



Province of the
EASTERN CAPE

ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

VOTE NO. 9

ANNUAL REPORT

2023 / 2024

FINANCIAL YEAR



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PART A

GENERAL
INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

Abbreviations	
ACFTA	Africa Continental Free Trade Area
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AIDC-EC	Automotive Industry Development Centre Eastern Cape
AIP	Audit Intervention Plan
AMDP	Advanced Management Development Programme
AWOL	Absence Without Leave
BAIC	Beijing Automotive Industry Corporation
BAR	Basic Assessment Report
BBBEE	Broad Based Black Economic Empowerment
BCM	Buffalo City Municipality
BCP	Business Continuity Plan
BMPs	Biodiversity Management Plans
BRAG	Business Regulation and Governance
BRS	Business Regulation Services
CBDA	Cooperative Banks Development Agency
CBI	Cooperative Banking Institutions
CC	Climate Change
CDT	Communications and Digital Technologies
CFI	Capital Finance International
CGICT	Corporate Government Information and Communication Technology
CIPS	Co-ordinated and Integrated Permitting System
COA	Certificate of Acceptability
COGTA	Department of Cooperative Governance and Traditional Affairs
Covid-19	Coronavirus 2019
CSD	Centralised Supplier Database
CSI	Corporate Social Investments
CSIR	Council for Scientific and Industrial Research
D:C&E	Directorate of Compliance and Enforcement
DALRRD	Department of Agriculture, Land Reform and Rural Development
DDM	District Development Model
DFFE	Department of Forestry, Fisheries and the Environment
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DEET	Disability Economic Empowerment Trust
DALRRD	Department of Agriculture, Land Reform and Rural Development
DHET	Department of Higher Education and Training
DIMAFOs	District Mayors Forums
DMRE	Department of Mineral Resources and Energy
DOSD	Department of Social Development
DPE	Department of Public Enterprises
DPOs	Disabled People Organisations
DPME	Department of Performance Monitoring and Evaluation
DRDAR	Department of Rural Development and Agrarian Reform
DPSA	Department of Public Service and Administration
DRP	Disaster Recovery Plan
DRR	Disaster Risk Reduction
DSBD	Department of Small Business Development
DSI	Department of Science and Innovation
DTIC	Department of Trade Industry and Competition
EAF	Ecosystem-based Approach to fisheries management
EBA	Ecosystem Based Adaptation
EC	Eastern Cape

Abbreviations	
ECAIF	Eastern Cape Automotive Industry Forum
ECBCSAP	Eastern Cape Biodiversity Conservation Strategy Action Plan
ECBSAP	Eastern Cape Biodiversity Strategy and Action Plan
ECDEET	Eastern Cape Disability Economic Empowerment Trust
ECDC	Eastern Cape Development Corporation
ECGB	Eastern Cape Gambling Board
ECLB	Eastern Cape Liquor Board
ECMS	Electronic Case Management System
ECPTA	Eastern Cape Parks and Tourism Agency
ECRDA	Eastern Cape Rural Development Agency
EDF	Economic Development Fund
ECBCP	Eastern Cape Biodiversity Conservation Plan
EE	Employment Equity
EEA	Employment Equity Act
EHS	Environmental Health Services
EHW	Employee Health and Wellness
EIA	Environmental Impact Assessment
EIM	Environmental Impact Management
EIR	Environmental Impact Report
ELIDZ	East London Industrial Development Zone
EMP	Environmental Management Plan
EPIP	Environmental Protection and Infrastructure Program
EPWP	Extended Public Works Programme
EPRE	Estimates of the Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
EQM	Environmental Quality Management
ERS	Environmental Research Services
EV	Electric Vehicle
FAW	First Automobile Works
GBVF	Gender Based Violence and Femicide
GSF	Global Survivors Fund
GDP	Gross Domestic Product
GDPR	Regional Growth Domestic Product
GESF	Gender Equality Strategic Framework for the Public Service
GGR	Gross gaming revenue
GIZ	German Agency for International Cooperation
GVA	Gross Value Add
HACCP	Hazard Analysis and Critical Control Points
HCT	Voluntary Counselling and Testing
HIV	Human Immune Virus
HOD	Head of Department
HR	Human Resources
HRD	Human Resource Development
IA P	Internal Audit Plan
IBSP	Informal Business Support Programme
ICT	Information and Communication Technology
IDPs	Integrated Development Plans
IDZ	Industrial Development Zone
IEHW	Initiative for Employee Health and Wellness
ILGWG	Improving Local Government Working Group
IP	Industrial Parks
IPAP	Industrial Policy Action Plan
ISP	Industrial Symbiosis Programme
IYM	In Year Monitoring

Abbreviations	
JASF	Job Access Strategic Framework
JEXMA	Joint Executive and Management
KSD	King Sabata Dalindyebo
LM	Local Municipality
LRED	Local and Regional Economic Development
MBA	Master in Business Administration
MDA	Manufacturing Development Act
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
MINTECH	Ministerial Technical Forum
MMS	Middle Management Service
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding.
MPL	Member of the Provincial Legislature
MSC	Manufacturing Support Centre
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MW	Megawatts
NAACAM	National Association of Automotive Component and Allied Manufacturers
NAM	Non-Automotive Manufacturing
NCOP	National Council of Provinces
NCPC	National Cleaner Production Centre
NCR	National Credit Regulator
NDT	National Department of Tourism
NEAS	National Environmental Assessment and Sustainability
NMB	Nelson Mandela Bay
NPA	National Prosecuting Authority
NRCS	National Register of Compulsory Specifications
NYDA	National Youth Development Agency
OCP	Office of the Consumer Protector
OEMP	Operational Environmental Management Plans
OEMs	Original Equipment Manufacturers
OHS	Occupational Health and Safety
OMF	Operations Management Framework
OTP	Office of the Premier
OSD	Occupational Specific Dispensation
PCC	Presidential Climate Commission
PEDS	Provincial Economic Development Strategy
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMDS	Performance Management and Development System
PMER	Planning, Monitoring, Evaluation and Reporting
PMO	Programme/Project Management Office
POE	Portfolio of Evidence
POPIA	Protection of Personal Information Act
PSCBC	Public Service Co-ordinating Bargaining Council
PSJ	Port St Johns
PSR	Public Service Regulations
PTSA	Production Technologies Association of South Africa
QPR	Quarterly Performance Reporting
RMC	Risk Management Committee
SA	South Africa
SAGHS	South African Green Hydrogen Summit
SANBI	South African National Biodiversity Institute

Abbreviations	
SAPS	South African Police Service
SAREM	South African Renewable Energy Masterplan
SARIMA	Southern African Research and Innovation Management Association
SARS	South African Revenue Service
SAWIS	South African Waste Information System
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SDM	Service Delivery Model
SEZ	Special Economic Zone
SEDA	Small Enterprise Development Agency
SEIAS	Socio Economic Impact Assessment System
SETA	Sector Education and Training Authorities
SEZ	Special Economic Zone
SHERQ	Safety Health Environment Risk and Quality
SIP3	Strategic Infrastructure Projects 3
SITA	State Information and Technology Agency
SMS	Senior Management Service
SMMEs	Small, Medium and Micro Enterprises
SOB	Sinako Organisation for the Blind
SOP	Standard Operating Procedure
SPU	Special Programmes Unit
STEM	Science, Technology, Engineering, and Mathematics
STREP	Small Towns and Rural Entrepreneurship Programme
T&RE	Township and Rural Economy
TB	Tuberculosis
TV	Television
UCP	Umzimvubu Catchment Programme
UNDP	United Nations Development Programme
VAT	Value Added Tax
VCT	Voluntary Counselling and Testing
WESSA	Wildlife and Environment Society of South Africa
WML	Waste Management Licenses
WWF	World Wildlife Fund



MS NONKUBELA PIETERS
MEC

3. FOREWORD BY THE MEC

As the Member of the Executive Council responsible for Economic Development, Environmental Affairs and Tourism in the Eastern Cape, I am pleased to present our Annual Report for the 2023/24 financial year. This report highlights our achievements and challenges as we work towards realizing our vision of a growing, transformed, diversified and inclusive green economy in a sustainable environment by 2030.

The past year has been one of both progress and continued challenges for our province and department. While the national and provincial economies showed some signs of recovery, we continued to face headwinds from load shedding, inflation, and global economic uncertainty. Despite this difficult context, I am proud of the resilience and dedication shown by our department and its entities in driving economic development and environmental sustainability in the Eastern Cape.

Some key highlights from the past year include:

- Attracting R127 billion in new investment pledges through our Provincial Investment Conference, demonstrating continued investor confidence in our province.
- Supporting over 820 MSMEs with financial assistance through the ECDC, including R81 million disbursed from our new Economic Development Fund.
- Facilitating 3 sustainable energy initiatives and 6 manufacturing initiatives to boost our industrial capacity and energy security.
- Providing non-financial support to 326 cooperatives to build their skills and capabilities.
- Increasing tourism traffic to 6.9 million domestic trips and 318,850 international arrivals, generating an estimated R23.57 billion in revenue.
- Issuing 100% of environmental impact assessment decisions within legislated timeframes to enable sustainable development.
- Creating 879 work opportunities through our environmental public employment programs.

I am particularly encouraged by the progress we have made in developing our sustainable energy sector, which is critical for our province's future growth and competitiveness. We now have 17 renewable energy projects worth R36.2 billion in operation, with more in the pipeline. Our work on green hydrogen also positions the Eastern Cape to be at the forefront of this emerging sector.

The automotive sector remains a key pillar of our provincial economy. I am pleased that we are making strides in supporting the transition to electric vehicles through initiatives like the AIDC-EC's work on skills development and charging infrastructure. The R11.99 million disbursed through our Jobs Stimulus Fund also helped save over 1,200 jobs in this vital sector.

On the environmental front, we continue to balance development needs with responsible stewardship of our natural resources. Our 100% success rate in processing environmental impact assessments within legislated timeframes demonstrates our commitment to enabling sustainable growth. We have also made progress on key priorities like estuarine management, biodiversity conservation, and climate change response.



While we have made important strides, significant challenges remain. Our unemployment rate of 41.9% is still unacceptably high, especially among youth. We need to accelerate efforts to create jobs and economic opportunities, particularly in our rural areas and townships.

Looking ahead, our focus will be on implementing our updated Provincial Economic Development Strategy to drive inclusive growth across key sectors. We will continue to leverage instruments like our Economic Development Fund and Local and Regional Economic Development program to support SMMEs and cooperatives. Attracting further investment, especially in areas like the Wild Coast SEZ, remains a priority.

We will also intensify our efforts around the just energy transition, biodiversity economy development, and climate change resilience. The successful provincial climate change dialogue we held this year provides a foundation for greater coordination and action on this critical issue.

In the year which ended on 31 March 2024, the department spent R1.938 billion, representing 99.02% of the budget. Revenue collected amounted to R211.4 million during the period. Overall, the financial statements received an unqualified audit opinion (with no findings), presenting fairly the financial position and performance of the Department for 2023/24 in accordance with relevant accounting standards and legislation. There were also no findings on non-financial performance information.

The Department remains committed to promoting economic development, environmental sustainability and tourism growth in the Eastern Cape through sound financial management and effective use of allocated resources.

In closing, I would like to thank our HOD, management team, staff, and entities for their hard work and dedication over the past year. I also extend my gratitude to our many stakeholders and partners in the public and private sectors whose collaboration is essential to our success. While challenges remain, I am confident that by working together, we can build a more prosperous and sustainable Eastern Cape for all.

I, Nonkqubela Pieters, 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 2023/24 financial year.



Ms Nonkqubela Pieters (MPL)
MEC of Economic Development,
Environmental Affairs and Tourism

Date: 31 August 2024



MICKEY MAMA
HOD

4. REPORT OF THE ACCOUNTING OFFICER

Overview of the operations of the department

Overall, the Department achieved fully 92% of set targets compared to 69% achieved in the preceding year (i.e. core programme 2 & 3). Specific outputs and outcomes are outlined under each of the three programmes. During the year, the economic development programme achieved 91% of set targets compared to 73% achieved in the previous year. The environmental affairs programme achieved 93% of set targets versus 67% achieved during the 2022/2023 financial year.

In South Africa, GDP increased by only 0,6% in 2023, which is a decrease from the 1,9% achieved in 2022. The muted growth levels in the country reflected weaker external demand, debilitating power shortages, and other structural constraints. External shocks such as global geo-political factors and low global demand continued to underpin the low growth trajectory in the country.

Electricity supply shortages have constrained South Africa's growth for several years. Rolling scheduled power cuts (load-shedding) started in 2007 and have intensified exponentially, reaching close to 9 hours daily in 2022. This severe electricity shortfall has disrupted economic activity and increased operating costs for businesses, many of which rely on costly diesel generators. It has also affected other infrastructure such as water, IT, and service delivery (health and education).

We are eager to see a growing, diversified, inclusive and green economy in a sustainable environment. However, the department has been focussing more on outputs. It is time that we make concerted efforts to track testimony from beneficiaries of our goods and services. I will highlight notable accomplishments of 2023/24 below.

Internally, the department continued to pay suppliers within the statutory 30 days where valid invoices are presented. The network uptime for the department has been consistently around 99.9% despite the power cuts. Continued good governance is demonstrated by the achievement of a clean audit in the preceding period.

Census South Africa has shown that our population has increased between 2011 and 2022 by 11,7% to 7,2 million. However, there has been net outward migration of 62629 people during the same period. This has a negative impact on the equitable share receivable from the National Treasury. Statistics South Africa also shows that the GDP in the first 9 months of the year 2023 has shown a mere growth rate of 0.3%. This is insignificant considering the enormous socio-economic development challenges confronting us. The unemployment rate at 38.8% as at Quarter 3 of 2023 was the highest of all provinces. It is however pleasing to see that formal sector jobs have been on the uptick since jobs were lost after COVID-19. Finance, Agriculture, Community and Social Services as well as Private Households have seen positive job changes between Quarter 2 and Quarter 3 of 2023. Despite this, only 38,9% of households depend on salary while 37% depend on grants, 6.5 % remittances, 13.7% other sources and 3.9% pensions

The review of the Provincial Economic Development Strategy is now complete. There are now 8 sectors that have been identified. Additions to the original sectors include the digital economy and the cultural and creative industries.



Investments have shown growth from about R46.5 billion in 2022/23 to approximately R200 billion in 2023/24. On the energy front, there are 17 wind and solar energy projects worth R36.2 billion that have completed construction to date, resulting in the creation of 9517 jobs and R905 million being injected into local communities. In addition, 3 projects are at construction phase, are valued at R6.1 billion and will add 293 Megawatts (MW). A further 547MW worth R13.7 billion of sustainable energy projects are proceeding to construction phase in the 2024/25 financial year.

On industrial parks, the department is supporting the development of State-owned industrial parks through the development of Masterplans which include a business plan for sustainability, a proposed governance framework, an infrastructure investment promotion and attraction plan among others. The Vulindlela Industrial Parks (IP) Masterplan development project was completed in 2022; Butterworth IP Masterplan development project completed in 2023; and Fort Jackson IP Masterplan development project completed in 2023.

Through the Informal Business Support Programme (IBSP), the department handed over business equipment to informal business owners in the Chris Hani area benefiting 37 informal business owners from the programme. The department continued to collaborate on many fronts to support socio-economic development. One such collaboration was that between DEDEAT and the Eastern Cape Disability Economic Empowerment Trust (ECDEET), a Disabled Peoples Organisation, where a mobile office was handed over to the Sinako Organisation for the Blind (SOB), in Ethembeni Location. The SOB is known for its beadwork that benefits the local community.

The Office of the Consumer Protector and Business Regulation Services collaborated with various law enforcement agencies and regulatory bodies to conduct comprehensive business compliance and inspection operations in the province. Through such efforts, numerous expired and non-compliant items were identified and confiscated, thereby safeguarding the well-being of the local populace.

In commemoration of National Women's Day, the Department, led by its Special Programmes Unit, held a women empowerment seminar under the theme "Building Financially Independent Women through Financial Literacy," in alignment with the Provincial Government's overarching theme of "Accelerating Socio-Economic Opportunities for Women Empowerment." From the various programmes undertaken there were 430 youth, 676 women, 30 persons with disabilities and 71 elderly people.

The department is responsible for six public entities and the following achievements are noted. More than 820 MSMEs were supported financially through the ECDC. The ECDC which is the custodian of the Economic Development Fund, which was capitalised at R100 million in 2023/24, has, as at the beginning of March 2024, disbursed R81 million while simultaneously leveraging R78 million from third parties for various sectoral projects in the Eastern Cape.

Poor quality and lack of engineering skills and EV skills in the province/country were identified as gaps in the auto sector. The AIDC-EC, a subsidiary of the ECDC has partnered with NMU and currently has 42 students in its bursary scheme. The entity has also partnered with Mercedes Benz Learning Academy to train a minimum of 48 apprentices on EV/Hybrid Skills and also partnered with NMU and currently have 60 learners from High Schools in NMB and BCM going through STEM.

Through the ECGB, R12,7 million has been spent by the gambling industry through the corporate social investment (CSI). The gambling industry itself has at least 3579 people employed. Total revenue of R184 million was raised from gambling taxes and levies.

The province now has 7400 active liquor licence holders. Liquor sales between October 2022 and November 2023 amounted to R25 billion. Revenue is realised while responsible liquor consumption programmes are implemented.

Tourism traffic has increased from 2.1 million in 2019 to 6.9 million overnight domestic trips in 2023, making the EC the 3rd largest share of tourist trips among the nine provinces. The revenue generated from this market is estimated at R18,87 billion. Similarly, international tourist arrivals have increased to 318 850 (49.9% increase compared to 2022) during this period. The revenue generated from this market is estimated at R4,70 billion.

The ELIDZ attracted 4 investments worth R579,9 m under the review period. There are now 5205 direct manufacturing and services jobs in the ELIDZ SEZ.



On the environmental front, IDPs of 39 municipalities were reviewed for environmental content. The department also prides itself for processing EIA applications within legislated timeframes.

The department takes waste management seriously. A Waste Management Summit was held in Chris Hani in order to raise awareness about proper waste management practices and their benefits, including the reduction of pollution and environmental degradation. One Atmospheric Emission License was issued by the department which was a renewal of an Atmospheric Emission License for a pole treatment facility in the Kouga Local Municipality.

Through the e-permitting system, the environmental affairs programme achieved more than 80% of set target in permitting within legislated timeframes.

Towards the end of March 2024, the President officiated at the biodiversity economy and investment indaba. The Eastern Cape is already active in this space. There are approximately 250 licensed Professional Hunters and 120 Hunting Outfitters in the Province. The National Hunting Statistics has shown that the Eastern Cape is the second largest hunting destination in the country from 2019 – 2022. The 2016 Biodiversity Lab – identified 25 plant species which have been used in Bioprospecting and 14 of these occur in the province. Three species in the Eastern Cape have been identified for mass cultivation viz., Aloe ferox, Pelargonium sidoides and Honeybush Tea.

Climate change is one critical area where the department is providing support. The department has coordinated climate change activities with the other provinces and National stakeholders through working group 9 meetings on a quarterly basis. Provincial and local government stakeholders are engaged through Provincial Climate Change Forum. The National Coastal Climate Change Adaptation Response Plan Eastern Cape Stakeholder Engagement Workshop took place in September 2023. The department has also hosted a climate change dialogue with stakeholders from 4-5 March 2024 in Mthatha. Other climate change work commitments are taking place e.g. compilation of a situational analysis of the OR Tambo Region, costing of business plans on mainstreaming of climate change programmes in the department.

Overview of the financial results of the department:

Departmental receipts

Departmental receipts	2023/2024			2022/2023		
	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	250,162	206,214	71,504	236,958	216,291	20,667
Casino Tax	219,319	178,101	41,218	208,977	181,686	27,291
Horse Racing Taxes	10,343	6,157	4,186	9,381	8,461	920
Liquor Licences	20,500	21,956	(1,456)	18,600	26,144	(7,529)
Sale of goods and services other than capital assets	1,200	1,307	(107)	277	1,355	(1,078)
Transfers received	-	-	0	-	-	-
Fines, penalties and forfeits	-	1,085	(1,085)	-	2,385	(2,385)
Interest, dividends and rent on land	700	1,984	(1,284)	439	281	158
Sale of capital assets	209	-	209	-	-	-

Departmental receipts	2023/2024			2022/2023		
	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		857	(857)	109	(509)	(400)
	252,271	211,447	40,824	237,733	220,821	16,912

Departmental Expenditure:

Programme Name	2023/2024			2022/2023		
	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	248,340	243,607	4,733	239,386	230,048	9,338
Economic Development	1,349,592	1,335,681	13,911	777,724	769,245	8,479
Environmental Affairs	359,197	358,567	630	361,388	359,107	2,281
Total	1,957,129	1,937,855	19,274	1,378,498	1,358,400	20,098

Departmental Expenditure Narrative:

Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
	R'000	R'000	R'000	%
Administration				
Current payments	224,088	220,914	3,174	98.6
Transfers and subsidies	5,973	5,948	25	99.6
Payment for capital assets	17,929	16,395	1,534	91.4
Payment of financial assets	350	350	0	100
Total	248,340	243,607	4,733	98.1
Economic Development				
Current payments	75,945	72,875	3,070	96.0
Transfers and subsidies	1,273,577	1,262,740	10,837	99.2
Payment for capital assets	70	66	4	94.3
Total	1,349,592	1,335,681	13,911	99.0
Environmental Affairs				
Current payments	126,051	125,421	630	99.5
Transfers and subsidies	232,478	232,478	-	100
Payment for capital assets	-	668	668	100
Total	359,197	358,567	630	99.8
Subtotal				
Statutory Appropriation¹				
Current payments				

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
Transfers and subsidies	-	-	-	-
Payment for capital assets	-	-	-	-
Payment of financial assets	-	-	-	-
Total	-	-	-	-

DEPARTMENTAL EXPENDITURE NARRATIVE

Programme 1: Administration

Compensation of employees

Underspending resulted from DPSA's Circular 49 of 2023 dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was then suspended. This resulted in the reprioritization of the savings realized in compensation for employees as per the approved Annual Recruitment Plan that led to delays in the filling of vacant posts.

Goods and Services

Legal fees are paid on receipt of claims from the Department of Justice. As at the end of the financial year, there were no invoices received from the Department of Justice. This resulted in underspending in respect of legal fees.

The under-expenditure on travel and subsistence was caused by the implementation of the cost containment measures as directed by the National Treasury during the mid-term budget adjustment.

Under-expenditure on publications relates to funds which were meant for the White paper and Bill in respect of new legislation on the merger of departmental entities, which will be published in the 2024/25 financial year.

Capital Payments:

Under spending is due to the cellphone accounts which had to be reconciled with the service providers as there were discrepancies in billing. Reconciliation on this account, has, after the end of the financial year, been completed.

Programme 2 Economic Development and Tourism

Compensation of Employees

Underspending resulted from DPSA's Circular 49 of 2023 dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was suspended. This resulted in the reprioritization of the savings realized in compensation of employees as per the approved

Annual Recruitment Plan that led to delays in the filling of vacant posts.

Goods and Services:

The Department had scheduled to host Micro Small Medium Enterprises summit at Sarah Baartman and Buffalo City. However, due to the non-availability of the main stakeholders and other commitments by the district municipalities, the planned Micro Small Medium Enterprise summit had to be cancelled.

The Power Producer Support and Foreign Direct Investment Projects could not be paid for due to bank verification challenges.

The under-expenditure on travel and subsistence was due to the implementation of the cost containment measures as directed by National Treasury during the mid-term budget adjustment.

Transfers & Subsidies:

The quality of the business plans for Local and Regional Economic Development (LRED) projects that were submitted for funding was poor. The due diligence process found some applications non-compliant with the policy and departmental internal compliance processes. The above led to the underspending on the transfer to private and public institutions.

Programme 3: Environmental Affairs

Goods and Services:

The under-expenditure on travel and subsistence was due to the implementation of the cost containment measures as directed by National Treasury during the mid-term budget adjustment.

Virements and Fund Shifts

In terms of section 43 (1) of the PFMA, read in conjunction with Treasury Regulations 6.3.1, the department utilized savings in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another division within the same vote, not having been directed otherwise by the Provincial Treasury.

Roll-overs Conditional Grants and Equitable share

- Conditional Grant:

Application for conditional grant roll-over of R847 000 from 2022/23 to the 2023/24 financial year has been made and approved by the Provincial Treasury.

- Equitable Share:

The Department has made application to Provincial Treasury to approve the application for the Informal Business Sector Program (IBSP) funds amounting to R4,260 million received in 2022/23 to 2023/24 financial year, the funds were approved by the Provincial Treasury

Unauthorised, Fruitless and Wasteful Expenditure, and Irregular Expenditure

A matter was heard before the CCMA, the outcome of this matter resulted in the department being ordered by the court to reinstate a previously dismissed employee and pay out all outstanding monies to the employee with interest. The interest, as per accounting guidelines, amounts to fruitless and wasteful expenditure under assessment, however the department intends to investigate further and satisfy itself in full on whether the expenditure could have been reasonably avoided.

Public Private Partnerships

None.

Discontinued Key Activities/activities to be discontinued.

The Department didn't discontinue any activities during the year under review.

New or Proposed Key Activities

None.

Supply Chain Management

No unsolicited bids proposals were concluded for the financial year under review. The Office has been implementing financial delegations, Specimen signature, SCM checklist and utilization of the CSD report.

There is improved communication between the SCM Unit and line management. Load shedding/ power cuts, limited network system availability impacted on the operations of the Unit. The continued engagement between the SCM Unit and departmental management is ensuing with an endeavour to achieve service delivery without any operational hinderances.

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 2023/24 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), Ms N. Pieters, 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 to 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 2024

EXECUTIVE MANAGEMENT



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.

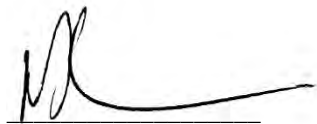
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2024.

Yours faithfully



Mickey Mama (Ms)

Accounting Officer

Department of Economic Development, Environmental Affairs and Tourism

Date: 31 May 2024

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), Department of Agriculture, Land Reform and Rural Development (DALRRD), 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, Agro 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; Updated PEDS); Strategic Integrated Projects (SIP3); the 10-Point Plan; National Youth Policy 2015 -2020; Provincial Youth Development Strategy (2015), 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, 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 are being explored with respect to embedded generation and green hydrogen.

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 Eastern Cape, 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 Ncise community of kwa-Link Village. Fencing for the Phase 1A (125ha) is moving forward with southern precinct being completed. Fencing works were also completed in the northern precinct. Following completion of the fencing package, consultants for bulk infrastructure have been appointed. 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 economies (T&RE)

The department has appointed a service provider to develop a strategic framework for Township and Rural economies and the desktop research work has commenced with the inception report having been submitted. It is envisaged that the project will be completed by the end of June 2024. The development of the policy and drafting of the legislation will be prioritized in the next financial year as the project is included in the Procurement Plan for 2024/2025.

The Department of Small Business Development (DSBD) has developed a concept paper on the Township Economy to get a holistic policy direction that will inform and guide the implementation of the township economy countrywide. The work on this front is in drabs and pieces, with only one Province (Gauteng) having developed the legislation, despite its implementation challenges.

This Concept Document on Township Economy Revitalization proposed the formulation of a National Policy on Township Economy Revitalization. The DSBD will lead the process of developing the policy. The policy will also incorporate an implementation plan of incremental and sequenced actions within a well-defined theory of change that aligns with the development of the required state capacity and partnerships.

The overarching aim of the National Township Economy Revitalisation Policy and Implementation Plan is to direct government resources and support to revitalise the township economy, including access to state and private sector markets, improved access to credit and start-up capital, safe and serviced infrastructure for trading and doing business, as well as skills development and business development support (including incubation).

In this sense, the Concept Document considered how inter-governmental co-ordination in support of the Township Economy can be achieved, as well as strategic partnerships with the private sector and civil society.

It is envisaged that a National Township Economy Revitalization Bill will be developed over the medium term, into the 7th Administration. The proposed Township Economy Revitalization Policy and Implementation Plan will address the immediate need to enable policy reforms and focus government and the eco-system on scaled support to grow competitive and sustainable township enterprises, including cooperatives. It was planned that the cabinet would approve the Policy and Implementation Plan before the close of this 6th Administration.

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 for the Environmental Education Centre and Curio Shop 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. 100% 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

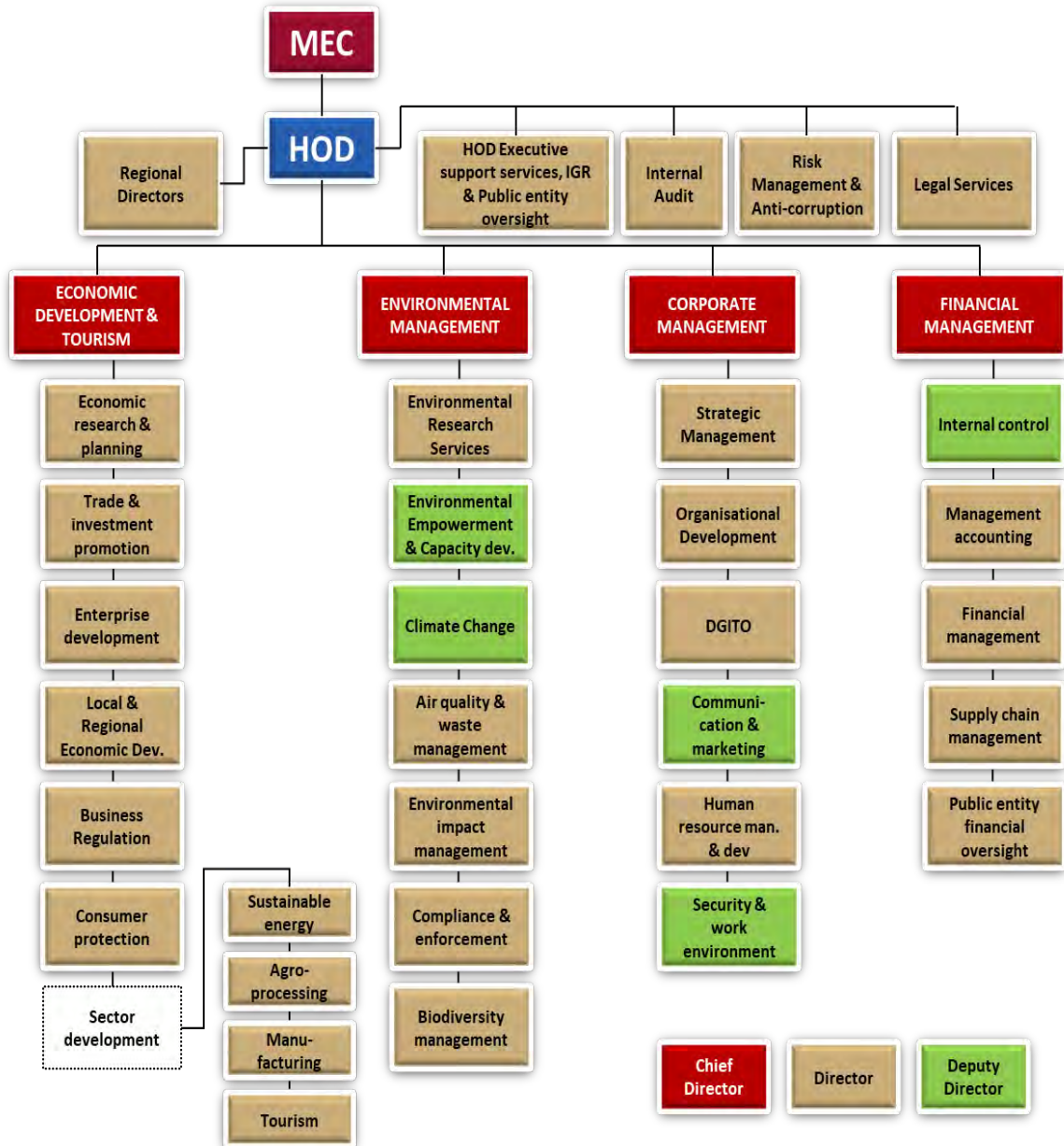
The N2 biodiversity offset project, implemented by ECPTA, focusses on the mitigation of impacts from the N2 highway construction through the establishment and expansion of Wild Coast protected areas and the rehabilitation of degraded environments along the coast. Up to date, the project has facilitated 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, MSMEs/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)	372, 2720	321, 526	<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)	596, 636	593, 220	<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, 725	70, 725	<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 licences.
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	99, 623	99, 623	<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

Name of Entity	Legislative Mandate	Financial Relationship (R'000)		Nature of Operations
		Main Appropriation	Adjusted Appropriation	
	as provided by the Eastern Cape Liquor Act, 2003 (Act No. 10 of 2003)			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)	220, 148	217, 947	<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)	164, 708	162, 585	<ul style="list-style-type: none"> • Develops land to provide suitable infrastructure for industrial development; • Promotes investment and trade.



PART B

PERFORMANCE
INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide a limited assurance. Only the material findings are included in the report to management and the auditor's report under the section Report on the audit of the annual performance report.

Refer to page 141 of the Report of the Auditor General, published as **Part F: Financial Information**.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

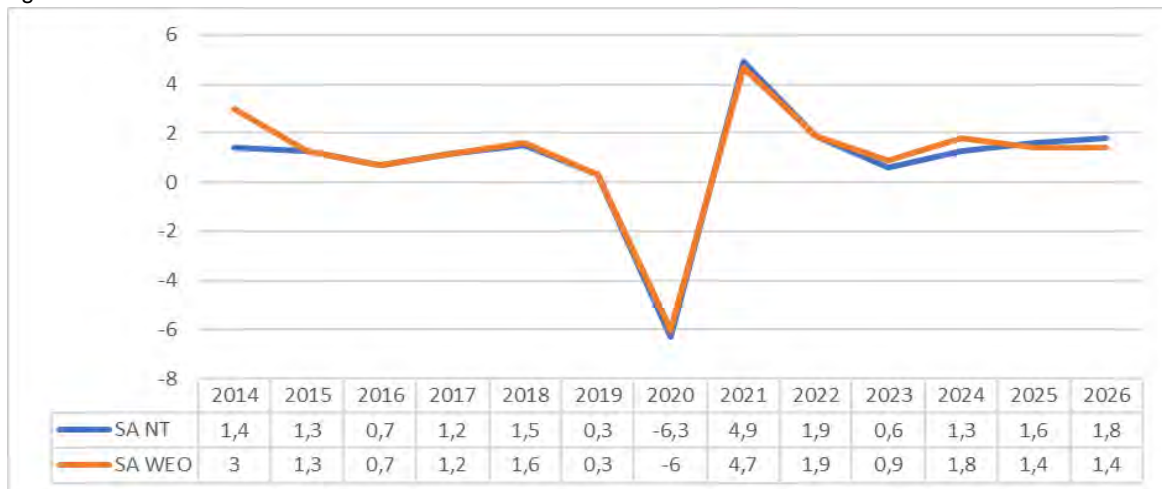
2.1 Service Delivery Environment

South African Economic Performance

Global economy has continued to recover from demand and supply-side shocks of the Covid-19 pandemic, enduring Russia and Ukraine as well as the resultant cost-of-living crisis. As a result, performance of the global economy has consistently exceeded market expectations in 2023. However, South Africa's recovery from the pandemic already lagged far behind its peer economies. Added to lagging, South African economy has also not shown the same resilience as the global economy. This is seen in its frail estimated growth of 0.6% in 2023, down from 1.9% in 2022.

In addition to the global risks including ongoing and widening geopolitical tensions, financial uncertainty, inflation and restricted monetary policies; supply side constraints continued to haunt and haul down South African economy. High on the list of supply side constraints facing the national economy were unprecedented levels and number of days of load shedding. The number of gigawatt hours (GWh) lost during 2023 was twice as high as in 2022, which in turn was four times higher than in 2021. Loadshedding occurred during Stages 4 or higher, which meant over six hours lost every day which not only crippled the small business sector but weakened real growth to less than a percent (0.6%) in 2023. Figure 1 below shows real gross domestic growth trends and forecasts.

Figure 1: SA Real GDP Growth Trends and Forecast



Source: National Treasury and World Bank

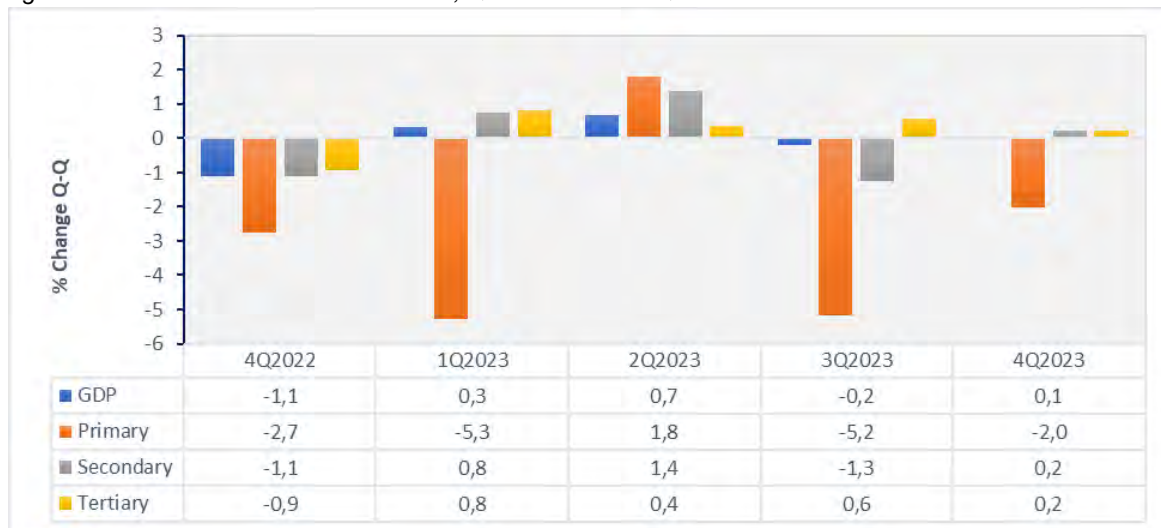
Domestic growth is dependent on improved capacity in energy, freight rail and ports, and reduced barriers to economic growth. The country's growth strategy is therefore committed on prioritising macroeconomic stability, structural reforms, and improvement in state capability to uplift economic growth. Against this background, real GDP is anticipated to expand by 1.3% in 2024 before rising to 1.6% in 2025 and 1.8% in 2026 as projected recently by the National Treasury in its 2023/24 Annual Budget Review.

Sectoral Economic Performance

In Quarter 4 of 2023, the South African economy avoided slipping into a technical recession by expanding on a quarter-on-quarter, seasonally adjusted basis of 0.1% (q-o-q, sar), compared to the revised contraction of 0.2% (q-o-q, sar) observed in Quarter 3 of 2023. This respective expansion in growth was primarily driven by rebounding activity reported in transport, personal services, and manufacturing industries. While there is relief that the economy did not enter recession, the underlying weakness and lack of momentum in the economy is highlighted by the annual growth rate. In annual terms, GDP growth rate in SA slowed to 0.6% in 2023, when compared to the 1.9% recorded in 2022.

From a sectoral standpoint, two out of three sectors recorded expansions within the reviewed period. Notably, gross value-added growth (GVA) in the secondary sector rebounded by 0.2 percent (q-o-q, sar) in Quarter 4 of 2023 and is equivalent to a 1.5 percentage points increase from the previous quarter's contraction. However, primary sector activity contracted in Quarter 4 of 2023. Despite the contraction, GVA in the primary sector only by reduced by 2.0%t (q-o-q, sar) in Quarter 4 of 2023, which is equivalent to an improvement of 3.2% points compared to 5.2% (q-o-q, sar) contraction observed in the previous quarter. In contrast, economic activity within the tertiary sector slowed to reach a growth rate of 0.2%t (q-o-q, sar) in Quarter 4 of 2023, down from the 0.6% (q-o-q, sar) expansion observed in Quarter 3 of 2023.

Figure 2: Sectorial Economic Performance, Quarter 4 2022 – Quarter 4 2023



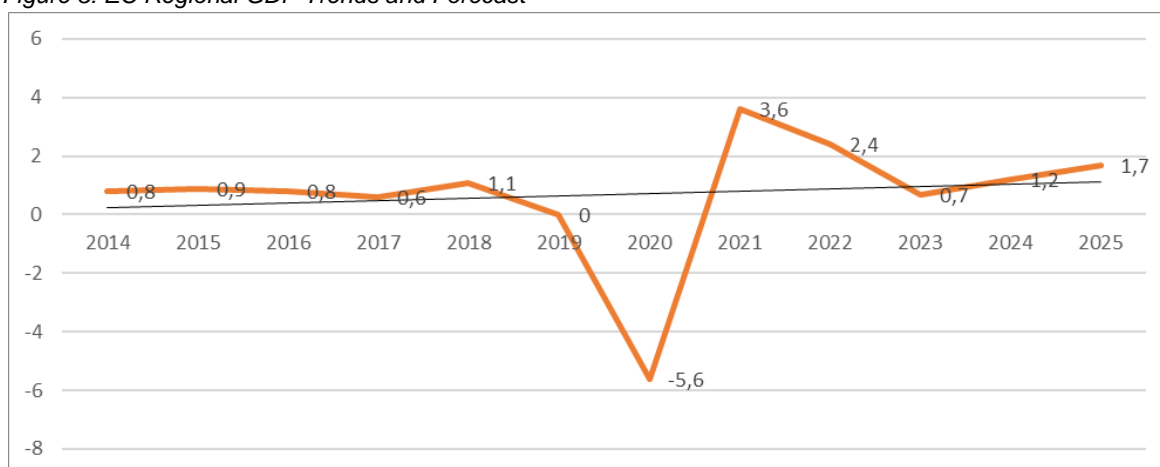
Source: Statistics South Africa data and Own calculations

Note: Data is seasonally adjusted and non-annualized rate at constant 2015 prices

Provincial Regional Gross Domestic Product

Provincial economy slowed down in 2023 with an estimated growth of 0.7%, declining from 2.1% in 2022. Provincial economy has been plagued by climate change, lack of investment, poor network industries, underutilised ports, slow growth in productive sectors which will continue to negatively impact growth prospects and outlook for the Province going forward. An even more cause for concern is the continued reliance of the provincial economy on tertiary or services sector despite policy reforms and is aimed at anchoring the provincial economy on productive sectors. Figure 3 below shows Eastern Cape regional gross domestic product growth trends and forecasts.

Figure 3: EC Regional GDP Trends and Forecast



Source: Stats SA

The provincial economic growth outlook is supported by the anticipated easing of load shedding as new energy projects commence with production, and as lower anticipated consumer prices support household consumer consumption and credit extension.

Provincial Economic Performance

To observe the trend in potential economic performance across all industries in the Eastern Cap (EC) quarter-on-quarter (q-o-q) seasonally adjusted economic growth estimates per province in SA have been made available as per Quantec projection computations. These computations/projections are based on the historical trends in Regional Growth Domestic Product (GDPR) at market prices for all industries and gross value added (GVA) at basic prices. Notably, this data is subject to change as the official statistical releases becomes available. Provincial economic performance shows a contraction in quarter 4 of both 2022 and 2023. Five out of ten industries recorded contractions in economic activity in Eastern Cape economy. Table 1 shows the Quarterly GDPR Estimates per industry in the EC, between 4 Quarter 2022 and 4 Quarter 2023.

Table 1: Quarterly GDPR Estimates per Industry in the EC, 4Quarter 2022 – 4Quarter 2023

Source: Stats SA

	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023
	Percent (%)				
All industries: GDP at market prices	-0.9	0.5	0.8	0.0	-0.1
All industries: GVA at basic prices	-1.0	0.5	0.8	0.0	-0.1
AFF	-2.0	-13.9	4.3	-11.1	-9.0
MQ	-3.5	1.4	1.0	-0.3	3.5
MAN	-1.1	1.0	2.0	-1.3	-0.1
EGW	-1.5	-0.4	-0.2	0.7	2.7
CONS	0.4	1.0	-0.1	-3.2	-1.3
WRTCA	-2.1	0.9	-0.2	-0.1	-2.7
TSC	0.8	1.2	-1.7	0.5	2.6
FRBS	-1.6	0.7	0.6	0.8	0.5
Personal Services	-0.3	0.8	1.4	0.8	1.0
General Government	-0.7	0.4	0.6	0.5	-0.6

Agriculture, forestry and fisheries industry recorded the largest quarterly GDPR contraction of 9.0% (q-o-q, sar) in Quarter 4 2023; followed by the wholesale, retail, trade, catering and accommodation industry with a quarterly GDPR contraction of 2.7% (q-o-q, sar). Construction industry contracted by 1.3% (q-o-q, sar) which is equivalent to a 1.9% points improvement when compared to the -3.2 percent (q-o-q, sar) quarterly GDPR rate recorded in 3Q2023. The province's manufacturing industry contracted by 0.1% (q-o-q, sar) in Quarter 4 2023, an improvement of 1.2 percentage points from the 1.3 percent (q-o-q, sar) quarterly GDPR contraction observed in the preceding quarter. Government industry contracted by 0.6% in Quarter 4 2023, compared to the 0.5% (q-o-q, sar) quarterly GDPR growth observed in Quarter 3 2023.

Provincial Labour Market Dynamics

Quarterly Labour Force Survey published by Statistics South Africa has reported the following provincial labour market dynamics between quarter 4 of 2022 and 2023:

- Decrease in labour force from 2,384 to 2,320 million.
- Decrease in employed from 1,380 to 1,348 million.
- Decrease in unemployed from 1,004 million to 973 thousand.
- Increase in not economically active from 2,085 to 2,205 million and
- Decrease in discouraged from 172 to 162 thousand.

Provincial Unemployment Rate

Eastern Cape remains the province with highest unemployment in the country, both in terms of official and expanded unemployment rates. This is despite the slight improvement in joblessness year on year, with official unemployment decreasing from 42.1% in Quarter 4 2022 to 41.9% in Quarter 2023. However, quarter on quarter, provincial unemployment increased from 38.8% to 41.9% as there were 132 thousand jobs lost in five industries between the two quarters (Q3 and Q4) of 2023. Table 2 shows the official and expanded unemployment rates across provinces and the country between 4 Quarter 2022 and 4 Quarter 2023.

Table 2: Unemployment Rate, Quarter 4 2022 – Quarter 4 2023

	Official unemployment rate				Expanded unemployment rate			
	4Q2022	3Q2023	4Q2023	Y-o-Y Change (4Q2022 - 4Q2023)	4Q2022	3Q2023	4Q2023	Y-o-Y Change (4Q2022 - 4Q2023)
	[%]			[Percentage Points]	[%]			[Percentage Points]
Western Cape	22.5	20.2	20.3	-2.2	26.8	25.6	25.6	-1.2
Eastern Cape	42.1	38.8	41.9	-0.2	47.1	43.9	47.1	-0.1
Northern Cape	22.1	26.3	26.9	4.8	44.0	42.0	42.9	-1.1
Free State	34.6	38.5	37.0	2.4	39.6	44.7	43.9	4.3
KwaZulu-Natal	31.4	29.4	29.5	-1.8	47.9	44.7	43.4	-4.5
North West	37.0	38.6	39.0	2.0	52.3	51.2	52.2	-0.1
Gauteng	34.0	33.7	33.8	-0.2	39.4	39.4	38.4	-1.0
Mpumalanga	36.1	35.5	34.9	-1.2	48.2	46.7	45.8	-2.4
Limpopo	31.8	30.8	30.3	-1.5	49.6	45.1	46.7	-2.9
South Africa	32.7	31.9	32.1	-0.7	42.6	41.2	41.1	-1.6

Source: Stats SA and Own Calculations based on Quantec

Table 3: Industry Employment Share by Age in the Eastern Cape, Quarter 4 2022 – Quarter 4 2023

	4Q2022			3Q2023			4Q2023		
	Total	Youth	Adult	Total	Youth	Adult	Total	Youth	Adult
	Number ['000]	Proportion [%]		Number ['000]	Proportion [%]		Number ['000]	Proportion [%]	
AFF	89	40.1	59.9	136	49.7	50.3	96	44.8	55.2
MQ	1	100.0	0.0	-	-	-	3	39.6	60.4
MAN	167	39.3	60.7	124	40.8	59.2	105	40.6	59.4
EGW	4	0.0	100.0	4	0.0	100.0	4	0.0	100.0
CON	122	43.6	56.4	125	37.6	62.4	127	36.7	63.3
WRTCA	309	51.9	48.1	281	41.7	58.3	284	46.4	53.6
TCS	67	25.9	74.1	77	37.0	63.0	84	40.8	59.2
FRBS	146	42.9	57.1	182	35.7	64.3	178	40.0	60.0
CSPS	373	28.8	71.2	426	38.1	61.9	372	31.3	68.7
Private Households	101	29.1	70.9	105	25.9	74.1	94	25.8	74.2
EC Employment	1 380	38.6	61.4	1 459	38.7	61.3	1 347	38.0	62.0

Source: Stats SA and Own Calculations based on Quantec

Provincial employment continues to be dominated by services sector (tertiary), which altogether accounted for 75.5% of provincial jobs. Top three job providers in services are Government (community services) accounting for 27.6%, Wholesale (21.1%) and Finance (13.2%) of provincial jobs in Quarter 4 of 2023. Year on Year, manufacturing has lost 57 thousand jobs and as such currently accounts for 8% of provincial jobs.

The proportion of adult employment increased from 61.3% in Quarter 3 2023 to 62.0% in Quarter 4 2023 in the Eastern Cape. However, the proportion of young people employed in the province has slightly declined from 38.7 percent in Quarter 3 2023 to 38.0% in Quarter 4 2023. Only three out of ten industries recorded youth employment increases; namely the wholesale industry (up by 4.7%) being in the lead; trailed by the finance industry (up by 4.3%), and finally the transport industry (up by 3.8%).

Employment by Formal and Informal Sectors in the Eastern Cape

The formal sector (non-agricultural) remains the overall highest employer, recording 62.9 percent of total employment in the EC Province in quarter 4 2023. Indeed, employment in the formal sector (non-agricultural) increased by 0.7 percentage point to reach 62.9% in quarter 4 2024, compared to the 62.2% observed in the preceding quarter. In addition, there has also been a slight improvement in overall employment within the informal sector (non-agriculture) observed as it increased from 21.2% in quarter 3 2023 to reach 23.0% in quarter 4 2023. While the proportion of youth employed in the EC's formal sector declined, increases has been observed in the proportion of youth employed in the informal sector within the reviewed period. Agriculture and Private household sectors in the EC reported significant employment losses in quarter 4 2023, each down by 2.2 percentage points and 0.3 percentage point, respectively. It is quite evident that adult employment continues to dominate the main employment sectors within the EC.

Table 4: Employment by Sector and Age in the Eastern Cape, Quarter 4 2022 – Quarter 4 2023

	4Q2022			3Q2023			4Q2023		
	Total	Youth	Adult	Total	Youth	Adult	Total	Youth	Adult
	[%]								
Formal Sector (non-agricultural)	60.8	35.7	64.3	62.2	38.3	61.7	62.9	35.6	64.4
Informal Sector (non-agricultural)	25.4	48.0	52.0	21.2	39.4	60.6	23.0	46.1	53.9
Agriculture	6.5	40.1	59.9	9.3	49.7	50.3	7.1	44.8	55.2
Private households	7.3	29.1	70.9	7.2	25.9	74.1	6.9	25.8	74.2
EC Employed ['000]	1 380	533	847	1 459	565	894	1 348	512	836

Source: Stats SA and Own Calculations based on Quantec

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 annual resolution rate of complaints received was 87,6%.
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 on 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	100% 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 email consumerprotector@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, email the Consumer Protector or officials	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.

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
	within the Office of the Consumer Protector.	Should the complaint be outside of the Provincial jurisdiction, the complaint is referred to the relevant Regulatory Body.
Consultation: Conduct six (6) 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 six (6) Education Programmes were conducted throughout the province. A concerted effort was 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 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.	Standard Operating Procedures ensure that acknowledgment of receipt of complaints are submitted to the Complainant. Regular feedback is furthermore submitted to consumers where mediation and conciliation processes are undertaken. All officials are allocated licenses for the Electronic Case Management System to update information and Assistant Directors and Head Office monitors that function.
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, flyers, and pamphlets were distributed during workshops and awareness events. Two (2), 25-minute Radio Interviews were conducted during November and December 2023 which consisted of 8 Eastern Cape local radio stations and 10 jingles in addition to those interviews were also aired.
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.	The electronic case management system allows the Supervisor and the Consumer Protector a bird's	Stakeholder relationships have improved. Booklets and pamphlets were printed and

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
municipalities, other Government offices, multi-purpose centres.	view of all complaints lodged and captured in the system.	submitted to all Regional Offices, which are distributed at all workshops in terms of Education Programmes. The Office often conducts workshops in collaboration with other Departments, external consumer regulators and municipalities. Booklets, pamphlets and flyers are distributed during workshops and awareness.
Value for Money: The return on investment in 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 improved turn-around time of resolution of complaints assists in consumers receiving redress timeously.
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) are being developed and led by DFFE. To have NEAS and CIPS for records management purposes, but once CIPS is fully developed NEAS will be incorporated into CIPS.	CIPS is still under development through SITA that is commissioned by DFFE
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 were convened. Information booklets are available for distribution during environmental awareness sessions throughout the province.
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 EQM Forum meetings were convened.
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.	Both EQM Forum and Technical Committee meetings convened 1 meeting per over 4 quarters to share information from national engagements such as MINTECH Working Group 5 and Implementation Workshops.
Redress: The review of the 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.	11 appeals were finalized.

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
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	CIPS still under development and NEAS is still being used as a records management system
Value for Money: Applications must be finalized within timeframes.	On average, applications are finalized well within timeframes.	136 applications finalized with 98 authorizations legislated timeframes
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.	136 applications finalized with 98 authorizations legislated timeframes

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 workshops in terms of Education Programmes. The Office often conducts workshops in collaboration with other Departments, external consumer regulators and municipalities.
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 email at consumerprotector@dedea.gov.za	Inputting data onto the Electronic Case Management System (ECMS) to be accurate and to be extended to include the Municipality within the area of the complaint.	Data is downloaded from the ECMS to enable trend analysis as well as identify Districts where the complaint was lodged. This information is utilized to improve the plans and services of the Office of the Consumer Protector.
Impact Management	Conduct one EQM Stakeholder Forum per quarter.	1 EQM forum was convened per quarter in all 4 quarters

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	The Electronic Case Management System be utilized to its full potential to assist with Monitoring and	Monthly reports are drawn up to assist with monitoring of complaints received and resolved.

management system are operational, and complaints are received by telefax and email consumerprotector@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.	Evaluation and Trend Analysis.	
Impact Management: An appeal process	The review of decisions is done only through the Office of the MEC. Only the MEC can uphold or rescind the appeal.	11 appeals were finalized, and none were taken on judicial review.

2.3 Organisational Environment

The past year has seen both notable progress and continued challenges in several operational areas. Firstly, the successful completion of the staff placement process and the strategic filling of vacant posts have contributed to a significant reduction in the department's vacancy rate. As a result, the current vacancy rate stands at 4.8%, which is below the accepted norm of 10%. This reduction is a positive indicator of the department's operational stability and allows for a more efficient deployment of human resources across various functions.

The strategic use and enhancement of Information and Communication Technology (ICT) have played a crucial role in improving productivity and facilitating online access to departmental platforms. The ongoing development of ICT has streamlined internal processes, improved communication, and enhanced service delivery to stakeholders. However, the department continues to face connectivity challenges in some regions, often due to infrastructural limitations. Addressing these challenges remains a key focus for the upcoming year, with ongoing efforts to enhance connectivity and build resilience against load shedding disruptions.

Despite these operational improvements, the department continues to experience significant issues related to office accommodation, particularly at the Head Office. The Department of Public Works is responsible for providing suitable office space; however, there have been persistent delays in response, maintenance, and compliance with the Occupational Health and Safety (OHS) Act. The lack of permanent office accommodation for the Head Office has created uncertainty and instability within the work environment, impacting on Employee Health & wellness, morale and productivity. The pervasive maintenance issues, including non-compliance with Health and Safety standards, require urgent attention to ensure the well-being and safety of our employees.

The slow response from the Department of Public Works has further compounded these issues, resulting in continued frustration among staff and leadership. These accommodation challenges underscore the need for a more proactive approach from the Department of Public Works to meet the department's requirements for suitable office spaces that comply with regulatory standards.

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:

- The Regulations in respect of the Eastern Cape Liquor Act No. 10 of 2003 has been amended and was published for public comment. The period for comment will close on 13 June 2024 after which the final Regulations will be published and come into operation.
- The Eastern Cape Gambling Act (Act No. 5 of 1997) is currently under review to allow for an indefinite licensing regime. The Bill was published for public comment and is following the legislative processes towards adoption of the Bill.



- c. The Eastern Cape Parks and Tourism Agency Bill was introduced at Provincial Legislature by the Hon. MEC on the 22nd of June 2022. On the 14th of July 2022 the Bill was presented to the Portfolio Committee and accepted. Provincial Legislature completed their public consultation process, and the Bill was set for adoption during May 2024.
- d. The Eastern Cape Environmental Management Bill was introduced at Provincial Legislature by the Hon. MEC on the 22nd of June 2022. On the 14th of July 2022 the Bill was presented to the Portfolio Committee and accepted. Provincial Legislature completed their public consultation process, and the Bill was set for adoption during May 2024.
- e. The drafting of the Coastal Protection Zone Regulations, in terms of the National Environmental Management Act 107 of 1998, 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. Upon adoption of the Environmental Management Bill by Legislature these will be finalised.
- f. The Eastern Cape Development Corporation Act, 1 of 1997 is under review and a White Paper and Bill has been drafted. It is anticipated that the review will be finalised during the 2024 / 25 financial year.

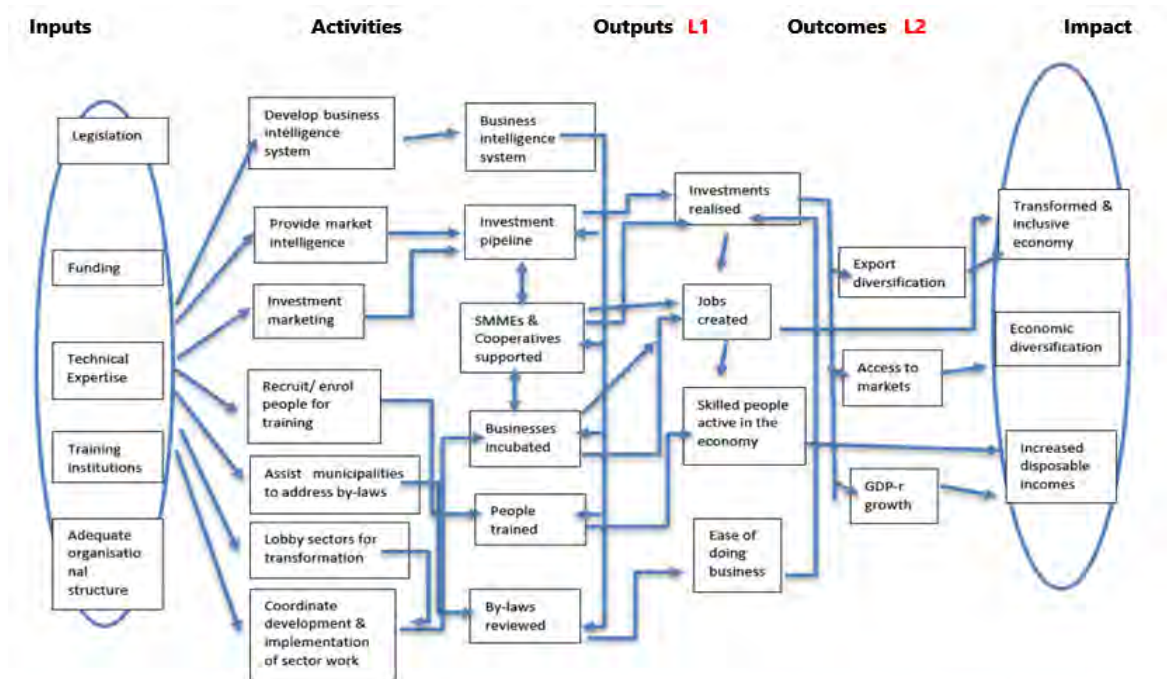
3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The department's work is situated with the context of the Medium-Term Strategic Framework (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

Investments in the Province have shown growth from about R46.5 billion in 2022/23 to about R200 billion in 2023/24. On the energy front, there are 17 energy projects worth R36.2 billion that have been constructed since 2019 resulting in the creation of 9517 jobs and R905 million being injected into local communities. Projects at construction phase are valued at R6.1 billion and will add 293MW. A further 547MW worth R13.7 billion of sustainable energy projects are proceeding to construction phase.

Masterplans for industrial parks have been developed, which include a business plan for sustainability, a proposed governance framework, an infrastructure plan and investment promotion and attraction plan among others. The Vulindlela IP Masterplan development project was completed in 2022; Butterworth IP Masterplan development project was completed in the current financial year; and Fort Jackson IP Masterplan development project was completed in the current financial year.

The department continued to collaborate on many fronts to support socio-economic development. One such collaboration was that between DEDEAT and the Eastern Cape Disability Economic Empowerment Trust (ECDEET), a Disabled Peoples Organisation, where a mobile office was handed over to the Sinako Organisation for the Blind (SOB), in Ethembeni Location. The SOB is known for its beadwork that benefits the local community.

The Office of the Consumer Protector and Business Regulation Services collaborated with various law enforcement agencies and regulatory bodies to conduct comprehensive business compliance and inspection operations in the Province. Through such efforts, numerous expired and non-compliant items were identified and confiscated, thereby safeguarding the well-being of the local populace.

In commemoration of National Women's Day, the Department, led by its Special Programmes Unit, held a women empowerment seminar under the theme "Building Financially Independent Women through Financial Literacy," in alignment with the Provincial Government's overarching theme of "Accelerating Socio-Economic Opportunities for Women Empowerment."

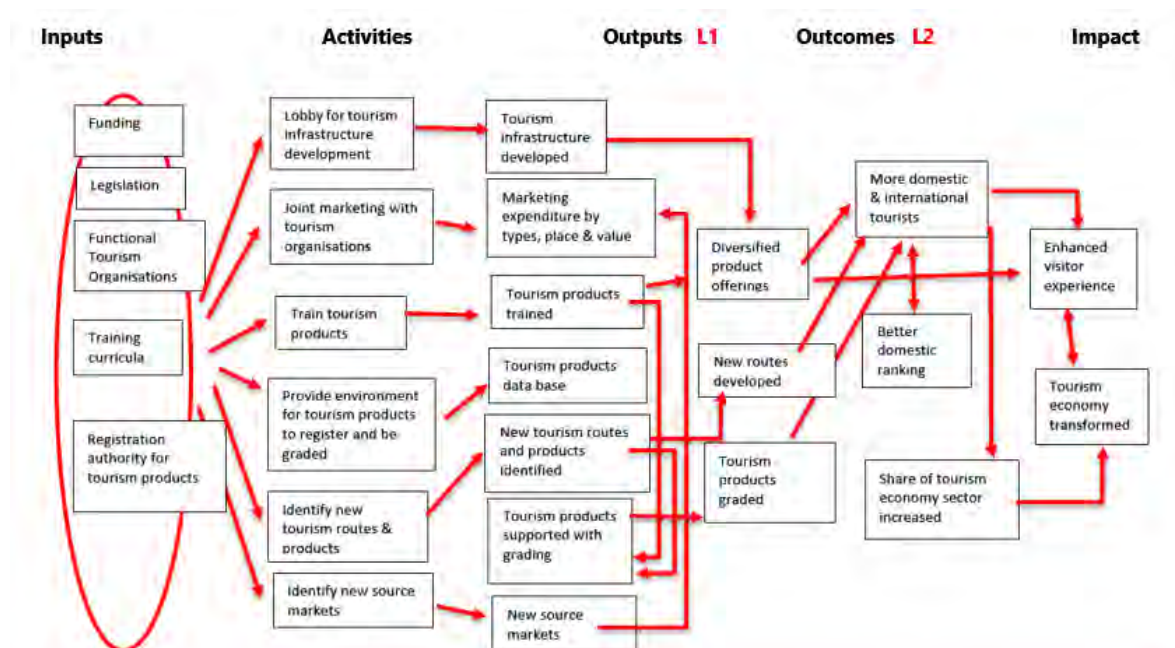
More than 820 MSMEs were supported financially through the Eastern Cape Development Corporation (ECDC). The ECDC which is the custodian of the Economic Development Fund, which was capitalised at R100 million in 2023/24, has, as at the beginning of March 2024, disbursed R81 million while simultaneously leveraging R78 million from third parties for various sectoral projects in the Eastern Cape.

Poor quality and lack of engineering skills and EV skills in the province/country were identified as gaps in the auto sector. The AIDC-EC, a subsidiary of the ECDC has partnered with NMU and currently has 42 students in its bursary scheme. The entity has also partnered with Mercedes Benz Learning Academy to train a minimum of 48 apprentices on EV/Hybrid Skills and also partnered with NMU and currently have 60 learners from High Schools in NMB and BCM going through Science, Technology, Engineering, and Mathematics (STEM).

Through the ECGB, R12,7 million has been spent by the gambling industry through the corporate social investment (CSI). The gambling industry itself has at least 3295 people employed. Total revenue of R188 million was raised from gambling taxes and levies. Fifteen compliance and enforcement sweeps were carried out which sought to eradicate illegal gambling, including protecting the public from nefarious trends related to illegal gambling and licensed gambling operators from illegal competition. The sweeps that were conducted in all five zones of the province saw 69 illegal gambling site operations were identified and closed, 68 cases were opened with SAPS and owners or managers of illegal sites arrested, and 117 illegal gambling machines / devices were confiscated. The estimated value of Gross Gaming Revenue (GGR) lost from illegal gambling amounted to R29 million and the value of machines or devices confiscated amounted to R585 000.

The Province now has 7400 active liquor licence holders. Liquor sales in the Province between October 2022 and November 2023 amounted to R25 billion. There were 401 illegal establishments that were closed due to compliance enforcement action. Revenue is realised while responsible liquor consumption programmes are implemented.

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

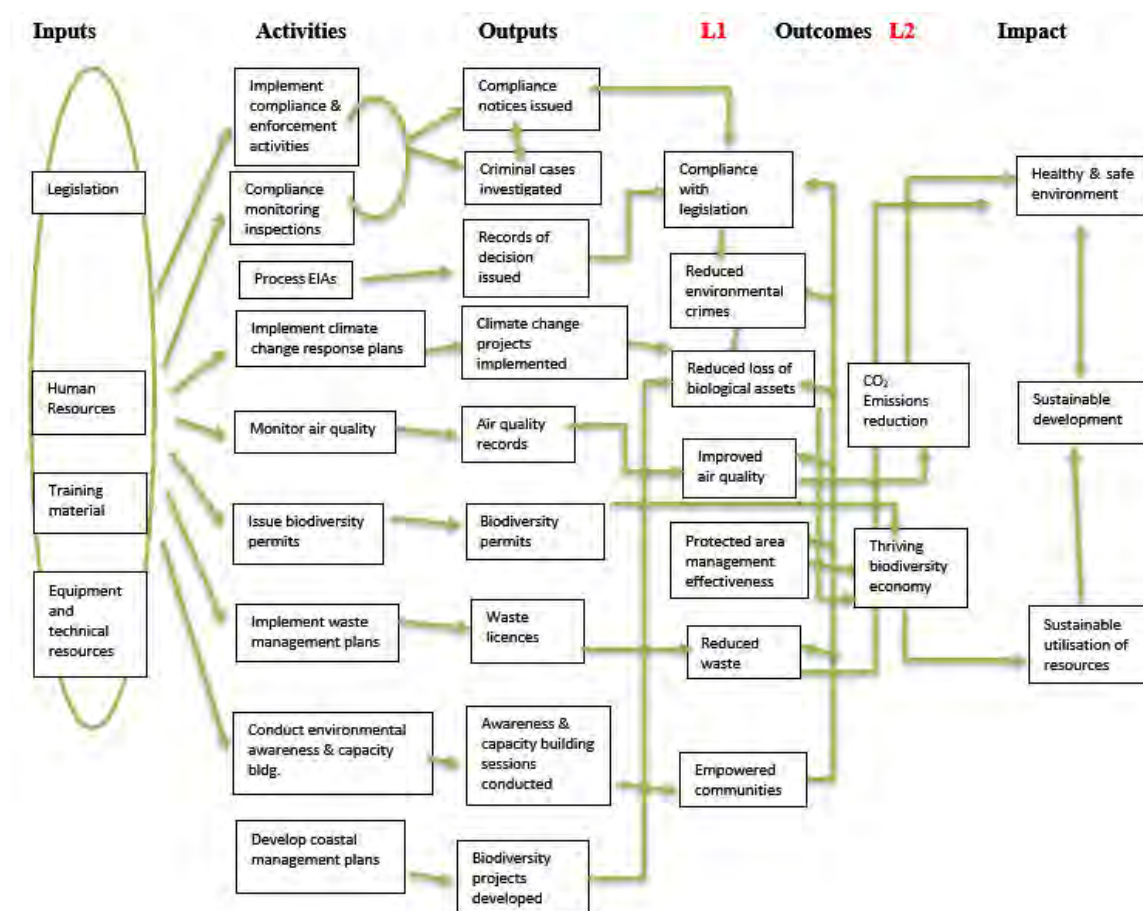
Tourism Development progress

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

Tourism traffic has increased from 2.1 million in 2019 to 6.9 million overnight domestic trips in 2023, making the EC the 3rd largest share of tourist trips among the nine provinces. The revenue generated from this market is estimated at R18,87 billion. Similarly, international tourist arrivals have increased to 318 850 (49.9% increase compared to 2022) during this period. The revenue generated from this market is estimated at R4,70 billion.

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. Infrastructure investment in the sector been vital 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

A total of 39 municipal IDPs were reviewed for environmental content. The department also prides itself for processing all EIA applications within legislated timeframes.

The department takes waste management seriously. A Waste Management Summit was held in Chris Hani to raise awareness about proper waste management practices and their benefits, including the reduction of pollution and environmental degradation. One Atmospheric Emission License was issued by the department which was a renewal of an Atmospheric Emission License for a pole treatment facility in the Kouga Local Municipality.

Through the e-permitting system, the environmental affairs programme achieved more than 80% of set target in permitting within legislated timeframes.

Towards the end of March 2024, the President officiated at the biodiversity economy and investment indaba. The Eastern Cape is already active in this space. There are approximately 250 licensed Professional Hunters and 120 Hunting Outfitters in the Province. The National Hunting Statistics has shown that the Eastern Cape is the second largest hunting destination in the country from 2019 – 2022. The 2016 Biodiversity Lab – identified 25 plant species which have been used in Bioprospecting and 14 of these occur in the Province. Three species in the Eastern Cape have been identified for mass cultivation viz., Aloe ferox, Pelargonium sidoides and Honeybush Tea.

Climate change is one critical area where the department is providing support. The department has coordinated climate change activities with the other provinces and National stakeholders. Provincial and local government stakeholders are engaged through Provincial Climate Change Forum. The National Coastal Climate Change Adaptation Response Plan Eastern Cape Stakeholder Engagement Workshop took place in September 2023. Climate change dialogue was held with stakeholders from 4-5 March 2024 in Mthatha. Other climate change work commitments are taking place e.g. compilation of a situational analysis of the OR Tambo Region, costing of business plans on mainstreaming of climate change programmes in the department.

The Department has processed 100% of EIA applications within legislated timeframes in 2023/24. A total of 24 environmental capacity-building activities and 26 environmental awareness sessions were conducted throughout the province. Through the environmental EPWP programme, 879 work opportunities were created. To protect biodiversity, 93% of biodiversity permits were issued within timeframes in the province.



MS PENDU GUMA
Acting Programme Manager: Administration

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.

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

#	Programme/Sub-programme: Administration							
	Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement for 2023/2024
1	Enabled, simplified and responsive business processes	Functional network	% network uptime	95%	99.5%	95%	99.9%	+4.9% ²
2		Effective Public Entities	Public Entities Accountability index	9.5	9.9	10	10	N/A
3		Suppliers paid timeously	% of suppliers paid within 30 days	100%	100%	100%	100%	N/A
4		Clean audit	Annual audit outcome	Clean Audit	Clean Audit	Clean Audit	Clean Audit	N/A
5		Full implementation of work skills plan	% implementation of the work skills plan	92%	155%	95%	100%	+5% ³
6		Full compliance with all PMDS processes	% of staff complying with all PMDS processes (contracts and reviews)	72%	74%	95%	96%	+1 ⁴

² The network experienced only 0.1% (or approximately 43 minutes) of downtime during the financial year.

³ There were more conferences attended by officials, which were not originally planned. The OD Unit had to shift funds from the bursaries budget to accommodate this demand since conferences are a priority over bursaries.

⁴ The positive variance resulted from a concerted effort by management to ensure compliance with PMDS prescripts. There were also less officials who were on leave (incapacity, maternity, suspension) during the reporting year. Note that the target and achievement cannot be 100% due to officials with long term ill-health incapacity, maternity leave, suspension etc.

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 improvement and public entity oversight through internal oversight meetings and HOD/CEO Forum and also responsible for overseeing the implementation of Provincial transversal programmes and transformation priorities. The office participated in Provincial and National platforms that included attendance of Standing Committee on Law Review, legislature committee sessions, Provincial Management, Clusters and Cabinet committees, Executive Council, Environmental, Tourism and Economic Development Mintechs and MINMECs. In addition, the office:

- Participated and partnered with the Public Service Commission at the Citizen's Forum. The purpose of conducting the forum was to evaluate the delivery of services and to enable the active involvement of people affected by government programmes in the service delivery improvement process. Furthermore, Citizen's Forum s as they help determine whether their actions have the desired impact on the community.
- As the Chairperson of the Economic Development Cluster, the Head of Department convened an Economic Development Cluster workshop. The aim of the session was to work towards an agreement on how the Economic Development Cluster can standardise reporting where the Cluster departments can be able to crystalize targets and roles towards job creation, economic development, and poverty alleviation. Industry players and their associations were invited to present to the Cluster on their expectations, areas for improvement and their commitment on strengthening collaborations. Emanating from the engagement, the following areas of common interest emerged: - safety and security, water, road infrastructure, policy uncertainty, energy, affordable finance, market access, sanitation, red tape reduction, underpinning research.
- Participated in the Provincial Technical Command Council for Disasters. The Council was established for the leadership to receive reports from COGTA in as far as disaster are concerned with the aim of devising a provincial response and mechanism to mitigate disasters. Also, to strengthen the government responsiveness when disaster occur.
- Participated and provided a message of support during the 5th South African Investment conference. The session was aimed at highlighting the Provincial investment potential and value proposition. The session also showcased some of the Provincial compelling assets poised to anchor investment including incentive programmes applicable within the economic zones.
- Provided input during the public hearings on the Division of Revenue Bill. Inputs gathered at the session formed part of the negotiating mandate that was tabled at the National Council of Provinces (NCOP) for adoption.
- Partaken in the launch and inauguration of the Provincial Investment Council (PIC) as part of the drive to attract investment to boost the Provincial economy. The Council's mandate is to strengthen coordination and response to unlock investment that creates employment opportunities.
- Attended and participated in the Gender Based Violence Accountability Dialogue. The department provided an update on the progress towards the commitments made in the Gender Based Violence and Femicide (GBVF) summit.
- Attended and participated in the AIDC-EC National Association of Automotive Component and Allied Manufacturers (NAACAM) Show. The NAACAM Show is a platform at which the domestic automotive component manufacturing sectors are showcased. the show plays a pivotal role in galvanising the industry around the common ambition as aligned with the vision for the industry under SA Automotive Masterplan 2035.
- Convened the Public Service Women Management Week session. The purpose of the session was to evaluate the implementation of the HODs 8-principle action Engaged with the B-BBEE Commission on compliance by the Department and its entities with Broad-Based Black Economic Empowerment.
- Attended and participated in the Intra-African Trade Fair 2023 and the Third Conference of African Sub-Sovereign Governments Network. The Fair provided a platform for facilitating trade and investment information exchange in support of increased Intra-African trade and investment, especially in the context of implementing the African Continental Free Trade Agreement (ACFTA) during the recovery from the COVID-19 pandemic.

Public Entity Oversight and Governance

The Department of Economic Development, Environment and Tourism (DEDEAT) has entities whose budgets fall under the MEC and accountable to Eastern Cape Provincial Legislature. These Public Entities are critical service delivery vehicles that enable the MEC to meet his mandate.

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 received 77% of the DEDEAT budget allocation in 2023/24. This enhanced 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, and Executives.

For execution of the Strategic Plans and the Annual Performance Plans, Service Level Agreements between the Chief Executive Officers and HoD are in place and the HOD/CEO Forum was conducted on a quarterly basis to discuss issues regarding performance oversight, financial oversight, risk management, special programmes among other issues, 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.

The oversight function is aligned to the oversight requirement of the Eastern Cape Legislature through responses to Portfolio Committee resolutions. The department ensures that public entities funds and resources are properly safeguarded and are used economically, efficiently, effectively, with due propriety in accordance with the statutory or other authorities.

The unit managed to execute performance and financial oversight as follows:

- Convened Internal Oversight meetings.
- Coordinated MEC-Chairpersons of Boards/CEOs of public entities meetings.
- Coordinated HOD-CEOs of Public Entities meetings.
- Ensured strategic and operational alignment.
- Ensured Board appointments and re-appointments.
- Convened performance review committee Planning, Monitoring, Evaluation and Reporting (PMER) for public entities.
- Analysed Quarterly reports of public entities.
- Verified sample of portfolio of evidence.
- Sampled and conducted impact assessment of DEDEAT funded projects.

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. The internal audit unit continues to provide risk-based audits and provide assurance on the adequacy and effectiveness of the internal controls of the department.

Internal audit during the financial year filled all its vacancies which has now enabled the unit to increase its audit coverage and assure more risks than the previous financial year.

The unit completed all its planned audits and issued all its recommendations to enhance the control environment to the relevant programmes 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 Office of the Premier (OTP) had subsequently reported that DEDEAT is fully compliant in terms of POPIA.

The Department has effectively managed all litigation and mitigated the potential exposure of the Department. There was a substantial reduction in litigation from R9 248 million in the 2022 / 23 FY to R4 436 million in the 2023 / 24 FY. This attributable to the strict monitoring of claims and in instances where the pleadings stage in civil litigation having closed, filing for closure of the matter with the relevant Court, thereby dispensing with the claim.

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, amongst others. A number of sessions were attended including Social Cohesion Working Group; Improving Local Government Working Group (ILGWG); Technical Munimec; Social Cohesion & Nation Building; I Political Munimec ; Provincial Program Committee; and Social Cohesion Working Group (Freedom Day Preparation).

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.

Regions have participated in the DDM sessions and District Mayors Forums (DIMAFO's) where DEDEAT made presentations on DDM projects. The Eastern Cape Seaboard / Coastal Smart City implementation targeted four Districts with 17 Municipalities.

One Plan has been approved by the Cabinet and is in implementation phase. However, its implementation was delayed by the restructuring of CoGTA and the removal of the DDM Hub. The District Voting Infrastructure & Elections Task Team was set up (Rapid Response). Three workstreams were coordinated to focus on specific issues: Security Cluster Communications & IGR Cluster Basic Infrastructure & Service Delivery cluster.

DEDEAT Regions participated and served in the DDM institutionalization of intergovernmental planning structures at National, Provincial, and District / Metro level, to ensure that the implementation commitments/projects are shared with all stakeholders (other sectors, provinces, municipalities, etc).

Portfolio Management Office (PMO)

The Department continues to support Economic Infrastructure Projects across the province. During the financial year of 2023/24, the department further monitored the remaining Provincial Economic Stimulus Fund Projects. 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 2023/24 financial year on the Provincial Economic Stimulus Fund Project:

- Meet Me Room (Data Centre) - the East London IDZ Data Centre Project currently has progressed well within budget, quality, and time frame. A total of R58 million was allocated to ELIDZ to retrofit the old Matla Diamond building in the year 2023/24 financial year. A contractor was appointed in March 2023, and subsequently with retrofitting of the old building Practical completion was issued on the 27th of March 2024, with construction progress as of 31 March 2024 of the programme sitting at 98% completion.
- Reserves Upgrades, Baviaanskloof World Heritage Site and Groendal Nature Reserve under Heritage and Biodiversity Cluster were completed. Final completion for Groendal Nature Reserve took place in November 2023 and Baviaanskloof World Heritage Site in February 2024.

- Within Game Management and Recreation Cluster, Double Mouth Nature Reserve, Oviston Game Reserve and Tsolwana Game Reserve are still underway.
- Hluleka, Silaka and Dwesa Nature Reserves were also prioritised for various packages including construction of chalets curio shops and environmental centre. Silaka Nature Reserve is sitting at 84% and Hluleka Nature Reserve at 91% respectively. Sectional completion at Dwesa was undertaken for the Curio Shop and Environmental Centre.
- RAFI Packhouse -Project progress is sitting at 98% completion with minor snags for works completion that still needs to be undertaken. For the Chris Hani Fresh Produce Packhouse to be HACCP accredited; it must have a Certificate of Acceptability (COA) to ensure compliance with the regulations governing general hygiene for food premises, the transport, and other related matters.
- Dimbaza Industrial Park - the third phase of the wastewater treatment works project has been handed over to the contractor on 01 March 2024 and has since commenced with the works onsite.

On behalf of Economic Development, Environmental Affairs and Tourism, Coega Development Agency Project Management Office, has formal relations with Ncise and Kwa Link Community. Regular meetings with the said communities are held to assess progress and provide feedback.

The Project Management Office has assisted the community to setup the community trust. A broader Steering Committee comprised of The Department, Industry and Competition, Provincial Government, O.R Tambo District Municipality, King Sabata Dalindyebo Local Municipality and Coega Projects Management Office is convened on regular basis to assess progress and map way forward for the establishment of the Wild Coast Special Economic Zone (SEZ). The Budget Facility for Infrastructure (BFI) Project is monitored through a formally appointed Steering Committee. First BFI Steering Committee was convened at the Coega Development Corporation offices at Gqeberha on the 18th of March 2024.

The informal economy is one of the main pillars of economic growth in small towns and the Eastern Cape in general. The department funded the construction of informal trade infrastructure at EmaXesibeni for the enhancement of economic and social benefits while also creating job opportunities for the local community. The dedicated and permanent infrastructure will also allow the Informal Traders to operate in a hygienic and secure environment. The facility has the capacity to accommodate up to 150 informal traders, thereby contributing significantly to the town's informal economy.

Following initial planning funding of R 2 054 079 from Provincial Treasury in the 2017/18 and 2018/19 Financial Years, the project was further funded an amount of R 24 463 000 for construction from the Provincial Economic Stimulus Fund. The Umzimvubu Local Municipality also contributed an amount of R1 000 000 towards the completion of the project. The total project value is thus R 26 517 709 including VAT. The project reached practical completion on 15 December 2023 and was formally launched by the Hon MEC Mvoko on the 18th of April 2024 in Mt Ayliff.

The unit is also responsible for the implementation Business Continuity and the Disaster Recovery DRP plan for Head Office and regions. Regions had successfully implemented the BCP testing through evacuations drills during the financial year.

Special Programmes Unit (UPU)

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 once again ten (10) institutionalised days programmes/events out of six (6) 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. From the various programmes undertaken there were 430 youth, 676 women, 30 persons with disabilities and 71 elderly people. The Department through SPU has also done quarterly oversight on public entity performance on designated groups to establish the state of mainstreaming of designated groups in the public entities and four quarterly public entity oversight reports were submitted in this regard.

The Department has also submitted to the Office of The Premier the Annual Reports for 2022/2023 financial year on Gender Equality Strategic Framework for the Public Service (GESF) and Job Access Strategic Framework (JASF) as well as Annual Plans for financial year 2023/2024 for both GESF and JASF.

The department through its partnership with Disability Economic Empowerment Trust (DEET) as formalised by a Memorandum of Agreement (MOA) also supported persons with disabilities in the province thereby contributing an amount of R2m which made it possible for the partnership to achieve the following:

- There were 1037 people that benefited on job placement which emanated from the job readiness programme. These people were placed in Joe Gqabi, OR Tambo, NMB, Chris Hani, Amathole, Alfred Ndzo and BCM districts.
- Through the Employment life skill programme there were 1700 people with disability that were placed in the EPWP, Learnerships, and Social Employment Fund programme and these were placed in all districts except Sarah Baartman.
- Siyamthanda Centre at Mndeni Location in Mt Fletcher has been identified for support as a legacy project and a building structure to accommodate kids with disabilities is being constructed.
- There were two registrations of disabled people organisation and DEET facilitated discussions and workshops between OTP, DPOs and National Disability Skills summit.

The department in partnership with DEET also hosted an empowerment workshop for all members of the DEDEAT Disability Forum on the White Paper on the Rights of Persons with Disabilities.

Financial Management

In compliance with Public Finance Management Act No. 1 of 1999 (PFMA), during the 2023/24 financial year the department received a clean audit and has complied with Treasury Regulations by submitting the following: three (3) Interim Financial Statements and Audited Financial Statements, (13) In Year Monitoring (IYM) Reports, 2023/24 and Budget Adjustments Estimate, 3 Budget proposals for 2024 MTEF in terms of Sections 43 and 28(1)(a) & (b) of the PFMA 1 of 1999, as amended, (2) Annual Cash Flow as well as twelve (12) monthly Cash Flow Projections, monthly reports on Accruals and Payables all were submitted to Provincial Treasury. All newly acquired moveable assets were reconciled against accounting records and disclosed for the financial year under review.

During the year under review the audits focused on both core business and support functions. There is still a general concern regarding the efficiencies on the general internal controls embedded within various operations. There is concerted effort from management to continuously improve the general internal control environment of the department. Improvements were noted in some business processes such as Supply Chain Management and Financial Management as management has put some efforts in ensuring that adequate internal controls are designed adequately and operating effectively. However, in some business processes although internal controls are adequately designed, they were partially effective.

Financial management sub-programme continued to facilitate the provision of financial, supply chain, reporting, asset management and internal control services to the department. The sub programme continues to provide financial support to the department by ensuring that all statutory requirements are complied with in terms of the Public Finance Management Act (PFMA), read with the Treasury regulations and other prescripts that led to improved spending and audit outcomes.

Corporate Management

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 (45) 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 less than 5% by the end of the financial year, this was due to the abolition of all unfunded posts. The norm in the public sector on vacancy rate is 10%. It is worth noting that a number of vacancies were caused by internal promotions, which impact positively on staff morale. Whilst the vacancy rate

is still below the norm, there is a need to fast track the filling of outstanding vacancies for improved service delivery.

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 44% compared to 43% 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 Employment Equity Act 55 of 1998 (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 (AMDP). 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 appointment of People with Disabilities (PWD's), this group represents 2.4% of the entire workforce, which is slightly above the target of 2%.

There were a number of Human Resource (HR) policies that were reviewed and developed during the reporting period, namely: Skills Development Policy, Coaching & Mentoring policy, Attraction & Retention policy, and Sport Management Policy. 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

Placement of Officials from Salary Levels 8 to 14 is semi-complete at both Head Office and Regional Offices. Also, all no challenge category posts on salary level 7 have been matched and placed.

Ninety-three (93) employees remain in excess of the approved structure, and 58 are on salary level 5 and thus are not eligible for placement in Level 7 posts unless they apply through the normal recruitment process. Also, 26 Control Environmental Officers spread across all Cost which are two warm bodies in the category of OSD, for which either one of them will be considered for placement in a vacant Control Environmental Officer post upon attrition. Only 2 of these are in the category of Environmental Officer, and in this case, when they leave the Department through attrition, those posts will become Specialized Production, in accordance with the Placement Principles. However, the Department embarked on the last phase of the implementation of the structure (person-to-post matching) to reduce the number of in-excess employees wherein employees would be allowed to apply for inter-cost transfers at their own cost should they be interested upon approval by the HOD. Thus, this was the last attempt to reduce the high number of in-excess employees within Support Services.

As enshrined in the Public Service Regulations (PSR), section 39 under sub regulation 2, the Department is required, at least once every 60 calendar months, to review job descriptions and titles and, where necessary, redefine them to ensure that they remain appropriate and accurate. Job Descriptions are continuously reviewed and consulted upon request by Line Managers or HR Administration. Subsequently, 33 Jobs were analyzed and aligned to Approved Organizational Structure.

The Department received 51 cases and complaints through the Presidential Hotline and Office of the Premier. The Department is required to reduce the instances of service delivery breakdowns and/ or inefficiencies in how the Programmes deal with service delivery complaints and appeals as embedded in the White Paper on Transforming Public Service Delivery, 1997. There is currently one (1) pending case relating to the Placement of an Occupational Specific Dispensation (OSD) Official. The Directorate is working with HR to investigate and redress the matter.

A new service was identified and approved by the HOD for improvement in the 2024-2025 SDIP cycle, namely, Local and Regional Economic Development (LRED). Consultative workshops were held with service owners and drafts for Service Delivery Improvement Plan (SDIP), Standard Operating Procedure (SOP) and Process Maps

were presented to the SDIP Committee. The SDIP document for 2024/25-2025/6 has been finalised in line with the SDIP Directive. The SOP and Business Process Maps for LRED have been finalised in line with the SDIP.

Communications

The communications unit aims to support the department in achieving its vision by providing effective internal and external communication, as well as media services. To accomplish this, the unit has been implementing the approved communication strategy and policy throughout the financial year. The department has been utilizing various forms of media, including online, electronic, print, and social media, to maintain relationships and interactions with stakeholders. There has been a continuous improvement in the frequency and quality of interactions on various DEDEAT owned platforms, collaborations with entities and other stakeholders, and updates across various platforms such as the intranet, DEDEAT WhatsApp groups, bulk emails, website, and publications for promotional purposes. Additionally, the programs and campaigns have been highlighted in both mainstream and community media, and collaborative media briefings have been conducted with public entities.

Performance highlights include:

1. 8% increase in Facebook followers to 15 262
2. 25% increase in LinkedIn followers to 7 164,
3. 32% increase in twitter followers to 877,
4. YouTube channel currently has 17 followers
5. Introduced Instagram, and have 203 followers
6. Continuing to sustain grassroots footprint across province through community media – twelve community radio stations covering departmental programmes taking place in various EC districts

Strategic Management

The Strategic Management Unit's work is mainly perennial, which means that all tasks from the previous year were continued into the current year. This includes engagement with stakeholders, organizing and facilitating planning sessions, and participating in various planning and reporting meetings held by other sub-programs and departments. The fourth quarter of the financial year saw the convening of a DEDEAT group strategic planning session. By the end of the financial year, the department had developed and presented the 2024/2025 Annual Performance Plan and Operational Plan to the Provincial Legislature. The Unit also provided inputs for the Programme of Action and MTSF documents, which were managed by the Office of the Premier and used throughout the financial year for reporting. The Unit also helped in preparing 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 its governance were developed, and the relevant offices were informed of these developments for use in the 2023/2024 financial year. The reporting portal on SharePoint was updated to ensure smooth reporting and loading of a portfolio of evidence by the department and public entities. The Strategic Management Unit conducted performance assessments on reporting requirements, including POE, which helped identify feedback and gaps that were addressed by management.

The Strategic Management Unit produced comprehensive quarterly performance reports and an electronic Quarterly Performance Reporting (QPR) report, which were submitted timeously to the Office of the Premier, Department of Performance Monitoring and Evaluation (DPME) and Department of Forestry, Fisheries and the Environment (DPPE) 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 created and submitted to the Provincial Legislature. In addition, the Strategic Management unit coordinated virtual performance validation sessions with all public entities every quarter. Finally, the 2022/23 annual report was developed and presented to the Provincial Legislature.

ICT Governance

DEDEAT has successfully navigated the rapidly evolving digital landscape by implementing a robust Information and Communication Technology (ICT) governance framework. This framework has ensured that technology investments are aligned with strategic objectives, data and information are safeguarded, and ICT operations are

optimised for efficiency. To achieve this, the ICT Steering Committee regularly convenes to deliberate on ICT-related matters, evaluate technology initiatives and provide guidance on ICT investments. Such collaborative efforts ensure that ICT initiatives align with organisational goals, fostering innovation and continuous improvement. Furthermore, an ICT Governance Champion was appointed to spearhead the development and execution of ICT governance frameworks, policies, and processes in collaboration with stakeholders, including the ICT Steering Committee and business units.

The department made significant progress in developing and approving crucial ICT policies, such as the ICT Security Policy, which safeguards digital assets, protects sensitive information, and mitigates cybersecurity risks. Additionally, the Incident Management Policy provides a structured framework for handling ICT-related incidents effectively.

DEDEAT recognises the importance of robust risk management practices, which enable proactive identification, assessment, and mitigation of ICT-related risks. Therefore, a systematic and structured approach was established within the ICT governance framework. Regular cybersecurity drills were conducted to evaluate the effectiveness of cybersecurity measures and enhance user awareness.

Throughout the year, various impact assessments were conducted to evaluate the efficiency of human resource management processes, network infrastructure vulnerability, and disaster recovery plans' effectiveness. These assessments were crucial in identifying areas for improvement and ensuring that human resource management functions align with the department's operational objectives.

Looking ahead, DEDEAT remains committed to advancing ICT governance and ensuring a secure, efficient, and innovative digital environment for all stakeholders. In November 2023, the department achieved a significant milestone with the approval of its ICT strategy, signifying alignment with contemporary technological trends and strategic objectives. The approved strategy sets the foundation for leveraging ICT to enhance operational efficiency, promote innovation, and achieve organisational goals. One of the significant achievements for DEDEAT in the past year was the procurement of additional licenses for the eVaya system. This strategic move aimed to automate further and digitise departmental processes, building on the system developed on the SmartGov framework. The eVaya system had already successfully automated e-Submissions, e-Leave Management, Quotation Management, and Order Management. To streamline operations further, DEDEAT sought to eliminate several manual processes by enhancing the eVaya system. The additional licenses procured will enable the automation of critical administrative processes, including Management of Contracts, Tasks and Resolution Tracking for top management, Management of Parliamentary Questions, Performance Management and Development System, Travel Bookings, Bid Document Management, and Strategic Planning & Reporting. The expansion of the eVaya system demonstrates DEDEAT's commitment to leveraging technology to enhance efficiency, transparency, and governance within the department.

Strategy to overcome areas of under-performance

None

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	2023/2024			2022/2023		
		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	1,140	1,024	116	1,146	1,119	27
2	OFFICE OF THE HOD	31,622	31,171	451	30,515	30,037	478
3	FINANCIAL MANAGEMENT	95,838	92,326	3,512	89,647	86,672	2,975
4	CORPORATE MANAGEMENT	119,740	119,086	654	118,078	112,220	5,858
	TOTAL	248,340	243,607	4,733	239,386	230,048	9,338

Compensation of employees

Underspending is as a result of DPSA's *Circular 49 of 2023* dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was then suspended. This resulted in the reprioritization of the savings realised in compensation of employees as per the approved Annual Recruitment Plan that led to delays in the filling of vacant posts.

Goods and Services

Legal fees are paid on receipt of claims from Department of Justice, as at the end of the financial year there were no invoices received. This resulted in underspending in respect of legal fees.

The under-expenditure on travel and subsistence is due to the implementation of the cost containment measures as directed by National Treasury during the mid-term budget adjustment.

Under-expenditure on publications relates to funds which were meant for White paper and Bill in respect of new legislation on the merger of departmental entities which will be published in the 2024/25 financial year.

Capital Payments:

Under spending is due to the cellphone accounts which had to be reconciled with the service providers as there were discrepancies in billing. Reconciliation on this account has after the end of the financial year been completed.



MARIUS COETZEE
Acting Chief Director - 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 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

#	Programme/Sub-programme: Economic Development and Tourism							Deviation from Planned Target to Actual Achievement for 2023/2024
	Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	
1		Investment pipeline	Number of sustainable energy initiatives facilitated	4	3	3	3	N/A
2	Investments realised		Number of manufacturing initiatives facilitated	6	6	5	6	+1 ⁵
3			Number of agro-processing initiatives facilitated	3	3	3	3	N/A
4			Number of investment promotion initiatives facilitated		3	3	3	N/A
5		Business friendly laws and policies	Number of interventions undertaken to create a conducive business environment	-	-	2	2	N/A
6			Number of socio-economic intelligence reports produced	5	4	4	4	N/A
7	GDP growth	SMMEs supported	Number of qualifying economic development projects funded at local and regional levels	5	2	10	2	-8 ⁶
8		Co-operatives supported	Number of cooperatives provided with non-financial support	171	310	200	326	+126 ⁷

⁵ The tabled 2023/24 APP had erroneously listed the target as 5 under the MTEF table but correctly listed as 6 under the quarterly breakdown table. The error was minor hence there was no erratum issued during the year. The quarterly reporting was based on a higher target of 6, which should have been the correct figure under the MTEF table of the 2023/24 APP. The target has been achieved.

⁶ The majority of applications received were not up to the expected standard. A few applications failed to demonstrate their business, the product or service offered. In some instances, financials submitted were not credible, no proof of market demonstrated, submission of fraudulent documents and gross violation of the LRED policy are some of the key reasons for low uptake of the LRED Fund.

⁷ More achievement was due to collaboration and partnership with strategic stakeholders, namely, DGRV, SEDA, ECDC, and CBDA which provided a platform for more cooperatives to be supported. The department had to provide an extra budget to leverage the partnerships during the last quarter due to increased demand for cooperative support services.



#	Programme/Sub-programme: Economic Development and Tourism							Deviation from Planned Target to Actual Achievement for 2023/2024
	Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	
9	Jobs Created	Economic infrastructure supported	Number of Provincial Economic Stimulus Fund Projects Monitored	12	10	9	9	N/A
10	More domestic and international tourists	Tourism infrastructure	Status report on implementation of the Tourism Master Plan 2022-32	2	2	2	2	N/A
11	Skilled people active in the economy	People trained	Number of consumer education programmes implemented	6	6	6	6	N/A

Economic Development and Tourism Key Achievements

In 2023, the Eastern Cape's economy continued to follow a pattern of slow growth. Frequent power outages and high rates of inflation had a significant impact on household spending, credit extension, and the economy as a whole. The province, however, remains enthusiastic about the economy's recovery and is anticipating new energy projects and the potential for lower inflation to help offset these negative effects and promote a stronger rebound of the provincial economy.

The successful establishment of the Economic Development Fund (EDF) in FY22_23 remains a key achievement for the department as this fund intends to unlock the aspirations of the Provincial Economic Development Plan (PDP) and the Provincial Economic Development Strategy (PEDS) over the next MTEF period. With an initial capital injection of R 100 million, the fund was able to achieve the following milestones - Graduate and Artisan Development Programme at a value of R 17 million, MSME business loans at a value of R 20 million, A Business Support Programme for social enterprises at a value of R 5 million, A Small Town and Rural Entrepreneurship Programme (STTREP) at a value of R 10 million, An Automotive Supplier Support fund at a value of R 10 million, and an Incubation Programme (Automotive) at a value of R 14 million. The EDF has disbursed 88% of the allocated budget to the above-mentioned programmes and has through these interventions managed to leverage R 104,09 million third-party funding to augment this seed capital.

To turn the tide on the provincial economy, the department acknowledges the importance of securing private investments and through the 3rd instalment of the Provincial Investment Conference managed to secure a pledge of R 127 billion for new investments in the province. Significant investments that were attracted into the province include HIVE Energy, Stellantis, and continued re-investment from automotive OEMs such as VW, Mercedes, and Isuzu.

For the year under review, the programme contributed to the provincial economic agenda through various sub-programmes namely Integrated Economic Development Services – Enterprise Development and LRED, Trade, and Industry Development – Manufacturing, Sustainable Energy, Trade and Investment and Agro-processing, Business Regulation – Regulations and Office of the Consumer Protection and finally Tourism.

Some of the key highlights for the financial year are:

- A total of 326 cooperatives provided with non-financial support (Capacity building training - Digital literacy, Start your own business).
- Hosted 4 MSME Summits in 4 regions namely Alfred Nzo, Joe Gqabi, Chris Hani, and OR Tambo as part of the implementation of the provincial MSME strategy.
- Two (2) projects approved through the LRED fund in the Buffalo City Metro and Chris Hani region.
- Education and Awareness sessions conducted across regions on “The Right to Fair Value, Good Quality and Safety, “Rights to Fair and Responsible Marketing” and Spend Wisely Campaign”;
- Green Hydrogen collaboration Memorandum of Understanding (MOU) finalised between EC, WC, and NC.
- R 127 billion investment attraction for the province.
- Through the manufacturing companies in the distress programme – 34 companies were provided with non-financial support impacting 375 jobs. W.r.t financial support Jobs stimulus fund disbursed R 11,996 million to 44 companies saving 1221 jobs.
- A total 16 youth are in the Tooling Artisan programme in partnership with Production Technologies Association of South Africa (PtSA).
- In terms of the Revitalisation of state-owned Industrial Parks, Butterworth IP- and Fort Jackson IP Masterplan development projects have been completed to date.

Overall, the programme achieved 91% (10 versus a target of 11) of its annual performance plan targets. Additional achievement details are provided below per sub-programme.

Integrated Economic Development Services

Local Regional and Economic Development

Local and Regional Economic Development (LRED) advocates the need to involve local people and institutions in the development of their local economies by focusing on opportunities for economic growth and employment creation, as well as through building endogenous capacity that enables local communities, their institutions and enterprises to act purposefully and in “partnership” with government at all levels to build a sustainable and inclusive economy in the area and beyond. The department is alive to the socio-economic challenges confronting the Eastern Cape Economy. The LRED fund, whose purpose is to provide grant funding to enterprises which are not able to access funding from commercial banks and other developmental funding institutions to start-up new enterprises or expand existing enterprises is one the tools under the LRED sub-sub directorate. The low number of credible applications has been noted as limitation to the number of businesses funded. A total of 2 projects were funded during the financial year for R4.1m.

This number could have been higher. Substandard business plans and poorly developed applications limited the number of successful applications. Several applications failed to demonstrate their business, the product or service offered. In some instances, financials submitted are not credible, no proof of market demonstrated, submission of fraudulent documents and gross violation of the LRED policy are some of the key reasons for low uptake of the LRED Fund. To close the gaps, the Department has introduced a number of initiatives to ensure that the up-take of LRED funds increase exponentially namely reviewing the LRED policy and its guidelines, reviewing the LRED fund standard operating procedures, harmonising the working relations between committees, strengthening the working relation between various partners in economic development space, investing in the online LRED application platform and increasing the number and quality of information sharing sessions.

The department has strengthened its participation in Local and regional economic development governance structures. The department has been at the forefront of lobbying these structures to evolve from intervention to enablement. The department believes that these structures are an important variable in the success or lack thereof robust economic development.

The LRED Unit strongly believe that in face shrinking budgetary resources on one hand and the growing need of the LRED services, on another, leveraging resources with other partners is the solution. Information sharing sessions have been intensified, with 331 information and networking sessions held across the province. The LRED portfolio has also been piggybacking on the initiatives of other stakeholder to ensure that available support is known across the breadth and depth of the province. A new tool to ensure that projects are monitored and evaluated robustly has been adopted. These efforts help ensure that the state investment yields the desired results.

The online LRED application process, set to ensure that applications are processed swiftly is at the finalisation stage and set to be launched by July 2024.

Enterprise Development

The department has the mandate to develop policies, strategies, design suitable support programs, and the implementation is carried through the ECDC in the main as the provincial enterprise agency according to the ECDC Act no.2 of 1997. During the period under review the following achievements have been registered:

1. Cooperative development programmes:

The department has supported a total of 326 cooperative enterprises across the Province against a total of 200, and this was made possible due to the partnership with the strategic stakeholders, namely the ECDC, SEDA, CDBDA, DGRV, and sector departments (DFEE and DOSD). Most cooperatives are found in this space) manufacturing, services, and ocean economy (fisheries cooperatives).

As part of improving the functionality of the Eastern Cape Development Cooperative Centres, DEDEAT embarked on the Cooperative Centres support intervention drive. The Co-operative Development Centres were



established with the purpose of establishing and developing the co-operative sector. This initiative sought to troubleshoot the operational and strategic challenges while designing responsive and lasting interventions.

Through the partnership with the German Cooperative and Reiffesien Confederation (DGRV), the first phase of the of the intervention targeted sought to engage with key stakeholders with the intent to outline the intervention approach to be employed. The session was successfully held in Komani in March 2024. To establish an in-depth understanding of impeding operational and strategic shortcomings, the planned intervention will be amplified by explorative research in a form of a short-term expert. DEDEAT in collaboration with the Cooperative Banks Development Agency (CBDA) hosted the strategic planning sessions for the Kingdom and Imvelo Cooperative Financial Institutions in February 2024. The aims and objectives of such a session included Vision and Mission clarification, Assessment of Current States, Identification of Strategic Priorities and well as Setting Measurable Objectives in line with the long-term visions.

As part of operationalizing its Cooperatives Development mandate, DEDEAT hosted the EC CFI from strategic planning session that was held in Gqeberha in March 2024. The session sought to discuss the strategic impediments while designing interventions for the EC CFI Sector.

The planned strategic planning session was attended by the following institutions:

- - Sibuyile CFI : Nelson Mandela Bay municipality
- - Eastern Cape Farmers CFI : Buffalo City Metropolitan municipality
- - Imvelo CFI : Chris Hani and Joe Gqabi municipalities
- - Sibuyile CFI : Nelson Mandela Bay municipality
- - Hlathikhulu CFI : Alfred Nzo municipality

The outcomes of the session were as follows:

- Strengthen collaborations between local CFIs and relevant stakeholders
- Re-establishment of a new EC CFI Forum
- Adoption of EC CFI Forum Terms of Reference
- Identify key areas of operational and strategic interventions
- Craft and define a clear annual program of action.

DEDEAT in collaboration with the Cooperative Banks Development Agency (CBDA) hosted the Cooperative Banking workshops for public officials in Nelson Mandela Bay and Buffalo City Metropolitan Municipality in July 2023. This initiative was designed to capacitate public service officials on cooperatives to facilitate the much-needed support towards emerging Cooperative Financial Institutions in their municipalities. *The key outcomes of the training included a need to:*

- Understand the Cooperative Banking Institutions (CBIs) model particularly focusing on the definition of a CBI, co-operative principles, CBI values, CBI difference from other financial intermediaries, benefits of being a CBI member, common bond concepts as well as savings and credit concepts
- Understand the legislative framework for CBIs i.e., the co-operative banks act, co-operative act, national credit act and other key legislations
- Understand the CBI registration requirements, compliance issues, prudential standards, and operational requirements.

2. MSME Development

The department has hosted four district MSME summits as part of the implementation of the Provincial MSME strategy in the following districts Chris Hani, Joe Gqabi, Alfred Nzo and OR Tambo during the period under review. The objectives of these summits were to collaborate with strategic partners in strengthening the MSME ecosystem at local level and aligning with the District Model.

The department facilitated digital training with Microsoft. The session was held at the Vodacom Skills Centre in Lady Frere in Chris Hani District Municipality. The session sought to capacitate MSMEs on the use of technology and the internet to promote digital accessibility, especially those owned by women and the youth. Forty MSMEs were trained over two days. Through the business opportunities and access to markets workshops provided by the Regional Offices, the department held a session specifically for ex – military veterans in collaboration with

ECDC, SEDA, ECRDA and Chris Hani Development Agency in Sakhiziwe Local Municipality in Chris Han Region. In attendance were ex-military veterans from all the local municipalities.

The department participated in the Handover of Certificates to Military Veterans who received training in poultry and vegetable production. The military veterans received accredited training from AgriSETA through the assistance of the Office of the Premier. DEDEAT presented on the opportunities available to the military veterans. Several youths targeted MSME trainings were undertaken in the 2023/24 financial year. The department has collaborated with the National Youth Development Agency (NYDA), an agency focused on addressing challenges of the youth and promote youth development in the Eastern Cape Province. The 5-day training covers the following topics: *Life Skills*, ability to deal and tackle different challenges in life and learning how to cope with the pressures of being in business - *Start Your Business*, which includes assessing readiness to start a business; business plan; marketing plan; costing your business; staffing, buying, financial planning; start-up capital and starting your business; *Pitching*, mandatory session where participants make presentation on their businesses on the last day of the training.

Through the trainings young entrepreneurs were upskilled in all sectors of the economy, but predominantly, agriculture, services, and retail. The trainings have capacitated 223 young entrepreneurs in the region of Alfred Nzo DM and OR Tambo DM which are the most rural and underserved regions within the province.

Several sessions were held to capacitate and develop the youth by the regional offices during the youth month, the programmes include; Youth Empowerment Programme at Sakhisazana Village in Joe Gqabi DM; youth in business and career programmes in Sterkspruit LM, access to funding and market opportunities; youth indaba and youth awareness programmes in Elundini LM. Part of the department's responsibilities is to assist new and existing companies with company registrations, customer codes, password, BBBEE certificates and other related company matters. A total of 2015 companies were assisted with the services throughout the province, which exceeded the set target of 1296.

Micro and informal businesses were supported through the Informal Business Support Program (IBSP) that was administered by the ECDC. A total of 311 people has benefited and 208 are females, 45 youth and 2 are people with disability. The breakdown according to regions is as follows: Amathole and BCM= 41, Alfred Nzo =59, Chris Hani 41, Joe Gqabi 56, Nelson Mandela Bay and Sarah Baartman =31 and OR Tambo = 83.

Trade and Sector Development

Sustainable Energy

A core area of focus in respect to the sustainable energy sector is institutional support for the development of new energy generation projects in the Eastern Cape, to boost the economy and overall energy security while enhancing socio-economic outcomes.

The key platform through which the support is provided is the Provincial Infrastructure Steering Committee on Energy and Electricity, which is convened by DEDEAT in terms of the provincial governance model for infrastructure. The Energy and Electricity steering committee focuses on enabling large-scale, strategic energy and electricity infrastructure in the province. DEDEAT focused on the processes of setting up the committee, with the inception meeting held in May 2023. Subsequently, there have been ongoing monthly meetings. Through the committee, support has been provided, among others, to 293 Megawatts of new electricity generation projects currently at construction (Investment value of R6.1 billion); and 547 Megawatts of projects proceeding to construction in 2024/25 (Investment value of R13.7 billion). The committee has also supported the progress of Eskom Transmission Grid development, and Green Hydrogen projects and initiatives in the Province.

The Sustainable Energy team facilitated provincial participation in the development of the South African Renewable Energy Masterplan (SAREM). Furthermore, the team supported the SAREM information sharing session on the 30th of August hosted by the Department of Mineral Resources and Energy in partnership with Department of Trade, Industry and Competition and the Department of Science and Innovation. The SAREM aims to unlock the industrial and inclusive development of renewable energy and battery storage value chains in South Africa.

The Department has continued to support minigrid development for deep rural energy access. As a highlight, the Upper Blinkwater minigrid was selected as a 2023 Africa Power and Energy Elite project. The minigrid was one of four projects across Africa recognized under the smart solutions category. Furthermore, the German TV station ARD requested to film the Upper Blinkwater mini grid, which was successfully undertaken in July 2023 with the support of DEDEAT. With the support of DEDEAT, the United Nations Development Programme (UNDP) visited the Minigrid for the filming of a news feature. The feature was subsequent broadcast in November 2023. During the year, DEDEAT engaged with the Presidential Climate Commission (PCC) and Nelson Mandela University to share and provide input on renewable energy ownership models in the province. This contribution was included in the PCC report on the Social Ownership of Renewable Energy.

Noting the long-term nature of energy access projects, the department has continued to support the transition of the Upper Blinkwater Minigrid to full ownership and operations by the Raymond Mhlaba Municipality.

In respect to Green Hydrogen, the DEDEAT sustainable energy unit, together with representatives of the Northern and Western Cape, initiated the development of a Green Hydrogen Three Capes Memorandum of Understanding. Through this, the provinces worked on solidifying their commitment to establishing a conducive institutional framework and inter-provincial coordination to enhance localized renewable energy production. The MOU was finalized and signed by the respective Directors General during the October 2023 South African Green Hydrogen Summit (SAGHS).

The sustainable energy team has focused on Provincial Green Hydrogen Capacity development. For example, together with GIZ and Green Hydrogen SA, DEDEAT co-hosted a Green Hydrogen Capacity Building, Policy Regulatory Framework Workshop in May 2023, a provincial Green Hydrogen Value Chains workshop in November 2023, and a kick-off workshop in February 2023 (online) for a Green Hydrogen Opportunities and Challenges study in the Province.

The sustainable energy team appointed the Council for Scientific and Industrial Research to conduct a process of capacity support and mapping of regulatory and institutional considerations in respect to green hydrogen and PtX pathways in the EC. This culminated in a February 2023 workshop on the regulatory and institutional framework for advancing the efficient and effective development of Green Hydrogen in the Eastern Cape, as well as a decision-making resource document.

Manufacturing

The largest contributor to the EC provincial economy is fundamentally the automotive and general manufacturing sectors. The department through the manufacturing sub-programme supports these sectors through sector-specific interventions namely: The industrial Cluster Development Programme which includes the Non-Automotive Manufacturing (NAM) Cluster, Production Technologies South Africa (PtSA), and the Eastern Cape Automotive Industry Forum (ECAIF). These special purpose vehicles develop and implement critical intervention projects to enhance the growth and competitiveness of these sectors. Some key highlights for the financial year include:

- The NAM Cluster formulated a 3-year strategic plan that sought to (1) allow the NAM Cluster to improve its financial sustainability and lessen its reliance on the state for funding; (2) allow NAM Cluster to remain true to its strategic pillars and values as it implements its plans and programmes, and (3) allow the NAM Cluster to take a prime position as an inclusive industrial sector.
- The NAM Cluster secured R3.4mn from SEDA for establishing a Hemp and Cannabis Cluster in the Eastern Cape and secured an additional R750 000 from ECDC towards the same project.
- The cluster continued its collaborative relationship with CSIR and their Regional Innovation Support Platform (Innovate Dimbaza) into the 2nd year with a R850 000 budget and the cluster is in a strategic discussion to secure a catalytic biofuel refinery and green energy project investor for the Dimbaza Industrial Park worth more than \$1bn and potentially up to \$2bn.
- In terms of PtSA, the cluster has onboarding additional 3 students through intervention from ECDC bringing the total students in the artisan programme to 16.
- The PtSA EC Trade Test Centre conducted its first tests in January 2024. Since then, 4 candidates were tested of which 3 candidates successfully passed their trade test. This is an immense achievement, and these 3 candidates are adding value to the local Tooling Industry as well as the local



economy as qualified Toolmakers. At the time of this report, another 8 candidates are scheduled to undergo their trade test at the PtSA EC Trade Test Centre in the new financial year.

- Additionally, PtSA EC has announced that they are now offering Toolmaker part qualification short courses to the tooling and manufacturing industries. The first industry members have signed up and will start their courses in the new financial year.

In terms of the automotive sector development, AIDC EC has made significant strides to support the transition of the sector towards new energy vehicles (hybrids, fully electric vehicles). AIDC EC is currently finalising the Electric Vehicle provincial strategy on behalf of the province and will be launching EV charging stations in Komani, Makhanda, Mthatha, Khowa, Maletswai, East London, eQonce, Willowmore, Stormsriver, and Cookhouse in the new financial year.

The manufacturing sub-programme provides support to manufacturing companies in the province through a 24-hr help desk known as the Manufacturing Support Centre (MSC). The programme managed to provide non-financial support to 34 companies impacting a collective 375 jobs. Linked to this programme is the financial instrument known as the Job Stimulus Fund. For the financial year, a total of R 11,996 million was disbursed to 44 companies saving 1221 jobs.

The revitalisation of the Eastern Cape Province's numerous state-owned industrial parks remains a key priority for the province. These are seen to be key in ensuring the industrial integration of key economic hubs in the province. The manufacturing unit is providing support to Fort Jackson, Komani (Queendustria and Ezibeleni), Vulindlela, Dimbaza, and Butterworth Industrial parks through masterplan development – deemed the blueprint for each park in terms of their comparative and competitive advantages and development plan in the future. For this financial year, Butterworth IP- and Fort Jackson IP Masterplan development projects were completed and Dimbaza- and Somerset IP projects will be concluded in the new financial year. In terms of infrastructure development, over R 500 million has been invested to date in these parks for infrastructure upgrades, 796 construction jobs were created, and supported 96 MSMEs. Through these interventions, more than 5000 jobs are maintained in these industrial parks.

Agro processing

The Eastern Cape province has significant potential for agro-industrial development due to its abundant land and favourable climate. However, the province primarily engages in primary activities with limited value addition. To address this, the Department is coordinating agro-processing development initiatives to enhance the entire agro-industry value chain. Key activities include convening forums, collaborating with private and public sector, implementing enterprise support programs and provision of support to Agro Industry development initiatives. Stakeholder engagement is crucial, with involvement from various committees and institutions. Assessments of LRED funded agro processors were conducted and it revealed challenges such as compliance issues, loadshedding, branding & packaging, and limited capacity (i.e. skills, infrastructure, branding etc). Key initiatives implemented and supported in the 2023/24 Financial year are summarised below.

Agro Industry Development Forum coordination

The department coordinated the Agro Industry Development Forum towards ensuring programme alignment and integration with provincial stakeholders in support of the Agro Industry value chain,

Cluster Coordination and management

Support provided to the Border Kei Chamber of Business in the sittings of the Agriculture and Agro processing Cluster which contributes towards the establishment of the Agro Industrial Manufacturing Cluster.

Support to Agro processing initiatives

Institutional support has been provided to Agro processing initiatives, and these include the Eastern Seaboard Development Programme support, Government Procurement Programme of Agricultural Products, Agro Processing Incentive awareness workshop, Poultry Value Chain Round Table Discussion, Wild Coast Industrial

Park, MSME summit, Oceans Economy programme, Biofuel Initiative, Food & nutrition security programme, Eastern Cape-World Bank Group collaboration *etc.*

The support provided is crucial for unlocking the Agro Industry value chain, fostering local economic development, and addressing challenges faced by provincial agro processors, such as market access, funding availability, and programme integration. The department remains committed to supporting agro-processing projects and disseminating funding opportunities. Overall, there is a concerted effort to promote agro-processing and industry development within the province.

Investment Promotion

Departmental activities in promoting trade and investment are not immune to external factors such as the country's geopolitics, policy uncertainty, and domestic challenges. Departmental activities focused on strengthening the coordination of key stakeholders along the investment promotion value chain, providing support to key trade and investment promotion, and reviewing the provincial economic development strategy, which underpins the work done by the department under trade and sector development. The global economy faces myriad challenges that directly impact the global flow of investments. On the domestic front, the province had to navigate several issues, such as the constant challenges faced by our provincial ports and the continued impact of load shedding delay in finalising key policies, such as the electronic vehicles policy. South Africa recently unveiled a new country investment strategy focusing on recovery efforts and leveraging the potential of key sectors, strengthening the investment promotion value chain and stakeholder ecosystem. The key highlights in the trade and investment promotion for the province were the following:

- The 3rd instalment of the Provincial Investment Conference, the province attracted new investment pledges with a total value of R127 billion. These include investment pledges by Hive, Thsedza pictures (Gqeberha season 2), Thezilanga and Stellantis;
- The total value of investment pledges in the last instalment of the South Africa Investment conference amounted to R110 billion (direct s-single province investment); and
- The three provincial investment promotion agencies attracted a total of R2.4 billion in investment into the province and exceeded the collective target of R1.3 billion

Strengthening the coordination in investment promotion

Practical implementation of the provincial investment coordination framework through convening the provincial trade and investment promotion forum, a feeder structure to the provincial investment council technical workstream. The department's work is centred on monitoring investment commitments made at the provincial investment conference, maintaining the investment pipeline and monitoring the conducive investment environment of the province.

Support to provincial trade and investment initiatives.

Working with key stakeholders in the provincial investment promotion ecosystem, the department supported the 3rd instalment of the provincial investment conference, Office of the Premier activities on trade and investment promotion, ongoing support to Eastern Seaboard Development and other stakeholder-driven initiatives.

Review of the Provincial Economic Development Strategy

The province needed to consider new economic developments that have arisen since the adoption of the strategy and emerging trends that are currently impacting the provincial economy. This, therefore, requires the province to act in a coordinated, agile, and efficient manner that responds to youth unemployment, infrastructure challenges, and low levels of growth in key economic sectors.

The 2023 Provincial Economic Development Strategy (PEDS) seeks to facilitate this process and create a springboard for future economic growth and recovery. It will act as a strategic economic planning policy for the Eastern Cape Provincial Government as well as all provincial departments.

PEDS High Priority Sectors



Business Regulation and Governance

The Business Regulation and Governance (BRAG) sub-directorate has been called in to play a critical role of ensuring that there is robust regulatory system in the province. The number of reported transgressions by business in general and foreign owned business has led the sub-sub directorate to partner with a few regulators and other stakeholder in conducting business compliance inspections. A series of business compliance inspections were carried out throughout the year. The purpose of these operations was to tackle illegal and illicit trade targeting amongst others Hardware stores, Grocery and Food outlets and supermarkets. Involved in the inspections were the South African Police Service (SAPS), Municipal Environmental Health Services (EHS), National Credit Regulator (NCR), National Regulator for Compulsory Specifications (NRCS), and the South African Revenue Services (SARS).

Business Regulation Services (BRS) is responsible for sittings of the Eastern Cape Liquor Board [ECLB] Panel of Appeals, for reviews on the appeals by applicants for non-awarding of Liquor Trading Licences. During the FY 2023/24, BRS has facilitated sixteen (16) sittings and the rulings for the matters heard were forwarded to both the appellants and ECLB for implementation.

Office of the Consumer Protector

The Eastern Cape Office of the Consumer Protector (OCP) which falls under the BRAG portfolio, is mandated in terms of Section 8 (1) of the Eastern Cape Consumer Protection Act No.3 of 2018 which is aligned with the national legislation, the Consumer Protection Act No.68 of 2008 to facilitate the mediation or conciliation of a dispute arising in terms of this Act between or among persons resident, or carrying on business exclusively within that Province.

The Office of the Consumer Protector is a member of the Consumer Compliance Committee with the purpose of ensuring uniformity on best practices on resolving complaints, complaint trends and dealing with consumer related matters

The Eastern Cape Consumer Protection Act extends the mandate of the OCP to receiving and investigating consumer complaints regarding the Act and initiating an investigation into suspected prohibited conduct which may adversely affect the wellbeing of the consumers in the province that includes and is not limited to transgressions of consumers right to fair value good quality and safety. Counterfeit, illicit and expired goods are a huge challenge in our country and are detrimental to the safety of vulnerable consumers and the economy of the Republic of South Africa. Counterfeit goods drain the global economy, jeopardises innovation investment, undermines legitimate business and poses risks to consumers health and safety.

There are systems in place where complaints can be logged. Amongst the systems the share call number is the most effective method and user friendly. The Electronic Case Management system assists the office in detecting consumer complaint trends, rate of resolved complaints and money saved.



During the reporting year, all 6 Education and awareness Programmes were conducted.

Economic Planning and Research

Economic research and planning sub-programme has a key responsibility for facilitating economic policy, planning and research activities within the department. To be able to fulfil this mandate, the subprogramme publishes quarterly economic reviews and outlook. In the past financial year, four economic reviews and outlook were produced as targeted. These publications each provided up to date global economic developments and how these shape national and provincial economic socio-economic indicators including headline inflation, gross domestic product, and labour market shifts quarter on quarter. It is anticipated that these intelligence reports will serve as an analytical base from which provincial economic development policies, strategies and interventions can be developed and informed decisions made.

Tourism Development

The department in partnership with the Department of Education and the ECPTA, supported the participation of 30 learners and 3 educators in tourism, hospitality and consumer studies at the National Tourism Careers Expo 2023 held at NASREC Expo Centre from 29 September to 01 October 2023. The support was in the form of accommodation and transport arrangements. The learners did their best to represent the province and as a result, in the Consumer Studies competition, the learner from the Buffalo City Metropolitan Municipality district (as per the demarcation of the Department of Education), was the 2nd runner-up and was awarded with a tablet as a prize.

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

- a. The turnkey solution for Phase Two development of hunter facilities (abattoir) at Double Drift - Brakfontein Community Nature Reserve
- b. Hluleka Nature Reserve: Construction of 4 new chalets and viewing deck.
- c. Silaka Nature Reserve: Construction of new swimming pool, multi-purpose curio shop and viewing deck.
- d. Mkhambathi Nature Reserve: Upgrades and alterations to administration block and water reticulation system.
- e. Cape Morgan Nature Reserve: The guardhouse as the last component of security features. A service provider has been appointed for maintenance of the conference centre. This will enable the facility to operate.

On destination marketing, the ECPTA partnered with various major events including the Professional Golfers Association Championship at St Francis Links held in September 2023, which attracted about 7 000 visitors, contributed to an estimated R1,5 million to local procurement and created 133 job opportunities. The Berlin November held in November 2023 created about 120 jobs opportunities.

The Domestic Tourism Marketing campaigns to stimulate domestic tourism included the launch of the Winter Campaign at Resthaven Guest House in Matatiele and the Tourism Month launch held at Fort Fordyce Nature Reserve on 1 September 2023. The Summer Season event was held at the Wavecrest Hotel in December 2023.

There were serious challenges encountered with achieving revenue collection targets within the nature reserves. The natural disasters such as floods have caused havoc to the extent that infrastructure such as rural roads and bridges were washed away in certain parts of the province specifically affecting the eastern side of the province. This meant that tourists had to cancel their accommodation bookings. A request for funding has been submitted to rebuild the bridge at Hluleka.

In the case of the Six-Day Hiking Trail, there were issues raised by community members in places such as Mpande and Mngazana (regarding the construction of hikers' huts) that have delayed the projects. Conflict resolution mechanisms have been used, as a result the projects that were on hold have since resumed. At Nduli-Luchaba, the projects are on hold. This involves the Contract Planning, Design, Administration, Construction Monitoring and Project Management for Environmental Education and Information Centre at Luchaba Nature Reserve. This has been escalated to the Executive Authority and a mechanism to resolve this has been initiated.



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. At Cape Morgan, the process had to be re-started since the initial bids submitted were not cost effective and sustainable. This has since been resolved with the appointment of a new service provider. The concession for Baviaanskloof World Heritage Site which includes a Conference centre, restaurant and curio shop are under consideration.

Strategy to overcome areas of underperformance

On qualifying economic development projects funded at local and regional levels, the department will strengthen working relations with other stakeholders who can assist applicants develop credible business plans as well as legitimate and complete applications. The number of information sharing sessions would be increased to expand the reach of the fund. Internally, the LRED policy has been reviewed, LRED guidelines amended to suit the revised policy, harmonizing the working relations of committees, increase the supporting role of regions in documents collection and submissions.

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 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	2023/2024			2022/2023		
		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	308,065	296,622	11,443	159,428	153,212	6,216
2	TRADE AND SECTOR DEVELOPMENT	829,565	827,845	1,720	437,942	436,872	1,070
3	BUSINESS REGULATION & GOVERNANCE	189,462	188,829	633	162,089	161,296	793
4	ECONOMIC PLANNING	6,276	6,275	1	5,876	5,812	64
5	TOURISM	16,224	16,110	114	12,389	12,053	336
	TOTAL	1,349,592	1,335,681	13,911	777,724	769,245	8,479

Compensation of Employees

Underspending resulted from DPSA's Circular 49 of 2023 dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was then suspended. This resulted in the reprioritization of the savings realized in compensation of employees as per the approved Annual Recruitment Plan that led to delays in the filling of vacant posts.

Goods and Services

The Department had scheduled to host Micro Small Medium Enterprises summit at Sarah Baartman and Buffalo City. However, due to the non-availability of the main stakeholders and other commitments by the district municipalities, the planned Micro Small Medium Enterprise summit had to be cancelled. The Power Producer Support and Foreign Direct Investment Projects could not be paid for due to bank verification challenges. The under-expenditure on travel and subsistence was due to the implementation of the cost containment measures as directed by National Treasury during the mid-term budget adjustment.

Transfers & Subsidies:

The quality of the business plans for LRED projects that were submitted for funding was poor. The due diligence process found some applications non-compliant with the policy and departmental internal compliance processes. The above led to the underspending on the transfer to private and public institutions.



CYNTHIA NONG
Chief Director – 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 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement for 2023/2024
1	Improved air quality	Climate change projects implemented	Number of climate change response interventions implemented	-	1	1	1	N/A
2		Atmospheric Emission Licenses	Percentage of complete Atmospheric Emission Licenses issued within legislated time frames	100%	0%	100%	100%	N/A
3	Protected area management effectiveness	Compliance inspections conducted	Number of compliance inspections conducted	49	111	91	106	+15 ⁸
4		Compliance notices issued	Number of administrative enforcement notices issued for non-compliance with environmental management legislation	94	75	75	57	-18 ⁹
5		Compliance notices issued	Number of completed criminal investigations handed to the NPA for prosecution	74	63	53	73	+20 ¹⁰
6		Records of Decision (Environmental authorisations issued)	Percentage of complete Environmental Impact Assessment (EIA) applications finalized within legislated timeframes	98%	100%	100%	100%	N/A

⁸ There were more hunting permits issued than initially planned, which necessitated the need to conduct more compliance inspections.

⁹ The need for administrative action is demand driven, it is difficult to predict the nature of environmental crime that requires administrative action.

¹⁰ 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: Environmental Affairs								
#	Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement for 2023/2024
7	More waste recycled	Waste licenses	Percentage of complete waste licence applications finalised within legislated timeframes	100%	100%	100%	100%	N/A
8	Thriving biodiversity economy		Number of legislative tools developed	2	2	1	2	+1 ¹¹
9			Number of inter-governmental sector programmes implemented	1	1	1	1	N/A
10			Number of environmental research projects completed	0	1	0	1	+1 ¹²
11			Number of functional environmental information management systems maintained	0	0	1	1	N/A
12	Biodiversity permits		Percentage of complete biodiversity management permits issued within legislated timeframes	1087	80%	80%	93%	+13% ¹³
13		Work opportunities created through	Number of work opportunities created through	712	435	593	879	+286 ¹⁴

¹¹ The Hunting Proclamation for 2023/24 was published/Gazetted during the financial year in Q2. However, to be more efficient, the department decided to publish the Hunting Proclamation for 2024/25 in advance before the beginning of the new financial year.

¹² Overperformance was attributed to strategic leadership that promoted active collaborations. This led to new opportunities, and exposure, and more study related connections who willingly shared their expertise, resulting in more work being done in less time.

¹³ This target is demand driven. Permits were issued as per applications that were received and processed.

¹⁴ The Mquma LM project with 239 work opportunities was awarded in the previous financial year but only commenced operation in the 2023/24 financial year. The Raymond Mhlaba LM & Elundini LM projects created more work opportunities by 47. The appointment of participants paid at a lower rate to replace data capturers who left for greener pastures and utilization of savings made from procurement of protective equipment and working tools in order to employ additional participants contributed to the increased work opportunities.

#	Programme/Sub-programme: Environmental Affairs							
	Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement for 2023/2024
14		environmental programmes	environmental public employment programmes					
		Environmental awareness activities conducted	Number of environmental awareness activities conducted	27	25	24	26	+2 ¹⁵
15		Environmental capacity building	Number of environmental capacity building activities conducted	26	25	24	24	N/A

¹⁵ Two additional environmental awareness campaigns on "effect of climate change on our daily lives" and "stop keeping wild animals in captivity" were undertaken in response to a need identified in the Joe Gqabi District Municipality.

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

In the 2023/24 financial year, the Department conducted two (2) environmental research projects. The first project was titled "Evaluating perceptions of stakeholders on the co-management on small-scale fisheries in the Wild Coast of South Africa". The project commenced in 2022 and has been completed in the 2023/24 financial year. It was aimed at developing a baseline for managing conflicts among stakeholders in the fisheries industry. The context of the study was based on the Ecosystem-based Approach to fisheries management (EAF), a framework that strives to balance diverse societal objectives, by taking account of the knowledge and uncertainties about biotic, abiotic and human components of ecosystems and their interactions, and applying an integrated approach to fisheries within ecologically meaningful boundaries. The study sites were Xolobeni, Lambasi, Port St John's, Coffee Bay and Dwesa Cwebe, where conflicts have been rampant. Findings from the study revealed that co-management of small-scale fisheries was a practical possibility in the management of resources on the Wild Coast and that communication using the local language of the affected communities would be an important consideration when starting a co-management process. In addition, investing in organisational capacity among fisheries stakeholders at local and regional level should be another important aspect that must be thought over and implemented. This would entail capacitating the fisheries scientists to provide scientific advice to the fisheries management, while enhancing the communities' practical skills on improved fishing techniques. Since government cannot meet all the basic needs of community livelihoods in the Wild Coast, an integrated resource management strategy was proposed, where in DFFE, the lead government agent would form linkages with other government departments and interested relevant parties. Finally, embracing a sustainable livelihood approach was recommended for tackling many social challenges, such as illiteracy, unemployment, and poverty, thereby contributing to addressing challenges associated with fishing access rights. These findings and recommendations will have a far-reaching end in addressing the conflict between the resource users and the government across many spheres in the country, and can be adapted and adopted by environmental practitioners, scientists and policy makers, to be used as a tool and guide in resolving conflicts that come because of over exploitation of natural resources.

Findings were presented at the Human Frontier Science Program Awardees Meeting, which was hosted by the National Research Foundation and the Medical Research Council, in Cape Town, in December 2023. The project also formed part of a Master of Business Administration (MBA) degree, which was awarded by Rhodes University in April 2024.

The 2nd project is a multi-year, interdisciplinary review of the Eastern Cape State of Environment Report, wherein environmental scientists in the department are reviewing the state of air, coast, waste and that of freshwater in the Eastern Cape Province. The current Eastern Cape State of Environment report was last reviewed in 2010, hence the need for a review. In this project the department is collaborating with the ECPTA, for "the state of fauna and flora", DRDAR, for "the state of land-use and WESSA, on overlapping areas of work such as the collection and sharing of citizen science data that emerges from the implementation of the Green Coast Award at various sites in the Eastern Cape. The State of Environment Report is intended to provide credible, timely, and easily accessible information regarding the condition of the environment to decision-makers and the public. The report is required as per Chapter 2, Section 24, of SA's Constitution and Section 31 (a) of the National Environmental Management Act (No 107 of 1998). Furthermore, it contributes to the National Environmental Outlook Report in accordance with Sub section 4 of 16A of the National Environmental Laws Second Amendment Act (No 30 of 2013). The project commenced in 2023, and it will be completed in 2025. Proposals have been compiled, presented to relevant intra-departmental structures and have received final approval to commence. Furthermore, literature review has been conducted, gap analysis completed, and data is being collected. The first annual research progress report on this project will be presented in June 2024.



In line with the Occupation Specific Dispensation (OSD) for Scientists and as dictated in the Natural Scientific professions Act 27 of 2003, scientists met the requirements of continuing professional development by attending the Spring School for Postgraduate Students and Researchers which focused on research proposal writing, research design and methodology, thesis writing, publish papers, grant application writing, mentorship and postgraduate supervision and career management as offered by Layla Cassim ERS Consultants CC, in November 2023. The scientists also represented the department at the Air Quality Governance Lekgotla and the annual conference of the National Association for Clean Air, in Polokwane, and at the Waste Management Africa Summit, in Johannesburg, in July 2023. To capacitate research management and innovation in the department, the Scientific Manager attended and participated at the Southern African Research and Innovation Management Association (SARIMA) Conference, held in Johannesburg, in October 2023. Other key highlights for the year included, 1) One scientist participated in an exchange program focusing on organisational behaviour, which was organised by Rhodes University and the Governors State University in Chicago. 2) One scientist was a reviewer at a DHET accredited scientific journal, Journal of Medicinal Plants for Economic Development, which is dedicated to the dissemination of research information on the use of plants and plant products for economic and social development, especially in the developing world. 3) Another scientist was selected to form part of the National Jury for assessment of the Green Coast Awards Applications, which is aimed at actively promoting and protecting less developed beaches with high biodiversity and/ cultural value.

Compliance and enforcement

The difficulty with proactive planning, including operations within the Directorate of Compliance and Enforcement (D:C&E) remains seriously constrained consequent to under provisioned operational budget from which resources are derived. It is evident when considering the D:C&E operations budget which fluctuates significantly from reporting period to reporting period. (For the 2020/21 financial year R3,6 million, 2021/2022 financial year R0,8 million, 2022/2023 financial year R0,7 million and 2023/2024 financial year R2,4 million. The projection for the 2024/2025 financial year is an operational budget of R1,6 million.) During the reporting period operations almost ceased. This has had a profound effect on the D:C&E especially where collaborative relationships were depended on to achieve its required output. The unit, however, continued to enforce the department's environmental mandate to ensure compliance with environmental legislation, but the focus areas became more centralized around regional Offices where travel could be facilitated. The D:C&E also 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 prioritized but efforts to fill posts were unsuccessful with the exception of the Director: Compliance and Enforcement post which was advertised and successfully filled. (Of the 46 posts on the establishment the 14 vacancies represent 30% of the D:C&E establishment.) The filling of the posts will go a long way to resource the departmental environmental enforcement mandate.

Some of the more high-profile successful cases include:

- The prosecution of a suspect sentenced to 13 years and is in jail for theft and National Environmental Management: Biodiversity Act, 2004 related charges in respect of poaching cycads.
- The prosecution of a suspect who was fined R300 000 of which R200 000 was suspended for 5 years and the forfeiture of 520 cycads that were the subject of the matter handed over the South African Biodiversity Institute.

There are several precedent cases that were investigated and will be prosecuted in the new financial year where the National Prosecution Authority has issued certificates permitting the cases to be prosecuted as racketeering matters. Effort has continued to be put into compliance monitoring of landfill sites as it has been regarded as a priority not only in the D:C&E but also in the Portfolio Committee.

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. The continued operations have only been able to be attended consequent to funding from other government Departments. Honorary Nature Conservation Officers have continued to promote and provide for compliance with environmental legislation.

The D:C&E SIU component which includes operational Head Office staff will continue to work on and investigate organized environmental crime syndicates that seek to plunder rare and endangered species. The reported

cases emanate from this Unit. The attrition of experienced law enforcement personnel, (law enforcers, SAPS members and the National Prosecuting Authority continued to adversely impact output.) Reduced rhino poaching experienced in the province has been a direct result of collaborative relationships during the reporting period. (Rhino poaching is up and remains a threat into the species conservation throughout South Africa.) The D:C&E was able to provide assistance with the translocation of several rhino to contribute to the establishment of founder populations in the Eastern Cape and further afield.

Against this backdrop the Directorate: Compliance and Enforcement has been able to exceed 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 18.

Environmental Quality Management

Environmental Impact Management (EIM)

In the year 2023/24, 98 Environmental Authorisations were issued within legislated timeframes and 3 refusal notices were issued during the same period. A total of 35 applications were either withdrawn or closed due insufficient information or at the instance of the applicant. The average turnaround timeframe for Basic Assessment process was 88 days and that of the Scoping/Environmental Impact Assessment Reporting was 72 days, for both processes the legislated timeframe is 107 days. There is therefore an improvement from the previous year in terms of finalising all applications (100%) within the legislated timeframe and average turnaround time. With the number of granted authorisations there are 2576 estimated potential job opportunities that are likely to be created. It is also important to note that not all potential job opportunities were reported as the requirement to report on such opportunities only became mandatory for applicants in the middle of the reporting financial year. With the approved applications there is a probable amount of more than R750 billion. Notwithstanding the above, however, cognisance should be taken that implementation, and realization is not dependent on DEDEAT.

In addition, 11 appeals were finalised during the year and none of them have been taken on judicial review at the time of recording the information which indicates sound recommendations and subsequent decision making. The Unit together with the Sustainable Energy Section of DEDEAT conducted a workshop/training on applicable legislative requirements for Green Hydrogen in preparation for Environmental Authorisation applications in this sector. This was subsequent to a Green Hydrogen Conference attended by DEDEAT Group representatives in Cape Town where a Memorandum of Agreement on Green Hydrogen was signed between Eastern Cape, Western Cape and Northern Cape. The Unit also attended International Association of Impact Assessors South Africa in Mpumalanga. The Unit also managed to convene all 4 EIM Forum meetings (1 per quarter) and the EQM Technical Committee meetings (1 per quarter) in line with the OPS Pan target. The section also gave an EIA presentation to the Intergovernmental Relations Forum to capacitate local government leadership and senior management on the process and applicable legislation.

Climate Change

The sub-directorate hosted its first ever Provincial Climate Change Dialogue in the last quarter of the financial year. It was held in Mthatha, OR Tambo District Municipality, over a period of two days. This event was aimed at:

- Fostering conversations that will lead to practical implementable Climate Change resilience and adaptation strategies across the province of the Eastern Cape; &
- To find actionable solutions that all stakeholders can adopt towards their contribution towards the larger need for the reduction of the impacts associated with Climate change.

The dialogue achieved this by bringing together all stakeholders to facilitate a unified alignment & understanding with the Climate Change Bill; Clearly defining each stakeholders' Roles & Responsibilities towards Climate Change (CC) resilience & adaptation; and Facilitating knowledge sharing & dissemination of all Climate Change activities & initiatives being implemented by all stakeholders across the Province.

The first day entailed a field excursion to the Coffee Bay area to view sites that were impacted by CC. These included the Nenga Estuary; Access road wherein a low bridge was washed away leading into the estuary; the coastline of the coffee bay area to view areas affected by coastal inundation and the Tyelinzima School premises that was washed away after a severe storm surge event that left the buildings destroyed.

The second day of the dialogue contained the engagements whereby there were four thematic panel discussions with various speakers. The panel were:

1. What the Science Says about Climate Change.
2. Climate Finance & Support
3. Socio economic Impacts of Climate Change; &
4. Governance: Roles & Responsibilities of CC.

Key outcomes of the Dialogue were that:

- Sector department's need to mainstream CC into their policies and have plans in place to respond.
- CC is not only an environmental function but an intergovernmental response action.
- Financing mechanisms exist for all spheres of government and can be accessed by all. However, business cases need to be strong enough to make an impactful response on the ground.

It is anticipated that the dialogue will be an annual event to build on and progress on Climate Change Response in the province.

The sub-directorate is part of various adaptation programmes that are being implemented in the province. These are:

South African National Biodiversity Institute (SANBI) Green Climate Fund (GCF), Ecosystem Based Adaptation (EBA) project. This project brings in approaches for transforming smallholder farming systems that are vulnerable to the impacts of Climate Change in South Africa. The project period is from 2023 - 2026 and is conducted in the Umzimvubu river catchment area. Currently the project is at the feasibility stage wherein specific farming communities for implementation are being identified. This is due to the vast area the catchment covers.

- Pegasys Ecosystem-Disaster Risk Reduction (DRR) project which aims to scale up ecosystem-based approaches to managing climate intensified disaster risks in vulnerable regions of SA. This is to be done through ecological and built infrastructure development to reduce the impacts of flooding and droughts supporting sustainable livelihoods options; &
- Supporting policy, planning and knowledge management mechanisms.

Currently the project is at the site selection phase and a feasibility assessment is being conducted by the organization, Pegasys.

SANBI inter-provincial (Northern Cape, Western Cape, Eastern Cape & North West) Implementation of Nature-based Solutions for Groundwater Recharge to improve water security in vulnerable climate regions of South Africa. This project seeks to utilize ground water to distribute water to communities facing water shortages and droughts in the aforementioned provinces. The proposal has been submitted to SANBI for consideration.

As part of the sub-directorate's coordination role, Climate Change response has also been through various workshops that have been conducted in the province. These included:

- DFFE Local Government Support Roadshow on capacitating Local Municipalities on Climate Finance and project proposal compilation.
- DFFE CC Gender Action Plan Roadshow;
- DFFE Council for Scientific & Industrial Research (CSIR) Workshop on Implementation of the CC Bill.
- Department of Health Workshop on mainstreaming CC in the Health sector; &
- DFFE Climate Change Mitigation System tools- greenhouse gas Inventory compilation

The Department is also piloting a 5 costed business plan programme in the OR Tambo District Municipality. The aim of this intervention is to develop implementable and costed business cases, which are designed with local communities. The programme is meant to focus on those projects with co-benefits for Climate Change and the Environmental Function.

Analysis of OR Tambo District and its associated Municipalities (Mhlonto, Nquaza Hill, Nyandeni, King Sabata Dalindyebo (KSD) and Port St Johns (PSJ) Municipalities are particularly vulnerable to the impacts of climate change in a number of sectors and areas. Compounding this matter is that the population has an inherent socio economically vulnerability due to the sheer number of households. Socio economic vulnerability is influenced by factors such as household composition (female headed households, age of inhabitants) education, health, access to basic services and safety & security. The ranking of municipalities Vulnerability Index by the CSIR's Green Book indicates that KSD ranks the best at 163 out of 213 Municipalities while PSJ ranks the worst of the district municipalities at 208.

Climate Change is going to impact the region. Indications are that under a low emission scenario average temperature will rise by between 1.42°C and 2.06°C. While under the high emission scenario of business-as-usual scenario temperatures will rise by even more, approximately 1.82°C. Very hot days i.e. days above 35°C will increase by between 4 and 5 days per year. The significance of this is that the body is not able to manage body temperature above this temperature and any physical exertion may lead to bodily harm and even death. Having said that this impact is low in relation to this impact in other municipalities in the country.

Currently the region enjoys good precipitation with rainfall varying from an average 1284mm in Mhlonto to an average of 1988mm in Port St Johns. Climate Change is expected to change the volume and characteristics of the rainfall in the region. In the low emissions scenario rainfall is expected to increase from between 8 to 208 mm in the north while the coastal municipalities can expect increase of between 46 and 289 mm and this is higher in the worst-case scenario. The nature of how rainfall will fall is also expected to change. Extreme rainfall days i.e. days in which more than 20mm fall over a 24-hour period on an 8 by 8km grid is expected to increase by between 1.6 and 4.5 days in the inland regions which increase to an average of 5.1 for the coastal municipalities. These type of rainfall events are associated with flood events.

It is against this background that the Department embarked on a Climate Change Project for the next five years. This project will for the next five years focus solely on OR Tambo District to build resilience and reduce carbon emissions as it is believed that this District is vulnerable to the impacts of climate change.

The expected outcomes of this first year are a situational analysis; costed theory of change; and business cases inclusive of education plans and the update of OR Tambo section of the Wild Coast EMP.

Air Quality

The unit has oversight responsibility over the performance of Local Authorities in the provision of air quality services. The primary areas of responsibility include the provision of Atmospheric Emission Licenses, reviewing annual emission reports and the operation of Air Quality Monitoring stations.

Four Air Quality Monitoring Stations are monitored. The stations measure and report on the following criteria pollutants, sulphur dioxide, nitrogen dioxide, particle matter smaller than 10 and 2.5 microns, ozone and carbon monoxide. Stations are required to have a 75% data availability, Only one station managed to meet this requirement. There was however no exceedences of the National standards for any of the criteria pollutants.

Waste Management

The Pollution and Waste Management Unit has a responsibility to coordinate waste management functions with local authorities, by regulating and controlling pollution from waste activities generated by the industry and other stakeholders as well as facilitating waste-related projects within communities to derive social and environmental beneficiation from waste.

Various activities such as site inspections to monitor the environmental performance of licensed waste facilities, strengthening of cooperative governance, and technical support to proposed waste activities were conducted



throughout the various regions of the Eastern Cape. A total of twenty - seven (27) (17 landfill sites, and 10 waste minimization facilities) performance audits were conducted in the province, and the level of compliance varied at different facilities. In addition, the South African Waste Information System (SAWIS) facility audits were conducted to verify and confirm the accuracy and authenticity of the waste data submitted by registered waste facility owners.

The continuous support to both public and private is provided through advisory services offered at different Departmental offices. The DEDEAT, in collaboration with the National Cleaner Production Centre (NCPC) organized the launch of the Industrial Symbiosis Programme (ISP) for the Eastern Cape. The IS Programme promotes the exchange of one's company's residual resources (materials, energy, water, waste, assets, logistics, etc.) with another that can be of use to them to realize business opportunities or synergies. In addition, other facilities were engaged and visited on their request on issues of waste management and were advised on the best practices and processes to follow when dealing with waste-related activities. Activities in programs such as The Recycling Enterprise Support Programme (RESP) with beneficiaries in Butterworth and Buffalo City Metro; and the Greenest Municipality Awards (GMA), intended to promote sustainable development through waste services were undertaken during the year. Municipalities were also supported with their MIG applications for the purchase of specialized waste vehicles as a result Senqu, Port St Johns, and Great Kei Local Municipalities (LMs) were among the batch of municipalities that received the yellow fleet to extend the waste management service to un-serviced areas and improve operations at the landfill sites.

Under the licensing and registration function, two new waste management licenses (WML) and three variation licenses for the extension of the validity period were granted, and six (6) registration certificates were issued. Furthermore, four Integrated Waste Management Plans (IWMPs) for Buffalo City, Amahlathi, Port St Johns and Sakhisizwe LMs were endorsed by the MEC in terms of NEM: Waste Act (as amended), and a further 12 municipalities are still reviewing their IWMPs.

In collaboration with DFFE the sub-program is also co-ordinating the Presidential Cleaning and Greening Program at Nelson Mandela Bay and Buffalo City metros in the Eastern Cape where a mass public employment approach and waste management fleet support will be unlocked to drive the cleaning and tree planting for unemployed women and youth. The partnership with COGTA on the Greenest Municipality Awards (GMA) also showed results in the Sundays River Valley LM as the Provincial Winner of R500 000, Port St Johns LM as the first runner-up with R300 000 and the Winnie Madikizela Mandela LM as the second runner-up taking project prize of R200 000. The other provincial participants receiving equipment that will assist them in improving their service with equipment such as refuse bins, Personal Protective Equipment (PPE) and recycling trolleys as post-competition support. A woman-led waste recycling co-operative was also assisted with a baling machine handed over by the MEC during the commemoration of Wetlands Day in Cacadu.

Biodiversity and Coastal Management

Coastal Management

Targets for Biodiversity and Coastal Zone are discussed and reviewed every five years. Targets are aligned to the National Department of Environmental Affairs targets and are contributing to International Agreements.

The Provincial Wetlands were highlighted as a major risk that needs to be attended to in line with the National Biodiversity Strategy 2019. In response to that the Department funded the Review of the Biodiversity Conservation Plan and Strategy and was gazetted for adoption and implementation in 2029 (ECBCPSAP 2019).

The Unit Mapped the areas of Critical Biodiversity Areas to be managed and aligned to EIA process for strengthen monitoring. Classification of Critical Biodiversity Areas was done to guide the sensitivity of each habitat and hosts.

ECBCPSAP is thus a framework with baseline information for Spatial Planning that has been adopted by all Environmental Sector Departments and has been used as a guiding document for Development in the Province. The plan is being implemented for all Spatial Planning & Development Tools for the Province of the Eastern Cape. District Municipalities, District Development Model, and other Government Sectors are currently using it in their planning processes.

The Department has adopted Matatiele Wetlands for Habitat Restoration and Alien Eradication that contributes towards Climate Change and Adaptation. The project has been adopted for intervention on Water Conservation in collaboration with Mzimvubu Catchment Programme (UCP). Excellence of the project is in assisting communities to have access to clean and fresh water as aligned in the Constitution of the Republic of South Africa.

With regards to National and International Standards and obligation, the Sub Programme Biodiversity has aligned their Annual Performance Plan to deliver on

Percentage of biodiversity permits issued within legislated

The Department set a target of 80% for the year 23/24 Financial Year and achieved an average of 89.61%. The permitting system is managed electronically for all TOPS permits and SITA has been contracted to run the system on annual tariffs paid monthly. A Standard Operating Procedure came as a recommendation from Internal Audit and has been developed and approved to ensure that necessary controls are implemented

Implementation of Species Biodiversity Management Plans

The Programme continues to implement Species Biodiversity Management Plans (BMPs) for various Species of both Faunal and Floral Species which include the following:

Fauna Species the province is fully participation in review of the White Paper for High Level Value Species which are;

Lion and Leopard Research

The Department has committed to conduct research on;

- Leopard Scoping Research to establish the numbers that we have in the adopted site being Baviaanskloof and Groendal Nature Reserve. This is multiyear research that was initiated, and appointment of service provider was done in 2022/23. This will give an indication of whether we could get Quota for Hunting that will contribute to livelihoods however we must be able to have report that is convincing on results in terms of status of the Leopard and the non- detrimental findings to be able to secure number of our quota. This is an international obligation
- African Lion is another species of concern and policy on how best we can manage of categories through policy and regulations is being driven by the Minister and the Department is participating fully.

Floral Species

Pelargonium sidoides; This is widespread in the Eastern Cape and implemented through the BMP. DEDEAT participated in the review of *Pelargonium sidoides* BMP and new harvesting guidelines for communities have been developed in both English and IsiXhosa. The implementation of BMPS ensures conservation and sustainable utilization of these resources by communities. *Aloe ferox* and Honey Bush Tea are also contributing well to Biodiversity Economy and are streamlined, and the BMP implementation contributes to Bioprospecting Programme.

Bioprospecting

DEDEAT continues to issue harvesting permits to communities to utilize biological resources and for their livelihoods. Communities sell these resources to Bioprospecting companies who manufacture medicinal and cosmetic products. The Bioprospecting Industry in the Province has contributed to approximately 400 jobs which include harvesters, collectors and processors. A Provincial Bioprospecting Forum was established to see the enhancement and development of the Industry in the Province. The E-permit system is currently assisting the Sub-programme with issuing permits with efficiency in terms of both National and Provincial Legislation. We have seen also continuation in the issuing of Research permits to ensure that students meet their requirements to fulfil their degrees as well as continuous Research.

Coastal Zone Management

Sea Shore Act Implementation

The Department entered into an agreement of lease, in terms of the Sea Shore Act, with Vodacom PTY (Ltd) for the landing of the submarine telecommunications cable in Gqeberha. The lease agreement will contribute a minimum of R3 840 000 to the provincial revenue per year, for the next 15 years. This is over and above other investment opportunities that are linked with the actual internet connectivity because of this agreement.

Estuaries

The MEC approved an Estuarine Management Plan (EMP) for the Qiniha Estuary during the reporting period. This is an addition to the already approved Swartkops, Kowie and Nahhon EMPs. The Department has also initiated the implementation of these approved EMPs. Estuary Management Committees and Advisory Forums have been established for each of the approved EMPs. The purpose of the Estuary Management Committees and Advisory Forums is to coordinate the implementation of the EMPs by various organs of state, research institutions, civil society organizations, non-government organizations etc., as well as to facilitate the communication of estuary management work within the community. The Estuary Management Committees are made up representatives from relevant organs of state (including the municipalities), ratepayers associations, fishing communities, local business forums, tourism associations, civil society organizations, faith-based organizations, research institutions etc.

The Department is also in the process of developing an EMP for the Tyolomnqa Estuary. The draft EMP was published in the Provincial Gazette for Public Comments during the December 2023 to February 2024 period. Further, physical workshops were held with communities in Phoxi, Sandile, Tsaba, Mphintsho and Kayser's Beach to present the draft EMP thereby facilitating the submission of comments.

Coastal Committee

The MEC has an established Provincial Coastal Committee (PCC). The purpose of the PCC to provide platform coordination coastal management work, provide advice on coastal management matters to the MEC and the Department, provide a platform for dialogue on coastal management matter as well as to ensure the implementation of Integrated Coastal Management Objectives within the Province. The PCC met its quarterly. The representation includes Coastal District and Metropolitan Municipalities, relevant National and Provincial Government Departments, Government Entities, Institutions of Higher Learning, Non-Government Organizations amongst others. There is, however, still a need to bring in representation from the Traditional and Khoisan Leadership into the PCC.

Public Launch Sites

The Department approved 19 Operational Environmental Management Plans (OEMP) for the Public (Boat) Launch Sites. These OEMPs cover the launch sites in Ngqushwa, Mquma and Mbashe Local Municipalities, as well as the Buffalo City Metropolitan Municipality. The presence of these launch sites has a potential to unlock the coastal / marine tourism sector within these municipalities, as they provide access to the ocean.

Environmental Empowerment Services

The subprogramme undertook several activities to capacitate external stakeholders to enable their meaningful and effective participation in environmental management in the province. In the period under review, capacity building activities, environmental awareness campaigns, environment calendar days, monitoring the implementation of EPWP projects and coordination of the EPWP Environment and Culture Sector in the province were undertaken. Other activities worth mentioning are the annual environmental awards that were successfully hosted in all six districts of the province culminating in a provincial environmental awards event that was hosted in Jeffrey's Bay. The subprogramme hosted and participated in women in environment workshop in Queenstown and hosted the national women in Environment Dialogue conference that was led by the DFFE in East London.



A total of 275 environmental awareness campaigns were conducted in the financial year under review targeting diverse external stakeholders such as councillors, local government officials, Learners, Educators, Traditional leaders, property owners, business owners, EPWP participants, cooperatives and non-governmental organisations. Thematic areas that were covered include Climate change, Waste Management, Air Quality, Biodiversity Management and Environmental legislation. Concerning capacity building activities, a total of 24 capacity building activities were undertaken throughout the province targeting farmers, waste recyclers, business owners, ward committee members, EPWP participants, Waste pickers, non-governmental organisations, traditional leaders, councillors, local government sector officials, COGTA and community in general. Three environmental calendar days were celebrated in the year under review namely Biodiversity Day, Wetlands Day celebrations and Clean-up campaign in Mount Fletcher and Lady Frere and Tsolo respectively. The first two events put a spotlight on the impact of anthropogenic activities on the biodiversity, wetlands, and ecosystem in general. Both events were intentional held in villages and were attended by the community as well as traditional leaders, local government officials, government Departments such as DRDAR, DFFE, ECPTA, WWF and others. The clean-up campaign focused on creating awareness on the dangers of plastic pollution to the environment and actions to be taken to prevent ecological degradation. In the three events more than 800 people were reached by the message of prevention of ecological degradation.

The Unit participated in the Councillor Induction programme sessions that were held in Mthatha and Port Alfred respectively to capacitate councillors and local government officials in Waste management, Biodiversity and Coastal zone management, Air quality, Climate Change, Environmental Impact Assessment and EPWP environment and Culture sector. A Fundisa for change workshop aimed at capacitating twenty Departmental Officials on integrating education for sustainable development was organised in collaboration with DFFE and SANBI in East London. A total of 879 work opportunities were created through the implementation of EPWP projects throughout the province. This represents an over achievement of 286 work opportunities created as the Department had planned to create 593 work opportunities. The increased in number of work opportunities is attributed to additional work opportunities created in some of the projects as well as the delayed commencement Mquma LM project that reported in the financial year under review. The Department as a Lead sector department in the Environment and Culture sector successfully coordinated the activities of the sector resulting in the province achieving and surpassing its five-year target of work opportunities and achieved and surpassed its annual targets of both work opportunities and full-time equivalents for the 2023/24 FY.

Strategy to overcome areas of underperformance

On administrative enforcement notices issued for non-compliance with environmental management legislation, it is difficult to predict the number of administrative enforcement issues that will be required during the reporting period.

Changes to planned targets.

There were no changes to planned targets.

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	2023/2024			2022/2023		
		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	44,203	44,102	101	36,899	35,914	985
2	COMPLIANCE AND ENFORCEMENT	27,783	27,687	96	30,124	30,021	103
3	ENVIRONMENTAL QUALITY MANAGEMENT	31,193	31,064	129	26,582	25,848	734
4	BIODIVERSITY MANAGEMENT	240,170	239,995	175	255,657	255,350	307
5	ENVIRONMENTAL EMPOWERMENT SERVICES	15,848	15,719	129	12,126	11,974	152
	TOTAL	359,197	358,567	630	361,388	359,107	2,281

Goods and Services

The under-expenditure on travel and subsistence was due to the implementation of the cost containment measures as directed by National Treasury during the mid-term budget adjustment.

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 directly for SMME projects 	593,220	192,250	<p>360 MSMEs received financial support (loans and financial incentives)</p> <p>51 co-operatives and participating enterprises/individuals received financial support</p> <p>R91,6m leveraged directly for MSME projects</p> <p>379 enterprises and individuals received entrepreneurship and business development support</p> <p>638 MSMEs supported with training and mentoring</p> <p>570 jobs facilitated (through loans)</p> <p>1 503 jobs saved and/or created through the Jobs Protection and Stimulus Fund, and Imvaba Fund</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. 	70,725	8,794	<p>R184m revenue collected & disbursed to fiscus</p> <p>R 12.7 million collectively towards Corporate Social Investment (CSI)</p> <p>3579 sustainable job opportunities were created</p> <p>4 key CSI projects implemented</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
	4. Gambling industry compliance maturity level 5. Number of sweeps conducted. 6. Number of People Provided Feedback with regard to Excessive and Irresponsible Gambling Messages.			ECGB achieved Level 4 Organisational Maturity 2 key gambling licences issued 5 gambling economic opportunities awareness sessions were conducted 15 sweeps were conducted 70 revenue audits were conducted ECGB achieved level 4 Gambling Industry Compliance Maturity Level 964, 354 people were provided with feedback about Excessive and irresponsible Gambling messages 1 empirical research study commissioned
Eastern Cape Liquor Board	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' distributors 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	99,623	10,871	ECLB achieved Level 3 HR Maturity 62% was spent on EC MSMEs (SMMEs) ECLB achieved Level 3 ICT Maturity Index 94% organisational performance index/percentage was achieved 74% of fully compliant licence applications were considered within the 60-day legislated timeframes 5 new formal liquor traders' associations facilitated 2 Black liquor traders' distributors facilitated to participate at higher levels of the value chain 4 projects facilitated to contribute to local economic development 88% of pre-registration inspections were conducted 3 603 compliance inspections were conducted to ensure compliance with liquor regulation

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
	<p>awareness interventions and social responsibility initiatives.</p> <p>8. Number of Thematic reports on the anti-alcohol abuse interventions conducted</p>			<p>103 blitz operations were conducted with law enforcement agencies to enforce Legislation</p> <p>4 Reports on the 339 anti-alcohol abuse interventions conducted</p> <p>23 social responsibility initiatives conducted</p> <p>107 890 people reached through education and awareness interventions and social responsibility initiatives</p> <p>1 assessment and/or evaluation reports produced</p>
Eastern Cape Parks and Tourism Agency	<ol style="list-style-type: none"> Wildlife management and game industry transformation Stewardship Programme Conservation Management Project Implementation Tourism Value Chain Support Reserves as Products Destination Marketing Business Events and Partnerships 	217,947	10,207	<p>100% Environmental sustainability supported by well-managed protected areas</p> <p>100% Protected Area Expansion output targets met</p> <p>41 962 ha of protected area under estate</p> <p>96% Protected Area Management Plan implementation output targets achieved</p> <p>71.7 ha of invasive alien plants species cleared in reserves</p> <p>1 tourism development plan implemented</p> <p>Target for Socio-economic beneficiation through People & Parks Programme was exceeded</p> <p>3 reserves supported to conduct environmental education and awareness programme</p> <p>100% planned reserve infrastructure maintenance carried out</p> <p>100% social responsibility projects implemented</p> <p>100% community beneficiation monitored</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
East London Industrial Development Zone	<ol style="list-style-type: none"> 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 	162,585	162,585	<p>R579,9m value of new private sector investment secured</p> <p>2 economic enabling construction projects were implemented</p> <p>5 205 active manufacturing and services jobs</p> <p>4 investors were attracted</p> <p>4 prototypes were developed</p> <p>2 incubators were operational</p> <p>308 skills beneficiaries were trained</p>
Coega Development Corporation	<ol style="list-style-type: none"> 1. Number of Investors signed. 2. Investment Value 3. Number of construction jobs. 4. Cumulative operational Jobs 5. People Trained 	321,526	168,557	<p>R642.184m revenue generated</p> <p>11 investors signed</p> <p>R840.39m investment value</p> <p>44126 construction jobs</p> <p>10 154 cumulative operational jobs</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
				69.41% procurement spend on MSMEs (SMMEs) 4 374 people trained

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024

Organisations to whom transfer payments have been made.

The table below reflects the transfer payments which were budgeted for in the period 1 April 2023 to 31 March 2024, 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	R3,763	R3,763	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 2023 to 31 March 2024.

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	<ul style="list-style-type: none"> Improve the scope and standard of environmental management and conservation of biological resources in the Local Municipalities funded, by providing assistance 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 providing assistance to the Municipalities.
Actual outputs achieved	The Intended outputs have been achieved with the monitoring of the project through Steering Committees.
Amount per amended DORA	R4,178 million including the R847 thousand rolled over by Provincial Treasury to Walter Sisulu Municipality for EPWP projects
Amount transferred (R'000)	R4,178 million an amount of R360 thousand was reduced from EPWP integrated grant for Provinces due to fiscal consolidation
Reasons if amount as per DORA not transferred	None
Amount spent by the department/ municipality (R'000)	R4.178 million



Department/Municipality to whom the grant has been transferred	DEDEAT
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> The project will be monitored, and progress evaluated by a Project Steering Committee. Monthly project tracking sheet and expenditure report to be submitted to DEDEAT. Planned and ad hoc site visits will be undertaken by DEDEAT during the implementation of the project(s).

7. DONOR FUNDS

There was 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



PART C

GOVERNANCE



1. INTRODUCTION

The Department established its governance structures to maintain the highest standards of governance in the management of state 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, and laws and regulations. The work of the risk management committee was reported to the accounting officer and the audit committee, which performed its oversight role quarterly. The roll out of the risk management (electronic) system in the department started this year, which will improve performance and risk management oversight. The risk management oversight of the public entities improved risk management, ethics and anti-corruption reporting and governance through, amongst other things, governance structures, control environment and alignment of functions. Although management processes have been continuously undertaken to manage risk, there are areas of improvement, which include capacity building and provision of more resources for operations and risk financing.

3. FRAUD AND CORRUPTION

Awareness Sessions held in 2023/2024

Topics Covered	Target Audience	Location/Area	Number of officials attended
1. Fraud and Corruption questionnaire	Employees	Alfred Ndzo, Maloti	43
2. Ethics survey	Employees	OR Tambo, Mthatha	39
3. eDisclosure Verification	Employees	Joe Gqabi, Aliwal North	28
Analysis and Lifestyle Audit Report	Employees	Chris Hani, Queenstown	21
4. Enterprise risk register (strategic & operational)	Employees	Sarah Baartman, Gqeberha	31
5. Gifts Management	Employees	Amathole, East London	21
6. Loss Control, and			
7. Ethics in the Public Sector course			
Certified fraud examination	Employees	Head Office	3

In implementing the cabinet directive on professionalising and fighting corruption in the public service, through amongst things, the Department ensures that staff complete the Ethics in the Public Sector course, and 209 completed it and 6 attended the workshop. One additional employee completed the Ethics Officer Certification programme. These preventative controls paid off as the Department has zero cases of corruption in this financial year.

The National Anti-Corruption Hotline Number – 0800 701 701 is communicated to all employees via policy advocacy, service providers of the Department via payment stubs and members of the public via DEDEAT website and social media platforms. The Department marketed its anti-corruption hotline number, including those of its public entities on social media and reached out to members of the public as follows:

Social Media Hotline Number (0800 701 701) Publication	
	Number of people reached
Twitter	78
Facebook	4275
LinkedIn	362
Instagram	117
Total	4832

Summary of cases investigated

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

Open cases as at 01 April 2023	2
New cases (2023/2024)	0
Finalised cases (2023/2024)	2
Cases rolled over to 2024/2025	0

4. MINIMISING CONFLICT OF INTEREST

The disclosure of financial interests for all categories of designated employees achieved, with only one employee who failed to submit.

eDisclosure analysis

CATEGORY	TOTAL NUMBER	SUBMITTED	NOT SUBMITTED	% ACHIEVED
SMS	33	33	0	100
MMS 11	29	29	0	100
MMS 12	5	5	0	100
OSD 11	17	16	1	94
OSD 12	10	10	0	100
SCM/Finance	39	39	0	100

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.

- e. After receiving the appeal outcome, or if the employee does not appeal at all, the sanction is then implemented.
- f. 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:

i. Occupational Health and Safety

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

ii. Environmental Management

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

iii. 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

Meetings were held with the Portfolio Committee wherein the Department was required to table Budget Vote, previous year Annual Report and the Half year Financial Oversight Report. The Department has addressed all the matters raised by the Committee as required. The following were the dates of meetings held with the Portfolio Committee for Economic Development, Environmental Affairs and Tourism:

- 02 May 2023: Consideration of DEDEAT 2023/24 Budget Vote
- 12 May 2023: Consideration of responses to House Resolutions (2021/22 Annual Report, 2022/23 Financial Oversight Report and 2022 Joe Gqabi District Visit)
- 31 October 2023: Consideration of Annual Report and Financial Oversight Report Overviews
- 02 November 2023: Consideration of Financial Oversight Report

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 31 March 2024, 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 internal audit function exists 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 filled all its vacancies in the current year, and this has enabled the unit to increase the audit coverage and assure more risks as a third line of defence.

- Specific summary of audit work done**

The line with 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 111% of its annual plan, where 10 audits were completed of the planned 9 audits. This was achieved with additional recruitment by the department.

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

- Review of Annual Financial Statements 2022-2023
- Review of Annual Report 2022 - 2023
- Transfer Payments to Public Entities
- Supply Chain Management (SCM) Contract Management Review
- Environmental Affairs: Biodiversity Management Review
- Safety, Health and Wellness Environment
- Transfer Payments – LRED
- Review of 2023 – 2024 (Interim Financial Statements)
- Governance Review
- 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 highlighted the improvement in the department's ICT internal control environment. There were still some internal control weaknesses that management is urged to address in the new financial year.

The department received an unqualified audit opinion (with no findings) with an emphasis of matter relating to section 42 of the PFMA on transfer of immovable assets.

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:

AUDIT COMMITTEE MEMBERS FOR THE PERIOD 1 APRIL 2023 – 30 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	N/A	1 Oct 2020	30 Sept 2023	2	2
Ms. F. Kobo	MBA	External	N/A	1 March 2021	30 Sept 2023	2	2
Ms. L. Smith	CA(SA), RA	External	N/A	1 Oct 2020	30 Sept 2023	2	2
AUDIT COMMITTEE MEMBERS FOR THE PERIOD 1 OCTOBER 2023 – 31 MARCH 2024							
Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended	No. of Special Meetings attended
Ms. L. Smith	CA(SA), RA	External	N/A	1 Oct 2023	N/A	2	1
Ms. F. Kobo	MBA	External	N/A	1 Oct 2023	N/A	2	1
Mr. W. Manthe	CA(SA), RA	External	N/A	1 Oct 2023	N/A	2	1

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

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 discussed 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 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 implemented the new risk software for the first time.

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 defence has been started in the current year. Management is urged to improve the quality of the quarterly risk management reporting. Furthermore, a focus has been to identify more second line of defence assurance providers to avoid duplication of effort and create an effective combined assurance approach.

The audit committee has identified areas that require improvement in the risk management processes of the department to enable the committee to effectively oversight the risks of the department.

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 minimized, and the system availability is maximised. Furthermore, DEDEAT has also implemented cloud-based systems to enable remote access and working by staff-members, including Microsoft Teams and SharePoint for management of documents and files. The department has also implemented enhanced security Multifactor Authentication which strengthens the 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 ICT Governance Champion that is now delegated to drive the implementation of

Corporate Governance of ICT continues to ensure that the department's ICT environment is enhanced. In the current year the Regional Directors have played a critical role in ensuring that the ICT controls improve at the regional level and that ICT matters are resolved at the regional level timeously.

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:

- ICT Governance.
- Lack of permanent offices.

Evaluation of the Annual Financial Statements and Annual Performance Report

The Audit Committee has:

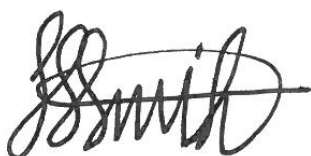
- Reviewed the audited Annual Financial Statements prepared by the department to be included in its Annual Report,
- Reviewed the audited Performance Information prepared by the department to be included in its Annual Report,
- Reviewed for changes in accounting policies,
- Discussed with the Department,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

Auditor General's Report

The Audit Committee discussed the 2023 – 2024 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 the Executive Council, Head of Department, the Management of the department, Internal Audit, the Risk Management Committee, Provincial Treasury's Transversal Internal Audit and Risk Management services, and the AGSA for their support and co-operation during the year under review.



Ms L. Smith

Audit Committee Chairperson

31 August 2024

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



PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

People play a crucial role in helping the Department achieve its strategic objectives. They are responsible for delivering value-added services to citizens. To ensure that the Department conducts its business effectively, it's important to hire suitable individuals with the right skills, competence, and understanding of the provincial and departmental service delivery approach.

Planning for the availability of the appropriate skills at the right place and at the right time can be challenging. The Department faces increasing budgetary constraints and skills shortages, especially in technical and specialized occupations. Through workforce planning, the Department has identified the current and future workforce needs, and potential challenges that could affect the achievement of its strategic objectives.

Delivering on the Department's mandate and improving services to the citizens of the Eastern Cape Province come with their own set of challenges. The modern HR management landscape has shifted from "HR Management" to "People Management," making it complex to balance service delivery imperatives, the attraction and retention of critical and scarce skills, employee empowerment, career management, succession planning, and employment equity.

The Department must function within a constrained fiscal environment, which requires managers to consider the impact of "doing more with less." Despite the changing patterns and demands of the modern workplace, the dedicated work of the employees resulted in 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 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

Legislation	Purpose
	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 2023/2024 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 4.8%. 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. A PERSAL clean-up was conducted whereby all unfunded vacancies were abolished. Further reduction of the vacancy rate is expected with the implementation of the 2024/2025 ARP which consists of 55 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.

2.2 Age profile

The average age of employees within the Department is still sitting at around 44 years. Although approximately 37.02% of the Department is younger than 40 years of age, a growing number of staff (14.02%) are falling into the 55–65-year age group and 67 officials 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 holistic 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 employee wellness and its benefits on the business, allowing wellness to become recognised as a strategic issue, which require the department to adopt holistic and modern ways of addressing challenges facing employees and their families.

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

The LR Unit is tasked with the promotion and management of a healthy working environment. This task was continuously monitored, and advice rendered to ensure sound relations. Awareness Campaigns on the Code of Conduct for the Public Service together with Harassment at the workplace were conducted, this assisted in alleviating misconduct.

Compliance with the LRA and PSCBC Resolutions is upheld as the space is guided by such. Training on management of discipline was conducted through the DPSA for all SMS Members to ensure consistent approach in all Regions by Management. LR Policies were reviewed and Risk is managed quarterly.

There is a notable improvement on the engagements with the recognised Trade Unions which alleviates tensions and strikes.

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 94% were at the SMS level and 96% consisted of employees below SMS for performance agreements, and 91% compliance for SMS and 91% for non-SMS for performance assessments. In numerical terms, 460 employees were timeously contracted against the 478 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

2.8.1 Implementation of the Structure

The placement of officials from Salary Level 8 to 14 is semi-complete. Officials have been placed in both Head Office and Regional Offices. All no challenge category posts on salary level 7 have been matched and placed. Ninety-three remain in excess of the approved structure and fifty-eight (58) are on levels 4 and 5, which cannot be placed unless they apply for vacant posts in line with the recruitment process. Moreover, 26 Control Environmental Officers (Bio & Coastal Management) wherein number of posts were reduced. These will await attrition and in turn, be advertised as Specialised Production. Lastly, there are two (2) Environmental Officers: Compliance and Enforcement and will also be kept as excess until attrition. Furthermore, only (seven) 7 of these might be eligible for placement.

However, the Department embarked on the last phase of the implementation of the structure (person-to-post matching) to reduce the number of in-excess employees wherein employees would be allowed to apply for inter-cost transfers at their own cost should they be interested upon approval by the HOD. Thus, this was the last attempt to reduce the high number of in-excess employees within Support Services.

2.8.2 Service Delivery Model

Service Delivery Model (SDM) In terms of the Public Service Regulations of 2016 as amended, Regulation 36, an executive authority shall maintain an operations management framework which shall include an Approved Service Delivery Model. The draft diagnostic reports have been published for all Regional Offices and Head Office Programmes. The gap analysis and proposed future service delivery model has been finalized. The Executive Management Consultation session (JEXMA) will be held in the new financial year to solicit Final approval of the Final SDM Draft Report.



2.8.3 Service Delivery Improvement Plan (SDIP)

A new service was identified and approved by the HOD for improvement in the 2024-2025 SDIP cycle, namely, LRED. Consultative workshops were held with Service Owners and the Draft SDIP, Draft SOP and Draft Process Maps were presented to the SDIP Committee. The SDIP document for 2024/25-2025/6 has been finalized in line with the SDIP Directive. The Standard Operating Procedure and Business Process Maps for LRED have been finalized in line with the SDIP and the IAP.

2.8.4 Service Delivery Charters and Service Standards

Service Charters and Service Standards form part of the Operations Management Framework (OMF) as guided by the Public Service Regulations 2016, Regulation 36. The Directorate has commenced reviewing the Service Standards in line with the priority services as outlined in the Draft Service Delivery Model. The process of reviewing the Departmental Service Charter and Service Standards will be finalized upon the approval of the SDM.

2.8.4 Jobs Analysed and Aligned to Approved Organisational Structure

As enshrined in the Public Service Regulations (PSR), 39 under sub regulation 2 the Department is required, at least once every 60 calendar months, to review job descriptions and titles and, where necessary, redefine them to ensure that they remain appropriate and accurate. Job Descriptions are continuously reviewed and consulted upon request by Line Managers or HR Administration. Subsequently, 33 Jobs were analyzed and aligned to Approved Organizational Structure

2.8.5 Service Delivery Improvement Mechanisms

The Department received 51 cases and complaints through the Presidential Hotline and Office of the Premier. The Department is required to reduce the instances of service delivery breakdowns and/ or inefficiencies in how the Programmes deal with service delivery complaints and appeals as embedded in the White Paper on Transforming Public Service Delivery, 1997. There is currently 1 Pending Case relating to the Placement of an OSD Official. The Directorate is working with HR to investigate and redress the matter.

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 2023 and 31 March 2024

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	243 257	125 432	846.07	0	51.60	594
Economic Development	1 335 681	57 476	527.10	0	4.30	618
Environmental affairs	358 567	111 874	647.32	0	31.20	643
TOTAL	1 937 505	294 782	2 020.48	0	15.20	617

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Skilled (Levels 3-5)	25 985	8.50	76	341 908
Highly-skilled production (Levels 6-8)	94 021	30.90	199	472 467
Highly-skilled supervision (Levels 9-12)	135 903	44.60	168	808 946
Senior management (Levels >= 13)	40 034	13.10	32	1 251 063
Contract (Levels 6-8)	1 542	0.50	1	1 542 000
Contract (Levels >= 13)	1 830	0.60	1	1 830 000
TOTAL	299 316	98.20	478	626 184

Note: The total of 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 2023 and 31 March 2024

Programme	Salaries (R'000)	Salaries as a % of Personnel Costs	Overtime (R'000)	Overtime as a % of Personnel Costs	HOA (R'000)	HOA as a % of Personnel Costs	Medical Aid (R'000)	Medical Aid as a % of Personnel Costs
Administration	102 010	79.50	0	0	3 983	3.10	7 104	5.50
Economic Development	47 744	79.40	0	0	1 516	2.50	2 976	4.90
Environmental Affairs	91 800	78.90	0	0	3 675	3.20	5 651	4.90
TOTAL	241 553	79.30	0	0	9 175	3.00	15 732	5.20



Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Salaries (R'000)	Salaries as a % of Personnel Costs	Overtime (R'000)	Overtime as a % of Personnel Costs	HOA (R'000)	HOA as a % of Personnel Costs	Medical Aid (R'000)	Medical Aid as a % of Personnel Costs
Skilled (Levels 3-5)	18 702	71.90	0	0	1 552	6.00	3 052	11.70
Highly skilled production (Levels 6-8)	72 429	76.80	0	0	3 611	3.80	7 147	7.60
Highly skilled supervision (Levels 9-12)	112 371	80.60	0	0	3 231	2.30	5 043	3.60
Senior management (Levels >= 13)	34 809	84.00	0	0	781	1.90	490	1.20
Contract (Levels 6-8)	1 542	97.70	0	0	0	0.00	0	0.00
Contract (Levels >= 13)	1 700	89.20	0	0	0	0.00	0	0.00
TOTAL	241 553	79.30	0	0	9 175	3.00	15 732	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 2024

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Employees Additional to the Establishment
Administration, Permanent	220	211	4.10	1
Economic Development, Permanent	105	93	11.40	0
Environmental Affairs, Permanent	177	174	1.70	0
TOTAL	502	478	4.80	1

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2024

Salary Band	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Employees Additional to the Establishment
Skilled (Levels 3-5), Permanent	7	76	1.30	0
Highly Skilled Production (Levels 6-8), Permanent	204	199	2.50	0
Highly Skilled Supervision (Levels 9-12), Permanent	183	168	8.20	0
Senior Management (Levels >= 13), Permanent	35	32	8.60	0
Other, Permanent	1	1	0	0
Contract (Levels 6-8), Permanent	1	1	0	1
Contract (Levels >= 13), Permanent	1	1	0	0
TOTAL	502	478	4.80	1

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2024

Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Employees Additional to the Establishment
Administrative Related, Permanent	12	12	0	0
Agricultural Animal Oceanography Forestry & Other Sciences, Permanent	62	62	0	0
Anti-corruption, Permanent	2	2	0	0
Bus And Heavy Vehicle Drivers, Permanent	7	7	0	0
Cleaners In Offices Workshops Hospitals Etc., Permanent	9	9	0	0
Client Inform Clerks (Switchboard, Reception, Information Clerks), Permanent	1	1	0	0
Computer Network Technician, Permanent	2	2	0	0
Computer System Designers and Analysts., Permanent	2	2	0	0
Crime Investigators, Permanent	5.	5	0	0
Finance And Economics Related, Permanent	12	12	0	0
Financial And Related Professionals, Permanent	21	21	0	0
Financial Clerks and Credit Controllers, Permanent	12	12	0	0
Head Of Provincial Department, Permanent	1	1	0	0
Human Resource Manager, Permanent	2	2	0	0
Human Resources & Organisational Development & Related Professions, Permanent	6	6	0	0
Human Resources Clerks, Permanent	22	22	0	0



Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Employees Additional to the Establishment
Human Resources Related, Permanent	13	13	0	0
Information Technology Related, Permanent	6	6	0	0
Internal Audit Manager, Permanent	1	1	0	0
Language Practitioners Interpreters & Other Commun, Permanent	1	1	0	0
Legal Administration Officer, Permanent	1	1	0	0
Legal Related Manager, Permanent	1	1	0	0
Library Mail and Related Clerks, Permanent	1	1	0	0
Logistical Support Personnel, Permanent	8	8	0	0
Middle. Manager: Human Resource & Organisational. Development. Related, Permanent	5	5	0	0
Middle Manager: Finance And Economics Related, Permanent	7	7	0	0
Middle Manager: Information Technology Related, Permanent	3	3	0	0
Middle Manager: Communication & Information Related, Permanent	1	1	0	0
Natural Sciences Related, Permanent	1	1	0	0
Nature Conservation and Oceanographical Related. Technicians, Permanent	81	81	0	0
Not Available, Permanent	25	1	96.00	0
Other Administration & Related Clerks and Organisers, Permanent	27	27	0	0
Other Administrative Policy and Related Officers, Permanent	3	3	0	0
Other Information Technology Personnel., Permanent	10	10	0	0
Other Occupations, Permanent	2	2	0	1
Regulatory Inspector, Permanent	1	1	0	0
Risk And Integrity Manager, Permanent	1	1	0	0
Secretaries & Other Keyboard Operating Clerks, Permanent	10	10	0	0
Security Officers, Permanent	20	20	0	0
Senior Managers, Permanent	23	23	0	0
State Owned Entities and Oversight Manager, Permanent	1	1	0	0
Strategy/Monitoring &Evaluation Manager, Permanent	1	1	0	0
Trade/Industry Advisers & Other Related Profession, Permanent	69	69	0	0
Training Manager, Permanent	1	1	0	0
TOTAL	502	478	4.80	1

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2024

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 (HOD)	-	-	-	-	-
Salary Level 14	1	1	100	0	0
Salary Level 13	4	3	75	1	25
TOTAL	33	32	94.4	2	5.6

Table 3.3.2 SMS post information as on 30 September 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 (HOD)	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	35	82.92	6	14.6

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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	0	0	0
Salary Level 13	3	0	3
Total	3	0	3

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months

There were delays experienced by the Office of the Premier in releasing advertisements. Advertising of vacancies is centralized at the Office of the Premier.

Reasons for vacancies not filled within twelve months

A vacancy of salary level 14 had to be headhunted. However, no suitable service provider could be appointed in the last financial year. The headhunting process will be conducted in the 2024/25 financial year.

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
A vacancy of salary level 14 had to be headhunted. However, no suitable service provider could be appointed in the last financial year. The headhunting process will be conducted in the 2024/25 financial year.

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 2023 and 31 March 2024

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)	77	0	0	0	0	0	0
Highly Skilled Production (Levels 6-8)	204	0	0	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	183	0	0	0	0	0	0
Senior Management Service Band A	31	0	0	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
Contract (Levels 6-8)	1	0	0	0	0	0	0
Contract Band C	1	0	0	0	0	0	0
TOTAL	502	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 2023 and 31 March 2024

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 2023 and 31 March 2024

Occupation	Number of Employees	Job Evaluation Level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A
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 2023 and 31 March 2024

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

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 2023 and 31 March 2024

Salary Band	Number of Employees at Beginning of Period-April 2023	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate %
Skilled (Levels 3-5) Permanent	81	1	5	6.20
Highly Skilled Production (Levels 6-8) Permanent	201	14	13	6.50
Highly Skilled Supervision (Levels 9-12) Permanent	169	12	14	8.30
Senior Management Service Band A Permanent	29	2	2	6.90
Senior Management Service Band B Permanent	2	1	0	0
Other	1			
Contract (Levels 6-8) Permanent	25	1	26	104.00
Contract (Levels 3-5) Permanent	1	0	0	0
TOTAL	509	31.00	60	11.80

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 2023 and 31 March 2024

Critical Occupation	Number of Employees at Beginning of Period	Appointments	Terminations	Turnover Rate
Administrative Related Permanent	11	1	0	0.00
Agricultural, Animal Oceanography Forestry & Other Sciences, Permanent	65	3	4	6.00
Anti-Corruption, Permanent	1	0	0	0.00
Bus And Heavy Vehicle Drivers, Permanent	7	0	0	0.00
Cleaners In Offices Workshops Hospitals Etc. Permanent	9	0	0	0.00
Client Inform Clerks (Switchboard, Reception, Information Clerks) Permanent	1	0	0	0.00
Computer Network Technician Permanent	0	2	0	0.00
Computer System Designers and Analysts. Permanent	2	0	0	0.00
Crime Investigators, Permanent	5	1	0	0.00
Economists Permanent	1	0	0	0.00
Finance And Economics Related Permanent	17	1	2	11.80
Financial And Related Professionals Permanent	26	3	3	11.50
Financial Clerks and Credit Controllers Permanent	13	1	0	0.00
Head Of Department/Chief Executive Officer Permanent	1	0	0	0.00
Human Resources & Organisational Development & Related Professions, Permanent	11	1	0	0.00
Human Resources Clerks Permanent	21	1	1	4.80
Human Resources Related Permanent	13	0	2	15.40
Information Technology Related Permanent	9	0	0	0.00
Language Practitioners Interpreters & Other Commun Permanent	2	0	0	0.00
Library Mail and Related Clerks Permanent	1	0	0	0.00
Logistical Support Personnel Permanent	11	0	2	18.20
Natural Sciences Related Permanent	0	1	0	0.00
Nature Conservation and Oceanographical Related Technicians, Permanent	79	3	1	1.30
Not Available Permanent	1	0	0	0.00
Other Administration & Related Clerks and Organisers Permanent	26	2	6	23.10
Other Administrative Policy and Related Officers Permanent	2	0	0	0.00
Other Information Technology Personnel. Permanent	12	0	0	0.00
Other Occupations Permanent	26	1	27	103.80
Regulatory Inspector* Permanent	1	0	0	0.00
Secretaries & Other Keyboard Operating Clerks Permanent	13	0	3	23.10
Security Officers Permanent	22	0	2	9.00
Senior Managers Permanent	30	3	1	3.80
Trade/Industry Advisers & Other Related Profession Permanent	71	7	6	8.00
TOTAL	509	31	60	11.80

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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death, Permanent	1	1.70
Resignation, Permanent	22	36.70
Expiry of contract, Permanent	20	33.30
Discharged due to ill health, permanent	1	1.70
Dismissal-misconduct, Permanent	3	5.00
Retirement, Permanent	13	21.70
TOTAL	60	100.00
Total number of employees who left as a % of total employment		12.60%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees as at beginning of period (1 April 2023)	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Notch progressions as a % of employees by occupation
Administrative Related	11	0	0	63.60
Agricultural Animal Oceanography Forestry & Other Sciences	65	0	0	126.20
Agriculture Related	0	0	0	0.00
Anti-corruption	1	0	0	0.00
Bus and Heavy Vehicle Drivers	7	0	0	28.60
Cleaners In Offices Workshops Hospitals Etc.	9	0	0	100.00
Client Inform Clerks (Switchboard, Reception, Inform Clerks)	1	0	0	100.00
Communication And Information Related	0	0	0	0.00
Conservation Labourers	2	0	0	0.00
Economists	5	0	0	0.00
Engineering Sciences Related	1	0	0	100.00
Finance And Economics Related	0	0	0	0.00
Financial And Related Professionals	17	0	0	17.60
Financial Clerks and Credit Controllers	26	1	3	38.50
Head Of Department/Chief Executive Officer	13	0	0	38.50
Human Resources & Organisational Development & Related Professions	11	0	8	72.70
Human Resources Clerks	21	0	12	57.10
Human Resources Related	13	0	0	30.80
Information Technology Related	9	0	0	33.80
Language Practitioners Interpreters & Other Communication	2	1	50	100.00
Library Mail and Related Clerks	1	0	0	200.00
Logistical Support Personnel	11	0	0	54.50
Material-recording and Transport Clerks	0	0	0	0.00
Natural Sciences Related	0	0	0	0.00
Nature Conservation and Oceanographical Related. Technicians	79	0	0	7.60
Other Administration & Related Clerks and Organisers	26	1	3.80	50.00

Occupation	Employees as at beginning of period (1 April 2023)	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Notch progressions as a % of employees by occupation
Other Administrative Policy and Related Officers	2	1	50	250.00
Other Information Technology Personnel.	12	0	0	33.30
Other Occupations	26	0	0	3.80
Regulatory Inspectors	1	0	0	200.00
Secretaries & Other Keyboard Operating Clerks	13	0	0	92.30
Security Officers	22	0	0	36.40
Senior Managers	30	0	0	50.00
Trade/Industry Advisers & Other Related Profession	71	2	2.80	32.00
TOTAL	509	6	1.20	49.70

Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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	81	0	0	34	0.40
Highly Skilled Production (Levels 6-8), Permanent	201	1	0	96	0.50
Highly Skilled Supervision (Levels 9-12), Permanent	169	4	0	105	0.60
Senior Management (Levels >= 13), Permanent	31	1	0	18	0.60
Other Permanent	1	0	0	0	0.00
Contract (Level 6 – 8) permanent	25				
Contract (Levels >= 13), Permanent	1	0	0	0	0.00
TOTAL	509	6	0	253	0.50

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 2024

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Officials And Managers	13	0	0	4	12	0	0	2	31
Professionals	98	3	2	8	123	4	0	4	242
Technicians And Associate Professionals	32	1	0	2	31	1	0	2	69
Clerks	18	0	0	0	67	1	0	1	87
Service Shop And Market Sales Workers	16	1	0	0	11	0	0	0	28
Plant And Machine Operators And Assemblers	6	0	0	0	0	0	0	1	7
Labourers And Related Workers	6	0	0	0	6	0	0	0	12
Technicians & Associate Technical Occupations	2	0	0	0	0	0	0	0	2
TOTAL	191	5	2	14	250	6	0	10	478

Table 3.6.2 - Total number of employees (incl. employees with disabilities) per occupational bands as on 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	14	1	0	4	11	0	0	2	32
Professionally qualified and experienced specialists and mid-management, Permanent	79	1	1	10	72	2	0	3	168
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	67	2	1	0	121	3	0	5	199
Semi-skilled and discretionary decision making, Permanent	30	1	0	0	44	1	0	0	76
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled Technical), Permanent	1	0	0	0	1	0	0	0	2
Interns and learners	0	0	0	0	0	0	0	0	0
TOTAL	191	5	2	14	250	6	0	10	478
Of which: Employees with disabilities	7	0	0	1	3	0	0	1	12

Table 3.6.3 Recruitment for the period 1 April 2023 and 31 March 2024

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management, Permanent	1	0	0	1	1	0	0	0	3
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	3	0	0	0	11	0	0	0	14
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled technical), Permanent	1	0	0	0	0	0	0	0	1
TOTAL	11	0	0	1	19	0	0	0	31

Table 3.6.4 – Progression and Promotions for the period 1 April 2023 and 31 March 2024

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management, Permanent	8	1	0	2	7	0	0	1	19
Professionally qualified and experienced specialists and mid-management, Permanent	50	1	0	12	43	2	0	1	109
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	25	1	1	0	65	1	0	4	97
Semi-skilled and discretionary decision making, Permanent	11	0	0	0	23	0	0	0	34
TOTAL	94	3	1	14	138	3	0	6	259

Table 3.6.5 - Terminations for the period 1 April 2023 and 31 March 2024

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management, Permanent	1	0	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	5	0	0	4	5	0	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	5	1	0	0	7	0	0	0	13
Semi-skilled and discretionary decision making, Permanent	2	0	0	0	3	0	0	0	5
Contract (Skilled technical), Permanent	7	0	0	0	19	0	0	0	26
TOTAL	20	1	0	5	34	0	0	0	60

Table 3.6.6 Disciplinary action for the period 1 April 2023 and 31 March 2024

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	9	1	0	1	3	0	0	0	14

Table 3.6.7 Skills development for the period 1 April 2023 and 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	24	1	1	4	24	0	0	1	55
Professional	47	4	0	0	65	3	0	0	119
Technicians and associate professional	37	2	1	2	34	0	0	0	76
Clerks	6	0	0	0	10	0	0	0	16
TOTAL	114	7	2	6	133	3	0	1	266
Of which: Employees with disabilities	1								1

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 2024

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 (HOD)	1	1	1	100%
Salary Level 14	3	3	3	100%
Salary Level 13	29	29	29	100%
TOTAL	33	33	33	100%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2024

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2024

Reasons
N/A

3.8 Performance Rewards

3.8.1 Performance rewards by race, gender and disability for the period 1 April 2023 and 31 March 2024

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	1	247	0.40	25.13	25 133
African, Male	1	184	0.50	18.83	18 830
Asian, Female	0	0	0.00	0	0
Asian, Male	0	2	0.00	0	0
Coloured, Female	0	6	0.00	0	0
Coloured, Male	0	5	0.00	0	0
Total Blacks, Female	1	253	0.40	25.13	25 133
Total Blacks, Male	1	191	0.50	18.83	18 830
White, Female	0	9	0.00	0	0
White, Male	0	13	0.00	0	0
Employees with a disability	0	12	0.00	0	0
TOTAL	2	478	0.40	43.96	21 981

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 and 31 March 2024

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)
02 Skilled (Levels 3-5)	0.00	76	0.00	0.00	0
03 Highly Skilled Production (Levels 6-8)	0.00	199	0.00	0.00	0
04 Highly Skilled Supervision (Levels 9-12)	2.00	168	1.20	43.96	21 981
09 Other	0.00	1	0.00	0.00	0
12 Contract (Levels 6-8)	0.00	1	0.00	0.00	0
TOTAL	2.00	445	0.40	43.96	21 981

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2023 and 31 March 2024

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	12	0.00	0.00	0
Human Resources Clerks	0	22	0.00	0.00	0
Security Officers	0	20	0.00	0.00	0
Human Resources & Organisational Development & Related Professions	0	6	0.00	0.00	0
Legal Administration Officer	0	1	0.00	0.00	0
Legal Related Manager	0	1	0.00	0.00	0
State Owned Entities and Oversight Manager	0	1	0.00	0.00	0
Middle Manager: Communication & Information Related	0	1	0.00	0.00	0
Finance And Economics Related	0	12	0.00	0.00	0
Logistical Support Personnel	0	8	0.00	0.00	0
Natural Sciences Related	0	1	0.00	0.00	0
Other Administration & Related Clerks and Organisers	0	27	0.00	0.00	0
Other Occupations	0	2	0.00	0.00	0
Regulatory Inspector	0	1	0.00	0.00	0
Nature Conservation and Oceanographical Related Technicians	0	81	0.00	0.00	0
Agricultural Animal Oceanography Forestry & Other Sciences	1	62	1.61	25	25
Financial And Related Professionals	0	21	0.00	0.00	0
Not Available	0	1	0.00	0.00	0
Internal Audit Manager	0	1	0.00	0.00	0
Strategy/Monitoring & Evaluation Manager	0	1	0.00	0.00	0
Anti-corruption	0	2	0.00	0.00	0
Administrative Related	0	12	0.00	0.00	0
Middle Manager: Information Technology Related	0	3	0.00	0.00	0
Middle Manager: Human Resource & Organisational Development Related	0	5	0.00	0.00	0
Secretaries & Other Keyboard Operating Clerks	0	10	0.00	0.00	0
Cleaners In Offices Workshops Hospitals Etc.	0	9	0.00	0.00	0
Library Mail and Related Clerks	0	1	0.00	0.00	0
Human Resources Related	1	13	7.69	19	19
Trade/Industry Advisers & Other Related Professions	0	69	0.00	0.00	0
Middle Manager: Finance And Economics Related	0	7	0.00	0.00	0
Human Resource Manager	0	2	0.00	0.00	0
Crime Investigators	0	5	0.00	0.00	0
Language Practitioners Interpreters & Other Communication	0	1	0.00	0.00	0
Other Administrative Policy and Related Officers	0	3	0.00	0.00	0
Bus And Heavy Vehicle Drivers	0	7	0.00	0.00	0
TOTAL	2	431	0.46	44	22

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 2023 and 31 March 2024

Salary Band	Beneficiary Profile						Cost
	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	Personnel Cost SMS (R'000)
Level 13	0	29	0.00	0.00	0.00	0.00	37 141.66
Level 14	0	3	0.00	0.00	0.00	0.00	4 297.44
Level 15	0	1	0.00	0.00	0.00	0.00	1 905.81
TOTAL	0	33	0.00	0.00	0.00	0.00	4 344.92

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 2023 and 31 March 2024

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	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Contract (Level 13-16)	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0

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 2023 to 31 December 2023

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)	36	47.20	11	2.80	3	11
Highly skilled production (Levels 6-8)	1 198	73.10	169	42.70	7	2 098
Highly skilled supervision (Levels 9-12)	842	76.00	129	32.60	7	2 417

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)
Senior Management (Levels 13-16)	139	83.50	17	4.30	8	675
Skilled (Levels 3-5)	736	74.70	70	17.70	11	831
TOTAL	2 951	74.50	396	100.00	7	6 033

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

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)	43	100	2	50	22	67
Highly skilled supervision (Levels 9-12)	21	100	2	50	11	92
TOTAL	64	100	4	100	16	159

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 2023 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)	425	17	25
Highly skilled production (Levels 6-8)	4 789	23	210
Highly skilled supervision (Levels 9-12)	4 212	23	186
Senior management (Levels 13-16)	746	22	34
Skilled (Levels 3-5)	2 259	28	81
TOTAL	12 444	23	537

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 2023
Contract (Levels 13-16)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	101
Senior management (Levels 13-16)	0	0	0	79
Skilled (Levels 3-5)	0	0	0	68
TOTAL	0	0	0	73

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 2023 and 31 March 2024

Reason	Total Estimated Amount (R'000)	Number of Employees	Average Payment per Employee (R'000)
Annual - Discounting with Resignation (workdays)	98	5	19.60
Annual - Gratuity: Death/Retirement/Medical Retirement (Workdays)	837	20	41.85
Capped - Gratuity: Death/Retirement/Medical Retirement (Workdays)	3 671	15	244.73
TOTAL	4 606	40	115.13

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
All salary level bands of employees are in vulnerable position to be affected direct and indirect by the scourge of HIV.	Rollout of intensified HCT (HIV Counselling and Testing), implement HIV educational campaigns across different client offices, monitor implementation of departmental HIV/AIDS policy and address decisively any matters of stigmatization.

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		Chief Director of Corporate Management –Mr Tyronne Boucher.
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		Employee Health and Wellness Unit -2 core staff: Deputy Director and Assistant Director EHW Committee – Each of the department office has an active wellness committee that coordinate employee wellness activities and OHS committee that attend to matters of safety at office level as well a provincial OHS committee structure. EHW unit is allocated R1,75 million budget.
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 services aimed to better manage burden of diseases. Workplace HIV/AIDS holistic programme aimed to mitigate the impact of HIV scourge Occupational Health related services focused on addressing matters of safety in the workplace Psychosocial support services in form of counselling, life skill educational workshops and physical wellness.

Question	Yes	No	Details, if Yes
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		<p>The department has fully functional OHS committee structure that have one meeting quarterly. Here is the name list of staff that serve in the OHS committee:</p> <ul style="list-style-type: none"> • Nonthuthuzelo Maguga • Nyweba Dyani • Thandile Tokwe • Asanda Sogoni • Mbalentle Mlokothe • Tyronne 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		HIV/AIDS/TB/STI Management policy was reviewed in 2023
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		EHW sub directorate monitor consistently that there is fully compliance to confidentiality principle of the HIV/AIDS/TB/STI policy across the entire practices of the department.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that have been achieved.	x		There is higher turnover of staff during rollout of VCT/HCT campaign due to departmental HIV workplace interventions fully embracing the value of voluntary participation in HCT campaign and measures in place that ensure confidentiality is kept all the time.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		Department utilizes DPSA reporting templates which also served as a standardized guideline to measure and monitor health promotion programme in the department.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Subject Matter	Date
PSCBC Resolution 1 of 2024: Rules for the Conduct of Proceedings before the Public Service Co-ordinating Bargaining Council	01 March 2024

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 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	4	36%
Suspended without pay	4	36%
Fine	0	0%
Dismissal	3	27%
Abscondment	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
TOTAL	11	62%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
Misuse of GG Vehicle	4	33%
Unlawful removal of property and tampering with security measures	0	0%
Gross insubordination and bringing the name of the Department into disrepute	1	8.3%
Negligence of Firearm	1	8.3%
Unauthorised absence	2	16.7%
Fruitless and Wasteful Expenditure	0	0%
Gross insubordination and non-compliance with prescripts: contravention of the PFMA	0	0%
Unbecoming conduct	4	33%
Irregular expenditure	0	0%
Non-disclosure and failure to acquire permission to Trade with the State	0	0%
TOTAL	12	60%

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of total
Number of grievances resolved	7	70%
Number of grievances not resolved	3	30%
TOTAL	10	91%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of total
Number of disputes upheld	1	16%
Number of disputes dismissed	3	50%
Number of disputes pending	2	33%
TOTAL NUMBER OF DISPUTES LODGED	6	31.92%

Table 3.12.6 Strike actions for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

Precautionary suspensions	Number
Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	30
Cost of suspension (R'000)	R35033,50

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 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	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	31	0	15	0	0	15
	Male	14	0	8	0	0	8
Professionals	Female	68	0	45	0	0	45
	Male	47	0	30	0	0	30
Technicians and associate professionals	Female	38	0	15	0	0	15
	Male	27	0	18	0	0	18
Clerks	Female	47	0	32	0	0	32
	Male	39	0	24	0	0	24
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	7	0	2	0	0	2
Elementary occupations	Female	14	0	4	0	0	4
	Male	15	0	4	0	0	4
Sub Total	Female	198	0	111	0	0	111
	Male	149	0	86	0	0	86
TOTAL		347		197	0	0	197

*This total excludes bursaries awarded to officials

Table 3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	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	31	0	24	0	0	24
	Male	14	0	12	0	0	12
Professionals	Female	68	0	58	0	0	58
	Male	47	0	33	0	0	33
Technicians and associate professionals	Female	38	0	26	0	0	26
	Male	27	0	19	0	0	19
Clerks	Female	47	0	43	0	0	43
	Male	39	0	35	0	0	35
Service and sales workers	Female	10	0	7	0	0	7
	Male	13	0	7	0	0	7
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	7	0	2	0	0	2
Elementary occupations	Female	14	0	0	0	0	0
	Male	15	0	0	0	0	0
Sub Total	Female	208	0	158	0	0	158
	Male	162	0	108	0	0	108
TOTAL		370	0	266	0	0	266

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 1 April 2023 and 31 March 2024

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

3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

Project title	Total number of consultants who worked on the project	Duration	Contract value in Rand
Appointment of a suitable service provider to conduct IP Masterplan Development for Somerset Industrial Park.	N/A	12 Months	R330,750
Appointment of a suitable service provider for conducting leopard research programme multi-year 2023-2024.	N/A	8 Months	R687,250
Appointment of the Service Provider to conduct an Impact evaluation of anti-alcohol education and awareness.	N/A	12 Months	R994,375
Appointment of a suitable service provider for developing a provincial strategic framework for the township and rural economy for the EC province	N/A	5 Months	R325,000
Conduct DEDEAT Risk Management Committee evaluation	N/A	3 Months	R207,990
Conduct Service Delivery Model	N/A	6 Months	R795,146
Production services and media relations support activities	N/A	36 Months	R1,745,010
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R35,000
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R30,000
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R90,000
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R70,000
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R38,500
Conduct due diligence on the LRED Fund applicants	N/A	1 Month	R42,000
Appointment of a suitable service provider to conduct IP Masterplan Development for Fort Jackson.	N/A	12 Months	R362,250
Phase 2 Environmental Assessment Support to DEDEAT in the IPP sector of Eastern Cape	N/A	3 Months	R372,071
Manufacturing of Companies in distress	N/A	36 Months	R1,050,000
Technical Oversight and Advisory Services for Mini-grid project	N/A	3 Months	R330,795
Review of Provincial Economic strategy	N/A	6 Months	R492,505
Project Management Support for the Provincial Infrastructure Steering Committee for electricity and energy	N/A	3 Months	R249,470
Power producer support: EIA and other regulatory and institutional support to DEDEAT in respect of Green Hydrogen Development.	N/A	3 Months	R448,500
Mini-grid Technical and Institutional Oversight and support services with stakeholder facilitation.	N/A	3 Months	R466,732.10
Appointment of a suitable service provider to Develop Costed Business Plans in Support of The Climate Change Programme for The Department of Economic Development, Environmental Affairs and Tourism	N/A	12 Months	R1,985,452
22	N/A	159 Months	R9,333,269

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

Project title	Name of consultant	BBBEE status (Level)
Appointment of a suitable service provider to conduct IP Masterplan Development for Somerset Industrial Park.	Ramp Economics	Level 1
Appointment of a suitable service provider for conducting leopard research programme multi-year 2023-2024.	CES Environmental and Social Advisory Services	Level 1
Appointment of the Service Provider to conduct an Impact evaluation of anti-alcohol education and awareness.	RJN Consulting	Level 1
Appointment of a suitable service provider for developing a provincial strategic framework for the township and rural economy for the EC province.	Intelligent Business Solutions	Level 1
Conduct DEDEAT Risk Management Committee evaluation.	LC Consultants	Level 1
Conduct Service Delivery Model.	NKA Management Services	Level 1
Production services and media relations support activities.	Media EQ	Level 4
Conduct due diligence on the LRED Fund applicants.	Globant	Level 1
Conduct due diligence on the LRED Fund applicants.	Maboya Investments	Level 1
Conduct due diligence on the LRED Fund applicants.	Urban Econ Development Economists	Level 2
Phase 2 Environmental Assessment Support to DEDEAT in the IPP sector of Eastern Cape	CSIR	Level 1
Manufacturing of Companies in distress	Intelligent Business Solutions	Level 1
Technical Oversight and Advisory Services for Mini-grid project.	Likhanye Consulting	Level 1
Review of Provincial Economic strategy	Urban Econ Development Economists	Level 2
Project Management Support for the Provincial Infrastructure Steering Committee for electricity and energy.	Afri-coast energy	Level 3
Power producer support: EIA and other regulatory and institutional support to DEDEAT in respect of Green Hydrogen Development	CSIR	Level 1
Mini-grid Technical and Institutional Oversight and support services with stakeholder facilitation.	Likhanye Consulting	Level 1
Appointment of suitable service provider to Develop Costed Business Plans In Support Of The Climate Change Programme For The Department Of Economic Development, Environmental Affairs And Tourism	CEN	Level 4

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2023 and 31 March 2024

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	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration workdays	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2023 and 31 March 2024

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



PART E

PFMA COMPLIANCE REPORT



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

1.1 Irregular expenditure

a. Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	604	604
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	(260)	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	344	604

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	-	-
Irregular expenditure that relates to 2023/24 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	-
Total	-	-

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

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

e. Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

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

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2023/24	92	-
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2023/24	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	92	-

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

Description ^[3]	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	92	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total^[3]	92	-

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

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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	2023/2024	2022/2023
	R'000	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 ^[1]	-	-
Closing balance	-	-

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure that was under assessment in 2023/2024	-	-
Unauthorised expenditure that relates to 2023/24 and identified in 2023/24	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

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

Description ^[2]	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total^[4]	-	-

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	2023/2024	2022/2023
	R'000	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	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
Total	-	-

c. Other material losses recovered

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
Total	-	-

d. Other material losses written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
Total	-	-

2 LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	92	8,789
Invoices paid within 30 days or agreed period	65	5,559
Invoices paid after 30 days or agreed period	23	2,949
Invoices older than 30 days or agreed period (unpaid and without dispute)	2	122
Invoices older than 30 days or agreed period (unpaid and in dispute)	2	2,787

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



PART F

FINANCIAL
INFORMATION



REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to 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 148 to 188, which comprise the appropriation statement, statement of financial position as at 31 March 2024, 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act of South Africa 5 of 2023 (Dora).

Basis for opinion

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

Section 42 of PFMA, transfer of immovable assets

7. As disclosed in note 26 of the financial statements, immovable tangible capital assets of R48,7 million and capital work-in-progress of R81,9 million has not yet been transferred to the appropriate custodian. The assets are in a process of being transferred in line with section 42 of the PFMA. The funds to finalise the project have been surrendered back to the Provincial Revenue Fund, hence no additional expenditure from the previous year's report relating to WIP.

Other matter

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

Unaudited supplementary schedules

9. The supplementary annexures set out on pages 189 to 201 does not form part of the financial statements and are presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the 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

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 145, forms part of our auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
15. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Economic development and tourism	58 to 59	Administering sustainable economic policies, developing appropriate strategies to promote business development, job creation and to sustain economic development through partnerships.
Environmental affairs	72 to 74	Regulation of environmental management through instruments such as the environmental impact assessments, compliance and enforcement and biodiversity management tools.

16. 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 useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

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

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for Programme 2: Economic development and tourism and Programme 3: Environmental affairs.

Other matter

20. I draw attention to the matter below.

Achievement of planned target

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

22. The table that follows provides information on the achievement of the planned target and the key indicator that was not achieved as reported in the annual performance report. The reason for any underachievement of this target is included in the annual performance report on page 58.

Programme 2: Economic development and tourism

Targets achieved: 91%		
Budget spent 99%		
Key indicator not achieved	Planned target	Reported achievement
Number of qualifying economic development projects funded at local and regional levels	10	2

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 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 which includes the audit committee's 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, 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

31 July 2024



Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected 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 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; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); Section 38(1)(d); 38(1)(h)(iii); 38(1)(j); 39(1)(a); Section 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); Section 43(1); 43(4); 44(1); 44(2); 45(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.14; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; Regulation 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A 6.3(e); 16A6.4; Regulation 16A6.5; 16A6.6; 16A7.1; 16A7.3; Regulation 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation; 16A 9.1(d); 16A 9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; Regulation 19.8.4
Division of Revenue Act 5 of 2023	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii) (bb)
Second amendment of NTI 05 of 2020-21	Paragraph 1
Erratum NTI 5 of 2020-21	Paragraph 2
National Treasury instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3. Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8. Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2;
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
State Information Technology Agency Act 88 of 1998	Section 7(3)

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		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per programme										
Programme										
ECONOMIC DEVELOPMENT AND TOURISM	1	243 785	-	4 555	248 340	243 607	4 733	98.09 %	239 386	230 048
	2	1 354 249	-	(4 657)	1 349 592	1 335 681	13 911	98.97 %	777 724	769 245
	3	359 095	-	102	359 197	358 567	630	99.82 %	361 388	359 107
Programme subtotal		1 957 129	-	-	1 957 129	1 937 855	19 274	99.02 %	1 378 498	1 358 400
Total		1 957 129	-	-	1 957 129	1 937 855	19 274	99.02 %	1 378 498	1 358 400
Reconciliation with statement of financial performance										
Add:										
Add:										
Actual amounts per statement of financial performance (total expenditure)						1 937 855				
						1 358 400				



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Figures in Rand thousand									
	2023/2024					2022/2023			
	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	253 405	1 801	(3 446)	251 760	250 869	891	99.65 %	240 611	237 942
Social contributions	46 914	(1 801)	(666)	44 447	43 768	679	98.47 %	42 507	41 731
	300 319	-	(4 112)	296 207	294 637	1 570	99.47 %	283 118	279 673
Goods and services									
Administrative fees	2 069	283	-	2 352	2 351	1	99.96 %	2 958	2 780
Advertising	2 425	748	-	3 173	3 172	1	99.97 %	3 708	3 678
Minor assets	650	90	-	740	740	-	100.00 %	522	426
Audit costs: External	4 237	367	-	4 604	4 604	-	100.00 %	5 044	5 008
Bursaries: Employees	1 600	(40)	-	1 560	1 525	35	97.76 %	1 085	1 044
Catering: Departmental activities	3 098	525	-	3 623	3 036	587	83.80 %	1 979	1 604
Communication	701	(188)	-	513	340	173	66.28 %	145	144
Computer services	10 502	3 771	2 103	16 376	16 326	50	99.69 %	22 583	20 761
Consultants: Business and advisory services	17 733	(2 938)	(2 368)	12 427	11 473	954	92.32 %	23 735	17 216
Legal services	1 310	(35)	-	1 275	863	412	67.69 %	1 200	1 199
Contractors	2 229	(1 714)	(325)	190	189	1	99.47 %	434	271
Fleet services	5 800	75	-	5 875	5 875	-	100.00 %	4 280	4 279
Inventory: Clothing material and supplies	863	3	-	866	866	-	100.00 %	750	750
Inventory: Other supplies	1 618	(234)	(668)	716	706	10	98.60 %	96	96
Consumable supplies	811	(236)	-	575	542	33	94.26 %	718	609
Consumable: Stationery, printing and office supplies	1 610	(525)	-	1 085	1 081	4	99.63 %	864	765
Operating leases	29 261	(673)	850	29 438	28 051	1 387	95.29 %	23 830	23 670
Property payments	11 936	1 662	-	13 598	13 597	1	99.99 %	11 199	10 311
Travel and subsistence	20 345	214	(269)	20 290	18 958	1 332	93.44 %	16 315	14 764
Training and development	3 251	(58)	-	3 193	3 189	4	99.87 %	2 992	2 802



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2023/2024									
2022/2023									
	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	2 376	(365)	-	2 011	1 802	209	89.61 %	3 327	2 929
Venues and facilities	5 468	(576)	-	4 892	4 782	110	97.75 %	3 925	3 250
Rental and hiring	661	(156)	-	505	505	-	100.00 %	419	417
	130 554	-	(677)	129 877	124 573	5 304	95.92 %	132 108	118 773
Total current payments	430 873	-	(4 789)	426 084	419 210	6 874	98.39 %	415 226	398 446
Transfers and subsidies									
Provinces and municipalities									
Municipalities									
Municipal bank accounts	24 237	-	-	24 237	24 237	-	100.00 %	25 600	24 753
Departmental agencies and accounts									
Departmental agencies (non-business entities)	1 465 626	-	-	1 465 626	1 465 626	-	100.00 %	916 049	916 049
Public corporations and private enterprises									
Private enterprises									
Other transfers to private enterprises	14 600	-	-	14 600	3 763	10 837	25.77 %	2 110	2 110
Non-profit institutions	1 592	-	-	1 592	1 592	-	100.00 %	-	-
Households									
Social benefits	3 288	11	1 660	4 959	4 949	10	99.80 %	2 200	1 914
Other transfers to households	1 025	(11)	-	1 014	999	15	98.52 %	203	202
	4 313	-	1 660	5 973	5 948	25	99.58 %	2 403	2 116
Total transfers and subsidies	1 510 368	-	1 660	1 512 028	1 501 166	10 862	99.28 %	946 162	945 028
Payments for capital assets									
Machinery and equipment									
Transport equipment	5 022	1 179	-	6 201	6 169	32	99.48 %	5 042	4 522
Other machinery and equipment	10 866	(1 179)	2 779	12 466	10 960	1 506	87.92 %	11 958	10 294



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Figures in Rand thousand									
2023/2024									
2022/2023									
	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	1 283	(143)	-	1 140	1 024	116	89.82 %	1 146	1 119
OFFICE OF THE HOD	33 213	(732)	(859)	31 622	31 171	451	98.57 %	30 515	30 037
FINANCIAL MANAGEMENT	97 270	(3 228)	1 796	95 838	92 326	3 512	96.34 %	89 647	86 672
CORPORATE MANAGEMENT	112 019	4 103	3 618	119 740	119 086	654	99.45 %	118 078	112 220
Subtotal	243 785	-	4 555	248 340	243 607	4 733	98.09 %	239 386	230 048
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	107 851	209	(1 426)	106 634	106 361	273	99.74 %	104 287	103 598
Social contributions	19 655	(209)	(234)	19 212	18 925	287	98.51 %	19 877	19 660
	127 506	-	(1 660)	125 846	125 286	560	99.56 %	124 164	123 258
Goods and services									
Administrative fees	1 764	287	-	2 051	2 050	1	99.95 %	2 668	2 493
Advertising	1 702	772	-	2 474	2 473	1	99.96 %	3 039	3 017
Minor assets	650	90	-	740	740	-	100.00 %	522	426
Audit costs: External	4 237	367	-	4 604	4 604	-	100.00 %	5 044	5 008
Bursaries: Employees	1 600	(40)	-	1 560	1 525	35	97.76 %	1 085	1 044
Catering: Departmental activities	977	(7)	-	970	869	101	89.59 %	540	414
Communication	701	(188)	-	513	340	173	66.28 %	145	144
Computer services	8 436	3 737	2 103	14 276	14 276	-	100.00 %	20 418	18 716
Consultants: Business and advisory services	7 077	(1 620)	(265)	5 192	5 182	10	99.81 %	4 279	3 288
Legal services	1 310	(35)	-	1 275	863	412	67.69 %	1 200	1 199
Contractors	1 966	(1 590)	(325)	51	50	1	98.04 %	299	162
Fleet services	5 800	75	-	5 875	5 875	-	100.00 %	4 280	4 279
Inventory: Clothing material and supplies	-	-	-	-	-	-	- %	20	20



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Inventory: Other supplies	16	-	-	16	16	-	100.00 %	-	-
Consumable supplies	737	(173)	-	564	531	33	94.15 %	468	366
Consumable: Stationery, printing and office supplies	1 265	(515)	-	750	749	1	99.87 %	394	300
Operating leases	29 261	(673)	850	29 438	28 051	1 387	95.29 %	23 830	23 670
Property payments	11 936	1 662	-	13 598	13 597	1	99.99 %	11 199	10 311
Travel and subsistence	9 351	(1 093)	(269)	7 989	7 740	249	96.88 %	8 528	7 822
Training and development	3 251	(58)	-	3 193	3 189	4	99.87 %	2 992	2 802
Operating payments	2 180	(229)	-	1 951	1 746	205	89.49 %	3 051	2 701
Venues and facilities	1 931	(769)	-	1 162	1 162	-	100.00 %	1 758	1 616
	96 148	-	2 094	98 242	95 628	2 614	97.34 %	95 759	89 798
Total current payments	223 654	-	434	224 088	220 914	3 174	98.58 %	219 923	213 056
Transfers and subsidies									
Households									
Social benefits	3 288	11	1 660	4 959	4 949	10	99.80 %	2 200	1 914
Other transfers to households	1 025	(11)	-	1 014	999	15	98.52 %	203	202
	4 313	-	1 660	5 973	5 948	25	99.58 %	2 403	2 116
Payments for capital assets									
Machinery and equipment									
Transport equipment	5 022	1 179	-	6 201	6 169	32	99.48 %	5 042	4 522
Other machinery and equipment	10 796	(1 179)	2 111	11 728	10 226	1 502	87.19 %	11 908	10 244
	15 818	-	2 111	17 929	16 395	1 534	91.44 %	16 950	14 766
Payments for financial assets	-	-	350	350	350	-	100.00 %	110	110
Total	243 785	-	4 555	248 340	243 607	4 733	98.09 %	239 386	230 048



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2023/2024							2022/2023		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.2. ECONOMIC DEVELOPMENT AND TOURISM									
Sub programme									
INTEGRATED ECONOMIC DEVELOPMENT	312 049	571	(4 555)	308 065	296 622	11 443	96.29 %	159 428	153 212
TRADE AND SECTOR DEVELOPMENT	830 246	(579)	(102)	829 565	827 845	1 720	99.79 %	437 942	436 872
BUSINESS REGULATION AND GOVERNANCE	189 652	(190)	-	189 462	188 829	633	99.67 %	162 089	161 296
ECONOMIC PLANNING TOURISM	6 123 16 179	153 45	-	6 276 16 224	6 275 16 110	1 114	99.98 % 99.30 %	5 876 12 389	5 812 12 053
Subtotal	1 354 249	-	(4 657)	1 349 592	1 335 681	13 911	98.97 %	777 724	769 245
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	51 528	249	(2 122)	49 655	49 038	617	98.76 %	53 038	51 384
Social contributions	9 512	(249)	(432)	8 831	8 439	392	95.56 %	8 491	8 009
	61 040	-	(2 554)	58 486	57 477	1 009	98.27 %	61 529	59 393
Goods and services									
Administrative fees	305	(4)	-	301	301	-	100.00 %	290	287
Advertising	723	(24)	-	699	699	-	100.00 %	669	661
Catering: Departmental activities	1 174	435	-	1 609	1 217	392	75.64 %	1 104	872
Computer services	873	73	-	946	939	7	99.26 %	830	756
Consultants: Business and advisory services	8 528	(978)	(2 103)	5 447	4 504	943	82.69 %	17 804	12 577
Contractors	161	(127)	-	34	34	-	100.00 %	75	61
Consumable: Stationery, printing and office supplies	102	(33)	-	69	69	-	100.00 %	-	-
Travel and subsistence	5 015	787	-	5 802	5 149	653	88.75 %	3 108	2 636
Operating payments	130	(130)	-	-	-	-	- %	6	-



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Venues and facilities	2 048	48	-	2 096	2 030	66	96.85 %	1 287	980
Rental and hiring	503	(47)	-	456	456	-	100.00 %	308	308
Total current payments	19 562	-	(2 103)	17 459	15 398	2 061	88.20 %	25 481	19 138
Transfers and subsidies	80 602	-	(4 657)	75 945	72 875	3 070	95.96 %	87 010	78 531
Provinces and municipalities									
Municipalities									
Municipal bank accounts	200	-	-	200	200	-	100.00 %	-	-
Departmental agencies and accounts									
Departmental agencies (non-business entities)	1 258 777	-	-	1 258 777	1 258 777	-	100.00 %	688 604	688 604
Public corporations and private enterprises									
Private enterprises									
Other transfers to private enterprises	14 600	-	-	14 600	3 763	10 837	25.77 %	2 110	2 110
Total transfers and subsidies	1 273 577	-	-	1 273 577	1 262 740	10 837	99.15 %	690 714	690 714
Payments for capital assets									
Machinery and equipment									
Other machinery and equipment	70	-	-	70	66	4	94.29 %	-	-
Total	1 354 249	-	(4 657)	1 349 592	1 335 681	13 911	98.97 %	777 724	769 245



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Figures in Rand thousand									
2023/2024									
2022/2023									
	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	43 423	780	-	44 203	44 102	101	99.77 %	36 899	35 914
COMPLIANCE AND ENFORCEMENT	29 219	(1 436)	-	27 783	27 687	96	99.65 %	30 124	30 021
ENVIRONMENTAL QUALITY MANAGEMENT	30 355	838	-	31 193	31 064	129	99.59 %	26 582	25 848
BIODIVERSITY MANAGEMENT	240 573	(403)	-	240 170	239 995	175	99.93 %	255 657	255 350
ENVIRONMENTAL EMPOWERMENT SERVICES	15 525	221	102	15 848	15 719	129	99.19 %	12 126	11 974
Subtotal	359 095	-	102	359 197	358 567	630	99.82 %	361 388	359 107
Economic classification									
Current payments									
Compensation of employees									
Salaries and wages	94 026	1 343	102	95 471	95 470	1	100.00 %	83 286	82 960
Social contributions	17 747	(1 343)	-	16 404	16 404	-	100.00 %	14 139	14 062
	111 773	-	102	111 875	111 874	1	100.00 %	97 425	97 022
Goods and services									
Catering: Departmental activities	947	97	-	1 044	950	94	91.00 %	335	318
Computer services	1 193	(39)	-	1 154	1 111	43	96.27 %	1 335	1 289
Consultants: Business and advisory services	2 128	(340)	-	1 788	1 787	1	99.94 %	1 652	1 351
Contractors	102	3	-	105	105	-	100.00 %	60	48
Inventory: Clothing material and supplies	863	3	-	866	866	-	100.00 %	730	730
Inventory: Other supplies	1 602	(234)	(668)	700	690	10	98.57 %	96	96
Consumable supplies	74	(63)	-	11	11	-	100.00 %	250	243



Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

Appropriation Statement

Figures in Rand thousand									
	2023/2024					2022/2023			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Consumable: Stationery, printing and office supplies	243	23	-	266	263	3	98.87 %	470	465
Travel and subsistence	5 979	520	-	6 499	6 069	430	93.38 %	4 679	4 306
Operating payments	66	(6)	-	60	56	4	93.33 %	270	228
Venues and facilities	1 489	145	-	1 634	1 590	44	97.31 %	880	654
Rental and hiring	158	(109)	-	49	49	-	100.00 %	111	109
	14 844	-	(668)	14 176	13 547	629	95.56 %	10 868	9 837
Total current payments	126 617	-	(566)	126 051	125 421	630	99.50 %	108 293	106 859
Transfers and subsidies									
Provinces and municipalities									
Municipalities									
Municipal bank accounts	24 037	-	-	24 037	24 037	-	100.00 %	25 600	24 753
Departmental agencies and accounts									
Departmental agencies (non-business entities)	206 849	-	-	206 849	206 849	-	100.00 %	227 445	227 445
Non-profit institutions	1 592	-	-	1 592	1 592	-	100.00 %	-	-
Total transfers and subsidies	232 478	-	-	232 478	232 478	-	100.00 %	253 045	252 198
Payments for capital assets									
Machinery and equipment									
Other machinery and equipment	-	-	668	668	668	-	100.00 %	50	50
Total	359 095	-	102	359 197	358 567	630	99.82 %	361 388	359 107



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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, and Annexure 1 (A-H) to the annual financial statements.

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 to the annual financial statements.

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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	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
ADMINISTRATION	248 340	243 607	4 733	1.91 %
ECONOMIC DEVELOPMENT AND TOURISM	1 349 592	1 335 681	13 911	1.03 %
ENVIRONMENTAL AFFAIRS	359 197	358 567	630	0.18 %

Programme 1: Administration

Programme 1: Administration

Compensation of employees

Underspending is as a result of DPESA's *Circular 49 of 2023* dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was then suspended. This resulted in the reprioritization of the savings realised in compensation of employees as per the approved Annual Recruitment Plan that lead to delays in the filling of vacant posts.

Goods and Services

Legal services :

Legal fees are paid on receipt of claims from Department of Justice, as at the end of the financial year there were no invoices received. This resulted in underspending under this item.

Travelling:

The under-expenditure on travel and subsistence is due to the implementation of the cost containment measures as directed by National Treasury during the mid term budget adjustment.

Operating Payments:

Under-expenditure on publications relates to funds which were meant for White paper and Bill in respect of new legislation on the merger of departmental entities which will be published in the 2024/25 financial year.

Capital Payments:

Under spending is due to the cellphone accounts which had to be reconciled with the service providers as there were discrepancies in billing. Reconciliation on this account has after the end of the financial year been completed..

Programme 2 Economic Development and Tourism

Compensation of Employees

Underspending is as a result of DPESA's *Circular 49 of 2023* dated 10 October 2023, effective 01 October 2023. The circular was to enhance the Directive on Cost Containment measures for the compensation of employees. The filling of all vacant posts was suspended. This resulted in the reprioritization of the savings realised in compensation of employees as per the approved Annual Recruitment Plan that lead to delays in the filling of vacant posts.

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Goods and Services

Catering :

The Department has a schedule to host Micro Small Medium Enterprises summit at Sarah Baartman and Buffalo City, however, due to the non-availability of the main stakeholders and other commitments by the District municipalities, the planned Micro Small Medium Enterprises summit had to be cancelled.

Power Producer Support and Foreign Direct Investment Projects could not be paid due to bank verification challenges. Whilst the verification was later resolved on CSD, it didn't update on the Logis system.

Travelling:

The under-expenditure on travel and subsistence is due to the implementation of the cost containment measures as directed by National Treasury during the mid term budget adjustment.

Transfers & Subsidies:

The quality of the business plans for LRED projects were submitted for funding, the due diligence process found the applications to be non-compliant with the policy and the departmental internal compliance processes. That led to the underspending on the transfer to private and public institutions.

Programme 3: Environmental Affairs
Compensation of Employees

None 100% spent

Goods and Services and Transfers

Travelling:

The under-expenditure on travel and subsistence is due to the implementation of the cost containment measures as directed by National Treasury during the mid term budget adjustment.

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	296 207	294 637	1 570	1 %
Goods and services	129 877	124 573	5 304	4 %
Transfers and subsidies				
Provinces and municipalities	24 237	24 237	-	- %
Departmental agencies and accounts	1 465 626	1 465 626	-	- %
Public corporations and private enterprises	14 600	3 763	10 837	74 %
Non-profit institutions	1 592	1 592	-	- %
Households	5 973	5 948	25	- %
Payments for capital assets				
Machinery and equipment	18 667	17 129	1 538	8 %
Payments for financial assets	350	350	-	- %

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

4.3 Per conditional grant

Figures in Rand thousand	Final Appropriation	Actual Expenditure
EPWP (Walter Sisulu Local Municipality)	847	847
EPWP (Matatiele Local Municipality)	3 331	3 331

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
Revenue			
Annual appropriation	1	1 957 129	1 378 498
Expenditure			
Current expenditure			
Compensation of employees	3	294 637	279 673
Goods and services	4	124 573	118 773
Total current expenditure		419 210	398 446
Transfers and subsidies			
Transfers and subsidies	6	1 501 166	945 028
Expenditure for capital assets			
Tangible assets	7	17 129	14 816
Payments for financial assets	5	350	110
Total expenditure		1 937 855	1 358 400
Surplus for the year		19 274	20 098
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		19 274	20 098
		19 274	20 098

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
Assets			
Current Assets			
Cash and cash equivalents	8	39 553	20 185
Receivables	9	283	252
		39 836	20 437
Non-Current Assets			
Investments	10	427 597	427 597
Receivables	9	2 721	3 253
		430 318	430 850
Total Assets		470 154	451 287
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	11	19 274	20 098
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	17 642	484
Payables	13	3 264	185
		40 180	20 767
Total Liabilities		40 180	20 767
		429 974	430 520
Represented by:			
Capitalisation reserve		427 597	427 597
Recoverable revenue		2 377	2 923
Total		429 974	430 520

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand thousand	Note	2023/2024	2022/2023
Capitalisation reserves			
Opening balance		427 597	427 597
Recoverable revenue			
Opening balance		2 923	3 639
Transfers:			
Debts revised		(546)	(716)
Closing balance		2 377	2 923
Total		429 974	430 520

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	1 957 129	1 378 498
Departmental revenue received	2	211 383	220 540
Interest received	2.3	64	281
		2 168 576	1 599 319
Net (increase)/ decrease in working capital		3 048	3 443
Surrendered to Revenue Fund		(214 387)	(264 619)
Current payments		(419 210)	(398 446)
Payments for financial assets		(350)	(110)
Transfers and subsidies paid		(1 501 166)	(945 028)
Net cash flow available from operating activities	14	36 511	(5 441)
Cash flows from investing activities			
Payments for capital assets	7	(17 129)	(14 816)
(Increase)/ decrease in non-current receivables	9	532	(667)
Net cash flows from investing activities		(16 597)	(15 483)
Cash flows from financing activities			
Increase/ (decrease) in net assets		(546)	(716)
Net cash flows from financing activities		(546)	(716)
Net increase/ (decrease) in cash and cash equivalents		19 368	(21 640)
Cash and cash equivalents at beginning of year		20 185	41 825
Cash and cash equivalents at the end of the year	15	39 553	20 185

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

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 , 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 Standard.

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.

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

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.

Department Of Economic Development Environmental Affairs And Tourism

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Annual Financial Statements for the year ended 31 March 2024

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 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. 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.

11. Investments

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

12. Financial assets

12.1 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.

Department Of Economic Development Environmental Affairs And Tourism

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Accounting Policies

12. Financial assets (continued)

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.

12.2 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.

13. Payables

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

14. Capital assets

14.1 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.

14.2 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 R1 -.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1 -

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.

14.3 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 R1 -.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1 -.

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.

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

14. Capital assets (continued)

14.4 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.

15. Provisions and contingents

15.1 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.

15.2 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.

15.3 Capital commitments

Capital commitments are recorded at cost in the notes to the annual financial statements.

16. 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.

17. 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.

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Accounting Policies

18. 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 financial statements when and at amounts confirmed and includes:

For the current financial year -

- Amounts incurred and confirmed in that financial year;
- Payments made as it relates to multi-year contracts (if not condoned yet).

For the previous financial year -

- Amounts confirmed in that financial year;
- Amounts that were under assessment in that financial year and confirmed in the current financial year;
- Amounts that were not identified in the previous year and are identified and confirmed in the current financial year.

19. Changes in accounting estimates and errors

Changes in accounting policies are applied in accordance with MCS requirements.

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.

20. 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.

21. 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.

22. 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 Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

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Accounting Policies

23. 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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

24. 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.

25. 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.

26. 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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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

	Note	2023/2024	2022/2023
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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	2023/2024		2022/2023	
	Final budget	Actual funds received	Final budget	Appropriation received
Programmes				
ADMINISTRATION	245 888	245 888	239 386	239 386
ECONOMIC DEVELOPMENT AND TOURISM	1 352 044	1 352 044	777 724	777 724
ENVIRONMENTAL AFFAIRS	359 197	359 197	361 388	361 388
Total	1 957 129	1 957 129	1 378 498	1 378 498

1.2 Conditional grants**

Total grants received	30	4 178	2 823
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2. Departmental revenue

Tax revenue		206 214	216 291
Sales of goods and services other than capital assets	2.1	1 307	1 355
Fines, penalties and forfeits	2.2	1 085	2 385
Interest, dividends and rent on land	2.3	1 984	281
Transactions in financial assets and liabilities	2.4	857	509
Total revenue collected		211 447	220 821
Less: Own revenue included in appropriation	12	211 447	220 821
Departmental revenue collected		-	-

2.1 Sales of goods and services other than capital assets

Sales by market establishment	4	5
Administrative fees	1 038	1 089
Other sales	265	261
Sales of goods and services produced by the department	1 307	1 355

2.2 Fines, penalties and forfeits

Fines	1 085	2 385
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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

	Note(s)	2023/2024	2022/2023
2. Departmental revenue (continued)			
2.3 Interest, dividends and rent on land			
Interest		64	281
Rent on land		1 920	-
Total	2	1 984	281

During the 2023/24 financial year, Vodacom entered into lease agreement in terms of the Sea Shore Act (Act No.21 of 1935) in order to land the 2AFRICA/GERA Submarine Fibre Optic Cable System that connects countries in Europe, Africa and the Middle East. The agreement commenced on 1 October 2023 with the annual amount payable annually in advance. The amount relates to revenue received from the 01 October 2023 to March 2024.

2.4 Transactions in financial assets and liabilities

Receivables		594	588
Other receipts including recoverable revenue		263	(79)
Total	2	857	509

3. Compensation of employees

3.1 Salaries and wages

Basic salary	210 500	192 236
Performance award	44	102
Service based	305	338
Compensative/circumstantial	723	654
Other non-pensionable allowances	39 297	44 612
Total	250 869	237 942

3.2 Social contributions

Employer contributions

Pension	27 728	26 861
Medical	15 914	14 736
Bargaining council	58	54
Insurance	68	80
Total	43 768	41 731

Total compensation of employees	294 637	279 673
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Average number of employees	473	505
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The number is reduced as a result of the end of the internship contracts of which new interns were to resume employment in the new financial year.

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Figures in Rand thousand	Note(s)	2023/2024	2022/2023
4. Goods and services			
Administrative fees		2 351	2 780
Advertising		3 172	3 678
Minor assets	4.1	740	426
Bursaries (employees)		1 525	1 044
Catering		3 036	1 604
Communication		340	144
Computer services	4.2	16 326	20 761
Consultants: Business and advisory services		11 473	17 216
Legal services		863	1 199
Contractors		189	271
Audit cost - external	4.3	4 604	5 008
Fleet services		5 875	4 279
Inventory	4.4	1 572	846
Consumables	4.5	1 623	1 374
Operating leases		28 051	23 670
Property payments	4.6	13 597	10 311
Rental and hiring		505	417
Travel and subsistence	4.7	18 958	14 764
Venues and facilities		4 782	3 250
Training and development		3 189	2 802
Other operating expenditure	4.8	1 802	2 929
Total		124 573	118 773

Bursaries:

The department has revised its bursary eligibility criteria to other study fields, more beneficiaries were added in various programmes accommodating environmental officers. There was also adjustments that were inflationary based, more applicants were received due to economic downturn and unemployment rate

Catering:

The Department hosted several MSME summits and the climate change dialogue in various regional offices within the province.

Computer Services:

The reduction is as a result of the microsoft licences payment for 2023/24 financial year this has been centralized to the Office of the Premier for the entire province for payment.

Consultants:

There was less expenditure on the consultants due to in-house expertise in most areas of the planned procurement for 2023/24, also there were budgetary constraints. there was reallocation of funds to other priorities that lead to reduced spending on consultants.

Fleet Services:

The department's order for replacement vehicle through the Government Fleet Management Services the delivery of the vehicles took longer, hence the low expenditure.

Operating Leases:

These included the security systems as part of the operating leases, which took longer to secure its equipment.

Property Payments:

In Maluti regional office there was no provision for security services, as this service was provided by department of Public Works. The department is providing the services hence the increase against this item.

Travel and

Subsistence:

The departments projects to be monitored through awareness and meetings plus public entity oversight had increased spending.

4.1 Minor assets

Tangible assets

Machinery and equipment	740	426
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Figures in Rand thousand	Note(s)	2023/2024	2022/2023
4. Goods and services (continued)			
4.2 Computer services			
SITA computer services		2 549	2 291
External computer service providers		13 777	18 470
Total	4	16 326	20 761
4.3 Audit cost - external			
Regularity audits		4 604	5 008
4.4 Inventory			
Clothing material and accessories		866	750
Other supplies	4.4.1	706	96
Total	4	1 572	846
4.4.1 Other supplies			
Other		706	96
4.5 Consumables			
Uniform and clothing		214	267
Household supplies		195	322
Building material and supplies		16	-
Communication accessories		4	-
IT consumables		78	-
Other consumables		35	21
Consumable supplies		542	610
Stationery, printing and office supplies		1 081	764
Total	4	1 623	1 374
4.6 Property payments			
Municipal services		167	126
Other		13 430	10 185
Total	4	13 597	10 311
4.7 Travel and subsistence			
Local		18 073	14 239
Foreign		885	525
Total	4	18 958	14 764
4.8 Other operating expenditure			
Professional bodies, membership and subscription fees		338	427
Resettlement costs		1 326	2 272
Other		138	230
Total	4	1 802	2 929



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Figures in Rand thousand	Note(s)	2023/2024	2022/2023
5. Payments for financial assets			
Debt written off	5.1	350	110

5.1 Debt written off

Debt written off

Debt written off		350	110
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The Accounting Officer has authorised debts amounting to R350 thousand to be written off. The debts are for ex-employees who were referred to Legal Service State attorney to be traced and that did not give good results, some are uneconomical, some could cause undue hardship to the dependents and there are those that were reported to be deceased.

6. Transfers and subsidies

Provinces and municipalities	31	24 237	24 753
Departmental agencies and accounts	Annexure 1B	1 465 626	916 049
Public corporations and private enterprises	Annexure 1D	3 763	2 110
Non-profit institutions	Annexure 1F	1 592	-
Households	Annexure 1G	5 948	2 116
Total		1 501 166	945 028

In the year under review the department has paid various schools as part of the Provincial Enviro Awards competition which is included in transfers to Non profit institutions and amounting to R 1592 Million.

7. Expenditure for capital assets

Tangible assets

Machinery and equipment	25	17 129	14 816
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7.1 Analysis of funds utilised to acquire capital assets - 2023/2024

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Machinery and equipment	17 129	17 129

7.2 Analysis of funds utilised to acquire capital assets - 2022/2023

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Machinery and equipment	14 816	14 816

7.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets

Machinery and equipment	10 992	11 894
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8. Cash and cash equivalents

Consolidated paymaster general account	39 553	20 185
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The significant cash remaining on cash and cash equivalent relates to revenue collected from entities and surplus for the year , both these funds will be surrendered to Revenue Fund in the next financial year.

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Figures in Rand thousand Note(s) 2023/2024 2022/2023

9. Receivables

Figures in Rand thousand		2023/2024			2022/2023		
	Note	Current	Non-current	Total	Current	Non-current	Total
Claims recoverable	9.1	64	-	64	-	-	-
Staff debt	9.2	219	2 721	2 940	252	3 253	3 505
Total		283	2 721	3 004	252	3 253	3 505

The Department's debt book is comprised of staff debt that relates to Irregular salary upgrade emanating from 2014/15 financial year the amount as at the end of the financial year is R 2 506 Million. Human Resource Operational Processes Team(HROPT) amounting to R 329 thousand emanates from previous years, other miscellaneous debts R103 thousand. These debts are reduced monthly as there are payments that are received against some of them.

9.1 Claims recoverable

Provincial departments	64	-
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9.2 Staff debt

Salary upgrade,HROPT & Other miscellaneous	2 940	3 505
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9.3 Impairment of receivables

Estimate of impairment of receivables	1 227	1 176
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At year end assessment for impairment was conducted on receivables based on tracing of debtors done by Legal Services State attorney 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. The tracing did not yield any positive results hence the department resorted to impair some of those debts that will not be recovered.

10. Investments

Non-current

Shares and other equity	427 597	427 597
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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	20 098	29 210
Transferred from statement of financial performance	19 274	20 098
Paid during the year	(20 098)	(29 210)
Closing balance	19 274	20 098

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Figures in Rand thousand

	Note(s)	2023/2024	2022/2023
11. Voted funds to be surrendered to the Revenue Fund (continued)			
11.1 Reconciliation of unspent conditional grants			
Total conditional grants received	1.2	4 178	2 823
Total conditional grants spent		(4 178)	(1 976)
Unspent conditional grants to be surrendered		-	847

12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance		484	15 072
Own revenue included in appropriation	2	211 447	220 821
Paid during the year		(194 289)	(235 409)
Closing balance		17 642	484

Included in the note is revenue collected by the Department that will be surrendered to Revenue Fund in the next financial year.

13. Payables - current

Advances received	13.1	1 920	-
Clearing accounts	13.2	1 344	185
Total		3 264	185

13.1 Advances received

Other institutions	Annexure 8B	1 920	-
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During the 2023/24 financial year, Vodacom entered into lease agreement in terms of the Sea Shore Act (Act No.21 of 1935) in order to land the 2AFRICA/GERA Submarine Fibre Optic Cable System that connects countries in Europe, Africa and the Middle East. The agreement commenced on 1 October 2023 with the annual amount payable annually in advance. The amount relates to revenue received in advance from April 2024 to September 2024.

13.2 Clearing accounts

Clearing accounts	1 344	185
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Clearing accounts relates to the following suspense account, bank adjustment, salary reversal, salary tax debt, salary GEHS, salary bargaining, salary deduction and salary income tax. In respect of former MEC's refund from Government Pension Fund (R 1,350,128.20)

14. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	19 274	20 098
Add back non cash/ cash movements not deemed operating activities		
(Increase)/ decrease in receivables	(31)	3 309
Increase/ (decrease) in payables – current	3 079	134
Expenditure on capital assets	17 129	14 816
Surrenders to Revenue Fund	(214 387)	(264 619)
Own revenue included in appropriation	211 447	220 821
Net cash flow generated by operating activities	36 511	(5 441)



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Figures in Rand thousand Note(s) 2023/2024 2022/2023

15. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated paymaster general account	39 553	20 185
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16. Contingent liabilities and contingent assets

16.1 Contingent liabilities

Liable to	Nature			
Claims against the department		Annexure 3B	4 436	9 248
Intergovernmental payables		Annexure 5	1 936	2 634
Total			6 372	11 882

iContingent liability (Claims against the department) relates to labour cases amounting to R1 400 Million and Litigation (Civil cases) amounting R3 036 Million. All cases listed as contingent liabilities are currently open. The matters included as contingent liabilities at the outset due to a number of factors influencing this such as, the type of matter, the duration, possible, postponedment etc. The nature of matter is confirmed by the state attorney. As at 31 March 2024, the department is not certain as to when these cases would be concluded.

17. Capital commitments

Machinery and equipment	18	773
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18. Accruals and payables not recognised

18.1 Accruals

Figures in Rand thousand	30 Days	2023/2024 30+ Days	Total	2022/2023 Total
Listed by economic classification				
Goods and services	2 367	2 544	4 911	3 689
Transfers and subsidies	1 500	-	1 500	-
Capital assets	1 512	-	1 512	1 280
Total	5 379	2 544	7 923	4 969

Listed by programme level

Administration	5 913	4 355
Economic Development and Tourism	1 707	333
Environmental Affairs	304	281
Total	7 924	4 969

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Figures in Rand thousand

	Note(s)	2023/2024	2022/2023
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18. Accruals and payables not recognised (continued)

18.2 Payables not recognised

Figures in Rand thousand		2023/2024		2022/2023
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	808	1	809	2 208
Transfers and subsidies	-	-	-	847
Capital assets	149	-	149	-
Total	957	1	958	3 055

Listed by programme level

Administration	151	1 163
Economic Development and Tourism	509	537
Environmental Affairs	298	1 355
Total	958	3 055

Included in the above totals are the following:

Confirmed balances with other departments	Annexure 5	-	71
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19. Employee benefits

Leave entitlement	14 853	14 488
Service bonus	8 382	7 701
Performance awards	1 426	3 389
Capped leave commitments	12 590	14 265
Other	387	2 881
Total	37 638	42 724

Included in the note under Other there is an amount that emanates from an arbitration award for an employee. This was incorrectly disclosed in the 2022/23 financial year as provision. This has been corrected and recorded in the prior year error note 43.1. At this stage the Department is not able to reliably measure the long term portion of the long service awards included in Other amounting to R243 thousands.

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Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

20. Lease commitments

20.1 Operating leases

2023/2024

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	28 922	28 922
Later than 1 year and not later than 5 years	27 765	27 765
Total lease commitments	56 687	56 687

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

The Department has entered into operating lease agreement for Computer, security and photocopy equipment. Lease commitments are calculated based on contractual obligation between the Department and Lessor. There are no sublease agreement that the Department has entered.

20.2 Finance leases

2023/2024

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	4 488	4 488
Later than 1 year and not later than 5 years	1 527	1 527
Total lease commitments	6 015	6 015

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

The Department entered into finance lease agreement for transport and cellphone equipment. Lease commitment is calculated based on contractual obligation between the Department and Lessor. There are no sublease agreement that the department has entered.

21. Accrued departmental revenue

Tax revenue	15 250	15 178
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Figures in Rand thousand Note(s) 2023/2024 2022/2023

21. Accrued departmental revenue (continued)

21.1 Analysis of accrued departmental revenue

Opening balance	15 178	15 072
Less: Amounts received	(15 178)	(15 072)
Add: Amounts recognised	15 250	15 178
Total	15 250	15 178

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	92	-
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This item results from a matter that was heard before the CCMA. The outcome of this matter resulted in the department being ordered by the court to reinstate a previously dismissed employee, and pay out all outstanding monies to the employee with interest. The interest, as per accounting guidelines, amounts to fruitless and wasteful expenditure under assessment, however the department intends to investigate further and satisfy itself in full on whether the expenditure could have been reasonably avoided.

23. Related party transactions

Payments made

Goods and services	128	425
Eastern Cape Development Corporation	Public Entity in the same MEC portfolio	
Eastern Cape Gambling Board	Public Entity in the same MEC portfolio	
Eastern Cape Liquour 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 Zone	Public Entity in the same MEC portfolio	
Eastern Cape Provincial Treasury	Sharing the same MEC with Department	
Eastn Cape Department of Public works	Using Department building without charge	

During the previous 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 R128 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.

24. Key management personnel

Level 15 to 16	1 830	1 770
Level 14 (incl. CFO if at a lower level)	4 218	4 134
Other	35 816	35 497
Total	41 864	41 401

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Figures in Rand thousand Note(s) 2023/2024 2022/2023

25. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	2 299	790	1 148	1 941
Computer equipment	9 935	1 706	2 840	8 801
Furniture and office equipment	12 125	2 657	2 992	11 790
Other machinery and equipment	1 959	843	1 146	1 656
	26 318	5 996	8 126	24 188

25.1 Movement for 2022/2023

Movement in movable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions	Closing balance
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

25.2 Minor assets

Movement in minor capital assets per the asset register for the year ended 31 March 2024

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	8 823	8 823
Additions	721	721
Disposals	2 165	2 165
Total minor capital assets	7 379	7 379

Figures in Rand thousand	Machinery and equipment	Total
Number of R1 minor assets	30	30
Number of minor assets at cost	284	284
Total number of minor assets	314	314

Movement in minor capital assets per the asset register for the year ended 31 March 2023

Figures in Rand thousand	Other machinery and equipment	Total
Opening balance	8 398	8 398
Additions	425	425
Total minor capital assets	8 823	8 823



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Figures in Rand thousand	Note(s)	2023/2024	2022/2023
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25. Movable tangible capital assets (continued)

Figures in Rand thousand	Other machinery and equipment	Total
Number of R1 minor assets	163	163

26. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand thousand	Opening balance	Closing balance
Buildings and other fixed structures		
Other fixed structures	48 650	48 650

26.1 Movement for 2022/2023

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

26.2 Capital Work-in-progress

Capital Work-in-progress as at 31 March 2024

Figures in Rand thousand	Note	Opening balance 01 April 2023	Closing balance 31 March 2024
Buildings and other fixed structures		81 936	81 936

The assets are in a process of being transferred in line with section 42 of the PFMA. The funds to finalise the project have been surrendered back to the Provincial Revenue Fund hence no additional expenditure from the previous year's report relating to WIP. The consultation with the relevant stakeholders relating to the transfer of the assets in line with PFMA section 42 is still in progress and their responses are still pending.

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



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Figures in Rand thousand	Note(s)	2023/2024	2022/2023
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27. Principal-agent arrangements

27.1 Department acting as the principal

Management Fees(ECDC)		128	425
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In the prior year the department was allocated funds for Informal Business Sector Program (IBSP) and entered into arrangement with ECDC (Implementing Agent) to implement the projects jointly with the Department. Significant terms and conditions are as per signed arrangement. ECDC has a role of procuring and implementing project on behalf of the Department. The rewards they will service the same constituency that are mandated to empower, that is the empowerment of small business. An amount of R128 thousand was paid to the entity for management fees.

28. Prior period errors

28.1 Correction of prior period errors

Figures in Rand thousand	Note	Amount bef error correction	2022/2023 Prior period error	Restated amount
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)				
Provision		2 598	(2 598)	-
Employee Benefit		-	2 598	2 598
Net effect		2 598	-	2 598

During the previous financial year the Department included a provision in respect of an arbitration award for an employee which is not in line with the MCS paragraph 48 of Chapter 14 which states that a department shall disclose in the note on employee benefit, the value of each major class of provision for employee benefit as at the reporting date.

29. Inventories

29.1 Inventory for the year ended 31 March 2024

Figures in Rand thousand	Insert major category of inventory	Total
Add: Additions/Purchases - Cash	1 572	1 572
Add/(Less): Received current, not paid (Paid current year, received prior year)	(1 572)	(1 572)
Closing balance	Annexure 6	-

Inventory for the year ended 31 March 2023

Figures in Rand thousand	Insert major category of inventory	Total
Add: Additions/Purchases - Cash	846	846
Add/(Less): Received current, not paid (Paid current year, received prior year)	(846)	(846)
Closing balance	Annexure 6	-



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Figures in Rand thousand

30. Statement of conditional grants received

Figures in Rand thousand	Grant allocation				Spent		2022/2023	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	Division of Revenue Act	Amount spent by department
Name of grant								
EPWP Walter Sisulu Municipality	-	847	-	847	847	847	2 823	1 976
EPWP Matatiele Municipality	3 691	-	(360)	3 331	3 331	3 331	-	-
	3 691	847	(360)	4 178	4 178	4 178	2 823	1 976



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Notes to the Annual Financial Statements

Figures in Rand thousand

31. Statement of conditional grants and other transfers to municipalities

Figures in Rand thousand	2023/2024				2022/2023	
	Grant allocation		Expenditure			
	DoRA and other transfers	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Division of Revenue Act
Name of municipality						
Grant to Municipalities	23 750	847	(360)	24 237	24 237	25 600
						24 753



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Annexures to the Annual Financial Statements - Unaudited

Annexure 1A

Statement of conditional grants and other transfers to municipalities

Figures in Rand thousand	Grant allocation				Transfer		Spent			2022/2023	
	DoRA and other transfers	Roll overs	Adjust- ments	Total available	Actual transfer	Amount received by municipi- pality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	DoRA and other transfers	Actual transfer
Name of municipality											
Kou Kama Municipality	2 000	-	-	2 000	2 000	2 000	436	1 564	22 %	-	-
Elundini LM	5 000	-	-	5 000	5 000	5 000	3 321	1 679	66 %	-	-
Matatiele LM	3 691	-	(360)	3 331	3 331	3 331	2 196	1 135	66 %	-	-
Makana Municipality LM	-	-	-	-	-	-	-	-	- %	5 000	5 000
Mbashehe Local Municipality	3 859	-	-	3 859	3 859	3 859	1 388	2 471	36 %	-	-
Senqu GMC	-	-	-	-	-	-	-	-	- %	300	300
Enoch Mgijima LM	3 000	-	-	3 000	3 000	3 000	2 273	727	76 %	-	-
Kouga LM	-	-	-	-	-	-	-	-	- %	5 000	5 000
Raymond MhlabaLM	2 200	-	-	2 200	2 200	2 000	1 484	516	74 %	-	-
DR AB Xuma LM	3 000	-	-	3 000	3 000	3 000	2 488	512	83 %	1 400	1 400
Engcobo	-	-	-	-	-	-	-	-	- %	5 000	5 000
Walter Sisulu LM	-	847	-	847	847	847	847	-	100 %	3 700	4 153
Umkhumbi LM	-	-	-	-	-	-	-	-	- %	1 000	3 700
Nyandeni LM	-	-	-	-	-	-	-	-	- %	1 000	1 000
Ntabankulu LM	-	-	-	-	-	-	-	-	- %	3 500	3 500
Umkhumbi LM GMA	-	-	-	-	-	-	-	-	- %	500	500
Ndlambe Local	-	-	-	-	-	-	-	-	- %	200	200
Municipality GMA	-	-	-	-	-	-	-	-	- %	-	-
Sundays Rivers	-	-	-	-	500	500	-	500	- %	-	-
ValleyLM	-	-	-	-	300	300	-	300	- %	-	-
Port St Johns	-	-	-	-	200	200	-	200	- %	-	-
Winnie Madikizela LM	-	-	-	-	-	-	-	-	- %	-	-
(Mbizana)	-	-	-	-	-	-	-	-	- %	-	-
Unallocated	1 000	-	-	1 000	-	-	-	-	- %	-	-
Total	23 750	847	(360)	24 237	24 237	24 037	14 433	9 604		25 600	24 753



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Annexure 1A (continued)

Statement of conditional grants and other transfers to municipalities (continued)

Figures in Rand thousand	Grant allocation			Transfer		Spent		2022/2023	
	DoRA and other transfers	Roll overs	Adjust- ments	Total available	Actual transfer	Amount received by municipi- pality	Amount spent by municipality	Unspent funds	DoRA and other transfers Actual transfer
Name of municipality									



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Annexure 1B

Statement of transfers to Departmental Agencies and Accounts

Figures in Rand thousand	Transfer allocation		Transfer		2022/2023	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget
Departmental Agency/ Account						Actual transfer
Eastern Cape Gambling Board	70 725	-	70 725	70 725	100 %	70 043
Eastern Cape Liquour Board	99 623	-	99 623	99 623	100 %	74 480
Eastern Cape Parks and Tourism Association	220 148	(2 201)	217 947	217 947	100 %	235 194
Eastern Cape Development Corporation	596 636	(3 416)	593 220	593 220	100 %	328 407
Coega Development Corporation	372 272	(50 746)	321 526	321 526	100 %	61 228
East London Industrial Development Zone	164 706	(2 121)	162 585	162 585	100 %	146 697
Total	1 524 110	(58 484)	1 465 626	1 465 626		916 049

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Annexure 1D

Statement of transfers/ subsidies to public corporations and private enterprises

Figures in Rand thousand	Transfer allocation		Expenditure		2022/2023	
	Adjusted budget	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Name of public corporations/ private enterprise						
Public corporations						
Subsidies						
LRED PROJECT	14 600	14 600	3 763	25.8 %	2 110	2 110



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Annexure 1F

Statement of transfers to non-profit institutions

Figures in Rand thousand	Transfer allocation			Expenditure	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred
Non-profit institutions					
Transfers					
Non Profit Organisation	-	(208)	(208)	-	- %
Subsidies					
	1 800	-	1 800	1 592	88 %
Total	1 800	(208)	1 592	1 592	

In the year under review the department has paid various schools as part of the Provincial Enviro Awards competition.



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Annexure 1G

Statement of transfers to households

Figures in Rand thousand	Transfer allocation			Expenditure		2022/2023	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Households							
Transfers							
Leave gratuity	2 150	1 138	3 288	4 949	151 %	2 200	1 914
Subsidies							
Bursaries(Non Employees)	725	300	1 025	999	97 %	203	202
Total	2 875	1 438	4 313	5 948	-	2 403	2 116



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Annexure 2A

Statement of investments in and amounts owing by/to national/ provincial public entities

Name of public entity	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
		2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Figures in Rand thousand												
National/ Provincial public entity												
ECDC		100 %	100 %	41 259	41 259	427 590	427 590	1 287 000	1 324 000	99 282	(9 951)	
EL IDZ		74 %	74 %	74	74	1	1	2 067 886	1 952 958	143 628	(77 473)	
COEGA		100 %	100 %	6 738	6 738	6	6	6 199 664	6 089 753	109 912	101 260	
Subtotal				48 071	48 071	427 597	427 597	9 554 550	9 366 711	352 822	13 836	



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Annexure 3B

Statement of contingent liabilities as at 31 March 2024

Figures in Rand thousand	Opening balance 01 April 2023	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31 March 2024
Nature of liabilities				
Claims against the department				
Claim against the department	9 248	250	5 062	4 436

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Annexure 4

Claims recoverable

Government entity	Confirmed balance outstanding	Total
Figures in Rand thousand	2023/2024	2023/2024
Department		
NW Department of Economic Development & Tourism	63	63
Department of Social development	1	1
Subtotal	64	64



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Annexure 5
Inter-government payables

Government entity	Confirmed balance outstanding	Unconfirmed balance outstanding	Total
Figures in Rand thousand	2022/2023	2023/2024	2022/2023
Departments			
Current			
EC Provincial Treasury	40	-	-
EC Office of the Premier	31	-	-
Department of Justice	-	1 936	1 936
Subtotal	71	1 936	2 007



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Annexure 6

Inventories

Inventory for the year ended 31 March 2024

Figures in Rand thousand	Note	Insert major category of inventory	Total
Add: Additions/Purchases - Cash		1 572	1 572
Add/(Less): Received current, not paid (Paid current year, received prior year)		(1 572)	(1 572)
Closing balance		-	-



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Annexure 6 (continued)

Inventories (continued)

Inventory for the year ended 31 March 2023

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Annexure 8B

Inter-entity advances received (note 13)

Entity	Confirmed balance outstanding	Total
Figures in Rand thousand	2023/2024	2023/2024
Other institutions		
Current		
Vodacom advance	1 920	1 920
Current	1 920	1 920

