipal waste, ensuring a sustainable feedstock for biomass energy generation. The project's construction completion, coupled with easy transport access and a sizable labour force, streamlines operations. Moreover, the area's emphasis on timber farming further promotes carbon neutrality, enhancing the project's environmental sustainability.
Potential	Economic Impact	The Donnybrook Biomass project offers many benefits to the local economy and environment. By creating job opportunities across biomass production, harvesting, transportation, and plant operation, it fosters economic growth and community support. Additionally, the project serves as a waste management solution by utilizing organic waste materials, thereby mitigating greenhouse gas emissions and environmental pollution. Moreover, it provides supplementary income for local farmers, foresters, and landowners through biomass feedstock purchases, thereby bolstering the agricultural and forestry sectors in the region.
	Investment requirements	R40M
	Location	Donnybrook

— **NODAL DEVELOPMENT PROJECTS**

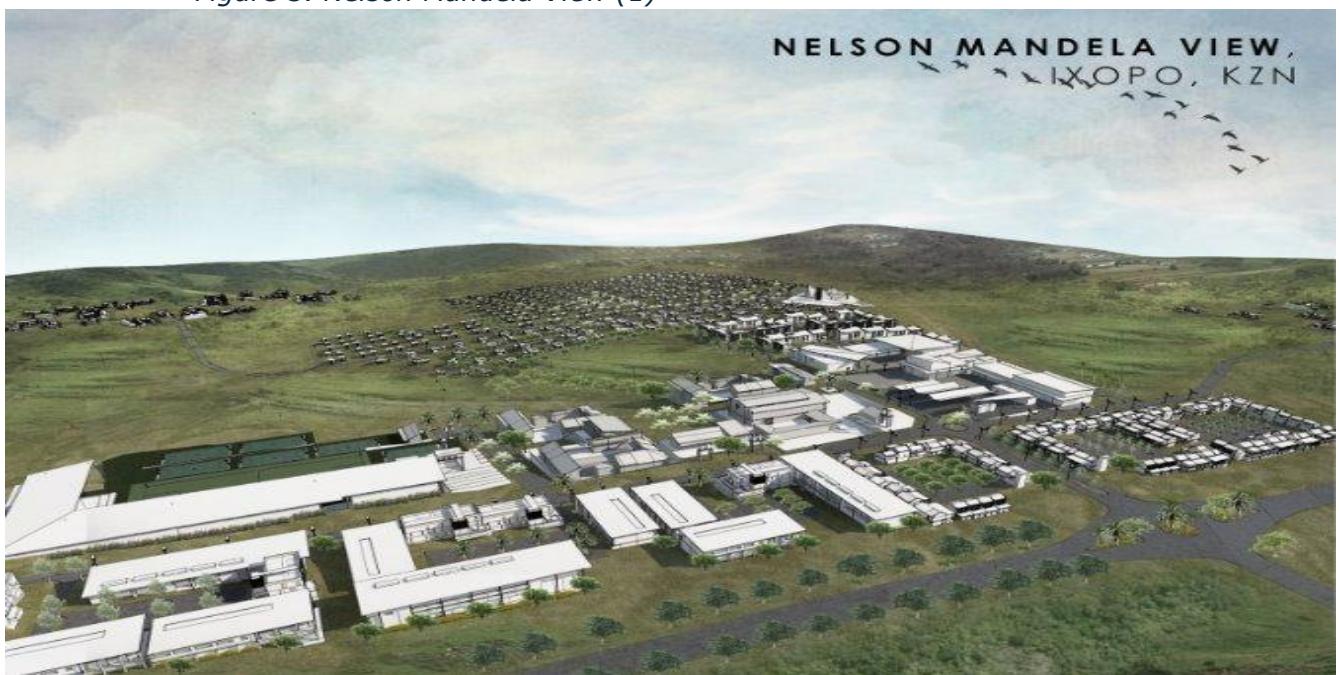
The Harry Gwala District is at the forefront of strategic urban and rural development through its focused nodal development initiatives. Nodal development involves the targeted growth of specific areas or 'nodes' within the district to create hubs of economic activity, enhance infrastructure, and improve service delivery. These initiatives are designed to stimulate balanced regional development, promote investment, and improve the quality of life for residents. By concentrating resources and planning efforts on key nodes, the district has created many lucrative opportunities for investors.

NELSON MANDELA VIEW MIXED-USE DEVELOPMENT

Figure 4. Nelson Mandela View



Figure 5. Nelson Mandela View (1)



Project Name- Nelson Mandela View Mixed-Use Development

Opportunity	A mixed-use development that consists of residential, commercial light industrial, and private hospitals sited in Ixopo at the R612 crossroad to Pietermaritzburg.
Nature of the project	Nodal development
Status	Land availability confirmed/ service provider appointed, SPLUMA application submitted, public participation ended 16 October 2023/ Spluma application approved by (MPT). The project is approved, and conveyancing is done.
Attractiveness Assessment	The Nelson Mandela View Mixed-Use Development integrates Nelson Mandela's legacy and South African culture into its design and programming, honouring the country's history and values. This incorporation, alongside tourism and hospitality features like hotels and cultural attractions, attracts visitors and boosts local economic revenue. Symbolizing hope, unity, and progress, the development inspires future generations to embrace Mandela's principles of tolerance, equality, and reconciliation. Its potential for international recognition amplifies its appeal to investors, tourists, and businesses, elevating its prestige and impact.
Key Comparative Advantage	The Nelson Mandela View Mixed-Use Development, located in Ixopo, South Africa, benefits from its association with Nelson Mandela, attracting tourists interested in his legacy. Its accessible location enhances accessibility. The development's unique selling proposition lies in its connection to Mandela, setting it apart and appealing to investors, residents, and businesses. Leveraging Mandela's name and heritage, the development becomes a tourism magnet, drawing visitors keen on experiencing a place linked to the iconic leader.
Potential Economic Impact	The Nelson Mandela View Mixed-Use Development catalysis economic growth in Ixopo, attracting investment, generating jobs, and supporting local businesses. Its presence may trigger infrastructure upgrades, like roads and utilities, improving the area's livability. The development fosters social integration and inclusivity through a diverse mix of housing, retail, and recreational amenities, nurturing a cohesive community environment.
Investment requirements	R2 056 650,76
Location	The application sites are located approximately 2.3km northeast of Ixopo on the R56 to Pietermaritzburg and are within Wards 2 and 4 in terms of the Johannes Phumani Phungula Municipality, municipal wards. Consists of 3 farms Portion 4 of the Farm Court Hill 5126, Portion 1 of the Farm Ogle 3138, and Portion 31 of the Farm Ixopo 3840.

MULTIPURPOSE SPORTS CENTRE

Project Name- Multipurpose Sports Centre	
Opportunity	Establishment of a state-of-the-art multipurpose sports centre in uMzimkhulu aimed at establishing a professional sporting code within the area and uplifting the local economy. The structure has world-class sporting facilities.
Nature of the project	Nodal development

Status	Due to the magnitude and budget demands, the project is planned for implementation multiyear. Phase 1 is practically complete to the value of 37.5M, construction of phase 2 started in November 2022 with the award value of 87M. Construction progress overall is rated at 20%
Attractiveness Assessment	A Multipurpose Sports Centre offers various benefits, including reducing healthcare costs by promoting physical activity and healthy lifestyles. Designed for year-round use, the centre will provide indoor facilities for sports during inclement weather and outdoor spaces for recreation. Additionally, it will serve as an event venue for local to international sports competitions, drawing athletes, spectators, and visitors globally.
Key Comparative Advantage	The Multipurpose Sports Centre in uMzimkhulu offers distinct advantages, being the only facility of its kind in the area. Its location boasts minimal air pollution, creating optimal training conditions. The region's diverse climate throughout the year facilitates training in various conditions, enhancing athletes' adaptability. Access to the uMzimkhulu River supports canoeing training, while nearby mountains offer opportunities for hiking activities, enriching the centre's offerings and promoting a well-rounded training experience.
Potential Economic Impact	The Multipurpose Sports Centre in uMzimkhulu catalyses tourism and economic development by attracting visitors, participants, and spectators, thereby stimulating local businesses and contributing to the economy. It will support educational initiatives like coaching clinics and sports camps, fostering skill development and personal growth for participants of all ages. The centre prioritizes inclusivity and accessibility by offering facilities and programming for individuals with disabilities and marginalized populations, promoting diversity and equal opportunity. Additionally, it will integrate advanced technologies such as digital displays and online booking systems to enhance user experience and facility management, ensuring a modern and efficient operation.
Investment requirements	R280M
Location	uMzimkhulu

GOVERNMENT AND JUDICIAL PRECINCT

Project Name- Government and Judicial Precinct	
Opportunity	Government Precinct: (accommodate various user departments, promote better access to services and overall service delivery, reduce lease portfolio, redress inefficiencies of apartheid spatial planning) – e.g. SAPS, Labour, Agriculture, Home Affairs, Immigration, Correctional Services. Judicial Precinct includes the establishment of the High Court and Regional Court adjacent to each other and the Expansion of Bhongweni Maximum Security Prison– kitchen facilities.
Nature of the project	Nodal development

Status	The municipality donated land to the Department of Public Works for the development of the government precinct. Concept completed
Attractiveness Assessment	The establishment of a High Court in the district not only enhances confidence in the local justice system but also reinforces the social cohesion of the community. It signifies a dedication to justice, fairness, and the rule of law, instilling a sense of security and stability among residents. Additionally, the presence of a High Court may facilitate legal education and training programs, nurturing aspiring lawyers, judges, and legal professionals. Having The government and Judicial precinct will contribute to capacity building and professional development within the local legal community, further strengthening the district's government and judicial infrastructure.
Key Comparative Advantage	With a prison already situated in the district, transporting prisoners to court would be more efficient and less time-consuming, improving safety and security. Additionally, the accessibility of the district from major towns like Pietermaritzburg and Durban enhances convenience for legal proceedings, promoting efficiency and accessibility in the judicial process.
Potential Economic Impact	The presence of major institutions can drive up property values and stimulate real estate development. Increased demand for office space, retail establishments, and residential properties can spur new investments and development projects. Moreover, the local High Court enhances judicial efficiency, expediting case resolution and reducing backlogs, thereby fostering public trust. Its presence stimulates economic growth by creating employment opportunities for legal professionals, contributing to community income and development. Overall, the establishment of a judicial and government precinct serves as a vital driver for economic growth, social development, and legal empowerment within the district.
Investment requirements	TBD
Location	Greater Kokstad

COMMERCIALISATION OF SANI PASS BORDER

Project Name- Commercialisation of Sani Pass	
Opportunity	Converting the Sani Pass Tourist border post to a commercial border post
Nature of the project	Nodal development
Status	Concept Stage

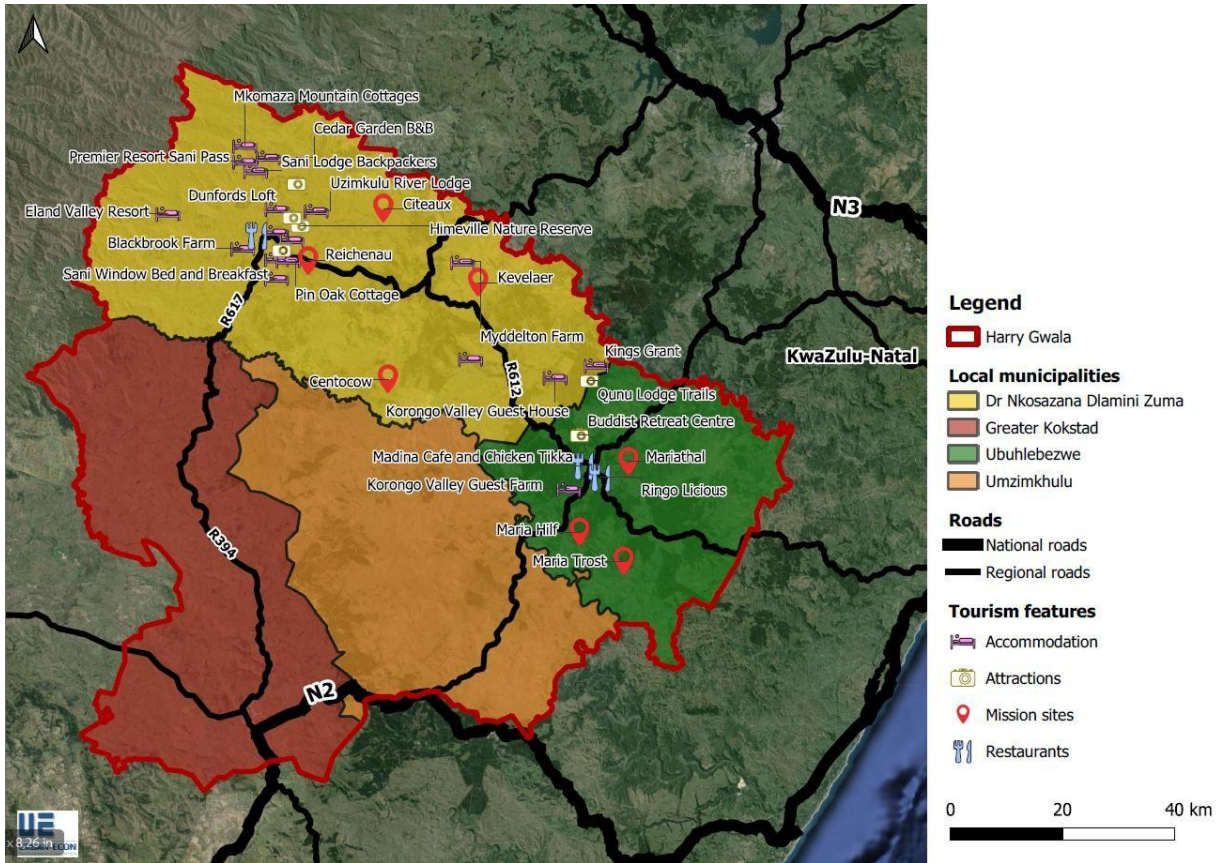
Attractiveness Assessment	Enhancing the Sani Pass border could facilitate trade between South Africa and Lesotho, leading to increased economic activity. Improved infrastructure can ease the transport of goods, boosting local economies. Sani Pass is celebrated for its stunning mountain vistas, drawing tourists and adventure enthusiasts keen on hiking, photography, and exploring nature. Its rugged terrain appeals to 4x4 enthusiasts and bikers seeking thrilling experiences, bolstering its reputation as a prime destination for adventure tourism. The area's rich biodiversity, including diverse wildlife and rare flora, enhances its ecological allure, contributing to its overall appeal as a destination for both nature lovers and adrenaline seekers alike.
Key Comparative Advantage	Sani Pass is located between Lesotho and KZN the second largest economy in South Africa. Commercialisation of this border promises increased trade. Sani Pass offers not only breathtaking scenic beauty but also burgeoning business opportunities and rising property values. Ongoing infrastructure investments in roads and accommodations are enhancing accessibility and driving economic growth. Moreover, various water sustainability projects in the area will ensure support for the area.
Potential Economic Impact	Investments and developments in Sani Pass are generating increased business revenue, promoting existing businesses, and creating new job opportunities. This economic growth not only enhances the area's development but also attracts people to explore its scenic beauty and diverse attractions. Such initiatives not only stimulate local economies but also contribute to the sustainable growth and prosperity of the region, making Sani Pass a compelling destination for both business and leisure.
Investment requirements	TBD
Location	Underberg

— **TOURISM AND HERITAGE PROJECTS**

Tourism and heritage preservation in the Harry Gwala District allow visitors to explore, discover, and connect with the region's rich cultural, natural, and historical treasures. By celebrating its diverse heritage, promoting sustainable tourism practices, and fostering community engagement, the district presents several catalytic projects as a catalyst for economic growth, cultural exchange, and environmental conservation for future generations which investors may indulge in.

RELIGIOUS TOURISM ROUTE

Figure 4: Religious Tourism Route



Source: Urban-Econ Mapping, 2024

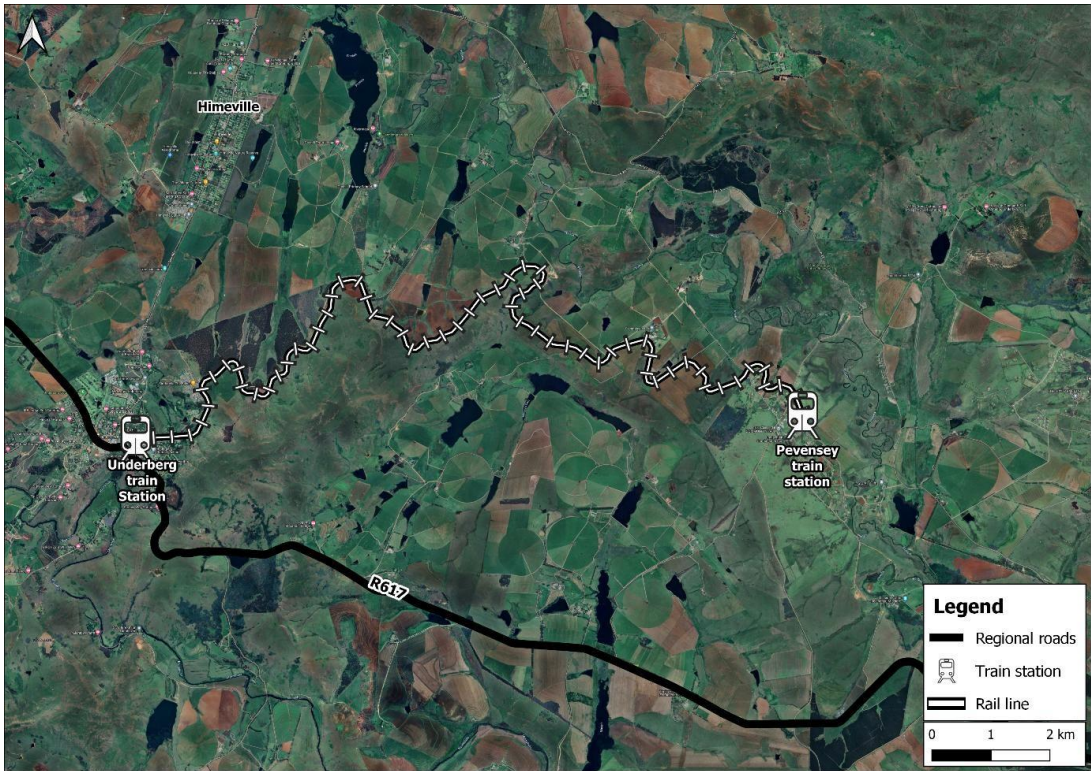
RELIGIOUS TOURISM ROUTE

Project Name- Religious Tourism Route	
Opportunity	Mapping and marking of the 186km Abbot Pfanner Trappist trail in partnership with the Diocese of Mariannahill and Abbot Pfanner Trappist Trail Association. This will also provide an opportunity for tourism services, accommodation, tour guides, and marketing.
Nature of the project	Tourism and heritage
Status	Feasibility and business plan study completed.
Attractiveness Assessment	The introduction of the trail not only stimulates economic activity but also promotes business diversification and entrepreneurship within the local community. This surge in economic opportunities encourages businesses to innovate and expand their offerings to cater to the needs of tourists and visitors, thus fostering growth and sustainability. Moreover, the significant increase in international

	tourist arrivals, reaching 7.6 million from January to November 2023, underscores the trail's potential to attract visitors and boost local economies, creating a ripple effect of economic prosperity.
Key Comparative Advantage	The trail holds unique cultural and historical significance, weaving through landmarks, heritage sites, and Trappist monasteries, drawing visitors intrigued by religious pilgrimage, spiritual retreats, and cultural immersion. Its association with the Trappist monks and Abbot Francis Pfanner enhances its appeal, adding to its allure. Moreover, the trail showcases scenic natural beauty, traversing diverse landscapes of mountains, forests, rivers, and farmland, offering opportunities for nature appreciation, wildlife viewing, and outdoor recreation. Its breathtaking vistas captivate hikers, nature enthusiasts, and photographers alike. Spanning 186km, the trail offers a range of hiking experiences, from day
	hikes to multi-day treks, catering to varying skill levels and preferences. This diversity makes it suitable for leisurely exploration and adventurous challenges, attracting visitors seeking outdoor recreation and adventure tourism.
Potential Economic Impact	The trail presents significant potential for tourism revenue, attracting both domestic and international tourists interested in hiking, nature exploration, and cultural experiences. These visitors contribute to the local economy through spending on accommodation, meals, transportation, souvenirs, and other goods and services. The hospitality sector benefits from increased occupancy rates and revenue, with accommodation providers such as hotels, guesthouses, lodges, and camping sites along the trail route experiencing heightened demand. Furthermore, the demand for tourism infrastructure development along the trail route may lead to investments in facilities such as parking lots, rest areas, signage, information centres, and trail maintenance. This not only enhances the visitor experience but also creates employment opportunities and supports local businesses involved in construction and maintenance.
Investment requirements	R1.8M
Location	Cuts across the district into the Eastern Cape province and other districts in KZN

REFURBISHMENT OF THE UNDERBERG-PEVENSEY RAIL LINE

Figure 5: Underberg- Pevensey Rail Line



Source: Google Earth, 2024; Urban-Econ Mapping, 2024

UNDERBERG PEVENSEY RAIL LINE PROJECT DETAILS

Project Name- Underberg-Pevensey Rail Line	
Opportunity	Refurbishment of existing train stations and exploring trading opportunities at new or existing stations and markets in Underberg-Himeville. This initiative aims to support the use of the rail line between Underberg and Pevensey in Kwa Sani, and Creighton to Riverside in uMzimbhulu LM. It explores rail bike opportunities including the manufacturing, assembling, maintenance, packaging, and licensing; and promotion of it as an enterprise opportunity for SMMEs. Opportunities are available in linkages of rail tourism to adventure tourism, e.g. flagship events and identifying and including rail tourism packages and routes in this campaign
Nature of the project	Tourism and heritage
Status	Concept stage
Attractiveness Assessment	Following a decline due to the covid 19, global inbound tourist arrivals rebounded strongly, reaching just under 1.3 billion in 2023 after hitting a low of roughly 407 million, the lowest figure since 1989. Upgrading the railway presents opportunities for leisure and recreation, including heritage train rides, scenic tours, and themed events, appealing to both tourists and locals and fostering cultural appreciation. Moreover, the reconditioning and upgrading of train stations and railway infrastructure can catalyse tourism cluster development in the region. Collaborating with other tourism stakeholders such as accommodation providers, restaurants, and attractions can create integrated travel experiences, enhancing destination competitiveness and overall tourism appeal.
Key Comparative Advantage	Both Underberg-Pevensey and Alan Paton train stations hold significant historical and cultural value within South Africa's railway heritage, potentially attracting heritage tourism. Visitors interested in the region's railway history may be drawn to explore these stations. Additionally, the surrounding mountainous areas offer unique views and opportunities for tourism activities, distinguishing the region from others. Due to the costly nature of duplicating such a concept, there is likely to be less competition, further enhancing the appeal and viability of tourism endeavour.

Potential	Economic Impact	Upgrading the railway infrastructure offers numerous benefits for the region. Firstly, it enhances accessibility and connectivity, providing a sustainable transportation option for both locals and visitors while potentially reducing road congestion and promoting environmental sustainability. Secondly, a revitalized railway system can spur economic development by facilitating the movement of goods and passengers, attracting investment, supporting local businesses, creating jobs, and boosting overall economic activity. Lastly, promoting rail transport aligns with sustainability goals, as it reduces greenhouse gas emissions, air pollution, and reliance on fossil fuels compared to road transportation, thereby contributing to environmental conservation efforts.
Investment requirements		R520M
Location		Underberg-Pevensey

08. LAND AVAILABILITY

The district has abundant land readily available and suitable for various enterprises. Several factors influence land availability in the Harry Gwala District including:

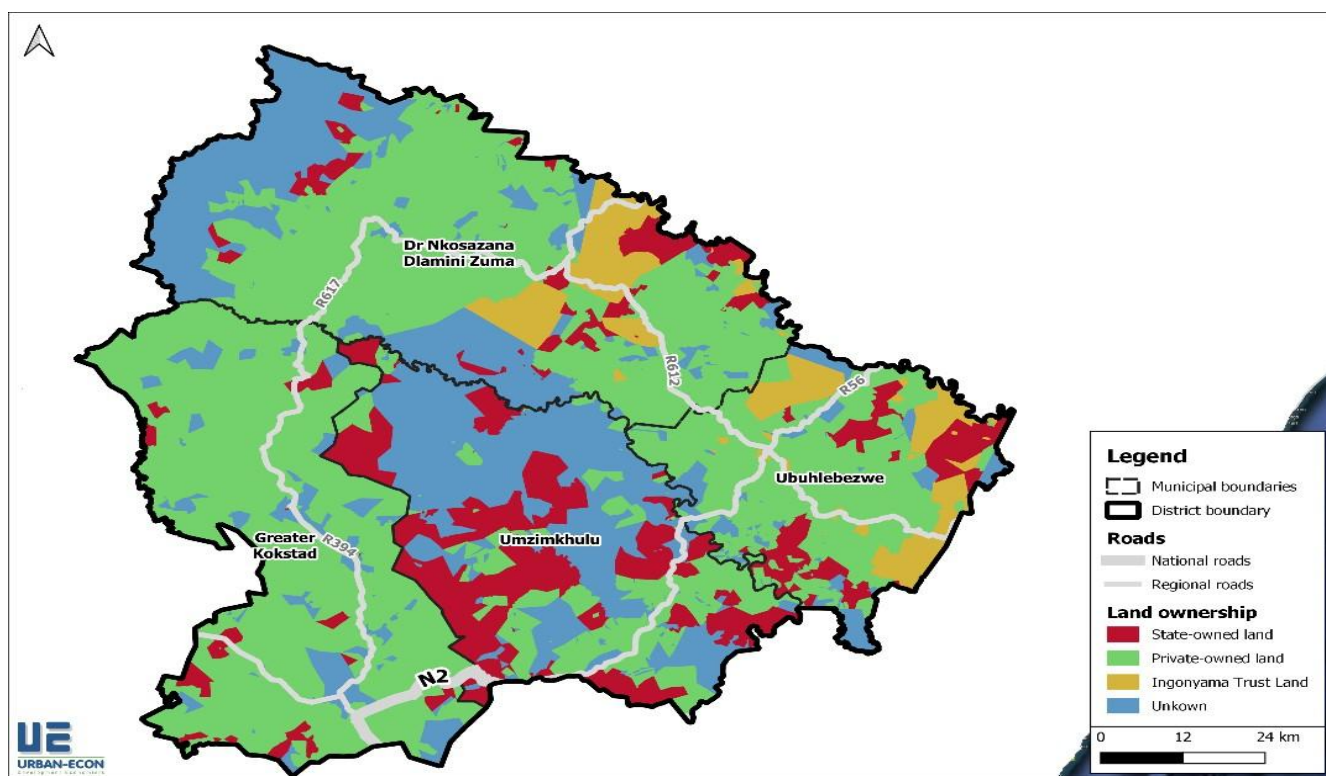
- i. Zoning Regulations: Local zoning laws play a critical role in determining land use. These regulations ensure that land is used in a manner that supports sustainable development and aligns with regional planning goals.
- ii. Agricultural Preservation: Given the district’s reliance on agriculture, a significant portion of land is preserved for farming.
- iii. Infrastructure Development: Ongoing and planned infrastructure projects, including road improvements and utility expansions, are opening new areas for development. This enhances accessibility and makes more land available for residential, commercial, and industrial use.
- iv. Environmental Protection: Conservation efforts and environmental regulations protect portions of land to maintain biodiversity and natural habitats. These protected areas are not available for development but offer opportunities for eco-tourism and recreation.
- v. Land Tenure and Ownership: The mix of private, communal, and public land ownership impacts land availability.

09. LAND OWNERSHIP

Most of the land is privately owned. Private land ownership in the Harry Gwala District is particularly prevalent in the Greater Kokstad and uMzimkhulu areas. Municipality, State, and Ingonyama Trust lands have more specific regional concentrations, with municipality and state lands more prevalent in

uMzimkhulu and Johannes Phumani Phungula Municipality, Ingonyama Trust Land primarily in the northern parts of the district. Portions of the district are dedicated to conservation, including parts of the Drakensberg mountains. These areas are important for biodiversity and attract ecotourism.

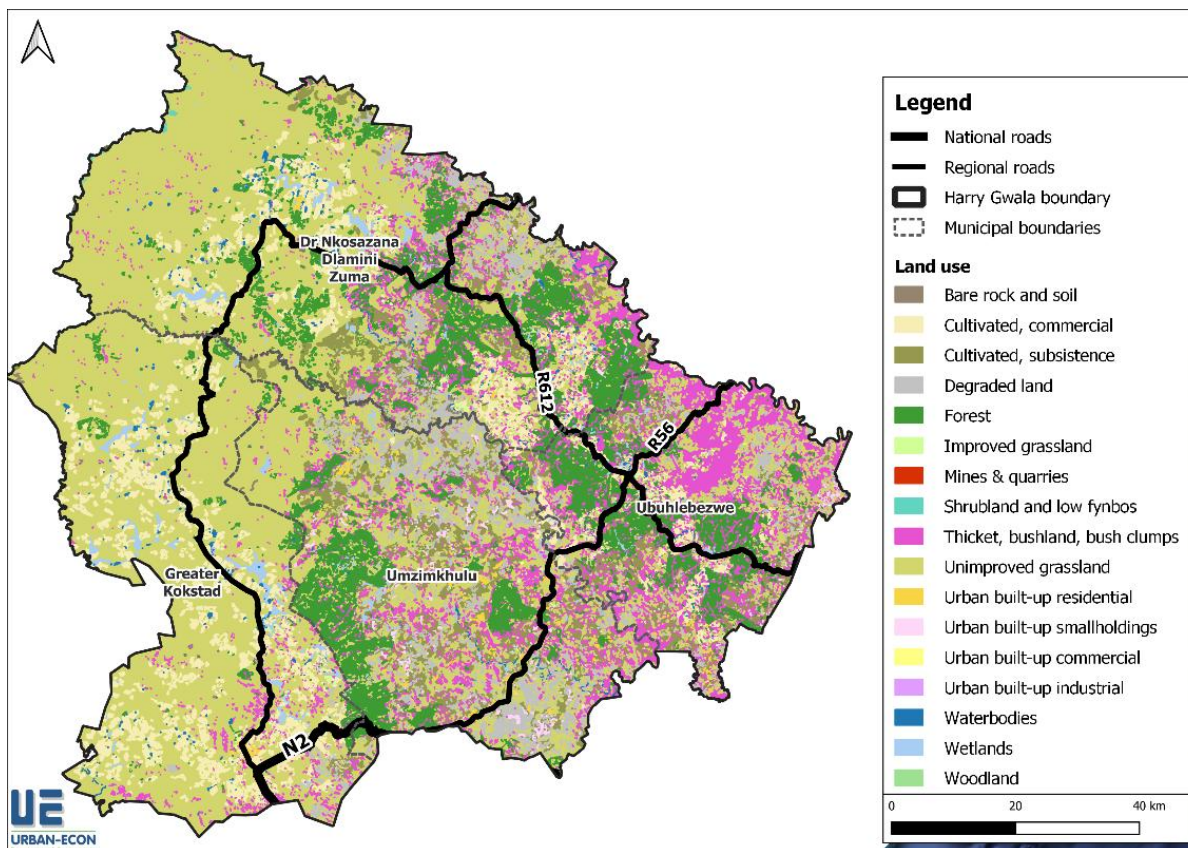
Figure 6. Land Ownership



10. CURRENT LAND USE

Urban **Residential, Smallholdings, Commercial, and Industrial** are concentrated around major towns like Greater Kokstad, uMzimkhulu, and Johannes Phumani Phungula Municipality. These areas have a mix of private and state-owned land, facilitating urban growth and development. Both commercial and subsistence farming areas are spread across various ownership types, indicating a mixed approach to agricultural land use. Grassland areas are also under mixed ownership, with significant portions managed by state entities or traditional authorities. Most of the district is rural.

Figure 7 – Land Use



11. INVESTOR SUPPORT

Key to the Harry Gwala District Municipality's investment strategy is a commitment to fostering a supportive environment for investors. The district recognises investors' pivotal role in driving economic growth, job creation, and sustainable development within the region. Through a range of initiatives and services, the district aims to facilitate and encourage investment opportunities while ensuring seamless experience for investors.

12. STRATEGIC PROGRAMME RESPONSES

The reviewed strategy certainly reflected on mechanisms aimed at expanding employment opportunities in the economic growth sectors which is tourism, agriculture and enterprise development. Small enterprises have a major role to play in the district economy in terms of employment creation, income generation and output growth. The importance of the small enterprise economy for economic development and job creation has been clearly acknowledged not only on the LED strategies, but also in the DGGP, ERP and in the DDM. The District Municipality with its family of municipalities has prioritised the development of small enterprises for its contribution to economic growth and development of the district and assisting in overcoming the triple challenge of poverty, unemployment and inequality.

The existing strategy identified and outlined initiatives that are designed to stimulate economic growth by the historically disadvantaged groups such as the proposed Concrete Manufacturing plant within the district. The reviewed strategy takes into cognisance the various vulnerable groups. Outlined below are strategic programmes identified in the growth and development (LED) Strategy:

TOURISM DEVELOPMENT

The Agency, in line with the KwaZulu-Natal Community Tourism Organisation Strategy, facilitated the establishment of the Community Tourism Organizations (CTO's) as key instrument for promoting tourism in local Municipalities as well as facilitating the broader transformation of tourism in the region. Local communities have a key role in tourism development as they are the focal point for the supply of tourism hospitality services. Furthermore, many of the key cultural, heritage sites historical and adventure sites that are of significance to visitors are found within communities. Through periodic engagements with the CTOs, the District has embarked on several initiatives that seek to stimulate tourism growth and transform the tourism players domestically. The following are the programmes that are meant to improve The competitiveness of SMMEs/Cooperatives

Tourism Enterprise Development

In aligning the Tourism sector businesses with tourists' visits for maximum economic benefit, the district and its family of municipalities have developed and are implementing the tourism enterprise development programme, targeting black owned enterprises. From the identified SMMEs, relevant interventions are provided to improve the current business status and assist in further business growth for more tourism benefits at visited routes and destinations. The Programme outline entails Product development, Access to Markets and business linkages, Skills development, Tourism Empowerment workshops, Lifestyle Tourism

Tourism Destination Marketing and Promotion

As part of igniting the tourism sector during and post- COVID-19 and promoting growth in the domestic market, the district and its family of municipalities is implementing several initiatives outlined below, aim at promoting and marketing are:

- ***Tourism Marketing Campaigns "Know your destination campaign"***

In partnership with the key tourism stakeholders, continues to embark on "***Know your destination campaign***" through events and tours and partnering with media to promote the area (positioning the area to be the preferred visitor destination). The campaign seeks to:

- Re-introduce the destination to domestic market (as a fresher, clean destination that is cautious of COVID-19, health and safety issues protocols) Engage robustly on digital destination marketing (showcase what the destination has on offer through various online strategies (websites social media platforms).
-

- To instil the service excellence (Facilitate grading of accommodation facilities and create a service-oriented culture to ensure that the destination provides a world-class service to visitors).

i) **Local Tourism Events**: The position of the District within the Province of

KwaZulu Natal together with its vast expanse of open space, diverse range of flora and fauna, its mountainous terrain as well as local talent has made it an attractive location for hosting major events and festivals. The district has, for the first time in history of the Splashy Fen, officially partnered with Impi Concepts Events for the hosting of the signature event, Splashy Fen Music Festival. The event brings more than 8000 visitors into the district over a period of a week.

The Agency also supported Zotshoza Holdings, an events planning and management organisation for the hosting the Lakin' Dam Good Festival. The outdoor event offers various adventure, lifestyle, activities that caterers for different people. The Agency identified more events which are a major draw card for visitors into the region. Amongst others is the South African Television and Music Awards (SATMAS) and Harry Gwala Film Festival.

ii) **The Development of the Tourism Accommodation Guide**: for promoting and marketing various accommodation, providing a clear framework for addressing visitors' accommodation needs. It entails the list of various accommodation facilities and amenities the destination has on offer as well as contact details.

iii) **Development of the Tourism Signage and Destination Frames**: are essential for providing visibility to the tourist resources of a territory and destination frames as a strategic approach to managing how the destination is perceived and experienced, ultimately influencing tourism outcome. The Agency prioritised the Dr Nkosazana Dlamini Zuma Municipality for the establishment of four (4) tourism directional signage and one (1) destination frame installed in strategic entry areas.

iv) **Trade and Exhibition Shows**: The Agency attended participated in the following shows:

v) **Africa's Travel Indaba**: The Agency participated in the 3-day trade show which took place from 13-15 May 2025 at the Durban Exhibition Centre. The event is held annually for African tourism exhibitors to showcase their offerings to international and local buyers, destination marketing companies and leisure tourism services partners. It is the most formidable platform on the continent for entities like the Agency to meet face-to-face with the most influential buyers in the world and to gain access to Africa's excellence and its endless possibilities. The Agency acquired an exhibition stand to showcase what the destination has on offer to both domestic and international visitors and held a series of networking engagements with various entities from various countries with a view to enticing visitors to the region.



b) The Comrade's Marathon Expo: The show is significant pre-race event held annually for a few days leading to the Comrades Marathon. The expo takes place over three days and was a bustling hub of activities for runners, sponsors, exhibitors and visitors. Featuring a wide range of exhibitions including sportswear, and tourism information. The 2024 Comrades Marathon Expo attracted thousands of local and international visitors. The Agency had set up a conspicuous stand at the expo with images of the district's unique tourism offerings, distributed over 100 brochures, maps and flyers detailing the districts tourism attractions, accommodation and activities. This included providing travel advice to interested visitors. The participation at the 2025 Comrades Marathon Expo proved to be highly beneficial for the Harry Gwala Development Agency. The Expo facilitated increased visibility and interaction with key stakeholders that will assist in tailoring the future District Marathon to better meet the needs of potential runners and visitors.



Tourism Route Development

This programme aims at developing under-utilised areas of historical, cultural and environmental significance as tourist attractions. The district through the research process has identified a potential tourism Route based on the network of missions within the area. The Department of EDTEA is assisting with the development of the mission tourism route study (mapping, marking and packaging) of the route as well as the Abbot Pfanner Francis Trappist Trail, a 186-kilometre trail linking it to Marian hill and other mission outside of the jurisdiction. The development of the route will see a considerable number of job opportunities, skills development and small enterprises developed. In partnership with EDTEA, ongoing

training of tour guides continues to yield positive results as the number of qualified tour guides are increasing and some have started their tour operating businesses, and some are free lancing.

ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

Small enterprises have a major role to play in the South African economy in terms of employment creation, income generation and output growth. The importance of the small enterprise economy for economic development and job creation has been clearly acknowledged in several development strategies and plans at both National and Provincial levels. The survey conducted previously reflected that most registered entities were Cooperatives followed by (Pty) Ltd.'s at and Close Corporation at. This reflection indicates that majority of enterprises are registered as legal entities. In terms of industries that are active in the district most entities are participating within the construction sector space, followed by the agricultural sector, catering and service sector. The District Municipality with its family of municipalities has prioritised the development of small enterprises for its contribution to economic growth and development of the district and assisting to overcome the triple challenges of poverty, unemployment and inequality and has successfully implemented the following:

Enterprise Development Fund 2024/2025

The Harry Gwala Development Agency (HGDA) launched the Enterprise Development Fund (EDF) in 2022 to provide funding support to small businesses across various economic sectors. It provides support to projects focused on investing in economic upliftment, with special emphasis/attention on creating or retaining jobs to achieve sustainable economic growth. The fund was successfully disbursed to various businesses over the past two (2) consecutive years with twenty-five (21) enterprises benefited from across the district and with 78 new job opportunities created (permanent and seasonal). The following businesses have benefited in the year under review:

Seq no.	Business name	Description	Gender	Locality
1.	Khathini Nopheza Trading (Pty) Ltd	Hospitality	Female	JPP Municipality
2.	Bheka Empire (Pty) Ltd	Garden and Landscaping	Male	JPP Municipality
3.	Kwa Nyamazane Lodge and Conservancy	Hospitality	Female	JPP Municipality
4.	Laudable Consultants	Accounting Services	Female	GKM Municipality
5.	Frame Loops Media ((Pty) Ltd	Creative Industry (Filming and Photography)	Male	GKM Municipality
6.	Artisan Naturals (Pty) Ltd	Secondary Sector	Female	GKM Municipality

		(product manufacturing)		
7.	Amabheshwangqondo Projects (Pty) Ltd	Agriculture	Female	uMzimkhulu Municipality
8.	Gcinumbuso (Pty) Ltd	Forestry	Male	uMzimkhulu Municipality
9.	Dudoca Blockyard Projects	Concrete Block Manufacturing	Female	uMzimkhulu Municipality
10.	Xasibe Landscaping Services	Garden and Landscaping Services	Male	Dr. Nkosazana Dlamini-Zuma Municipality
11.	OK Farming Enterprise	Agriculture	Male	Dr. Nkosazana Dlamini-Zuma Municipality
12.	Nomthandazo's Baking	Hospitality Baking	Female	Dr. Nkosazana Dlamini-Zuma Municipality

SPECIAL PROGRAMMES

i) Youth in Business

The Harry Gwala Development Agency, in celebration the Youth Month and the significant role that future leaders are playing in the business fraternity, made provisions for the support of youth owned enterprises within the district. Under the theme "**Actively advancing socio-economic gains in our democracy**", youth from all economic sectors took on the stage and pitched to a panel of expertise for an opportunity to receive business support towards sustaining and growing their enterprises. After the pitch of businesses to the Harry Gwala Development Agency, four businesses were considered for support and are illustrated in the table herein. The business equipment was handed over to the beneficiaries on 26 June 2026 during youth month celebration day.

Seq no.	Business Name	Description	Locality	Position	Prize
1.	Gagase Nhlangulela	Hospitality	JPP Local Municipality	1 st Position	R125 00
2.	Zukie's Beauty Spar	Health and Beauty	uMzimkhulu Local Municipality	2 nd Position	R80 000
3.	Delicate Cuisine	Quick Service Restaurant (fast foods)	Dr. Nkosazana Dlamini-Zuma Municipality	3 rd Position	R50 000
4.	Ubuntu Creatives (Pty) Ltd	Cultural creative Industry (Art and Craft)	uMzimkhulu Municipality	4 th Position	R25 000





ii) Women in Business:

The Harry Gwala Development Agency, in celebration Woman’s Month and the significant role that women play in the business fraternity and the society, made provision for the support of women-owned enterprises within the district. Under the theme “**Women who advocate for equity, diversity and inclusion**”, women from all economic sectors took on the stage and pitched to a panel of expertise for an opportunity to receive business support towards sustaining and growing their enterprises. After the pitch of businesses to the Harry Gwala Development Agency, four businesses were considered for support and are illustrated in the table herein:

Seq no.	Business Name	Description	Locality	Position	Prize
1.	New Dawn Dental	Dentistry	uMzimkhulu Municipality	1 st Position	R125 000
2.	East Griqualand Electrical (Pty) Ltd	Electrical Engineering	GKM Municipality	2 nd Position	R80 000
3.	039 Laundry and Dry Cleaners (Pty) Ltd	Personal Services Sector (Laundry)	JPP Local Municipality	3 rd Position	R50 000
4.	Ncinza 2.0 Pty Ltd	Agriculture- (Crop Production)	Dr. Nkosazana Dlamini-Zuma Municipality	4 th Position	R25 000

12.3. DIGITAL SKILLS DEVELOPMENT AND TRAINING

12.3.1. *Mobile Cellular Phone and Tablets Repairs.*

The Harry Gwala Development Agency (Pty) Ltd (HGDA) in partnership with the Moses Kotane Institute (MKI), as means to promote enterprise development through skills development of the community and ultimately leading to self-employment or work opportunities appointed a skills training provider to conduct training in the digital space (Mobile Cellular phone and Tablet repair) inclusive of the provision of tools of trade (training / repair kits). The training sought to capacitate unemployed young persons with technical skill to start-up and operate their own local repair shops or enterprises. The objective of the training was to provide MICT SETA accredited training in Mobile Cell phone and Mobile Tablet Repairs for twelve (12) Learners (list Annexed). The training covered both theoretical and practical aspects.

Parallel to the appointment of the training service provider, the Agency engaged in a recruitment process (advertised) for a period of three (3) weeks to secure interested learners to undergo the skills training for the duration of three (3) weeks (15 days). The Agency received fifty-seven (57) applications from across the district and twenty were shortlisted. From the shortlisted applicants twelve (12) were selected to participate in the skills development programme. Upon the conclusion of the contractual agreement with the appointed service provider, the training commenced in January 2025. All participants have successfully completed the training and having assessed and moderated by the MICT SETA they were all conferred with the qualification- Technical Skill Level 4.





CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1. COMPONENT A: INTRODUCTION TO MUNICIPAL ENTITY WORKFORCE

4.1.1 COMPONENT A: INTRODUCTION TO MUNICIPAL ENTITY WORKFORCE

The Corporate Services departments is a support department and is responsible for Human Resource Management, Labour relations matters, Health and hygiene, Performance Management, Legal services, Facilities management, Records Management and ICT services. The Key Performance Area is Municipal Transformation and Institutional Development, Good governance and community participation.

Strategic Objective	<ul style="list-style-type: none"> Improve organisational capacity for enhanced service delivery.
Objective Statement	<ul style="list-style-type: none"> Build organisational capacity for enhanced service delivery throughfilling funded vacant posts as well as effective and efficient Human Resource Management practices.
Strategic Performance Indicator	<ul style="list-style-type: none"> Percentage of funded posts filled per financial year. Number of employees trained in line with the Workplace Skills Plan. Reviewed Human Resources Policies
Justification	<ul style="list-style-type: none"> This objective will ensure that there is effective Human Resourcecapacity in order to enable the Agency to fulfil its mandate.

SECTION 1.1: STAFF COMPLEMENT AS AT 30 JUNE 2025

	CEO	BUDGET & TREASURY	CORPORATE SERVICES	GROWTH & DEVELOPMENT	TOTAL
Total No. of payroll staff (Fixed employees and Interns)	5	6	3	2	16
Seconded staff	0	0	0	2	2
No of external funded Interns-COGTA and others	0	0	0	0	0
EPWP Participants	0	0	8	0	8
No. of Staff on 3 months' probation	0	0	1	1	02

Total number of posts in the Organogram	6	7	5	5	23
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EE DEMOGRAPHICS (INCLUDING SECONDED STAFF) – AS AT 30 JUNE 2025

AFRICAN FEMALE	COLOURED FEMALE	AFRICAN MALE	COLOURED MALE
16	0	7	0

RESIGNATIONS

Below is the list of resignations of employees during the 2024/2025 financial year

DATE OF ENGAGEMENT	POSITION
29 November 2024	Manager: Corporate Services
04 June 2025	Chief Executive Officer

RECRUITMENT

Below is the list of newly engaged employees as of 30 June 2025

DATE OF ENGAGEMENT	POSITION
01 May 2025	Manager Corporate Services
01 June 2025	Local Economic Development Officer

TERMINATIONS

NAME OF POLICY	DATE OF ENDORSEMENT
PERFORMANCE MANAGEMENT POLICY INCLUDING FRAMEWORK	14/05/2025
RECRUITMENT MANAGEMENT REGULATION POLICY	14/05/2025

PAYROLL PROCEDURE MANUAL	14/05/2025
RISK MANAGEMENT POLICY	14/05/2025
INCLEMENT WEATHER POLICY	14/05/2025
REMUNERATION POLICY	14/05/2025
ALLOWANCES POLICY	14/05/2025
CODE OF CONDUCT DISCIPLINARY PROCEDURE POLICY	14/05/2025
LEAVE POLICY	14/05/2025
TERMINATION OF SERVICE POLICY	14/05/2025
GOVERNANCE FOR BOARD OF DIRECTORS POLICY	14/05/2025
RECORDS MANAGEMENT POLICY	14/05/2025
DRESSCODE & PROTECTIVE CLOTHING POLICY	14/05/2025
COMMUNICATIONS POLICY	14/05/2025
ICT CONTROLS POLICY	14/05/2025
CORPOARTE GOVERNANCE FOR ICT POLICY	14/05/2025
INTERGRATED EMPLOYEE ASSISTANCE POLICY	14/05/2025
OCCUPATIONAL HEALTH & SAFETY POLICY	14/05/2025
SKILLS DEVELOPMENT AND TRAINING POLICY	14/05/2025
BUSINESS CONTINUITY POLICY	14/05/2025
HUMAN RESOURCES DEVELOPMENT STRATEGY	14/05/2025

Terminations during the 2024/2025 financial year

TYPE OF TERMINATION	CEO	BTO	CS	GDO	TOTAL
Resignations	1	0	1	0	2
Deceased	0	0	0	0	0
Dismissals	0	0	0	0	0
Retirements	0	0	0	0	0
Medical Boarding	0	0	0	0	0
Pensioners	0	0	0	0	0

The Harry Gwala Development Agency together with the Board of directors managed to review the 2024/2025 human resource policies and they were adopted by the Board as per the Auditor General's requirement that all policies should be reviewed annually.

HUMAN RESOURCE (CORPORATE) RELATED POLICIES

BUDGET AND TREASURY RELATED POLICIES

NAME OF POLICY	DATE OF ENDORSEMENT
SUPPLY CHAIN MANAGEMENT POLICY	14/05/2025
VIREMENT POLICY	14/05/2025
ASSETS MANANEMENT POLICY	14/05/2025
CONTRACT MANAGEMENT	14/05/2025
COST CONTAINMENT POLICY	14/05/2025
CREDIT CONTROL AND DEBT COLLECTION POLICY	14/05/2025
BANKING AND INVESTMENT POLICY	14/05/2025
ASSET MANAGEMENT POLICY	14/05/2025
ASSET DISPOSAL POLICY	14/05/2025

LOCAL ECONOMIC DEVELOPMENT POLICIES

NAME OF POLICY	DATE OF ENDORSEMENT
INVESTMENT RETENSION AND BUSINESS EXPANSION POLICY	14/05/2025
SMME ENTERPRISE DEVELOPMENT POLICY	14/05/2025

INTERNAL AUDIT AND RISK POLICIES

NAME OF POLICY	DATE OF PRINCIPLE ENDORSEMENT
ANTI-FRAUD AND CORRUPTION STRATEGY	14/05/2025
RISK MANAGEMENT POLICY	14/05/2025

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) ICT ADVANCEMENTS

In accordance with the strategic partnership concluded between the Moses Kotane Institute and the CSIR, a cellphone tower has been placed at the Agency which has augmented a "wi-fi free hotspot", increased functionality of the Harry Gwala Techno hub and provided job opportunities through the establishment of the public-private partnership.

The Agency has augmented ownership and functionality in the following:

- Internet line speed upgrade (currently operating off a dedicated fibre line (Open Serve) inclusive of Cell Phone Tower
- Laptops
- Software Licenses

One of the major challenges is to ensure that adequate offsite backup is addressed. This is being investigated through SITA and relevant authorities including the parent municipality to ensure business continuity quick links found on the website. In addition, individuals are also able to access documentation, which have been uploaded as prescribed by legislation.

The Agency remains committed to continually keep abreast with current and new technologies and adhering to leading practices in order to host and protect all municipal information and data responsive to the digital economy.

SKILLS DEVELOPMENT AND TRAINING UNDERTAKEN IN THE 2024/2025 FINANCIAL YEAR

Name of	Date of	Number of officials
---------	---------	---------------------

Training/Skills Development Initiative	training/skills development intervention	trained/capacitated
CCG System - Draft Budget working Session	11-15 March 2025	1
CMAM – Centre for Municipal Asset Management South Africa	05- 06 June 2025	3
CIGRFARO	01-02 August 2024 08-10 April 2025	3 5
One Stop Shop Workshop	26 May 2025	1
IIA KZN Regional	2-3 December 2024	2

2024/2025 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) SCORECARD

ORGANISATIONAL PERFORMANCE ANALYSIS - HGDA - 2024/2025 FY				
Key	2023/2024		2024/2025	
	%	No of Targets	%	No of Targets
Number of Targets for the year		78		50
Achieved	89.7	70	56 %	28
Not Achieved	11.4%	8	44%	22
Total Number of KPIs	100%	78	100%	50
ANNUAL TARGET – FY 2024/2025		ACHIEVED – FY 2024/2025	NOT ACHIEVED – FY 2024/2025	
NKPA1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	19	12	7	
NPKA2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	6	1	5	
NKPA3: LOCAL ECONOMIC DEVELOPMENT	7	1	6	
NKPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	13	11	2	
NKPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	2	2	0	
NKPA6: CROSS CUTTING INTERVENTIONS	3	1	2	

The overall performance of the Entity regressed when compared to the prior period of 2023/2024 financial year wherein performance was at 89.7%,in the 2024/2025 financial year the percentage of targets achieved as at 30 June 2025 is 56%

Code (Original)	Outcome	Back to Basics	Strategic Objective	Project Name	Ward Information / Institutional	Key Performance Indicator (KPI)	Unit of Measure	Activity/Items	Annual Budget (R)	Adjustment Budget	Locality / Regional indicator	Functionality / Sub-Functionality	Person responsible for the indicator	Region (MSCOA)	Source of funding	Demand	Backlog	Baseline (2023/2024 FY)	ANNUAL TARGET (1 JULY 2024 - 30 JUNE 2025)	2024/2025 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN PERFORMANCE TARGETS												REASONS FOR OVER ACHIEVEMENT & UNDER ACHIEVEMENT	CORRECTIVE ACTION	Means of Verification		
																				ACHIEVED	ACTUAL PERFORMANCE	Q1 TARGET (01-Jul-24 - 30-Sep-24)	ACHIEVED	Q2 TARGET (01-Oct-24 - 31-Dec-24)	ACHIEVED	Mid-Term Target (01-Jul-24 - 31-Dec-24)	ACHIEVED	Q3 TARGET (01-Jan-25 - 31-Mar-25)	ACHIEVED	Q4 TARGET (01-Apr-25 - 30-Jun-25)	ACHIEVED				Annual Target (01-Jul-24 - 30-Jun-25)	
NKPA1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																																				
A1	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organizational environment that attracts, retains, and develops best talent to enhance organizational performance	2025/26 Workplace Skills Plan to the Board	Institutional	Date by which the 2025/2026 WSP is submitted to the Board for approval	Date	1. Conduct Skills Audit 2. Submit WSP to LGSETA for funding of training needs 3. submit to Labour for assessment of plan, Review the plan 4. Prepare report to the Finance/HR Portfolio comm and Board for approval.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	30-Apr-25	None	Workplace Skills Plan Submitted to the Board and Adopted in 2023/24 FY)	Date by which the 2025/2026 WSP is submitted to the Board for approval	NOT ACHIEVED	The 2025/2026 WSP was not submitted to the Board for approval by 30 April 2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NOT ACHIEVED	30-Apr-25	HGDA is not registered with any SETA	Due date for HGDA's SETA Registration is 30 september 2025 - the submission of the WSP to the relevant SETA will be done 30 April 2025	1. Signed WSP 2. Board resolution
A2	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organizational environment that attracts, retains, and enhance organisational performance through a sound ICT infrastructure	ICT Steering Committee	Institutional	Number of ICT Steering Committee meetings held by 30 June 2025	Number	1. Submit a report to Manco about ICT matters. 2 Convene ICT Steering committee. 3. Installation of ICT infrastructure. Upgrade Microsoft licenses. 4 Conclude the hybrid connectivity project.	R0.00	N/A	HGDA	ICT (HR / Corporate Services)	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGDM	4	None	1 ICT Steering Committee held in 2023/24 FY	Number of ICT Steering Committee meetings held by 30 June 2025	NOT ACHIEVED	Only 3 ICT Steering committee meetings were held by 30 June 2025. Q1- 30 September 2024 Q2- Not convened Q3- 11 March 2025 Q4- 19 June 2025	1	ACHIEVED - Meeting convened on the 30 September 2024	1	NOT ACHIEVED	2	NOT ACHIEVED	1	ACHIEVED - ICT Steering committee meeting convened 11th of March 2025	1	ACHIEVED - ICT steering committee meeting 19 June 2025	4	ICT steering Committee meeting did not convene Q2 of the FY	Target achieved in Q3 & Q4	Attendance Registers, agenda and minutes	

A3	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Human Resource Development Strategy	Institutional	Submit the Human Resource Development Strategy to the Board for adoption by date	Date	1. Review HRD Strategy. 2. Develop Skills plan. 3. Present a reviewed HRDS to the Board for comments/inputs. 4. Submit the reviewed HRDS to the Finance/HR portfolio comm for noting and Board for endorsement.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	31-Mar-25	None	Submitted Human Resource Strategy 2024/2025 to the Board for adoption by 30 April 2024 in 23/24 FY)	Submit the Human Resource Development Strategy to the Board for adoption by date	NOT ACHIEVED	Human Resource Development Strategy was not submitted to the Board for adoption by 31 March 2025. It was then adopted to the Board on 22 May 2025	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	NOT ACHIEVED	N/A	N/A	31-Mar-25	In Quarter 3 of the 2024/2025 FY the Manager: Corporate Services had not been appointed, no official acting in the position	Target achieved following the appointment of the Manager: Corporate Services	Board resolution
A4	Implement a differential approach to Municipal Financing, planning and support	Pillar 1: Putting People First	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Growth and Development Related Policies	Institutional	Submit all Local Economic Development related Policies (Reviewed) to the Board for adoption by date	Date	1. Research, benchmarking for review of Policy. 2. Submission of Policies to MANCO. 3. Submit reviewed policies to the Portfolio Committee. 4. Submission of the reviewed policies to the Board.	R0.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Mar-25	None	N/A (KPI not realised in 2023/24 FY)	Submit all Local Economic Development related Policies (Reviewed) to the Board for adoption by date	ACHIEVED	Tabled to the board 20 March 2025	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	N/A	31-Mar-25			Board resolution	
A5	Implement a differential approach to Municipal Financing, planning and support	Pillar 1: Putting People First	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Human Resource / Corporate Services Related Policies	Institutional	Submit all Human Resources / Corporate Services Policies (reviewed) to the Board for adoption by date	Date	1. Conduct policy reviews 2. Submit reviewed HR/Corporate policies to the Finance/HR portfolio comm for noting and Board for approval.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Mar-25	None	Submitted All Human Resource Management Policies to the Board for Adoption by 30 April 2024	Submit all Human Resources / Corporate Services Policies (reviewed) to the Board for adoption by date	ACHIEVED	Tabled to the HGDA board 22 January 2025	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	N/A	31-Mar-25			Board resolution		

A6	Implement a differential approach to Municipal Financing, planning and support	Pillar 1: Putting People First	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Budget and Treasury Related Policies	Institutional	Submit all Budget and Treasury related Policies (Revised) to the Board for adoption by date	Date	1. Scrutinise and ascertain if there are any changes on legislation and prescripts. 2. Effect changes and updates identified through analysis of prescripts. 3. Present amendments in a policy retreat and effect reviews and comments. 4. Submit item to portfolio committees for noting and Board of directors for adoption	R0.00	N/A	HGDA	Budget and Treasury	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	31-Mar-25	None	Submitted All Budget and Treasury Policies to the Board for Adoption by 31 March 2024	Submit all Budget and Treasury related Policies (Revised) to the Board for adoption by date	ACHIEVED	Tabled to the board 20th of March 2025	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	ACHIEVED	31-Mar-25	Board resolution
A7	Promotion of social and economic development	Pillar 1: Putting People First	5.1. Facilitate economic growth, development and creation of decent employment opportunities	Growth and Development Strategy	District Wide	Submit the Growth and Development Strategy (Business Plan) to the Board for adoption by date	Date	1. Address M.E.C.COGTA Panel comments, review /update the GDS. 2. Submission of reviewed GDS to MANCO. 3. Submit reviewed GDS to the Portfolio Committee & the Board for endorsement.	R0.00	N/A	HGDA	Growth and Development	Strategic Projects & Investment Portfolio Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Mar-25	Not achieved in Projected quarter in 2023/2024 FY	N/A (KPI not realised in 2023/24 FY)	Submit the Growth and Development Strategy (Business Plan) to the Board for adoption by date	ACHIEVED	Tabled to the board 20th of March 2025	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	ACHIEVED	31-Mar-25	Board resolution
A8	Implement a differential approach to Municipal Financing, planning and support	Pillar 1: Putting People First and Pillar 3: Good Governance	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Risk Management Policy	Institutional	Submit a Risk Management Policy (Reviewed) to the Board for adoption by date	Date	1. Review the Risk Management policy for endorsement by the Board and Risk Management Committee	R0.00	N/A	HGDA	Internal Audit and Risk	Internal Auditor	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Mar-25	None	N/A (KPI not realised in 2023/24 FY)	Submit a Risk Management Policy (Reviewed) to the Board for adoption by date	ACHIEVED	Tabled to the Board 22nd of January 2025	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	ACHIEVED	31-Mar-25	Board resolution

A9	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Performance Management System Framework and Policy	Institutional	Date by which the 2025/2026 PMS Framework /Policy is reviewed and submitted to Board for adoption	Date	1. Conduct review of the PMS policy Framework. 2. Submit reviewed PMS policy to the Finance/HR portfolio committee and Board	R0.00	N/A	HGDA	PMS / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency:	HGD M	30-Jun-25	None	N/A (KPI not realised in 2023/24 FY)	Date by which the 2025/2026 PMS Framework /Policy is reviewed and submitted to Board for adoption	ACHIEVED	Tabled to the Board 22nd of May 2025	N/A	N/A	N/A	N/A	N/A	N/A	ACHIEVED	30-Jun-25	ACHIEVED	30-Jun-25	Board resolution	
A10	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Assessment of the External Service Providers	Institutional	Number of reports produced and submitted to the Board on the Assessment of the External Service Providers for noting by 30 June 2025	Number	1. Rate performance of external service providers	R0.00	N/A	HGDA	Supply Chain Management	Strategic and Executive Support Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	4	None	All appointed service providers monitored and evaluated performance in 2023/24 FY	Number of reports produced and submitted to the Board on the Assessment of the External Service Providers for noting by 30 June 2025	ACHIEVED	Reported to the Board on the following dates 1. 26 August 2024 2. 20 January 2025 3. 20 March 2025 4. 22 May 2025	1	ACHIEVED - 26 August 2024	1	ACHIEVED - 3 December 2025	2	ACHIEVED - 20 March 2025	ACHIEVED - 20 March 2025	1	ACHIEVED - 22 May 2025	4	1. Board resolution 2. SCM report	
A11	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Organisational performance reports	Institutional	Number of Organisational performance reports submitted to the Audit Committee by 30 June 2025	Number	1. Collate performance information from all departments. 2. Compile quarterly report with POE's, submit to IA for review. 3. Submit a consolidated Organisational performance report to Manco, Audit Comm, Finance/HR committee and further to the Board for approval.	R0.00	N/A	HGDA	PMS / Corporate	Strategic and Executive Support Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	4	None	Quarterly SDBIP Reports submitted to Audit Committee in 2023/24 FY	Number of Organisational performance reports submitted to the Audit Committee by 30 June 2025	ACHIEVED	Reported to the Board on the following dates: 1. 16 July 2025 2. 13 December 2024 3. 20 January 2025 4. 19 May 2025	1	ACHIEVED - 16 July 2024	1	ACHIEVED 13 December 2024	2	ACHIEVED - 20 January 2025	N/A	ACHIEVED - 20 March 2025	1	ACHIEVED 19 May 2025	4	

A1 2	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	2025/26 SDBIP	Institutional	Submit the 2025/26 SDBIP to the Board Chairpersons and Mayor for approval within the turnaround time after the approval of the 2025/26 budget	Turnaround	1. Hold working sessions with Manco for inputs. 2. Prepare a draft SDBIP presented to Manco, Internal Audit, Finance/HR portfolio and Board for endorsement.	R0.00	N/A	HGDA	PMS and Corporate	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	28 days	None	2024/25 SDBIP Presented to Council for adoption by 31 May 2024	Submit the 2025/26 SDBIP to the Board Chairpersons and Mayor for approval within the turnaround time after the approval of the 2025/26 budget	ACHIEVED	Reported to the Board 22 May 2025 and to the HGDM Council on the 24th of June 2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28 days	ACHIEVED - Reported to the Board 22 May 2025 and to the Council	28 days			1. Copy of Signed SDBIP 2. Proof of Submission
A1 3	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	2024/25 Performance Agreements	Institutional	Date by which the 2024/25 Performance Agreements for all HGDA Officials are signed	Date	1. Signing of performance contracts by all staff. 2. Facilitate individual performance plans and signing. 3. Record keeping of Performance Agreements of all staff.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Jul-24	None	All 2023/24 Performance Agreements for HGD Officials were signed in 2023/24 FY	Date by which the 2024/25 Performance Agreements for all HGDA Officials are signed	NOT ACHIEVED	2024/25 Performance Agreements for all HGDA officials were not signed by 31 July 2025 due to the delays in the conversion of staff.	31-Jul-24	NOT ACHIEVED	N/A	N/A	31-Jul-24	N/A	N/A	N/A	N/A	31-Jul-24	NOT ACHIEVED	31-Jul-24	The signing of job description by employees had not been finalised due to delays in the conversion process of employees	Draft employment contracts are in place, awaiting the signing of job descriptions, a task that was anticipated to have been completed by the end of Q2 - December 2024 - however the Manager: Corporate Services resigned during this period	2024/25 Signed performance agreements
A1 4	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Uploading of All signed 2024/25 Performance Agreements	Institutional	Uploading of signed 2024/2025 performance agreement for CEO and CFO by date	Date	1. Compliance with legislation by uploading signed performance agreements of CEO/CFO to the Website.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Jul-24	None	Performance Agreements for CEO and CFO were uploaded on the website in 2023/24 FY)	Uploading of signed 2024/2025 performance agreement for CEO and CFO by date	ACHIEVED	Performance agreements signed and uploaded onto the HGDA website 31 July 2024	31-Jul-24	ACHIEVED	N/A	N/A	31-Jul-24	N/A	N/A	N/A	N/A	31-Jul-24	N/A	N/A	1. Activity report 2. Signed CEO & CFO'S performance agreements		

A1 5	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	2023/2024 Annual Performance Assessments	Institutional	Date by which the 2023/24 Annual Performance Assessments for HGDA CEO and CFO are conducted	Date	1. Collate performance information. 2. Submit workplan and POE's to Internal Audit for review. 3. Establishment of a performance committee to conduct Annual performance assessment.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	28-02-2025	None	N/A (KPI not realised in 2022/223 FY)	Date by which the 2023/24 Annual Performance Assessments for HGDA CEO and CFO are conducted	NOT ACHIEVED	The 2023/24 Annual Performance Assessments for HGDA CEO and CFO were not conducted by 28 February 2025. Annual Performance Assessments convened on 01 April 2025.	N/A	N/A	N/A	N/A	N/A	N/A	28-02-2025	NOT ACHIEVED	N/A	N/A	28-02-25	Assessments were initially scheduled for the 19 February 2025, however upon the CEO, Ms Whytes return from medical leave the CEO requested the assessment dates be change due to her unavailability on the 19 February 2025, the PMS committee members were not available on the alternative dates proposed thus the assessments eventually sat on 1 April 2025	Assessments conducted on the 1 April 2025	Signed Attendance Register
A1 6	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	2024/25 Mid-Term Performance Assessments	Institutional	Date by which the 2024/25 Mid-Term Performance Assessments for HGDA CEO and CFO are conducted	Date	1. Collate performance information. 2. Submit workplan and POE's to Internal Audit for review. Establishment of a performance committee to conduct Mid-Term performance assessment.	R0.00	N/A	HGDA	HR / Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	28-02-2025	Not achieved in Projected quarter in 2023/2024 FY	N/A (KPI not realised in 2022/223 FY)	Date by which the 2024/25 Mid-Term Performance Assessments for HGDA CEO and CFO are conducted	NOT ACHIEVED	The 2024/25 Mid-Term Performance Assessments for HGDA CEO and CFO were not conducted by 28 February 2025. Mid-Term Performance Assessments convened on 01 April 2025.	N/A	N/A	N/A	N/A	N/A	N/A	28-02-2025	NOT ACHIEVED	N/A	N/A	28-02-2025	Assessments were initially scheduled for the 19 February 2025, however upon the CEO, Ms Whytes return from medical leave the CEO requested the assessment dates be change due to her unavailability on the 19 February 2025, the PMS committee members were not available on the alternative dates proposed thus the assessments eventually sat on 1 April 2025	Assessments conducted on the 1 April 2025	Signed Attendance Register
A1 7	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	2025/26 Internal Audit Plan (IAP) and Risk Management Plan	Institutional	Submit 2024/25 IAP and Risk Management Plan to the Audit committee for approval by date	Date	1. Conduct Risk Management Assessment which feed into Risk registers. 2. Risk Registers are updated on a quarterly basis 3. Develop a risk based Internal Audit Plan	R0.00	N/A	HGDA	Internal Audit and Risk	Internal Auditor	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	30-Jun-25	Not achieved in Projected quarter in 2023/2024 FY	Internal Audit Plan Submitted and Approved in (2022/23 FY)	Submit 2024/25 IAP and Risk Management Plan to the Audit committee for approval by date	ACHIEVED	Tabled to the Board Audit Committee - 19 May 2025 - RMP approved IAP approved on the 26 May 2025 via Round Robin resolution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	ACHIEVED	30-Jun-25	N/A	30-Jun-25	N/A	1. Audit Committee Agenda 2. Approved IAP & RMP	

B1	Improved access to basic services	Pillar 2: Delivering Basic Services	4.1. To ensure improved access to appropriate basic services and infrastructure	Repairs and Maintenance (HGDA Offices)	Entire District	Percentage of Repairs and Maintenance Budget spent (HGDA Offices) by 30 June 2025	Percentage	1. Develop and implement facilities maintenance plan aligned to maintenance budget.	R212, 000.00	N/A	HGDA	Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	100%	None	100% Budget spent on repairs and Maintenance of HGDA Offices in 2022/23 FY	Percentage of Repairs and Maintenance Budget spent (HGDA Offices) by 30 June 2025	NOT ACHIEVED	44% of the Agency's capital budget spent in 2024/25 repairs and maintenance budget spent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	NOT ACHIEVED	100%	There were delays in procurement due to the vacuum of the CEO and all procurements were on hold in quarter two and three including a vacancy for corporate service manager.	The newly appointed Manager Corporate Services to develop a repairs and maintenance plan to ensure 100% budget expenditure on repairs and maintenance	Expenditure report
B2	Improved access to basic services	Pillar 2: Delivering Basic Services and conditions of working	4.1.To ensure improved access to appropriate basic services and working condition as well as infrastructure	Harry Gwala Development Agency's Aircons	Institutional	Number of aircons procured for Harry Gwala Development Agency Offices by 31 August 2024	Number	1. Develop specification for procurement of new aircon and installation. Monitor service and maintenance.	R65,000.00	N/A	HGDA	Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	5	Not achieved in projected quarter in 2023/2024 FY	N/A (KPI not realised in 2022/223 FY)	Number of aircons procured for Harry Gwala Development Agency Offices by 31 August 2024	NOT ACHIEVED	The bid for aircons was advertised on 21 June 2025, bidders were above the budget and specifications were to be revised.	5	NOT ACHIEVED	N/A	N/A	5	N/A	N/A	N/A	N/A	N/A	5	The bid for aircons was advertised 21 June 2025, bidders were above the budget and specifications were to be revised.	The bid for aircons was re-advertised and will be achieved in Q1 of the next FY.	Delivery Note
B3	Improved access to basic services	Pillar 2: Delivering Basic Services and conditions of working	4.1.To ensure improved access to appropriate basic services and working condition as well as infrastructure	Harry Gwala Development Agency's Land Acquisition	Institutional	Harry Gwala Development Agency's Land Acquisition by date	Date	1. Drafting of item to Portfolio Committee, Board and Council for noting. 2. Purchase of the fenced portion of the Agency	R4,000,000.00	N/A	HGDA	Corporate Services	Corporate Services Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	30-Jun-25	New	New	Harry Gwala Development Agency's Land Acquisition by date	NOT ACHIEVED	Target has been adjusted to zero - The target is dependent on successful engagements and negotiations between HGDA and Ubuhlebezwe LM, as at January 2025 the Agency is still awaiting feedback from the LM regarding the next proposed meeting, the Transfer process itself takes 3months + the target will not be achieved in	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun-25	NOT ACHIEVED	30-Jun-25	Adjust to zero - The target is dependent on successful engagements and negotiations between HGDA and Ubuhlebezwe LM, as at January 2025 the Agency is still awaiting feedback from the LM regarding the next proposed meeting, the Transfer process itself takes 3months + the target will not be achieved in the current FY	Deferred to the 2025/2026 Financial year	Deed of Transfer

B6	Improved access to basic services	Pillar 2: Delivering Basic Services	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Functionality of Harry Gwala One-Stop-Shop and Techno Hub	Institutional	Number of quarterly Functionality reports of Harry Gwala One-Stop-Shop and Techno Hub submitted for endorsement 30 June 2025	Number	1. Collation of processed applications from service centers inside the OSS. 2. Compilation of quarterly reports. 3. submission of quarterly report to CEO, & TIKZN for endorsement. Submission of quarterly	R0.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	4	New	New	Number of quarterly Functionality reports of Harry Gwala One-Stop-Shop and Techno Hub submitted for endorsement 30 June 2025	NOT ACHIEVED	Quarter 1 & 2 functionality reports of Harry Gwala One-Stop-Shop and Techno Hub were not submitted for endorsement by the Board. However Q3 report was submitted to the Board for endorsement on 20 March 2025 & Q4 report was submitted to the Board for endorsement by 22 May 2025	1	NOT ACHIEVED	1	NOT ACHIEVED	2	NOT ACHIEVED	1	NOT ACHIEVED	1	NOT ACHIEVED	4	Quarterly functionality report was not tabled due to the report having not received endorsement by the Accounting Officer	Reports tabled in Quarter 3 and Quarter 4	Board resolution
NKPA3: LOCAL ECONOMIC DEVELOPMENT																																			
C1	Promotion of social and economic development	N/A	1.1. Facilitate economic growth, development and creation of decent employment opportunities	SMME Enterprise Development Fund (2024/2025)	Entire District	Number of SMMEs Supported through implementation of EDF by 31 December 2024	Number	1. Advertisement-calling for business proposals/applications 2. Selection process -a) Evaluation of submitted proposals, b) Verification of recommended businesses for consideration of support. 3. Procurement of commodities for the successful applicants 4. Delivery and Handover of equipment procured	R1,900,000.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	5	None	Supported Established SMMEs by 30 June 2024	Number of SMMEs Supported through implementation of EDF by 31 December 2024	NOT ACHIEVED	SMMEs were not supported through implementation of EDF by 31 December 2024 due delays in procurement	N/A	N/A	5	NOT ACHIEVED	5	N/A	N/A	N/A	N/A	N/A	5	Procurement of the material/equipment support for established SMMEs was not achieved in order to avoid irregular expenditure 1. Call for proposals (advert) issued out 2. Closing date 12/07/2024 3. Evaluation of submitted proposals 25/07/2024	It was anticipated that the procurement would have been finalised by the March 2025, however this did not materialise. Procurement and delivery of goods to be finalised in the first quarter of the next FY	1. Appointment letter 2. Proof of payment & Delivery Note

C2	Promotion of social and economic development	N/A	1.1. Facilitate economic growth, development and creation of decent employment opportunities	District Growth and Development Forum	Entire District	Number of District Growth and Development Forum meetings held by 30 June 2025	Number	1. Issue Invitations to stakeholders 2. Prepare Agenda and Host Meeting	R0.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	4	None	Convene d Growth and Development Forum meetings in 2023/2024 FY	Number of District Growth and Development Forum meetings held by 30 June 2025	ACHIEVED	Dates of Meetings are as follows 1. 26 September 2024 2. 10 December 2024 (Initially scheduled for the 5th of December 2025) 3. 27 March 2025 4. 24 June 2025	1	ACHIEVED	1	ACHIEVED	2	ACHIEVED	1	ACHIEVED	1	ACHIEVED	4			1. Agenda 2. Attendance Register 3. Minutes	
C3	Implementation of community works programme and supported cooperatives	N/A	2.1. Achieve holistic human development and capacitation for the realization of skilled and employable workforce	Emerging Enterprises training workshop	Entire District	Number of trainings Implemented as per the WSP for Emerging Enterprises by 30 June 2025	Number	1. Identify training needs and recruit training recipients 2. Advertise for a suitable service provider through SCM Processes 3. Training of recruited recipients	R250,000.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	1	None	Emerging Enterprises trained in 2022/23 FY	Number of trainings Implemented as per the WSP for Emerging Enterprises by 30 June 2025	NOT ACHIEVED	Emerging Enterprises were not trained by 30 June 2025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	NOT ACHIEVED	1			1. Notice of training 2. Signed attendance register
C4	Promotion of tourism	N/A	2.1 Providing tourism infrastructure that promotes the district as a preferred tourism destination	Tourism Welcome Signage	Entire District	Date by which tourism welcome signage and destination frames is developed	Date	1. Procurement of Tourism Welcome Signage through SCM Process. 2. Installation of the signage in identified locations.	R400,000.00	N/A	HGDA	Growth and Development	Tourism Specialist	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	31-Dec-24	New	New	Date by which tourism welcome signage and destination frames is developed	NOT ACHIEVED	Tourism welcome signage and destination frames were not developed due to non approval of signs by department of transport, a request for an extension of service from the CEO and consult with DoT and EDTEA for submission of revised destination frames and signages	N/A	N/A	31-Dec-24	NOT ACHIEVED	31-Dec-24	N/A	N/A	N/A	N/A	31-Dec-24	There were delays in procurement due to the vacuum of the CEO and all procurements were on hold.	Due to non approval of signs by department of transport, a request for an extension of service from the CEO and consult with DoT and EDTEA for submission of revised destination frames and signages	1. Appointment letter 2. Delivery note 3. Proof of payment		

C5	Implementation of community works programme and supported cooperatives	N/A	2.1. Achieve holistic human development and capacitation for the realization of skilled and employable workforce	Tyre Fitment Programme	Institutional	Number of Tyre fitment centres established by 30 June 2025	Number	1. Advertisement (issue a call for potential recipients to operate the facility) 2. Evaluation and evaluation of potential recipients. 3. Procurement of tyre fitment containers. 4. Delivery and handover of containers to recipients.	R1,500,000.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	4	New	New	Number of Tyre fitment centres established by 30 June 2025	NOT ACHIEVED	Procurement of containers for the Tyre Fitment Initiative was not realised due to delays in the finalising internal processes.	N/A	N/A	4	N/A	4	N/A	N/A	N/A	N/A	NOT ACHIEVED	4	Procurement was not realised due to delays in the finalisation of internal processes	Engagement were conducted with Dunlop and Dunlop reconfigured their strategy and the Entity will not need to advertise. In consultation with Local Municipalities within district have identified potential recipients who are already in the Tyre and Repair business and a verification process has been finalized	1. Delivery Note 2. Proof of payment
C6	compliance purposes	N/A	5.1. Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance	Growth and Development Strategies	Institutional	Submission of Growth and Development Strategies : Business retention and investment strategy, Township Economy revitalisation, Tourism and Marketing Strategy to the Board for noting by date	Date	1. Address stakeholder comments, review /update the strategic documents. 2.Submission of draft GDS to MANCO. 3. Submit to draft GDS to the Portfolio Committee. 4.Submission of the GDS to the Board.	R0,00	N/A	HGDA	Growth and Development	Strategic Projects & Investment Portfolio Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	31-Dec-24	New	New	Submission of Growth and Development Strategies : Business retention and investment strategy, Township Economy revitalisation, Tourism and Marketing Strategy to the Board for noting by date	NOT ACHIEVED	Growth and Development Strategies: Business retention and investment strategy, Township Economy revitalisation, Tourism and Marketing Strategy were not submitted to the Board for noting by 31 December 2024. Strategies were tabled for noting to the Board on the 20th of March 2025	N/A	N/A	31-Dec-24	NOT ACHIEVED	31-Dec-24	NOT ACHIEVED	N/A	N/A	N/A	N/A	31-Dec-24	Report on the strategies not tabled to the HGDA Board due to the vacuum of the CEO	Report on the growth and development strategies was tabled to the Board on the 20th of March 2025	Board resolution

C7	Promotion of tourism	N/A	3.1. Showing the district's tourism product offerings	Tourism Trade and Exhibition shows	Institutional	Number of Trade and Exhibition Shows attended by 30 June 2025	Number	1. Procurement of exhibition space, stand design and stand furniture for tourism exhibition shows	R120 000.00	N/A	HGDA	Growth and Development	Tourism Specialist	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	3	New	New	Number of Trade and Exhibition Shows attended by 30 June 2025	NOT ACHIEVED	Only 2 Trade and Exhibition shows attended as at 30 June 2025: 1. Africa Travel Indaba - 13 May 2025 2. Comrades Marathon Expo - 5 June 2025	N/A	N/A	1	NOT ACHIEVED	1	NOT ACHIEVED	N/A	NOT ACHIEVED	2	N/A	3	Procurement was not realised due to delays in the finalisation of internal processes in Q1.	The target has been deferred to the next FY.	Attendance register
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NKPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

D1	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	4.1. To ensure improved access to appropriate basic services and infrastructure	2023/2024 Audit Opinion	Institutional	Receiving an improved Audit Opinion for 2023/2024 FY	Date	To ensure that there is an improved Audit opinion the following due diligence processes should be undertaken: 1. Attend to the finding raised in the previous Audit by developing a detailed Action Plan for 2022/2023 2. Ensure that reconciliation are prepared on a monthly basis to ascertain and verify the correctness of the accounting records. 3. Prepare IFS in ensuring that opening balances are rolled forward correctly and assess the audit readiness. 4. Ensure that IFS are audited by IA and implement recommendations.	R0.00	N/A	HGDA	All Departments	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	31-Dec-24	None	(KPI in previous SDBIP)	Receiving an improved Audit Opinion for 2023/2024 FY	ACHIEVED	The Agency's obtained an unqualified Audit opinion	N/A	N/A	31-Dec-24	ACHIEVED	31-Dec-24	ACHIEVED	N/A	N/A	N/A	N/A	31-Dec-24		Auditor-General Report
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D2	Implement a differential approach to Municipal Financing, planning and support	Pillar 5: Building Capable Local Government Institutions	4.1. To ensure improved access to appropriate basic services and infrastructure	Agency's Capital budget 2024/2025	Institutional	Percentage of Agency's Capital budget actually spent on capital projects by 30 June 2025	1. Prepare and adhere to the procurement, highlight projects that are capital in nature. 2. Provide updates on Capital Expenditure trends to user department through preparation and presentation of Section 71 in portfolio committees and Board of directors meetings.	R 5, 006, 810.20	N/A	HGDA	Budget & Reporting	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	100%	None	71% of the Agency's capital budget spent in 2023/2024 FY	Percentage of Agency's Capital budget actually spent on capital projects by 30 June 2025	NOT ACHIEVED	40.88% of the Agency's Capital Budget spent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	NOT ACHIEVED	100%	40.88% of the Agency's capital budget spent in 2024/25 financial year -There were delays in procurement due to the vacuum in the office of the CEO and all procurements were on hold in quarter two and three including a vacancy for corporate service manager and most of the projects not implemented were under Corporate Services.	CFO has developed a procurement tracking tool to ensure implementation of procurement by project managers in the next FY	Expenditure report from BTO
D3	Improve Municipal Financial and Administrative capability	Pillar 4: Sound financial management and accounting	4.1. To ensure improved access to appropriate basic services and infrastructure	Cost Coverage	Institutional	Ratio on Cost Coverage by 30 June 2025	1. Verification of Cash and Cash Equivalent through a signed bank reconciliation for a period including short term deposit. 2. Ascertain short and long term obligations. 3. Distinguish between fixed and variable costs 4. Apply a formula for Cost Coverage	R0.00	N/A	HGDA	Budget & Reporting	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	1:06	None	15:06 Ratio on Cost Coverage by 30 June in 2022/23 FY	Ratio on Cost Coverage by 30 June 2025	ACHIEVED	The Agency's cost coverage ratio as at 30 June 2025 is 20.51 : 1	N/A	ACHIEVED	N/A	N/A	N/A	N/A	N/A	N/A	1:06	ACHIEVED	1:06		signed report of cash coverage with general ledger	
D4	Improve Municipal Financial and Administrative capability	Pillar 4: Sound financial management and accounting	4.1. To ensure improved access to appropriate basic services and infrastructure	Unauthorized, irregular, fruitless and wasteful expenditure	Institutional	Percentage reduction reported on unauthorized, irregular, fruitless and wasteful expenditure by 30 June 2024	1. To ensure that SCM unit and bid committees are adequately trained. 2. To ensure that policies are reviewed on an annual basis and are aligned with prescribed legislation. 3. Apply and implement the policy and	R0.00	N/A	HGDA	Supply Chain Management	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	50%	None	20% Reduction on unauthorized, irregular, fruitless and wasteful expenditure by 30 June in 2022/23 FY	Percentage reduction reported on unauthorized, irregular, fruitless and wasteful expenditure by 30 June 2025	NOT ACHIEVED	Unauthorized, irregular, fruitless and wasteful expenditure not reduced by 50% as at 30 June 2025	50%	NOT ACHIEVED	50%	NOT ACHIEVED	50%	NOT ACHIEVED	50%	N/A	50%	N/A	50%	Target was not smart- adjusted at the adjustment of the 2024/2025 SDBIP	Target will be an annual target in the 2025/2026 SDBIP	Signed registers of UIFW

D9	Improve Municipal Financial and Administrative capability	Pillar 4: Sound financial management and accounting	4.1. To ensure improved access to appropriate basic services and infrastructure	Section 71 reports	Institutional	Number of Section 71 reports submitted monthly to HGDM Mayor within 10 days after the end of each month	Number	1. Verification of Cash and Cash Equivalent through a signed bank reconciliation for a period including short term deposit. 2. Ascertain short and long term obligations. 3. Distinguish between fixed and variable costs 4. Apply a formula for Cost Coverage	R0.00	N/A	HGDA	Budget & Reporting	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	12	None	Submitted 12 Section 71 reports monthly to HGDM Mayor in 2023/24 FY	Number of Section 71 reports submitted monthly to HGDM Mayor within 10 days after the end of each month	ACHIEVED	ACHIEVED	Submitted 3 Section 71 reports monthly to HGDM Mayor in Q4 FY in the following dates: April 2025 Section 71 for April 2025 was submitted on the 11 May 2025 May 2025 Section 71 for May 2025 was submitted on the 9th of July 2025	3	ACHIEVED	3	ACHIEVED	6	ACHIEVED	3	ACHIEVED	3	ACHIEVED	12	Proof of submission to the Mayor
D10	Improve Municipal Financial and Administrative capability	Pillar 4: Sound financial management and accounting	4.1. To ensure improved access to appropriate basic services and infrastructure	Section 72 reports	Institutional	Section 72 reports submitted to the Board and HGDM Council; by MFMA calendar date	By MFMA calendar date	1. Prepare and process cashbook for the period. 2. Extract detailed General Ledger to ascertain if transaction were posted correctly. 2. Prepare reconciliations for the period.	R0.00	N/A	HGDA	Budget & Reporting	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	25 January 2025	None	Submitted Section 72 report by to the Board and HGDM Council in 2023/24 FY	Section 72 reports submitted to the Board and HGDM Council; by MFMA calendar date	ACHIEVED	ACHIEVED	Submitted final 2025/26 Budget to the board of directors on the 22 May 2025 and on the 28 May 2025 to Council for Adoption in 2024/25 FY	N/A	N/A	N/A	N/A	25 January 2025	ACHIEVED	N/A	25 January 2025	25 January 2025	1. S72 Report 2. Council Resolution		
D11	Improve Municipal Financial and Administrative capability	Pillar 4: Sound financial management and accounting	4.1. To ensure improved access to appropriate basic services and infrastructure	Tabling of Draft 2025/2026 budget	Institutional	Draft 2025/2026 budget tabled to the Board and Council for endorsement MFMA calendar date	By MFMA calendar date	1. Confirm allocation from the Parent municipality. 2. Assess the financial market to ascertain and verify interest rates with the intention of projecting interest revenue as part of revenue	R0.00	N/A	HGDA	Budget & Reporting	Chief Financial Officer	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGDM	31-Mar-25	None	Tabled Draft 2023/24 to Council for noting in 2022/23 FY	Draft 2025/2026 budget tabled to the Board and Council for endorsement MFMA calendar date	ACHIEVED	ACHIEVED	Submitted final 2025/26 Budget to the board of directors on the 22 May 2025 and on the 28 May 2025 to Council for Adoption in 2024/25 FY	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	31-Mar-25	1. Draft Budget 2. Board & Council Resolution	

F1	One window of co-ordination	N/A	8.1. Ensure an integrated and aligned development planning	Business compliance	Institutional	Number of business compliance inspections conducted in accordance with Municipal Business Licensing Policies	Number	1. Obtain dates for business compliance inspection from LMs 2. Participate and attend Business Compliance inspections	R0.00	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	40	New	New	Number of business compliance inspections conducted in accordance with Municipal Business Licensing Policies	NOT ACHIEVED	Business Compliance inspections were not conducted in Q3 Quarter 1 - Achieved - 25 September 2024 Quarter 2 - Achieved 22 November 2024 Quarter 4 - Achieved 20 June 2025	10	ACHIEVED	10	ACHIEVED	20	ACHIEVED	10	NOT ACHIEVED	10	ACHIEVED	40	In Quarter 3 - businesses inspected did not sign the attendance registers	The target could not be achieved retrospectively in Q4 to cover for both quarters	Attendance Register
F2	Implementation of community works programme and supported cooperatives	N/A	2.1 Achieve holistic human development and capacitation for the realization of skilled and employable workforce	Special Programmes Initiative	Entire District	Special Programmes Initiatives supported by date	Date	1. Advertisement calling for business proposals/applications 2. Selection process - evaluation of submitted proposals, verification of recommended business. 3. Procurement of commodities for the successful applicants 4. Delivery and Handover of equipment procured	R1.1 000.000.000	N/A	HGDA	Growth and Development	LED & Tourism Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency	HGD M	30-Jun-25	New	New	Special Programmes Initiatives supported by date	NOT ACHIEVED	Special Programmes Initiatives not supported in Q1, Q2 & Q3 by 30 June 2025. 1. Back to school - 22 Jan 2025 2. Youth in Business - 11 June 2025 3. Women in Business - 17 June 2025	30-Sep-24	NOT ACHIEVED	31-Dec-24	NOT ACHIEVED	31-Dec-24	NOT ACHIEVED	31-Mar-25	NOT ACHIEVED	30-Jun-25	ACHIEVED (Women in businesses)	30-Jun-25	Procurement was not realised due to delays in the finalisation of internal processes due to the vacuum of the CEO	Calls for proposals will be advertised in Q3 to ensure that the targets will be realised by 30 June 2025	1. Appointment letter 2. Delivery notes 3. Proof of payment
F3	Promotion of social and economic development	N/A	Attain sustainable economic growth and promote sustainable economies	Green Economy Strategy	Entire District	Adoption of Green Economy Strategy by date	Date	1. Address stakeholders' comments, review /update the Green Economy strategy. 2. Submission of reviewed Green Economy strategy to MANCO. 3. Submit reviewed Green Economy strategy to the Portfolio Committee &	R0.00	N/A	HGDA	Growth and Development	Strategic Projects & Investment Portfolio Manager	District Municipalities: DC43 Harry Gwala: Harry Gwala Development Agency.	HGD M	31-Mar-25	New	New	Adoption of Green Economy Strategy by date	ACHIEVED	Green Economy Strategy was tabled to the HGDA Board for adoption on 20 March 2025	N/A	N/A	N/A	N/A	N/A	N/A	31-Mar-25	ACHIEVED	N/A	N/A	31-Mar-25			Board Resolution

Chapter 5

FINANCIAL PERFORMANCE & RELATED INFORMATION

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

2024/2025 FINANCIAL YEAR

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Insurance Refund		30 991	-
Rental income		89 688	113 688
Interest received	13	1 605 901	1 336 345
Total revenue from exchange transactions		1 726 580	1 450 033
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	-	210 584
Transfer from parent municipality		20 000 000	17 000 000
Total revenue from non-exchange transactions		20 000 000	17 210 584
Total revenue	15	21 726 580	18 660 617
Expenditure			
Amortisation	18	(21 933)	(196 961)
Contracted services	21	(1 902 793)	(1 183 939)
Depreciation	19	(1 225 485)	(1 199 155)
Employee related costs	16	(7 624 460)	(6 119 596)
Finance costs	20	-	(596)
General expenses	23	(5 707 711)	(8 027 447)
Loss on Disposal	6	(55)	(22 020)
Operating leases	22	(74 696)	(74 696)
Remuneration of Board Members	17	(724 310)	(568 647)
Impairment Loss	6&7	(111 320)	-

Total expenditure
Surplus for the year

(17 392 763)	(17 393 057)
4 333 817	1 267 560

CASH FLOW MANAGEMENT AND INVESTMENTS CASH FLOW

The Agency's cash flow is stable with a favourable balance of R25 380 404 as at end of 30 June 2025. The municipal Entity can continue operating for the next 12 months with the estimated fixed cost of R1.343 million which also answers the question of viability in a near future.

The following is a detailed list of cash and cash equivalents as of 30 June 2025:

Item/Description	2024	2025	Movement
Bank Balance	8 444 902.00	16 480 312.00	↑
Short Term Deposit	9 978 618.00	8 900 091.00	↓
Total cash and cash equivalent	17 486 183.00	25 380 404.00	↑

BORROWING AND INVESTMENTS

The Agency does not have borrowings during the year. Furthermore, there are no long-term investments. Funds are invested in short-term investments and are disclosed in the Cash and Cash Equivalents note on the Financial Statements.

REVENUE PER SOURCE

Item/Description	2024	2025	
Transfer from the District	17 000 000.00	20 000 000.00	↑
Grants and Subsidies	300 000.00	0.00	↓
Interest on Revenue	1 336 345.00	1 605 901.00	↑

OPERATIONAL RATIOS FOR THE YEAR

ITEM	RATIO
Cash Coverage Ratio	17.79:1

Current Ratio	5.50:1
Employee Costs as circular 71 of the MFMA	43.8%

FINANCE AND SUPPLY CHAIN MANAGEMENT FUNCTION

Finance and supply chain management, as a support function, is one of the sub-programmes of administration as an overarching programme in terms of the strategic plan of the HGDA. The strategic positioning or role of finance and supply chain management as a sub-programme

under administration in supporting the strategic management of the HGDA can be summarised in terms of Table captured below.

Strategic Objective	Provide effective and efficient financial and supply chain management services.
Objective Statement	Ensure sound financial management and ethical procurement practices through continuous effective management of all business processes.
Strategic Performance Indicator	Percentage of allocated budget spent per financial year. Percentage compliance with financial and supply chain management policies.
Justification	This objective will ensure that there is sound management of income and expenditure in terms of under-expenditure, over-expenditure, irregular expenditure, unauthorised expenditure, and wasteful/fruitless expenditure in compliance with relevant regulatory frameworks.

Demand Management

Include timely planning and management processes to ensure that all goods and services required by the entity are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost.

Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature.

Provide for the compilation of the required specifications to ensure that its needs are met; and undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Acquisition Management

That goods and services are procured by the Agency in accordance with authorized processes only.

That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act, No. 5 of 2000.

That the threshold values for the different procurement processes are complied with; and

That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

Logistics Management

Monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.

Placing of electronic orders for all acquisitions other than those from petty cash.

Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.

Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal Management

The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act Disposal can be done in the following method:

- Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- Selling the asset; or
- Destroying the asset.
- Risk Management

Risk management includes:

- Identify all possible risks within the SCM processes of the Municipal Entity
 - Determine the SCM risk management strategy and action plan
 - Execute and implement the SCM risk management strategy and action plan
 - Monitor the SCM risk management process and results on a regular basis
 - Management of risks in a pro-active manner and the provision of adequate cover for residual
-

risks; and

- Assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

Establishment and implementation of an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

SUPPLY CHAIN MANAGEMENT

In accordance with Chapter 1 of the Municipal Finance Management Act (MFMA) of 2003, the Supply Chain Management (SCM) unit was established to implement SCM policies and processes. Regulation 26 of the Act stipulates that SCM policy must provide a committee system for competitive bids consisting of three committees. As an essential method of procurement and securing service providers, the following committees were formed, and they are fully functional:

- The Bid Specification Committee, which has a special duty of compiling specifications for procurement of goods or services for the municipal entity.

- The Bid Evaluation Committee, which has a mandate to evaluate in accordance with specification for a special procurement. This Committee also assesses the bidders' ability to execute the contract. Lastly this Committee makes recommendations to the Bid Adjudication Committee.
- The Bid Adjudication Committee, which has the tasks of considering the report and recommendations of the Bid Evaluation Committee. It also makes a final award depending on the delegations or makes other recommendations to the Accounting Officer.

MONITORING OF SCM CONTRACTS ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

The proper management of appointed Service Providers has been a challenge in recent years, and this ultimately affects the performance of appointed Service Providers. Great efforts have been channeled into improving this situation whereby the following were undertaken to assess Service Providers who convene quarterly to assess Service Provider. b) Performance Assessment of all appointed Service is conducted by the Corporate Services Manager and verified by the SCM unit well as ensuring that all Contract Management matters including all compliance issues are addressed.

CHAPTER 6

AUDITOR GENERALS' FINDINGS

AUDIT REPORT

Harry Gwala Development Agency (Pty) Ltd

2024-25

Report of the auditor-general to the KwaZulu Natal Provincial Legislature and council on Harry Gwala Development Agency (Pty) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Harry Gwala Development Agency (Pty) Ltd set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Harry Gwala Development Agency (Pty) Ltd as at 30 June 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 Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipal entity at, and for the year ended 30 June 2025.

Other matter

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

Unaudited disclosure note

9. In terms of section 125(2) (e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the annual performance report

14. 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 officer is responsible for the preparation of the annual performance report.
15. I selected the following material performance indicators related to local economic development key performance area presented in the annual performance report for the year ended 30 June

2025. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of established SMMEs supported through implementation of EDF by 31 December 2024
- Number of District Growth and Development forum meetings held by 30 June 2025
- Number of trainings implementation as per WSP for Emerging Enterprise by 30 June 2025
- Date by which tourism welcome signage and destination frames is developed
- Number of Tyre fitment centres established by 30 June 2025
- Submission of growth and development strategies, Business retention and investment strategy, township economy revitalisation, tourism and marketing strategy to the board noting by date
- Number of trade and exhibition shows attended by June 2025

16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

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

19. The material findings on the reported performance information for the selected material indicators are as follows:

Various indicators

20. The indicators measure a date by when the planned activity will be completed, which does not relate to the achievement of the planned objectives. Consequently, the indicators are not useful for measuring and monitoring progress against the municipal entity's planned objectives.

Indicator	Target	Planned objective
Date by which tourism welcome signage and destination frames is development	31 December 2024	Providing tourism infrastructure that promotes the district as a preferred tourism destination
Submission of growth and development strategies, business retention and investment strategy, township economy revitalisation on tourism and marketing strategy to the board for noting by date	31 December 2024	Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

23. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Local economic development

Targets achieved: 14.29%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of SMMEs supported through implementation of EDF by 31 December 2024	5	Not achieved
Number of trainings Implemented as per the WSP for Emerging Enterprises by 30 June 2025	1	Not achieved

Date by which tourism welcome signage and destination frames is developed	31 December 2024	Not achieved
Number of tyre fitment centres established by 30 June 2025	4	Not achieved
Submission of Growth and Development Strategies: Business retention and investment strategy, Township Economy revitalisation, Tourism and Marketing Strategy to the Board for noting by date	31 December 2024	Not achieved
Number of Trade and Exhibition Shows attended by 30 June 2025	3	Not achieved

Material misstatements

24. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Local economic development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

25. 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 officer is responsible for the municipal entity's compliance with legislation.

26. 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.

27. 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 [type of auditee], 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.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

29. Reasonable steps were not taken to prevent irregular expenditure amounting to R2,0 million, as disclosed in note 28 to the annual financial statements, as required by section 95(d) of the MFMA.

Procurement and contract management

30. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a).
31. The preference point system was not applied on some of the procurement of goods and services, as required by section 4 (2) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).

Other information in the annual report

32. The accounting officer is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
33. 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.
34. 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 key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. 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

36. 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.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
38. Management did not adequately review the service delivery budget implementation plan to ensure that the indicators and the targets contained therein are relevant and processes are in place to ensure that the reported performance is reliable. Moreover, leadership did not implement effective oversight over performance reporting and compliance with applicable legislation, which resulted in material findings on the annual performance report.

Auditor General
Pietermaritzburg

29 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Annexure to the auditor's report

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- The auditor-general's responsibility for the audit
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Auditor-general's responsibility for the audit

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- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
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- 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 officer 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 officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 95(d), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 102(1), 102(2)(a), 112(1)(j), 116(2)(b), 116(2)(c)(iii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(iii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 73(1)(a), 73(1)(b), 73(2)(a), 73(2)(b), 73(2)(d), 75(1), 75(2)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(b), 10(1)
Companies Act 71 of 2008	Sections: 46(1)(a), 46(1)(b), 46(1)(c)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Municipal Systems Act 32 of 2000	Section: 93B(a), 93C(a)(iv)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)

HARRY GWALA DEVELOPMENT AGENCY – AUDIT ACTION PLAN – 2023/2024 FINANCIAL YEAR

No.	Audit query	Audit finding	Internal Control Deficiency	Remedial Action required	Responsible Department/ official	Target date	Proposed Action Required For Corrections	Progress
1	Intangible Assets	Discrepancies identified in intangible Assets affecting valuations.	Management did not implement effective review controls to ensure compliance of the applicable GRAP standards when compiling the annual financial statements that was submitted for audit.	The initial recognition of the Intangible Assets were subsequently measured with an indefinite useful life therefore was not amortization. The measurement was corrected from 2022/2023 FY to date. An accurate correction was suppose to be made from the date of recognition instead of 2022/203 FY	CEO and CFO	28-Feb-25	Correcting journals for prior period error were proposed to fix the understatement of accumulated amortization from the day of recognition to 2022/2023 FY.	Completed- The adjustment was processed and accepted by Auditor General; however, this will be followed up in 2024/2025. Management has continued to use interim financial statements as a readiness strategy to address outstanding audit issues and follow ups, detailed

				therefore creating an understatement of accumulated amortization.				working paper file was provided to IA for Audit and Verification.
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2	Statement of Changes in Net Asset	During the audit of the Statement of Changes in Net Assets Opening balance as previously reported at 01 July 2022 with the restated balance as at 01 July 2022 in the prior year's audited AFS, and noted that there was a difference.	Management did not implement adequate controls to ensure compliance of the applicable GRAP standards when compiling the Annual financial statements that was submitted for audit.	Management should adjust make the opening balance with the difference to reflect the opening balance as previously reported.	CEO and CFO	28-Feb-25	Management should review the annual financial statements submitted for audit in conjunction with the disclosure requirements of the applicable GRAP standards. Management should make the necessary adjustment and submit the proposed adjustment for audit.	Completed- There was a discrepancy identified on the opening balance where movement on accounts directly affecting Statement of Financial Performance were not pulling through on the face of Statement of Changes in Net Assets, the finding was resolved during the audit, however we also ensured that this is monitored timeously
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								through the preparation of IFS, detailed workings were provided to IA for Audit and Verification.
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3	Irregular Expenditure	Contract that was awarded to a bidder based on points given for legislative requirements that differed from those stipulated in the original invitation for bidding.	The bid evaluation and adjudication committees did not ensure that the bid is evaluated and adjudicated in line with the terms of reference	Some contracts were awarded to bidders based on preference points that were not allocated and/or calculated with accordance with requirements of section 2(1)(a) of Preferential Procurement Framework and its legislations.	CEO and CFO	25-Jun-25	The Bid Evaluation Committee and Bid Adjudication Committee members should apply proper due diligence when evaluating tenders. Bidders should be disqualified if they fail to comply with the tender conditions. The irregular contract award should be investigated.	Completed - There is a great improvement with regards to the work of BEC and BAC as we did not have new instances of Irregular Expenditure during the year, Irregular Expenditure reported for investigation through council structures has been investigated and written off by council on the 29 July 2025. Please see attached
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									Council Resolution.
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4	Irregular Expenditure	Reasonable steps were not taken to prevent irregular expenditure of R 166,955, disclosed in note 30 to the annual financial statements, as required by section 95(d) of the MFMA. A similar material non-compliance was reported in the prior year	Management did not review and monitor compliance with section 95(d) of the MFMA.	SCM policy stipulates that bids that are less R10 000 000.00 may be advertised for the period that is less 30 days, however Auditor General indicated that this bid is long term in nature and was supposed to be advertised for 30 days instead of 14 days and should be disclosed as irregular expenditure.	CEO and CFO	30-Jun-25	Irregular expenditure register has been updated and additional expenditure was reported to the board of directors and council for further investigation.	Completed - Irregular Expenditure reported for investigation through council structures has been investigated and written off by council on the 29 July 2025. Please see attached Council Resolution.
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5	Consequence Management	PART1: The were no evidence of investigating the fruitless and wasteful expenditure amounting to R 725 571.00 and any person is liable in accordance with section 75(1) of MFMA. PART2: There were no evidence of investigating the irregular expenditure amounting to R 38 793 673.00 and determing if any person is liable for this expenditure in accordance	Management is not performing the investigations in a timely manner in order to determine if any person is liable for the expenditure and ensure that corrective measures are put in place.	PART1: The amount relates to the prior years from late payements to suppliers and third parties including SARS. PART2: The amount relates to the service providers who were appointed without following the correct SCM process by the previous management.	CEO and CFO	30-Jun-25	Irregular, fruitless and wasteful expenditure of prior years must be investigated, where the investigations submitted to MPAC recommend a write-offs from the council. This investigation will identify the root cause and implement corrective meaures to avoid it from happening again.	Completed - There is a great improvement with regards to the work of BEC and BAC as we did not have new instances of Irregular Expenditure during the year, UIFWE reported for investigation through council structures has been investigated and written off by council on the 29 July 2025. Please see attached Council Resolution.
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		with section 75(1).							
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6	Performance Management	Planned targets were not achieved	Management did not in all instances exercise oversight responsibility regarding performance reporting and compliance and related internal controls	Management to ensure monthly monitoring of the implementation of the targets as per the set SDBIP. Management to ensure implementation of adequate records management processes to ensure documents that are utilised for business purposes are readily and easily accessible and adequately support the targets set in the SDBIP (POE).	CEO and CFO	28-Feb-25	This emanated from the POE submitted not adequately supporting the planned targets as ste out in the SDBIP. Management will ensure that the developed indicators and targets are well defined so that data can be collected and measured consistently and be easy to understand and use. Management has also engaged with COGTA for the review and assessment of the current SDBIP, Review notes were received in	Completed- A performance monitoring tool has been developed and has been utilised since Q1 of the 2024/25 FY.HGDA Departmental heads are sent reminders quarterly of the indicators due in that respective period so as to ensure adequate monitoring of planned targets
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							December and will be effected in the adjusted SDBIP.	
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7	Performance Management	Performance indicators were smart and not well defined.	Management did not in all instances exercise oversight responsibility regarding performance reporting and compliance and related internal controls	Management has engaged with Greater Kokstad Municipality and further with CoGTA to ensure that our current financial year's SDBIP targets are SMART and that TIDs clearly define each target as well as proper alignment of the SDBIP to the Agency's strategic document.	CEO and CFO	28-Feb-25	Management will ensure that the developed indicators and targets are well defined so that data can be collected and measured consistently and be easy to understand and use. Management has also engaged with COGTA for the review and assessment of the current SDBIP, Review notes were received in December and will be effected in the adjusted SDBIP	Completed- Due diligence has been undertaken during the development of the SDBIP for the outer FYs the performance indicators are well defined, and that the means of verification is measurable.
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APPENDICES

APPENDIX A

BOARD GOVERNANCE & ATTENDANCE

BOARD GOVERNANCE & ATTENDANCE

Good governance is the cornerstone of any organisation in that the success and sustainability of any organisation depends on good governance and as such, good governance can be regarded as the cornerstone of a successful and sustainable organisation. Without effective leadership and good governance at all levels of the organisational hierarchy, it is not possible to achieve and sustain effective and efficient management and administration of an organisation, to achieve organisational goals and objectives, to produce/provide, maintain and deliver quality products and services. For this reason, good governance and effective leadership are inextricably linked as critical requirements for an organisation to be considered successful. Given the foregoing, the Board of Directors of any organisation needs to commit itself to the maintenance of highest standards of corporate governance in its governance of the affairs of the organisation and its responsibility and accountability to the shareholders and other interest

groups.

The HGDA Board is the custodian of the Agency’s corporate governance, acts in the best interests of Agency and its stakeholders at all times, and takes ultimate responsibility for the HGDA and its operations, processes, and systems. The board is duly mandated in terms of the Board charter, which includes details such as the roles and responsibilities of the board, the Chairperson, individual Board members, and the composition of the board.

The Board of the HGDA consists of five non-executive directors. The term of office of directors of the Board who are non-executive directors is three years. The Board is required to meet at least four times a year.

The HGDA Board was fully functional during the year under review and had more than 4 ordinary board meetings including special board meetings.

Name	Role	No. of Planned Meetings	No. of meetings held	No. of meetings attended	Date appointed
Ms SB Dlungwane	Chairperson	04	12	3	29 September 2022 to 12 November 2024
Mr BM Mhlongo	Acting Chairperson	04	12	3	29 September 2022 – 12 November 2024
Ms PP Nzimakwe	Member	04	12	3	3 October 2023 – 12 November 2024 <i>(Re-appointed to the Interim Board 12 November 2024 to 30 June 2025)</i>
Mr. S Mbhele	Member	04	12	3	29 September 2022 - 12 November 2024
Mr.SI Mabaso	Member	04	12	3	3 October 2023 – 12 November 2024 <i>(Re-appointed to the Interim Board 12 November 2024 to 30 June 2025)</i>

INTERIM BOARD MEMBERS (FOR THE PERIOD 12 NOVEMBER 2024 – 30 JUNE 2025)

Name	Role	Meetings planned	Number of meetings held	Number of meetings attended	Date appointed
Ms. PP Nzimakwe	Acting Chairperson	4	12	12	12 November 2024
Ms L Mjobo	Member	4	12	9	12 November 2024
Mr ZF Baleni		4	12	9	12 November 2024
Mr SI Mabaso		4	12	12	12 November 2024

The assessment of the application and implementation of King IV is ongoing. The Agency strives to comply with all the principles of King IV. The Agency complies with King IV’s recommendation of ensuring that the board consists of a majority of independent non-executive directors.

APPENDIX B

COMMITTEE AND COMMITTEE PURPOSE

COMMITTEES AND COMMITTEE PURPOSES

The HGDA Board is supported by 2 Board committees, namely HR and Finance and Governance and Operations as reflected on the organogram in the foregoing pages. These committees have delegated responsibility to assist in matters as defined in their respective terms of reference. These committees report to the Board on a quarterly basis, However in the 2024/2025 financial year these committees only convened twice, due to the members composition not meeting quorum requirements, this following the dissolution of the board and the appointment of an interim board.

PORTFOLIO COMMITTEE FUNCTIONALITY

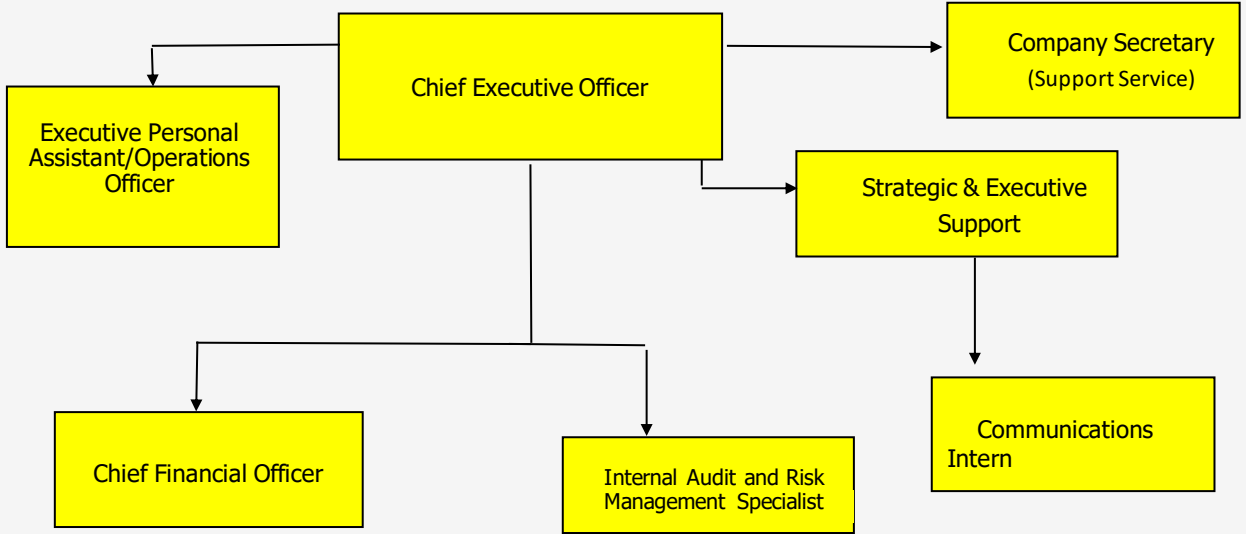
Members	Designation	16 JULY 2024	16 AUGUST 2025	TOTAL
Governance and Operations				
Mr. BM Mhlongo	Chairperson	1	1	2
Mr. SI Mabaso	Committee Member	1	1	2
HR and Finance				
		17 JULY 2024	14 AUGUST 2024	TOTAL
Ms. PP Nzimakwe	Chairperson	1	1	2
Mr. S Mbhele	Committee Member	1	1	2

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE

OFFICE OF THE CHIEF EXECUTIVE OFFICER

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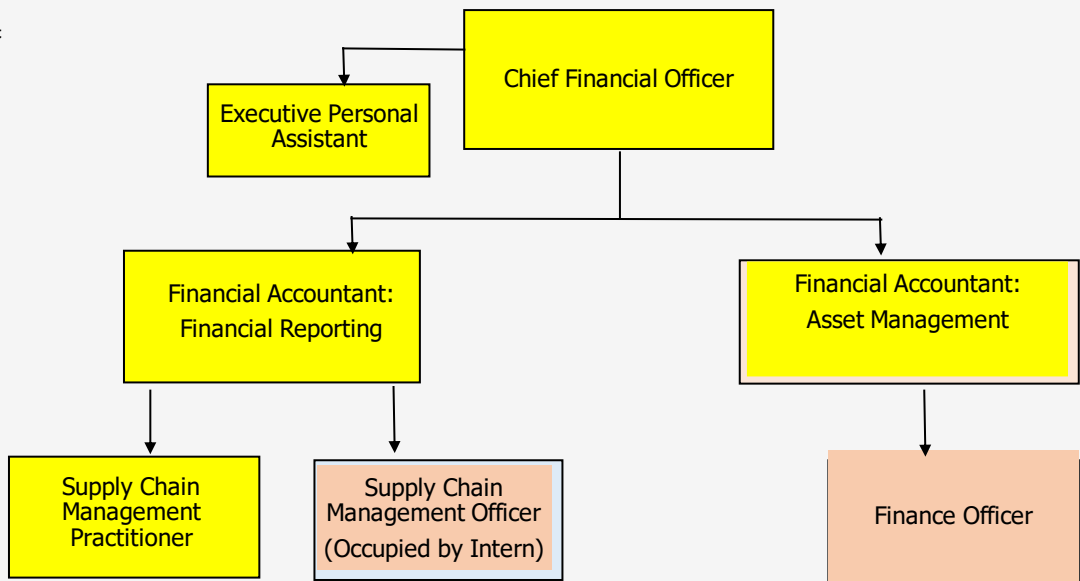
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BUDGET AND TREASURY OFFICE

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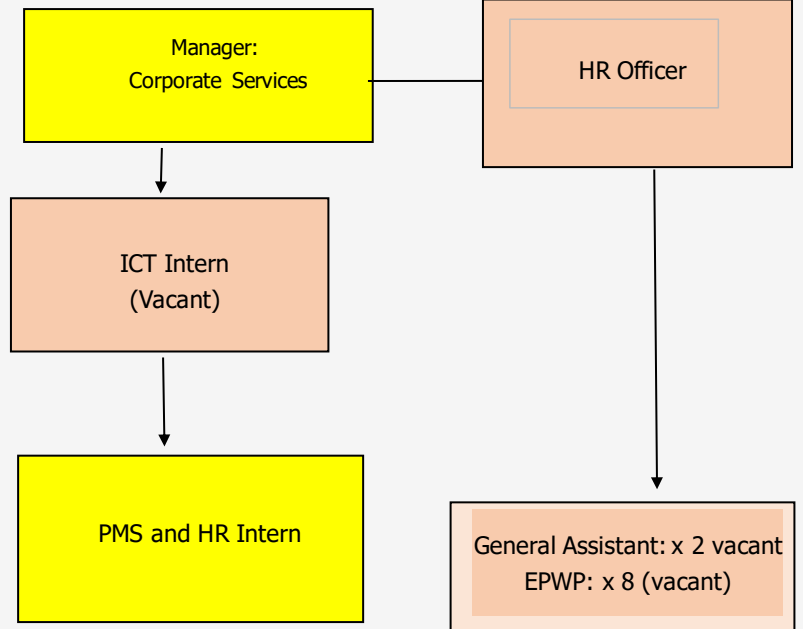
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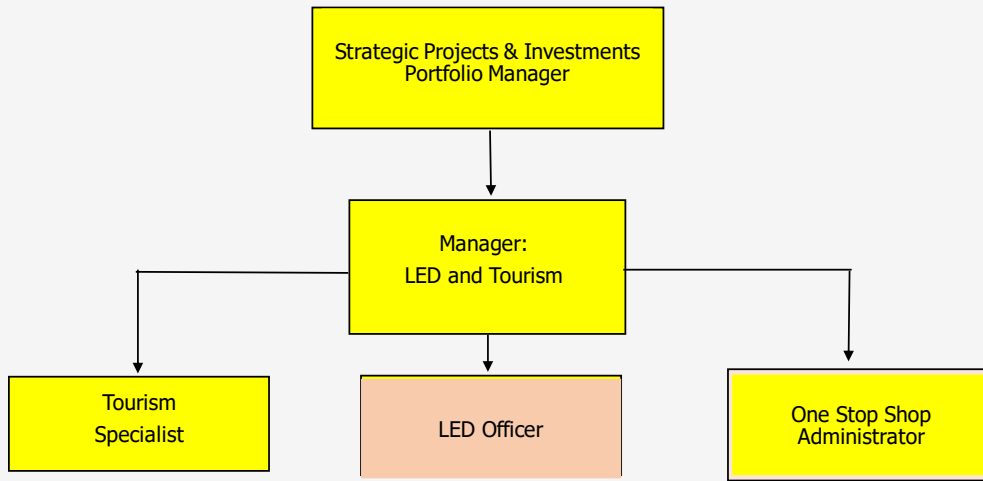
CORPORATE SERVICES

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GROWTH AND DEVELOPMENT OFFICE

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APPENDIX D

FUNCTIONS OF THE MUNICIPAL ENTITY

The roles and functions of the Harry Gwala Development Agency are as follows:

- To promote and develop the economic potential of a region through the development of economic opportunities that are in line with the unique competitive strengths of that local economy
- To leverage public and private resources for the development of opportunities which offer economic and development benefits
- To foster and develop the innovation and entrepreneurial potential and activities within a local area through the realisation of key strategic investment projects and programmes
- To use the strengths of an area's economic environment created by the LED initiatives of the municipalities so that the region can compete effectively for investment that is necessary to reach full economic potential.

BOARD FUNCTIONALITY

Members	Designation	25 JULY 2024	26 AUG 2024	22 OCT 2024	22 NOV 2024	3 DEC 2024	8 JAN 2025	13 JAN 2025	22 JAN 2025	12 FEB 2025	14 MAR 2025	20 MAR 2025	22 MAY 2025	TOTAL
Ms. S Dlungwane	Board Chairperson	1	1	1	0	0	0	0	0		0	0	0	3
Mr. BM Mhlongo	Board Member	1	1	1	0	0	0	0	0		0	0	0	3
Mr. SI Mbhele	Board Member	1	1	1	0	0	0	0	0		0	0	0	3
Ms PP Nzimakwe	Board Member	1	1	1	1	1	1	1	1	1	1	1	1	12
Mr. SI Mabaso	Board Member	1	1	1	1	1	1	1	1	1	1	1	1	12

APPENDIX G

REPORT AND RECOMMENDATION OF THE MUNICIPAL AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE FOR HARRY GWALA DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE 2025

1. Objective

For the Audit Committee to present to the Board the progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2025.

2. Terms of reference

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Board on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; Accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipal entity.

The Audit Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to the Board on matters raised by the Auditor General.

3. Audit Committee membership and attendance

As at 30 June 2025 the Audit Committee comprised of four independent members. The members have diverse skills and experience. An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.

The table below sets forth the membership and attendance at meetings of the committee for the period ended 30 June 2025. The Audit Committee held 4 meetings overall for this reporting period:

Names	Role	Meetings held	Meetings attended
Mr S. Ngidi	Chairperson	4	4
Mr R Mbanjwa	Member	4	4
Mr D Mpanza	Member	4	4
Mr T Tsabo	Member	4	4

4. Audit Committee's Responsibility

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Board annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In the performance of its duties and in fulfilling its responsibility, the Audit Committee has performed the following statutory duties, responsibilities and would like to report as follows:

4.1 Internal Audit and Internal Control

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

- Internal Audit Plan and Charter
We approved the Internal Audit Plan covering the period ending 30 June 2025. We also approved the internal audit charter which serves as the guiding policy for the internal audit unit.
- Execution of Internal Audit Plan
Internal Audit unit performed all planned projects as per approved risk based annual internal audit plan.
- State of Internal Audit Function
We are satisfied of the work performed by Internal Audit within the municipal entity. We are concerned by the lack of capacity to ensure all processes are done according to IA standards. We are, however, pleased that the Agency plans to capacitate internal audit.

4.2 Risk Management

We are pleased to report that, the municipal entity utilised the Risk Management Unit of the parent municipality for the financial year ended 30 June 2025. We have considered risks facing the municipal entity at both operational and strategic level, emanating from a risk assessment. The Audit Committee noted and approved both the strategic and operational risk register. We have continuously (quarterly basis) monitored the implementation of mitigating factors by management. We are satisfied with the progress made in this regard. We noted where applicable that some mitigating factors could not be implemented due to budgetary limitations and some capacity constraints.

4.3 Evaluation of Financial Reports and Annual Financial Statements (AFS)

Monthly and quarterly financial reports were submitted and reviewed by the Audit Committee during the year.

The Audit Committee reviewed the Annual Financial Statements for the year ended 30 June 2025, before submission to Auditor-General. All matters raised by Internal Audit and the Audit Committee were considered and processed.

4.4 Performance information

The Audit Committee also serves as the Performance Audit Committee for the municipal entity. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

We reviewed the Annual Performance Report and draft Annual Report. We raised our observations which were addressed prior the submission to Auditor-General.

We noted improvement in overall performance of the municipal entity.

5. Investigations

There were no investigations reported as new or underway during this period.

6. Conclusion

The Audit Committee confirms its commitment to assist and support the Board in the execution of its mandate and towards managing the financial affairs in accordance with the law.

To enhance the quality of our control environment and instil a culture of good governance within the municipal entity, the Audit Committee always provides guidance and recommendations to management during our meetings.

The Audit Committee also wishes to thank the Board, CEO, management and staff for their cooperation and support as well as the teams from internal audit and the Auditor-General for their contributions.

On behalf of the Audit Committee



Mr Simiso Ngidi
Chairperson

APPENDIX I
MUNICIPAL ENTITY/SERVICE
PROVIDER PERFORMANCE
SCHEDULE

TABLE BELOW DEPICTS THE MONTHLY ASSESSMENT OF SERVICE PROVIDERS FOR THE MONTHS OF JULY 2024 TO JUNE 2025

July 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Support for mSCOA System	Camelsa Consulting Group	BTO	01/09/2019	31/08/2024	R1 638 000.00	31/07/2024	✓		✓		
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbanga Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	31/07/2024	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	31/07/2024	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	31/07/2024	✓		✓		
Provision of Mail Exchange Services, Achieves and	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	31/07/2024	✓		✓		

Security Services for 36 Months											
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	31/07/2024	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	31/07/2024	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	31/07/2024	✓		✓		
Development of Investment Prospectus (Digital and Printable) for HGDA	Urban-Econ Development Economists	Growth and Development	05/04/2024	30/06/2024	R 415,507.28	31/07/2024	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	31/07/2024	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	31/07/2024	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	31/07/2024	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	31/07/2024	✓		✓		

August 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Support for mSCOA System	Camelsa Consulting Group	BTO	01/09/2019	31/08/2024	R1 638 000.00	30/08/2024	✓		✓		
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	30/08/2024	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	30/08/2024	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	30/08/2024	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	30/08/2024	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	30/08/2024	✓		✓		

Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	30/08/2024	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	30/08/2024	✓		✓		
Development of Investment Prospectus (Digital and Printable) for HGDA	Urban-Econ Development Economists	Growth and Development	05/04/2024	30/06/2024	R 415,507.28	30/08/2024	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	30/08/2024	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	30/08/2024	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	30/08/2024	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	30/08/2024	✓		✓		

September 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier	Supplier Performance Assessment	Supplier performance assessment /
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						performance assessment	Report Compiled		performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	30/09/2024	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	30/09/2024	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	30/09/2024	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	30/09/2024	✓		✓		
aProvision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	30/09/2024	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	30/09/2024	✓		✓		
Provision of Specialized Security	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	30/09/2024	✓		✓		

Services for 36 Months											
Development of Investment Prospectus (Digital and Printable) for HGDA	Urban-Econ Development Economists	Growth and Development	05/04/2024	30/06/2024	R 415,507.28	30/09/2024	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	30/09/2024	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	30/09/2024	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	30/09/2024	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	30/09/2024	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	30/09/2024	✓		✓		

October 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	31/10/2024	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	31/10/2024	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	31/10/2024	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	31/10/2024	✓		✓		

Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	31/10/2024	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	31/10/2024	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	31/10/2024	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	31/10/2024	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	31/10/2024	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	31/10/2024	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	31/10/2024	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	30/09/2024	✓		✓		

November 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor

Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	29/11/2024	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	29/11/2024	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	29/11/2024	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	29/11/2024	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	29/11/2024	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	29/11/2024	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	29/11/2024	✓		✓		
Provision for Hybrid Solutions, Internet	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	29/11/2024	✓		✓		

Connectivity and Backup Services and Support Services											
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	29/11/2024	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	29/11/2024	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	29/11/2024	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	29/11/2024	✓		✓		

December 2024

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	06/01/2025	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	06/01/2025	✓		✓		

Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	06/01/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	06/01/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	06/01/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	06/01/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	06/01/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	06/01/2025	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	06/01/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	06/01/2025	✓		✓		

Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	06/01/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	06/01/2025	✓		✓		

January 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	31/01/2025	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	31/01/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	31/01/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	31/01/2025	✓		✓		

Services for 36 Months											
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	31/01/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	31/01/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	31/01/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	31/01/2025	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	31/01/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	31/01/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	31/01/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	31/01/2025	✓		✓		

February 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled	Supplier performance assessment / performance rating
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							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	28/02/2025	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	28/02/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	28/02/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	28/02/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	28/02/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	28/02/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	28/02/2025	✓		✓		

Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	28/02/2025	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	28/02/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	28/02/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	28/02/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	28/02/2025	✓		✓		

March 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	31/03/2025	✓		✓		

Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	31/03/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	31/03/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	31/03/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	31/03/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	31/03/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	31/03/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	31/03/2025	✓		✓		
Skills Development in	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	31/03/2025	✓		✓		

the Digital Economy											
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	31/03/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	31/03/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	31/03/2025	✓		✓		

April 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	30/04/2025	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	30/04/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	30/04/2025	✓		✓		

Period Of (24 Months)											
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	30/04/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	30/04/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	30/04/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	30/04/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	30/04/2025	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	30/04/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	30/04/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	30/04/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	30/04/2025	✓		✓		

May 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development Agency (Pty) Ltd	Ayanda Mbangi Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	31/05/2025	✓		✓		
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	31/05/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	31/05/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	31/05/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	31/05/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	31/05/2025	✓		✓		

Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	31/05/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	31/05/2025	✓		✓		
Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	31/05/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	31/05/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	31/05/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	31/05/2025	✓		✓		

June 2025

Contract no. & Description	Name of Contractor	Department	Start Date	End Date	Award Amount	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating		
							Yes	No	Good	Fair	Poor
Handling of Advertisement Services For 36 Months at the Harry Gwala Development	Ayanda Mbanga Communications	Corporate Services	18/04/2023	2026/04/17	R264 000.00	30/06/2025	✓		✓		

Agency (Pty) Ltd											
Supply, Installation, Automation and Maintenance of Photocopying Machine	Konica Minolta Sa	Corporate Services	2023/01/06	2025/05/31	R159 808.60	30/06/2025	✓		✓		
Design, Updating, Hosting and Maintenance of the Harry Gwala Development Agency (HGDA) Website for a Period Of (24 Months)	Pace Online	Corporate Services	1/6/2023	2025/05/31	R 264,000.00	30/06/2025	✓		✓		
Provision of Mail Exchange Services, Achieves and Security Services for 36 Months	SIGMA Info Tech	Corporate Services	17/07/2023	16/07/2026	R 159,808.60	30/06/2025	✓		✓		
Provision Of Insurance Services	African Dawn Risk Solutions	Financial Services	1/8/2023	2026/07/31	R 386,431.33	30/06/2025	✓		✓		
Travel Agent Services	Lets Cruize Travel	Corporate Services	7/11/2023	2026/07/10	12.5%	30/06/2025	✓		✓		
Provision of Specialized Security Services for 36 Months	Buffalo Protection Services	Corporate Services	01/03/2024	28/02/2027	R 4,479,127.97	30/06/2025	✓		✓		
Provision for Hybrid Solutions, Internet Connectivity and Backup Services and Support Services	Mantk IT Solutions	Corporate Services	24/05/2024	23/05/2027	R 1,461,465.74	30/06/2025	✓		✓		

Skills Development in the Digital Economy	YAB Skills Development Solutions	Growth and Development	07/06/2024	31/10/2024	R 198,000.00	30/06/2025	✓		✓		
Provision for Conditional Assessment of Immovable Assets	Inkazimulo Trading	BTO	26/06/2024	25/06/2026	R 163,127.50	30/06/2025	✓		✓		
Provision of Company Secretary	Siyathemba Sokutu Attorneys	Office Of the Chief Executive Officer	26/06/2024	25/06/2027	R 33,227.62	30/06/2025	✓		✓		
Financial System	CCG Systems	BTO	02/09/2024	01/09/2027	R 657,338.51	30/06/2025	✓		✓		
Supply, Install, Automation and Maintenance of Photocopying Machine	ITEC Newcastle	Corporate Services	01/7/2025	30/06/2028	R 192,372.45	30/06/2025		✓			
Panel of 11 Legal Practitioners	Panel	Office Of the Chief Executive Officer	13/6/2025	12/06/2028	Rates	30/06/2025		✓			

Appendices

APPENDIX L

CONDITIONAL GRANT & CAPITAL EXPENDITURE

HARRY GWALA DEVELOPMENT AGENCY GRANT REPORT 2024-25				
Allocations	Original Budget 2024/2025	Adjusted Budget 2024/2025	Expenditure YTD excl	Unspent YTD
NSF/DHET - Skills Development	314,113.00	314,113.00	-	314,113.00
DBSA - Jobs fund	1,169,348.00	1,169,348.00	-	1,169,348.00
EDTEA	149,796.38	149,796.38	-	149,796.38
TIKZN	89,415.69	89,415.69	-	89,415.69
TOTAL	1,722,673.07	1,722,673.07	-	1,722,673.07

DHET and DBSA: This relates to the long outstanding unspent grant from prior years dating back to 2017/2018 financial years, we currently have engagements with the funders to reprioritize these funds to fund other activities relating to economic development, there are advanced engagements with National Treasury (Jobs Fund), the matter is still pending.

Biomass Projects: The balance indicated above emanated from the saving due to the change of initial scope and will be reprioritized in 2025/2026 Financial Year.

TIKZN: Other items relating to partnership differed to 2025/2026, this will be fully spent in the upcoming year specifically on one stop shop functionality activities.

Items	Original Budget 24/25	Adjusted Budget 24/25	Actual Jun 25	Budget YTD 2024/2025	Actual YTD 2024/2025	Variance YTD	% Spent VAT Excl
Property, Plant & Equipment							
IT equipment	225,000.00	288,600.00	-	288,600.00	288,600.00	-	100.00%
Aircons	65,000.00	270,000.00	-	270,000.00	-	270,000.00	0.00%
Intangible	250,000.00	445,000.00	199,922.84	445,000.00	224,922.84	220,077.16	50.54%
Alternative energy	250,000.00	250,000.00	-	250,000.00	-	250,000.00	0.00%
Carports	100,000.00	130,000.00	86,800.00	130,000.00	86,800.00	43,200.00	66.77%
Gate	-	100,000.00	-	100,000.00	-	100,000.00	0.00%
Brush cutters	-	30,000.00	-	30,000.00	18,390.00	11,610.00	61.30%
Total Expenditure	5,040,000.00	1,513,600.00	286,722.84	1,513,600.00	618,712.84	894,887.16	40.88%

The underspending was as a result of the vacuum in corporate services and the office of the CEO.

**VOLUME II –
AUDITED ANNUAL FINANCIAL
STATEMENTS**



**Harry Gwala Development Agency Proprietary Limited(Registration number
2011/001221/07)
Financial statements
for the period ended 30 June 2025**

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities	Promote Growth, Economic Development and All Related Activities
Board members	Ms SB Dlungwane: Chairperson (Terminated on the 12-11-2024) Mr BM Mhlongo(Terminated on the 12-11-2024) Mr SI Mbhele (Terminated on the 12-11-2024) Ms PP Nzimakwe (Interim Chairperson) Mr SI Mabaso Mr Z Baleni (Appointed on the 12 December 2024) Ms. L Mjobo (Appointed on the 12 December 2024)
Chief Executive Officer (CEO) Mrs TT Thiyane-Magaqa (Acting CEO, Appointed on the 02-05-2025)	Ms A.C.R WHYTE (Resigned on the 04-06-2025)
Chief Financial Officer (CFO)	Mr LL MAKHAYE
Bankers	First National Bank
Auditors	Auditor General of South Africa
Business address Ellerton Farm Ixopo 3276	Erf 2226, Portion 27
Postal address Ixopo 3276	Private Bag X 507
Legal form of entity	Municipal Entity
Preparer Makhaye (Chief Financial Officer)	Annual Final Statements were independently compiled by: Mr LL

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Index

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

	Page
Statement of Responsibility by the Board of Directors	3
Accounting Officer's Report	4 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11
Accounting Policies	12 - 33
Notes to the Financial Statements	34 - 50

SMME	Small Micro Medium Enterprise
CEO	Chief Executive Officer
DBSA	Development Bank of South Africa
TIKZN	Trade and Investment KwaZulu-Natal
GRAP	Generally Recognised Accounting Practice
HGDM	Harry Gwala District Municipality
IAS	International Accounting Standards
mSCOA	Municipal Standard Chart of Accounts
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
DHET	Department of Higher Education
IDFC	Ithala Development Finance Corporation
NSF	National Skills Fund

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Statement of Responsibility by the Board of Directors

Board of directors acknowledge that they are required by the Companies Act, 2008 and the Municipal Finance Management Act, 2003 to prepare annual financial statements each year, that fairly present the state of affairs, result and cash flow for the year and that the independent auditors' responsibility is limited to reporting on the financial statements.

It is the responsibility of the directors to ensure that the organisation maintains a system of internal control designed to provide reasonable assurance that the entity's assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures and clearly drawn lines of accountability and delegation of authority.

All employees are required to maintain the highest ethical and integrity standards in ensuring that the entity's business practices are concluded in a manner, which in all reasonable circumstances, is above reproach. The concept of reasonable assurance recognises that the control procedures should not exceed the expected benefits. The entity maintains its internal control system through management review. Nothing has come to the attention of the directors to indicate any breakdown in the functions of these internal controls during the year, which resulted in any material loss to the entity.

The Board of Directors have adopted the accrual basis of accounting after having made enquiries of management and given due consideration to information presented to the Board, including budgets and cash flow projections for the year ahead and key assumptions and accounting policies relating thereto. Accordingly, the directors have no reason to believe that the entity will not continue as a going concern in the year ahead.

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

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

The members 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the board of directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's Senior Management

The external auditors are responsible for independently auditing and reporting on the entity's financial statements.

The financial statements set out on pages 4 to 50, which have been prepared on the going concern basis, was approved by the Chairperson on the 25 August, 2025

Board Chairperson: Ms PP Nzimakwe

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

In terms of section 30(3) of the Companies Act, 2008, the directors submit their report for the period ended 30 June 2025 as well as the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)(MSA); and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA):

1. Incorporation

The entity was incorporated on 12 January 2011 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is a municipal owned entity. The principal activities of the entity are as follows:

- * Industrial development - promoting the development and establishment of commercial and manufacturing enterprises.
- * Enterprise development - promoting entrepreneurship and the development and growth of small, micro and medium enterprises (SMME's) as a catalyst for achieving economic growth and development.
- * Tourism development - promoting tourism through the development of tourism infrastructure and products.

The entity operates principally in Harry Gwala District areas.

Net surplus of the entity was R 4 333 817 and in 2024: surplus of R1 267 560

The operating results and state of affairs of the entity are fully set out in the attached financial statements.

3. Going concern

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

4. Events After Reporting Date

There were events occurred after the reporting date.

The entity has adjusted the amount recognised in the annual financial statements to reflect adjusting events after the reporting date for Irregular Expenditure and Contingent Liability while non-adjusting events relating to the appointment of new board of directors.

1. Adjustment relates to Irregular Expenditure that was written off amounting to **R42 139 137.80** disclosed in note 28 of the Annual Financial Statements which was approved by Harry Gwala District Municipality Council on the 29 July 2025, the sitting took place after the reporting date but before the finalization of financial statements which then necessitated an adjustment as in accordance with GRAP 14.
2. Adjustment relates to Irregular Expenditure that was written off amounting to **R342 973.03** disclosed in note 28 of the Annual Financial Statements which was approved by Harry Gwala District Municipality Council on the 26 August 2025, the sitting took place after the reporting date but before the finalization of financial statements which then necessitated an adjustment as in accordance with GRAP 14.
3. The entity were served with summons on the 23 July 2025 Siyatemba Sokutu Attorneys appointed as the Company Secretary relating to the dispute of invoices between the entity and details of the is attached in the working paper file as the matter is before the court, this is an adjusting event and there is a separate disclosure amounting **R424 546** on contingent liabilities note number 30.
4. Harry Gwala District Municipality concluded the appointment of five new Board of Directors namely, Ms PP Nzimakwe (Chairperson)(Re-appointed), Mr ZF Baleni (Re-appointed), Mr. SM Mtolo, Ms. DN Qhobosheane and Ms. TP Mgobozi

5. Members' interest in contracts

The directors of the entity did not have any personal interests in contracts entered into by the entity during the current financial year.

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

6. Accounting policies

The financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

- Issued share capital of 100 ordinary shares (June 2024 : 100 ordinary shares) at the value of R1.00 each.

8. Non-current assets

There were no changes in the physical nature of non-current assets of the entity during the year.

9. Distributions to owners

No dividends have been proposed or declared during the year under review, nor are any recommended

10. Secretary

The Company Secretary of the entity is Siyatemba Sokutu Attorneys:

Physical Address

Unit 1, 13 Kennington Road

Nahoon

East London

5210

Postal Address

P. O Box 8151

East London 5210

11. Corporate governance

General

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

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct laid out in the King IV and V Reports on Corporate Governance for South Africa 2009. Board members discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a quarterly basis.

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

Board of directors

The Board:

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

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

Chairperson and chief Executive Officer

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

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

Remuneration

Senior Management: The upper limits of the remuneration of the Chief Executive Officer, and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by the Municipal Systems Act 32 of 2000 and corresponding regulations published from time to time, and the Board of directors will endorse the remuneration within the above mentioned limits.

Board of Directors: Board of Directors are paid in accordance with the 2022 remuneration of non-members official: commissions, committee of enquiries, and audit committees

Executive meetings

The Board of Directors have met on 12 times separate occasions during the financial year and they are scheduled to meet at least 4 times per annum.

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

Audit and risk committee

The chairperson of the Audit Committee is Mr S Ngidi and other members are Mr T Tsabo, Mr D Mpanza and Mr R Mbanjwa also formed part of the Committee during the year as the independent members..The Committee has met 6 times during the year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act No 56 of 2003, Harry Gwala District Municipality as the parent municipality, must appoint members of the Audit Committee. Notwithstanding, non-executive directors appointed by the parent municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that parent municipalities should appoint further members of the entity's audit committees who are not directors of the municipal entity. The audit committee has fulfilled its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

Internal audit

The entity utilised internal resources for internal audit function during the period under review , The shared services for Risk management between the Agency and the Parent is still in place.

12. Controlling entity

The controlling entity is Harry Gwala District Municipality.

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	3 736	3 601
VAT receivable	4	329 471	628 008
Cash and cash equivalents	5	25 380 404	18 423 520
		25 713 611	19 055 129
Non-Current Assets			
Property, plant and equipment	6	13 451 121	14 256 711
Intangible assets	7	133 633	171 347
		13 584 754	14 428 058
Total Assets		39 298 365	33 483 187
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	2 949 710	1 468 349
Unspent conditional grants and receipts	10	1 722 673	1 722 673
		4 672 383	3 191 022
Non-Current Liabilities			
Other financial liabilities	11	2 770 602	2 770 602
Total Liabilities		7 442 985	5 961 624
Net Assets		31 855 380	27 521 563
Share capital / contributed capital	12	100	100
Accumulated surplus		31 855 280	27 521 463
Total Net Assets		31 855 380	27 521 563

* See Note

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Insurance Refund		30 991	-
Rental income		89 688	113 688
Interest received	13	1 605 901	1 336 345
Total revenue from exchange transactions		1 726 580	1 450 033
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	-	210 584
Transfer from parent municipality		20 000 000	17 000 000
Total revenue from non-exchange transactions		20 000 000	17 210 584
Total revenue	15	21 726 580	18 660 617
Expenditure			
Amortisation	18	(21 933)	(196 961)
Contracted services	21	(1 902 793)	(1 183 939)
Depreciation	19	(1 225 485)	(1 199 155)
Employee related costs	16	(7 624 460)	(6 119 596)
Finance costs	20	-	(596)
General expenses	23	(5 707 711)	(8 027 447)
Loss on Disposal	6	(55)	(22 020)
Operating leases	22	(74 696)	(74 696)
Remuneration of Board Members	17	(724 310)	(568 647)
Impairment Loss	6&7	(111 320)	-
Total expenditure		(17 392 763)	(17 393 057)
Surplus for the year		4 333 817	1 267 560

* See Note

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Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Opening balance as previously reported	100	26 019 516	26 019 616
Adjustments			
Prior year adjustments	-	234 387	234 387
Balance at July 1, 2023	100	26 253 903	26 254 003
Changes in net assets			
Surplus/(Deficit) for the year	-	1 267 560	1 267 560
Total changes	-	1 267 560	1 267 560
Restated* Balance at 01 July 2024	100	27 521 463	27 521 563
Changes in net assets			
Surplus/(Deficit) for the year	-	4 333 817	4 333 817
Total changes	-	4 333 817	4 333 817
Balance at 30 June 2025	100	31 855 280	31 855 380
Note(s)	12		

* See Note

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Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Insurance Refund		30 991	-
Rental of Facilities		89 688	113 688
Net grants and subsidy receipts		20 000 000	17 300 000
Interest income		1 605 901	1 336 345
		<u>21 726 580</u>	<u>18 750 033</u>
Payments			
Employee costs		(8 398 905)	(6 519 472)
Net suppliers and other payments		(5 855 303)	(10 723 748)
Finance costs		-	(597)
		<u>(14 254 208)</u>	<u>(17 243 817)</u>
Net cash flows from operating activities	24	<u>7 472 372</u>	<u>1 506 216</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(434 358)	(568 879)
Purchase of other intangible assets	7	(81 130)	-
Net cash flows from investing activities		<u>(515 488)</u>	<u>(568 879)</u>
Cash flows from financing activities			
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		6 956 884	937 337
Cash and cash equivalents at the beginning of the year		18 423 520	17 486 183
Cash and cash equivalents at the end of the year	5	<u>25 380 404</u>	<u>18 423 520</u>

* See Note

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Insurance Refund	-	-	-	30 991	30 991	Note 33 (1)
Rental income	130 000	-	130 000	89 688	(40 312)	Note 33 (2)
Interest received	1 400 000	-	1 400 000	1 605 901	205 901	Note 33(3)
Total revenue from exchange transactions	1 530 000	-	1 530 000	1 726 580	196 580	
Revenue from non-exchange transactions						
Transfer revenue						
Transfer from Parent	20 000 000	-	20 000 000	20 000 000	-	
Total revenue	21 530 000	-	21 530 000	21 726 580	196 580	
Expenditure						
Employee related costs	(7 599 000)	(292 092)	(7 891 092)	(7 624 460)	266 632	33 (4)
Remuneration of Board Members	(510 000)	(229 600)	(739 600)	(724 310)	15 290	
Impairment Loss	-	-	-	(111 320)	(111 320)	
Amortisation	(212 000)	183 700	(28 300)	(21 933)	6 367	
Depreciation	(615 356)	(713 837)	(1 329 193)	(1 225 485)	103 708	
Operating lease	(100 000)	20 000	(80 000)	(74 696)	5 304	
Contracted Services	(2 106 454)	(256 000)	(2 362 454)	(1 902 793)	459 661	Note 33 (5)
General expenses	(9 347 145)	247 784	(9 099 361)	(5 716 584)	3 382 777	Note 33(6)
Total expenditure	(20 489 955)	(1 040 045)	(21 530 000)	(17 401 581)	4 128 419	
Operating surplus	1 040 045	(1 040 045)	-	4 324 999	4 324 999	
Loss on disposal of assets	-	-	-	(55)	(55)	
Surplus before taxation	1 040 045	(1 040 045)	-	4 324 944	4 324 944	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 040 045	(1 040 045)	-	4 324 944	4 324 944	

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Financial Statements for the year ended 30 June 2025

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999) and the requirements of the Companies Act, 2008.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

1.1 Presentation currency

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

The amounts are at actual values, rounded to the nearest rand.

No foreign exchange transactions are included in the annual financial statements.

1.2 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.3 Going concern assumption

These financial statements were prepared based on the expectation that the entity will be able to continue to operate as a going concern for at least the next 12 months. Accordingly assets are measured at their liquidation values (representing the impaired values thereof) and liabilities are measured at their exit values. The going concern is further explained in note 36.

1.4 Materiality

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

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

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Accounting Policies

1.5 Critical judgments, estimations and assumptions

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the annual financial statements:

1.5.1 Revenue Recognition

Accounting Policy on Revenue from Exchange Transactions and Accounting Policy on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. In particular when services are rendered, and whether the service has been rendered. The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

1.5.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgment by management.

1.5.3 Impairment of Financial Assets

Accounting Policy on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the entity considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments. The management of the entity is satisfied that the impairment of financial assets recorded during the year, is appropriate.

1.5.4 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies, the entity depreciates / amortises its property, plant and equipment / intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

15.5 Impairment: Write down of Property, Plant and Equipment

Significant estimates and judgments are made relating to property, plant and equipment impairment tests.

1.5.6 Provisions

Provisions are recognised when the entity has a present or constructive obligation as a result of past events, 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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Critical judgments, estimations and assumptions (continued)

1.5.7 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies, if any, are disclosed in the notes to the annual financial statements.

Contingent liability

A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the entity.

1.5.8 Income tax

As a registered company the municipal entity is registered for income tax. However due to the entity being a municipal entity, it is exempted from income tax.

1.5.9 Cash and cash equivalents

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and cash held on primary bank account, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.5.10 Budget

The budget information reflected on the financial statements is in line with the budget that was submitted to the board.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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.

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Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	7 - 30 years
Plant and machinery	Straight line	3 - 15 years
Furniture and fixtures	Straight line	3 - 15 years
IT equipment	Straight line	2 - 10 years
Infrastructure	Straight line	7-30 years

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

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

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

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

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

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

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

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Accounting Policies

1.7 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.

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	2-10 years

Intangible assets are derecognised:

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

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Accounting Policies

1.7 Intangible assets (continued)

The gain or loss arising from the derecognition of an 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).

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Accounting Policies

1.8 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date. The trade date is when an entity commits itself to purchase (recognise) or sell (derecognise).

Subsequent measurement Fair

value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to (from) economic entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

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Accounting Policies

1.8 Financial instruments (continued)

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

1.9 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 statement of financial position.

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 derecognised.

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Accounting Policies

1.9 Statutory receivables (continued)

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

The transaction amount (for purposes of this Standard) 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.

A statutory receivable is initially measured at the amount specified, or calculated, levied or charged in legislation or similar means, with reference to the specific tariff, fee, scale or calculation basis (referred to as the transaction amount).

The "fair value" of the statutory receivable in GRAP 9 or GRAP 23 is the transaction amount in GRAP 108.

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.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

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Accounting Policies

1.9 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises 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:
 - derecognise 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 derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.10 Tax

1.10.1 Value added tax (VAT)

The entity accounts for Value Added Tax on payment basis.

1.11 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.

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Accounting Policies

1.11 (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position 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 statement of financial position as a finance lease obligation.

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.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense on the statement of financial performance.

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.13 Impairment of 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.

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1.13 Impairment of cash-generating assets (continued)

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 statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used 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 amount of an asset or a cash-generating unit is the higher its 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit. Any

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

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1.14 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 statement of financial position 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.

1.15 Share capital / contributed capital

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

1.16 Employee benefits

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

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Accounting Policies

1.16 Employee benefits (continued)

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The entity treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Short-term employee benefits include items such as:

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

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

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1.17 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.

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.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

A contingent asset is a potential asset associated with a contingent gain. Unlike contingent liabilities and contingent losses, contingent assets and contingent gains are not recorded in accounts, even when they are probable and the amount can be estimated.

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1.18 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.

Once conditions are met revenue is recognised.

Measurement

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

Interest received

Interest received is recognised on the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the entity's bank accounts.

1.19 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

Public contributions

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

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

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1.19 Revenue from non-exchange transactions (continued)

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful

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.

Government grants and receipts

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

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

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.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

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

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

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

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

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Accounting Policies

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Municipalities and Municipal Entities were required to comply with Mscoa from the 1st of July 2017, Harry Gwala Development Agency have implemented Mscoa and comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 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 expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently account for as revenue in the statement of financial performance.

1.24 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 in the year that 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.

1.25 Irregular expenditure

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

1.26 Segment information

A segment is an activity of an entity:

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

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

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1.26 Segment information (continued)

Measurement

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

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

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1.27 Budget information

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

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

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The 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.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.28 Related parties

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

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

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

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

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

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

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

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

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

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1.29 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.

Capital commitments arise when the entity has entered into a contract on or before the end of the financial year to incur expenditure over subsequent accounting periods relating to construction of infrastructure, the purchase of major items of property, plant and equipment, intangible assets or significant consultancy.

Standards of GRAP require the disclosure of commitments related to:

- Operating leases
- The purchase, construction, development, or repair and maintenance of investment property
- The acquisition of property, plant and equipment and intangible assets
- The acquisition, maintenance and restoration of heritage assets

Capital expenditure is expenditure incurred to purchase, upgrade or construct physical assets such as buildings for which there will be a long-term benefit. Long-term relates to a period of longer than one year.

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

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

1.30 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 annual 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 annual financial statements to reflect adjusting events after the reporting date once the event occurred.

1.31 Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

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Notes to the Financial Statements

Figures in Rand

2025

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and approved by the ASB Board, the entity will adopt and apply the amendments once an effective date has been determined by the Minister of Finance.

GRAP 1 (Amendments relating to Going Concern) GRAP

103 Heritage Assets (Amendments)

GRAP 105, 106 & 107 Transfer of Functions and Mergers (Amendments)

2.2 Standards and interpretations excluded from the 2024/2025 Reporting Framework

The revised Standard is excluded from the 2024/25 Reporting Framework as it is only effective from 1 April 2025. The standard will be adopted on the 1st of July 2025 or later periods. The impact of this standard is currently being assessed.

IGRAP22

GRAP 104

3. Receivables from exchange transactions

Accrued Income	3 736	3 601
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This relates to the interest on short term investments reflected in July 2025 on the bank statement.

4. Statutory Receivable: Value Added Tax

VAT	329 471	628 008
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VAT is on accrual basis.

VAT is a Statutory receivables as per GRAP 108 which relates to the receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset

The municipal entity accounts for VAT on the payment basis. The municipal entity is liable to account for VAT at the standard rate 15% in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipal entity accounts for VAT under category A.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1	-
Bank balances	16 480 312	8 444 902
Short-term deposits	8 900 091	9 978 618
	25 380 404	18 423 520

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5. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB - IXOPO BANK - CHEQUE ACCOUNT - ACCOUNT NUMBER - 62313233504	16 480 312	8 444 902	5 955 894	16 480 312	8 444 902	5 955 894
FNB - IXOPO BANK - CALL ACCOUNT - ACCOUNT NUMBER - 62372506306	7 505 441	7 648 742	8 625 253	7 505 441	7 648 742	8 625 253
FNB - IXOPO BANK - CHEQUE ACCOUNT - ACCOUNT NUMBER - 62478289989	1 288 611	1 224 940	1 160 087	1 288 611	1 224 940	1 160 087
STB BANK -KLOOF BRANCH- ACCOUNT NUMBER - CHEQUE ACCOUNT - 251660419	76 429	1 082 620	806 543	76 429	1 082 620	806 543
STB BANK -KLOOF BRANCH- ACCOUNT NUMBER - CALL ACCOUNT 254472435	29 610	22 31	938 836	29 610	22 315	938 836
Total	25 380 403	18 423 519	17 486 613	25 380 403	18 423 519	17 486 613

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6. Property, plant and equipment

2025

	2024					
	Cost / Accumulated Carrying value			Cost / Accumulated Carrying value		
	Valuation	depreciation and accumulated impairment	Valuation	depreciation and accumulated impairment		
Buildings	15 441 372	(3 523 721)	11 917 651	15 344 244	(2 525 569)	12 818 675
Plant and machinery	142 590	(72 277)	70 313	159 389	(97 887)	61 502
Furniture and fixtures	804 512	(626 675)	177 837	788 110	(567 657)	220 453
IT equipment	1 488 906	(506 086)	982 820	1 154 789	(361 708)	793 081
Infrastructure	423 500	(121 000)	302 500	423 500	(60 500)	363 000
Total	18 300 880	(4 849 759)	13 451 121	17 870 032	(3 613 321)	14 256 711

Reconciliation of property, plant and equipment - 30 June 2025

	Opening balance	Additions	Reclassificati on	Depreciation	Impairment loss	Total
Buildings	818 675	97 128	-	(998 105)	-	11 917 651
Plant and machinery	61 380	18 390	(698)	(8 759)	-	70 313
Furniture and fixtures	220 453	-	94	(42 687)	-	177 837
IT equipment	793 080	318 840	604	(115 294)	(14 410)	982 820
Infrastructure Asset	363 000	-	-	(60 500)	-	302 500
	14 256 588	434 358	-	(1 225 345)	(14 410)	13 451 121

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6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Additions	Disposals	Prior Period error	Depreciation	Total
Buildings	13 411 862	168 000	-	231 893	(993 414)	12 818 675
Plant and machinery	76 402	-	(5 068)	-	(9 832)	61 502
Furniture and fixtures	270 406	2 608	-	-	(52 561)	220 453
IT equipment	478 577	398 727	(3 510)	2 552	(82 810)	793 081
Infrastructure	423 500	-	-	-	(60 500)	363 000
	14 660 747	569 335	(8 578)	234 445	(1 199 117)	14 256 711

The entity incurred repairs and maintenance relating to property, plant and equipment during the year. The expenditure incurred is broken down as follows:

- repairs on buildings and equipment R51 909.10 (30 June 2024 : R133 470)

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

7. Intangible assets

2025

	2024					
	Cost / Accumulated Carrying value			Cost / Accumulated Carrying value		
	Valuation	amortisation and accumulated impairment	Valuation	amortisation and accumulated impairment		
Computer software	1 403 154	(1 269 521)	133 633	1 322 024	(1 150 677)	171 347

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7. Intangible assets (continued)

Reconciliation of intangible assets - 30 JUNE 2025

	Opening balance	Additions loss	Amortisation	Impairment	Total
Computer software	171 347	81 130	(21 934)	(96 910)	133 633

Reconciliation of intangible assets - 30 June 2024

	Opening balance	Derecognized Assets	Amortisation	Total
Computer software	382 180	(13 872)	(196 961)	171 347

8. Payables from exchange transactions

Trade payables	2 448 166	934 773
Retention	80 444	80 444
VAT Output Accrual	31 638	13 536
Provision for staff leave	389 462	439 596
	2 949 710	1 468 349

9. Provision for Staff Leave

Reconciliation of provisions - 2025

	Opening Balance	Utilised during the year	Total
Leave Provision	439 597	(50 135)	389 462

Reconciliation of provisions - 30 June 2024

	Opening Balance	Utilised during the year	Total
Leave Provision	270 826	168 771	439 597

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

NSF/DHET - Skills Development	314 113	314 113
DBSA - Jobs Fund	1 169 348	1 169 348
Department of Economic Development, Tourism and Environmental Affairs	149 796	149 796
TIKZN	89 416	89 416
	1 722 673	1 722 673

See note 14 for reconciliation of grants from National/Provincial Government.

11. Other financial liabilities

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Ithala Development Finance Corporation (IDFC)

2 770 602

2 770 602

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11. Other financial liabilities (continued)

The loan is:

- interest free.

-This relates to the revolving credit which aimed at assisting Development Agencies financial by paying suppliers for the provision of services specifically for the Nutrition Programme. The arrangement was that the DHET was suppose reimburse the Ithala through HGDA. The Agency has engaged Ithala with the intention of requesting a write off due to the non -payment by DHET and unavailability of funds as the entity solely rely on the transfer from the parent municipality. A request was submitted to EDTEA as the parent department of Ithala, however there was no response up to the finalisation of the annual financial statements

Non-current liabilities

At amortised cost

2 770 602

2 770 602

12. Share capital / contributed capital

Authorised

100 Ordinary shares of R1 each

100

100

Issued

Ordinary - 100 shares of R1 each

100

100

13. Interest received

Interest revenue

Bank

1 605 901

1 336 345

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14. Government grants and subsidies

Operating grants

Government grant - TIKZN - 210 584

DHET / NSF - Skills Development

Balance unspent at beginning of year 314 113 314 113

Current-year receipts - -

Conditions met - transferred to revenue - -

314 113 314 113

Conditions still to be met - remain liabilities (see note 10).

The purpose of this grant is provide funding through National Skills Fund for the capacitation of the youth with skills.

The grant could not be spent during the year under review and there are engagements with the funder to reprioritize funds so that they are used in other related activities by the Agency.

DBSA - Jobs Fund

Balance unspent at beginning of year 1 169 348 1 169 348

Current-year receipts - -

Conditions met - transferred to revenue - -

1 169 348 1 169 348

Conditions still to be met - remain liabilities (see note 10).

The purpose of the grant is to capacitate co-operatives through Jobs Fund Projects.

There was no movement during the year, The Agency has engaged National Treasury(Jobs Fund Division) to use the remaining funds to other related activities in 2023/2024 and 2024/2025 FY however they indicated that they want the remaining balance back to National Treasury.

EDTEA BIOMASS

Balance unspent at beginning of year 149 797 1 303 994

Current-year receipts - (1 154 197)

Conditions met - transferred to revenue - -

149 797 149 797

Conditions still to be met - remain liabilities (see note 10).

The purpose of the grant is to revamp the agro processing facility and coldrooms.

The project is fully complete and there were savings as the award was less than the allocation grant funding.

TIKZN - GRANT

Current-year receipts - 300 000

Conditions met - transferred to revenue - (210 584)

89 416 89 416

Conditions still to be met - remain liabilities (see note 10).

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14. Government grants and subsidies (continued)

The purpose of the grant is to assist the Agency with Tourism related activities and operation of One Stop Shop(OSS) which was launched by EDTEA MEC. The remaining balance will be utilised in 2025/2026.

15. Revenue

Miscellaneous other revenue	30 991	-
Rental income	89 688	113 688
Interest received	1 605 901	1 336 345
Government grants & subsidies	-	210 584
Transfer from parent municipality	20 000 000	17 000 000
	21 726 580	18 660 617

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

Miscellaneous other revenue	30 991	-
Rental income	89 688	113 688
	120 679	113 688

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16. Employee related costs		
Basic	7 146 201	5 788 458
UIF	27 689	21 073
SDL	75 459	56 726
Leave pay provision charge	249 187	212 910
Acting allowances	118 244	38 909
Union Fees	7 680	1 520
	7 624 460	6 119 596
Remuneration of Chief Executive Officer		
Annual Remuneration	909 680	949 983
Travel Allowance	167 076	180 000
Back Pay	9 719	59 215
Contributions to UIF and SDL	14 644	14 467
Cellphone Allowance	27 500	30 000
Remote Allowance	43 070	45 199
Travel Reimbursement	-	41 578
Leave Paid Out	68 981	-
	1 240 670	1 320 442
Chief Executive Officer: Ms ACR WHYTE was suspended on the 14th of March 2025 and subsequently resigned from her position on the 04-06-2025. MRS TT Thiyane-Magaqa was appointed as Acting Chief Executive Officer on the 01-05-2025		
Remuneration of Chief financial Officer		
Annual Remuneration	898 022	870 387
Travel Allowance	144 000	144 000
Back Pay	8 725	55 238
Contributions to UIF and SDL	14 114	12 912
Remote Allowance	41 681	40 576
Cellphone Allowance	19 449	19 449
Travel Reimbursement	14 077	15 880
Acting Allowance	28 027	-
Leave Paid Out	32 320	-
	1 200 415	1 158 442
Chief Financial Officer: Mr LL Makhaye,		
17. Remuneration of Board Members		
Board Fees	667 357	500 889
Board Members Travel	56 953	67 758
	724 310	568 647
18. Amortisation		
Intangible assets	21 933	196 961
19. Depreciation		
Property, plant and equipment	1 225 485	1 199 155

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Financial Statements for the year ended 30 June 2025

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20. Finance costs

Finance Costs	-	596
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Total interest expense and penalties, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R - (R 596).

21. Contracted services

Legal services	559 550	156 205
Consulting Advisory Services (Company Secretary)	125 082	-
Financial Management Support	89 202	165 417
Security services	1 128 959	862 317
	1 902 793	1 183 939

22. Operating leases

Printing and photocopying machine	74 696	74 696
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Minimum lease payment due

Due within one year	55 760	-
Due within a period that is excess of one year but not longer than 5 years	111 520	-
	167 280	-

Current year relates to lease of photocopier from Konica, the lease contract was in use for the duration of 2024/2025 Financial Year however the contract ended in 30 June 2025 and there were no minimum lease payment due in the next financial year or next 12 months for the lease. The entity entered in a new contract with ITEC Newcastle for a period of 36 Months and the above minimum lease disclosure relates to the new contract concluded in June 2025.

23. General expenses

Advertising	113 834	231 223
Auditors remuneration	596 841	474 911
Bank charges	15 032	18 981
Cleaning	64 320	112 053
Communications	29 570	30 160
Programme Expenses	3 368 124	5 857 285
Electricity	266 214	336 271
Health and safety	4 462	-
ICT support	302 169	67 183
Insurance	172 248	137 973
Licence fees	199 923	223 378
Office refreshments	22 147	-
Printing and stationery	88 730	76 311
Protective clothing	13 954	-
Repairs and maintenance	51 909	133 470
Subscriptions and membership fees	14 951	-
Training	84 088	40 584
Travel and accomodation	299 195	287 664
	5 707 711	8 027 447

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24. Cash generated from operations		
Surplus	4 333 817	1 267 560
Adjustments for:		
Depreciation	1 225 485	1 199 155
Loss on sale of assets	55	22 020
Impairment Loss	111 320	-
Derecognition of Licences -Intangible	-	(222 078)
Amortisation	21 933	196 961
Movement in leave provision	(50 134)	168 771
Other non-cash items	53 730	45 781
Changes in working capital:		
Receivables from exchange transactions	(3 736)	(3 601)
Payables from exchange transactions	1 481 365	(1 709 748)
VAT	298 537	451 979
Unspent conditional grants and receipts	-	89 416
	7 472 372	1 506 216

25. Related parties

Related party transactions

Administration fees paid to (received from) related parties

Transfer Received from Parent Municipality (HGDM) (20 000 000) (17 000 000)

Remuneration Paid to Board Members

Board Fees 667 357 500 889

Travel Expenses 56 953 67 758

Remuneration Paid to Chief Executive Officer

Remuneration and Allowances 1 240 670 1 320 442

Remuneration Paid to Chief Financial Officer

Remuneration and Allowances - Mr LL Makhaye 1 200 415 1 158 442

Ubuhlebezwe Local Municipality Land

Occupation of Land owned by Ubuhlebezwe Local Municipality(Acquisition engagements are at the advanced stages and it is anticipated that the purchase of land will be concluded in 2025/2026 FY. - 1

26. Risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Payables from exchange	2 949 710	1 468 349
Other financial liabilities (Revolving Loan From Ithala)	2 770 602	2 770 602
	5 720 312	4 238 951

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26. Risk management (continued) Maximum

credit risk exposure

Credit rate risk consist mainly of cash deposit and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Except as detailed below, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, without taking account of the value of any collateral obtained:

The maximum credit exposure in respect of the relevent financial instruments is as follows:

	30 June 2025	30 June 2024
Cash and Cash Equivalent	25 380 404	18 423 519

Interest rate risk

At year end, there were no financial instruments exposed to interest rate risk:

27. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure at the beginning	726 167	725 571
Fruitless and wasteful expenditure written off during the year	(726 167)	596
	-	726 167

Accumulated balance for fruitless and wasteful expenditure arises from prior years from late payments to suppliers and third parties including South African Revenue Services.

Interest and penalties relate to PAYE for non-submission of monthly payroll returns for the periods where the Agency was non-functional and in the transitional period for Authorized Public Officer. The Agency had issues of accessing profile from SARS due to the change of Directors and the entities Public Officer, however that was resolved all submission were made and the Agency is now in compliance, all submissions thereafter were done on time. The expenditure relates to the payment made for Hotel Accommodation in the prior year that was never used due to the health and safety concerns cited by CEO and Ms. Khoza which then necessitated that alternative accommodation be sought at the eleventh hour

This has been submitted to MPAC to be dealt with in terms section 32 (2) (b) of the Municipal Finance Management Act 32 of 2000, there were write offs concluded during the year as all investigations were concluded and presented to council.

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28. Irregular expenditure		
Opening balance	41 250 430	38 793 673
Add: Irregular Expenditure - current year (R1 423 868 and R582 668)	2 006 536	-
Add: Irregular Expenditure - Prior Year	-	2 871 192
Less: Amounts written off - Prior and Current Period	(42 674 298)	(414 435)
	582 668	41 250 430

1. The irregular expenditure for prior years amounting to R38 793 673 arose from the appointment of service providers appointed without following SCM processes by the previous administration of the Agency, this has been submitted to MPAC to be dealt with in terms section 32 (2) (b) of the Municipal Finance Management Act 32 of 2000, Investigations were concluded and the recommendation for write off was tabled and approved by council on the 29 July 2025

2. Part of the prior Year Irregular expenditure there was (R604 120) incurred as a result of the expired contracts used, those contracts were terminated and new service providers through competitive bidding were appointed to ensure that this is rectified. This is part of the write offs indicated in the comparative year.

3. The irregular expenditure amounting to R1 423 868 & R2 871 192.00 emanated from 2022/2023 & 2023/2024 FY for two contracts that are still in use and will be disclosed up to their expiration (Irregular Expenditure Register is attached) and the other Expenditure was as a result of allocating Specific goals to a company that is 50% owned by african instead of 50% plus one and the other one relates to the award of bid to a service provider not confirmed as registered on CSD on the closing date of the bid which was part of mandatory on the returnable documents.

4. Irregular Expenditure amounting to **R582 668** relates to the expenditure incurred by the entity on the appointment of independent investigator, appointment of legal representative, evidence leader and presiding officer responding on allegations of misconduct that were levelled against the former CEO including the disciplinary processes, deviations did not meet the criterion and are to be disclosed as Irregular Expenditure. These instances of irregular expenditure will be reported to the board of directors and council to be dealt with in terms of section 32 of the MFMA

5. Prior year Irregular Expenditure was reported to the board of directors and council as required by the legislation, there were write offs concluded during the year amounting to R42 674 298 and R414 435 in the prior year.

29. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year Audit Fees	596 841	474 911
Amount paid - current year	(596 841)	(474 911)
	-	-

PAYE and UIF

Current year deductions	1 830 032	1 376 548
Amount paid - current year	(1 830 032)	(1 376 548)
	-	-

Pension and Medical Aid Deductions

VAT

VAT receivable	297 834	614 472
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VAT output payables and VAT input receivables are shown in note number 8 and note 4 respectively .

All VAT returns have been submitted by the due date throughout the year.

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30. Contingent liabilities		
Opening Balance	243 461	2 147 677
NSF Service Providers	-	(1 404 216)
Ithala Loan	-	(500 000)
Company Secretary (Siyatamba Sokutu Attorneys)	424 546	-
	668 007	243 461

This relates to the prior year cumulative balance of contingency liabilities; explanations are depicted below:

1. R1 404 216 was raised in 2020 based on a pending litigation for the payment of National Skills Funds Service Providers whose payments were withheld by the Agency. This is no longer deemed to be probable, the confirmation from attorneys has been received confirming that according to Prescriptions act of 1969, a creditor has three years from the date that the debt becomes due, owing, and payable to pursue it. If the creditor fails to pursue the claim, the claim is regarded as being extinguished or prescribed and is no longer claimable from the debtor.

2. R243 461 relates to the difference between the loan confirmed in the prior year and current year by Ithala, this resulted in inconsistency which will require the management to engage with the bank for further confirmation and validation. Management had a meeting with Ithala regarding this, Ithala Bank acknowledged an error of including R500 000.00 which was a Grant received for Cold rooms from EDTEA, they indicated that they want to perform a reconciliation and provide us with a confirmation of the remaining liability balance.

3. The new contingent liability emanated from the dispute of invoices between the entity and Sokutu Attorneys appointed as the Company Secretary of the entity, details of the litigation is attached in the working paper file as the matter is before the court scheduled to sit on the 9th of September 2025

31. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the financial statements, There were deviations as at 30 June 2025 and are detailed in the table below

Reasons and details for reported deviations during 2024/2025

1. Blaqa Origin -The Agency paid Blaqa Origin for the exhibition stand, Blaqa Origin has been appointed by Tourism Department to manage all aspects pertaining to operations and logistics for the 2025 Africa Travel Indaba	126 258	-
2. Conker Investments - The Agency paid Conker for the exhibition stand, Conker has been appointed as the sole service provider to manage the Comrades Marathon Expo.	51 250	-
3. Seethal Attorneys - Appointment as the legal representative for Harry Gwala Development Agency on legal matters pertaining to the CEO including the disciplinary hearing, legislation requires this process to be completed within a certain timeframe, due to its nature and confidentiality it was impractical to follow the normal processes.	179 598	-
4. Alpha Group Advocates: Mnikazi Attorneys - Mnikazi Attorneys was appointed as a chairperson of the Disciplinary Committee. The appointment of a chairperson for disciplinary process is required, legislation requires that the process is completed within a certain period, hence it was impractical to follow the normal processes due to its nature and its confidentiality.	51 570	-
5. K Gcolotela and Peter Attorneys - Due to the sensitivity and confidentiality of the matter it required an independent investigator for allegations levelled against the CEO thereby making it impractical to follow the procurement process. The legislation that governs such investigation is concluded within a prescribed period therefore any delays in the appointment of an investigator will greatly hinder the process.	351 500	-
	760 176	-

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32. Prior period errors

Statement of financial position	Balance as previously reported	Adjustment	Rounding	Prior Year Reclassification	Restated Balance
Property Plant and Equipment	14 022 265	234 446	-	-	14 256 711
Intangible Assets	-	-	-	-	-
Payables From Exchange Transactions	(1 454 811)	-	-	(13 536)	(1 468 347)
VAT Receivable	614 472	-	-	13 536	628 008
Accumulated Surplus	(27 287 176)	(234 446)	59	-	(27 521 563)
	(14 105 250)	-	59	-	(14 105 191)

Errors

The following prior period errors and reclassification adjustments occurred:

1. Property, Plant and Equipment

"The error emanated from the initial recognition of the Steel Palisade and Automated gate with a useful life of 7 years that was incorrectly used instead of the 15 years therefore the error was the 7 years, and the correction was to revise them prospectively with 8 years."

2. Irregular Expenditure

An adjustment was incorrectly done during the finalization of Audit last year which included the entire contract for Buffalo Protection Services instead of the expenditure paid at the reporting date

3. Commitments

Adjustment emanated from GRAP updates relating to the disclosure of commitments (GRAP 19) which then requires entities to only disclose commitments that are capital in nature.

4. VAT Reclassification

This emanated from a disclosure separation of Payables from Exchange and Receivable from Exchange in line with GRAP 1 and GRAP 104. and in accordance with mScoa new AFS Specimen

Irregular Expenditure

Balance as previously reported	-	45 099 204
Adjustment	-	(3 848 774)
Restated Balance	-	41 250 430

Commitments

Balance as previously reported	-	6 470 832
Adjustment	-	(6 470 832)
Restated Balance	-	-

33. Budget differences

Material differences between budget and actual amounts

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33. Budget differences (continued)

1. The were insurance Proceeds recieved emanated from the claim made by the entity for the laptop this resulted in receiving insurance proceeds which were not budgeted for.
2. Tenant vacated the office in February 2025
3. There was a significant increase compared to the initial anticipated interest due to the late implementation of projects.
4. There was a delay in filling corporate service managers position.
5. There was a dcrease in expenditure due projects that were deferred to the next financial due to the vacuum in the office of the CEO in Quarter 2 and 3.
6. There was a decrease in expenditure due projects that were deferred to the next financial due to the vacuum in the office of the CEO in Quarter 2 and 3.

34. Events after the reporting date

There were events after the reporting date.

The entity has adjusted the amount recognised in the annual financial statements to reflect adjusting events after the reporting date for Irregular Expenditure and Contigent Liability while non-adjusting events relating to the appointment of new board of directors.

1. Adjustment relates to Irregular Expenditure that was written off amounting to **R42 139 137.80** disclosed in note 28 of the Annual Financial Statements which was approved by Harry Gwala District Municipality Council on the 29 July 2025, the sitting took place after the reporting date but before the finalization of financial statements which then necessitated an adjustment as in accordance with GRAP 14.
2. Adjustment relates to Irregular Expenditure that was written off amounting to **R342 973.03** disclosed in note 28 of the Annual Financial Statements which was approved by Harry Gwala District Municipality Council on the 26 August 2025, the sitting took place after the reporting date but before the finalization of financial statements which then necessitated an adjustment as in accordance with GRAP 14.
3. The entity were served with summons on the 23 July 2025 Siyatemba Sokutu Attorneys appointed as the Company Secretary relating to the dispute of invoices between the entity and details of the is attached in the working paper file as the matter is before the court, this is an adjusting event and there is a separate disclosure amounting **R424 546** on contingent liabilities note number 30.
4. Harry Gwala District Municipality concluded the appointment of five new Board of Directors namely, Ms PP Nzimakwe (Chairperson)(Re-appointed), Mr ZF Baleni (Re-appointed), Mr. SM Mtolo, Ms. DN Qhobosheane and Ms. TP Mgobozi

35. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Loss on Disposal	(55)	(22 020)
Amortisation on intangible assets	21 933	196 961
Depreciation on property, plant and equipment	1 225 485	1 199 155
Employee costs	8 348 770	6 688 243

36. Going concern

We draw attention to the fact that at 30 June , 2025, the entity had an accumulated surplus of R 31 855 280 and that the entity's total assets exceed its liabilities by R 31 855 380.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members and administration strive to explore avenues in ensuring that there is funding for the ongoing operations for the entity and that the subordination agreement between Harry Gwala District Municipality will remain in place to ensure that Growth and Development is prioritized as per the mandated obligation

Harry Gwala Development Agency (Pty) Ltd

(Registration number 2011/001221/07)

Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in Rand

37. Change in estimate Intangible

Assets

During the 2024/2025 financial year, the Agency reassessed the useful lives of the intangible assets as they were reaching their initial estimated useful lives. This change in estimate has affected the amortisation charged for current year by decreasing the amortisation by R 42 500.96

Details/Description

Amortisation Amortisation Effect Due to

	Before the Change in Estimate	After the Change in Estimate	the Change in estimate
Intangible Assets	74 435	(31 934)	42 501
	-	-	-