

**SERVICE LEVEL AGREEMENT**

**BETWEEN**

**UGU DISTRICT MUNICIPALITY**

**AND**

**SOUTH COAST TOURISM & INVESTMENT ENTERPRISE**

**SOC (RF)**

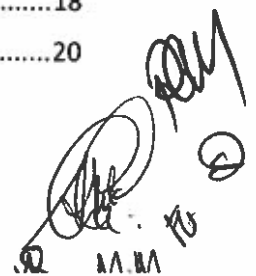
**Company Registration Number 2016/158371/30**

**(Together herein referred to as "the Parties")**

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## INDEX

PREAMBLE .....	3
1. DEFINITIONS .....	3
2. INTEPRETATION .....	4
3. RECORDAL .....	5
4. FUNCTION OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE .....	5
5. POWERS OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE .....	6
6. RESTRICTIONS ON SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE .....	6
7. ACTIVITIES OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE .....	7
8. OWNERSHIP OF THE COMPANY .....	7
9. DUTIES OF THE PARENT MUNICIPALITY .....	7
10. POWERS AND DUTIES OF DIRECTORS OF THE ENTITY .....	8
11. THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE ENTITY .....	9
12. ACCOUNTABILITY TO THE UGU DISTRICT COMMUNITY .....	10
13. MANAGEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE ENTITY .....	11
14. MEETINGS OF THE BOARD OF DIRECTORS .....	11
15. GENERAL MEETINGS OF THE ENTITY .....	11
16. REPRESENTATION AT GENERAL MEETINGS OF THE ENTITY .....	11
17. CODE OF CONDUCT FOR DIRECTORS AND STAFF OF THE ENTITY .....	12
18. MUNICIPAL REPRESENTATIVES .....	12
19. EXISTING AGREEMENT .....	13
20. DURATION .....	13
21. FINANCIAL CONTRIBUTION BY THE MUNICIPALITY .....	14
22. FUTURE DEVELOPMENT OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE .....	15
23. PREMISES .....	16
24. AUDIT .....	16
25. PERFORMANCE EVALUATION .....	16
26. DOMICILIUM AND NOTICES .....	16
27. JUDICIAL PROCEEDINGS AND DISPUTE RESOLUTION .....	17
28. ENTIRE AGREEMENT- NO VARIATION .....	18
29. SIGNATURES .....	18
ANNEXURE A .....	20


  
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## **PREAMBLE**

**WHEREAS** the District Municipality is a Municipality as defined in terms the Municipal Structures Act 117 of 1998; and amplified in the Local Government: Municipal Systems Act 32 of 2000.

**AND WHEREAS** the parties wish to give effect to and recognition of the principles enshrined in the Constitution of the Republic of South Africa of 1996, and with specific reference to Section 156 of such Constitution and the parties are obliged to take cognizance of Section 93B and 93D of the Systems Act.

**AND WHEREAS** the parties are also cognizant of and acknowledge that they are properly bound by the Municipal Finance Management Act 56 of 2003, and more specifically Section 87 of such Act as well as rules pertaining to National Treasury Funding.

**AND WHEREAS** Ugu is, inter alia, empowered, and wishes to in terms of the Municipal Structures Act and Municipal Systems Act conclude such an agreement.

**AND WHEREAS** South Coast Tourism and Investment Enterprise as a properly created Municipal Entity as defined herein has the capacity, experience, and know-how to implement its statutory functions.

**NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS: -**

### **1. DEFINITIONS**

1. The definitions as contained in all Acts mentioned in the text of this Agreement and Regulations are applicable to this contract. In addition, the following definitions are applicable: -
2. **"Ugu District Municipality area"** or **"Ugu"** is a District Municipality as provided for in the Local Government: Municipal Structures Act, Act 117 of 1998 as amended and represented herein by Dr EMS Ntombela in his capacity as the Acting Municipal Manager thereof, he being duly authorized.
3. **"South Coast Tourism and Investment Enterprise SOC (RF)"** or **"SCTIE"** or **"Company"** or **"Entity"** is a state-owned company, Registration No. 2016/158371/30 which is a municipal entity as defined in the Municipal's Systems Act and represented herein by Phelisa Mangcu as the Chief Executive Officer.
4. **"Preferential Procurement"** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its Regulations as amended from time to time.

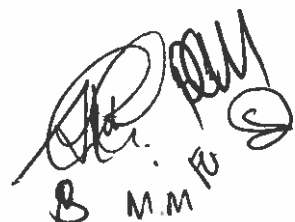


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5. **"Integrated Development Plan"** or **"IDP"** shall mean development planning as provided for in terms of the Division of Revenue Act 1 of 2007, the Municipal Systems Act and the Municipal Financial Management Act and its Regulations as amended from time to time.
6. **"The Constitution"** shall mean the Constitution of South Coast Tourism and Investment Enterprise SOC (RF) if applicable.
7. **"Contract"** means this Service Level Agreement of which the only two parties, shall be Ugu District Municipality and South Coast Tourism and Investment Enterprise, and shall, in context, hereinafter be referred to as the "parties"; as well as any addenda hereto as may be concluded from time to time by the Parties, and properly annexed hereto.
8. **"Person"** includes reference to a juristic person.
9. **"The CEO"** means the Chief Executive Officer in the company appointed by the Board of Directors of the Company.
10. The **"MFMA"** means Local Government Municipal Finance Management Act No. 56 of 2003.
11. **"Parent Municipality "** or **"Parent"** means the Ugu District Municipality.
12. **"The Companies Act"** means the Act 71 of 2008 as amended or any Act which replaces it, and any and every other statute or subordinate legislation from time to time in force concerning companies and necessarily affecting the company, South Coast Tourism and Investment Enterprise.
13. **"The Articles"** means the Articles of the Company and any and every other Statute or subordinate legislation from time in force concerning companies and necessarily affecting the Company.
14. **"The Systems Act"** or **"the Act"** means the Local Government: Municipal Systems Act 32 of 2000.
15. **"Effective date:** irrespective of the date of signatures the effective date for this agreement is 1 July 2022, subject to review of the entity by the parent

## **2. INTERPRETATION**

- 2.1 Headings of clauses shall be deemed to have been included for purposes of convenience only and shall not affect the interpretation of this Agreement.
- 2.2 Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.
- 2.3 In the event that any of the provisions of this Agreement or its collateral Constitution, are found to be invalid, unlawful or unenforceable, such terms shall be severable from the remaining terms which shall continue to be valid and enforceable.



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- 2.4 This Agreement incorporates the Annexures, which Annexures shall have the same force and effect as if set out in the body of this Agreement. The various documents forming part of this Agreement are to be taken as mutually explanatory. In the event of any conflict or inconsistency the provisions contained in the main body of the Agreement will prevail.
- 2.5 If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any party, then notwithstanding that such provision is only in this interpretation clause or in a definition elsewhere in this agreement, effect shall be given to it as a substantive provision of this agreement.
- 2.6 When any number of days is prescribed in this agreement, the same shall be reckoned exclusively of the first and inclusively of the last day unless that last day falls on a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa, in which event the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 2.7 Any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.
- 2.8 If any provision in this agreement is in conflict or inconsistent with any law, the invalidity of any such provision shall not affect the validity of the remainder of the provision hereof.
- 2.9 Where figures are referred to in words and in numerals, if there is any conflict between the two, the words shall prevail.

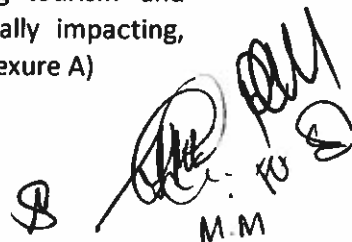
**NOW THEREFORE**

**3. RECORDAL**

- 3.1 Ugu District Municipality lists the South Coast Tourism and Investment Enterprise as the economic vehicle of the district to drive investment, economic growth and transformation.
- 3.1.1 Through the existence of South Coast Tourism and Investment Enterprise it is therefore important to unlock obstacles to economic growth and development in the district. This would involve understanding the legislation, regulations, policies, and the national, provincial and district strategic frameworks and develop programs that will have positive impact on development growth in the District.
- 3.1.2 South Coast Tourism and Investment Enterprise strives to align its own strategies to those of the Ugu District Municipality District Development Model, Ugu Spatial Development Framework, Post Covid Recovery Strategy, and Provincial and District Growth and Development Strategies.

**4. FUNCTION OF UGU SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE**

- 4.1 As a special purpose vehicle with defined goals and objectives, which aims to unlock the development and economic potential of the district through promoting tourism and investment by implementing and facilitating economically viable, regionally impacting, economic development in accordance with the approved Strategic Plan. (Annexure A)

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## **5. POWERS OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE**

5.1 The Company is a state-owned company established in terms of Section 86C of the Systems Act and accordingly is restricted to act as a municipal entity in terms of:

5.1.1 Chapter 8A of the Systems Act; and

5.1.2 Chapter 10 and 11 of the MFMA

5.1.3 Section 41 of the Systems Act; and

5.1.4 Section 38 of the KwaZulu Natal Tourism Act of 1996; and

5.1.5 Its Memorandum of Incorporation

5.2 Section 86D(2) of the Systems Act shall apply namely that the entity must restrict its activities to the purpose for which it is created by its Parent Municipality in terms of Section 86E(1)(a); and entity shall have no competence to perform any activity which falls outside the functions and powers of its Parent Municipality contemplated by Chapter 8 of the Act.

## **6. RESTRICTIONS ON SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE**

6.1 All the income, expenditure, sponsorship, and property of ENTITY shall be applied solely towards the implementation and promotion of its main objective.

6.2 No portion of ENTITY's income, expenditure and property shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise, to Ugu or directors of the Company, or its Parent Municipality; provided that nothing herein contained shall prevent the payment in good faith or reasonable remuneration to an officer or servant of the Company or to any member in return for any services actually rendered to the company, nor shall ENTITY be precluded from acquiring bona-fide sponsors to improve and further its objects and functions.

6.3 The winding-up of the company, shall be in terms of the stipulations contained in the Local Government: Municipal Systems Act, The Local Government: Municipal Finance Management Act and the Companies Act and other relevant Acts.

6.4 The company shall monitor, and annually review its annual budget process as set out in Section 87 of the Municipal Finance Management Act, including ensuring that the Mayor tables the entity's budget to the Parents Council, as required in Section 87(3) of the Municipal Finance Management Act.

6.5 The company shall comply with the reporting requirements in terms of Section 104 of the Municipal Finance Management Act.

6.6 Ownership of, equity interest or shares or any alienation or transfer of that share in the Company may only be alienated or disposed of in terms of Section 86G of the Systems Act.

6.7 To only provide goods and services as provided for in respect of the achievement of its objectives as outlined in this Agreement.

6.8 To acquire goods and services only as provided for in the Preferential Procurement Policy Framework Act of 2000 (Act 5 of 2000) and its regulations the Broad Based Black Economic Empowerment Act of 2003 (Act 53 of 2003), Local Government: Municipal Finance Management Act of 2003 (Act 56 of 2003) and the Supply Chain Management Regulations, Supply Chain Policy of the Company or the Parent Municipality, should the Company not have adopted such Policy at the time of procurement of any goods and services.

6.9 All asset disposals by the entity must be approved by the Parent's Council in accordance with Section 90(2) of the Municipal Finance Management Act.

## **7. ACTIVITIES OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE**

7.1 The activities of the Company shall, for the duration of this Agreement, be aligned to the duly adopted South Coast Tourism and Investment Enterprise Strategic Plan for the period 2022-2027, subject to the review of the entity by the parent during this period, and as may be amended from time to time and is annexed hereto as Annexure "A".

7.2 Section 86D (2) of the Systems Act shall apply and provides that a private company which is a municipal entity-

7.2.1 must restrict its activities to the purpose for which it is used by its parent municipality in terms of Section 86(E)(1)(a)

7.2.2 and has no competence to perform any activity which falls outside the functions and powers of its parent municipality contemplated by Chapter 8A

## **8. OWNERSHIP OF THE COMPANY**

8.1 The Company is established and fully owned by the Parent Municipality in terms of Section 86C of the Systems Act, and as such holds all the shares therein.

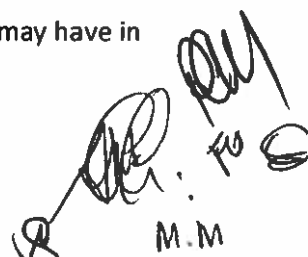
8.2 No other party shall be a party to this agreement, or claim enforceable rights, or obligations from the parties arising from this agreement, or resulting from the Constitution of South Coast Tourism and Investment Enterprise SOC RF.

## **9. DUTIES OF THE PARENT MUNICIPALITY**

9.1 Sections 93A and 93B of the Systems Act stipulates the following duties of the Parent Municipality with respect to the Company.

9.2 The parent municipality must:

9.2.1 Exercise any shareholder, statutory, contractual, or other rights and powers it may have in respect of the municipal entity to ensure that —

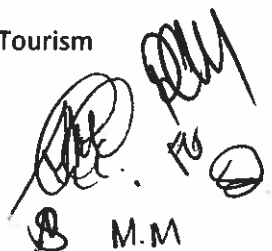


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- 9.2.1.1 Both the municipality and the municipal entity comply with the Systems Act, the Municipal Finance Management Act and any other applicable legislation; and
- 9.2.1.2. The municipal entity is managed responsibly and transparently, and meets its statutory, contractual, and other obligations as well as the provisions of its own Constitution.
- 9.2.2 Allow the board of directors and chief executive officer of the municipal entity to fulfill their responsibilities;
- 9.2.3 Establish and maintain clear channels of communication between the municipality and the municipal entity.
- 9.2.4 Ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with Section 87(5)(d) of the Municipal Finance Management Act;
- 9.2.5 Must monitor and annually review, as part of the municipal entity's annual budget process as set out in Section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators; and
- 9.3 May liquidate and disestablish the municipal entity-
- 9.3.1 following an annual performance review if the performance of the municipal entity is unsatisfactory.
- 9.3.2 in the event of financial difficulties if the municipality does not impose a financial recovery plan in terms of the Municipal Finance Management Act and the municipal entity continues to experience serious or persistent financial problems; or (iii) if the municipality has terminated the services delivery agreement or other agreement it had with the municipal entity.
- If the company is liquidated and/or disestablished:
- 9.3.2.1 take charge and possession of all assets, liabilities, rights, and obligations of the company, due to fact that it then vests in the parent municipality; and
- 9.3.2.2 ensure that the staff of the company be dealt with in accordance with applicable Labour Legislation.

## 10. POWERS AND DUTIES OF DIRECTORS OF THE ENTITY

- 10.1 In terms of Section 93H of the Systems Act, the board of directors of South Coast Tourism and Investment Enterprise shall:



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- 10.1.1 provide effective, transparent, accountable and coherent corporate governance and conduct effective oversight of the affairs of the Entity;
- 10.1.2 ensure that Entity comply with all applicable legislation agreements;
- 10.1.3 communicate openly and promptly with the parent municipality of Entity; and
- 10.1.4 deal with the parent municipality in good faith.
- 10.1.5 give effect to the Constitution of the Republic of South Africa.
- 10.1.6 ensure that the rights to operate an exclusive Entity Structure by the parent municipality are upheld.
- 10.1.7 attend its meetings punctually and regularly.
- 10.2 A director of the Entity must, at all times, act in accordance with the Code of Conduct for directors referred to in Section 93L of the Systems Act.
- 10.3 Entity shall comply with the Systems Act and ensure compliance in terms of Section 93J of the Act, that:
  - 10.3.1 The board of directors of the Entity appoint a Chief Executive Officer (CEO) of the municipal entity.
  - 10.3.2 The Chief Executive Officer of the Entity shall be accountable to the board of directors for the management of the municipal entity.
- 10.4 The board of directors of the municipal entity shall also be responsible, in consultation with the parent, to appoint all the Executive Managers and the Managers reporting directly to the Chief Executive Officer (the CEO) of the company.
- 10.5 The Municipal Entity is enjoined to divert as far as possible resources, time, funding and skills to the noncoastal areas within the Municipality and shall develop Entity destinations in rural and traditional areas within the Municipality areas of the District as far as may be reasonably possible, and subject to budgets, demand and desirability.

## **11. THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE ENTITY**

- 11.1 The Chief Executive Officer of South Coast Tourism and Investment Enterprise shall be accountable to the Board of Directors for the management of Entity .
- 11.2 The Chief Executive Officer as the Head of Administration of Entity is subject to the policy directions of the Board of Directors and is responsible and accountable to the Board of Directors for: -

  
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- 11.2.1 The information and development of economical, effective, efficient and accountable administrative unit: -
- 11.2.1.1 Equipped to carry out the task of implementing the functions of the Entity.
  - 11.2.1.2 responsive to the needs of the community to participate in the affairs of the Entity.
  - 11.2.1.3 to liaise with the Offices of the Municipal Managers of the Municipalities.
- 11.2.2 The management of the affairs of Entity in accordance with the Memorandum of Incorporation and other legislation applicable to the Company.
- 11.2.3 The implementation of the Company's development plans and policies of the company and also monitoring of progress with the implementation thereof;
- 11.2.4 The appointment of staff, other than the Managers directly accountable to the Chief Executive Officer, and subject to the Employment Equity Act No. 55 of 1998 and shall regulate;
- 11.2.5 The management, effective utilization and training of staff;
- 11.2.6 The maintenance of discipline of staff;
- 11.2.7 The promotion of sound labour relations and compliance by Entity with applicable Labour legislation;
- 11.2.8 Advising the Board of Directors of the Company;
- 11.2.9 Deciding from time to time the number of meetings to be held in respect of:
- 11.2.9.1 Board Meetings;
  - 11.2.9.2 Entity Committees; and
  - 11.2.9.3 any other meetings of the Company.
- 11.2.10 The drafting of Standing Rules for Directors and Committees

## **12. ACCOUNTABILITY TO THE UGU DISTRICT COMMUNITY**

- 12.1 Both parties shall facilitate participation by the community in the affairs of Entity and shall, as far as may be reasonably possible; with further reference to Section 80(2) of the Systems Act: -
- 12.1.1 develop and maintain a network whereby community satisfaction or dissatisfaction with the work of Entity is assessed through its committees where practical;
  - 12.1.2 the implementation of national and provincial legislation applicable to the functions of Entity;

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12.1.3 the performance of any other function that may be assigned by the Parent;

### **13. MANAGEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE AGENCY**

- 13.1 Section 57 of the Systems Act, read with the necessary amendments thereto, shall mutatis mutandis be applicable to the Chief Executive Officer and the managers directly accountable to the Chief Executive Officer.
- 13.2 The upper limits of the salary, allowances and other benefits of the Chief Executive Officer and Managers of the Company shall be determined by the Parent in terms of Section 89(a) of the Municipal Finance Management Act.

### **14. MEETINGS OF THE BOARD OF DIRECTORS**

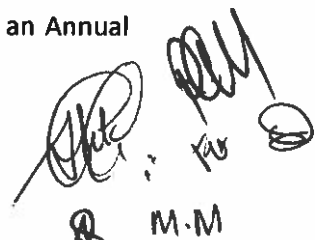
- 14.1 Section 93I of the Systems Act regulates the Meetings of Board of Directors which shall sit as a Committee as far as may be possible serving the interests of Entity in the District:
- 14.1.1 Meetings of the Board of Directors of Entity must be open to the Municipal representatives referred to in Section 93 D(1)(a)
- 14.1.2 Municipal representatives referred to in Section 93D(1)(a) have non-participating observer status in a meeting of the Board of Directors of the Company.
- 14.2 Every meeting of Directors as a Committee shall be held in the area of jurisdiction of the Parent Municipality in which the Company's registered office is for the time being situated.

### **15. GENERAL MEETINGS OF ENTITY**

- 15.1 The Mayor of the Parent Municipality may at any time call or convene any meeting of the shareholders or any other General Meeting comprising the Board of Directors and the representatives of the parent municipality, in order for the Board of Directors to give account for actions taken by it.
- 15.2 Should such meeting be called, the Chief Executive Officer shall as far as reasonably possible, give written notice of the meeting, and an Agenda for such meeting.

### **16. REPRESENTATION AT GENERAL MEETINGS OF ENTITY**

- 16.1 Save as otherwise herein provided, there shall be no less than one (1) of the representatives, mandated by the Parent Municipality to represent it at the General Meeting.
- 16.2 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second casting vote.
- 16.3 All business that is transacted at a General Meeting, and all that is transacted at an Annual General Meeting, shall be deemed to be special business.



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16.4 The parties record that it is of paramount importance that the Directors of the Entity play a purposeful and ongoing role in the running of the Entity as stipulated in Section 93H of the Act.

16.5 Should it occur that any Director of the Company and for any reason whatsoever misses three consecutive committee meetings of the Company, or misses a cumulative total of three (3) out of any five (5) meetings of the company then:

16.5.1 The Chairperson shall forward a written communication, to be delivered by hand to such Director who shall be invited to furnish viva voce reasons at the next sitting of the committee of the Company, or if the Chairperson accepts otherwise, written reason to explain his/her ongoing absence from such meetings;

16.5.2 If no reasons are given on the date designated by the Chairperson, or if the reasons given are unacceptable to a quorum of the meeting of the representatives present; who shall evaluate such reasons; then such Director shall be reported to the Parent Municipality for intervention;

16.5.3 Following such report, the Mayor or Executive Mayor as well as the affected Director shall be notified in writing of such report and shall be furnished with a copy of the relevant minutes of the meeting.

16.6 The provisions of 16.5 set out hereinabove shall mutatis mutandis apply to the Ugu representative as contemplated in clause 16 and the same procedural steps shall apply mutatis mutandis to such representative.

## **17. CODE OF CONDUCT FOR DIRECTORS AND STAFF OF ENTITY**

17.1 In terms of Section 93L of the Systems Act the following applies to the Directors of the Company:

17.1.1 The Code of Conduct for Councilors contained in Schedule 1 of the Systems Act applies.


17.1.2 In the application of item 14 of Schedule 1, to directors of a municipal entity that item must be regarded as providing "14 breaches of code" as found in sec 93L.

17.2 In terms of Section 93L of the Systems Act the following applies to any member of Staff (employees) of the Company:

17.2.1 The Code of Conduct for municipal staff members contained in Schedule 2 of the Systems Act applies with the applicable and necessary changes, to members of staff (employees) of the Company.

## **18. MUNICIPAL REPRESENTATIVES**

18.1 The Parties shall comply with 93D of the Municipal Systems Act and as such the:

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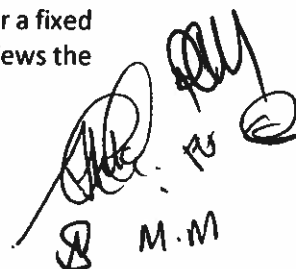
- 18.1.1 The Council of the Parent Municipality must designate a Councilor or an official of the parent Municipality, or both, as the representative or representatives of the Parent Municipality:
- 18.1.2 To represent the parent municipality as a non-participating observer at meetings of the board of directors of South Coast Tourism and Investment Enterprise; and
- 18.1.3 To attend Directors' meetings and to exercise the parent municipality's rights and responsibilities as a shareholder, together with such other councilors or officials that the council may designate as representatives.
- 18.1.4 Failure by any representative to attend any such meeting shall be recorded in the minutes of such meeting.
- 18.1.5 The official lines of communications between Entity and the Parent Municipality exist between the Chairperson of the Board of Directors of Entity and the Mayor or Executive Mayor, as the case may be, of the Parent Municipality.
- 18.1.6 The Mayor or executive Mayor, as the case may be, of the Parent municipality may at any time call or convene any meeting of shareholders or other general meeting comprising to board of directors of the Company concerned and the representatives of the parent municipality, in order for the board of directors to give account for actions taken by it.
- 18.1.7 The council of a parent municipality may determine the reporting responsibilities of a municipal representative.
- 18.1.8 A municipal representative must represent the parent municipality faithfully at shareholder meetings, without consideration of personal interest or gain, and shall keep the council informed of:
- how voting rights were exercised; and
  - all relevant actions taken on behalf of the municipality by the representative.
- 18.1.9 A municipal representative:
- must act in accordance with the instructions of the council; and
  - may be reimbursed for expenses in connection with his or her duties as a municipal representative but may not receive any additional compensation or salary for such duties.

## **19. EXISTING AGREEMENT**

This agreement shall supersede any other agreements between any Entity Association, and any Municipality which falls within the District of Ugu.

## **20. DURATION**

- 20.1 This service level agreement shall commence on the effective date and shall continue for a fixed period of THREE YEARS from 01 July 2022 to 30 June 2025 subject to certain annual reviews the

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Parent may wish to undertake which may affect this period, whereafter an Addendum must be negotiated between the parties.

- 20.2 Should any of the Parties be desirous of terminating this Agreement before the attainment of the one (1) year period, the Party wishing to terminate must provide one year written notice of its intention to terminate to the other Party. Such Notice must be delivered to the other Party's domicilium as recorded in 26 below.

## **21. FINANCIAL CONTRIBUTION AND CHARGES BY THE MUNICIPALITY**

21.1 The South Coast Tourism and Investment Enterprise shall annually provide-

21.1.1 an Annual Business Plan linked to and taking cognizance of the Ugu District Municipality's Integrated Development Plan. This annual business plan shall be submitted to the Municipality which shall annually make a grant to the Entity as agreed to between the parties therein, as per the Funding Model (Annexure A).

21.1.2 not more than six (6) months after the end of its Financial Year, after completion of the Annual Audit, submit to the Municipal Manager of the Municipality a report on its affairs and activities of the audited Financial Year and its Audited Annual Financial Statements, which report and Financial Statements shall be tabled at the next meeting of the Municipality; and

21.1.3 before or on the date prescribed, submit a budget for the ensuing financial year and a business plan as prescribed, to the Municipal Manager, which budget and business plan shall be considered by the Municipal Council in line with its budgeting process when considering the increase referred to in clause 21.6 below.

21.2 The funds of South Coast Tourism and Investment Enterprise shall consist of –

21.2.1 Grant from District and Local Municipalities of the Ugu District, in accordance with the approved Funding Model;

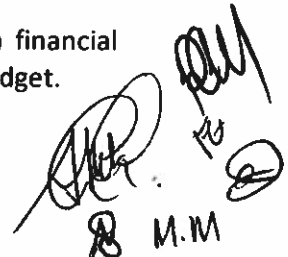
21.2.2 Donations, bequests, sponsorships or contributions;

21.2.3 Subject to the KwaZulu-Natal Tourism Act of 1996, income generated so as to achieve its objects; and

21.3 When the annual business plan of South Coast Tourism and Investment Enterprise is so submitted, without limiting the generality of such report it shall incorporate therein all information which may be called for by the Municipal Manager or other authorized officials of the Municipality.

21.4 The report shall be comprehensive enough to enable the Municipality to assess whether South Coast Tourism and Investment Enterprise has fully complied with this agreement, what service levels it has maintained and generally what its performance has been.

21.5 The parties record that Ugu District Municipality has committed itself to make a financial contribution to South Coast Tourism and Investment Enterprise from its municipal budget.

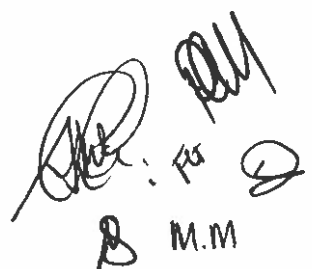


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- 21.6 The parties therefore record that the Municipality has committed itself to a base level contribution as a Grant-in-Aid to South Coast Tourism and Investment Enterprise for the in accordance with the Funding Model. The amount will be provided for in the annual budget of the Municipality, subject to the availability of funds, any unforeseen/impending shortfalls in budgeted revenue and other unforeseeable circumstances, per annum as it applies to Municipalities.
- 21.7 Sponsorships of each less than R200 000.00 (Two Hundred Thousand Rand) shall form part of the ordinary income received by Entity, and not be subject to any Preferential Procurement policy and shall be treated as sponsorship funding as provided for in the KwaZulu Natal Tourism Act of 1996.
- 21.8 The Ugu District Municipality may charge/bill the South Coast Tourism and Investment Enterprise for any services rendered.

## **22. FUTURE DEVELOPMENT OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE**

- 22.1 South Coast Tourism and Investment Enterprise shall, within a reasonable period:
- 22.2 Effect such changes as may be necessary or appropriate for it to function as a Local Community Tourism and Investment Enterprise in terms of, but not limited to the KwaZulu- Natal Tourism Act, 1996. Without limiting the generality of the requirement, it shall adopt and follow the objects set out in the said Act, and any other relevant legislation regarding Entities and the local authority
- 22.3 South Coast Tourism and Investment Enterprise is to conduct its activities as laid out in the Service Level Agreement, read with the Strategic Plan document as per its core business.
- 22.4 South Coast Tourism and Investment Enterprise shall, in the course of its daily business, and by way of the Legislation and as far as may be permitted, be entitled to procure funding by way of Sponsorships either with reference to:
- 22.4.1 a sponsorship panel;
- 22.4.2 ad hoc sponsorships.
- 22.5 If any doubts exist as to whether or not a sponsorship or monies received should be dealt with in terms of the MFMA, this item shall be tabled and minuted and resolved at a Board of Directors' meeting as defined herein.

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## **23. PREMISES**

Ugu South Coast Tourism and Investment Enterprise has entered into separate formal lease with Keal Property Group for the sole occupation of the premises at 16 Bisset Street Port Shepstone for a period, ending April 2023, which lease may be renewed by mutual consent.

## **24. AUDIT**

- 24.1 The parties record that the books and records of South Coast Tourism and Investment Enterprise will be subject to an annual audit and the results thereof made available to the Ugu District Municipality.
- 24.2 For the purposes of cost efficacy, the Municipality's Chief Financial Officer, or his nominated representative may engage the services of a company that prepares the Annual Financial Statements from time to time, who shall prepare the Annual Financial Statements, and assist with the compilation of working papers in support thereof be submitted to the Auditor General in compliance with all statutory requirements.

## **25. PERFORMANCE EVALUATION**

- 25.1 The parties agree that the activities of South Coast Tourism and Investment Enterprise will be monitored and evaluated.
- 25.2 The monitoring and evaluation shall be done in accordance with the reasonable requirements of the Municipal Manager of the Municipality, who reserves this right and who is, in any event, obliged to comply with Section 87 of the Municipal Finance Management Act. He may utilize the services of consultants or other experts for this purpose including the conducting of periodic or ongoing and/or annual market research as to the views of the public generally and the members of South Coast Tourism and Investment Enterprise in this regard.
- 25.3 The following reports shall be submitted to the Municipal Manager to evaluate the ongoing performance of South Coast Tourism and Investment Enterprise:
- 25.3.1 Audited financial statements, within sixty (60) days of South Coast Tourism and Investment Enterprise year end.
- 25.3.2 Mid-year Budget and Performance Assessment report.
- 25.3.3 A quarterly summary activity report
- 25.4 Board minutes from time to time shall be forwarded to the Municipal Manager.
- 25.5 Annual board review of company performance to be forwarded to the Municipal Manager within ninety (90) days of its year-end.

## **26. DOMICILIUM AND NOTICES**



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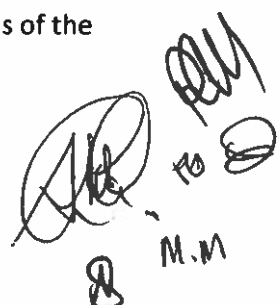


- 26.1 The parties select their addresses as hereinbefore stated as their respective domicilia citandi et executandi for all purposes arising out of this agreement or the cancellation thereof.
- 26.2 Any notice sent to the domicilia citandi et executandi of a party by previous registered post or delivered there by hand shall be deemed to have been received on the fifth business day after posting or on the date of delivery, as the case may be.
- 26.3 Any party may, by written notice to the other, change his domicilia citandi et executandi to another physical address (not being a post office box number or poste restante) within the Republic of South Africa and such change shall become effective seven days after the giving of such notice.
- 26.4 All notices which may or may have to be given in terms of this agreement shall be in writing.
- 26.5 The Municipality's address  
Postal Address:  
P. O. Box 33,  
Port Shepstone  
4240  
Telephone:  
039 688 5700  
Physical Address  
Ugu Municipal Offices  
Connor Street  
Port Shepstone  
4240
- 26.6 South Coast Tourism and Investment Enterprise's address  
Postal Address:  
P.O Box 570  
Port Shepstone  
4240  
Telephone:  
039 682 7944  
Physical Address:  
16 Bissett Street  
Port Shepstone  
4240

## 27. JUDICIAL PROCEEDINGS AND DISPUTE RESOLUTION

- 27.1 The parties acknowledge that with reference to interpretation of powers and obligations of the parties, and in the event of a dispute between the parties that:

27.1.1 This Service Level Agreement shall have application and;

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27.1.2 The Memorandum of Incorporation of the Company shall have application.

27.2 Should a dispute arise at any level between the parties, which cannot be resolved by intervention, of the CEO, the Municipal Manager, and/ or the directors of the Entity, then the parties acknowledge that Chapter 4 of The Intergovernmental Relations Framework Act 113 of 1995 shall have application.

## 28. ENTIRE AGREEMENT- NO VARIATION


### 28.1 Non-Variation


This agreement shall constitute the entire agreement between the parties, as to the regulation of the Municipal Entity, and no addition to or variation, consensual cancellation or novation of this Service Level Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the parties or their duly authorized representatives.


## 29. SIGNATURES

SIGNED AT PORT SHEPSTONE ON THIS 2<sup>nd</sup> DAY OF AUGUST 2022

DR E.M.S NTOMBELA -   
ON BEHALF OF UGU DISTRICT MUNICIPALITY

N. MAVUNDU -   
WITNESS

F. GOBERDAN   
WITNESS

  
CONFIRMED  
MANAGER LEGAL SERVICES  
NTOMBI MBAMBO  
DATE: 02/08/2022

SIGNED AT PORT SHEPSTONE ON THIS 4<sup>TH</sup> DAY OF 4 AUGUST 2022

HELISA MANGU Alfama  
ON BEHALF OF SOUTH COAST TOURISM AND INVESTMENT ENTERPRISE

D. Uda  
WITNESS D. Uda

Sherma  
WITNESS SHERMA SINGH

RAY  
...  
M.M

## ANNEXURE A: STRATEGIC PLAN

Handwritten signature and initials in the bottom right corner, including "M.M." and "K".