



Province of the
EASTERN CAPE

ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

ANNUAL REPORT 2022/2023



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PART A

GENERAL INFORMATION



ANNUAL REPORT 2022/23 VOTE NO.9



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ADZ	Aquaculture Development Zone
AEL	Atmospheric Emission Licenses
AFS	Annual Financial Statements
ACFTA	Africa Continental Free Trade Area
AFF	Agriculture Forestry and Fishing
AGSA	Auditor General of South Africa
AIDC	Automotive Industry Development Centre
AIDF	Agro Industry Development Forum
AIDS	Acquired Immune Deficiency Syndrome
AIM	Agro Industrial Manufacturing
AIMC	Agro-Industrial Manufacturing Cluster
AIP	Audit Intervention Plan
ANC	African National Congress
AO	Accounting Officer
APP	Annual Performance Plan
ARP	Annual Recruitment Plan
AQMPs	Air Quality Management Plans
AC	Audit Committee
BAR	Basic Assessment Report
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BCMM	Buffalo City Metropolitan Municipality
BCP	Business Continuity Plan
BCMM IGR	Buffalo City Metropolitan Municipality Intergovernmental Relations
BEE	Black Economic Empowerment
BAIC	Beijing Automotive Industry Corporation
C&E	Compliance and Enforcement
CDC	Coega Development Corporation
CEO	Chief Executive Officers
CHDA	Chris Hani Development Agency
CFI	Capital Finance International
CFO	Chief Financial Officer
CGEIT	Certificate in the Governance of Enterprise Information Technology
CGICT	Corporate Government Information and Communication Technology
CI	Chemical Incubator
CISA	Certified Information Systems Auditor
CITES	Convention of Internationally Threatened and Endangered Species
CMT	Coastal and Marine Tourism
CO ₂	Carbon Dioxide
COE	Compensation of Employees
COGP	Code of Good Practise
COGTA	Department of Cooperative Governance and Traditional Affairs
COP	Conference of Parties
CONS	Construction
Covid-19	Coronavirus 2019
CIPS	Coordinated and Integrated Permitting System
CSI	Corporate-Socio Investments
CSIR	Council for Scientific and Industrial Research
CTA	Certificate in the Theory of Accounting
DCCRS	District Climate Change Response Strategy
DDM	District Development Model
DFFE	Department of Forestry, Fisheries and the Environment
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DFI's	Development Finance Institutions

DGITO	Departmental Government Information Technology Officer
DIRCO	Department for International Relations and Cooperation
DLGTA	Department of Local Government and Traditional Affairs
DMR	Department of Mineral Resources
DPSA	Department of Public Service and Administration
DPME	Department of Performance Monitoring and Evaluation
DRDAR	Department of Rural Development and Agrarian Reform
DRDLR	Department of Rural Development and Land Reform
DSBD	Department of Small Business Development
DTIC	Department of Trade Industry and Competition
EAC	Environment and Culture Sector
EC	Eastern Cape
ECAIF	Eastern Cape Automotive Industry Forum
ECBCSAP	Eastern Cape Biodiversity Conservation Strategy Action Plan
ECCOB	Eastern Cape Chamber of Commerce and Business
ECDC	Eastern Cape Development Corporation
ECDEET	Eastern Cape Disability Economic Empowerment Trust
ECGB	Eastern Cape Gambling Board
ECGMA	Eastern Cape Game Management Association
ECITI	Eastern Cape Information Technology Incubator
ECLA	Eastern Cape Liquor Act
ECTI	Eastern Cape Tooling Initiative
ECLB	Eastern Cape Liquor Board
ECIP	Eastern Cape Infrastructure Plan
ECPTA	Eastern Cape Parks and Tourism Agency
ECRDA	Eastern Cape Rural Development Agency
ECSECC	Eastern Cape Socio Economic Consultative Council
ECBCP	Eastern Cape Biodiversity Conservation Plan
EES	Environmental Empowerment Services
EACS	Environment and Culture Sector
EDMRS	Electronic Document Management and Records System
EGW	Electricity Gas and Water
EIA	Environmental Impact Assessment
EIM	Environmental Impact Management
ELIDZ	East London Industrial Development Zone
ETDPSETA	Education Training Development Programme Sector Education and Training Authority
EPWP	Extended Public Works Programme
EPIP	Environmental Protection and Infrastructure Program
EQM	Environmental Quality Management
ERLN	Economies of Regions Learning Network
FMCMM	Financial Management Capability Maturity Model
FDI	Foreign Direct Investment
FEIA	Final Environmental Impact Assessment
FIRBS	Finance Insurance Real Estates and Business Services
GDP	Gross Domestic Product
GDPR	Growth Domestic Product
GEMS	Government Employees Medical Scheme
GEC	Global Entrepreneurship Congress
GEN	Global Entrepreneurship Network
GG	Government Gazette
GIS	Geographic Information System
GMC	Greenest Municipality Competition
GM	General Manager
GTAC	Government Technical Advisory Centre
GS	Government Services
HEPO	Helping the Blind and the Partially Sighted

HDI	Historically Disadvantaged Individuals
HIV	Human Immune Virus
HOD	Head of Department
HR	Human Resources
HRD	Human Resource Development
HRPP	Human Resource Practise and Planning
IA	Internal Audit
IBSP	Informal Business Support Programme
ICT	Information and Communication Technology
IDAM	Institute for Development Assistance Management
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IGR	Inter-Governmental Relations
IOD	Institute of Directors
IPAP	Industrial Policy Action Plan
IPP	Independent Power Producer
IPPF	International Professional Practices Framework
IWCDP	Integrated Wild Coast Development Programme
IWMP	Integrated Waste Management Plan
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
LNG	Liquefied Natural Gas
LIS	Logistical Information System
LRED	Local and Regional Economic Development
MAN	Manufacturing
MBCC	Mandela Bay Composites Cluster
MBL	Master of Business Leadership
MBSA	Mercedes-Benz South Africa
MCS	Modified Cash Standard
MDA	Manufacturing Development Act
MEC	Member of the Executive Council
METT	Management Effectiveness Tracking Tool
MMEC	Ministers and Members of Executive Council
MFA	Multi-Factor Authentication
MOU	Memorandum of Understanding
MPSA	Minister of Public Service and Administration
MTEF	Medium Term Expenditure Framework
MTEC	Medium Term Expenditure Committee
MTSF	Medium Term Strategic Framework
MW	Megawatts
NAM	Non-Automotive Manufacturing
NAMC	National Agricultural Marketing Council
NC	Northern Cape
NEAS	National Environmental Assessment Services
NEMA	National Environmental Management Act
NHBRC	National Home Builders Registration Council
NIRP	National Integrated Resources Plan
NMBM	Nelson Mandela Bay Municipality
NPA	National Prosecuting Authority
NMU	Nelson Mandela University
NYDA	National Youth Development Agency
OAG	Office of the Accountant General
OMF	Operations Management Framework
OTP	Office of the Premier
PA	Performance Agreement



PC	Portfolio Committee
PCMT	Provincial Coordinating Management Team
PEDS	Provincial Economic Development Strategy
PERSAL	Personnel and Salary System
PESF	Provincial Economic Stimulus Fund
PDI	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
PIDS	Provincial Industrial Development Strategy
PILIR	Procedure on Incapacity Leave and Ill-Health Retirement
PMDS	Performance Management and Development System
PMER	Planning, Monitoring, Evaluation and Reporting
PMO	Programme/Project Management Office
POA	Programme of Action
POE	Portfolio of Evidence
PIME	Programme for Industrial and Manufacturing Excellence
PSCBC	Public Service Co-ordinating Bargaining Council
PPP	Public Private Partnership
PRF	Provincial Revenue Fund
PSR	Public Service Regulations
PTSA	Production Technologies Association of South Africa
QAIP	Quality Assurance Improvement Program
QERF	Quarterly Economic Research Forum
QPR	Quarterly Performance Reporting
RMA	Risk Management and Anti-Corruption
RMDEC	Regional Mining Development and Environmental Committee
S&T	Subsistence and Travel
SCOPA	Standing Committee on Public Accounts
SAELIP	South African Atmospheric Emission Licensing and Inventory Portal
SAB	South African Breweries
SALEDP	South African Low Emission Development Programme
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency Limited
SAPS	South African Police Service
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SEA	Strategic Environmental Assessment
SEM	Species and Ecosystems Management
SERO	Socio-Economic Review and Outlook
SEZ	Special Economic Zone
SEDA	Small Enterprise Development Agency
SHERQ	Safety Health Environment Risk and Quality
SEFA	Small Enterprise Finance Agency
SIP	Strategic Infrastructure Programmes
SITA	State Information Technology Agency
SLAs	Service Level Agreements
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
STATSSA	Statistics South Africa
SP	Strategic Plan
SO	Strategic Objective
TB	Tuberculosis
TIERM	Technical Indicator and Evidence Reference Manual
TNPA	Transnet National Ports Authority
TREP	Township and Rural Entrepreneurship Programme
TSC	Transport Storage and Communication

UFH	University of Fort Hare
USAID	United States Agency for International Development
UEG	Unemployed Graduates
VWSA	Volkswagen South Africa
WIS	Waste Information System
WSP	Work Skills Plan
WRT	Workplace Readiness Training



MLUNGISI MVOKO
MEC

3. FOREWORD BY THE MEC

It is a greatest honour and privilege that I present our annual performance report for the financial year 2022/23. It is by law that, during this period, we must present this report as measure of accountability to our people and reflect on achievements and challenges that we encountered based on the targets that we had set for ourselves at the beginning of the year under review.

We started the year facing a struggling economic performance in the country, also affected by global economic challenges. That economic climate demanded that we continue with the Economic Reconstruction and Recovery Plan that the Country and the Province adopted in 2021.

The year under review saw us ramping up investments to boost our economy and retain and create jobs. The province recorded R46.5 billion worth of investments in 2022, covering various sectors of our economy.

These investments will mostly be driven through our three biggest entities - Eastern Cape Development Corporation (ECDC), East London Industrial Development Zone (ELIDZ) and Coega Development Corporation (CDC).

Tourism achieved a positive trajectory during the year under review, especially on domestic tourism with 16% increase recorded.

The Manufacturing sector, which is led by the automotive industry, has been key in keeping our economy afloat. The auto week that we attended in October 2022 gave us an opportunity to hear from the industry the challenges they are experiencing and the kind of support they need from government. What came out strongly is that the government must accelerate and process its policy position on electric vehicles, so we remain competitive as a country, and this is key to survival of the auto sector in the Eastern Cape in the future.

Energy security is a topical issue considering the crisis the country is encountering due to load-shedding. During the year under review, we secured R4.6 billion worth of investments for building of further two wind farms, with a combined capacity of 224 Megawatts. Work on these investments is expected to start during year 2023. As things stand, the large scale wind and solar farms in the Province have a capacity to produce 1509 Megawatts of power per hour, which translates to 5.1 billion kilowatt hours of energy per year.

We are pleased that the establishment of the Eastern Cape Economic Development Fund was achieved in the year under review, with implementation of it expected to commence in 2023. The Fund will reinforce our support to business in ensuring that they assist government to grow the economy and create jobs.

We continued to experience challenges in the implementation of Local and Regional Economic Development Fund (LRED) due to a number of factors, including processing of applications. Work is in progress to improve the application processes. We took to ourselves to embark on a process of reviewing the current policy to enable smooth processing of the applications, including enhancing the capacity of the officials in the department so they can provide all the necessary support needed by applicants.



It makes us proud that the Department received a clean audit opinion from the Auditor General South Africa. Furthermore, five of the department's six entities received clean audit opinions, with one receiving unqualified audit opinion with matters of emphasis.

I wish to thank the Head of Department Ms. Mickey Mama, senior management and all staff of the department for their contribution in the performance of the department. The work that you have done contributes immensely into the betterment of the lives of our people. A word of gratitude also goes out to our portfolio committee for their guidance and support.

I, Mlungisi Mvoko, MEC for DEDEAT, in terms of the requirements of Section 65(1) (a) of the Public Finance Management Act and Chapter 1, Part III of the Public Service Regulations, do hereby table the Annual Report for the 2022/23 financial year.



Mr The Honourable Mlungisi Mvoko (MPL)

MEC of Economic Development,
Environmental Affairs and Tourism



MICKEY MAMA
HOD

4. REPORT OF THE ACCOUNTING OFFICER

Overview of the operations of the department

Considering the challenging economic environment, the Eastern Cape Government and the Department continued to drive the execution of the Eastern Cape Recovery Plan with a focus on scaling up growth and job creation.

The Eastern Cape GDP grew by 1.8%. This growth has followed national trends. The official unemployment rate of the Eastern Cape reached 42.4 percent in 2022Q3.

Overview of the financial results of the department:

Departmental receipts

Departmental receipts	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	236,958	216,291	20,667	213,950	182,198	31,752
Casino taxes	208,977	181,686	27,291	194,286	150,155	44,132
Horse racing taxes	9,381	8,461	920	8,125	9,102	(977)
Liquor licences	18,600	26,144	(7,529)	11,539	22,942	(11,403)
Sale of goods and services other than capital assets	277	1,355	(1,078)	303	1,547	(1,244)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	2,385	(2,385)	390	1,013	(623)
Interest, dividends and rent on land	439	281	158	-	58	332
Sale of capital assets	-	-	-	-	135	(135)



Departmental receipts	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Financial transactions in assets and liabilities	109	509	(400)	99	436	(337)
Total	237,733	220,821	16,912	214,742	185,387	28,965

Departmental Expenditure:

Programme Name	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	239,386	230,048	9,338	210,041	207,954	2,087
Economic Development	777,724	769,245	8,479	875,417	848,753	26,664
Environmental Affairs	361,388	359,107	2,281	368,892	368,433	459
Total	1,378,498	1,358,400	20,098	1,454,350	1,425,140	29,210

Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
	R'000	R'000	R'000	%
Administration				
Current payments	219,923	213,056	6,867	96.9
Transfers and subsidies	2,403	2,116	287	88.1
Payment for capital assets	16,950	14,766	2,184	96.1
Payment of financial assets	110	110	-	100
Total	239,386	230,048	9,338	96.1
Economic Development				
Current payments	87,010	78,531	8,479	90.3
Transfers and subsidies	690,714	690,714	-	100
Payment for capital assets	-	-	-	-
Total	777,724	769,245	8,479	98.9
Environmental Affairs				
Current payments	108,293	106,859	1,434	98.6
Transfers and subsidies	253,045	252,198	847	99.7
Payment for capital assets	50	50	-	100
Total	361,388	359,107	2,281	99.4
Subtotal				
Statutory Appropriation¹				
Current payments	-	-	-	-
Transfers and subsidies	-	-	-	-
Payment for capital assets	-	-	-	-
Payment of financial	-	-	-	-

¹ The Department does not receive a statutory appropriation. The salary of the MEC is paid via the Provincial Treasury.



Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
assets				
Total	-	-	-	-

Departmental Expenditure Narrative:**Programme 1: Administration****Goods and Services**

Department has underspent on computer services as a result of a Information Technology strategy review and development project which was delayed as the commencement date was from March 2023 and later changed to May 2023 this therefore affecting the payment as budgeted in the year under review. However there has been a further delay in the upgrade and additional modules of the departmental Evaya system due consultation on complaint procurement processes as to avoid irregular expenditure as the department was already utilizing the system.

Capital

The department budgeted to replace the MEC's vehicle, however the vehicle in the RT National Tender pricing ranges were lower than the MEC's preferred vehicle which is resolved for 2023/24 financial year, which is to be delivered on the 2023/2024 financial year. The departmental mobile telecommunication contract invoices that were received at the year-end as there has been thorough reconciliation between the department and the service provider on the account.

Programme 2: Economic Development and Tourism

Underspending in this programme is from an allocation for Informal Business Support program (IBSP) that was transferred from ECDC to the Department. The department later appointed ECDC as an implementing Agent. This caused a delay in the procurement of goods and services by ECDC.

Programme 3: Environmental Affairs**Transfer - EPWP**

Funds amounting to R847000 could not be transferred to the Municipality due to non-compliance with tax issues. The Central Supplier Data Base (CSD) requires all suppliers to be tax compliant.

Virements/roll-overs

Virements were effected in terms of Section 43 of the PFMA (Act No. 1 of 1999) as amended, to fund the Adjustments Budget. The virements were within current payments. The department received roll-over funds amounting to R6.2 million for IBSP on goods and services.

Unauthorised, Fruitless and Wasteful Expenditure, and Irregular Expenditure

None for the current financial year under review.

Public Private Partnerships

None.

Discontinued Key Activities/activities to be discontinued

The department did not discontinue any activities during the year under review.

New or Proposed Key Activities

None.

Supply Chain Management

The department submitted its procurement plan and quarterly reports thereof. During the year under review, the department did not entertain nor conclude any unsolicited proposals.

Gifts and Donations received in kind from non-related parties

None

Exemptions and deviations received from the National Treasury

None

Events after the reporting date

There were no subsequent events that had an impact on the 2022/23 Annual Report or AFS.

Other

None

Acknowledgement/s or Appreciation

As the Accounting Officer, I would like to thank the honourable Member of the Executive Council (MEC), Mr M. Mvoko, the DEDEAT Portfolio Committee, DEDEAT management, staff, leadership and staff of the Department's public entities, all key partners and all role players such as business owners, and individuals who contributed in shaping our work. Lastly, I would like to thank all those who worked on co-ordination structures, including the audit committee, economic development clusters and working groups among others.

I thank you.



Mickey Mama (Ms)
Accounting Officer

Department of Economic Development, Environmental Affairs and Tourism
Date: 31 May 2023

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

1. All information and amounts disclosed throughout the annual report are consistent.
2. The annual report is complete, accurate and is free from any omissions.
3. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
4. The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.


The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2023.

Yours faithfully



Mickey Mama (Ms)
Accounting Officer

Department of Economic Development, Environmental Affairs and Tourism

Date: 31 May 2023

6. STRATEGIC OVERVIEW

6.1 Vision

By 2030, the Province will have a growing, transformed, diversified and inclusive green economy in a sustainable environment.

6.2 Mission

To be a provincial catalyst for sustainable and inclusive economic development that promotes sound environmental management.

6.3 Values

Value	Meaning
Collaboration	We will collaborate at all levels of the organisational hierarchy and with external stakeholders.
Innovation	We will pursue innovative and creative ideas to boost economic growth.
Accountability	We will provide sufficient and timeous feedback on our work to internal and external stakeholders.
Leadership	We will provide strategic direction to ensure economic growth and sustainable development.

7. LEGISLATIVE AND OTHER MANDATES

DEDEAT derives its constitutional mandate from Schedules 4 and 5 of the Constitution of the Republic of South Africa, 1996. The applicable Schedule 4 functional areas mainly in part A includes Administration of casinos, racing, gambling and wagering, excluding lotteries and sports pools: consumer protection, environment, industrial promotion, nature conservation, excluding national parks, national botanical gardens and marine resources, pollution control, provincial public enterprises in respect of the functional areas of Schedule 4, regional planning and development, tourism, trade, urban and rural development. The applicable Schedule 5 functional areas are mainly liquor licensing, and provincial planning.

DEDEAT derives its legislative mandates from a raft of national and provincial legislation, as well as policy specifications of nine national departments, viz, Department of Trade, Industry & Competition (dtic), Forestry, Fisheries and Environment (DFFE), National Department of Tourism (NDT), Mineral Resources and Energy (DMRE), Public Enterprises (DPE), Small Business Development (DSBD), Science and Innovation (DSI), and to some extent Communications and Digital Technologies (CDT).

In addition, the Department's work is influenced by a combination of economic and environmental imperatives in the Eastern Cape, key alignment instruments from international, national, provincial and local levels, structural organisation of the DEDEAT Group, as well as the available human and financial resources. In the current sixth Administration, the Department developed and/or continued to make use of policies and strategies that enhance economic, environmental management and tourism development. These include the Eastern Cape Biodiversity Strategy and Action Plan (ECBSAP), Climate Change Response Strategy, Provincial Economic Development Strategy, Provincial Sustainable Energy Strategy, National Biodiversity Economy Strategy, Integrated Waste Management Plans, Eastern Cape Youth Development Strategy, Provincial National Protected Area Expansion Strategy, Industry Action Plan, Agricultural Policy Action Plan, Tourism Master Implementation Plan, BBBEE policy, ECAIF Automotive Strategy 2024, AIDC Automotive Strategy 2024, EC Tooling Sector Strategy 2024, Provincial EC Integrated SMME Strategy 2015-2020, Co-operative Development Strategy 2019-2024, Business Incubation Strategy, and the EC Policy Speeches, among others.

At the beginning of the sixth Administration, the Honourable Premier highlighted 12 Political Directives, of which: reduction of unemployment by half in 2030, acceleration of support to SMME development, prioritisation of growth (sector based GDP growth) and development with employment and youth development spin-offs, consistency and committed efforts to provincial mega catalytic projects, a focussed pattern on building a capable development state and institutionalization of the implementation of the Provincial Development Plan (PDP) (2019) with support of evidence based systems and M&E are more relevant to DEDEAT. In addition, there are seven electoral mandate priorities of the governing party. The most relevant linked to the mandate of the Department are Priority 1: *Transform the Economy to Serve the People*; Priority 6: *South Africa, Africa and the World* and Priority 7: *Preconditions for Success: Electricity, Water, Rail & Ports and Climate Change*. The DEDEAT strategy is aligned to the Medium-Term Strategic Framework (MTSF) priorities (Priorities 2 = Economic Transformation and Job Creation, 3 = Education, Skills and Health, and 5 = Spatial Development, Human Settlements and Local Government). At a Provincial level, the Provincial Development Plan (Vision 2030) has the following thematic focus for the Eastern Cape: 1. People: enhance their capabilities; 2. Economy: more resilient, productive and job creating; and 3. Place: more liveable and pleasurable, greater social integration, safety and access to opportunities. There are 6 goals that have been developed for the PDP of which *Goals 1* (Innovative and inclusive growing of the economy); *2* (An enabling infrastructure network); *3* (Rural development and an innovative and high-value agriculture sector); *4* (Human development) and *5* (Environmental sustainability) are aligned to the work of the Department and have been factored into the strategy development.

The mandate of the Department has been enhanced by the 14 key outcomes identified and agreed to by the National Cabinet in 2010. The Department had to adjust its strategic plan to demonstrate alignment with outcomes 4, 6, 7, 10 and 12 which are outlined as follows:

- **Outcome 4: Decent employment through inclusive economic growth.**

Under this outcome, the following policies and strategies are used to drive DEDEAT programmes: Industrial Policy Action Plan (IPAP); National Development Plan; New Growth Path; National LED Framework; Vision

2030 (successor to the Provincial Growth and Development Plan); Jobs Fund Strategy; Provincial Economic Development Strategy (PEDS-2016); Strategic Integrated Projects (SIP3); the 10-Point Plan; National Youth Policy 2015 -2020; Provincial Youth Development Strategy (2015); and the Sustainable Energy Strategy, to name just a few.

Job creation

Through the economic development support programmes linked with our schedule 3D public entities, more than 23 498 jobs were created. The jobs emanated from a combination of investment enabling infrastructure development and investor operations in the investor platforms operated by these entities.

Sustainable Energy remains a key high-growth and jobs-rich sector for the economy. In addition to the importance of adding additional energy to the grid in order to overcome the current national energy constraints, sustainable energy facilities provide jobs and value chain opportunities from project development to construction and operations, as well as supply chain services. Over the next ten years, many thousands of megawatts of wind, solar, gas and battery energy storage must be built nationally, and in the province, in order to keep the lights on. Over and above grid energy requirements, significant economic opportunities should be explored with respect to embedded generation and green hydrogen. The department awaits further engagements on energy solutions, especially now that we have a Minister of Electricity.

Automotive industry

The South African auto sector must continue to re-invent itself to remain internationally competitive in the global operating context. On the world stage, South Africa's contribution to automotive production remains at 0.69% of all auto production. However, the industry remains critical to the South African economy both as a contributor to GDP and in respect of the manufacturing portion of the automotive value chain where the industry contributes roughly one-third of all South African manufacturing output. The industry consists of approximately five hundred (500) automotive component suppliers including diversified manufacturers, as well as several heavy commercial and bus manufacturers. The industry spans across the primary, secondary and tertiary sectors of the South African economy – from agriculture and mining to the manufacturing and service industries. Due to its vast linkages across these industries, the automotive industry has had a large multiplier effect on the domestic economy. The auto manufacturing sector creates a total of 5.9 employees for every 1 employment opportunity in manufacturing. The retail and maintenance of motor vehicles creates 1.2 employment opportunities for every 1 opportunity in the retail industry, and in total, the automotive industry creates 1.6 employment opportunities for every 1 opportunity created in the industry.

Within the context of the EC, as the country's most concentrated and productive automotive region, the Eastern Cape is an even greater beneficiary. It is home to 42% of the NAACAM Directory of suppliers. The Eastern Cape also has the biggest influence on this sector. The Eastern Cape is also home to four of the 7 OEMs (55%) as well as FAW and BAIC. Together, these regional OEMs account for more than 50.6% of South Africa's light vehicle exports and 43.3% of SA light vehicle production.

The automotive industry in the Eastern Cape is worthy of being supported by the provincial government. It is worthy of being prioritised because it plays a significant role in all the sectors and industries which contribute significantly to the provincial GDP. Importantly, the transition to electric vehicles is key to survival of the auto sector in the Eastern Cape.

- **Outcome 6: An efficient, competitive and responsive economic infrastructure network.**

SEZs and industrial parks

The department continued to support the development of socio-economic infrastructure in identified areas of the province for regional economic development and the enhancing of industrial capacity of the province to aid investment promotion and landing. Two SEZs, Coega and ELIDZ, are in full operation and the Wild Coast SEZ programme is still in the development stage, with its approval as a State-Owned Industrial Park enroute to the SEZ upon signing of implementation ready for investors. As part of the Provincial Economic

Recovery Programme, economic infrastructure development has been prioritised as one of the pillars, owing to its potential to localise and to bring land investors into the province, thus providing competitiveness and much-needed job creation. As the country and economy matures, there is constant need to maintain and renew infrastructure in a broad range of sectors.

The revitalisation of our state-owned industrial parks remains one of the key catalytic programmes in the province. The Eastern Cape Province hosts numerous state-owned industrial parks namely: Fort Jackson, Wilsonia, Komani (Queendustria and Ezibeleni), Vulindlela, Dimbaza, Butterworth and Senqu; Amongst these industrial parks, the Eastern Cape Development Corporation (ECDC) manages the Fort Jackson, Vulindlela, Dimbaza and Butterworth industrial parks, while others are owned by the local municipalities. These parks will play a pivotal role in integrating various regions into the economic mainstream. They need to be upgraded with world-class infrastructure and services to retain and attract current and future industrial investors in the province. Development at each of these parks is at various stages. However, the first phase of the upgrades at Dimbaza, Komani, Vulindlela and Mthatha Industrial Parks has been completed whilst phase two (2) projects have commenced in Dimbaza. The state-owned industrial parks are critical for economic development, job creation and to serve as hubs of economic activities across the Eastern Cape.

The Wild Coast Industrial Park (SEZ) is at advanced stages of implementation, land having been acquired through an agreement with the Nvise community of kwa-Link Village. Fencing for the Phase 1A (125ha) is moving forward with southern precinct being completed and fencing work having commenced on the northern precinct. One of the significant developments is the signing of investments with 4 companies in the agro-processing space and feasibility studies for these have been completed.

- **Outcome 7: Rural development, land and agrarian reform, food security.**

The Department has continued with building collaborations with the Department of Rural Development and Agrarian Reform (DRDAR), and with the Department of Land Reform and Rural Development for agro-industry development. The collaborations are being strengthened through the Provincial Agro-Industry Development Forum which is led by DEDEAT and DRDAR. This is in line with the adopted complete value chain approach for sector development. Going into the next financial year, the provincial departments will be focussing on supporting District Development Agencies in order to arrive at the local space and integrating programmes for increased impact. This approach will also provide for alignment of sector development initiatives with industrial infrastructure development aimed at building the industrial capacity of the rural regions in the province, thus providing opportunities for agro-processing investors locating closer to the communities, which also happen to have tracks of land lying fallow.

Township and rural economy (T&RE)

The Department has held stakeholder consultative sessions across all the six districts and two metros to solicit inputs on the green paper for township and rural economies. The key stakeholders included business chambers, associations and other formations, Municipalities, youth business council, business owners and MSME practitioners. The inputs received will be incorporated in the development of the white paper on Township and Rural economies. There are three interrelated processes to be followed in developing the township and rural economies legislative documents. One is the mandated socio-economic impact assessment report which outlines the need for the policy review or enactment of a new legislation. The first report is to be submitted to DPME and approval granted. The second phase entails the policy development process that will result in the drafting of a white paper, and it must be tabled to the legislature for approval. The last phase is the drafting of the legislation that will result into an act for the EC Province.

Thus, these processes can be undertaken simultaneously, and the department had to set aside a budget and put out a tender for the drafting of the strategic framework for the township and rural economy which will serve as a blueprint in guiding practitioners and policy makers on the implementation of the township and rural economies. The budget was made available through internal budget prioritization and budget adjustment process during the third quarter of 2022/2023 financial year. The department also made available the funds for the drafting of the township and rural economies white paper in the third quarter and the tender was advertised in the fourth quarter. The project has been carried over to the 2023/2024 financial year.

Through collaboration with the DSBD the support for the micro and informal businesses was provided to the tune of R3 749 535 for 268 beneficiaries and 188 comprise women and 78 youth. Through ECDC the department has supported 400 micro and informal businesses through the IBSP to a tune of R11 500 00 across all the six districts and two metros for those that were involved in activities falling under the following targeted sectors Manufacturing, Clothing and Textile and services. The department is reviewing its informal business policy to ensure that a broader section can be supported across all sectors.

Tourism at the coast

Emanating from the Wild Coast Tourism Master Plan completed in May 2020, tourism development concepts for the Port St Johns Precinct and Magwa Falls and Tea Estate have been initiated through funding support from the National Department of Tourism. During this concept design phase, the emphasis was on ideation, market analysis and concept development, which will lead to pre-feasibility and feasibility studies. This is a consultative effort inclusive of relevant stakeholders and a collaboration that includes the DRDAR, ECRDA, OR Tambo District Municipality and so on, aimed at diversification of the tourism offerings and the unleashing of tourism potential in the coastal zone. This is part of the implementation of the Wild Coast Tourism Master Plan 2020-2050 and a contribution to the Oceans Economy initiatives of the Coastal and Marine Tourism Work Stream.

The provincial tourism infrastructure base has also benefited from the support provided by the DEDEAT Economic Stimulus Fund and the DFFE Environmental Protection and Infrastructure Programme (EPIP), which has invested inside the ECPTA Nature Reserves, on the Wild Coast; Mkhambathi, Silaka and Hluleka nature reserves have benefited. Various tourism facilities are under construction and are at various levels of progress, including the revitalization of the Wild Coast trail and the camp sites between Port St Johns and Nyandeni Local Municipalities. The Cape Morgan Nature Reserve accommodation facility and 90-seater restaurant and the Universal Accessibility provision at Dwesa Nature Reserve have since been completed.

- **Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced.**

This is done through the Department and the ECPTA, a public entity of the Department. The ECPTA maintains a network of 13 nature reserves throughout the Province. The Environmental Affairs Programme is responsible for the implementation of environmental legislation through compliance and enforcement, environmental quality management, biodiversity management and environmental education services. 99% of EIA applications were finalised within legislated timeframes against a target of 100%. Such finalisation of applications is meant to ensure sustainable development, which takes care of our natural resources and assets.

Biodiversity offset projects - WC N2

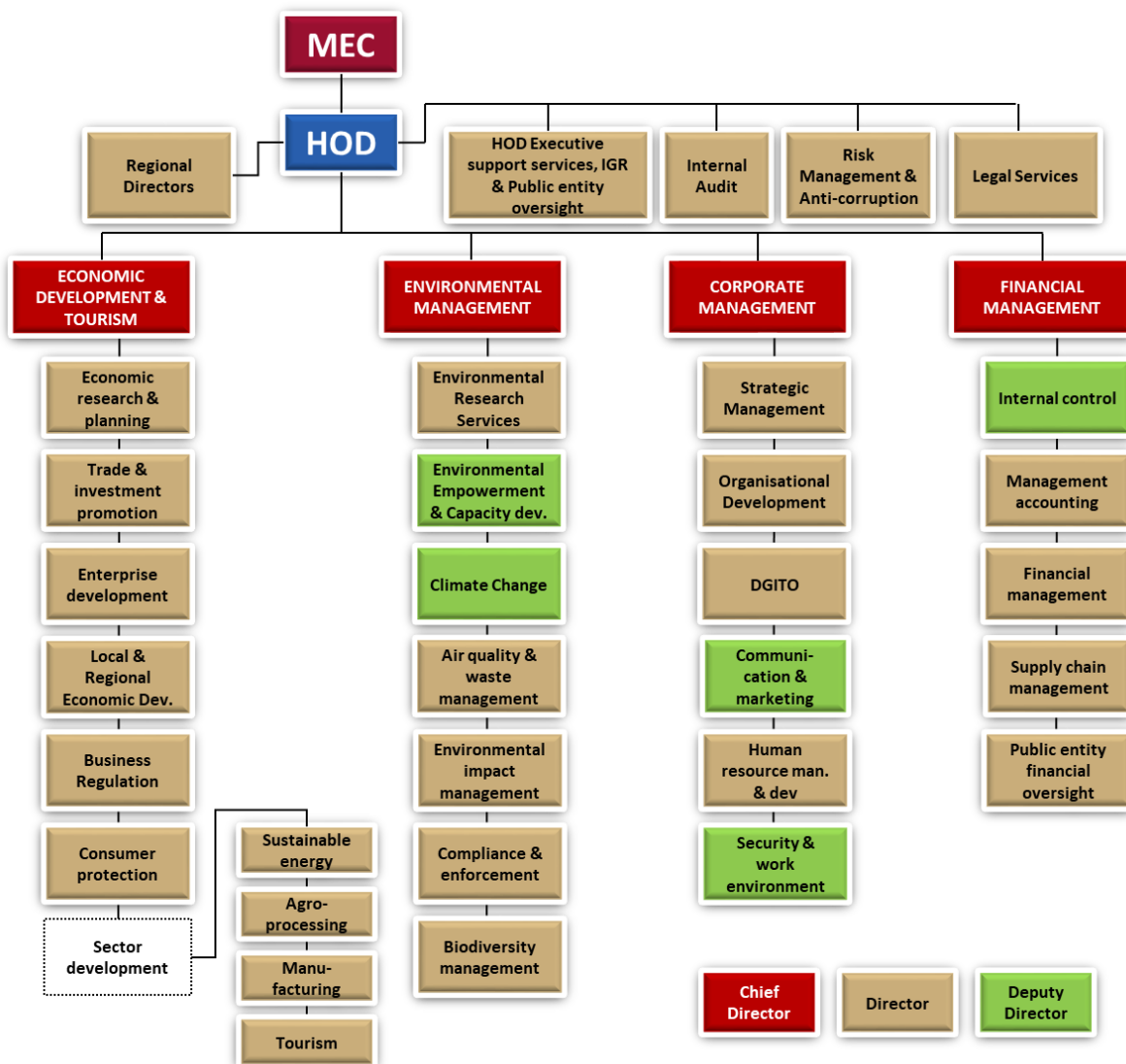
The N2 biodiversity offset project, implemented by ECPTA, focusses on the mitigation of impacts from the N2 highway construction through the establishment and expansion of Wild Coast protected areas and the rehabilitation of degraded environments along the coast. Up to date, the project has facilitated the identification and access to land in focus areas for conservation areas, and the expansion of stewardship areas with local communities in three affected municipalities, i.e., Winnie Madikizela Mandela, Port St Johns and Ingquza Hill Local Municipalities. Once declared, these areas will play a significant role in contributing to climate change mitigation on the Wild Coast. Furthermore, they can act as carbon sinks and vegetation cover, which will reduce soil erosion.

- **Outcome 12: An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.**

This is done through various programmes of the Department and public entities such as consumer awareness training and environmental awareness training. Citizens are also empowered through province-wide programmes of the Eastern Cape Liquor Board (ECLB) and Eastern Cape Gambling Board (ECGB). Inclusivity is also carried out partly through EPWP programmes, SMMEs/Co-operatives support and training as part of outcome 4 above.

Consumer protection Education and Awareness Programmes provide information alerts, alerts from other regulatory bodies in relation to warnings and recall notices of products that are to be returned to retailers at no additional cost to the consumer. These efforts are made to ensure that consumers are empowered in a fair and inclusive manner. Simultaneously, businesses are advised of such information, which ensures that consumers are assisted as effectively and efficiently as possible and that businesses can contact the Office of the Consumer Protector, should they require clarity or guidance on how to ensure compliance

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

The following entities report to the MEC of Economic Development, Environmental Affairs and Tourism:

Name of Entity	Legislative Mandate	Financial Relationship (R'000)		Nature of Operations
		Main Appropriation	Adjusted Appropriation	
Coega Development Corporation	To pursue the aims and objectives of the IDZ Programme, as set out in the IDZ Regulations of the Manufacturing Development Act (MDA), (Act.187 of 1993)	19,690	61,228	<ul style="list-style-type: none"> Develops land to provide suitable infrastructure for industrial development; Promotes investment and trade. Auto industry support through a subsidiary, AIDC
Eastern Cape Development Corporation	To plan, finance, co-ordinate, market, promote and implement the development of the Province and all its people in the fields of industry, commerce, agriculture, auto industry support through AIDC, a 100% subsidiary of ECDC, transport and finance in line with the ECDC Act (Act No. 2 of 1997)	327,657	328,407	<ul style="list-style-type: none"> Provides short-term and long-term development finance primarily to previously disadvantaged entrepreneurs; Provides non-financial support services to facilitate enterprise development, promote trade and investment; Manages investments in the form of shares on behalf of the state as well as other assets.
Eastern Cape Gambling Board	To oversee all gambling and betting activities and to deal with matters incidental thereto in the Province and to exercise certain further powers as contemplated in the Eastern Cape Gambling Act (Act No. 5 of 1997) as Amended.	70,043	70,043	<ul style="list-style-type: none"> Administration of applications for and licensing of gambling and betting business activities; promotion of responsible gambling through public awareness and consumer education; enforcement of compliance with legislation as well as with terms and conditions attached to licenses.
Eastern Cape Liquor Board	To regulate registration of the retail sale and the micro-manufacturing of liquor in the Province; and to encourage entry, support and control socio-economic and other costs associated with liquor as provided by the Eastern Cape Liquor Act, 2003 (Act No. 10 of 2003)	74,480	74,480	<ul style="list-style-type: none"> Administration of applications for registration and issuing of liquor license, promotion of responsible liquor trading and consumption, alerting the public to associated risks or adverse effects through public awareness and education; and enforcement of compliance with legislation as well as with terms and conditions attached to licenses.
Eastern Cape Parks and Tourism Agency	To develop and manage protected areas and to promote and facilitate the development of tourism in the Province in line with the ECPTA Act (Act No. 2 of 2010)	215,027	235,194	<ul style="list-style-type: none"> Management of conservation of biodiversity and sustainable utilization of natural resources within the protected areas; Marketing, promotion and development of the Province as a tourism destination.
East London Industrial Development Zone	To pursue the aims and objectives of the IDZ Programme, as set out in the IDZ Regulations of the Manufacturing Development Act (MDA), (Act.187 of 1993)	146,697	146,697	<ul style="list-style-type: none"> Develops land to provide suitable infrastructure for industrial development; Promotes investment and trade.



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

PART B

PERFORMANCE
INFORMATION



ANNUAL REPORT 2022/23 VOTE NO.9



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirement sections of the auditor's report.

Refer to page 126 of the Report of the Auditor General, published as **Part F: Financial Information**.

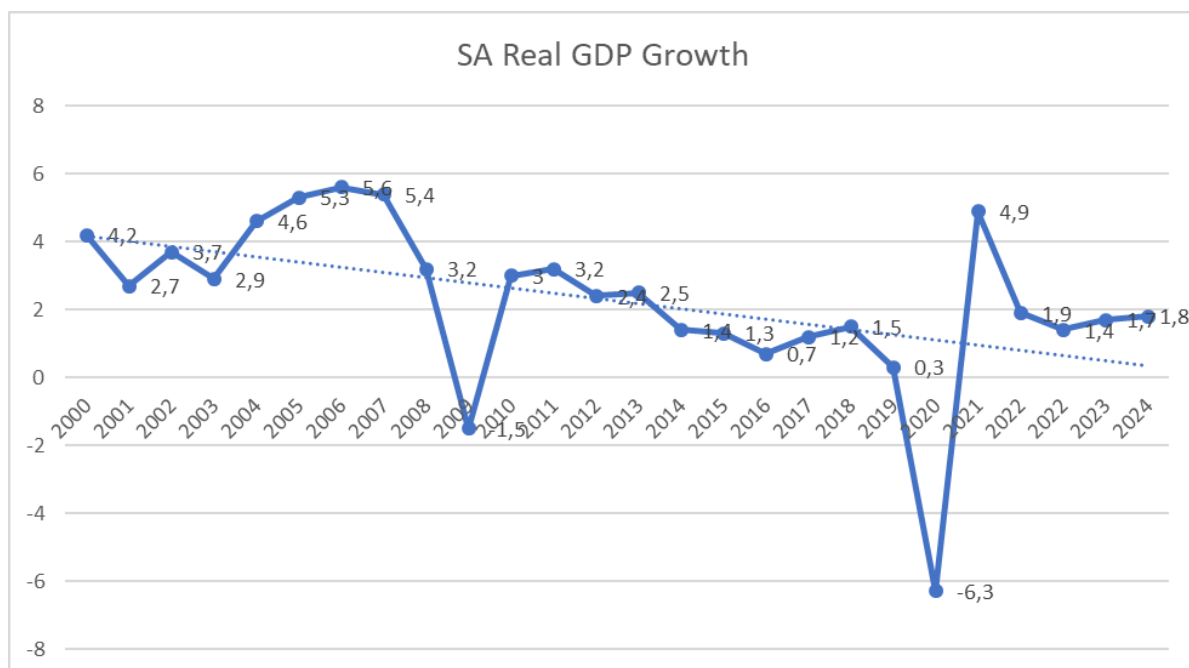
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

South African Economic Performance

The South African economy has not been insulated from the three major global developments reshaping Sub-Saharan Africa's economy outlook namely the slowdown in advanced economies and emerging markets, tightening global financial conditions, and volatile commodity prices. In addition, domestic challenges including a deteriorating fiscal position, declining investments, business confidence and impact of load shedding on businesses have altogether resulted in a slowdown in national economic performance from 4.9% in 2021 to an estimated 1.9% in 2022. National real GDP performance and outlook is shown in Figure 1.

Figure 1: National real GDP performance and outlook



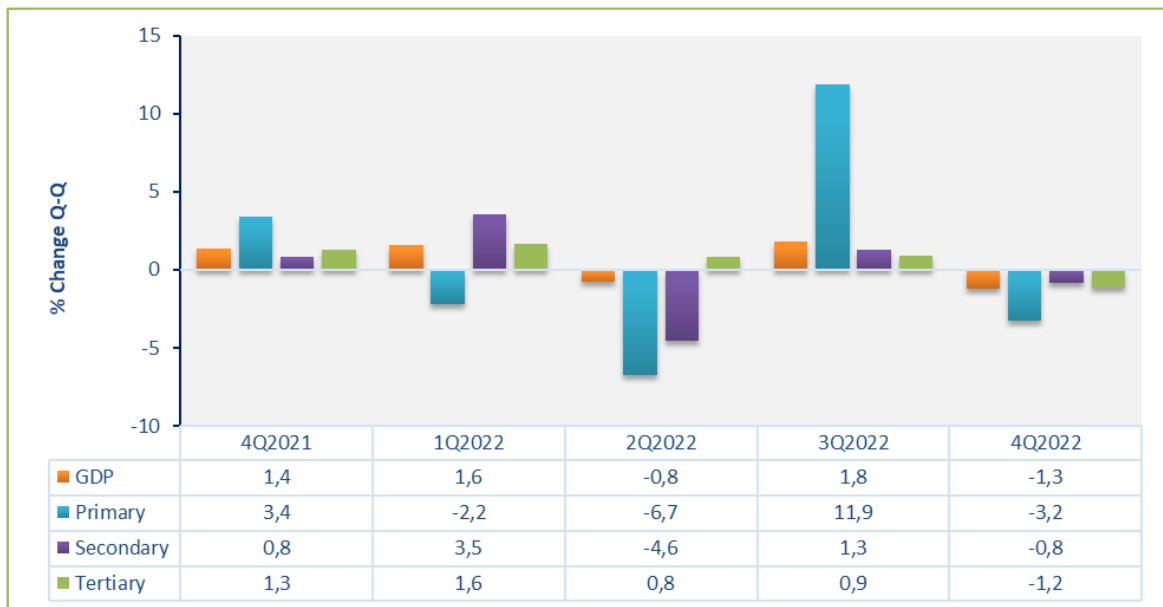
Source: National Treasury Budget Review 2022

Sectoral Economic Performance

Year on year, all sectors of the economy contracted in 2022Q4 resulting in a contraction of 1.3% of national economy when compared to 2021Q4. The hardest hit sectors were agriculture and mining of the primary sector, as they collectively contracted by 3.2% in 2022, contributing the most to national economic contraction of 1.3%. Agricultural industry was the main driver behind derailed activity of national primary sector. The ongoing loadshedding since 2021, which has intensified in 2022 were particularly challenging for the poultry industry, with the unreliable electricity supply causing significant production interruptions. Diminished economic activities reported for diamonds, iron ore and platinum group metals (PGMs) were the main drivers behind subdued activity of the mining industry. In 4Q2022, economic activity in the secondary sector shrunk by 0.8 percent, compared to a growth of 0.8 percent in 4Q2021. Notably, five out of ten manufacturing divisions recorded negative growth rates with food and beverages division sub industries the main contributors behind manufacturing

Figure 2 below highlights the sectoral economic performance of the South African economy between Quarter 4, 2021 and 2022

Figure 2: Sectoral Economic Performance, Quarter 4, 2021 - Quarter 4, 2022



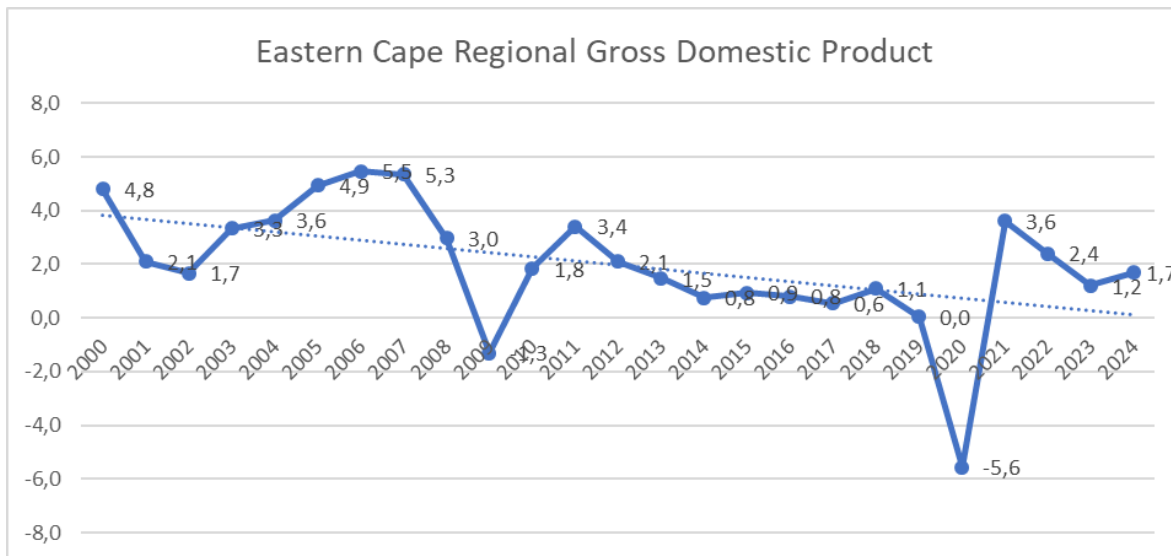
Source: Statistics South Africa data and own calculations

Note: Data is seasonally adjusted and the annualized rate is kept at constant 2015 prices

Provincial Regional Gross Domestic Product

Like national economy, Eastern Cape provincial economy showed resilience and grew by 3.6% in 2021 however owing to frail global and national economic outlook, provincial economy slowed down and declined to an estimated 2.4% growth in 2022. It is anticipated that provincial economy will further slowdown to 1.2% in 2023 and 1.7% in 2024, averaging 1.7% in the medium term in line with the downward projections for global and national outlook. Figure 3 shows Eastern Cape GDP Performance and Outlook.

Figure 3: Eastern Cape GDP Performance and Outlook

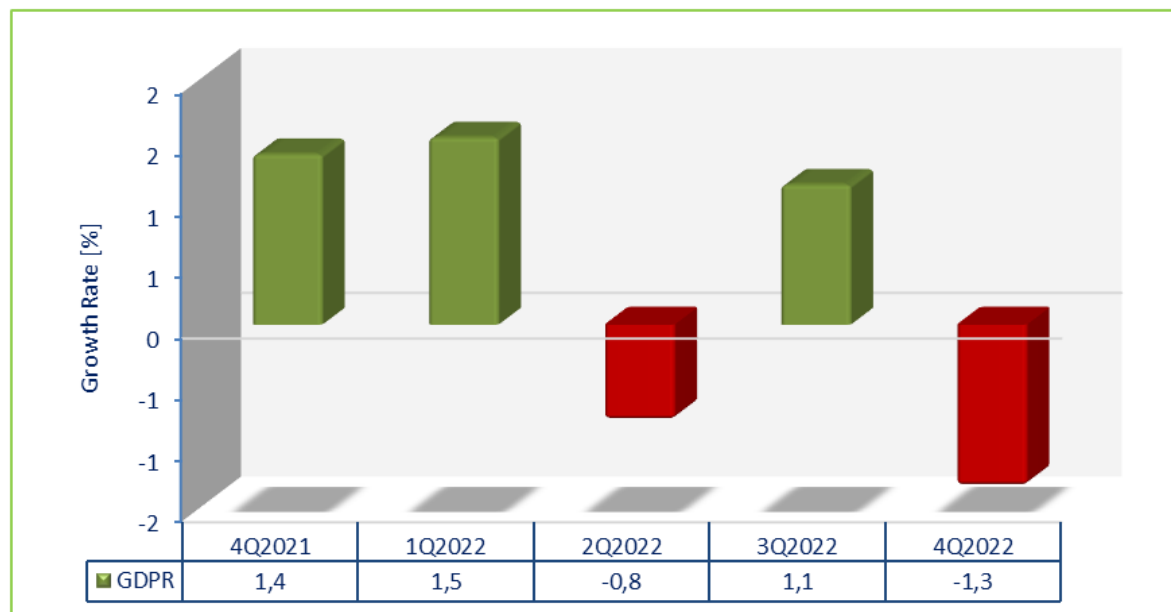


Source: Quantec Data

EC Quarterly GDP Estimates Q4 2021-Q4 2022

Provincial GDP contracted by in 4Q2022 compared with the growth rate of 1.3% recorded in the same reporting time in 2021. Six out of the ten industries fell into contraction in the fourth quarter of 2022, Agriculture, forestry, and fisheries (AFF) recorded the largest quarterly GDP contraction in 4Q2022, plummeting to reach 3.6 percent (q-o-q, sar); down from the 30.0 percent (q-o-q, sar) expansion observed in 3Q2022. This was followed by the finance, real estate, and business services (FRBS) industry with a quarterly GDP contraction of 2.6 percent (q-o-q, sar); down from the 1.3 percent (q-o-q, sar) expansion recorded in the preceding quarter. This represents the second consecutive quarterly GDP growth decline for this respective industry. Against this background, expansions were seen in mining and quarrying (MQ), construction, transport, and personal services industries in the last quarter of 2022. This is shown in Figure 4.

Figure 4: Quarterly GDP Growth Rate for the EC, 4Q2021 – 4Q2022



Source: Quantec Data

Note: Data are q-o-q, seasonally adjusted and non-annualized rate at constant 2015 prices

5 Labour Market Analysis

Provincial employment increased from 1 247 to 1 380 million between quarter 4 of 2021 and 2022. Considering a total of 46 thousand jobs lost in agriculture (19 thousand), mining (2 thousand), utilities (1 thousand), construction (6 thousand), finance (1 thousand) and transport (17 thousand) employment increase translated into 132 thousand new jobs year-on-year. Driving provincial employment by creating new jobs between 2021 and 2022 quarter 4 were four industries which created a total of 178 thousand jobs in manufacturing (52 thousand), trade (82 thousand), community services (40 thousand) and personal services (4 000). Although provincial unemployment has declined from 45% to 42.1% in the same period, they remain way above set provincial unemployment target rates.

Equal opportunities for jobs regarding gender continue to be a major issue in South Africa and the province, whether in social or economic settings, including the workplace. However, the country has made significant progress in promoting gender equality, with a dedicated ministry and legislation aimed at ensuring gender parity in the workplace. However, male workers continue to dominate positions such as legislators, senior officials and managers, skilled agricultural and fishery workers, craft and related trades workers, plant and machine operators, and assemblers. Despite females' overall dominance of skilled occupations in the EC, a higher proportion of males continue to lead in the positions of legislators, senior officials, and managers occupying 59.7 percent in Quarter 4 of 2022. Provincial technical and associate professionals' occupation continues to be dominated by females, who accounted for 59.6 percent in Q4 2022, up from 52.9 percent in Q4 2021.

The proportion of female workers in semi-skilled occupations has increased from 36.9 percent in Quarter 4, 2021 to 41.5 percent in Q4 of 2022. Females continue to dominate in clerical and sales positions within semi-skilled category of provincial jobs.

Employment by Formal and Informal Sectors in the Eastern Cape

The formal sector (non-agricultural) remains the overall highest employer, contributing an average of 60.8 percent of total employment in the EC Province in Quarter 4, 2022. There has been a slight improvement on proportion of provincial jobs in the formal sector (non-agricultural), year-on-year from 57.7 percent in Q4 2021..The Informal sector (non-agricultural) slightly decreased by a 0.4 percentage points from 25.8 percent to reach 25.4 percent of the total employed people in the same reporting period. Proportion of people employed in agriculture has declined from 8.7 percent in Q4 of 2021 to reach 6.5 percent in Q4 2022, reflective of 19 thousand jobs lost by the industry in the past year.

Provincial Unemployment Rate

Official unemployment rate slightly declined in South Africa to reach 32.7 percent in 4Q2022, from 35.3 percent in 4Q2021. A similar trend was observed in the wherein official provincial unemployment rate slightly declined from 45% in Q4 of 2021 to 42.1% in Q4 of 2022, a decrease of 2.9 percentage points. Improvements in provincial unemployment were due to simultaneous decreases in numbers of provincial unemployed, not economically active and discouraged workers. Contrasting but complementary labour market shifts were observed in increased numbers of working age population, labour force and employed which resulted in improved labour force participation, employment absorption and unemployment rates year-on-year.

Provincial Youth Unemployment

Youth unemployment rate remains an issue both at the provincial and national level. It has led to labour market instability, expanded government assistance costs, erosion of the tax base and un- used investments in education and training. Notably, 4Q2022 labour market statistics indicate a correlation between higher levels of education and higher employment rates, as the absorption rates were higher for persons with higher levels of educational attainment (e.g., tertiary) compared with those who had lower levels of educational attainment. Improved equitable post-school education and training opportunities, especially higher levels of education attainment such as tertiary education, can increase the chances for the unemployed to secure better employment opportunities.

Unemployment in the EC province is mostly felt by young people, and in 4Q2022 it has recorded the highest level of unemployment rate among other age cohorts. Indeed, the 15– 24 age and 25-34 age cohorts in the EC Province recorded 65.7 percent and 47.8 percent in the 4Q2022, respectively. It is however notable that unemployment rates within these respective age cohorts have been on a consistent decline since the second quarter of 2022.

In 4Q2022, the 15-24 age cohort registered an unemployment rate of 65.7 percent, which is 1.4 percentage points less than the 67.1 percent recorded in 3Q2022. Over the same period, the 25 – 34 age cohort registered the second highest unemployment level in the EC province within the reviewed period. The unemployment rate for the 25 – 34 age cohort declined to reach 47.8 percent in 4Q2022 from 50.2 percent in 3Q2022, which is equivalent to a decrease of 2.4 percentage points. In annual terms, compared to the same quarter of the previous year, the unemployment rate for the 25 – 34 age cohort decreased by 8.7 percentage points. The 45 - 54 and 55 - 64 age cohorts recorded the lowest unemployment rates, with 29.1 percent and 9.2. percent within the reviewed period, respectively.

Table 1: Unemployment by Age Group in the Eastern Cape, Quarter 4, 2021 – Quarter 4, 2022

	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022
	(%)				
15 - 24	74.5	69.9	73.7	67.1	65.7
25 - 34	56.5	55.0	51.2	50.2	47.8
35 - 44	34.6	34.2	35.7	35.2	38.9
45 - 54	27.6	27.3	28.8	31.0	29.1
55 - 64	11.3	10.8	9.5	12.0	9.2
EC	45.0	44.0	42.8	42.4	42.1

Tourism

Statistics released by South African Tourism for 2022, on the domestic tourism performance, reveal that the Eastern Cape was the fourth best performer with 5 800 000 domestic trips in 2022 compared to 5 051 815 in 2021. This is an increase of 16%.

These tourists generated R8.6 billion in 2022 compared to R7.3 billion in 2021. The Eastern Cape was ranked first among the 9 provinces in 2021, but in 2022 it regressed despite the increase of 800 000. This is largely attributed to an aggressive marketing campaign built into the Tourism Recovery Plan focused on the domestic tourism market.

2.2 Service Delivery Improvement Plan

The Department maintains an annual service delivery improvement plan which is developed in line with the guidelines of the Department of Public Service and Administration (DPSA) through the Public Service Regulations, Chapter 1, Part III C. The table below highlights the service delivery plan and the achievements to date.

2.2.1. Main Services and Standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
1. Provide consumer complaint support	General business and consumers of any goods or services in the Province of the Eastern Cape	We provide consumer complaint advice and support to consumers on all lodged complaints, within a month	We will provide consumer complaint advice and support to consumers on all lodged complaints within a month. The department has set a target of 75% of all complaints received to be resolved/ finalized within the Quarter	The target of 75% of all complaints received was met in each quarter. The resolution rate of complaints received improved to 95.8% during the financial year
2. Issuing of EIA decisions called Authorizations	Private individuals, the general business community and other government departments and agencies wanting to develop a listed activity	We issue decisions called Authorizations all applications with complete information in line with timeframes	We will issue decisions called Authorizations on all applications with complete information within timeframes. The department has set a target of 100% of applications with complete information	99% EIA applications were finalized within legislated timeframes

2.2.2. Batho Pele Arrangements with Beneficiaries (Consultation access etc.)

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
Access: Regional offices and the Head Office serve as service centres for easy access to improve service delivery. A call centre and an electronic case management system are operational, and complaints are received by telefax and email Charnette.ferreira@dedea.gov.za	The call centre (share call) is accessible to the consumers in English and isiXhosa and it helps in reducing travelling costs for the consumers. Consumers are also able to utilise walk-ins, send faxes and email the Consumer Protector or officials within the Office of the Consumer Protector.	All complaints received are assessed and analyzed. Should the complaint be within the jurisdiction of the Office of the Consumer Protector, mediation and conciliation processes are undertaken. Should the complaint be outside of the Provincial jurisdiction, the complaint is referred to the relevant Regulatory Body.
Consultation: Conduct six education programmes, which consist of awareness workshops aligned to the Consumer Protection Education Business Plan.	Conduct six (6) education programmes which consist of virtual webinars, workshops, consumer alerts and radio interviews. The six education programmes are the following: <ul style="list-style-type: none"> The Office of the Consumer Protector Consumer Rights Right to fair value, good quality and safety The Right to fair and responsible marketing Spend Wisely Campaign The Eastern Cape Consumer Protection Act 	All 6 Education Programmes were conducted throughout the Province. A concerted effort is made to service both urban and rural areas.
Courtesy: Confidentiality of complainants or the consumer is always maintained; etiquette and accurate disclosure are critical.	The officials are to give constant feedback to the consumers at appropriate time intervals. This includes reports drawn from an	Standard Operating Procedures ensure that acknowledgment of receipt of complaints are submitted to the Complainant. Regular feedback is

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
	electronic case management system on the number of users, complaints trends and the level of consumer satisfaction. Mobile teams will also conduct information-sharing sessions in faraway communities.	furthermore submitted to consumers where mediation and conciliation processes are undertaken.
Information: Information sheets and posters developed and launched with the call centre. Radio interviews were conducted and aligned to the business plan.	The six (6) education programmes, radio interviews will be conducted. Posters and flyers will be distributed. Mobile teams will also conduct information-sharing sessions in faraway communities.	Booklets and pamphlets were printed and submitted to all Regional Offices, which are distributed at all workshops in terms of Education Programmes. Radio interviews are undertaken at the request of Community Radio stations. These opportunities do not cost the Office of the Consumer Protector any funds and provides an opportunity to extend the reach of the Office. The focused drive in terms of Education Programmes is Spend Wisely Campaign. Radio interviews are procured in relation to Black Friday. A message by the Hon MEC is recorded, which strengthens the Spend Wisely message.
Redress: The call centre's case management automatically escalates to supervisors.	A plan to be developed to request permission from complainants to be able to contact complainants to determine the level of satisfaction of services rendered and recommendations to improve services of the Office of the Consumer Protector.	All Office of the Consumer Protection officials will be trained on POPI Act, to ensure compliance with the rollout of plans.
Openness & Transparency: Publication of reports and distribution to strategic centres e.g. municipalities, other Government offices, multi-purpose centres.	The electronic case management system allows the Supervisor and the Consumer Protector a bird's view on all complaints lodged and captured in the system.	Stakeholder relationships have improved. Booklets and pamphlets were printed and submitted to all Regional Offices, which are distributed at all workshops in terms of Education Programmes. Radio interviews are undertaken at the request of Community Radio stations. These opportunities do not cost the Office of the Consumer Protector any funds and provides an opportunity to extend the reach of the Office.
Value for Money: The return on investment for the call centre and Electronic Case Management System will lead to efficiency and lead to timeous and effortless lodgment of complaints by consumers.	This has led to an improved turnaround time within 90 days.	The various methods that have been introduced to lodge complaints has led to a decrease in costs for consumers. The cost of savings to consumers on the successful resolution of complaints will be introduced in the 2023/2024 Financial Year
Access: The Department and Department of Forestry, Fisheries and the Environment (DFFE), as the lead agent in the development of the NEAS, are currently able to access records on the system	Online applications through a Co-ordinated and Integrated Permitting System (CIPS) is being developed and led by DFFE.	CIPS still under development by SITA as commissioned by DFFE

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
	To have NEAS and CIPS for records management purposes, but once CIPS is fully developed NEAS will be incorporated into CIPS.	
Consultation: One stakeholder forum session once in a quarter.	Conduct one stakeholder forum session once a quarter where all the governance and compliance issues are addressed. Booklets and brochures to be available to stakeholders	4 EQM Forum Meetings held per quarter. Booklets available for distribution during Environmental Awareness sessions
Courtesy: Quarterly reports presented to stakeholders at quarterly Environmental Quality Management (EQM) Forum, EQM Technical Committee meetings.	Stakeholders are briefed at quarterly Environmental Quality Management (EQM) Forum, EQM Technical Committee meetings.	4 Forum meetings with external stakeholders and 4 with internal officials to capacitate them on latest environmental legislation development.
Information: Information is disseminated to all stakeholder forum sessions once a quarter, and distributed to municipalities, multi-purpose centres and departmental website.	Information is disseminated to all stakeholder at forum sessions held quarterly.	Information shared on both EQM Forum and EQM Technical Committee meetings
Redress: The review of decision is done only through the Office of the MEC. Only the MEC can uphold or rescind the decision of the line function.	The clients must lodge an appeal within 20 days from the date the decision was communicated to them and the appeal must be decided by the MEC within 90 days after all information is received. Only the MEC can uphold or rescind the appeal.	21 appeals finalised in the reporting year
Openness & Transparency: The Department and DFFE as the lead agents in the development of the NEAS are currently able to access records on the system.	Online application through the Co-ordinated and Integrated Permitting System (CIPS) is being developed and led by DFFE. Applicants would be able to track progress on their applications once CIPS is developed fully. To have NEAS and CIPS for records management purposes, but once CIPS is fully developed NEAS will be incorporated into CIPS	NEAS is fully operational but CIPS that would allow for online submission of applications and the tracking thereof is still under development.
Value for Money: Applications must be finalized within timeframes.	On average, applications are finalized well within timeframes.	94 applications finalised within legislated timeframes and only 2 were outside timeframes by 1 day each. 99% achievement.
Time: All EIA applications (BAR and Scoping/EIR) must be finalized within 107 days of final reports submitted to the Department.	All applications to be finalised within legislated timeframes.	94 applications finalised within legislated timeframes and only 2 were outside timeframes by 1 day each. 99% achievement.

2.2.3. Service Delivery Information Tool

Current/actual information tools	Desired information tools	Actual achievements
Consumer education programme: Posters, booklets and information sheets, radio interviews and road shows	Posters, booklets and information sheets, radio interviews and road shows.	Booklets and pamphlets were printed and submitted to all Regional Offices, which are distributed at all workshops in terms of Education Programmes. Radio interviews are undertaken at the request of Community Radio stations. These opportunities do

Current/actual information tools	Desired information tools	Actual achievements
		not cost the Office of the Consumer Protector any funds and provides an opportunity to extend the reach of the Office.
Quarterly stakeholder forum sessions	Conduct one stakeholder forum session once in a quarter.	Currently sessions are held within the regions.
Consumer protection services: Regional offices and the Head Office serve as service centres for easy access to improve service delivery. A call centre and an electronic case management system are operational, and complaints are received by telefax and email Charnette.ferreira@dedea.gov.za	Inputting of data onto the Electronic Case Management System to be accurate and to be extended to include the Municipality within the area of the complaint.	Necessary data is downloaded from the ECMS to enable trend analysis as well as Regions that receive complaints. This information is utilised to improve plans and services of the Office of the Consumer Protector.
Impact Management	Conduct one EQM Stakeholder Forum per quarter.	1 EQM Forum conducted every quarter

2.2.4. Complaints Mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Regional offices and the Head Office serve as service centres for easy access to improve service delivery. A call centre and an electronic case management system are operational, and complaints are received by telefax and email Charnette.ferreira@dedea.gov.za A Standard Operating System has been approved to ensure that all services across the Province are delivered consistently and aligned to time frames.	The Electronic Case Management System be utilized to full potential to assist with Monitoring and Evaluation and Trend Analysis.	Monthly and quarterly reports are drawn to assist with monitoring and trend analysis.
Impact Management: An appeal process	The review of decision is done only through the Office of the MEC. Only the MEC can uphold or rescind the appeal.	21 Appeals were finalised and none was taken on judicial review.

2.3 Organisational Environment

This is the third report of the Department in this sixth term of government. The misaligned departmental organisational structure is being mitigated by cultivating partnerships and sourcing resources externally. There is also an emphasis on a cluster approach in order to have a better reach and greater effectiveness of programmes.

The department continued to make use of online platforms to perform work and coordinate with partners. Examples include hosting awareness campaigns via radio, convening of meetings via MS-Teams and Zoom platforms among others. However, there were challenges with connectivity from time to time. This has been exacerbated by loadshedding, which impacts on critical connectivity tools. E-signatures were activated and other electronic enhancements put in place to smoothen the work of the department. However, e-signatures have been working intermittently. The challenge was progressed resolved with a new contract being implemented in

2023/24 financial year. The Information and Communication Technology (ICT) unit is working collectively with other structures to ensure there is better broadband, cloud computing and software that enhances our work.

The department continued with the recruitment of staff to fill vacant positions. In terms of staffing, the department was in a better position compared to the past year. Statistics on staffing will be covered under part D of this annual report.

The department is still without a consolidated head office presence. Efforts to secure office accommodation at head office were not fully successful in 2022/23. However, the dispersed location of head office did not significantly impact on operational efficiency of the department, as electronic tools were deployed to manage workflow processes.

The department has been largely compliant with processes and policies operational in the public service. Financial resources of the department of approximately R1.45 billion, representing an allocation of close to 1.4% of the total Provincial budget, are insignificant to make a massive dent in unemployment, poverty and lack of industrial infrastructure. The expenditure rate was notable at 97.99% for the year. Strategic risks were identified at the beginning of the year and are updated in the Annual Performance Plan. Management of both the department and public entities continued to receive political and strategic support from the MEC, Portfolio Committee and Boards of Directors. Engagements with the Chairpersons and Chief Executive Officers of all entities were undertaken in order to check progress and to remove any hindrances towards the full implementation of the department's plans in line with governance and oversight functions. There is still room for improvement in providing timely and accurate performance information to aid management, the MEC and respective Boards of Directors with decision making. The department continued with performance validation sessions on a quarterly basis to ensure accountability at both the department and public entity level in line with the service level agreements.

Loadshedding and ICT network connectivity have impacted on the productivity of staff of the department. Unfortunately, there is not much the department can do in the short term as the power crisis appear to be escalating.

2.4 Key Policy Developments and Legislative Changes

Several policy and legislative issues have been relatively stable in the year under review. The operations of the Department have also not changed from the preceding year. However, going forward, all key legislative processes will have to be preceded by socio economic impact assessment system (SEIAS) studies for the legal processes to be embarked on.

The following is the status of pieces of legislation which have been finalised and those which are currently under review:

- a. The Eastern Cape Liquor Authority Act, (Act No. 4 of 2018) was assented to by the Hon Premier. The tragic incident which occurred at the Enyobeni Tavern, brought to light key areas that needed to find expression the Eastern Cape Liquor Authority Act, (Act No. 4 of 2018). This Act will therefore be amended to allow for stricter monitoring and regulations of liquor outlets. Simultaneously, the Regulations to the current Act, being the Eastern Cape Liquor Act, (10 of 2003) is being amended to allow for an immediate intervention and stricter regulation whilst the review of the new act is underway. A two-pronged approach has been undertaken to ensure expeditious completion of the amendments. The Eastern Cape Environmental Management Bill was introduced at Provincial Legislature by the Hon. MEC on the 22nd June 2022. On the 14th July 2022 the Bill was presented to the Portfolio Committee and accepted. Provincial legislature will now undertake its own process of public consultation before the Bill is submitted to the Hon Premier for assertion.
- b. The Eastern Cape Gambling Act (Act No. 5 of 1997) is currently under review to allow for an indefinite licensing regime and will be published for public comment once a draft Bill is in place. DPME had developed a National Policy Development Framework which was adopted by Cabinet in 2020. In development of new policy and/or amendment of any Acts, a Socio-Economic Impact Study must be undertaken which will inform the White Paper and Bill of any new legislation. The final Bill is therefore dependent on the study which is

expected to be completed by the second quarter in the 2023 / 24 financial year. In the interim, a draft Bill has already been developed

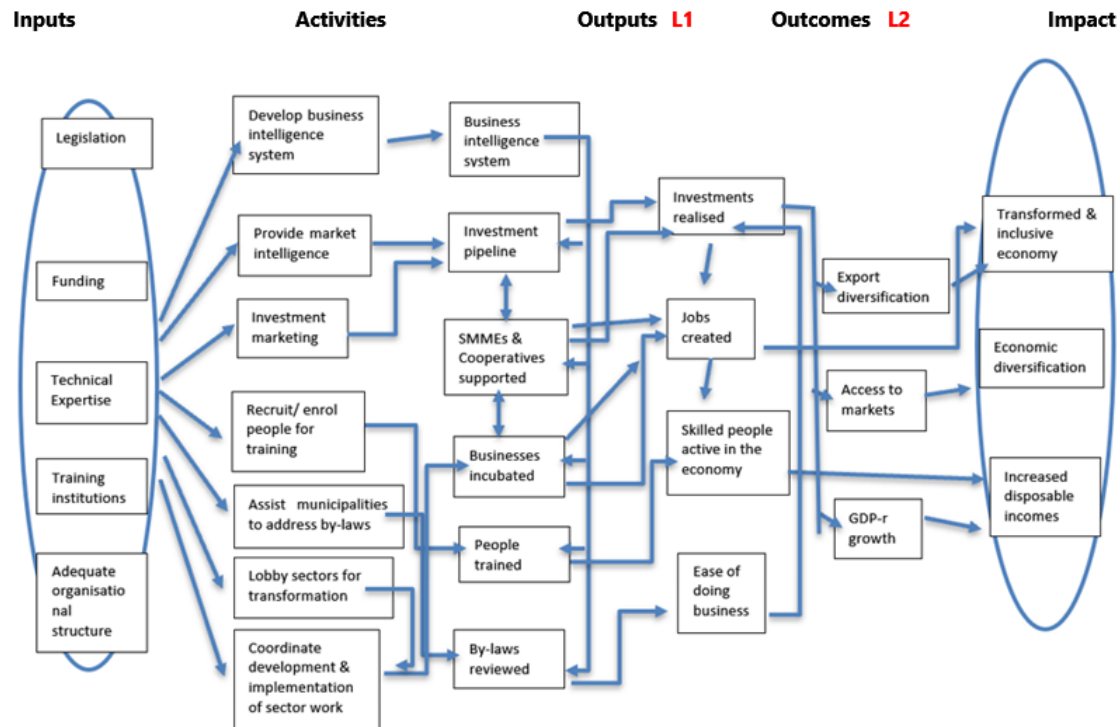
- c. The Eastern Cape Parks and Tourism Agency Bill was introduced at Provincial Legislature by the Hon. MEC on the 22nd June 2022. On the 14th July 2022 the Bill was presented to the Portfolio Committee and accepted. Provincial legislature will now undertake its own process of public consultation before the Bill is submitted to the Hon Premier for assent.
- d. The drafting of the Coastal Protection Zone Regulations, in terms of the National Environmental Management Act, has been drafted together with the necessary schedules and forms. The Regulations are semi-dependant on the Environmental Management Bill being finalised and need to be published and finalised almost concurrently. The Regulations have not been signed off for publication as Provincial Legislature is to undertake its public consultation process on the Environmental Management Bill. On finalisation and considering any amendments resulting from the public consultation process, the Regulations will be published for comment. The Eastern Cape Development Corporation Act, 1 of 1997 is under review and a White Paper and Bill has been drafted. DPME had developed a National Policy Development Framework which was adopted by Cabinet in 2020. In development of new policy and/or amendment of any Acts, a Socio-Economic Impact Study must be undertaken which will inform the White Paper and Bill of any new legislation. The final Bill is therefore dependent on the study which is expected to be completed by the second quarter in the 2023 / 24 financial year.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The department's work is situated with the context of the MTSF, Provincial Development Goals, and other priorities of government. There are four strategic pillars (whose detail is contained in the Strategic Plan) under which departmental programmes are implemented. The strategic intent is detailed in the 2020- 2024 Strategic Plan of the department under the following themes:

- a. A growing, innovative and diversified private sector enabled economy
- b. Empowered and skilled communities participating in an inclusive economy
- c. Sustainable resource use, responsive infrastructure and diverse investments
- d. Enabled, simplified and responsive business processes

The four pillars are linked to three theories of change, viz, Economic Development, Tourism, and Environmental Management. Below are the three theories of change:

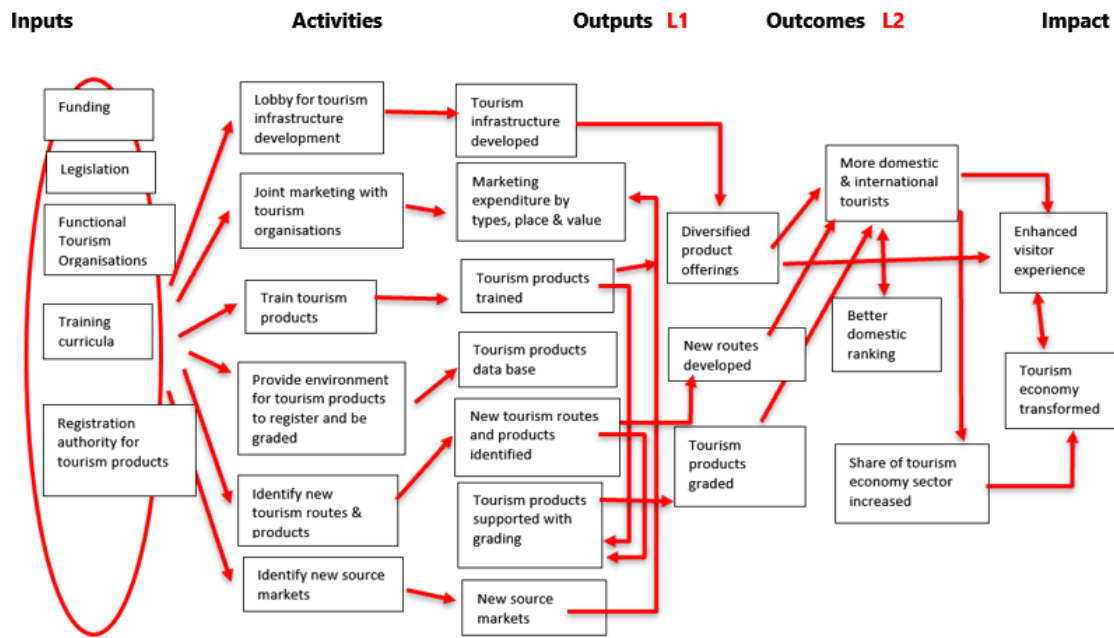
Economic Development theory of change

Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
<ul style="list-style-type: none"> Adequate funding will be made available by Treasury Adequate and skilled staff 	<ul style="list-style-type: none"> Correct selection of activities Correct selection of subjects Collaboration with partners according to plans 	<ul style="list-style-type: none"> Correct selection of subjects and targets 	<ul style="list-style-type: none"> Targeted groups are not hindered by the operating environment 	<ul style="list-style-type: none"> Local and global economy is growing 	<ul style="list-style-type: none"> Dynamic economy Wider support by various stakeholders

Economic Development progress

- Achievement of the five-year targets in relation to the outcome indicators
- Contribution to MTSF
- Contribution to PGDP

The Department has supported, through its agencies, 197 SMMEs with development finance. A total of 579 SMMEs were provided with non-financial support. The Department provided 310 co-operatives with non-financial support while 123 exporters were assisted with tools for exports through the ECDC. These exporters were able to realise export value of R 145 075 976. Jobs facilitated were in excess of 23 498 during the reporting period. The two SEZs attracted 8 investors during the year.

Tourism Theory of Change

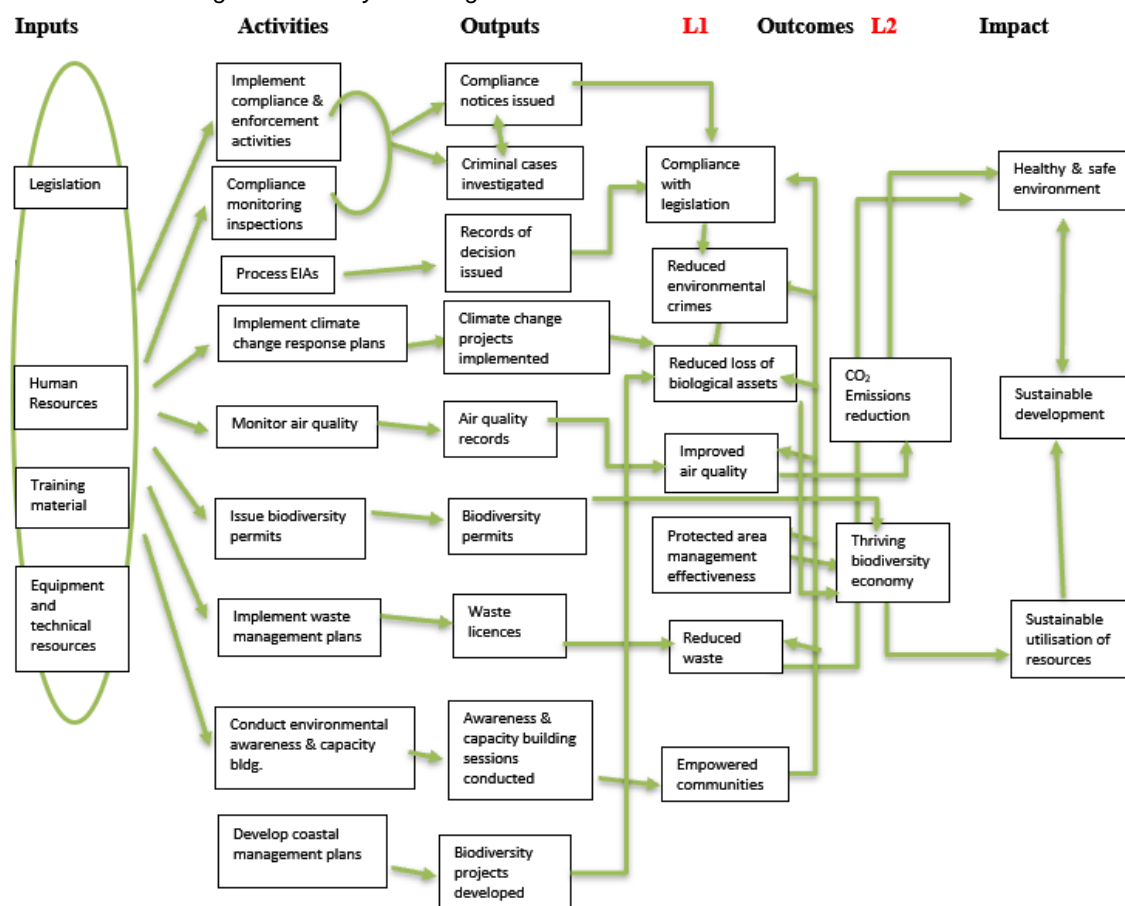
Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
<ul style="list-style-type: none"> Adequate funding will be made available by Treasury Functional tourism systems 	<ul style="list-style-type: none"> Willing participants Access to products and communities Collaboration with partners according to plans Functional logistics and connectivity 	<ul style="list-style-type: none"> Correct selection of subjects and targets Support from other departments and agencies 	<ul style="list-style-type: none"> Targeted groups are not hindered by the operating environment Functional systems National and global economy is functional 	<ul style="list-style-type: none"> Local and global economy is growing Other provinces marketing rate stays within range Economy grows 	<ul style="list-style-type: none"> Dynamic economy Wider support by various stakeholders Diverse products and quality thereof Stable currency and earnings

Tourism Development progress

- Achievement of the five-year targets in relation to the outcome indicators
- Contribution to MTSF
- Contribution to PGDP

The 2022/2023 financial year was a period of steady recovery on the tourism front since the outbreak of COVID-19 in 2020. According to the South African Tourism, domestic tourism performance reports show that the Eastern Cape is in position number four with regards to domestic tourism. In 2022, the Eastern Cape achieved 5.77 million trips. These are 760 000 more domestic trips undertaken than in 2021 (5 015 815 trips) indicating a growth of 16%.

The Eastern Cape Tourism Master Plan 2022-2032 was developed and subsequently endorsed for implementation. It focuses on six Priority Development Areas viz. Destination Accessibility; Destination Management; Product Development; Visitors Experience: Transformation; and Marketing. The successful implementation of this plan will depend largely on co-ordination and collaboration among various role players. A call for renewed infrastructure investment in the sector has been the push in order to revive the tourism sector.

Environmental Management Theory of Change

Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
<ul style="list-style-type: none"> Adequate funding will be made available by Treasury Non-conflicting legislation and policies Convergence of social, economic and environmental agenda 	<ul style="list-style-type: none"> Willing participants Access to communities Collaboration with partners according to plans Functional systems Voluntary participation 	<ul style="list-style-type: none"> Correct selection of subjects and targets Support from other departments and agencies Systems for recording and accounting in place 	<ul style="list-style-type: none"> Targeted groups are not hindered by the operating environment Functional economy Favourable climatic conditions 	<ul style="list-style-type: none"> Strong ethics Sustainability focused participants 	<ul style="list-style-type: none"> Reduced poverty levels Dynamic economy Wider support by various stakeholders Demand and supply balanced

Environmental Management progress

- Achievement of the five-year targets in relation to the outcome indicators
- Contribution to MTSF
- Contribution to PGDP

Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced

The Department has processed 99 % of EIA applications within the permitted timeframes in 2022/2023. A total of 25 environmental capacity-building activities and 25 environmental awareness sessions were conducted throughout the province. Through the environmental EPWP programme, 435 work opportunities were created. To protect biodiversity, 80% of biodiversity permits were issued within timeframes in the province.



TYRONNE BOUCHER
GM - Corporate Management

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Administration

Programme Purpose

Administration provides the Department with strategic leadership and management, as well as overall administrative and performance oversight function.

The programme is structured as follows:

Sub-Programme	Sub-Programme Purpose
1.1: Office of the MEC	Provide overall political and policy leadership for the Department
1.2: Office of the HOD	Provide effective and efficient strategic leadership to the Department.
1.3: Financial Management	Establish and maintain appropriate financial management systems.
1.4: Corporate Management	Ensure adequate provision of institutional capacity through effective human capital management, organisational development interventions.



4.1.2 Outcomes, outputs, output indicators, targets and actual achievements

#	Programme/Sub-programme: Administration							
	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
1	Enabled, simplified and responsive business processes	Functional network	% network uptime	99.4%	95%	99.5%	99.5%	N/A
2		Effective Public Entities	Public Entities Accountability index	9.5	9.5	10	9.9	-0.1 ²
3		Suppliers paid timeously	% of suppliers paid within 30 days	100%	100%	100%	100%	N/A
4		Clean audit	Annual audit outcome	Unqualified	Clean Audit	Clean Audit	Clean Audit	N/A
5		Full implementation of work skills plan	% implementation of the work skills plan	105%	92%	90%	155%	+65% ³
6		Full compliance with all PMDS processes	% of staff complying with all PMDS processes (contracts and reviews)	56.5%	72%	90%	74%	-16% ⁴

² Reduced performance was due to the CDC, ECGB, ELIDZ and ECDC not submitting their quarterly reports timeously to the department during quarter 4, resulting in scores of 0 in item 10 of their respective scorecards.

³ Due to *ad hoc* training requests from the Financial Management and Supply Chain Management Units, more training was activated than initially planned.

⁴ Disputes with supervisors on contracting and review scores resulted in delays with timeous completion and submission of performance agreements and reviews. There was also non-compliance by some officials who are on top notches of their salary scales.



Administration Key Achievements

Office of the HOD

The Office of the HOD provided leadership, strategic guidance, management and administration of the department, including ensuring efficient utilisation of resources, maintenance of discipline, promotion of sound labour relations and proper use and care of state property. The office facilitated integrated governance, service delivery and Public Entity Oversight.

The office participated in the oversight meetings with MEC, Board Chairpersons and CEO's of Public Entities. HOD met with ESKOM and Provincial Treasury. The purpose of the meeting was to build relations and share developmental plans with the aim of achieving alignment towards greater provincial economic development plans.

The office participated in numerous launches such as the Mini-grid launch at Upper Blinkwater village under Raymond Mhlaba Municipality; the launch of COEGA Abalone Farm; and the ECPTA-PGA Championship. The tournament has huge impact on the local economy through tournament costs, procurement from local businesses, amount spent by visitors, amount earned by temporary workers and costs incurred by tournament partners. The Department supports the tournament through its tourism marketing agency – ECPTA.

Successful engagements with Port St Johns Communities were held. The impasse between DEDEAT and the local community seems to be seeing some light. There is improved comprehension of how to develop the region without harming and destroying the environment.

The HOD attended the ECPTA Summer Season Launch at the Wild Coast Sun Hotel - this was a launch of the summer season at the Wild Coast Sun, Mbizana Local Municipality. The tourism sector had survived the impact of COVID-19. It was critical to launch at Mbizana municipal area as it borders the KwaZulu-Natal Province. Domestic tourism is booming; thus, the launch included the media houses that would assist in marketing our destination for the Summer Season.

NAAMSA-AIDC-DEDEAT-ECDC meeting on the auto sector - the AIDC-EC hosted NAAMSA in December 2022 in Gqeberha. This meeting included AIDC-EC, NAAMSA; DEDEAT & ECDC. Areas for discussion with NAAMSA CEO included the following:

- The outcomes of the SA Auto week;
- Proposal to recalibrate the Provincial Automotive Advisory Council chaired by MEC: DEDEAT;
- Opportunities for other OEMS to invest in the Eastern Cape Province;
- Electric Vehicle Transition - what it means for the province and how can EC prepare for it.

Public Entity Oversight and Governance

The department continues to provide a unified approach to oversight over public entities reporting to the Executive Authority of the department. The department implemented oversight responsibilities over public entities which receives approximately 70% of the DEDEAT (Department of Economic Development, Environmental Affairs and Tourism) budget allocation. This resulted in enhancement of economic development and improved quality service to the Eastern Cape economy and its people. The department continued to forge partnerships between the public entities Boards, CEOs (Chief Executive Officer), and Executives.

The department embraced the principles of King IV report on corporate governance, PFMA (Public Finance Management Act) and Legislative requirements of the Public Entities reporting to the MEC. To ensure governance improvement, on the annual basis the entities are rated through the public entity accountability index and board assessments are done to ensure board functionality. The department reviews legislation for public entities and attend to all matters relating to compliance with legislation and the PFMA.

For execution of the Strategic Plans and the Annual Performance Plans, the HOD enters into Service Level Agreements with Chief Executive Officers of public entities. The HOD/CEO Forum was conducted on the quarterly basis to discuss issues regarding performance oversight, financial oversight, risk management, special programmes, as outlined in the Public Entity Oversight Framework. The department also provided financial

performance oversight to six public entities, and the MEC held discussions with Chairpersons of the boards on strategic matters relating to ethics and governance.

Internal Audit

The internal audit continued to provide risk-based audits and provide assurance on the adequacy and effectiveness of the internal controls in place in the department.

Internal audit during the year finalised the process of upgrading and migrating to a new audit software and procured a data analytics ribbon which is being used to perform all Computer Assisted Audit Techniques (CAATS). The use of these systems has enhanced the level of services offered to management in the department.

The unit completed all planned audits and all recommendations to enhance the control environment have been issued to the relevant business units within the department.

Legal Services

The Legal Services Unit falls within the Office of the HOD and is tasked to oversee and advise on all areas of litigation as well as provide support to all the programmes in the Department in respect of matters that would require legal expertise as well as provide support to the Office of the MEC.

Litigation was monitored and legal risks analysed. Contingent liabilities were kept up to date and where possible, have been pro-active on potential litigation, thereby ensuring minimal financial exposure.

DEDEAT has been reported as one of the departments with the lowest legal fees incurred.

The unit has ensured the implementation of the Protection of Personal Information Act (POPIA) and OTP had subsequently reported that DEDEAT is fully compliant in terms of POPIA.

The following legislation was finalised in the financial year:

Eastern Cape Environmental Management Bill;
Eastern Cape Parks and Tourism Agency Bill; and
Eastern Cape Coastal Protection Zone Regulations

Inter-Governmental Relations (IGR)

Intergovernmental Relations unit is responsible to advance the department's agenda through several partnerships including intergovernmental relations. This work is aligned to the Unit's responsibility of constant participation and facilitation of intergovernmental relations obligations to improve government coordination.

The department participated in the local government working group to discuss the financial performance, infrastructure grant performance and progress on municipal mandatory interventions. The report on cases reported relating to the trucking industry for the period 01 April- 30 October 2022 was updated.

District Development Model (DDM)

A One Plan is an Intergovernmental Plan setting out a long-term strategic framework to guide investment and delivery in relation to a specific district or metropolitan space. Regional Offices of the department have participated in the DDM sessions and DIMAFO's where DEDEAT made presentations on DDM projects. Eastern Cape Seaboard / Coastal Smart City implementation targeted 4 Districts with 17 Municipalities. District Development Partnerships included amongst others:

- The Department of Cooperative Governance (DCOG) and the Hollard Foundation Trust (Hollard Foundation) entered a partnership to support ECDs as part of the District Development Model's (DDM);
- The United Nations Partnerships – Thusong, Thuthuzela and Business Support Centres have been assessed for upgrading and resourcing;
- The Water Research Commission has signed a contract with the OR Tambo District Municipality to advance water demand, management, and conservation interests; and

- Nelson Mandela University (NMU) has contracted with EC (Eastern Cape) Provincial Government on the Oceans Economy research

Portfolio Management Office (PMO)

The Unit is also responsible for the Portfolio Management Office. During the period under review, the Portfolio Management Office undertook various oversight and monitoring of Provincial Economic Stimulus Fund projects. The Portfolio Management Office facilitated and provided the secretariat service for the Economic Development Cluster. The unit provided support to the LRED Assessment Committee at Amathole Regional Office and made recommendations to the Evaluation Committee.

In line with the requirements of the Provincial Economic Stimulus Fund allocation letter and the Provincial Economic Stimulus Fund Framework, the following milestones were achieved during 2022/23 financial year on Provincial Economic Stimulus Fund Project.

- Abalone Farm - the project is currently sitting at 100% completion for bulk civil works (bulk infrastructure and internal roads) with only the electrical works that are currently in progress.
- Dimbaza Industrial Park - the project is phased into 3 packages with the first package (Roads and Services) at 100% completion having reached its practical completion during Q1 of the 22/23 FY. The second package (Electrical and high mast lights Installation) was at 55% construction as at end Q3, the contractor having commenced onsite on the 17th January 2022. This package is due for completion during Q3 of the 2022/23 FY. The third package (Wastewater Treatment Works Upgrade) was about to commence with procurement when the National Treasury government procurement moratorium was issued in Q4.
- Film Investment Fund - Project started 2018/19 but further funded through PESF from 2019/20 and 13 productions supported to date (8 funded through PESF), R 227 million investment was generated to date, 258 MSMEs benefited to date, 3929 jobs were created to date.
- Wild Coast SEZ - the WCSEZ was conceptualized by the dtic in line with Chapter 5 of the SEZ Act. 8 investment projects signed - combined investment value of R 1.7 billion, 968 expected direct jobs from investment pipeline, 43 Construction Jobs were created to date through the Phase 1 (Fencing Project).
- NAM Prototyping Facility – the project officially started March 2022 and 100% Expenditure to date on approved R 12.8 million project funding.
- Informal Trade Infrastructure - Mt Ayliff - construction of informal trade infrastructure, consisting of 21 Formal Stalls, 96 Semi-Informal Trading Spaces & 30 Informal Hawker Stands, Vehicle Repairs Facility, Carwash Facility, Ablution Facility, and Guard House.
- ECPTA Reserves Upgrades and RAFI Pack House Facility.

Special Programmes Unit

The Department through the Special Programmes Unit, advocates, promotes and lobby for the rights and interests of designated groups with a view to ensuring their participation within the mainstream economy. During this year under review, the department has celebrated and commemorated ten institutionalised days programmes/events out of six that were targeted, which is an over-achievement which resulted from many requests from the designated groups for such empowerment programmes/events as well as collaborations with other institutions. These institutionalised days celebration events take the form of empowerment and capacity building initiatives for the designated groups around business information dissemination, business opportunities workshops, expos, training, and seminars of the programmes/event undertaken, 230 youth, 422 women and 48 persons with disabilities were reached.

The Department also established and launched a DEDEAT Men's forum on the 28th of February 2023 in celebration of international men's day and as part of providing an opportunity and platform for men to play their role and contribute to the government's transformation agenda in relation to gender equality.

Furthermore, as part of celebrating the disability rights and awareness month, the department established a DEDEAT Disability Forum and together with ECDEET conducted accessibility audits in all the DEDEAT Regional offices. As part of the five-year agreement (as formalised by MOU) that the department has with Eastern Cape Disability Economic Empowerment Trust (ECDEET), the following deliverables were made:



- One legacy project, which is Sinako Disability Organisation from eThembeni location in the Qonce area was supported with R529 000 for fencing, container for office space and operations, as well as sewing machinery.
- SMMEs development training was conducted in five districts namely, Joe Gqabi, NMB, Chris Hani, Amathole and OR Tambo districts for 185 persons with disabilities.
- Six entities (DPOs) were registered by ECDEET, with 44 beneficiaries in Alfred Nzo, OR Tambo and BCM.
- Employment life skills or job readiness programmes were undertaken for 300 persons with disabilities in Nelson Mandela Bay Metro, Buffalo City Metro and OR Tambo district.

Finally, on the highlights, the Department also trained 20 Senior Managers and 8 SPU officials on Gender Mainstreaming during the last quarter of the year under review.

Financial Management

The Financial Administration continues to maintain its high level of financial management and administrative compliance in pursuit of good financial administration, good governance, and clean audit outcomes. The unit ensures effective, efficient and economic utilisation of financial resources in line with financial prescripts through the development and effective implementation of financial systems, policies, frameworks and procedures. This includes budget planning and expenditure monitoring, and the management of procurement, acquisition, logistics, assets, and financial transactions. The unit consistently implemented controls in the department to prevent any non-compliance to prescripts related to Financial Management.

During the 2021/22 financial year, the department received a clean audit.. All budget processes related documents were submitted within the timelines as set by the National Treasury. Financial reporting requirements in terms of legislation were met. The department managed to reduce the payment of invoices within 30 days to 11 days, in line with the statutory requirements.

The Financial Management sub-programme facilitates the provision of financial, supply chain, reporting, asset management, and internal control services to the department. The sub-programme continued to provide financial support to the department by ensuring that all statutory requirements are complied with in terms of the Public Financial Management Act (PFMA) and related prescripts that led to improved spending and audit outcomes. It is within this context that the department is aiming to maintain its positive audit outcomes.

In promoting the Local Economic Development of the Eastern Cape province, the department procured goods and services from suppliers within the province during the 2022/23 financial year. The SCM Policy has been revised inline with the new SCM reforms and will also be reviewed if there are new reforms in the legislative framework.

Human Resource Management

The staff establishment consists of 577, of which 502 posts are filled. This includes a total of 26 Interns even though they are regarded as "additional to the establishment". Forty five appointments were made during the reporting period, but these were coupled with 43 terminations. The department vacancy rate had moved from 14% compared to previous years to 13% by the end of the financial year. The norm in the public sector on vacancy rate is 10%. Whilst the vacancy rate is still slightly above the acceptable norm, the reasons thereof are positive in that a sizable number of these vacancies are because of staff attrition, which was as a result of internal promotions.

In terms of achievement of Employment Equity (EE) targets, the department is represented by 55% females and 45% males. Whilst there is more representation of women than men, it should be noted that more women are in lower salary levels, i.e., salary level 10 and below. It is for this reason that the EE plan is focused on increasing the number of women represented on higher salary levels in order to ensure equitable representation across all occupational levels. At SMS level, females represent 43% compared to 40% from the previous year. This shows an improvement in female representativity at the SMS level during the reporting year. An EE forum was established in line with EEA to monitor the implementation of the EE plan and to develop strategies for the effective implementation of the plan and as such through HRD, the department is attempting to create a pool of future SMS through targeted training interventions, such as the Advanced Management Development

Programme. Furthermore, a policy on Employment Equity and Diversity Management in the workplace was developed in compliance with EEA and to further support the EE plan's implementation. In terms of appointments of PWD's, this group represents 2.4% of the entire workforce, which is slightly above the target of 2%.

There were 4 HR policies that were developed and approved during the reporting period, namely: PMDS, Recognition of prior learning, Employment Equity and Diversity Management in the workplace and SoP on abscondment. Twelve HR policies were reviewed and approved, and these were: SoP on AWOL, Labour Relations policy, Guidelines on suspension, HIV/AIDS & TB Management, Wellness Management, SHERQ, Health & Productivity Management, Internal bursary policy, External bursary policy, Recruitment & Selection Policy, Resettlement Policy, and Special Leave Policy

Organisational Development

The department implemented the second phase of staff placement in the approved organisational structure, through the Placement Committee. All officials from salary levels 7 to 14 have been finalised and placed. However, in addition to the approved posts, 75 officials remain in excess of the approved posts due to myriad of reasons but primarily the majority are former general workers and security personnel of which these are lower-level posts, which were not provided for by the 2018 approved organogram. This brought the staff placement process to near completion, despite minor issues that needed to be addressed and finalized by various programmes and regional offices. All other posts not filled through this process will follow the department's normal recruitment processes. Moreover, the staff who remain in excess of the approved organogram may apply for any advertised position, provided they meet the post inherent requirements.

In addition to the above, the department has implemented the DPSA Operations Management Framework in compliance with the 2016 Public Service Regulation 36, thereby reviewing its Service Delivery Model and relooking at its automated processes and standard operating procedures using the DPSA toolkits. Consequently, to improve the organisational culture, 11 Officials were nominated across all programmes and regional offices to form part of the Change Agents network. The Change Agents will further introduce the change management projects for the department.

Also, in terms of Public Service Regulation, 39- the department is required to review its job descriptions at least once in every 60 calendar months to ensure that they remain sacrosanct to the mandate of the department. Thus, all posts that were due to be advertised were analysed to ensure appropriateness with the job specifications including those that are mandatory posts at salary levels 9 and above.

Communications

The Communications unit seeks to provide strategic support to the department in pursuit of its vision through provision of sound internal, external communication and media services. To achieve this, the unit has over the financial year continued to implement the approved communication strategy, guided by the approved communication policy.

The department has continued to expand its use of various forms of media, such as online, electronic, print, and social media, in order to maintain relationships and interactions with stakeholders after the lockdown.

Consequently, the unit overhauled its intranet and website, whilst enhancing the frequency of updates by providing timely, valuable, and precise content.

The updates across various platforms have experienced an increase, including the intranet (40), website (50), and the publication of sector content for promotional purposes (50). Additionally, the programs and campaigns have been highlighted in both mainstream and community media (65), and collaborative media briefings have been conducted with other departments and entities (12).

Highlights include:

1. Increase in Facebook followers to 14 060,
2. Increase in LinkedIn followers to 5 691,
3. Increase in twitter (X) followers to 664,
4. Introduced YouTube channel, and
5. Sustaining footprint in community media across the province – twelve community radio stations covering departmental programmes taking place in various EC districts

Strategic Management

The bulk of work under the Strategic Management Unit is perennial. This means all deliverables from the prior year were carried forward to the year under review. This includes engagements with stakeholders, convening and facilitating planning sessions, and participation in numerous planning and reporting meetings organised by other sub-programmes and departments. A DEDEAT group strategic planning session was convened in the third quarter of the financial year. At the end of the financial year, the 2023/2024 Annual Performance Plan and Operational Plan were developed and subsequently tabled in the Provincial Legislature. Inputs were provided to the Programme of Action and MTSF documents, which the Office of the Premier manages. The Department used these documents for reporting throughout the financial year. The Unit also assisted with performance information write-ups in the Estimates of Provincial Revenue and Expenditure (EPRE) document.

All new reporting schedules and tools for the Department and the six public entities under the Department's governance were developed and communicated to the relevant offices for use in the 2022/2023 financial year. The reporting portal on SharePoint was also updated to allow smooth reporting and loading of a portfolio of evidence by the department and public entities. The Strategic Management Unit made performance assessments on reporting requirements, including POE. This enabled feedback and gaps to be addressed by management.

Comprehensive quarterly performance reports and the electronic QPR report were produced and submitted timeously to the Office of the Premier throughout the year. Quarterly reports were presented to the audit committee and submitted to the Executive Authority to appraise performance. The half-year financial oversight report was produced and submitted to the Provincial Legislature. In addition, the Strategic Management unit coordinated virtual performance validation sessions with all public entities every quarter. The 2021/22 annual report was developed and tabled in the Provincial Legislature.

ICT Governance

In today's rapidly evolving digital landscape, effective ICT (Information and Communication Technology) governance is paramount for organizations to navigate the complexities and opportunities of the digital era. It ensures that technology investments align with strategic objectives, data and information are safeguarded, and ICT operations are optimized for maximum efficiency.

Throughout the year, the ICT steering committee convened on a regular basis to deliberate on ICT-related matters, evaluate technology initiatives, and provide guidance on ICT investments. These collaborative sittings ensured alignment between ICT initiatives and organizational goals, fostering innovation and continuous improvement.

To ensure effective coordination and implementation of ICT governance practices, DEDEAT has appointed an ICT Governance Champion. This individual, with expertise in ICT governance and strategic management, spearheaded the development and execution of ICT governance frameworks, policies, and processes. They worked closely with the ICT Steering Committee, business units, and stakeholders to ensure the integration of ICT governance practices across the organization.

The year witnessed significant progress in the development and approval of crucial ICT policies. Among them, the ICT Security Policy played a pivotal role in safeguarding our digital assets, protecting sensitive information, and mitigating cybersecurity risks. This policy outlined the principles, guidelines, and responsibilities for maintaining a secure ICT environment, addressing areas such as access control, data protection, incident response, and awareness training. Additionally, the Incident Management Policy was established to provide a structured framework for handling ICT-related incidents effectively. It defined incident identification, reporting, classification, and escalation processes, ensuring that incidents are promptly addressed, minimizing their impact on operations and data integrity.

Mitigating ICT-related Risks DEDEAT recognizes the significance of robust risk management practices to proactively identify, assess, and mitigate ICT-related risks. Within the ICT governance framework, dedicated risk management processes are established to ensure a systematic and structured approach. These processes include risk identification, risk assessment, risk treatment, and ongoing monitoring and review. By diligently



managing risks, DEDEAT enhances decision-making, safeguards organizational assets, and optimizes the use of ICT resources.

Cybersecurity: As cyber threats continue to proliferate, DEDEAT places a strong emphasis on cybersecurity within its ICT governance framework. The organization implements a multi-layered cybersecurity strategy to protect critical information assets and maintain operational continuity. This strategy includes a combination of technical controls, user awareness programs, incident response plans, and regular security assessments. By continuously monitoring the threat landscape and adopting industry best practices, DEDEAT strives to ensure a robust cybersecurity posture.

Cybersecurity Drills: To evaluate the effectiveness of cybersecurity measures and enhance user awareness, DEDEAT conducts regular cybersecurity drills. These drills simulate various cyberattack scenarios, such as phishing attempts, malware infections, or social engineering attacks, to assess user behaviour and response. Through these exercises, the organization identifies potential vulnerabilities, reinforces best practices, and educates employees on emerging threats. This proactive approach helps to strengthen the overall security culture within the organization and ensures that employees are well-prepared to respond to real-world cyber incidents.

DEDEAT's commitment to holistic ICT governance encompasses risk management, cybersecurity, and proactive user training. By embedding risk management practices, DEDEAT can effectively identify and mitigate ICT-related risks, thereby safeguarding its operations and assets. Furthermore, by prioritizing cybersecurity and conducting regular drills, DEDEAT enhances its ability to respond to emerging threats, educate users, and foster a security-conscious organizational culture. With these robust practices in place, DEDEAT is well-equipped to navigate the evolving digital landscape and secure its ICT environment while promoting economic development, environmental sustainability, and tourism growth.

Cloud Adoption within ICT Governance: DEDEAT recognizes the benefits of cloud computing and has strategically incorporated cloud services within its ICT governance framework. Cloud adoption offers scalability, flexibility, and cost-efficiency, enabling DEDEAT to leverage cutting-edge technologies and improve service delivery. However, alongside these advantages, it is essential to address the unique risks associated with cloud-based solutions.

Cloud-Based Risk Assessment: To ensure the secure and responsible use of cloud services, DEDEAT conducts comprehensive risk assessments specific to cloud environments. These assessments involve evaluating potential risks and vulnerabilities, analysing the security controls offered by cloud service providers (CSPs), and aligning them with DEDEAT's risk tolerance and security requirements.

Key Elements of Cloud-Based Risk Assessment:

Risk Identification: DEDEAT identifies and evaluates cloud-specific risks, including data breaches, unauthorized access, data loss, and service outages. It considers factors such as data classification, access controls, encryption, compliance, and incident response.

DEDEAT's commitment to embracing cloud-based risk assessment exemplifies its dedication to effective ICT governance. By conducting comprehensive risk assessments and adopting appropriate mitigation strategies, DEDEAT ensures the secure and responsible use of cloud services. This approach enhances operational efficiency, scalability, and data security while maintaining regulatory compliance. By integrating cloud-based risk assessment into its ICT governance framework, DEDEAT is well-positioned to leverage the advantages of cloud computing, drive innovation, and achieve its mission of economic development, environmental sustainability, and tourism growth.

Strategy to overcome areas of under-performance

On the missed target of compliance with PMDS processes, the department has increased its internal capacity on capturing PMDS agreements and reviews at the various cost centers through training and advocacy sessions with all the PMDS Champions. Furthermore, internal circulars were circulated to encourage early submissions by various programmes and regional offices to increase the levels of compliance. In addition, the PMDS appeals committee has been established to ensure that disputes are addressed in line with the PMDS annual calendar.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

The performance indicators of the programme provide firstly an indication of overall organisational performance and, secondly, measures of performance in the delivery of administrative service functions to the rest of the Department. Therefore, there may not be a direct link between the performance of the programme and the budget. The link is more indirect and reflected through compensation of employees, goods and services etc.

Sub-programme Expenditure

	Sub programme	2022/2023			2021/2022		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1	OFFICE OF THE MEC	1,146	1,119	27	239	216	23
2	OFFICE OF THE HOD	30,515	30,037	478	26,413	25,690	723
3	FINANCIAL MANAGEMENT	89,647	86,672	2,975	82,195	81,799	396
4	CORPORATE MANAGEMENT	118,078	112,220	5,858	101,194	100,249	945
	TOTAL	239,386	230,048	9,338	210,041	207,954	2,087

Goods and Services

Department has underspent on computer services as a result of Information Technology Strategy review and development project, which was delayed for commencement from the appointment of the service provider to the next financial year 2023/24, this therefore affecting the payment as budgeted in the year under review.

However, there has been a delay in the upgrade and additional modules of the departmental Evaya system due to consultation on compliant procurement process as to avoid irregular expenditure as the department was already utilizing the system.

There were delays beyond the department's control in implementing the 2022/23 recruitment plan, hence the underspending with respect to resettlement and interim accommodation.



SIYABULELA LAZARUS
Acting GM - Economic Development & Tourism

4.2 Programme 2: Economic Development and Tourism

Economic development is primarily responsible for administering sustainable economic policies and developing appropriate strategies to promote business development and job creation. The overall goal of the programme is to sustain economic development through partnerships.

This programme is structured as follows:

Sub-programme	Sub-programme Purpose
2.1: Integrated Economic Development Services	<ul style="list-style-type: none"> To support and develop business enterprises. To promote economic growth and development of local economies including partnerships with key stakeholders by aligning Local and Regional Economic Development (LRED) initiatives with government programmes. To facilitate the process of empowerment and creation of an enabling business environment for PDIs.
2.2: Trade and Sector Development	<ul style="list-style-type: none"> To facilitate trade promotion, retention and attraction of investment in priority sectors. To facilitate implementation of National and Provincial Priority Programmes. To create an enabling environment for sustainable economic growth and development in prioritised and emerging sectors in the Eastern Cape. To drive implementation of programmes in these prioritised sectors: agro-processing; Automotive; Green Economy; Manufacturing; and Tourism
2.3: Business Regulations and Governance	<ul style="list-style-type: none"> To lobby for the provision of a regulatory framework that addresses barriers in the broader business environment. To promote good corporate governance principles, stability and efficiency in doing business. To develop, implement and promote measures that ensure the rights and interests of all consumers. To promote and maintain an effective and efficient system for the regulation of business, industries and sectors. To promote voluntary compliance with Consumer Protection related regulatory requirements.
2.4: Economic Planning	<ul style="list-style-type: none"> To develop evidence-based provincial policies and strategies which inform decision-making processes. To ensure accessible scientific information to inform economic policy and planning processes.
2.5 Tourism	<ul style="list-style-type: none"> To create an enabling tourism environment through legislation, policy and strategy development. To create demand and supply for tourism. To ensure sustainability and tourism sector transformation.

4.2.1 Outcomes, outputs, output indicators, targets and actual achievements

3 Programme/Sub-programme: Economic Development and Tourism						
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023
						Deviation from Planned Target to Actual Achievement for 2022/2023
1	Investment pipeline	Number of sustainable energy initiatives facilitated	3	4	3	3
2		Number of manufacturing initiatives facilitated	6	6	5	6
3		Number of agro-processing initiatives facilitated	3	3	3	3
4	Investments realised	Number of trade and investment promotion initiatives facilitated	-	-	3	4
5	Business friendly laws and policies	Number of policies reviewed	2	0	1	0
6		Number of socio-economic intelligence reports produced	4	5	5	4
7	SMMEs supported	Number of qualifying economic development projects funded at local and regional levels	13	5	10	2
8	GDP growth	Number of cooperatives provided with non-financial support	22	171	120	310
9	Jobs Created	Number of projects supported by the Provincial Economic Stimulus Fund	15	12	10	10
10	More domestic and international tourists	Tourism infrastructure supported	2	2	2	2
		Status report on implementation of tourism sector policies/strategies				

⁵ Initially no budget allocation was catered for by the Department for the PtSA initiative. Through a submission (business plan) by the manufacturing unit, and subsequent approval by the Department, a budget of R 750k was allocated in Quarter 3 and this resulted in the activation of the sixth initiative.

⁶ The overachievement was due to a request that came along during the year from the Office of the Premier for DEDEAT to convene workstream 4 activities: Trade, Investment and Finance of the Eastern Seaboard Development project

⁷ Due to capacity constraints, progress in relation to the amendment of the Regulations to the Eastern Cape Liquor Act 10 of 2003 (Act) was behind schedule. This work will be completed in the next financial year.

⁸ SERO was discontinued.

⁹ Incomplete applications submitted to the department by prospective businesses impacted on the ability to conclude and fund projects. There were also delays in the applicants vetting process resulting in final approval not being granted.

¹⁰ The overachievement on cooperatives provided with non-financial support was as the result of new partnership with DGRV, Co-operative Bank Development Agency, SEDA and ECDC in training and capacity building interventions. Secondly, there was increased demand for training by government departments and municipalities.



3	Programme/Sub-programme: Economic Development and Tourism							
	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
11	Skilled people active in the economy	People trained	Number of consumer education programmes implemented	6	6	6	6	-



Economic Development and Tourism Key Achievements

The successful establishment of the Economic Development Fund stands as a significant achievement for the realisation of both the Provincial Development Plan and the Provincial Economic Development Strategy. This fund is specifically designed to attract private sector investments, aiming to unlock the full industrial potential of the Province.

The significance of trade and investment cannot be overstated, as they play a pivotal role in fostering economic growth and development. By strategically coordinating trade and investment efforts, bolstering institutional capabilities, and promoting integration, we can unlock a myriad of opportunities for both local and international stakeholders.

In pursuit of these goals, significant support was given towards the highly anticipated second Eastern Cape Investment Conference. This platform serves as a catalyst for attracting valuable investments into the region, creating jobs, and stimulating economic prosperity. By bringing together key players from various industries, the conference provides a unique opportunity to showcase the untapped potential of the Eastern Cape and forge mutually beneficial partnerships.

Furthermore, our commitment to driving investment is exemplified through the establishment of the Premier's Investment Council. This framework serves as a dedicated platform for engaging with potential investors, providing them with the necessary support and guidance to navigate the investment landscape successfully. By leveraging the expertise and insights of industry leaders, government officials, and financial experts, the Premier's Investment Council facilitates an environment conducive to sustainable economic growth.

In recognition of the immense importance the German market holds for the Province, the Department successfully led an Outward Investment Mission to Germany from 8th to 15th October 2022. This strategic initiative proved to be a significant milestone for our organization as it enabled us to consolidate our gains in various key sectors, including automotive, green hydrogen, small business, and renewable energy.

Furthermore, our focus on the green hydrogen sector aligns with our commitment to sustainable development and the transition towards a low-carbon future. Germany, being at the forefront of green technology adoption, provided an ideal platform for us to explore potential collaborations and investments.

Small businesses, often referred to as the backbone of the economy, play a crucial role in fostering innovation, creating employment opportunities, and driving economic growth. By sharing best practices, facilitating knowledge exchange, and fostering collaborations, we have enabled small businesses in both countries to thrive and grow together. This not only promotes economic resilience but also fosters a vibrant entrepreneurial ecosystem.

This year, significant progress has been made in advancing the Butterworth Industrial Park and initiating the masterplan for the Fort Jackson Industrial Park. These endeavours are instrumental in facilitating efficient land use, effective infrastructure planning, zoning compliance, investor attraction, collaborative initiatives, incorporation of environmental considerations, and the provision of a long-term development vision.

The completion of masterplans for the Butterworth Industrial Park signifies a crucial milestone, laying the foundation for its future success. Similarly, the initiation of the masterplan for the Fort Jackson Industrial Park demonstrates the dedication to expanding our industrial park portfolio and fostering economic growth. These masterplans serve as comprehensive blueprints, guiding the development process and ensuring a well-organized, attractive, and sustainable environment that allows businesses to flourish.

All bulk infrastructure projects at the Somerset East Industrial Park have reached 100% completion. This includes the construction of internal roads, electrical installations, and stormwater and sewerage systems. Furthermore, a new security fence has been installed at the front section of the precinct, enhancing safety and security measures. The commitment to economic infrastructure development through the Industrial Parks Programme remains unwavering. By diligently executing masterplans, completing crucial infrastructure projects, and incorporating environmental considerations, we strive to provide an enabling ecosystem for businesses to thrive and drive economic prosperity.



The Upper Blinkwater Minigrid project has achieved its successful completion and has been officially handed over to the Raymond Mhlaba Local Municipality. This remarkable accomplishment has enabled the community of Mthocwa to benefit from a consistent and high-quality supply of electricity, leading to significant enhancements in livelihoods and economic activity within the region.

Furthermore, our efforts in supporting the development of two wind farms, with a combined capacity of 224 Megawatts, have resulted in securing a substantial investment of R4.6 billion. This major financial milestone has paved the way for commencing construction activities in the year 2023.

In addition, we have successfully concluded the Eastern Cape Grid Connection Capacity assessment, a crucial step in our strategic planning. This assessment has provided us with valuable insights, empowering us to engage with Eskom regarding the implementation of new infrastructure projects. These initiatives are essential for ensuring a reliable and efficient electricity supply throughout the region.

We remain dedicated to our mission of delivering sustainable energy solutions and driving positive socioeconomic transformation. The achievements highlighted above are indicative of our ongoing commitment to making a meaningful difference in the lives of individuals and communities we serve.

Integrated Economic Development Services

Local Regional and Economic Development

The department continues with its strides to support local and regional economic development in the province through the different priority sectors. We do not take away the challenges faced by the department with the Local and Regional Economic Development Fund (LREDF) processes. The department is currently working on improving the application processes. This includes the review of the current approved policy, enhance capacity of the officials in the department so they can provide all the necessary support needed by applicants. The department will work closely with the municipalities and have LRED roadshows and awareness campaigns.

In terms of the LREDF online application progress, the department working with the Office of the Premier has implemented the technical aspects of the system and the Application Programming Interface (API) have been established between DEDEAT, Companies and Intellectual Property Commission (CIPC). User test cases have been developed and user testing will commence by May 2023. User training will be provided once the system has been signed off.

Enterprise Development

The department has developed the Provincial MSME strategic framework 2022- 2025 to guide the support to be provided government departments and its agencies to the enterprises in the EC Province. The mandate of Enterprise development directorate is to develop policies and strategies and design support programmes that supports enterprises in the EC Province. Furthermore, monitor the implementation of such policies and strategies across all the six districts and two metros by the public sector development agencies that are primarily funded by government across all the three spheres of government. Through strategic partnerships with various stakeholders, implement programmes that supports enterprises and cooperatives. The implementation is done through the ECDC as government enterprise agency through the budget transfers that are approved by the Provincial Legislature on an annual basis and shareholder compact signed with the shareholder, which is the executing authority of the department. The key programmes that are implemented relate to the business opportunity workshops/awareness sessions/trade fairs, registration of companies and other company related activities, training and capacity building activities, programmes aligned to designated groups for example youth, women, people with disability and military veterans.

The department had conducted several stakeholder sessions to solicit inputs on the green paper on township and rural economies across all the six districts and two metros. The key stakeholders included the business chambers, associations, formations, youth business council, municipality officials, business owners, small business practitioners, and development agencies. The department had also advertised a tender for the development of the township and rural economies white paper and the response was poor as a result it has been included in the procurement plan of the 2023/24 financial year.

Through collaboration with DSBD, 268 micro and informal businesses were supported in the EC Province through the Informal and Micro Enterprise Development Programme (IMEDP) to the tune of R3 749 535. From a total 268 informal businesses, women constitute 188 and youth at 78. From a total budget of R30 000 000 allocated by DSBD, the EC Province claimed 15% in the current financial year. Through Informal Business Support Programme (IBSP) that is administered by ECDC on behalf of the department, an estimated 400 beneficiaries across all the six districts and two metros have benefited especially those that had activities in the following sectors: Manufacturing, Textile and Clothing and services. The estimated expenditure for the equipment and goods purchased for beneficiaries of IBSP is R11 500 00 for the period under review. This was a once off intervention that has emanated from the rollover of funds that were not utilized in the previous financial year. Therefore, the department intends to review the policy framework for support of the micro and informal businesses.

The department has collaborated with the Eastern Cape Business Council (ECBC) which represent five black run business formations and associations in the EC Province on co-hosting the pre investment conference in March 2022 and their strategic session to review their programmes and align with the government initiatives in December 2023. Furthermore, the department helped with the representatives of ECBC to attend the Energy Summit in Cape Town in March 2023.

Through collaboration with German Cooperatives & Raiffeisen Confederation (DGRV) and Co-operative Development Agency (CBDA) a total of 270 cooperatives were provided with training during the period under review. The focus was on worker cooperatives, agricultural cooperatives as far as DGRV is concerned and financial services cooperatives in the case of CBDA. The train the trainer programme was embarked upon partnership with CBDA targeting LED officials and cooperative financial institutions (CFI's) and the pilot was done on two sites namely Nelson Mandela Metro and Sarah Baartman District Municipality as one cluster and BCMM and Amathole as another cluster. The intention is to roll it out to all other remaining four districts in the financial year. The target was exceeded due to the collaboration with DRGV and CBDA for support of cooperatives.

The capacity building intervention was necessitated by the need to create a thriving and a sustainable cooperatives movement that has a potential to absorb the socio-economic development challenges of unemployment and poverty amongst others.

The training sought to achieve the following overall objectives:

- Strengthening of management capacity,
- Improve key business financial literacy for overall business functionality,
- Enhance profitability and sustainability,
- Improve operational and strategic understanding of cooperatives value chains, and
- Improve management the effectiveness and efficiency of cooperatives members.

On a long-term basis, it is envisaged that the Cooperative Governance and Financial Management training intervention will yield the following impact:

- The increased capacity will trigger a vibrant cooperatives sector, thereby maximise cooperative economic activity,
- Enhanced cooperatives economy will increase higher propensities for alternative employment opportunities in the township and rural economies,
- Improved broader community involvement in the cooperatives enterprise value chain will gradually improve the general community livelihood and improve human development,
- Due to an anticipated functional and sustainable cooperatives sector, poverty is highly likely to be alleviated,
- Improved local capacity will create an independent sector that is able to drive the socio-economic development agenda, and
- Food security challenges are highly likely to be averted.

The department has assisted 2075 companies with registration and other company related matters against a target of 1110 during the period under review. The staff at regional offices provided services on wheels by registering companies and offer other company related matter using their laptops and biometric scanners. Furthermore, the service provided has managed to cut off the middleman as it has become costly to register by



aspiring businesspeople. The turnaround time has been drastically reduced from 4 days to 24hrs to be issued with a business registration certificate.

The department has held 81 business information sessions and workshops against a target of 65 during the period under review. These sessions are more sector specific and targeted to youth, women people with disability and military veterans. The department has piloted the BSCC- Coke company initiative known as biznes in a box at Chris Hani District where three youth enterprises were provided with the stock and container to start their businesses. The department intends to roll it out to other districts based on the successes demonstrated and it will be expanded to include women initiatives as well.

Trade and Sector Development

Sustainable Energy

The Eastern Cape (EC) Province has significant potential as a multi energy technology hub not only for energy security, but also for a jobs-rich sustainable energy economy. The province continues work to harness its geographical potential for Gas, Wind, Solar, Green Hydrogen, and Battery power, in so doing, supporting local content manufacturing and sustainable energy access for all. This is driven/implemented by the department to boost the province's economy through supporting the development of energy related projects that come with economic development opportunities and benefits.

The DEDEAT focused on providing institutional support to all energy projects under development in the province, specifically emphasising those projects awarded as preferred bidders under the national energy procurement programmes. Though transmission grid constraints represent the most significant challenge to any energy development in the province, DEDEAT has cultivated a working relationship and held engagements with Eskom Transmission Planning (National) for Grid infrastructure improvement support. This has paved the way for a collaborative support process for the main grid rollout in the province. The DEDEAT has provided institutional support for national programmes, such as the Renewable Energy Independent Power Producer Procurement Programme (REIPPP). The Department focuses on enabling conducive conditions for project development which ultimately unlocks the growth in sustainable energy in the province. This includes unlocking challenges related to land tenure, vulture challenges, permitting challenges, grid infrastructure, MSME challenges, and many more. In the financial year, the department supported two preferred-bidder wind farms to the value of R4.6 billion. These reached financial close and initiated construction by January and February 2023 respectively.

Linked to local government interaction, DEDEAT appointed services to support the Sarah Baartman District Municipality Independent Power Producer – Inter-governmental Relations (IPP-IGR) forum to improve its impact on the coordination of Socio-Economic Development Projects implemented by Independent Power Producers in the district. The IPP-IGR forum was held in Q4 and was a themed Education and Training IPP-IGR Forum. The forum fostered collaboration and partnership opportunities in the Education and Training Sector.

The DEDEAT initiated the second phase of its renewable energy decision-support project, including the development of a research and guidance document in support of Environmental Assessment decision-making for renewable energy projects in the province. The project culminated with a final set of guidance documents being produced as capacity support for DEDEAT officials.

In respect to the Eastern Cape Minigrid Project, DEDEAT has continued to work closely with project partners and the Raymond Mhlaba local municipality. In the financial year, the focus was on facilitating the effective transition of the Minigrid to full ownership and operations by the local municipality. This involved the development of continuity processes as well as ongoing capacity development processes. Furthermore, ongoing support has been provided for the maintenance of the minigrid, including the data communication element. DEDEAT supported a technical workshop focusing on the journey of developing the minigrid from 2015 to the present, emphasising technical, social and institutional processes, as well as operations and maintenance plans for the minigrid. Furthermore, a panel discussion between ESKOM, NERSA, DMRE was held to discuss the lessons learned, opportunities and challenges for future Minigrids. DEDEAT among other stakeholders, hosted a minigrid hand-over ceremony to ownership and operation by the municipality. Minigrid Technical Oversight and Facilitation processes implemented by DEDEAT have continued to support the ongoing construction, maintenance and operation of the minigrid during the transition period.

The DEDEAT has continued to provide ongoing technical support for integrating the wind energy component to the grid. The wind energy component was integrated and now feeds energy to the grid. This is an additional energy supply component which the United Nations Development Programme has funded. However, even without the wind component, the Minigrid has provided high-quality electricity to the community, enabling the establishment and expansion of new small businesses, including a small furniture manufacturing business.

The DEDEAT worked with the Municipal Infrastructure Support Agency to support 13 EC local municipalities to attend Municipal Embedded Generation Training. The DEDEAT and key entities represented the province at the Infrastructure South Africa Green Hydrogen Summit. It remains essential for the province to participate in-person at the national Green Hydrogen events, to ensure that the Eastern Cape remains part of the national policy and strategic decision-making processes.

Manufacturing

The manufacturing unit has continued to drive sector specific initiatives to ensure the retention and growth of the Automotive Manufacturing and Non-Automotive Manufacturing sectors in the Eastern Cape. These initiatives include;

- Support to Industrial Cluster Programmes (Three (3) initiatives):
 - Non-Automotive Manufacturing (NAM) Cluster - Partnership with Plastics-, Chemicals- and Metal sectors in BCM and NMBM to drive interventions to enable growth and to enhance the competitiveness of these sectors;
 - Production Technologies South Africa (PtSA) - Partnership with EC Tooling sector to drive interventions to enable growth and to enhance the competitiveness of this sector;
 - Eastern Cape Automotive Industry Forum (ECAIF) - Partnership with the Tier 1 Automotive supplier sector province-wide to drive interventions to enable growth and to enhance the competitiveness of this sector;
- Support to Ocean's Economy in particular Maritime Manufacturing - Drive the implementation of the maritime manufacturing localisation action plan developed in 2019/20 to enable the growth of this sector;
- Support to Manufacturing Companies in Distress (MCID) - Managing of distress calls and financial and Non-financial support provided to companies experiencing a distress nature. Financial support is facilitated through the ECDC's job stimulus fund; and
- The revitalisation of EC State-Owned Industrial Parks – a provincial high impact project that focuses on the coordination of EC IP (Industrial Park) stakeholders and provision of institutional support to the development of state-owned EC IPs through funding from dtic and the EC Government.

The NAM Cluster has established a presence in the Dimbaza IP and commenced with various stakeholder engagements with industry, government and communities to align efforts around their plans to revitalise and resuscitate Dimbaza IP as a rural and township based economic node. The NAM Cluster is negotiating an MOU with ECDC which would enable NAM Cluster to occupy the 13000m2 building at the park as a base of operations and systematically activate support services to manufacturers who show interest in establishing manufacturing or commercial activities in the Dimbaza IP. With the NAM Clusters relocation to the Dimbaza Industrial Park, a greater focus can be given to implementing the Dimbaza Master Plan. The Cluster put out an expression of interest and 13 manufacturing responded formally which could result in 300 additional jobs in the industrial park.

The ECAIF established programmes to support the development and improve the competitiveness of the automotive sector. On skills development the initiative trained 35 learners under its Executive Leadership Development Programme (ELDP) and 31 learners under the Team Leader development Programme (TLDP). ECAIF's SME Accelerator programme includes an incubator for MSMEs focused on preparing small businesses to supply large customers in the automotive industry. For the financial year, 7 MSMEs benefited from this programme.

Over the financial year, the Manufacturer's Support Centre portal under the MCID programme provided non-financial support to 58 companies facing challenges and impacting on 1680 jobs in the non-automotive manufacturing, agro-processing and tourism sectors. The MCID is integrated with the ECDC jobs stimulus fund instrument and all cases requiring financial support were referred to ECDC for consideration. The fund disbursed R 27.8 million for the year to 96 companies and saved 1536 jobs.



The Eastern Cape Province hosts numerous state-owned industrial parks namely: Fort Jackson, Wilsonia, Komani (Queendustria and Ezibeleni), Vulindlela, Dimbaza, Butterworth and Senqu; Amongst these industrial parks, the Eastern Cape Development Corporation (ECDC) manages the Fort Jackson, Vulindlela, Dimbaza- and Butterworth industrial parks, while others are owned by the Local municipalities. The department developed masterplans for the Vulindlela and Butterworth IP and currently at the final stage of concluding the development of a masterplan for the Fort Jackson IP in Mdantsane. The development of a masterplan for each affected park serves to support the objective of the Province and strengthen submissions made to dtic for funding.

Agro processing

The Eastern Cape Province has a thriving Agro Industry, that has potential in various commodity value chains. This potential provides an opportunity for the province towards the development of the Agro processing sector in priority value chains such as horticulture, dairy, livestock, grain, aquaculture etc. Towards realising this potential and to also ensure programme alignment among sector stakeholders, the province is in the process of implementing an Agro Industry Development Implementation Plan. The department has implemented three initiatives in the year under reporting, Agro Industry development forum institutional arrangements, Agro Industrial Manufacturing (AIM) Cluster development and institutional support to agro processing programmes or projects.

- *Institutional Arrangements*

Engagements with various stakeholders relevant to the key pillars of the plan were held through the Provincial Agro Industry Development Forum, the National Agro-processing Forum and the Government Procurement of Agricultural Products committee. Various interventions have identified towards facilitating coordinated implementation of the Agro Industry Development Implementation Plan.

- *World Bank Supported Programme*

The Department initiated engagements with the World Bank towards the establishment of the Agro Industry Market Intelligence Portal as means of closing the gap between the farmers (especially the developing farmers) and the markets, that is, agro processors, retailers and distributors for the development and sustenance of local industry. Towards realising this objective, the unit participated in several engagements with the World Bank Group, National Treasury, DRDAR and other key provincial stakeholders, towards facilitating the implementation of diagnostic exercise to support an inclusive and sustainable agriculture in Eastern Cape, and also towards organising the 2nd mission of the World Bank Group to Eastern. The mission was aimed at engaging the provincial leadership, search for their inputs, support and guidance on how best to support the Eastern Cape to develop and implement a sustainable and an inclusive agricultural investment programme. Key recommendations for the investment programme, that emanated from the mission include; raising smallholder productivity, promoting market access, enhancing natural resources management and institutional capacity building.

- *Oceans Economy Development*

As part of supporting the Oceans Economy development programme, several provincial workshops were attended, that were aimed at providing an update on the progress made in the Eastern Cape province towards the development of the fisheries sector and towards resuscitating the aquaculture sub sector. The Coega Aquaculture Abalone Development Zone was also launched.

- *Eastern Seaboard Development*

Government is implementing the Eastern Seaboard Development programme which is aimed at addressing developmental challenges created by the apartheid regime. Work Streams (WS) have thus been established to facilitate activities in the key areas of intervention for the programme. Amongst the work streams, is Work Stream 3 which will be responsible for undertaking situational analysis and develop strategies for development of the Eastern Seaboard project in terms of existing Land, Agriculture, Oceans and Environmental use. DEDEAT has been appointed as the lead department for the Eastern Cape Provincial Work Stream 3. Terms of reference have been drafted for the committee pending finalisation by members. The department is also a participant in the Eastern Cape Project Steering committee and the National Steering Committee for the programme.

- *LRED Funded Agro Processor Assessment*

The unit further provided support to the sector through the Agro Processor Assessment initiative, which focused on the enterprises that were previously funded by the department through the Local and Regional Economic Development (LRED) fund. The assessment has been aimed at assessing the status of the previously funded Agro processors through LRED (Active or inactive), and thus ascertain their level of development by understanding their skills and capacity that contributes to their businesses, to ascertain their compliance status and to also understand their geographical location within the province. In the assessment, the entities assessed outlined several issues that are hindering the success of their businesses. These include loadshedding, compliance, packaging & branding, limited operational capacity, business capacity building, cash flow is another key issue especially for purchasing stock as their markets would normally longer to pay the entities (i.e. two to three months lead time) and infrastructure, machinery and equipment (honey house etc).

- *Other agro processing projects supported*

In line with the sector development plan, the department continued with the monitoring of the projects funded through the Provincial Economic Stimulus Fund such as the Fresh Produce Industry Multi-user facility in the Chris Hani District and Wild Coast SEZ development in OR Tambo District. The Chris Hani District Fresh Produce facility was successfully launched in July 2022.

Support to the Wild Coast SEZ Programme was continued as per the current approval by the dtic of a State-Owned Industrial Park. An application for redesignation was submitted to the dtic, after the project managed to secure investment of R1,7 billion, thus meeting the requirements of a Special Economic Zone designation of R1 billion investment pipeline. Fencing of the site has been completed and bulk infrastructure construction service provider procurement has been completed and is set to start in the 2023/24 financial year.

Collaborations for the sector development remains critical and therefore it must be nurtured towards the realisation of inclusive sector development and economic growth in the province.

Investment Promotion

Overall the provincial investment promotion environment was characterized by increasing in activities geared towards improving provincial coordination, accelerating post-pandemic recovery efforts through investment attraction, hosting the 2nd Provincial investment conference, and leveraging international relations to promote trade and investment opportunities. The last financial year saw the department establishing the Provincial Trade and Investment Forum which plugs into the broader provincial coordination framework which has been put in place by the provincial government. The provincial trade and investment forum bring together key role players in the provincial investment promotion ecosystem and is a coordinating structure that will interface with the provincial investment council, the Invest SA One Stop Shop, and district stakeholders. Through working with other key stakeholders in the province, the department provided support in the hosting of the provincial investment conference with a focus on investor mobilization. During the conference, which was held in November 2022, investment projects amounting to R46.08 billion were announced, namely:

- Shoprite Distribution Center – R1.5 billion,
- Tshedza Pictures – R85 million,
- Transnet Port of Ngqura – R1.59 billion,
- Benteler – R168 million,
- SunFarming – R 500 million,
- Mhlobiso Concrete – R9.5 million,
- Toyota Material Handling – R60 million,
- Sanaha Property Developments – R542 million,
- Sanral – R7.23 billion, and
- Aqora Lithium Battery – R34.4 billion.

In addition to this, the department played a key coordinating role in an outward investment mission to Germany which took place from the 8th to the 15th of October 2022. The Eastern Cape delegation was led by MEC Mvoko and MEC Pieters with a key objective of providing investor aftercare, product development, and generating new

investment leads. The key outcomes from the visit were the general commitment from the Automotive Original Equipment Manufacturers to work with the provincial government in addressing the challenges that have an impact on their businesses, the development of an investment-ready project pipeline which was presented in Germany, and an action plan that is currently being implemented.

The department participated and led in showcasing investment promotion opportunities in the province in virtual international relations platforms which were facilitated by the International Relations office in the Office of the Premier. Through ensuring support for provincial trade and investment initiatives, the department is a convener of Eastern Seaboard Development (ESD): Provincial Workstream 4 -Trade, Finance, and Investment. This workstream functions through the tabling of reports at the Provincial Technical Committee for ESD and monitoring implementation of the provincial ESD catalytic projects. Through the need to enhance knowledge and information, the department conducted an Annual Investor Survey and Location Benchmarking, which will be key in formulating interventions that support investment attraction.

High level of the summary of the Annual Investor Survey: The most represented industries were Manufacturing, Livestock, and Hotels & restaurants. It was determined that many business entities were considering investing in the Eastern Cape in the following 12-24 months (approximately 60% of businesses). In addition to this, a framework of assessing those business entities that were disinvesting from the Eastern Cape (approximately 10%) and those that were still considering whether to invest or not (approximately 30%). These two groups were utilized to identify key issues and constraints for focus by the provincial government as well as focus industries.

High level of the summary of the Location Benchmarking study: Outline the provincial picture through analysis of the provincial value proposition in terms of land housing, visitor appeal, natural environment, residential well-being and connectedness, provincial investment opportunity assessment, benchmark analysis with other Investment promotion agencies.

The review of the provincial economic development strategy is currently being undertaken and will be completed in the 2nd quarter of the next financial year. The department is a member of the Business Process Enabling South Africa (BPESA) Eastern Cape Committee and is supporting BPESA in several initiatives that they are rolling out in the province.

Business Regulation and Governance

The mandate of Business Regulation and Governance (BRAG) revolves around playing an oversight role for businesses and government entities, monitoring and promoting business compliance, focusing on the Eastern Cape Liquor Board (ECLB) and Eastern Cape Gambling Board (ECGB) as well as focusing on the establishment of a regulatory framework that protects consumers and businesses. Amongst other functions, BRAG is also a member of the Legislative Development and Review Committee. This committee has been instrumental in the review of the Eastern Cape Liquor Act regulations which are still under consideration and will be submitted for approval by the MEC.

The department formed part of and supported ECLB and ECGB Portfolio Committee Oversight visits in Sarah Baartman, Nelson Mandela Metro as well as Amathole and Buffalo City Metro Municipalities which focused on compliance levels of various outlets with the existing pieces of legislation.

BRAG has seen to the sittings of the ECLB Panel of Appeals, which considers appeals by applicants for non-awarding of Liquor Trading Licences. A number of sittings have thus been held and rulings submitted to ECLB in this financial year.

In executing its mandate, Regulation Services collaborates with a few stakeholders, internally and externally. This has seen the unit collaborating internally with the Office of the Consumer Protector and externally with South African Revenue Service (SARS) and *National Home Builders Registration Council (NHBRC)* in undertaking compliance campaigns and Business Awareness workshops in Alfred Nzo, Joe Gqabi and O R Tambo regions. The target audience for the workshops was building and hardware industry. The compliance campaigns were emanating from a query raised by an Eastern Cape resident who had, with test results from a laboratory to support him, indicated that a number of hardware stores especially in the Eastern part of the Eastern Cape manufacture and/or sell hardware goods that do not meet the required standard and as such fail to comply with the applicable safety rule.

Economic Planning and Research

The economic planning sub-programme has the key responsibility for facilitating economic policy, planning and research activities within the department. In the 2022/23 reporting period the subprogramme produced four economic intelligence report narrating up to date assessment of global, national and provincial economic performance and outlook, national and provincial labour dynamics, monetary policy, prices and exchange rate indicators, international trade and trade outlook. It is anticipated that these reports provided useful analytical base for decision making, evidence-based policy making as well as tracking progress made in policy targets.

Tourism Development

From a tourism development perspective, the department in partnership with the department of Education and the ECPTA, supported the participation of 19 learners and 3 educators in tourism, hospitality and consumer studies at the National Tourism Careers Expo 2022 held at NASREC Expo Centre from 30 September to 02 October 2022. The support was in the form of accommodation and transport arrangements as well as a local tour around Soweto to experience township tourism products. The learners did their best to represent the province and as a result, in the Tourism Debate competition, the learner from Executive Academy (Amathole East) was awarded the 2nd position and the learner for Consumer Studies from Tutor Ndamase Senior Secondary School (OR Tambo Coastal) was awarded the 3rd position for cake baking and decoration. The National Department of Tourism in collaboration with the Department of Labour, DEDEAT, ECPTA and Buffalo City Municipality hosted a Youth and Women in Tourism Imbizo at Steve Biko Centre in Ginsberg on 24 June 2022. The event was attended by more than 500 women and youth in the tourism and hospitality industry.

In terms of infrastructure projects implementation, the following projects implemented by the ECPTA have been completed:

- The development of a 90-seater restaurant and accommodation facility at Cape Morgan Nature Reserve, through funding from the Department of Forestry, Fisheries, and Environment (DFFE) Environmental Protection & Infrastructure Programmes (EPIP),
- The construction of the hikers' huts at Hluleka Nature Reserve, and
- Refurbishment of Krantz Recreational Area in Port Alfred.

Refurbishment of Middle Beach Ablutions in Port Alfred (these three funded by the Department of Tourism). The tourism marketing initiatives supported included the hosting of various events and conferences. Among these were:

- Sustainable Seas Trust International Conference held at the Boardwalk International Convention Centre from 23-27 May 2022,
- During the first half of 2022, the ECPTA partnered with 4 events and as a result, the destination received a huge media exposure of more than R86 279 906 with 62 500 visitors and 760 jobs were created. These were Kirkwood Wildlife Festival, National Arts Festival, World Surfing League, Muir College Boys' High School 200-year Anniversary,
- Towards the end of 2022, the ECPTA has supported events such as the Professional Golfers Association Championship, Berlin November, Eastern Cape Jazz Festival, London Roots, Ebubeleni Music Festival and others. These signature events attracted an estimated 31 000 visitors and created 1 943 jobs. The total economic benefit is estimated at approximately R47 million, and
- The Domestic Tourism Marketing campaigns to stimulate domestic tourism included the launch of the Winter Campaign at Rhodes and the Tourism Month launch held at the Tsitsikamma Village Inn in September 2022.

According to the South African Tourism, domestic tourism performance reports show that the Eastern Cape is in position number four with regards to domestic tourism. In 2022, the Eastern Cape achieved 5.8 million trips. These are 800 000 more domestic trips undertaken than in 2021 (5 million trips) indicating a growth of 16%.

Strategy to overcome areas of under performance

Delays in completion of private operators and concessionaires tourism facilities at Baviaanskloof World Heritage Site and Cape Morgan Nature Reserve resulted in delays in the appointment of operators thereby reducing on-reserve revenue generation. There are three new concessions for Baviaanskloof World Heritage Site which are the Conference, Restaurant and Curio Shop as well as the concession for Cape Morgan Conference and Accommodation facilities which are under consideration. A revenue generation plan has been subsequently drafted. This plan identifies interim interventions that will enable ECPTA to earn revenue even before concessions are finalised.

The process to amend the Regulations to the Eastern Cape Liquor Act 10 of 2003 (Act) is underway. Relevant documents have been submitted for consideration of the proposed amendments. The amended regulations won't be gazetted until the process has been finalized and endorsed by both the HOD and the MEC. This is expected to be achieved in the next financial year.

Internally, the main challenges that resulted in under-performance continue to relate to critical unfilled posts. The small team has had to spread itself thin by taking on additional work which could have been done by the appointees. This over-stretching has been testing physically and mentally, thereby resulting in under-performance. As per the previous financial year, the programme is remedying the situation, working with human resources and implementing faster recruitment processes.

Changes to planned targets

The indicator: *Number of policies reviewed* had its target changed through an erratum from 4 to 1.

Linking performance with budgets

The performance indicators of the programme provide firstly an indication of overall organisational performance and, secondly, measures of performance in the delivery of economic development programme functions. Therefore, there may not be a direct link between the performance of the programme and the budget. The link is more indirect and reflected through compensation of employees, goods and services etc.

Sub-programme expenditure

	Sub programme	2022/2023			2021/2022		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1	INTEGRATED ECONOMIC DEVELOPMENT SERVICES	159,428	153,212	6,216	157,509	131,073	26,436
2	TRADE AND SECTOR DEVELOPMENT	437,942	436,872	1,070	551,276	551,134	142
3	BUSINESS REGULATION & GOVERNANCE	162,089	161,296	793	147,961	147,948	13
4	ECONOMIC PLANNING	5,876	5,812	64	6,026	5,982	44
5	TOURISM	12,389	12,053	336	12,645	12,616	29
	TOTAL	777,724	769,245	8,479	875,417	848,753	26.664

Goods & Services

Underspending in this programme is from an allocation for Informal Business Support program (IBSP) that was transferred from the ECDC to the department. The department later appointed ECDC as an implementing Agent. This caused a delay in the procurement of goods and services by the ECDC.

The department intensified its awareness campaigns, meeting with its stakeholders, hosting of all activities as per the approved annual performance plan. Events needed physical gatherings to ensure maximum participation of various stakeholders. Also, the usage of vehicle and travel related expenses were required to ensure success of these activities. The activities were performed late in the financial year resulting in invoices being submitted late in March 2022. Resultantly, invoices could not be paid within the year under review.





CYNTHIA NONG
GM – Environmental Affairs

4.3 Programme 3: Environmental Affairs

Environmental Affairs administers environmental policies that are cascaded down from national level in line with the mandate of the Department. Importantly, it regulates environmental management through instruments such as the environmental impact assessments, compliance and enforcement and biodiversity management tools.

The programme is structured as follows:

Sub-programme	purpose
3.1: Policy Co-ordination and Environmental Planning	To establish legislation, policies, programmes, procedures and systems that will effectively empower and support the core functional programmes.
3.2: Compliance and Enforcement	To ensure that environmental legislation is effectively used to protect the environment and its resources from unlawful and unsustainable exploitation and negative impact.
3.3: Environmental Quality Management	To strive towards a safe and healthy environment through effective environmental impact assessment, air quality management, waste and pollution management for the people of the Eastern Cape.
3.4: Biodiversity Management	To conserve the diversity of landscapes, ecosystems, habitats, biological communities, populations, species and genes and promote conservation and sustainable use of natural resources in the Eastern Cape.
3.5: Environmental Empowerment Services	To empower and capacitate the external stakeholders of the Department to meaningfully participate in and contribute to effective environmental management.

4.3.1 Outcomes, outputs, output indicators, targets and actual achievements

#	Programme/Sub-programme : Environmental Affairs							
	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
1	Improved air quality	Climate change projects implemented	Number of climate change response interventions implemented	-	-	1	1	N/A
2		Air quality records	Number of government-owned ambient air quality monitoring stations meeting minimum data requirements	2	3	3	1	-2 ¹¹
3		Air quality records	Compliance with Annual Ambient Air Quality Standards	0	NAQI less than 1	NAQI less than 1	NAQI less than 1	N/A
4		Atmospheric Emission Licenses	Percentage of complete Atmospheric Emission Licenses issued within legislated time frames	100%	100%	100%	0%	-100% ¹²
5	Protected area management effectiveness	Compliance inspections conducted	Number of compliance inspections conducted	69	49	90	111	+21 ¹³
6		Compliance notices issued	Number of administrative enforcement notices issued for non-compliance with environmental management legislation	55	94	77	75	-2 ¹⁴
7		Compliance notices issued	Number of completed criminal investigations handed to the NPA for prosecution	59	74	57	63	+6 ¹⁵

¹¹ The underperformance can be attributed to a number of issues including loadshedding, lengthy repair times associated with Supply Chain Management procedures to procure service providers, which sometimes are located internationally.

¹² This is demand driven. There were low numbers of AEL applications received by the department.

¹³ There were more hunting permits issued than initially predicted which necessitated the need to conduct more compliance inspections.

¹⁴ The need for administrative action is demand driven, it is difficult to predict the nature of environmental crime that requires administrative action.

¹⁵ The need for criminal investigations is demand driven, it is difficult to predict the nature of environmental crime that requires criminal action.



Programme/Sub-programme : Environnemental Affairs						
#	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023
					Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
8		EIA record of decisions issued	Percentage of complete EIA applications finalized within legislated timeframes	79%	98%	100%
9	More waste recycled	Waste licenses	Percentage of complete waste licence applications finalised within legislated timeframes	0	100%	100%
10			% increase in volume of waste recycled	0	1.4%	4.2%
11	Thriving biodiversity economy		Number of legislative tools developed	1	2	1
12			Number of inter-governmental sector programmes implemented	1	1	1
13			Number of environmental research projects completed	-	0	1
14			Number of functional environmental information management systems maintained	0	0	0
15		Biodiversity permits	Percentage of complete biodiversity management permits issued within legislated timeframes	598	1087	80%
16		Work opportunities created through environmental programmes	Number of work opportunities created through environmental public employment programmes	757	712	467

¹⁶ The reason for the deviation is due to a system error, which had indicated to the case officers that these in process applications still had 1 more day to finalise. The Unit has since strongly advised all officials to refrain from waiting for the last day to finalise applications. Also, the Unit has developed Standard Operating Procedures and a Business Mapping Process that must be adhered to in order to ensure that applications do not go beyond legislated timeframes.

¹⁷ The department did not have proper instruments to measure waste recycling throughout the Province.

¹⁸ More effort was put into completing legislation that was started in prior period.

¹⁹ The shortfall of 32 is attributed to abscondment of beneficiaries and the delayed commencement of projects, thus affecting the quality of POE provided that did not meet the expected standards.



#	Programme/Sub-programme : Environnemental Affairs	Output	Output Indicator	Audited Actual Performance 2020/2021	Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
17		Environmental awareness activities conducted	Number of environmental awareness activities conducted	21	27	24	25	+1 ²⁰
18		Environmental capacity building	Number of environmental capacity building activities conducted	14	26	24	25	+1 ²¹
19		Coastal projects developed	Number of Coastal projects developed	0	0	1	1	N/A

²⁰ One additional awareness activity was undertaken in response to a need that arose at the time as the subprogramme may be required to undertake additional activities that were not part of its plans from time to time.

²¹ One additional capacity building was undertaken in response to a need that arose at the time as the subprogramme may be required to undertake additional activities that were not part of its plans from time to time.



Environmental Affairs Key Achievements

The Environmental Affairs programme has been instrumental in areas of environmental compliance and enforcement, environmental quality management, biodiversity management and empowerment services. The following key achievements should be noted:

Policy Co-ordination and Environmental Planning

Environmental Research

Environmental Research Services is responsible for conducting and coordinating environmental research in the province, while also giving expert advice to influence provincial and national policies.

In the year under review, one research project entitled “Macro invertebrate diversity and water quality of rivers in Xolobeni, Alfred Nzo, Eastern Cape”, was completed. The project was a collaboration between the Department, University of Fort Hare, Albany Museum, and Rhodes University, and it was a baseline study that sought to evaluate the pristine status of the environment in Xolobeni. Xolobeni is a biodiversity hotspot for endemism, an area that could be affected by the future planned N2 road development initiative and the mineral mining of sand. Findings from the studies revealed that Xolobeni rivers are rich macroinvertebrates and this richness is because of good water quality status. From these it was concluded that the rivers of this area are still pristine.

Quinary and quaternary mapping of wetlands of Xolobeni was done in collaboration with SANBI as part of the National wetland mapping programme which is to publish in the year ahead.

A research project aiming at evaluating the perception of stakeholders on the co-management of small-scale fisheries in the Wild Coast is underway, with the main objective of addressing a conservation dilemma as a result of a recurring conflict between the state and the fishers on the overexploitation of small-scale fisheries.

The Scientists are in the process of reviewing the State of the Environment, which was last reviewed in 2010. A proposal to that effect has been approved by the department.

Two scientists participated in the Sustainable Futures 2022 Research Symposium, organised by the Institute for Coastal Marine Research at the Nelson Mandela University in Gqeberha in November 2022. The symposium was a platform for aquatic scientists to lay a foundation for the Blue growth South Africa/Italy Conference, which was later held from 1-2 December 2022, in Gqeberha.

The sub-programme’s scientists participated in the National Wetland Mapping Working Group, Eastern Cape’s Ocean’s Economy Secretariat, Provincial Wetland Forum, The Estuarine National Working Group Task Team, Provincial Air Quality and Climate Change Forum, Provincial and National Coastal Committees, Provincial Biodiversity Committee, Annual Review of Municipal IDP’s and a number of environmental management related working groups and committees to give expert scientific advice. As consequence to their involvement in the platforms stated above, presentations were made on the Quality Assurance Quality Control Tool for Nelson Mandela Bay & Buffalo City Metropolitan Municipalities as well as the Dust Management Best Practise for the Storage of Manganese Ore at Coega SEZ. In addition, an invitation to attend Green Climate Fund session in Cape Town on the 9-10 March 2023 was received, in order to effectively assist municipalities, to submit funding proposals for climate change related work within their respective coastal zones.

Compliance and Enforcement

The Directorate of Compliance and Enforcement (D:C&E) had its operational budget reduced from R3,6 million three years ago to a little over R700 000 for the financial year. This profoundly affected operations especially where collaborative relationships were depended on to achieve the output the D:C&E has. The unit however continued to enforce the department’s environmental mandate to ensure compliance with environmental legislation. The D:C&E continued to monitor compliance with authorizations and undertake appropriate enforcement action. Despite the financial constraint and staff vacancies at the onset of the financial year the D:C&E had been prioritised and several vacancies were filled, (2 CEO:C&E Mgt and 5 EO:C&E posts were filled, seven advertised post remain to be filled.) The filling of the posts will go a long way to resource the departmental environmental enforcement mandate. Landmark precedent setting cases have been prosecuted during the



reporting year related to absent management of landfill sites. This has allayed some concerns previously raised by the Portfolio Committee regarding the status of poor or no management of landfills.

Collaborative relationships were actively pursued to supplement seemingly waning operational resources. Operation Phakisa Enforcement 5 planning and other collaborative operations were attended and executed with other organs of state and Honorary Nature Conservation Officers who promoted compliance with environmental legislation.

The D:C&E SIU component which includes operational Head Office staff will continue to work on and investigate organised environmental crime syndicates that seek to plunder rare and endangered species. The attrition of experienced law enforcement personnel, (law enforcers, SAPS members and the National Prosecuting Authority adversely impacted output.) Complaints were diligently investigated to minimise environmental crimes within the borders of the province or be used for such illegal activities. It was as a direct result of collaborative relationships that there was limited rhino poaching in the Province during the reporting period. (Rhino poaching is up throughout South Africa.

Against this backdrop the Directorate: Compliance and Enforcement has been able to, “pull a rabbit out a hat” and exceeded performance in the following areas;

- Number of compliance monitoring inspections conducted, and
- Number of completed criminal investigations handed to the NPA for prosecution.

Unfortunately, the target for the number of administrative enforcement notices issued for non-compliance with environmental management legislation for the reporting period was under achieved by 2.

Environmental quality management

Environmental Impact Management (EIM)

In the year 2022/23, 94 Environmental Authorizations were issued within legislated timeframes while 2 environmental authorizations were issued just outside the legislated timeframes as they were both issued 1 day after the deadline. This is due to the National Environmental Authorisation System error. The average turnaround time for finalising BAR applications was 81 days as opposed to the legislated timeframe of 107 days. SEIR applications were finalised within the stipulated legislated timeframe and the average turnaround time for finalising the full EIR application was 97 days against the legislated timeframe of 107 days. A total of 31 applications were finalised by way of either closed or withdrawn and such applications are always within legislated timeframes when either of the said events take place.

In addition, the Unit processed 21 appeals and none of them were taken on judicial review. The Unit in conjunction with Sustainable Energy section of DEDEAT and via CSIR conducted a training on Wind Energy Facility (WEF) EIA Applications for all EIM officials. This was subsequent to the pronouncement made by DMRE Minister in terms of which provinces would become Competent Authorities for renewable energy (WEF) that are less than 100 megawatts.

Climate Change

During the financial year the department embarked on a number of climate change projects. These included mainstreaming climate change into the Provincial Economic Development Policy and to implement the Provincial Climate Change Program. However, these projects developed very slowly due to the slow pace of procurement processes. The only project which has developed speedily is to mainstream climate change into the Municipal Integrated Development Plan.

The governance and implementation of the states plans is through a framework of policies and regulations and acts of parliament. This is no different for climate change.

The state is currently in a process of adopting a Climate Change Bill. One of the requirements of the Bill is that all Organs of State will be required to align their policies, with the requirements of the Bill. The South African National Adaptation Strategy and the South African Low Emission Development pathway 2050.

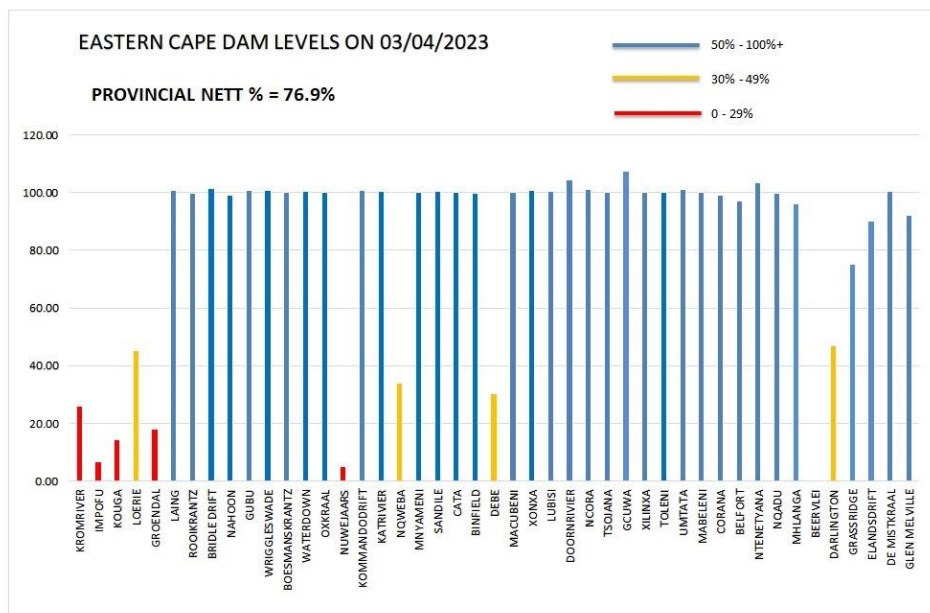
The Department conducted an intervention to strengthen the Climate Change Responses in the Municipal IDP's.

The process started with the review of the Municipal IDP's in August 2022, this was followed with an in-depth analysis of the climate change aspects of the Municipal IDP for the district and metropolitan Municipalities.

Presentations were made to the strategic Planning Sessions of the OR Tambo District Municipality and the Environmental Working Group of the South African Local Government Association. It is impossible to measure the progress of this work as Municipalities are still undertaking this process of compiling the Municipal IDP's for the 2023/24 financial year.

The status of dam levels in the Province is depicted by the graph below:

Figure 6: Eastern Cape Dam Levels



As at the end of March 2023 the vast majority of dams are a full capacity. However, there are a few dams in the Western Cape which are extremely concerning. This situation is as a direct result of the below average rainfalls which is contributing to the ongoing drought being experienced in this region. A few dams with water levels between 30 and 50% need to be monitored closely as the water security situation may deteriorate and lead to a water stressed situation. Overall the dam levels are encouraging for the vast majority of the Province.

Waste Management

The Air Quality, Pollution and Waste Management Unit has oversight responsibility over the performance of Local Authorities in the provision of service delivery to ensure a clean and safe environment. This has been conducted through the process of licensing industrial and economic activities that have a potential to cause detrimental damage to the environment through emissions, effluents and solid waste materials. These activities are controlled through Atmospheric Emission Licences (AEL), Waste Management Licences or Registration of facilities to comply with environmental norms and standards. The Department monitors four (4) air quality monitoring stations located in Nelson Mandela Bay and Buffalo City Metros. The stations measure criteria pollutants such as SO₂, NO_x, Ozone, PM₁₀, etc. These stations report to the South African Atmospheric Emission Licensing and Information Portal (SAAELIP) and are required to have a functionality of more than 75% data availability. Only one out of the four stations have consistently met the threshold and in other stations the data integrity has not been reliable due to load-shedding resulting in significant deterioration of data quality. This air quality information therefore cannot be used to determine the disease burden that can be attributed to poor air quality. Although no AELs were issued, support and guidance to existing licensed facilities was given to ensure compliance to environmental performance measures.

The Department received the endorsement of the Provincial Integrated Waste Management Plan (IWMP) from the Minister of Environment which meant that the IWMP and its Recycling Strategy could be published in a Gazette for implementation. These documents provide the Provincial blue-print of waste management interventions for the next five-year cycle. The Department also collaborated with the Department of Co-operative Governance and Traditional Affairs (COGTA) and other government departments to host the Greenest Municipality Awards (GMA) in acknowledging the sustainable development principles in the delivery of municipal services especially around waste management and Climate Change. A prize money to the value of R1million is dedicated to improving waste management services by the winning municipalities and recognition for sound environmental practices.

Industry and municipal support has been achieved through collaboration and partnership with DFFE, SALGA, MISA and other agencies to host Clean-up Campaigns, Recycling Enterprise Support Programme (RESP) and procurement of specialized waste management vehicles and equipment through MIG funding.

A total of 23 waste handling facilities have been audited for environmental performance throughout all Districts. Two new Waste Management Licences (WML) were issued with additional 2 WML amendments and 2 facilities registered to sort, crush, bale and store waste for reprocessing and recycling. This also contributes to green jobs and reducing impacts of climate change by the waste sector as waste is diverted from going to landfill.

Biodiversity and Coastal Management

Coastal Management

The sub-programme participated in the terminal evaluation and interviews for the closure of the Benguela Current Commission Large Marine Ecosystem III project that is being implemented on the Swartkops estuary, in Gqeberha. The BCLMEIII is a demonstration project funded through the Benguela Current Commission (BCC) and implemented by the Department of Forestry, Fisheries and the Environment together with partners such as DEDEAT, Nelson Mandela Bay Metro (NMBM), Zwartkops Conservancy and the Department of Water and Sanitation. The partner institutions serve as members of the Project Steering Committee (PSC).

The BCLMEIII demonstration Project is implemented in all member states to the BCC; namely South Africa, Namibia and Angola. The purpose of the BCLMEIII demonstration project is to improve ocean and coastal water quality and governance within selected sites in each of these countries. For the South African project, it is implemented on the Swartkops Estuary which is located in Gqeberha. The project commenced in 2018 and was allocated funding for a period of three (years), ending in 2021 and was later extended due to delays related to the COVID-19 pandemic. The sub-programme participated in the terminal evaluation and interviews for the closure of the Benguela Current Commission Large Marine Ecosystem III project that is being implemented on the Swartkops estuary, in Gqeberha. The BCLMEIII is a demonstration project funded through the Benguela Current Commission (BCC) and implemented by the Department of Forestry, Fisheries and the Environment together with partners such as DEDEAT, Nelson Mandela Bay Metro (NMBM), Zwartkops Conservancy and the Department of Water and Sanitation. The partner institutions serve as members of the Project Steering Committee (PSC).

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There is continuous monitoring of water quality on the Swartkops Estuary. DFFE has its mobile laboratory dedicated to this project and is based at the NMBM offices in Swartkops. There are dedicated DFFE staff that operates the laboratory on site, and they produce water quality reports that are submitted to DFFE: Oceans and Coast Branch.

The project has procured a brand-new boat to assist with litter picking along the Swartkops estuary. The boat has been handed over to the Zwartkops Conservancy for daily operations, but it remains in the DFFE asset

register. The boat may also be used by DFFE, DEDEAT, NMBM, DWS etc. when they have to undertake any official duties on the estuary.

Floating wetlands have also been procured and were deployed at various sites along the length of the estuary and canals that contribute pollution into the estuary. The purpose of the floating wetlands was to assist with the extraction of the pollutants from the water, using a system that mimics a natural system. The challenge however with the floating wetlands was that they were blown away with wind and some were vandalized. Therefore, the effectiveness of the wetlands was not realized.

The project has also procured data loggers that assist with covert monitoring of pollution along the estuary. The data loggers are deployed at secret sites along the estuary and only a few officials know where they are. The DFFE monitors collect data and service these loggers at stipulated timeframes.

Sustainable Urban Drainage Systems (SUDS) have also been constructed at various sites discharging water into the Swartkops Estuary. The purpose of the SUDS is to introduce a biological process in which the polluted water has to go through and gain treatment before it reaches the main body of the estuary. Water quality samples taken upstream and downstream of the SUDS show that the SUDS are working, however they would need to be implemented at a much larger scale if they are to have any meaningful impact on the quality of water reaching the estuary.

The Swartkops Management Plan was gazetted by the MEC Hon M. Mvoko in September 2022. Kowie was gazetted in February 2023: Provincial Notice 498 of 2023

CoVu Training and Climate Change Funding:

The sub-programme, together with DFFE organized and undertook training on Climate Change Coastal Vulnerability (CoVu) Assessment and Decision Support Tool for officials in the Amathole District Municipality, Local Municipalities in that district, as well as the Buffalo City Metropolitan Municipality. The purpose of the training is to raise awareness and to equip officials in the planning and environmental management departments of these municipalities with the understanding and ability to apply the CoVu and the related Decision Support Tool (DeST) in their decision-making processes regarding development applications along the coast. The tool assists in risk assessment and analysis for project planning in Climate Change Mitigation and adaptation. It is necessary that O.R. Tambo Region be prioritized as this is where the Seaboard and DDM is focusing.

Workshops were facilitated to assist the Municipalities in the compilation of project funding proposals for submission to the Green Climate Fund for possible funding for Climate Change projects submission to DFFE. The projects must either address climate change adaptation or climate change mitigation, or both of these.

Provincial Coastal Committee (PCC)

The department is reviewing the Wild Coast EMP. One of the key objectives for doing review of the Gazetted 2014 Wild Coast Environmental Management Plan is to look at the gaps in spatial planning and to align with Wild Coast Policies in order to address the Land Use challenges. The Unit also looked at departmental processes towards gazettement of Provincial Boat Launch Sites. The process is necessary to ensure that coastal zone users / small scale fishermen have access to coastal zone. The state of the Estuaries in the Province is concerning the risk of land based pollution has changed the status to a dis-functional state. This includes inland erosion pollution as well as waste water discharges. This is associated with Vandalism of Sewage Works and Pump Stations.

DWA shared the Green Drop Report with the meeting. The report gave a negative picture on the State of Environment as the Risk has risen to disastrous state and mitigation is needed urgently. The recommendation was that a meeting be set in the new year to update the Chairperson of Enviro Sustainable Working Group and the Coordinator from COGTA for inclusion in the IDP Forum agenda meeting.

Bioprospecting Economy – Eastern Cape

A meeting was held in Tyefu with DFFE and Tyefu Community representatives to craft a way forward on the implementation of the Tyefu Aloe ferox Project. The National Department of Forestry, Fisheries and the Environment (DFFE), in partnership with the United Nations Development Programme-Country Office, applied for financial support from the Global Environment Facility (GEF) 6 funding window, for the project aligned to



achieving the objectives of the Nagoya Protocol on Access and Benefit Sharing, and the National Biodiversity Economy Strategy (NBES), entitled: "Development of Value Chains for Products derived from Genetic Resources in Compliance with the Nagoya Protocol on Access and Benefit Sharing and the National Biodiversity Economy Strategy".

The project is comprehensive with one of its outputs including the abovementioned project- "The establishment of Aloe ferox cultivation, harvesting and basic processing in the Tyefu Community, Peddie, Eastern Cape Province.

The assignment involves achieving the following objectives:

- Develop a Memorandum of Agreement with the relevant parties for the implementation and sustainability of the project;
- Identify land and establish cultivation plantation(s) in the Tyefu Community;
- Establish a small field nursery; field workshop, and a small testing, processing and packaging plant for Aloe ferox products emanating from the cultivation plantation(s)
- Develop and implement a sales and marketing plan for the community business venture;
- Provide human resource recruitment, development and management for the project;
- Develop and implement the project's exit and sustainability strategy.

Bioprospecting Permits issued to Traditional Authorities: EC Province

Two permits for research other than bioprospecting were issued. The report has been compiled and sent to DFFE. A meeting between DFFE and DEDEAT was held to discuss implementation of the Presidential Stimulus Projects in the province. A project manager will be appointed towards the end of March to start implementing the projects in 7 traditional authorities in the province. The project will employ 903 people in different areas of Bioprospecting Economy (mass cultivation, harvesters and collectors, traditional knowledge identification) from the traditional authorities mentioned above. The project will run for 6 months.

Research Permit applications

A diverse environmental research is continuously conducted in the Eastern Cape. As a result, research permit applications were received from different research institutions, including South African State-Owned Entities, and academia. Research ranged from molecular studies to organism morphology and ecology. More applications for plant studies were received than animals.

During quarter 3 (three) permits were issued to collect material to conduct research in the country. One (1) permit was issued to export material for research purposes in terms of Bioprospecting Access and Benefit Sharing Regulations. A total of 4 (four) research permits were issued.

E-Permit

CITES permit applications are still issued manually. The DFFE is still in the process of rolling out the electronic permit system for processing of CITES permits. The permit applications received during the reporting year were processed within the legislated time frames. The E-Permit system is assisting a lot in record keeping for monitoring purposes.

Species and Ecosystem Management *Leopard Management*

The situation remains unmanageable but the Department continues to use 2014 guidelines to manage the alleged DCA Leopard conflict with the Farmers. One permit was issued to Mr Were for Hunt to capture and relocate to Safe environment for conservation and protection of the Leopard. A proposal for scoping and counting them using the services of service provider will continue. Draft Terms of Reference have been drafted and will be submitted in the new year and procurement processes will be followed.

Cycads

The implementation of Encephalartos species Management Plan continues in the Province. SANBI & DFFE are Co-Chairing the Forum Meetings that are set in the Province. The Province is fully participating in National

Scientific Authority where scientific risks on key species are discussed and funding arranged for development of management plans and mitigations. Regions in their field services routine monitoring have included and conducted different Cycad inspections and the following was reported; O.R. Tambo counted 62 in different villages and some were not accessible and could not be identified.

Alfred Nzo, also have reported on them, highlighting challenges of some that have been relocated and replanting that are dying. The matter will be investigated, and monitoring will continue.

Aloe ferox Management

A plan to formalise *Aloe ferox* Community of Practise to guide the implementation of the Aloe ferox Management Plan. A meeting will be held in the next Financial year with all the role players.

Honey Bush Tea COP

There was a discussion as a result of a decision taken at the Honeybush Joint Action Group (HJAG) meeting, where it was indicated communities in the Eastern Cape and the Western Cape provinces are struggling with getting access to harvest Honeybush in the lands owned by Mountain to Oceans (MTO). The intention to correct the mistakes of the past where harvesting of honeybush on MTO was highlighted. There was no harvesting of honeybush occurring on MTO land. A study conducted in 2018 concluded that there isn't a significant amount of tea to be harvested on MTO land.

MTO has given a go-ahead for the granting of a permit to access and 100% harvest of honeybush tea that is available in commercial compartments D29, D26 and c19b in the Lottering plantation. MTO's Forestry Department is ready to harvest and apply herbicide on these compartments, however, they will allow for the honeybush tea harvesting to proceed before they resume their operation. The amount of honeybush tea available on these compartments is estimated to be 4000 to maximum 8000 tons in total. The actual amount will be determined when the harvest is weighed before leaving the plantation. Wildflower picking companies have been issued with a permit harvest, the issue has been resolved.

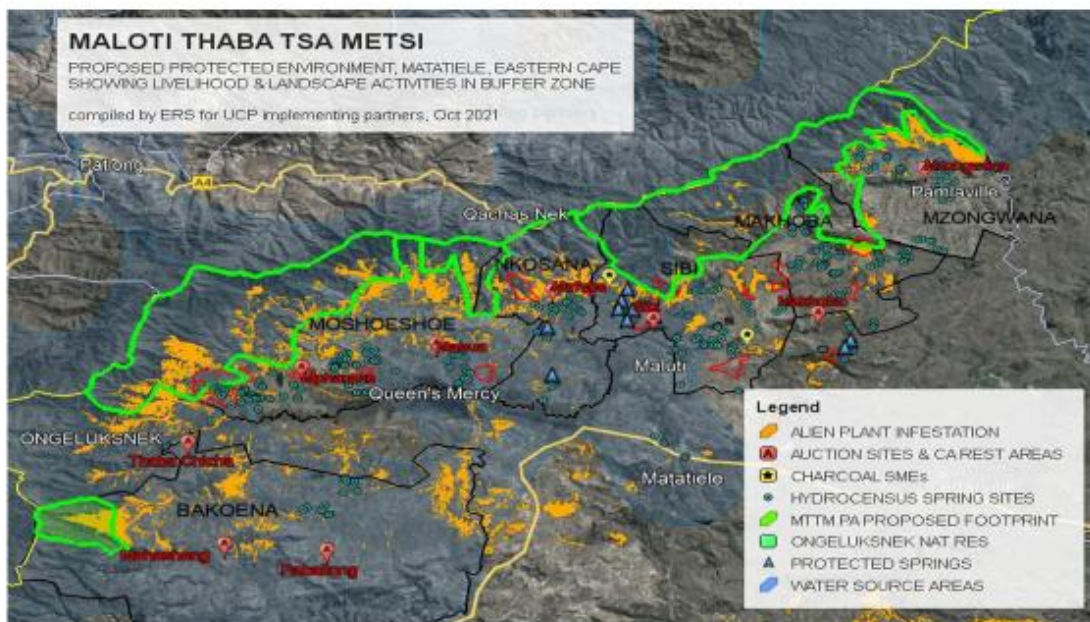
Vulture Conservation

Regions continues with Vulture Conservation Programme. There has been recording of 28 vultures that were spotted in one host in one region. There are odd numbers spotted from other regions during the reporting period.

Wetlands Conservation Programme

The Sub-Sub programme Biodiversity Conservation continues with the programme of action on Wetlands Management in all regions. Alfred Nzo has been identified and DFFE and SANBI has pledged support in ensuring that the Region get the attention it deserves in terms of support through funding the mitigation projects and programmes that contributes towards Climate Change. It has been listed and will be tabled for Terrestrial consideration for Climate Change Funding. The area is also listed for Corridor Conservation and Climate Change Mitigation Project as it is in the Catchment it will contribute towards Catchment to Coast.

Programme adopting Mzimvubu River Estuary as the corridor. This is also responding to the challenges on Wetlands as outlined in NBA 19. Much research has been conducted in the Area and in their proposals is the Consolidation of large communal land that belongs to 5 chiefs for Declaration of Wetlands Ecosystem in their areas. Stakeholder meeting was held during the reporting period to confirm the support for declaration of Maloti still continues. Meeting with stakeholders was held in February and the interest and intention is still being consulted with the other Chiefs that have not yet agreed to participate.



DEDEAT will continue to participate towards planning for Consolidation and Declaration of Water Resource and Wetlands as Special Management Areas for Protection in terms of NEM:PA, Protected Environments; Section 28 (1) (i) and in low laying rangeland areas will be regulated in terms of Section 28 2(a)(b)(e) and (f). DEDEAT will guide the parties to ensure consultation process by the MEC is followed properly and appropriately.

Environmental Empowerment Services

The Environmental Empowerment Services sub-programme is responsible for capacitating external stakeholders of the department to meaningfully participate and contribute to effective environmental management in the province. At the beginning of the financial year under review, it was anticipated that all awareness and capacity building activities etc will be conducted through media and social media platforms due to COVID-19. However, all activities of the sub-programme namely capacity building sessions, environmental awareness, Environmental calendar days were undertaken through contact sessions as the country started opening after the devastation caused by COVID 19.

A total of 25 awareness activities and 25 capacity-building activities were conducted during the 2022/2023 financial year targeted at diverse stakeholders in the province i.e., Learners, Educators, Traditional leaders; Local government officials; property owners; NGOs and the communities at large. For awareness campaigns, the themes included amongst others: Reduce waste generation and promote recycling; Value of the environment in enhancing the quality of life; Land degradation; The importance and threats to Cape parrots focussing on educators and learners, The importance and threats to Cape parrots focussing on educators and learners, Wild Coastal Development Pressures; Alien Plants Clearing in Water Catchment Areas; Climate change and its impact on the environment; Stakeholder engagement, permitting and authorisation; Prevention of Burning Waste Sites and illegal dumping; Empowerment of learners and youth on green thinking, green living, and environmental careers; The importance of EIAs on sustainable development; Alien plant clearing in catchment areas; Promoting adopt-a-Spot Programme in small towns; Waste management; The importance of Arbor month and career opportunities in the environmental sector.

Capacity building activities were undertaken throughout the province on the following themes *inter alia*: Reduce dependency on the national power grid by utilising renewable energy and Training on waste management activities for municipal officials; Illegal hunting of wild animals with dogs and waste management measures; Role of MMEs in the environmental sector; Impacts of Illegal developments on the environment; Effective waste management, a response to climate change and National Park and Nature Reserves: public accessibility; Poor air quality as a contributing factor to global warming and climate change in Alfred Nzo; Promote biodiversity conservation through youth empowerment; Landfill emissions and their impacts on the environment; Prevention

of landfill emissions and their impact to the environment and Awareness raising on the management of waste chemicals used for agricultural.

The above-mentioned activities were conducted through contact sessions throughout the province. Two calendar day events were celebrated to create awareness firstly through the hosting of a clean-up campaign in Burgersdorp in the Walter Sisulu Local Municipality of the Joe Gqabi District Municipality from 19 to 20 September 2022. Secondly through the Marine Day celebrations hosted in Hluleka Administrative Area in Nyandeni Local Municipality in the OR Tambo District Municipality on 24 November 2022. The subprogramme hosted a Woman in Environment Workshop in East London on 09 February 2023 aimed at opening a platform for a wider spectrum of women and men to share experiences and their involvement in Environmental Programmes, share best practices, exchange knowledge, skills, and expertise, and explore networking; and other communications mechanisms to support their environmental programmes.

Environmental EPWP projects focusing on waste management, and eradication of alien and invasive plants in several municipalities created 435 work opportunities. The Department, in terms of the Phase IV Environment and Culture Business plan, was required to create 467 work opportunities in the 2022/23 financial year however 435 work opportunities were created.

In implementing the EPWP programme the department through the efforts of the sub-programme received one of the largest allocations of Integrated Grant funding from the National Department of Public Works and Infrastructure in the 2023/24 Financial Year due to its performance in the previous financial year whereas other public bodies received reduced allocations for the above mentioned financial year.

The shortfall of 32 is attributed to abscondment of beneficiaries and the delayed commencement of projects, thus affecting the quality of POE provided that did not meet the expected standards.

Strategy to overcome areas of under performance

Many of the areas related to performance fall outside the operational scope of the Directorate: Compliance and Enforcement. An enabling environment with improved clear reporting lines, provisioning of the human resources component, improved operational budget, establishment of an operational centre and support for collaborative relationships with stakeholders will go a long way to improve operational output. For these the Directorate: Compliance and Enforcement must continue to lobby.

Changes to planned targets

The following indicators had their targets changed through an erratum issued in the first half of the financial year:

Number of legislated tools developed was from 2 to 1.

Number of environmental research projects completed was changed from 2 to 1.

Number of work opportunities created through environment sector public employment programmes was changed from 550 to 467

Linking performance with budgets

The amount of underspending recorded by the programme is not material when compared to the budget. The programme operated within planned operational plans and cash flow projections and was, therefore, able to achieve a few its predetermined objectives, despite the challenges highlighted earlier. Where targets were missed, this was due to portfolio of evidence not being properly packaged.



Sub-programme expenditure

	Sub Programme Name	2022/2023			2021/2022		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1	Environmental Policy, Planning and Coordination	36,899	35,914	985	47,238	47,199	39
2	Compliance and Enforcement	30,124	30,021	103	50,019	49,944	75
3	Environmental Quality Management	26,582	25,848	734	20,543	20,418	125
4	Biodiversity Management	255,657	255,350	307	239,819	239,639	180
5	Environmental Empowerment Services	12,126	11,974	152	11,273	11,233	40
	TOTAL	361,388	359,107	2,281	368,892	368,433	459

Goods and Services

The Department intensified its awareness campaigns, meeting with its stakeholders, hosting of all activities as per approved annual performance plan, events needed physical gatherings to ensure maximum participation of various stakeholders and usage of vehicle and travel related expense were required to ensure success of these activities. The activities were performed later in the financial year resulting in getting invoices late in March 2022.

Transfer - EPWP

Funds amounting to R847000 could not be transferred to the Municipality due to non-compliance with tax issues. The Central Supplier Data Base (CSD) requires all suppliers to be tax compliant.

5. TRANSFER PAYMENTS

5.1 Transfer payments to Public Entities

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Eastern Cape Development Corporation	<ol style="list-style-type: none"> 1. Number of SMMEs received development finance (loans & financial incentives) 2. Number of SMMEs assisted with non-financial support services 3. Number of Co-operatives supported with finance 4. Rand value of investments facilitated 5. Rand value of exports facilitated 6. Number of SMME's/ local entrepreneurs provided with integrated export support 7. Number of jobs facilitated (Rural and Enterprise Finance) 8. Number of catalytic economic development projects identified and supported which are aligned to provincial priorities 9. Value of funds leveraged directory for SMME projects 	328,407	328,407	<p>During the period under review, 197 SMMEs received development finance in the form of loans</p> <p>579 SMME's were supported with training and development</p> <p>32 Co-operatives received financial support</p> <p>R5 258 959 752 Rand Value of investments facilitated</p> <p>R145 075 976 Rand value of exports facilitated</p> <p>123 SMME's/ local entrepreneurs were provided with integrated export support</p> <p>526 jobs were facilitated (Rural and Enterprise Finance)</p> <p>7 catalytic economic development projects were identified and supported which are aligned to provincial priorities</p> <p>The entity leveraged funds directory for SMME projects to the value of R52 951 500.00</p>
Eastern cape Gambling Board	<ol style="list-style-type: none"> 1. Revenue Collected and Disbursed to Fiscus 2. Number of Key CSI Projects Implemented 3. Number of Key Gambling Licenses issued 4. Gambling industry compliance maturity level 5. Number of sweeps conducted 6. Number of People Provided Feedback with regard to Excessive and 	70,043	70,043	<p>Revenue to the value of R189.5 million was collected & disbursed to Fiscus for the period under review</p> <p>There were 4 key CSI Projects Implemented</p> <p>7 Key Gambling Licences were Issued</p> <p>Organisational Maturity Index was reported as level 3</p> <p>There were 10 sweeps conducted in the year under review</p>

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
	Irresponsible Gambling Messages.			938 403 People were provided feedback with regard to Excessive & Irresponsible Gambling Messages
Eastern Cape Liquor Board	<ol style="list-style-type: none"> 1. Percentage spent on Eastern Cape SMME's 2. Percentage of fully compliant liquor licence applications considered within legislated timeframes. 3. Number of new formal liquor traders' associations facilitated. 4. % of pre-registration inspections conducted 5. Number of black liquor traders distributions facilitated to participate at higher levels of value chain 6. Number of blitz operations conducted with law enforcement agencies to enforce legislation 7. Number of people reached through education and awareness interventions and social responsibility initiatives 8. Number of Thematic reports on the anti-alcohol abuse interventions conducted 	74,480	74,480	<p>57% was spent on Eastern Cape SMME's</p> <p>40,9% was reported for fully compliant license applications considered within the 60 day legislated timeframes</p> <p>The entity reported 2 new formal liquor traders that were facilitated. associations</p> <p>90.3% pre-registration inspections conducted</p> <p>9 Black liquor traders distributors were facilitated to participate at higher levels of the value chain</p> <p>93 blitz operations conducted with law enforcement agencies to enforce Legislation</p> <p>96 909 people were reached through education and awareness interventions and social responsibility Initiatives</p> <p>4 Thematic reports were produced on the antialcohol abuse Interventions conducted</p>
Eastern Cape Parks and Tourism Agency No YTD performance	<ol style="list-style-type: none"> 1. Wildlife management and game industry transformation 2. Stewardship Programme Conservation Management 3. Project Implementation 4. Tourism Value Chain Support 	235,194	219, 168	<p>A score of 23.81 was reported for wildlife management and game industry transformation</p> <p>A score of 50.00 was reported for Stewardship Programme</p> <p>A score of 78.23 was reported for conservation management</p> <p>A score of 99.84 was reported for projects Implementation</p>



Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
	5. Reserves as Products 6. Destination Marketing 7. Business Events and Partnerships			A score of 98.50 was reported Tourism Value Chain Support 94.13 score reported for Reserves as Products 92.00 reported for Destination Marketing 73.71 Business Events and Partnerships
East London Industrial Development Zone	1. Number of new investors operationalised 2. Number of SMME development beneficiaries active in ELIDZ construction incubation programme 3. Number of skills beneficiaries trained 4. Value of new investors attracted 5. Number of active manufacturing and services jobs 6. Number of construction jobs created 7. Percentage of approved and operational investors enabled to benefit from SEZ incentives and other supporting tools 8. Number of economic enabling construction projects implemented 9. Number of incubators operational 10. Number of Corporate Social Investment projects administered by ELIDZ	146,697	106,143	3 new investors were operationalised for the review period 56 SMME development beneficiaries were active in ELIDZ construction incubation programme 112 skills beneficiaries were trained by the entity 4 new investors were attracted by the entity 4666 of active manufacturing and services jobs were achieved 744 construction jobs created were achieved A percentage of 89,4% was approved and operational investors enabled to benefit from SEZ incentives and other supporting tools. An under-performance of 0 was reported for Number of economic enabling construction projects implemented 2 incubators were reported as operational for the period under review 17 Corporate Social Investment projects were administered by ELIDZ
Coega Development Corporation	1. Number of Investors signed 2. Investment Value 3. Number of construction jobs. 4. Cumulative operational Jobs 5. People Trained	61,228	61,228	4 Investors were signed The entity reported an Investment value of R1224.7bn 5 277 construction jobs were created 9 739 cumulative operational jobs were reported 3932 people were trained by the entity



5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023

Organisations to whom transfer payments have been made

The table below reflects the transfer payments which were budgeted for in the period 1 April 2022 to 31 March 2023, but no transfer payments were made.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity R'000	Reasons for the funds unspent by the entity
DEDEAT	Private Enterprises	Local and Regional Economic Development	Yes	2,110	2,110	None

The funds were allocated to LRED Projects and evaluated based on the submissions by the project beneficiaries.

6. CONDITIONAL GRANTS

The table below details the conditional grants and earmarked funds paid by the department during the period 1 April 2022 to 31 March 2023.

6.1 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the Department.

Conditional Grant 1: EPWP

Department/Municipality to whom the grant has been transferred	DEDEAT
Purpose of the grant	Job Creation through EPWP on Environmental Sector projects, encourage municipalities to improve environmental management services in accordance with the environmental legislation.
Expected outputs of the grant	Improve the scope and standard of environmental management and conservation of biological resources in the Local Municipalities funded, by helping in their respective areas. Ensure that the agreed minimum numbers of jobs are created. The beneficiary communities must be provided with training. Improve the scope and standard of waste management in the province, by aiding the municipalities.
Actual outputs achieved	The intended outputs have been achieved with the monitoring of the project through the Steering Committees.
Amount per amended DORA	R2,833 million
Amount transferred (R'000)	R1,976 million
Reasons if amount as per DORA not transferred	An amount of R847 thousand could not be transferred to the municipality as the tax matters were non-compliant as per the Central Supplier Database (CSD) report
Amount spent by the department/municipality (R'000)	R1,976 million
Reasons for the funds unspent by the entity	An amount of R847 thousand could not be transferred to the municipality as the tax matters were non-compliant as per the Central Supplier Database (CSD) report
Monitoring mechanism by the transferring department	The project will be monitored, and progress evaluated by a Projects Steering Committee. Monthly project tracking sheet and expenditure reports to be submitted to DEDEAT. Planned and ad hoc site visits will be undertaken by DEDEAT during the implementation of the projects.

7. DONOR FUNDS

There were no donor funds received

7.1 Donor Funds Received

None

8. CAPITAL INVESTMENTS

There were no capital investments during the year under review

8.1 Capital Investment, Maintenance and Asset Management Plan





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PART C

GOVERNANCE



ANNUAL REPORT 2022/23 VOTE NO.9



1. INTRODUCTION

The Department established its governance structures in order to maintain the highest standards of governance in the management of public funds and resources. The key principle behind each structure is independence, accountability and integrity. The Department also ensures that governance is audited to provide assurance that the Department's governance structures are effective, efficient and economical in the utilisation of government resources.

2. RISK MANAGEMENT

The risk management committee (RMC) has consistently performed its work as directed by its governing principles, including the RMC terms of reference. The work of the risk management committee was reported to the accounting officer and the audit committee, which performed its oversight role quarterly. No risk management external evaluation conducted in this financial year. Areas of improvement were identified, through these evaluations.

3. FRAUD AND CORRUPTION

Awareness Sessions held in 2022/2023

Topics Covered	Audience	Location/ Area	Number of Officials Attended
Ethics legal framework; public service (ps) employees' ethical conduct and their roles; ethical dilemmas; ps professional service; integrity; trustworthy, honesty; fairness, respect for clients; protected disclosure, and Ethics in the public service – for employees	Service Providers	Alfred Nzo, Mount Ayliff	64
	Employees		4
	Service Providers	OR Tambo, Mthatha	86
			3
	Service Providers	Joe Gqabi, Aliwal North	31
	Employees		2
	Service Providers	Chris Hani District, Queenstown	58
	Employees		7
	Service Providers	Sarah Baartman, Gqeberha	73
			3
	Service Providers	Amathole, East London	206
	Employees		5

The National Anti-Corruption Hotline Number – 0800 701 701 is communicated to all the service providers used by the Department via payment stubs and all its employees via payslips to encourage reporting whenever necessary.

Summary of cases investigated

The Department dealt with maladministration, fraud and corruption cases this financial year as follows:

Open cases as at 1 April 2022	1
New cases (2022/2023)	2
Finalised cases (2022/2023)	1
Cases rolled over to 2023/2024	2

The case rolled over from 2021-2022 was reported internally. Amongst the two new cases, one involves fraud and the other maladministration.

4. MINIMISING CONFLICT OF INTEREST

The categories to disclose their Financial Interests included SMS members and assistant directors in this financial year. Even though 100% compliance was not achieved at the assistant director level, the Centralised Supplier Database (CSD) was monitored throughout the 2022/2023 financial year for potential and actual conflict of interests. Seven officials had potential conflict of interests, with respect to trading with government, but the monitoring systems implemented prevented the conflict of interest and were removed from CSD.

One employee applied and was granted permission to perform remunerative work outside the Public Service, but not trade with the state.

At least forty officials have completed the Ethics in the Public Service course in the 2022/2023 financial year .

eDisclosure analysis

Category	Total Numbers of Disclosures	Submitted Disclosures	Non-Submissions	Percentage Received
SMS	33	32	1	97
OSD 9 & 10	50	49	14	72
ASD 9 & 10	67	39	15	78
Total Overall	150	120	30	80

5. CODE OF CONDUCT

The Public Service Code of Conduct lays a framework with a guide of principles designed to assist employees of the Department in upholding professional conduct in the Department with honesty and integrity. The Code also outlines high standards of professional ethics that employees in the Department are supposed to always maintain and promote. Breaking the code of ethics can result in disciplinary action that may lead to serious consequences such as suspension from work without pay, demotion, and/or dismissal. A code of ethics is important because it clearly lays the "rules" for acceptable behaviour and provides a preventative warning.

The Department is adhering to the above code of conduct. The Department is utilising the disciplinary process outlined in Disciplinary Code and Procedure for the public service: Public Service Co-ordinating Bargaining Council Resolution 1 of 2003, Annexure A when an employee transgresses any provisions contained in the Code. When an employee transgresses the rule or code of conduct the following process is implemented:

- An investigation is conducted before a hearing can be instituted.
- If there is *prima facie* evidence, a charge sheet is formulated containing date, venue, time and rights of the employee during the disciplinary enquiry. The charge sheet is served to the alleged employee at least five working days before the date of the enquiry.
- The Head of Department appoints a presiding officer and Employer Representative.
- The disciplinary outcome/sanction is served to the employee, and the employee has the right to appeal within five working days to the Executing Authority.
- After receiving the appeal outcome, or if the employee does not appeal at all, the sanction is then implemented.
- If the employee is not satisfied with the sanction, then they have the recourse to follow dispute resolution processes.

Please refer to Part D of the annual report for further information on disciplinary matters.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In the workplace, Health and Safety regulations are paramount to the well-being of the employees. Many hazards are present in today's work environments, and it is the employer's responsibility to keep employees safe from these hazards. The responsibility is so important that there are occupational safety standards and regulations. In the Public Service, Departments are required to develop a healthy, dedicated, responsive and productive workforce as it is said, "Healthy minds and healthy bodies, translate to increased productivity".

In the Department, the health and safety and environmental issues are governed by IEHW strategic framework developed by DPSA as well as Occupational Health and Safety Act. This framework rests on 4 functional pillars, of which SHERQ Management (Safety, Health, Environment, Risk and Quality) is one. The following are the programmes under this pillar which should be implemented:

Occupational Health and Safety

- Occupational Hygiene
- Hazard Control
- Health and Safety representation and appointment of Health and Safety committee

Environmental Management and

- Work design
- Building and offices
- Lighting
- Ventilation and sanitation

Risk and Quality Management

- Risk Assessment
- Disaster Management
- Emergency preparedness plans and standards

In compliance to the IEWH strategic framework as well as Occupational Health and Safety Act, the Department had appointed Health and Safety representatives as well as a committee to monitor implementation. However, full compliance is always a challenge due to the centralised function for state properties. This makes it almost impossible to adhere to the health and safety standards as required. The Department's recently allocated buildings still do not meet the required standards. The limited budget with which the department is operating is also not assisting the situation.

7. PORTFOLIO COMMITTEES

Public Entities were oversighted by the Portfolio Committee on Economic Development, Environmental Affairs and Tourism. After the tabling of the Department's policy speech, the Department and the Entities presented the annual performance plans and the budget vote. These were considered and adopted by the committee.

8. SCOPA RESOLUTIONS

For the year ended on 31 March 2023, the Department did not appear before SCOPA.

9. PRIOR MODIFICATION TO AUDIT REPORTS

The Department has included the following information in the table as follows:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
N/A	N/A	N/A

10. INTERNAL CONTROL UNIT

The Public Finance Management Act read with the National Treasury Regulations, is used as a primary basis for compliance monitoring, and this is implemented through the review of procurement and payment processes transaction by transaction. There is a considerable improvement in the financial management function through the implementation of the approach.

Despite the above, there is room for improvement once this is embedded in all management processes.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

- **Key activities and objectives of the internal audit**

The objective of the internal audit function is to enhance and protect organizational value by providing risk based and objective assurance activities, advice and insight to management and the Audit Committee.

The internal audit unit was able to introduce the use of data analytics in its audit programme which has enhanced the audit procedures and provided better recommendations to management on the internal control environment.

- **Specific summary of audit work done**

As per the risk-based annual internal audit plan approved by the Audit Committee, the internal audit activity conducted its reviews with due professional care and independence. Internal audit completed 100% of its annual plan, where 9 audits of the planned 9 audits were completed.

The internal audit function performed the following audits during the year:

1. Review of Annual Report for 2022 - 2023
2. Review of Annual Financial Statements 2022 - 2023
3. Transfer Payments to Public Entities Follow-Up
4. Debt Management Review
5. Performance Information Review
6. Transfer Payments – LRED Review
7. Review of Interim Financial Statements 2022-2023
8. Supply Chain Management Review
9. ICT review

During the year under review the audits focused on both core business and support functions.

- **Summary of Internal Audit Findings and Status of Implementation of Management Action Plans**

Management has addressed most of the recommendations made by internal audit and for those recommendations that have not been implemented management has started a process of implementing all recommendations made by internal audit. Management have put in place processes of improving the internal control environment and enhancing their daily processes to allow for the department to achieve its strategic objectives in the most efficient and effective manner.

- **Summary of Auditor General Audit Findings and Status of Implementation of Audit Improvement Plan**

The Auditor General has drawn the attention of management to issues that need to be improved within the department relating to ICT governance. The Auditor General report has urged management to improve on the ICT internal control environment.

The department received an unqualified audit opinion (with no findings) with an emphasis of matter relating to material underspending on the department's budget.

Management has worked hard in the current year to address all the prior year findings.

- **Key activities and objectives of the Audit Committee**

The objectives of the audit committee are to provide an independent oversight function over governance, risk management and internal control processes of the department and provide guidance and recommendations on areas of improvements to the accounting officer and management.

In line with its oversight responsibility as defined in its charter in ensuring continuous improvement of departmental operations, the audit committee interacted with management, internal & external auditors, and the Executive Authority.

During its quarterly meetings and through internal audit reports reviews, recommendations for improvement of operations were provided, discussed, and agreed with management as evidenced in the minutes.

- **Attendance of audit committee meetings by audit committee members**

The table below indicates meeting attendance for the audit committee:

NEWLY APPOINTED AUIT COMMITTEE FROM OCTOBER 2020 TO SEPTEMBER 2023							
Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended	No. of Special Meetings attended
Mr. Y. Amod	CA(SA), CIA	External	Not Applicable	1 Oct 2020	N/A	4	3
Ms. F. Kobo	MBA	External	Not Applicable	1 March 2021	N/A	4	3
Ms. L. Smith	CA(SA), RA	External	Not Applicable	1 Oct 2020	N/A	4	3

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, together with the design of preventative and detective controls, the identification of corrective actions and suggested enhancements to the controls and processes.

Our review of the findings of the External Audit and the Internal Audit work, which was based on the risk assessments conducted in the department, revealed certain areas where there were weaknesses in controls which were then raised with the Department. These weaknesses were either in the design of the control, or the implementation of the control. The development and maintenance of an effective internal control system is the responsibility of management. Strengthening governance structures is also vital, including building capacity in the Internal Audit and Risk Management structures.

The Audit Committee has drawn the attention of management to some issues that still need to be addressed that were raised by the Auditor General and some findings that were raised by internal audit.

The Audit Committee has noted the findings of Internal Audit as per the reports summarized above and urged management to use these reports to drill down to the root causes of these findings and address the internal control weaknesses. The Internal Audit reports are comprehensive and detailed and provide management with all the necessary information needed to improve internal controls.

During the Quarterly meetings, the Audit Committee tracks progress on the Implementation of the Audit Intervention Plan (AIP), and the Internal Audit Management Action plans, as their implementation will result in a stronger control environment, greater risk mitigation and better audit outcomes.

Management has worked hard in the current year to address all the prior year findings.

Management has addressed most of the recommendations made by internal audit and for those recommendations that have not been implemented management has started a process of implementing all recommendations made by internal audit.

The Committee is satisfied that a system of internal controls has been put in place by the Department and that these controls have been mainly effective during the period under review.

The internal audit component of the Department must be commended for the professional, dedicated and thorough work it has carried out in the year under review. It remains a critical part of the Department from an advisory, consulting and assurance perspective.

Risk Management and Combined Assurance

The risk management committee performed its work as directed by its governing principles. The risk management unit has procured a risk management software in the last quarter of the financial year.

The audit committee, having performed its oversight, notes that there is an increased need for additional resourcing to ensure that its functioning is effective. Key achievements of this coordinated approach and combined assurance gave management a better perspective on the effectiveness of internal controls and focus areas for improvement of internal controls. A process of mapping all the assurers of the risks in line with the relevant lines of defense has been started in the current year. Furthermore, a focus has been to identify more second line of defense assurance providers in order to avoid duplication of effort and create an effective combined assurance approach.

ICT Governance

The Committee continued its focus on the Department's Information and Communication Technology (ICT) environment which included the review of the ICT Governance Policy Framework and Strategy. The Corporate Governance of ICT Policy Framework has been reworked into a Departmental Corporate Governance of ICT Policy Framework (CGICT) for implementation in the Department and is in its second phase of implementation. The committee in the current year has reviewed and approved several ICT policies as part of improving the internal controls around ICT.

The department has an approved Disaster Recovery Plan that has not been tested in the current year. To mitigate the fact that testing has not been done the department has migrated mission critical systems (eVaya/Email Exchange online/Data Storage/Share Point) to the cloud to make sure that the system failure is minimised, and the system availability is maximised. Furthermore, DEDEAT has also implemented cloud-based systems to enable remote access and remote working by staff-members and these include Microsoft Teams and as well as SharePoint for management of documents and files. The department has also implemented enhanced security Multifactor Authentication which strengthens use of access to the system.

The committee continues to ensure that all critical ICT posts have been filled and that all ICT governance committees are in place. The committee has embedded discussions on ICT risks and the ICT budget as part of the steering committee meeting which will assist in the improvement of the ICT internal control environment. This will continue to be the focus of the committee in the current year. The department has appointed a new ICT Governance Champion that is now delegated to drive the implementation of Corporate Governance of ICT.



In-Year Management and Monthly/Quarterly Report

The department has reporting monthly and quarterly to the Treasury as is required by the PFMA.

The Audit Committee is satisfied with the content and quality of the quarterly reports to the Audit Committee Meetings. Based on the oversight carried out in the past financial year, the following are still areas of concern for the Audit Committee:

- Weaknesses in internal controls over ICT Governance;
- Lack of permanent offices;

Evaluation of the Annual Financial Statements and Annual Performance Report

The Audit Committee has:


- Reviewed the audited Annual Financial Statements prepared by the department to be included in its Annual Report,
- Reviewed the audited Performance Information prepared by the department to be included in its Annual Report,
- Reviewed for changes in accounting policies,
- Discussed with the Department, its compliance with legal and regulatory prescripts.

Auditor General's Report

The Audit Committee discussed the 2022/23 audit report and management report with management and the Auditor-General. The Committee concurs with these reports and approves their inclusion in the Department's Annual Report.

Appreciation

The Committee would like to take this opportunity of expressing its sincere appreciation to the Member of Executive Council, Head of Department, the Management of the Department, Internal Audit, the Risk Committee, Provincial Treasury's Transversal Internal Audit and Risk Management Service, and the AGSA for their support and co-operation during the year under review.



Mr Younus Amod
Audit Committee Chairperson
31 August 2023

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	N/A
Developing and implementing a preferential procurement policy?	Yes	The department has implemented preferential procurement policies in all bids above R30 000
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	N/A



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PART D

HUMAN RESOURCE
MANAGEMENT



ANNUAL REPORT 2022/23 VOTE NO.9



1. INTRODUCTION

People are a key element in achieving the strategic objectives of the Department. It is through their efforts that the mandate of the Department is realised and that value-adding services are provided to citizens. To ensure sustained improvement in the way the Department conducts its business, it is important that suitable people, with the appropriate skills, competence and understanding of the provincial and departmental service delivery approach, are employed.

Planning for the consistent availability of the appropriate skills, at the right place and at the right time is often complex, as the Department must contend with increasing budgetary constraints and dire skills shortages, especially in the highly technical and specialised occupations.

By means of workforce planning, the Department has identified the current and future workforce needs and flagged the potential challenges that could impact on the achievement of the Department's strategic objectives.

To consistently deliver on our mandate as a Department and to improve services to the citizens of the Eastern Cape Province are not without their challenges. In addition, the modern HR management landscape has shifted significantly in recent years and it now requires complex navigation between a range of competing variables as we move from "HR Management" to "People Management".

Not only are these variables inter-dependent and inter-related, but they are also governed by stringent rules and regulations found in a plethora of legislation, which can prove difficult when recruitment, retention and attraction initiatives are explored.

The challenges include balancing service delivery imperatives, the attraction and retention of critical and scarce skills, employee empowerment, career management, succession planning, employment equity and creating an enabling environment in which employees can thrive. Further to this, the Department is required to function within a constrained fiscal environment, which demands that managers consider the impact of "doing more with less".

Despite the changing patterns and demands impacting on the modern workplace, the consistent hard work of our employees, has resulted in some remarkable achievements and service delivery improvements during the year under review.

Legislation that governs Human Resource Management

The information provided in Part D is prescribed by the Public Service Regulations. In addition to the Public Service Regulations, the following prescripts direct HR Management within the Public Service:

Legislation	Purpose
Occupational Health and Safety Act (Act 85 of 1993), as amended	To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.
Public Service Act (Act 103 of 1994), as amended	To provide for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.
Labour Relations Act (Act 66 of 1995), as amended	To regulate and guide the employer in recognising and fulfilling its role in effecting labour peace and the democratisation of the workplace; as well as to provide a framework in which employees and their trade unions, employers and employer organisations can bargain collectively and formulate industrial policy; and to promote orderly collective bargaining (also at sectoral level), employee participation in decision-making in the workplace (i.e., the establishment of workplace forums) and the effective resolution of labour disputes.
Basic Conditions of Employment Act (Act 75 of 1997), as amended	To give effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the

Legislation	Purpose
	Republic as a member state of the International Labour Organisation; and to provide for matters connected therewith.
Skills Development Act (Act 97 of 1998), as amended	To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for Learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.
Employment Equity Act (Act 55 of 1998), as amended	To promote equality, eliminate unfair discrimination in employment and to ensure the implementation of employment equity measures to redress the effects of unfair discrimination; to achieve a diverse and efficient workforce broadly representative of the demographics of the province.
Public Finance Management Act (Act 1 of 1999), as amended	To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.
Skills Development Levy Act (Act 9 of 1999), as amended	To provide for the imposition of a skills development levy; and for matters connected therewith.
Promotion of Access to Information Act (Act 2 of 2000), as amended	To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.
Promotion of Administrative Justice Act (Act 3 of 2000) (PAJA), as amended	To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.
Protection of Personal Information Act	To give effect to the protection of personal information by public and private bodies.

2. OVERVIEW OF HUMAN RESOURCES

2.1 Vacancy rate

At the end of the 2022/2023 financial year, the Department had seen significant improvement in as far as the overall vacancy rate is concerned. The Department moved from an overall vacancy rate of 14% to a vacancy rate of approximately 13%. The reduction in the vacancy rate resulted from robust recruitment and selection processes coupled with successful placement of officials who were in excess of the establishment. Further reduction of the vacancy rate is expected with the implementation of the 2023/2024 ARP which consists of 79 posts to be filled.

There has been an improvement in the turn-around times for the filling of vacancies. There have been positions that were filled within an average of 3 months instead of the 6 months as required by the DPSA and OTP. This is despite the challenges experienced along the way such as budget cuts on compensation of employees and centralisation of some of the functions related to recruitment and selection. Ensuring equitable representation of the workforce, particularly at the SMS level, has been the focus in the process of recruitment and selection drive and this has yielded a positive increase in the appointment of women at SMS though, 50% representation is still not achieved. In terms of employment of persons with disabilities, a target of 2% representation has been achieved.

2.2 Age profile

The average age of employees within the Department is still sitting at around 44 years. Although approximately 34,3% of the Department is younger than 40 years of age, a growing number of staff (18,8%) are falling into the 55–65-year age group and approximately 2% are nearing retirement. This shows a reduction compared to last year as there were several retirements which had taken place, and this had been coupled with a number of youths joining the organization. Planning in this regard

is important in order to mitigate the risk of losing critical institutional memory and knowledge. This is addressed by the Department's HR strategy.

2.3 Sick Leave

The utilisation of sick leave is monitored closely to ensure that:

- Service delivery continues unabated.
- Wellness initiatives have the desired workforce impact.
- Employees receive the required employer support through EHW referrals and interventions.
- There is full compliance with legislation and policy determinations governing sick leave usage

There is a noticeable increase of sick leave in the Department, which is closely monitored, however, there is still a relatively low number of employees applying for incapacity leave.

2.4 Employee health and wellness

The Department recognises the benefits of investing in the wellness of its employees. Employee wellness is important for the Department's success and as such, the Department is becoming more aware of the impact of wellness and its benefits on the business, allowing wellness to become recognised as a strategic issue, which requires a strategic and integrated approach to wellness being adopted.

The wellness benefits that the Department offers are appreciated by employees as they positively impact on their health and well-being and create long-term value for the Department. Increasingly, research suggests that employers can reduce costs by investing in the health and well-being of their employees. This includes both the direct costs of providing healthcare and indirect costs, such as coping with absenteeism and reduced productivity.

- The DPSA has investigated the health needs of employees in the public administration which was followed by the development of interventions and initiatives in the Employee Health and Wellness strategy which has been adopted by DEDEAT for implementation. This adopted strategy is underpinned by four functional pillars namely: *HIV and TB Management in the workplace*: Prevention, Treatment, Care and Support, Monitoring and Research.
- *Health and Productivity Management*: Disease Management and Chronic illness, Mental Health/Psychosomatic Illnesses, Injury on Duty and Incapacity due to ill health.
- *SHERQ* (Safety, Health, Environment, Risk and Quality): Occupational Health and Safety, Environmental Management, Risk and Quality Management.
- *Wellness Management*: Promotion of the physical, social, emotional, occupational, spiritual and intellectual wellness of employees.

The EHW Programme is monitored in the Department through monthly and quarterly utilisation reports for primary and secondary services. Furthermore, on-going reporting to the DPSA is a requirement and such reporting focuses on the four functional pillars mentioned above.

2.5 HR administration

There has been a vast improvement in compliance management and accountability in the Corporate Management component which has led to quality mandatory reports being submitted to the Office of the Premier on a regular basis or as and when required.

There has also been a noticeable improvement in the management and processing of employee benefits, especially pension pay-outs. Pension pay-outs are now (on average) being received by former employees within 30 days of processing.

The management of leave has been prioritized in order to improve monitoring and control thereof.



The unavailability of the proper infrastructure for the Department impacts negatively on Records Management as the currently allocated spaces do not have suitable registry space and this calls for an urgent need to adopt paperless mechanisms.

2.6 Labour relations

Ineffective employer-employee engagement is another challenge within the Department which leads to unnecessary disputes. This has impacted negatively and has resulted in delays in the full implementation of the approved organisational structure, amongst other things. The bilateral meetings between individual unions and the management have continued in order to ensure that issues of mutual interest are discussed and resolved. There is a dire need for the resuscitation of the platform of engagement to ensure labour stability in the Department, but initiatives by the employer to do so always end in vain.

2.7 Performance management

In terms of the Performance Management and Development System, the Department has recorded a significant improvement in the finalisation of employee agreements and reviews, of which 91% were at the SMS level and 80% consisted of employees below SMS. In numerical terms, 368 employees were timeously contracted against the 500 employees on the staff establishment.

The discrepancy is due to the number of people who were on suspension, on temporary incapacity leave or on maternity leave during the contracting or review period. For those employees who have not complied due to late submissions or disputes or lack of interpretation and application of the PMDS process, the unit has continued to conduct capacity-building sessions and to issue circulars notifying employees of due dates and consequences of non-compliance.

2.8 Organisational Development

A consolidated placement report with the proposed placement of employees from all cost centres was developed and approved by the HOD. Subsequently OD has been co-ordinating the signing of employees' placement letters as per the recommendations. Placement committee members have been appointed for all cost centres. The full implementation of the structure has not been finalised; however, OD continues to support, update and request progress from heads of cost centres.

The Efficiency Services Unit under OD ensured that job analysis was conducted on core posts (Programmes 2 and 3) resulting in the alignment of job descriptions to the Department's mandate as per the approved organogram. Jobs that were analysed in Programmes 2 and 3 were submitted to the Office of the Premier for job evaluation. However, due to the system changes (Equate to Evaluate) resulting in different job scores and the termination of the job evaluation system, the Department will continue to use the old, approved job evaluation records. OD has facilitated the submission of mandatory quarterly electronic reporting to DPSA as required by the Operations Management Framework.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. They provide an indication of the following:

- amount spent on personnel,
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee (R'000)
Administration	230 073.00	123 258.00	0.00	0	53.60	509.00
Economic development	769 217.00	59 392.00	0.00	0	7.70	639.00
Environmental affairs	359 103.00	97 004.00	0.00	0	27.00	581.00
TOTAL	1 358 393.00	279 654.00	0.00	0	20.60	557.00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Skilled (Levels 3-5)	27 082.00	9.50	81	334 346.00
Highly-skilled production (Levels 6-8)	88 039.00	31.00	199	442 407.00
Highly-skilled supervision (Levels 9-12)	120 351.00	42.30	163	738 350.00
Senior management (Levels >= 13)	39 600.00	13.90	31	1 277 419.00
Other				
Contract (Levels 6-8)	2 317.00	0.80	27	85 815.00
Contract (Levels >= 13)	1 770.00	0.60	1	1 770 000.00
TOTAL	279 159.00	98.20	502	556 094.00

Note: The total of 502 employees reflected in the above table includes 26 interns and 10 learners (which had no cost implication for the department). Personal expenditure in the above table includes transfers to employees for leave gratuities.

Table 3.1.3 Salaries, Overtime, Homeowners' Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries		Overtime		Homeowners' Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical aid as a % of Personnel Costs
Administration	98 859.00	80.40	3.00	0.00	3 976.00	3.20	6 822.00	5.60
Economic development	49 019.00	81.50	0.00	0.00	1 490.00	2.50	2 729.00	4.50
Environmental affairs	80 982.00	80.00	17.00	0.00	3 267.00	3.20	5 110.00	5.10
TOTAL	228 860.00	80.50	21.00	0.00	8 733.00	3.10	14 661.00	5.20



Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary Bands	Salaries		Overtime		Homeowners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
02 Skilled (Levels 3-5)	19 633.00	72.30	0.00	0.00	1 595.00	5.90	2 985.00	11.00
03 Highly skilled production (Levels 6-8)	69 079.00	78.20	1.00	0.00	3 431.00	3.90	6 620.00	7.50
04 Highly skilled supervision (Levels 9-12)	101 256.00	81.90	20.00	0.00	2 770.00	2.20	4 727.00	3.80
05 Senior management (Levels >= 13)	34 928.00	85.50	0.00	0.00	937.00	2.30	329.00	0.80
12 Contract (Levels 6-8)	2 317.00	98.30	0.00	0.00	0.00	0.00	0.00	0.00
14 Contract (Levels >= 13)	1 646.00	88.90	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	228 860.00	80.50	21.00	0.00	8 733.00	3.10	14 661.00	5.20

3.2 Employment and Vacancies

The tables in this section summarise the position about employment and vacancies, showing the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate %	Number of Employees Additional to the Establishment
Administration	266	242	9.00	26
Economic development	118	93	21.20	0
Environmental affairs	193	167	13.50	0
TOTAL	577	502	13.00	26

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees Additional to the Establishment
Skilled (Levels 3-5), Permanent	85	81	4.70	0
Highly- Skilled Production (Levels 6-8), Permanent	243	199	18.10	0
Highly- Skilled Supervision (Levels 9-12), Permanent	185	163	11.90	0
Senior Management (Levels >= 13), Permanent	36	31	13.90	0
Other				
Contract (Levels 6-8), Permanent	27	27	0.00	26
Contract (Levels >= 13), Permanent	1	1	0.00	0
TOTAL	577	502	13.00	26



Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical Occupations	Number of Posts	Number of Posts	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
ADMINISTRATIVE RELATED, Permanent	17	17	0.00	0
AGRICUL ANIMAL OCEANOGRAPHY FORESTRY & OTHER SCIEN, Permanent	116	111	4.30	0
AGRICULTURE RELATED, Permanent	3	3	0.00	0
ANTI-CORRUPTION, Permanent	2	1	50.00	0
BUS AND HEAVY VEHICLE DRIVERS, Permanent	9	7	22.20	0
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	9	9	0.00	0
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS), Permanent	2	1	50.00	0
COMMUNICATION AND INFORMATION RELATED, Permanent	1	1	0.00	0
CRIME INVESTIGATORS/MISDAAD ONDERSOEKERS, Permanent	1	0	100.00	0
ECONOMISTS, Permanent	2	2	0.00	0
ENGINEERING SCIENCES RELATED, Permanent	2	2	0.00	0
FINANCE AND ECONOMICS RELATED, Permanent	14	11	21.40	0
FINANCIAL AND RELATED PROFESSIONALS, Permanent	35	26	25.70	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	10	8	20.00	0
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER, Permanent	1	1	0.00	0
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	13	12	7.70	0
HUMAN RESOURCES CLERKS, Permanent	27	27	0.00	0
HUMAN RESOURCES RELATED, Permanent	8	7	12.50	0
INFORMATION TECHNOLOGY RELATED, Permanent	7	6	14.30	0
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN, Permanent	2	2	0.00	0
LIBRARY MAIL AND RELATED CLERKS, Permanent	2	2	0.00	0
LOGISTICAL SUPPORT PERSONNEL, Permanent	17	16	5.90	0
MATERIAL-RECORDING AND TRANSPORT CLERKS, Permanent	1	1	0.00	0
NATURAL SCIENCES RELATED, Permanent	2	1	50.00	0
NATURE CONSERVATION AND OCEANOGRAPHICAL REL.TECHNI, Permanent	38	24	36.80	0
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS, Permanent	35	29	17.10	0
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	10	10	0.00	0
OTHER INFORMATION TECHNOLOGY PERSONNEL., Permanent	5	5	0.00	0
OTHER OCCUPATIONS, Permanent	28	28	0.00	26
REGULATORY INSPECTORS, Permanent	4	4	0.00	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS, Permanent	24	24	0.00	0
SECURITY OFFICERS, Permanent	22	22	0.00	0
SENIOR MANAGERS, Permanent	31	26	16.10	0
TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION, Permanent	77	56	27.30	0
TOTAL	577	502	13.00	26



3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	-	-	-	-	-
Salary Level 15	1	1	100	0	0
Salary Level 14	4	2	50	2	50
Salary Level 13	36	31	86.11	5	13.89
TOTAL	41	35		7	

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16					
Salary Level 15	1	1	100	0	0
Salary Level 14	4	3	75	1	25
Salary Level 13	36	31	86.11	5	13.89
Total	41	34		7	

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	1
Salary Level 13	3	0	1
Total	4	0	2

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Posts were advertised within six months of becoming vacant
Reasons for vacancies not filled within twelve months
No suitable candidates could be found. Approval was obtained to head-hunt for various positions.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled within six months
No suitable candidates could be found. Approval was been obtained to head-hunt for various positions.

3.4 Job Evaluation

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job evaluation by salary band for the period 1 April 2022 and 31 March 2023- Figures remain the same.

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts Upgraded		Posts downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Skilled (Levels 3-5)	0	0	0	0	0	0	0
Highly Skilled Production (Levels 6-8)	0	0	0	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	0	0	0	0	0	0	0
Senior Management Service Band A	0	0	0	0	0	0	0
Senior Management Service Band B	0	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0	0
Contract Band C	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023- Figures remain the same

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0
Employees with a disability	0	0	0	0	0

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of Employees	Job Evaluation Level	Remuneration level	Reason for deviation
Administrative related	-	-	-	-
Agricultural, animal, oceanography, forestry & other sciences	-	-	-	-
Agriculture related	-	-	-	-
Bus and heavy vehicle drivers	-	-	-	-
Cleaners in offices workshops hospitals etc.	-	-	-	-

Occupation	Number of Employees	Job Evaluation Level	Remuneration level	Reason for deviation
Client information clerks (switchboard, reception, information clerks)	-	-	-	-
Communication and information related	-	-	-	-
Conservation labourers	-	-	-	-
Economists	-	-	-	-
Engineering sciences related	-	-	-	-
Finance and economics related	-	-	-	-
Financial and related professionals	-	-	-	-
Financial clerks and credit controllers	-	-	-	-
Head of department/chief executive officer	-	-	-	-
Human resources & organisational development & related professions	-	-	-	-
Human resources clerks	-	-	-	-
Human resources related	-	-	-	-
Information technology related	-	-	-	-
Language practitioners, interpreters & other communication	-	-	-	-
Library mail and related clerks	-	-	-	-
Light vehicle drivers	-	-	-	-
Logistical support personnel	-	-	-	-
Material-recording and transport clerks	-	-	-	-
Nature conservation and oceanographical related technicians	-	-	-	-
Other administration & related clerks and organisers	-	-	-	-
Other administrative policy and related officers	-	-	-	-
Other information technology personnel.	-	-	-	-
Other occupations	-	-	-	-
Regulatory inspectors	-	-	-	-
Secretaries & other keyboard operating clerks	-	-	-	-
Security officers	-	-	-	-
Senior managers	-	-	-	-
Trade/industry advisers & other related professions	-	-	-	-
TOTAL	-	-	-	-

The “N/A” values are as a result of the Department’s not undertaking any job evaluations during the year under review.

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	N/A	N/A	N/A	N/A	N/A
Male	N/A	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A	N/A
Employees with a disability					N/A

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Number of Employees at Beginning of Period-April 2022	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate %
Skilled (Levels 3-5) Permanent	91	0	8	8.80
Highly Skilled Production (Levels 6-8) Permanent	196	31	19	9.70
Highly Skilled Supervision (Levels 9-12) Permanent	155	12	10	6.50
Senior Management Service Band A Permanent	27	2	1	3.70
Senior Management Service Band B Permanent	4	0	1	25.00
Contract (Levels 6-8) Permanent	30	0	4	13.30
Contract (Levels 3-5) Permanent	1	0	0	0.00
TOTAL	504	45	43	8.50

Contract (Levels 3-5): Learners who are paid via Persal, but the funding is provided by the SETA

Contract (Levels 6-8): Interns

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical Occupation	Number of employees at beginning of period- 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate %
ADMINISTRATIVE RELATED Permanent	12	2	0	0.00
AGRICUL ANIMAL OCEANOGRAPHY FORESTRY & OTHER SCIEN Permanent	110	10	8	7.30
AGRICULTURE RELATED Permanent	3	0	0	0.00
ANTI-CORRUPTION Permanent	2	0	0	0.00
BUS AND HEAVY VEHICLE DRIVERS Permanent	7	0	0	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	12	0	3	25.00
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS) Permanent	3	0	2	66.70
COMMUNICATION AND INFORMATION RELATED Permanent	1	0	0	0.00
CONSERVATION LABOURERS Permanent	1	0	1	100.00
ECONOMISTS Permanent	3	0	1	33.30
ENGINEERING SCIENCES RELATED Permanent	1	0	0	0.00
FINANCE AND ECONOMICS RELATED Permanent	11	1	2	18.20
FINANCIAL AND RELATED PROFESSIONALS Permanent	26	4	3	11.50
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	12	0	2	16.70
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER Permanent	1	0	0	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF Permanent	12	0	0	0.00
HUMAN RESOURCES CLERKS Permanent	28	0	1	3.60
HUMAN RESOURCES RELATED Permanent	7	0	0	0.00
INFORMATION TECHNOLOGY RELATED Permanent	2	3	0	0.00
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN Permanent	2	0	0	0.00
LIBRARY MAIL AND RELATED CLERKS Permanent	2	0	0	0.00
LOGISTICAL SUPPORT PERSONNEL Permanent	17	0	1	5.90

Critical Occupation	Number of employees at beginning of period- 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate %
MATERIAL-RECORDING AND TRANSPORT CLERKS Permanent	1	0	0	0.00
NATURAL SCIENCES RELATED Permanent	1	0	0	0.00
NATURE CONSERVATION AND OCEANOGRAPHICAL REL. TECHNI Permanent	14	9	0	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS Permanent	31	0	20	6.50
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	11	1	2	18.20
OTHER INFORMATION TECHNOLOGY PERSONNEL. Permanent	5	1	1	20.00
OTHER OCCUPATIONS Permanent	32	0.	5	15.60
REGULATORY INSPECTORS Permanent	4	0.	0	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	27	0	0	0.00
SECURITY OFFICERS Permanent	22	0	0	0.00
SENIOR MANAGERS Permanent	26	2	2	7.70
TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION Permanent	55	12	7	12.70
TOTAL	504	45	43	8.50

The table below identifies the major reasons why staff have left the Department.

Table 3.5.3 Reasons why staff have left the Department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death, Permanent	0	0
Resignation, Permanent	24	55.80
Expiry of contract, Permanent	1	2.3
Dismissal-misconduct, Permanent	1	2.3
Retirement, Permanent	17	39.50
TOTAL	43	100
Total number of employees who left as a % of total employment		8.60

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees as at beginning of period (1 April 2022)	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Notch progressions as a % of employees by occupation
ADMINISTRATIVE RELATED	12	1	8.30	41.70
AGRICUL ANIMAL OCEANOGRAPHY FORESTRY & OTHER SCIEN	110	0	0.00	68.20
AGRICULTURE RELATED	3	0	0.00	66.70
ANTI-CORRUPTION	2	0	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS	7	0	0.00	100.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	12	0	0.00	83.30
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS)	3	0	0.00	66.70
COMMUNICATION AND INFORMATION RELATED	1	0	0.00	100.00
CONSERVATION LABOURERS	1	0	0.00	0.00
ECONOMISTS	3	0	0.00	66.70
ENGINEERING SCIENCES RELATED	1	0	0.00	100.00
FINANCE AND ECONOMICS RELATED	11	1	9.10	18.20
FINANCIAL AND RELATED PROFESSIONALS	26	1	3.80	42.30

Occupation	Employees as at beginning of period (1 April 2022)	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Notch progressions as a % of employees by occupation
FINANCIAL CLERKS AND CREDIT CONTROLLERS	12	0	0.00	66.70
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1	0	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	12	0	0.00	66.70
HUMAN RESOURCES CLERKS	28	0	0.00	89.30
HUMAN RESOURCES RELATED	7		0.00	57.10
INFORMATION TECHNOLOGY RELATED	2	1	50.00	100.00
LANGUAGE PRACTITIONERS	2	0	0.00	100.00
INTERPRETERS & OTHER COMMUN				
LIBRARY MAIL AND RELATED CLERKS	2	0	0.00	100.00
LOGISTICAL SUPPORT PERSONNEL	17	0	0.00	100.00
MATERIAL-RECORDING AND TRANSPORT CLERKS	1	0	0.00	100.00
NATURAL SCIENCES RELATED	1	0	0.00	0.00
NATURE CONSERVATION AND OCEANOGRAPHICAL REL. TECHN	14	0	0.00	57.10
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	31	0	0.00	77.40
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	11	0	0.00	36.40
OTHER INFORMATION TECHNOLOGY PERSONNEL.	5	0	0.00	80.00
OTHER OCCUPATIONS	32	0	0.00	3.10
REGULATORY INSPECTORS	4	0	0.00	75.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	27	0	0.00	77.80
SECURITY OFFICERS	22	0	0.00	95.50
SENIOR MANAGERS	26	0	0.00	30.80
TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION	55	6	10.90	40.00
TOTAL	504	10	2.00	60.10

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Skilled (Levels 3-5), Permanent	91	0	0.00	84	92.30
Highly Skilled Production (Levels 6-8), Permanent	196	3	1.50	15	58.70
Highly Skilled Supervision (Levels 9-12), Permanent	155	6	3.90	93	60.00
Senior Management (Levels >= 13), Permanent	31	1	3.20	11	35.50
Contract (Levels 6-8), Permanent	30	0	0.00	0	0.00
Contract (Levels >= 13), Permanent	1	0	0.00	0	0.00
TOTAL	504	10	2.00	303	60.10



3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2023

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Officials and Managers	11	0	0	4	10	0	0	2	27
Professionals	104	3	2	12	116	3	0	4	244
Technicians and Associates professionals	30	0	0	2	32	2	0	2	68
Clerks	21	1	0	0	68	1	0	1	92
Service Shop and Market Sales Workers	15	1	0	0	11	0	0	0	27
Plant and Machine Operators and Assemblers	6	0	0	0	0	0	0	1	7
Labourers and related Workers	11	0	0	0	26	0	0	0	37
Unknown	-	-	--	-	-	-	-	-	-
TOTAL	198	5	2	18	263	6	0	10	502

Table 3.6.2 - Total number of employees (incl. employees with disabilities) per occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent					1				
Senior Management, Permanent	13	1	0	4	10	0	0	2	31
Professionally qualified and experienced specialists and mid-management, Permanent	75	1	1	14	67	2	0	3	163
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	71	2	1	0	117	3	0	5	199
Semi-skilled and discretionary decision making, Permanent	32	1	0	0	47	1	0	0	81
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled Technical), Permanent	7	0	0	0	20	0	0	0	27
Interns and learners									
TOTAL	198	5	2	18	263	6	0	10	502
Employees with disabilities									

Table 3.6.3 Recruitment for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	0	0	0	0	2	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	6	0	0	0	6	0	0	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	19	0	0	0	11	1	0	0	31
Contract (Skilled technical), Permanent									
TOTAL	25	0	0	0	19	1	0	0	45
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 – Progression and Promotions for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	4	1	0	0	0	0	0	1	12
Professionally qualified and experienced specialists and mid-management, Permanent	46	1	0	0	0	1	0	2	99
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	34	2	1	0	0	2	0	5	118
Semi-skilled and discretionary decision making, Permanent	31	1	0	0	0	1	0	0	84
Contract (Top Management), Permanent					1				1
TOTAL	115	5	1	9	171	4	0	8	313
Employees with disabilities									

Table 3.6.5 - Terminations for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	1	4	0	0	1	10
Skilled technical and academically	7	0	0	0	9	1	0	2	19

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
qualified workers, junior management, supervisors, foremen, Permanent									
Semi-skilled and discretionary decision making, Permanent	3	0	0	0	5	0	0	0	8
Contract (Skilled technical), Permanent	2	0	0	0	2	0	0	0	4
TOTAL	17	0	0	1	21	1	0	3	43
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2022 and 31 March 2023

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	13	1	0	0	7	0	0	0	21

Table 3.6.7 Skills development for the period 1 April 2022 and 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professional	0	0	0	0	0	0	0	0	0
Technicians and associate professional	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS members

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, and salary bands and critical occupations.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department				
Salary Level 16				
Salary Level 15		1	1	100
Salary Level 14		3	3	100
Salary Level 13		27	19	70.37
TOTAL				

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2022

Reasons
Some SMS members and their Supervisors refused to complete and submit the required documents for various reasons due to them being on top notch of the salary level and do not feel the need to submit

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2022

Reasons
None. No consequence management has been implemented

3.8 Performance Rewards

3.8.1 Performance rewards by race, gender and disability for the period 1 April 2022 and 31 March 2023

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African, Female	2	260	0.80	44.29	22 147.00
African, Male	1	191	0.50	57.87	57 870.00
Asian, Female	0	0	0.00	0.00	0.00
Asian, Male	0	2	0.00	0.00	0.00
Coloured, Female	0	6	0.00	0.00	0.00
Coloured, Male	0	5	0.00	0.00	0.00
White, Female	2	266	0.80	44.29	22 147.00
White, Male	1	198	0.50	57.87	57 870.00
Employees with a disability	0	12	0.00	0.00	0.00
TOTAL	3		0.60	102.16	34 055.00

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 and 31 March 2023

Salary Band	Beneficiary Profile				Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Skilled (Levels 3-5)	0	81	0.00	0.00	0.00	
Highly Skilled Production (Levels 6-8)	0	199	0.00	0.00	0.00	
Highly Skilled Supervision (Levels 9-12)	2	163	1.20	44.29	22 147.00	
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	27	0.00	0.00	0.00	
Contract (Levels 9-12)	0	0	0	0	0	
TOTAL	2	470	0.40	44.29	22147.00	

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Financial clerks and credit controllers	0	8	0.00	0.00	0.00
Human resources clerks	0	27	0.00	0.00	0.00
Security officers	0	22	0.00	0.00	0.00
Human resources & organisational development & related professionals	1	12	8.30	16.61	16 610.00
Logistical support personnel	0	11	0.00	0.00	0.00
Finance and economics related	0	16	0.00	0.00	0.00
Natural sciences related	0	1	0.00	0.00	0.00
Other administration & related clerks and organisers	0	29	0.00	0.00	0.00
Other occupations	0	28	0.00	0.00	0.00
Nature conservation and oceanographical related. technical	0	24	0.00	0.00	0.00
Agriculture, animal, oceanography forestry & other sciences	0	11	0.00	0.00	0.00
Financial and related professionals	0	26	0.00	0.00	0.00
Administrative related	0	1	0.00	0.00	0.00
Communication and information related	0	17	0.00	0.00	0.00
Secretaries & other keyboard operating clerks	0	1	0.00	0.00	0.00
Cleaners in offices workshops hospitals etc.	0	24	0.00	0.00	0.00
Library mail and related clerks	0	9	0.00	0.00	0.00
Human resources related	0	2	0.00	0.00	0.00
Trade/industry advisers & other related profession	0	7	0.00	0.00	0.00
Head of department/chief executive officer	1	56	1.80	27.68	27 684.00
Language practitioners, interpreters & other communication officers	0	1	0.00	0.00	0.00
Regulatory inspectors	0	2	0.00	0.00	0.00
Material-recording and transport clerks	0	4	0.00	0.00	0.00
Other administrative policy and related officers	0	1	0.00	0.00	0.00
Bus and heavy vehicle drivers	0	10	0.00	0.00	0.00
Senior managers	0	7	0.00	0.00	0.00
Client inform clerks (switchboard, reception, information clerks)	1	26	3.80	57.87	57 870.00

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Economists	0	1	0.00	0.00	0.00
Other information technology personnel.	0	2	0.00	0.00	0.00
Light vehicle drivers	0	5	0.00	0.00	0.00
Engineering sciences related	0	2	0.00	0.00	0.00
Conservation labourers	0	0	0.00	0.00	0.00
Information technology related	0	6	0.00	0.00	0.00
Agriculture related	0	3	0.00	0.00	0.00
TOTAL	3	502	0.60	102.16	34 055.00

Notes: The CORE classification, as prescribed by the DPSA, was used for completion of this table.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for senior management for the period 1 April 2022 and 31 March 2023

Salary Band	Beneficiary Profile			Cost			Personnel Cost SMS (R'000)
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R)	Average cost per employee (R)	Total cost as a % of the total personnel expenditure	
Level 13	1	29	3.40	57.87	57 869.90	0.20	36 704.98
Level 14	0	2	0.00	0.00	0.00	0.00	4 151.86
Level 15	0	1	0.00	0.00	0.00	0.00	1 852.11
TOTAL	1	32	3.10	57.87	57 869.90	0.10	42 708.95

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	1 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (Lev. 6-8)	0	0.00	0	0.00	0	0.00
Highly skilled supervision (Lev. 9-12)	0	0.00	0	0.00	0	0.00
Contract (Level 9-12)	0	0.00	0	0.00	0	0.00
Contract (Level 13-16)	0	0.00	0	0.00	0	0.00
TOTAL	0	0.00	0	0.00	0	0.00

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 to 31 March 2021 April 2022 and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0.00	0	0.00	0	0.00



3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided. The leave cycle is based on a calendar year.

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Contract (Levels 6-8)	41	75.60	5	1.40	8	12.00
Highly skilled production (Levels 6-8)	1098	76.10	147	40.70	7	1 782.00
Highly skilled supervision (Levels 9-12)	948	78.80	122	33.80	8	2 463.00
Senior Management (Levels 13-16)	106	78.30	21	5.80	5	498.00
Skilled (Levels 3-5)	645	84.30	66	18.30	10	640.00
TOTAL	2838	79.00	361	100.00	8	5 394.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	133	100.00	3	100.00	44	337.00
TOTAL	133	100.00	3	100.00	44	337.00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires the management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual leave for the period 1 January 2022 to 31 December 2023

Salary band	Total days taken	Number of employees using annual leave	Average days per employee
Contract (Levels 13-16)	13	13	1
Contract (Levels 6-8)	193	7	28
Highly skilled production (Levels 6-8)	4905	24	207
Highly skilled supervision (Levels 9-12)	4118	24	172
Senior management (Levels 13-16)	811	25	33
Skilled (Levels 3-5)	2626	29	90
TOTAL	12656	26	531

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 Dec 2021
Contract (Levels 13-16)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	105
Highly skilled supervision (Levels 9-12)	0	0	0	87
Senior management (Levels 13-16)	0	0	0	81
Skilled (Levels 3-5)	0	0	0	73
TOTAL	0	0	0	87

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2022 and 31 March 2023

Reason	Total Estimated Amount (R'000)	Number of Employees	Average Payment per Employee (R'000)
Annual - Discounting with Resignation (work days)	184.00	9	20 444.00
Annual - Gratuity: Death/Retirement/Medical Retirement (Work days)	454.00	13	34 923.00
Capped - Gratuity: Death/Retirement/Medical Retirement (Work days)	850.00	9	94 444.00
TOTAL	1 488.00		

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<ul style="list-style-type: none"> • Experiential Learners and Interns • General Assistants 	<p>The Department conducted quarterly Health Screening sessions which included HIV Counselling and Testing.</p> <p>Provision of Male and Female condoms</p>

Table 3.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if Yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Ms M. Mlokothe: Director HRM&D
2. Does the Department have a dedicated unit, or has it designated specific staff members, to promote the health and well-being of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		<p>Employee Health and Wellness Unit -2 core staff: Deputy Director and Assistant Director</p> <p>EHW Committee – Each of the department office has an active wellness committee that coordinate activities and OHS committee that attend to matters of safety at office level as well a provincial OHS committee structure.</p> <p>HIV Peer Educators – 14 officials each office has two trained officials as HIV peer educator.</p> <p>R800 000</p>

Question	Yes	No	Details, if Yes
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	x		Health Screening HIV Counselling and Testing Educational Campaign on disease management (Communicable and non-communicable diseases) Mental Health Education program Financial Wellness Programme Psycho-Social Support Services Physical Wellness Program Life Skills Programme SHERQ services key focus on coordinating matters of safety in the workplace.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) which they represent.	x		The department has fully functional OHS committee structure that have one meeting quarterly. Here are the name list of staff that serve in the OHS committee: <ul style="list-style-type: none"> • Nonthuthuzelo Maguga • Nyweba Dyani • Thandile Tokwe • Asanda Sogoni • Mbalentle Mlokothe • Tyrone Boucher • Sandiso Mabhongo • Zweloxolo Gule • Bubele Peter • Nceba Nyathela • Simamkele Madayile • Nathaniel Snayer • Tsokolo Ntsere • Sinozulu Mtongana • Bhelinda Mtamo • Busisiwe Vena • Zovuyo Nokoko • Busisiwe Vena • Nobalulekile Mampofu • Lyndon Mardon • Nomawethu Zingani • Zimbini Gijana
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.	x		Departmental HIV and AIDS management Policy and this policy express in explicit terms the fundamental principle of confidentiality
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		HCT Screening is done in a safe space which ensures confidentiality HIV Stats does not contain names of officials HIV AIDS testing is done by accredited and registered professional Nurses
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that have been achieved.	x		Yes, this done through GEMS, but for confidentiality, they do provide details.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		Implementation of the 4 EHW pillars underpinning EHW in the Public Service

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject Matter	Date
PSCBC Resolution 2 of 2023	31/3/2023

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	9	43
Final written warning	6	29
Suspended without pay	0	0
Fine	0	0
Dismissal	1	5
Abscondment	0	0
Not guilty	0	0
Case withdrawn	0	0
TOTAL	16	77

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Misuse of GG Vehicle	4	19
Unlawful removal of property and tampering with security measures	0	0
Gross insubordination and bringing the name of the Department into disrepute	0	0
Negligence of Fire Arm	1	5
Unauthorised absence	1	5
Fruitless and Wasteful Expenditure	5	24
Gross insubordination and non-compliance with prescripts: contravention of the PFMA	0	0
Unbecoming conduct	3	14
Irregular expenditure	7	33
Non-disclosure and failure to acquire permission to Trade with the State		
TOTAL	21	100

Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of total
Number of grievances resolved	5	71
Number of grievances not resolved	2	29
TOTAL	7	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of total
Number of disputes upheld	1	14
Number of disputes dismissed	3	43
Number of disputes pending	3	43
TOTAL NUMBER OF DISPUTES LODGED	7	100

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Strike action	Number
Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Precautionary suspensions	Number
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

3.13 Skills Development

This section highlights the efforts of the Department regarding skills development.

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training Needs Identified at Start of the Reporting Period				
			Learnerships	Skills programmes & other short courses	Training	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Sub Total	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
TOTAL		0		0	0	0	0

*this total excludes bursaries awarded to officials

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training Needs Identified at Start of the Reporting Period				
			Learnerships	Skills programmes & other short courses	Training	Other forms of training	total
Legislators, senior officials and managers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Sub Total	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
TOTAL		0	0	0	0	0	0

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 11 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.00
Temporary total disablement	0	0.00
Permanent disablement	0	0.00
Fatal	0	0.00
Total	0	

3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants who worked on the project	Duration	Contract value in Rand
Appointment of a service provider to develop Tourism Master Plan and Action plan 2020.	0	0	0
Appointment of a service provider to develop EC Provincial SMME Strategy 2021-2025.	0	0	0
Appointment of a service provider to provide support to Manufacturing Enterprises in distress	0	0	0
Appointment of a service provider to conduct BCMM complementary Waste Management Services phase 2.	0	0	0

Project title	Total number of consultants who worked on the project	Duration	Contract value in Rand
Appointment of a service provider for Quinera Estuary Management Plan	0	0	0
Appointment of a service provider to develop Master Plan for EC state state-owned Industrial Park (Butterworth)	0	0	0
Total number of projects	Total individual consultants	Total duration	Total contract value in Rand
0	0	0	0

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Name of consultant	BBBEE status (Level)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration workdays	Donor and contract value in Rand
There was no consultant appointed using donor funds	0	0	0
Total number of projects	Total individual consultants	Total duration workdays	Total contract value in Rand
0	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	0	0	0

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 and 31 March 2023

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Level 3-5)	0	0	0	0
Highly skilled production (Level 6-8)	0	0	0	0
Highly skilled supervision (Level 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

PART E

PFMA COMPLIANCE
REPORT



ANNUAL REPORT 2022/23 VOTE NO.9



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

1.1 Irregular expenditure

a. Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	604	604
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	604	604

Reconciling notes

Description	20YY/2022	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2022/23	-	-
Irregular expenditure for the current year	-	-
Total		

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	-

c. Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

e. Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
Total

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

Description	2022/2023	2021/2022
	R'000	R'000
	-	-
	-	-
Total	-	-

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

Disciplinary steps taken
7 Irregular Expenditure
5 Fruitless and Wasteful

1.2 Fruitless and wasteful expenditure

a. Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	223	223
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	223	223

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

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

Description ¹	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

c. Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

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

Disciplinary steps taken
12 cases reported and affected employees were taken to disciplinary hearing
Total -

1.3 Unauthorised expenditure

a. Reconciliation of unauthorised expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-
Less: unauthorised not recovered and written off	-	-
Closing balance	-	-

Reconciling notes

Description	2022/2023 R'000	2021/2022 R'000
Unauthorised expenditure that was under assessment in 2022/23	-	-
Unauthorised expenditure that relates to 2022/23 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

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

Description	2022/2023 R'000	2021/2022 R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	-	-

1.4 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)

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

Material losses through criminal conduct	2022/2023 R'000	2021/2022 R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

b. Details of other material losses

Nature of other material losses	2022/2023 R'000	2021/2022 R'000
<i>(Group major categories, but list material items)</i>	-	-
Total	-	-

c. Other material losses recovered

Nature of losses	2022/2023 R'000	2021/2022 R'000
<i>(Group major categories, but list material items)</i>	-	-
Total	-	-

d. Other material losses written off

Nature of losses	2022/2023 R'000	2021/2022 R'000
<i>(Group major categories, but list material items)</i>	-	-
Total	-	-

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	106	5, 022
Invoices paid within 30 days or agreed period	33	2, 663
Invoices paid after 30 days or agreed period	1	8, 540
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	97	4,903
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	9	119

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
N/A	N/A	N/A	N/A	N/A
Total				

3.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total						



SIBONGILE JONGILE
Chief Financial Officer



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

PART F

FINANCIAL INFORMATION



ANNUAL REPORT 2022/23 VOTE NO.9



REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to the Eastern Cape Provincial Legislature on vote no. 9: Eastern Cape Department of Economic Development, Environmental Affairs and Tourism

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism, set out on pages 135 to 175, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement 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 Eastern Cape Department of Economic Development, Environmental Affairs and Tourism as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act no. 5 of 2022 (Dora).

Context 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 department 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 matter

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

Material underspending

7. As disclosed in the appropriation statement, the department materially underspent the budgets for programme 1: Administration and programme 2: Economic development and tourism by R9,3 million and R8,5 million respectively.

Other matters

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

Unaudited supplementary schedules

9. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

National Treasury Instruction Note 4 of 2022-23: PFMA compliance and reporting framework

10. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in the financial statements of the department. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora; 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the department'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 department 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

13. 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

15. 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 against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Economic development and tourism	49-62	Administering sustainable economic policies, developing appropriate strategies to promote business development, job creation and to sustain economic development through partnerships.
Environmental affairs	63-76	Regulation of environmental management through instruments such as the environmental impact assessments, compliance and enforcement and biodiversity management tools.

17. I evaluated the reported performance information for the selected programmes 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 the users with useful and reliable information and insights on the department's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 were committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
20. I did not raise any material findings on the reported performance information of programme 2: Economic development and tourism and programme 3: Environmental affairs.

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 explanations for over- and underachievement. Reasons for the underachievement of targets are included in the annual performance report on pages xx to xx.

Report on compliance with legislation

23. 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 department's compliance with legislation.

24. 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.

25. 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 department, clear to allow for 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.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.

29. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

31. 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.
32. I did not identify any significant deficiencies in internal control.

Auditor-General
East London
29 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes:

- 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 programmes and on the department'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 department'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 department 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 department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a); 57(b) Section 76(1)(b), (e) and (f), 2(e) and (4)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury regulations 4.1.1; 4.1.3 Treasury regulations 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury regulations 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b) Treasury regulation 7.2.1 Treasury regulations 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury regulations 9.1.1; 9.1.4 Treasury regulations 10.1.1(a); 10.1.2 Treasury regulations 11.4.1; 11.4.2; 11.5.1 Treasury regulation 12.5.1 Treasury regulation 15.10.1.2(c) Treasury regulations 16A 6.1; 16A6.2(a), (b) & (e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3; 16A8.3(d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) & (iii); 16A9.1(f). Treasury regulation 17.1.1 Treasury regulation 18.2 Treasury regulation 19.8.4
Division of Revenue Act 5 of 2022	Dora 12(5) Dora 16(1) Dora 16(3) Dora 16(3)(a)(i) Dora 16(3)(a)(ii)(bb)
Public Service Regulations	Public service regulation 18; 18(1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulations 17
PPPFA	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraphs 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
Sita Act	Section 7(3)
Practice Note 7 of 2009-10	Paragraph 4.1.2
National Treasury Instruction Note 1 of 2015-16	Paragraphs 3.1; 4.1; 4.2
NT Instruction Note 4 of 2015-16	Paragraph 3.4
NT SCM Instruction Note 11 of 2020-21	Paragraphs 3.1; 3.4(b); 3.9
Second amendment of NTI 05 of 2020-21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020-21	Paragraph 1

Legislation	Sections or regulations
Erratum NTI 5 of 2020-21	Paragraph 2
NT Instruction Note 1 of 2021-22	Paragraph 4.1
NT SCM Instruction Note 2 of 2021-22	Paragraphs 3.2.1; 3.2.4(a); 3.3.1
NT SCM Instruction Note 03 of 2021-22	Paragraphs 4.3; 4.4; 4.4 (a); 4.4 (c) -(d)



ANNUAL FINANCIAL STATEMENTS



ANNUAL REPORT 2022/23 VOTE NO.9



Department of Economic Development Environmental Affairs and Tourism
(Vote number 09)
Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2022/2023					2021/2022			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per programme										
Programme										
1	ADMINISTRATION	239,386	-	-	239,386	230,048	9,338	96.10 %	210,041	207,954
2	ECONOMIC DEVELOPMENT AND TOURISM	777,724	-	-	777,724	769,245	8,479	98.91 %	875,417	848,753
3	ENVIRONMENTAL AFFAIRS	361,388	-	-	361,388	359,107	2,281	99.37 %	368,892	368,433
Programme subtotal		1,378,498	-	-	1,378,498	1,358,400	20,098	98.54 %	1,454,350	1,425,140
Total		1,378,498	-	-	1,378,498	1,358,400	20,098	98.54 %	1,454,350	1,425,140

Reconciliation with statement of financial performance

Add:

Add:										
Actual amounts per statement of financial performance (total expenditure)						1,358,400				1,425,140



Department of Economic Development Environmental Affairs and Tourism (Vote number 09) Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

	2022/2023					2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification									
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	234,608	6,003	-	240,611	237,942	2,669	98.89 %	222,213	222,061
Social contributions	48,510	(6,003)	-	42,507	41,731	776	98.17 %	38,583	38,511
	283,118	-	-	283,118	279,673	3,445	98.78 %	260,796	260,572
Goods and services									
Administrative fees	2,973	(15)	-	2,958	2,780	178	93.98 %	1,496	1,482
Advertising	3,557	151	-	3,708	3,678	30	99.19 %	4,029	4,029
Minor assets	285	237	-	522	426	96	81.61 %	196	195
Audit costs: External	4,000	1,154	(110)	5,044	5,007	37	99.27 %	4,130	4,094
Bursaries: Employees	1,150	(65)	-	1,085	1,044	41	96.22 %	1,440	1,399
Catering: Departmental activities	2,268	(289)	-	1,979	1,604	375	81.05 %	545	448
Communication	246	(101)	-	145	144	1	99.31 %	239	238
Computer services	21,489	1,094	-	22,583	20,761	1,822	91.93 %	17,240	16,580
Consultants: Business and advisory services	24,265	(530)	-	23,735	17,216	6,519	72.53 %	34,420	10,969
Legal services	1,950	(750)	-	1,200	1,199	1	99.92 %	2,452	2,452
Contractors	7,743	(7,309)	-	434	271	163	62.44 %	65	46
Fleet services	4,456	(176)	-	4,280	4,279	1	99.98 %	3,025	3,025
Inventory: Clothing material and supplies	682	68	-	750	750	-	100.00 %	251	228
Inventory: Other supplies	100	(4)	-	96	96	-	100.00 %	720	720
Consumable supplies	980	(262)	-	718	609	109	84.82 %	1,130	1,054
Consumable: Stationery, printing and office supplies	1,228	(364)	-	864	765	99	88.54 %	1,379	1,377
Operating leases	19,095	4,735	-	23,830	23,670	160	99.33 %	21,897	21,897
Property payments	10,965	234	-	11,199	10,311	888	92.07 %	11,130	10,838
Travel and subsistence	15,129	1,186	-	16,315	14,764	1,551	90.49 %	8,258	7,998
Training and development	2,102	890	-	2,992	2,802	190	93.65 %	1,654	1,646



Department of Economic Development Environmental Affairs and Tourism (Vote number 09) Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2022/2023			2021/2022		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification (continued)									
Operating payments	3,140	187	-	3,327	2,929	398	88.04 %	891	868
Venues and facilities	3,700	225	-	3,925	3,250	675	82.80 %	1,811	1,642
Rental and hiring	715	(296)	-	419	417	2	99.52 %	513	514
	132,218	-	(110)	132,108	118,773	13,335	89.91 %	118,911	93,739
Total current payments	415,336	-	(110)	415,226	398,446	16,780	95.96 %	379,707	354,311
Transfers and subsidies									
Provinces and municipalities									
Municipalities									
Municipal bank accounts	25,600	-	-	25,600	24,753	847	96.69 %	36,968	36,968
Departmental agencies and accounts									
Departmental agencies (non-business entities)	916,049	-	-	916,049	916,049	-	100.00 %	1,008,035	1,007,986
Public corporations and private enterprises									
Private enterprises									
Other transfers to private enterprises	2,110	-	-	2,110	2,110	-	100.00 %	11,500	8,006
Households									
Social benefits	2,200	-	-	2,200	1,914	286	87.00 %	3,227	3,227
Other transfers to households	203	-	-	203	202	1	99.51 %	340	340
	2,403	-	-	2,403	2,116	287	88.06 %	3,567	3,567
Total transfers and subsidies	946,162	-	-	946,162	945,028	1,134	99.88 %	1,060,070	1,056,527
Payments for capital assets									
Machinery and equipment									
Transport equipment	5,817	(775)	-	5,042	4,522	520	89.69 %	4,683	4,529
Other machinery and equipment	11,183	775	-	11,958	10,294	1,664	86.08 %	9,707	9,592



Department of Economic Development Environmental Affairs and Tourism
 (Vote number 09)
 Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

figures in Rand thousand	2022/2023					2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification (continued)									
17,000	-		-	17,000	14,816	2,184	87.15 %	14,390	14,121
Payments for financial assets	-	-	110	110	110	-	100.00 %	183	181
Total	1,378,498	-	-	1,378,498	1,358,400	20,098	98.54 %	1,454,350	1,425,140



Appropriation Statement

2021/2022

	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1. ADMINISTRATION									
Sub programme									
OFFICE OF THE MEC	971	175	-	1,146	1,119	27	97.64 %	239	216
OFFICE OF THE HOD	30,724	(209)	-	30,515	30,037	478	98.43 %	26,413	25,690
FINANCIAL MANAGEMENT	90,741	(1,094)	-	89,647	86,672	2,975	96.68 %	82,195	81,799
CORPORATE MANAGEMENT	116,950	1,128	-	118,078	112,220	5,858	95.04 %	101,194	100,249
Subtotal	239,386	-	-	239,386	230,048	9,338	96.10 %	210,041	207,954
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	101,059	3,228	-	104,287	103,598	689	99.34 %	97,756	97,710
Social contributions	23,105	(3,228)	-	19,877	19,660	217	98.91 %	17,589	17,579
	124,164	-	-	124,164	123,258	906	99.27 %	115,345	115,289
Goods and services									
Administrative fees	2,683	(15)	-	2,668	2,493	175	93.44 %	1,230	1,216
Advertising	2,888	151	-	3,039	3,017	22	99.28 %	2,357	2,357
Minor assets	285	237	-	522	426	96	81.61 %	196	195
Audit costs: External	4,000	1,154	(110)	5,044	5,007	37	99.27 %	4,130	4,094
Bursaries: Employees	1,150	(65)	-	1,085	1,044	41	96.22 %	1,426	1,385
Catering: Departmental activities	795	(255)	-	540	414	126	76.67 %	230	220
Communication	246	(101)	-	145	144	1	99.31 %	239	238
Computer services	19,374	1,044	-	20,418	18,716	1,702	91.66 %	15,417	14,757
Consultants: Business and advisory services	4,524	(245)	-	4,279	3,288	991	76.84 %	4,165	3,722
Legal services	1,950	(750)	-	1,200	1,199	1	99.92 %	2,452	2,452
Contractors	7,568	(7,269)	-	299	162	137	54.18 %	46	27
Fleet services	4,456	(176)	-	4,280	4,279	1	99.98 %	3,025	3,025
Inventory: Clothing material and supplies	-	20	-	20	20	-	100.00 %	218	218

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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2022/2023				2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Consumable supplies	730	(262)	-	468	366	102	78.21 %	489	413
Consumable: Stationery, printing and office supplies	623	(229)	-	394	300	94	76.14 %	997	995
Operating leases	19,095	4,735	-	23,830	23,670	160	99.33 %	21,897	21,897
Property payments	10,965	234	-	11,199	10,311	888	92.07 %	11,130	10,838
Travel and subsistence	7,791	737	-	8,528	7,822	706	91.72 %	3,857	3,720
Training and development	2,102	890	-	2,992	2,802	190	93.65 %	1,654	1,646
Operating payments	3,077	(26)	-	3,051	2,701	350	88.53 %	722	699
Venues and facilities	1,567	191	-	1,758	1,616	142	91.92 %	879	849
	95,869	-	(110)	95,759	89,798	5,961	93.77 %	76,756	74,963
Total current payments	220,033	-	(110)	219,923	213,056	6,867	96.88 %	192,101	190,252
Transfers and subsidies									
Households									
Social benefits	2,200	-	-	2,200	1,914	286	87.00 %	3,227	3,227
Other transfers to households	203	-	-	203	202	1	99.51 %	340	340
	2,403	-	-	2,403	2,116	287	88.06 %	3,567	3,567
Payments for capital assets									
Machinery and equipment									
Transport equipment	5,817	(775)	-	5,042	4,522	520	89.69 %	4,683	4,529
Other machinery and equipment	11,133	775	-	11,908	10,244	1,664	86.03 %	9,507	9,425
Total payments for capital assets	16,950	-	-	16,950	14,766	2,184	87.12 %	14,190	13,954
Payments for financial assets	-	-	110	110	110	-	100.00 %	183	181
Total	239,386	-	-	239,386	230,048	9,338	96.10 %	210,041	207,954



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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2022/2023					2021/2022			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2. ECONOMIC DEVELOPMENT AND TOURISM										
Sub programme										
INTEGRATED ECONOMIC DEVELOPMENT	159,509	(81)	-		159,428	153,212	6,216	96.10 %	157,509	131,073
TRADE AND SECTOR DEVELOPMENT	437,773	169	-		437,942	436,872	1,070	99.76 %	551,276	551,134
BUSINESS REGULATION AND GOVERNANCE	162,268	(179)	-		162,089	161,296	793	99.51 %	147,961	147,948
ECONOMIC PLANNING	5,775	101	-		5,876	5,812	64	98.91 %	6,026	5,982
TOURISM	12,399	(10)	-		12,389	12,053	336	97.29 %	12,645	12,616
Subtotal	777,724	-	-		777,724	769,245	8,479	98.91 %	875,417	848,753
Economic classification										
Current payments										
Compensation of employees										
Salaries and wages	53,664	(626)	-		53,038	51,384	1,654	96.88 %	50,265	50,244
Social contributions	7,865	626	-		8,491	8,009	482	94.32 %	7,959	7,946
	61,529	-	-		61,529	59,393	2,136	96.53 %	58,224	58,190
Goods and services										
Administrative fees	290	-	-		290	287	3	98.97 %	266	266
Advertising	669	-	-		669	661	8	98.80 %	503	503
Bursaries: Employees	-	-	-		-	-	-	- %	2	2
Catering: Departmental activities	1,061	43	-		1,104	872	232	78.99 %	263	178
Computer services	830	-	-		830	756	74	91.08 %	701	701
Consultants: Business and advisory services	17,817	(13)	-		17,804	12,577	5,227	70.64 %	28,530	5,760
Contractors	125	(50)	-		75	61	14	81.33 %	13	13
Inventory: Other supplies	-	-	-		-	-	-	- %	638	638
Consumable: Stationery, printing and office supplies	60	(60)	-		-	-	-	- %	109	109



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Appropriation Statement

Figures in Rand thousand

figures in Rand thousand	2022/2023						2021/2022		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Travel and subsistence	2,900	208	-	3,108	2,636	472	84.81 %	2,085	1,991
Operating payments	6	-	-	6	-	6	- %	115	115
Venues and facilities	1,373	(86)	-	1,287	980	307	76.15 %	712	573
Rental and hiring	350	(42)	-	308	308	-	100.00 %	484	485
	25,481	-	-	25,481	19,138	6,343	75.11 %	34,421	11,334
Total current payments	87,010	-	-	87,010	78,531	8,479	90.26 %	92,645	69,524
Transfers and subsidies									
Departmental agencies and accounts	688,604	-	-	688,604	688,604	-	100.00 %	771,272	771,223
Public corporations and private enterprises	2,110	-	-	2,110	2,110	-	100.00 %	11,500	8,006
Total transfers and subsidies	690,714	-	-	690,714	690,714	-	100.00 %	782,772	779,229
Total	777,724	-	-	777,724	769,245	8,479	98.91 %	875,417	848,753



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Appropriation Statement

Figures in Rand thousand

figures in Rand thousand									
2022/2023									
2021/2022									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3. ENVIRONMENTAL AFFAIRS									
Sub programme									
ENVIRONMENTAL POLICY AND PLANNING	39,507	(2,608)	-	36,899	35,914	985	97.33 %	47,238	47,199
COMPLIANCE AND ENFORCEMENT	43,763	(13,639)	-	30,124	30,021	103	99.66 %	50,019	49,944
ENVIRONMENTAL QUALITY MANAGEMENT	25,119	1,463	-	26,582	25,848	734	97.24 %	20,543	20,418
BIODIVERSITY MANAGEMENT	242,994	12,663	-	255,657	255,350	307	99.88 %	239,819	239,639
ENVIRONMENTAL EMPOWERMENT SERVICES	10,005	2,121	-	12,126	11,974	152	98.75 %	11,273	11,233
Subtotal	361,388	-	-	361,388	359,107	2,281	99.37 %	368,892	368,433
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	79,885	3,401	-	83,286	82,960	326	99.61 %	74,192	74,107
Social contributions	17,540	(3,401)	-	14,139	14,062	77	99.46 %	13,035	12,986
	97,425	-	-	97,425	97,022	403	99.59 %	87,227	87,093
Goods and services									
Advertising	-	-	-	-	-	-	- %	1,169	1,169
Bursaries: Employees	-	-	-	-	-	-	- %	12	12
Catering: Departmental activities	412	(77)	-	335	318	17	94.93 %	52	50
Computer services	1,285	50	-	1,335	1,289	46	96.55 %	1,122	1,122
Consultants: Business and advisory services	1,924	(272)	-	1,652	1,351	301	81.78 %	1,725	1,487
Contractors	50	10	-	60	48	12	80.00 %	6	6
Inventory: Clothing material and supplies	682	48	-	730	730	-	100.00 %	33	10
Inventory: Other supplies	100	(4)	-	96	96	-	100.00 %	82	82



Department of Economic Development Environmental Affairs and Tourism (Vote number 09) Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

	2022/2023					2021/2022				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Appropriation	Final Expenditure	Actual Expenditure
Consumable supplies	250	-	-	250	243	7	97.20 %	641	641	641
Consumable: Stationery, printing and office supplies	545	(75)	-	470	465	5	98.94 %	273	273	273
Travel and subsistence	4,438	241	-	4,679	4,306	373	92.03 %	2,316	2,316	2,287
Operating payments	57	213	-	270	228	42	84.44 %	54	54	54
Venues and facilities	760	120	-	880	654	226	74.32 %	220	220	220
Rental and hiring	365	(254)	-	111	109	2	98.20 %	29	29	29
	10,868	-	-	10,868	9,837	1,031	90.51 %	7,734	7,734	7,442
Total current payments	108,293	-	-	108,293	106,859	1,434	98.68 %	94,961	94,961	94,535
Transfers and subsidies										
Provinces and municipalities										
Municipalities										
Municipal bank accounts	25,600	-	-	25,600	24,753	847	96.69 %	36,968	36,968	36,968
Departmental agencies and accounts										
Departmental agencies (non-business entities)	227,445	-	-	227,445	227,445	-	100.00 %	236,763	236,763	236,763
	253,045	-	-	253,045	252,198	847	99.67 %	273,731	273,731	273,731
Payments for capital assets										
Machinery and equipment										
Other machinery and equipment	50	-	-	50	50	-	100.00 %	200	200	167
Total	361,388	-	-	361,388	359,107	2,281	99.37 %	368,892	368,892	368,433



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Notes to the Appropriation Statement

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H).

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 Annual appropriation to the annual financial statements.

3. Detail on payments for financial assets

Details of these transactions per programme can be viewed in the note on Payments for financial assets.

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Notes to the Appropriation Statement

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

Figures in Rand thousand Appropriation	Final	Actual Expenditure	Variance % of Final Appropriation	Variance as a % of Final Appropriation
ADMINISTRATION	239,386	230,048	9,338	3.9 %
ECONOMIC DEVELOPMENT AND TOURISM	777,724	769,245	8,479	1.1 %
ENVIRONMENTAL AFFAIRS	361,388	359,107	2,281	0.6 %

Programme 1: Administration

Goods and Services

Department has underspent on computer services as a result of a Information Technology strategy review and development project which was delayed for commencement from March 2023 and later changed to May 2023 this therefore affecting the payment as budgeted in the year under review. However there has been a further delay in the upgrade and additional modules of the departmental Evaya system due consultation on complaint procurement processes as to avoid irregular expenditure as the department was already utilising the system.

Capital

The department budgeted to replace the MEC's vehicle, however the vehicle in the RT National Tender pricing ranges were higher than the MEC's preferred vehicle which is resolved for 2023/24 financial year, which is to be delivered on the 23/24 financial year. The departmental mobile telecommunication contract invoices that were received at the year end as there has been thorough reconciliation between the department and the service provider on the account.

Programme 2: Economic Development Cost of employment

The recruitment advert was published later in the year than anticipated, which had a concomitant delay in filling post, resulting in underutilisation of the budget for compensation of the of employees. Therefore, several posts were carried over to the 2023/24 Annual Recruitment plan with some new employees assuming duty in the first quarter of 23/24 financial year.

Goods and Service

Underspending in this programme is from an allocation for Informal Business Support program (IBSP) that was transferred from ECDC to the Department. The department later appointed ECDC as an implementing Agent, this caused a delay in the procurement of goods and services by ECDC.

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Programme 3: Environmental Affairs Goods and services

The Climate change project service provider requested an extension of timelines to accommodate completion of step 2 of the project (Baseline assessment) so as to realistically inform the next step. Deliverables were shifted to align to the new time frames.

Transfers and subsidies

Underspending is due to funds that could not be transferred to the Municipality as the tax matters were non-compliant as per the Central Supplier Data Base (CSD) report.

4.2 Per economic classification

Figures in Rand thousand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Current payments				
Compensation of employees	283,118	279,673	3,445	1 %
Goods and services	132,108	118,773	13,335	10 %
Transfers and subsidies				
Provinces and municipalities	25,600	24,753	847	3 %
Departmental agencies and accounts	916,049	916,049	-	- %
Public corporations and private enterprises	2,110	2,110	-	- %
Households	2,403	2,116	287	12 %
Payments for capital assets				
Machinery and equipment	17,000	14,816	2,184	13 %
Payments for financial assets	110	110	-	- %

Payment for financial assets relates to debts that were written off, which were deemed uneconomical and irrecoverable.

4.3 Per conditional grant

Figures in Rand thousand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
EPWP(Walter Sisulu Local Municipality)	2,823	1,976	847	30 %

Funds amounting to R847 thousand could not be transferred to the Municipality as the tax matters were non-compliant as per the Central Supplier Data Base (CSD) report.

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Statement of Financial Performance

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Revenue			
Annual appropriation	1	1,378,498	1,454,350
Expenditure			
Current expenditure			
Compensation of employees	3	279,673	260,572
Goods and services	4	118,773	93,739
Total current expenditure		398,446	354,311
Transfers and subsidies			
Transfers and subsidies	6	945,028	1,056,527
Expenditure for capital assets			
Tangible assets	7	14,816	14,121
Payments for financial assets	5	110	181
Total expenditure		1,358,400	1,425,140
Surplus for the year		20,098	29,210
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		20,098	29,210
		20,098	29,210



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Statement of Financial Position as at 31 March 2023

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Assets			
Current Assets			
Cash and cash equivalents	8	20,185	41,825
Receivables	9	252	3,561
		20,437	45,386
Non-Current Assets			
Investments	10	427,597	427,597
Receivables	9	3,253	2,586
		430,850	430,183
Total Assets		451,287	475,569
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	11	20,098	29,210
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	484	15,072
Payables	13	185	51
		20,767	44,333
Total Liabilities		20,767	44,333
		430,520	431,236
Represented by:			
Capitalisation reserve		427,597	427,597
Recoverable revenue		2,923	3,639
Total		430,520	431,236



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Statement of Changes in Net Assets

Figures in Rand thousand	Note	2022/2023	2021/2022
Capitalisation reserves			
Opening balance		427,597	427,597
Recoverable revenue			
Opening balance		3,639	4,088
Transfers:			
Debts revised		(716)	(449)
Closing balance		2,923	3,639
Total		430,520	431,236



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Cash Flow Statement

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	1,378,498	1,454,350
Departmental revenue received	2	220,540	185,194
Interest received	2.3	281	58
		1,599,319	1,639,602
Net (increase)/ decrease in working capital		3,443	(4,242)
Surrendered to Revenue Fund		(264,619)	(231,624)
Current payments		(398,446)	(354,311)
Payments for financial assets		(110)	(181)
Transfers and subsidies paid		(945,028)	(1,056,527)
Net cash flow available from operating activities	14	(5,441)	(7,283)
Cash flows from investing activities			
Payments for capital assets	7	(14,816)	(14,121)
Proceeds from sale of capital assets	2.4	-	135
(Increase)/ decrease in non-current receivables	9	(667)	1,726
Net cash flows from investing activities		(15,483)	(12,260)
Cash flows from financing activities			
Increase/ (decrease) in net assets		(716)	(449)
Net increase/ (decrease) in cash and cash equivalents		(21,640)	(19,992)
Cash and cash equivalents at beginning of year		41,825	61,817
Cash and cash equivalents at the end of the year	15	20,185	41,825



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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Summary of significant accounting policies

The annual financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the annual financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999, and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Modified Cash Standards..

2. Going concern

The annual financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R '000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rand using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's annual financial statements. Where necessary figures included in the prior period annual financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's annual financial statements.

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

7. Revenue

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Appropriated funds are measured at the amounts receivable.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the annual financial statements on the date of receipt and are measured at fair value.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the annual financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

8. Expenditure (continued)

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

Donations made in kind are recorded in the notes to the annual financial statements on the date of transfer and are measured at cost or fair value.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the annual financial statements when they fall due at cost or fair value at the reporting date.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the annual financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the annual financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

10. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

11. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

12. Investments

Investments are recognised in the statement of financial position at cost.



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13. Financial assets

13.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the annual financial statements.

14. Payables

Payables recognised in the statement of financial position are recognised at cost.

15. Capital assets

15.1 Immovable capital assets

Immovable assets reflected in the asset register of the department are recorded in the notes to the annual financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to annual financial statements.

15.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the annual financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R -.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R - Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

15.3 Intangible assets

Intangible assets are initially recorded in the notes to the annual financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the annual financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R -.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R -.



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15. Capital assets (continued)

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

15.4 Project costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

16. Provisions and contingents

16.1 Provisions

Provisions are recorded in the notes to the annual financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and 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 of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

16.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the annual financial statements when there is 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 within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

16.3 Contingent assets

Contingent assets are recorded in the notes to the annual financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

16.4 Capital commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the annual financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

17. Unauthorised expenditure

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure recorded in the notes to the annual financial statements comprise of:

- unauthorised expenditure that was under assessment in the previous financial year;
- unauthorised expenditure relating to previous financial year and identified in the current year; and
- unauthorised expenditure incurred in the current year.



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18. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

19. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

20. Changes in accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS 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 department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

21. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

22. Principal-Agent arrangements

The department is party to a principal-agent arrangement for Informal Business Sector Programme.. In terms of the arrangement the department is the principal and is responsible for the project.. All related expenditures, have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the annual financial statements where appropriate.

23. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

24. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.



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Accounting Policies

25. Related party transactions

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the annual financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the annual financial statements.

26. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

27. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

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Notes to the Annual Financial Statements

Figures in Rand thousand

	Note	2022/2023	2021/2022
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1. Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Figures in Rand thousand	2022/2023		2021/2022	
	Final budget	Actual funds received	Final budget	Appropriation received
Programmes				
ADMINISTRATION	239,386	239,386	210,041	210,041
ECONOMIC DEVELOPMENT AND TOURISM	777,724	777,724	875,417	875,417
ENVIRONMENTAL AFFAIRS	361,388	361,388	368,892	368,892
Total	1,378,498	1,378,498	1,454,350	1,454,350

1.2 Conditional grants

Total grants received	29	2,823	2,605
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2. Departmental revenue

Tax revenue		216,291	182,198
Sales of goods and services other than capital assets	2.1	1,355	1,547
Fines, penalties and forfeits	2.2	2,385	1,013
Interest, dividends and rent on land	2.3	281	58
Sales of capital assets	2.4	-	135
Transactions in financial assets and liabilities	2.5	509	436
Total revenue collected		220,821	185,387
Less: Own revenue included in appropriation	12	220,821	185,387
Departmental revenue collected		-	-

2.1 Sales of goods and services other than capital assets

Sales by market establishment	5	6
Administrative fees	1,089	1,277
Other sales	261	264
Sales of goods and services produced by the department	1,355	1,547

2.2 Fines, penalties and forfeits

Fines	2,385	1,013
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2.3 Interest, dividends and rent on land

Interest	281	58
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2.4 Sales of capital assets

Tangible assets		
Machinery and equipment	-	135



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Notes to the Annual Financial Statements

Figures in Rand thousand

	Note(s)	2022/2023	2021/2022
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2. Departmental revenue (continued)

2.5 Transactions in financial assets and liabilities

Receivables		588	415
Other receipts including recoverable revenue		(79)	21
Total	2	509	436

2.6 Transfers received

Cash received not recognised (not included in the main note) - 2021/2022

Figures in Rand thousand	Amount received	Amount paid to the revenue fund	Balance
Name of entity			
Eastern Cape Parks and Tourism Agency	-	1,400	(1,400)
Eastern Cape Provincial Arts and Culture	3,358	3,358	-
Eastern Cape Liquor Board	879	879	-
Total	4,237	5,637	(1,400)

3. Compensation of employees

3.1 Salaries and wages

Basic salary	192,236	178,345
Performance award	102	845
Service based	338	425
Compensative/circumstantial	654	562
Other non-pensionable allowances	44,612	41,884
Total	237,942	222,061

3.2 Social contributions

Employer contributions

Pension	26,861	24,148
Medical	14,736	14,266
Bargaining council	54	51
Insurance	80	46
Total	41,731	38,511

Total compensation of employees	279,673	260,572
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Average number of employees	505	479
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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
4. Goods and services			
Administrative fees		2,780	1,482
Advertising		3,678	4,029
Minor assets	4.1	426	195
Bursaries (employees)		1,044	1,399
Catering		1,604	448
Communication		144	238
Computer services	4.2	20,761	16,579
Consultants: Business and advisory services		17,216	10,969
Legal services		1,199	2,452
Contractors		271	45
Audit cost - external	4.3	5,007	4,094
Fleet services		4,279	3,025
Inventory	4.4	846	948
Consumables	4.5	1,374	2,429
Operating leases		23,671	21,897
Property payments	4.6	10,311	10,839
Rental and hiring		417	514
Travel and subsistence	4.7	14,764	8,001
Venues and facilities		3,250	1,643
Training and development		2,802	1,646
Other operating expenditure	4.8	2,929	867
Total		118,773	93,739

Advertising

The decrease is due to less utilisation of community radio stations which were used often during COVID to communicate environment awareness campaigns the campaigns are now more in contact with all relevant communities.

Catering

the department has during COVID minimal activities that required catering services and the activities has increased during the year under review hence the increase in expenditure.

Communication Services:

The departmental telephone system from late 2021/22 and 2022/23 financial year the land lines were not in use when the department was migrating to the new system hence the reduction in expenditure.



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
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4. Goods and services (continued)

Computer services

The increase is due to procurement of a software for risk management, MS office, additional licenses for new employees and additional modules on the system.

Consultants: Business and advisory services:

In the 2022/23 financial year the department had funding for Informal Business Support Program which is implemented through ECDC which was not part of the 2021/22 financial year hence the expenditure increase in the year under review.

Minor Assets : The department has purchased additional furniture for regions and Head offices as part of the replacement of furniture which is either disposed, worn off or reached its useful life.

Legal service: As at the end of financial year the department has not yet received invoices for services that had been rendered by department of Justice.

Operating leases

The increase is as result of new recruited employees in the current year which necessitated in increase on rental of IT equipment.

Other operating expenditure

The department in the year under review implemented its recruitment plan and most of recruited employees were from outside the province and payments were made in respect of resettlement and interim accommodation.

Travel and Subsistence

The Department intensified its awareness campaigns, meeting with its stakeholder, hosting of all programs as per approved annual performance plan. These activities and events needed physical gatherings to ensure maximum participation of various stakeholders and usage of vehicle and travel related expense were required to ensure success of these activities.

Venues and Facilities

The increase is as result of events and held during the year under review as stated under travel and subsistence.

4.1 Minor assets

Tangible assets

Machinery and equipment	426	195
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4.2 Computer services

SITA computer services	2,291	2,134
External computer service providers	18,470	14,445
Total	4	20,761

4.3 Audit cost - external

Regularity audits	5,007	4,094
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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
4. Goods and services (continued)			
4.4 Inventory			
Clothing material and accessories		750	228
Other supplies	4.4.1	96	720
Total	4	846	948
4.4.1 Other supplies			
Other		96	720
4.5 Consumables			
Uniform and clothing		267	705
Household supplies		322	16
IT consumables		-	56
Other consumables		21	275
Consumable supplies		610	1,052
Stationery, printing and office supplies		764	1,377
Total	4	1,374	2,429
4.6 Property payments			
Municipal services		126	153
Other		10,185	10,686
Total	4	10,311	10,839
4.7 Travel and subsistence			
Local		14,239	7,997
Foreign		525	4
Total	4	14,764	8,001
4.8 Other operating expenditure			
Professional bodies, membership and subscription fees		427	369
Resettlement costs		2,272	359
Other		230	139
Total	4	2,929	867
5. Payments for financial assets			
Debts written off		110	181
5.1 Debt written off			
Debt written off		110	181

The Department has written off debts amounting to R110 thousand by the Accounting Officer. These debts were considered uneconomical.



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
6. Transfers and subsidies			
Provinces and municipalities		24,753	36,969
Departmental agencies and accounts	Unaudited Annexure 1B	916,049	1,007,986
Public corporations and private enterprises	Unaudited Annexure 1D	2,110	8,006
Households	Unaudited Annexure 1G	2,116	3,566
Total		945,028	1,056,527
7. Expenditure for capital assets			
Tangible assets			
Machinery and equipment	25	14,816	14,121
7.1 Analysis of funds utilised to acquire capital assets - 2022/2023			
Figures in Rand thousand		Voted funds	Total
Tangible assets			
Buildings and other fixed structures		-	1
Machinery and equipment		14,816	14,816
14,816			14,817
7.2 Analysis of funds utilised to acquire capital assets - 2021/2022			
Figures in Rand thousand		Voted funds	Total
Tangible assets			
Machinery and equipment		14,121	14,121
7.3 Finance lease expenditure included in expenditure for capital assets			
Tangible assets			
Machinery and equipment		11,894	13,119
8. Cash and cash equivalents			
Consolidated paymaster general account		20,185	41,825

The significant cash remaining on cash and cash equivalent relates to surplus for the year, these funds will be surrendered to Revenue fund in the next financial period.



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Figures in Rand thousand Note(s) 2022/2023 2021/2022

9. Receivables

Figures in Rand thousand	2022/2023				2021/2022		
	Note	Current	Non- current	Total	Current	Non- current	Total
Claims recoverable	9.1	-	-	-	1,235	610	1,845
Staff debt	9.2	252	3,253	3,505	2,326	1,976	4,302
Total		252	3,253	3,505	3,561	2,586	6,147

9.1 Claims recoverable

National departments	-	610
Provincial departments	-	1,235
Total	9	1,845

9.2 Staff debt

Non- current receivables	3,253	1,976
Current receivables	252	2,326
Total	9	3,505

The Department's debt book is comprised of staff debt that relates to Irregular salary upgrade amounting to R 2 926 million emanating from 2014/15 financial year, HROPT amounting to R 469 thousand emanates from previous years, other miscellaneous debts R110 thousand. These debts are reduced monthly as there are payments that are received against some of them.

9.3 Impairment of receivables

Estimate of impairment of receivables	1,176	1,061
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At year end assessment for impairment was conducted on receivables. Department has made use of debt collection services in trying to recover all the monies outstanding from debts that were over three years and more. There is an uncertainty of recovering these monies. As a result all the ex-employees over three (3) years that has been handed over except for the ones that are still employed by government were impaired.

10. Investments

Non-current

Shares and other equity

427,597 427,597

Analysis of non-current investments

Opening balance	427,597	427,597
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11. Voted funds to be surrendered to the Revenue Fund

Opening balance	29,210	47,847
Transferred from statement of financial performance	20,098	29,210
Paid during the year	(29,210)	(47,847)
Closing balance	20,098	29,210



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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
11. Payables - current (continued)			
11.1 Reconciliation of unspent conditional grants			
Total conditional grants received	1.2	2,823	2,605
Total conditional grants spent		(1,976)	-
Unspent conditional grants to be surrendered		847	2,605

Funds amounting to R847 thousand could not be transferred to the Municipality as the tax matters were non-compliant as per the Central Supplier Data Base (CSD) report.

12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance		15,072	13,462
Own revenue included in appropriation	2	220,821	185,387
Paid during the year		(235,409)	(183,777)
Closing balance		484	15,072

13. Payables - current

Clearing accounts	13.1	185	51
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13.1 Clearing accounts

Suspense Account		185	51
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The clearing accounts balances relates to the following suspense account: Bank adjustment, Tax debt, pension recoverable, GHES refund control account, bargaining council, salary EBT control account, PERSAL interface control account, salary deduction, credit transfer and outstanding payment.

14. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance		20,098	29,210
Add back non cash/ cash movements not deemed operating activities			
(Increase)/ decrease in receivables		3,309	(2,600)
Increase/ (decrease) in payables – current		134	(1,642)
Proceeds from sale of capital assets		-	(135)
Expenditure on capital assets		14,816	14,121
Surrenders to Revenue Fund		(264,619)	(231,624)
Own revenue included in appropriation		220,821	185,387
Net cash flow generated by operating activities		(5,441)	(7,283)

15. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated paymaster general account		20,185	41,825
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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
16. Contingent liabilities and contingent assets			
16.1 Contingent liabilities			
Liable to	Nature		
Claims against the department	Unaudited	9,248	7,588
Annexure 3B			
Intergovernmental payables (unconfirmed balances)	Unaudited	2,634	9,030
Annexure 5			
Total		11,882	16,618

All cases listed as contingent liabilities are currently open. The matters included as contingent liabilities are attributable to the fact that the amount of legal fees to be paid for the duration of these matters cannot be determined at the outset due to a number of factors influencing this such as, the type of matter, the duration, possible postponements etc. The nature of matter is confirmed by the state attorney. As at 31 March 2023, the department is not certain as to when these cases would be concluded.

17. Capital commitments

Machinery and equipment	773	2,621
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18. Accruals and payables not recognized

18.1 Accruals

Figures in Rand thousand	30 Days	2022/2023 Total	2021/2022 Total
Listed by economic classification			
Goods and services	3,689	3,689	3,472
Capital assets	1,280	1,280	-
Total	4,969	4,969	3,472

Listed by programme level

Programme 1: Administration	4,355	2,857
Programme 2: Economic Development	333	201
Programme 3: Environmental Affairs	281	414
Total	4,969	3,472

18.2 Payables not recognized

Figures in Rand thousand	30 Days	2022/2023 Total	2021/2022 Total
Listed by economic classification			
Goods and services	2,208	2,208	746
Transfers and subsidies	847	847	-
Total	3,055	3,055	746

Listed by programme level

Programme 1: Administration	1,163	653
Programme 2: Economic Development & Tourism	537	68
Programme 3: Environmental Affairs	1,355	25
Total	3,055	746



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Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s)

2022/2023

2021/2022

18. Accruals and payables not recognized (continued)

Included in the above totals are the following:

Confirmed balances with other departments

Unaudited
Annexure 5

71

90

19. Employee benefits

Leave entitlement	14,488	14,577
Service bonus	7,701	7,317
Performance awards	3,389	4,850
Capped leave commitments	14,265	15,356
Other	283	371
Total	40,126	42,471

20. Lease commitments

20.1 Operating leases

2022/2023

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	13,730	13,730
Later than 1 year and not later than 5 years	9,080	9,080
Total lease commitments	22,810	22,810

2021/2022

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	14,350	14,350
Later than 1 year and not later than 5 years	22,249	22,249
Total lease commitments	36,599	36,599

The Department has entered into operating lease agreement for Computer Equipment and Transport Equipment. Lease commitment is calculated based on contractual obligation between the Department and Lessor. There are no sublease agreement that the Department has entered to.



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Notes to the Annual Financial Statements

Figures in Rand thousand Note(s) 2022/2023 2021/2022

20. Lease commitments (continued)

20.2 Finance leases **

2022/2023

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	5,918	5,918
Later than 1 year and not later than 5 years	4,089	4,089
Total lease commitments	10,007	10,007

2021/2022

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	4,550	4,550
Later than 1 year and not later than 5 years	6,812	6,812
Total lease commitments	11,362	11,362

21. Accrued departmental revenue

Tax revenue	15,178	15,072
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21.1 Analysis of accrued departmental revenue

Opening balance	15,072	14,868
Less: Amounts received	(15,072)	(14,868)
Add: Amounts recognized	15,178	15,072
Total	15,178	15,072

Accrued revenue relates to revenue collected from entities during the month of March 2023.

22. Related party transactions

Payments made

Goods and services	425	-
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Eastern Cape Development Corporation	Public Entity in the same MEC portfolio
Eastern Cape Gambling and Betting Board	Public Entity in the same MEC portfolio
Eastern Cape Liquor Board	Public Entity in the same MEC portfolio
Eastern Cape Parks and Tourism Agency	Public Entity in the same MEC portfolio
Coega Development Corporation	Public Entity in the same MEC portfolio
East London Industrial Development	Public Entity in the same MEC portfolio
Eastern Cape Provincial Treasury	Sharing the same MEC with the Department
Eastern Cape Department of Public Works	Using the Departments building without charge

During the current year the department was allocated funds for Informal Business Sector Program (IBSP), of which the department entered into arrangement with ECDC(Implementing Agent) as the departmental entity tasked to implement the projects due to them having the tools. An amount of R425 thousand was paid to the entity for management fees.

Department is currently using building owned by Public works at no consideration. There were no other transactions entered to with Departments or Public entity except the ones stated.



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
23. Key management personnel			
Level 15 to 16		1,770	1,719
Level 14 (incl. CFO if at a lower level)		4,134	5,264
Level 13		35,497	31,658
Total		41,401	38,641
24. Provisions			
Arbitration award for ex-employee		2,598	-

Subsequent to year end, an applicant is moving with the implementation of an arbitration award, and certain department assets are being attached, despite a review application being made to the court. The amount recoded is the best estimate of expenditure required to settle the obligation.

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Figures in Rand thousand

	Note(s)	2022/2023	2021/2022
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25. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions balance	Closing
Machinery and equipment			
Transport assets	1,861	438	2,299
Computer equipment	9,261	674	9,935
Furniture and office equipment	10,244	1,881	12,125
Other machinery and equipment	1,424	535	1,959
	22,790	3,528	26,318

Included in our assets are trailers received from National Department of Environment and Fisheries in terms of section of 42 of Public Finance Management Act.

25.1 Movement for 2021/2022

Movement in movable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	1,861	-	-	1,861
Computer equipment	8,899	435	73	9,261
Furniture and office equipment	9,958	332	46	10,244
Other machinery and equipment	1,182	242	-	1,424
	21,900	1,009	119	22,790

25.2 Minor assets

Movement in minor capital assets per the asset register for the year ended as at 31 March 2023

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	8,398	8,398
Additions	425	425
Total minor capital assets	8,823	8,823
Figures in Rand thousand	Machinery and equipment	Total
Number of R1 minor assets	163	163

Movement in minor capital assets per the asset register for the year ended as at 31 March 2022

Figures in Rand thousand	Other machinery and equipment	Total
Opening balance	8,222	8,222
Additions	205	205
Less disposals	29	29



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
25. Movable tangible capital assets (continued)			
Total minor capital assets		8,398	8,398

Other machinery and equipment Total

Figures in Rand thousand

Number of R1 minor assets	8	8
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26. Immovable tangible capital assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Closing balance
Buildings and other fixed structures		
Other fixed structures	48,650	48,650

Immovable tangible capital assets under investigation

26.1 Movement for 2021/2022

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Closing balance
Buildings and other fixed structures		
Other fixed structures	48,650	48,650

26.2 Capital Work-in-progress

Capital Work-in-progress as at 31 March 2023

Figures in Rand thousand	Note	Opening balance 01 April 2022	Closing balance 31 March 2023
Buildings and other fixed structures		81,936	81,936

The project is still work in progress due to various matters that require consultation for completion. The department has engaged the relevant stakeholders to facilitate the transfer of these WIP assets.

Capital Work-in-progress as at 31 March 2022

Figures in Rand thousand	Note	Opening balance 01 April 2021	Closing balance 31 March 2022
Buildings and other fixed structures		81,936	81,936



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
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26. Immovable tangible capital assets (continued)

26.3 Immovable assets written off

27. Principal-agent arrangements

27.1 Department acting as the principal

Management fees: ECDC		425	-
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During the current year the department was allocated funds for Informal Business Sector Program (IBSP), of which the department entered into arrangement with ECDC(Implementing Agent) as the departmental entity tasked to implement the projects jointly with the Department. Significant terms and conditions are as per signed arrangement. Risk and rewards are, ECDC has a role of procuring and implement on behalf of the Department. Rewards they will service the same constituency that are mandated to empower, that is the empowerment of small business. An amount of R425 thousand was paid to the entity for management fees.

28. Prior period error note

Remuneration of commission/committee

During the year under review prior year adjustment was made on the note for Remuneration of commission/committee in line with National Treasury regulation 20.24 which makes specific reference to committee or commission of enquiry. During the previous year the department included remuneration of audit committee members as part of the remuneration of committee or commission which is not in line with the requirement of National Treasury regulations, reporting framework was updated as result of the new changes, the remuneration will not be separately disclosed as disclosed in prior year.

Reclassification of Goods and service

During the year under review, the department has reclassified expenditure relating to maintenance of leased assets from Good and services: Contractors to Goods and services: Operating leases since all goods and services relating to leased assets are included under Goods and services: Operating leases.
Relating to: 22/21

Goods and services: Contractors has been decreased by R5 019 million and Goods and services: Operating leases has been increased by R5 019 million, the overall net effect to the statement of financial performance is nil.



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Figures in Rand thousand			
28. Inventory (Effective from date determined in a Treasury Instruction)			
28.1 Inventory for the year ended 31 March 2023			
Figures in Rand thousand category of inventory	Insert major	Total	
Add: Additions/Purchases - Cash	846	846	
Add/(Less): Adjustments	(846)	(846)	
Closing balance Annexure 6	-	-	
Unaudited			
Inventory for the year ended 31 March 2022			
Figures in Rand thousand category of inventory	Insert major	Total	
Opening balance	947	947	
Add/(Less): Adjustments	(947)	(947)	
Closing balance Annexure 6	-	-	
Unaudited			



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Figures in Rand thousand

29. Statement of conditional grants received

Figures in Rand thousand	Grant allocation		Spent		2021/2022	
Name of grant	Division of Revenue Act/ Provincial Grants	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department
EPWP KOUKAMA MUNICIPALITY	-	-	-	-	-	- %
Walter Sisulu Municipality EPWP	2,823	2,823	2,823	1,976	847	70 %
	2,823	2,823	2,823	1,976	847	
					2,605	2,605

30. Broad based black economic empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

31. COVID 19 Response Expenditure Goods services

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Unaudited Annexures to the Annual Financial Statements

Unaudited Annexure 1A

Statement of conditional grants and other transfers to municipalities

Name of municipality	Grant allocation		Transfer		Spent		2021/2022	
	DoRA and other transfers	Total available	Actual transfer	Funds withheld	Amount spent by municipality	Unspent funds	DoRA and other transfers	Actual transfer
Sunday's River Municipality	-	-	-	-	-	-	2,605	2,605
Mzimvubu local Municipality	-	-	-	-	-	-	3,500	3,500
Blue Crane Municipality	-	-	-	-	-	-	5,781	5,781
Emalahleni Local Municipality	-	-	-	-	-	-	3,000	3,000
Senqu Local Municipality	-	-	-	-	-	-	5,200	5,200
Amahlathi	-	-	-	-	-	-	3,300	3,300
Makana Local Municipality	5,000	5,000	5,000	-	1,200	3,800	2,000	2,000
Mnquma	-	-	-	-	-	-	5,000	5,000
Port St Johns	-	-	-	-	-	-	5,582	5,582
Senqu GMC	300	300	300	-	-	300	500	500
Port St Johns GMC	-	-	-	-	-	-	300	300
Ntabankulu GMC	-	-	-	-	-	-	200	200
Kouga Local Municipality	5,000	5,000	5,000	-	231	4,769	-	-
Dr AB Xuma Local Municipality (Engcobo)	1,400	1,400	1,400	-	1,256	144	-	-
Walter Sisulu Local Municipality	5,000	5,000	4,153	847	2,215	1,938	-	-
Umzimvubu Local Municipality	3,700	3,700	3,700	-	2,506	1,194	-	-
Nyandeni Local Municipality	1,000	1,000	1,000	-	90	910	-	-
Ntabankulu Local Municipality	3,500	3,500	3,500	-	2,464	1,036	-	-
Umzimvubu Local Municipality GMA	500	500	500	-	-	500	-	-
Ndlambe Local Municipality	200	200	200	-	-	200	-	-
Total	25,600	25,600	24,753	847	9,962	14,791	36,968	36,968

Funds amounting to R847 thousand could not be transferred to the Municipality as the tax matters were non-compliant as per the Central Supplier Database (CSD) report.



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Unaudited Annexure 1B

Statement of transfers to Departmental Agencies and Accounts

Figures in Rand thousand	Transfer allocation			Transfer		2021/2022	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Departmental Agency/ Account							
Eastern Cape Development Corporation	327,657	750	328,407	328,407	100 %	321,017	376,120
East London Industrial Development Zone	146,697	-	146,697	146,697	100 %	118,756	631,866
Eastern Cape Liquor Board	74,480	-	74,480	74,480	100 %	68,995	-
Eastern Cape Parks and Tourism Agency	215,027	20,167	235,194	235,194	100 %	245,164	-
East Cape Gambling and Betting	70,043	-	70,043	70,043	100 %	61,961	-
Coega Development Corporation	19,690	41,538	61,228	61,228	100 %	192,093	-
Total	853,594	62,455	916,049	916,049		1,007,986	1,007,986



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Unaudited Annexure 1D

Statement of transfers/ subsidies to public corporations and private enterprises

Figures in Rand thousand	Transfer allocation		Expenditure		2021/2022	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget
Name of public corporations/ private enterprise						Actual transfer
Public corporations						
Subsidies						
LRED	15,597	(13,487)	2,110	2,110	100.0 %	8,006
	-	-	-	-	- %	-
	15,597	(13,487)	2,110	2,110	100.0 %	8,006



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Unaudited Annexure 1G
Statement of transfers to households

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Unaudited Annexure 2A

Statement of investments in and amounts owing by/to national/ provincial public entities

State entity's PFMA schedule type (state year end if not 31 March)	% of shares held	Number of shares held	Cost of investment	Net asset value of investment	Profit/ (Loss) for the year	Losses guaranteed
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Figures in Rand thousand						
National/ Provincial public entity						
Eastern Cape Development Corporation	100 %	41,259	427,590	1,324,000	(9,951)	(12,911)
Eastern Cape Industrial Development Zone	74 %	74	1	1,952,958	(77,473)	25,499
Coega Development Corporation	100 %	6,738	6	6,089,753	101,260	(28,723)
Subtotal	274 %	48,071	427,597	9,366,711	13,836	(16,135)



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Unaudited Annexure 3B

Statement of contingent liabilities as at 31 March 2023

Figures in Rand thousand	Opening balance 01 April 2022	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31 March 2023
Nature of liabilities				
Claims against the department				
Claims against the department	7,588	2,015	355	9,248



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Unaudited Annexure 4

Claims recoverable

Government entity	Confirmed balance outstanding	Total
Figures in Rand thousand		
Department		
International Relations	610	610
Eastern office of the Premier	1,236	1,236
Subtotal	1,846	1,846

There were not Interdepartmental receivables as at 31 March 2023.



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Unaudited Annexure 5									
Inter-government payables									
Government entity outstanding	Confirmed balance		Unconfirmed balance outstanding		Total				
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2021/2022
Figures in Rand thousand									
Departments									
Current									
Eastern Cape Provincial Treasury	40	90	-	-	-	-	40	90	
Eastern Office of the Premier	31	-	29	229	229	60	229	229	
Justice and Constitutional Development	-	-	2,605	8,801	8,801	2,605	2,605	8,801	
Subtotal	71	90	2,634	9,030	9,030	2,705	2,705	9,120	



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Unaudited Annexure 6 Inventories

Inventory for the year ended 31 March 2023

Figures in Rand thousand category of inventory	Note	Insert major	Total
Add: Additions/Purchases - Cash		846	846
Add/(Less): Received current, not paid (Paid current year, received prior year)		(846)	(846)
Closing balance		-	-



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Unaudited Annexure 7

Movement in capital work-in-progress

Movement in capital-work-in progress for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Closing balance
Buildings and other fixed structures		
Other fixed structures	81,936	81,936



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Unaudited Annexure 7 (continued)

Movement in capital work-in-progress (continued)

Movement in capital work-in-progress for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Closing balance
Buildings and other fixed structures		
Other fixed structures	81,936	81,936



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Annexure 11

COVID 19 response expenditure Per quarter and in

total

Figures in Rand thousand	2021/2022
Expenditure per economic classification	Total
Goods services	
Medical Supplies	275



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