ecsecc
eastern cape socio economic consultative council

ANNUAL REPORT 2022/23

We wish to see a prosperous and productive Eastern Cape where all people realise their potential.

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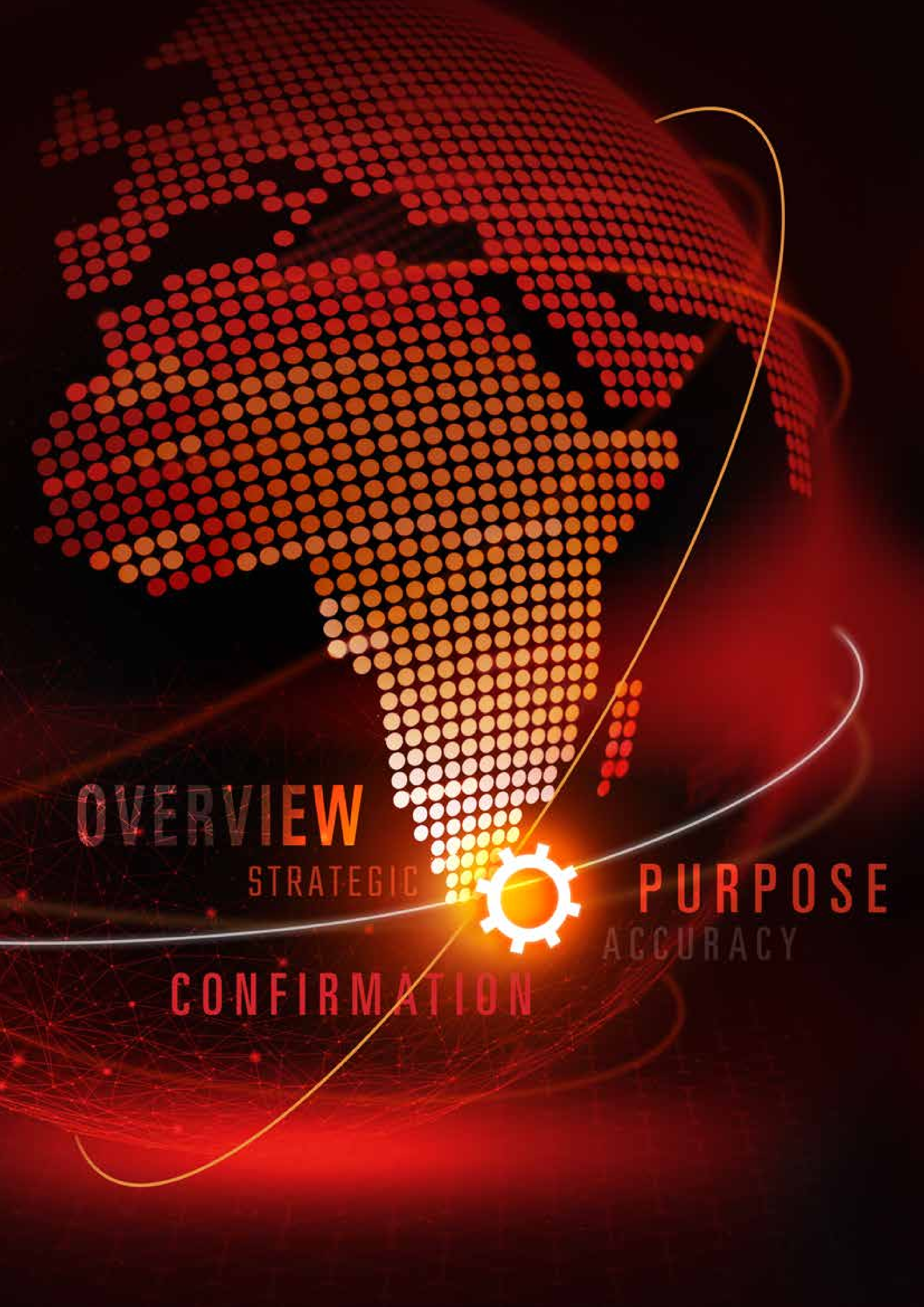
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PART A

GENERAL INFORMATION

1.1 GENERAL INFORMATION

REGISTERED NAME
Eastern Cape Socio Economic Consultative Council (ECSECC)

REGISTRATION NUMBER
1999/024315/08

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EXTERNAL AUDITORS
The Auditor-General of South Africa

COMPANY SECRETARY
Ms Nozuko Somniso
Executive Secretary and Chief Risk Officer

TAX EXCEPTION
Reference Number: 930031288 under section 30(3) of the Income Tax Act No. 58 of 1962

1.2

LIST OF ABBREVIATIONS OR ACRONYMS

AfCFTA: African Continental Free Trade Area
AFS: Annual Financial Statements
AGSA: Auditor-General of South Africa
AGYW: Adolescent Girls and Young Women
AI: Artificial Intelligence
AIDC-EC: Automotive Industry Development Center Eastern Cape
AIDS: Acquired Immune Deficiency Syndrome
AOP: Annual Operational Plan
APP: Annual Performance Plan
BCM: Buffalo City Metropolitan Municipality
BRICS: Brazil, Russia, India, China and South Africa
CEO: Chief Executive Officer
COBIT: Control Objectives for Information Technologies
COGTA: Cooperative Governance and Traditional Affairs
CSIR: Council for Scientific and Industrial Research
DDM: District Development Model
DEDEAT: Department of Economic Development Environment and Tourism
DM: District Municipality
DMRE: Department of Mineral Resouces and Energy
DoH: Department of Health EC Eastern Cape
DOT: Department of Transport
DPME: Department of Planning, Monitoring and Evaluation
DRDAR: Department of Rural Development and Agrarian Reform
EAP: Economically Active Population
ECAC: Eastern Cape AIDS Council
EC-COGTA: Eastern Cape Department of Cooperative Governance and Traditional Affairs
ECD: Early Childhood Development
ECDC: Eastern Cape Development Corporation
ECDoE: Department of Basic Education in the Eastern Cape
ECPDC: Eastern Cape Provincial Development Convention
ECRDA: Eastern Cape Rural Development Agency
ECSECC: Eastern Cape Socio Economic Consultative Council
ELIDZ: East London Industrial Development Zone
ESD: Eastern Seaboard Development
GDP: Gross Domestic Product
GDP-R: Real Gross Domestic Product
GFCF: Gross Fixed Capital Formation
GIS: Geographical Information System
GRAP: General Recognised Accounting Practices
GVA: Gross Value Add
HDI: Human Development Index
HH: Households
HIV/AIDS: Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome
HIV: Human Immunodeficiency Virus
HIV+: Human Immunodeficiency Virus Positive
HRD: Human Resource Development
HRDS-SA: Human Resource Development Strategy South Africa
ICASA: National Independent Communications Authority of South Africa
ICT: Information and Communication Technologies
INEP: Integrated National Electrification Programme
KPMO: Khawuleza Portfolio Management Office
LE: Life Expectancy
LGBTQIA+: Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersex, or Asexual
LQ: Location Quotient
MFMA: Municipal Finance Management Act
MTEF: Medium-term Expenditure Framework
MTSF: Medium-Term Strategic Framework
NATED: National Accredited Technical Education Diploma
NCASC: New Coastal African Smart City
NCD: Non-Communicable Diseases
NDP: National Development Plan
NESD: National Eastern Seaboard Development
NGO: Non-Governmental Organisation
NT: National Treasury
OTP: Office of the Premier
PDP: Provincial Development Plan
PFMA: Public Finance Management Act
PICC: Presidential Infrastructure Coordinating Commission
PIP: Provincial Implementation Plan
PLHIV: People Living with HIV
PMO: Programme Management Office or Project Management Office
P-MTSF: Provincial Medium-Term Strategic Framework
PSC: Public Service Commission
PSDF: Provincial Spatial Development Framework
SA: South Africa
SAIMI: South African International Maritime Institute
SAMSA: South African Maritime Safety Authority
SANAC: South African National AIDS Council
SANAS: South African National Accreditation System
SANBS: South African National Blood Service
SANRAL: South African National Roads Agency SOC Ltd
SCM: Supply Chain Management
SERO: State of the Eastern Cape Socio-Economic Report
SLA: Service Level Agreement
SMME: Small, Medium and Micro Enterprises
SOP: Standard Operating Procedures
SOPA: State of the Province Address
SRD: Social Relief of Distress Grant
STATA: Statistical Software for Data Sciences
STEM: Science, Technology, Engineering and Mathematics
STI: Sexually Transmitted Infections
TB: Tuberculosis
TID: Technical Indicator Description
TVET: Technical Vocational Education and Training
UAE: United Arab Emirates
UNAIDS: United Nations Programme on HIV and AIDS
WBIS: Ward-based Information System
WCC: Wild Coast Corridor
YoY: Year-on-year

1.3 FOREWORD BY THE CHAIRPERSON

Chairperson of the ECSECC Board
Mr Mbulelo Sogoni

It is always a great pleasure to come before all our stakeholders and give an account of the work we have committed to do over the 2022/23 financial year. The year generally represented a major transition out of the Covid-19 Pandemic restrictions but still into a new normal in the world of work, to which our entity is not immune. However, the world's complexities took another turn, and that of a fragmented world caused continuing disruptions in the economies, resulting in high inflation, heavy indebtedness, and food insecurities, among others.

In the 2022/23 Financial Year, the entity confirmed its vision, mission, and outcomes as follows:

VISION

"a prosperous and productive Eastern Cape where all people realise their potential".

MISSION

being a multi-stakeholder centre of excellence in strategic foresight, social collaboration, and innovative solution design.

It is through the Vision and Mission that the Council executed its four outcomes in the year under review, those being:

Outcome 1:
"A developmental state that actively leads development through partnerships."

Outcome 2:
"An inclusive economy that grows sustainably, creates decent jobs and is innovative."

Outcome 3:
"A healthy, educated and productive workforce and citizenry."

Outcome 4:
"Increased organisational maturity."

As an Accounting Authority foreword of the 2022-2023 Annual Financial Year Report, I bring to your attention and invite you to appreciate our entity's great strides in contributing toward A Prosperous and Productive Eastern Cape where all People realise their Potential. 2022-2023 represented the second last year towards the end of the 2020-2025 Strategic Plan, and in the period, we have been measuring our performance on the outcomes listed on the right:

OUTCOME 1: A DEVELOPMENTAL STATE THAT ACTIVELY LEADS DEVELOPMENT THROUGH PARTNERSHIPS

In general terms, the Annual Reports of the previous Financials Year within the current MTEF cycle indicate that the production of knowledge products is on track to achieve its desired performance at the end of the MTEF period. The achievement of the outcome is enhanced by establishing a research capacity linked to the Office of the CEO during the 2023/24 Financial Year, integrating knowledge of product production and ensuring compliance with technical and quality standards.

Enhancing partnerships and collaboration by activating the Eastern Cape Regional Observatory augments the current ECSECC capacity to ensure the production of high-quality knowledge products.

Closer cooperation, participation and alignment with the Provincial Research Agenda ensure the production of relevant knowledge products aligned with stakeholder and shareholder requirements.

The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.

OUTCOME 2: AN INCLUSIVE ECONOMY THAT GROWS SUSTAINABLY, CREATES DECENT JOBS AND IS INNOVATIVE

To date, ECSECC has consistently supported various strategic partnerships, producing a wide and diverse range of policy advice products.

Based on the performance of the previous Financial Years in the MTEF cycle and the performance contained in this Annual Report, it appears the ECSECC is on track to achieve its desired performance at the end of the MTEF period.

Quarterly evidence-based performance tracking provides early warning to mitigate underperformance.

Closer cooperation, participation and alignment with the Provincial Research Agenda ensure the production of relevant knowledge products aligned with stakeholder and shareholder requirements.

The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.

OUTCOME 3: A HEALTHY, EDUCATED, AND PRODUCTIVE WORKFORCE AND CITIZENRY

The wide range of outputs consistently produced since the start of the MTEF cycle and, as reported in the relevant Annual Reports, indicate that achieving the outcomes associated with this output is currently on track.

The Quarterly evidence-based performance tracking system enhances the achievement of the outcome is active. The tracking system reduces underperformance by providing early warning to mitigate any underperformance.

The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.

OUTCOME 4: INCREASED ORGANISATIONAL MATURITY

The achievement of the target's organisational maturity level (level 3) during the period covered by this Annual Report indicates that the incremental increase in organisational maturity since the start of the MTEF period is on track to meet its intended target at the end of the MTEF cycle.

The organisation has also adopted a value chain which integrates and consolidates operations to increase the effectiveness and efficiency of operations.

Adopting the ECSECC value chain during the 2022/2023 Financial Year guides and integrates the organisation's operations, reducing the underperformance risk.

The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.

The executive management looked out and benchmarked the entity to how organisations have related to the risks posed by the Volatile, Uncertain, Complex and Ambiguous (VUKA) environment. And in sync with the pillars of organisational resilience. ECSECC can make the following claims:

- ECSECC has ably ensured business continuity during times of shocks.
- ECSECC has been able to respond to changes in the Economic, Social and Political Environment in which ECSECC operates.
- ECSECC's financial health has not plummeted during the crisis.
- ECSECC's resilience appreciated her interconnectedness with the social and political resilience of the space in which it operates.
- ECSECC's workforce, culture and structure have been able to respond to sudden disruptions.

On behalf of the Accounting Authority, I ask you to indulge in the achievements in the year under review carried in Part B, starting on page 18, in this Annual Report.

Chairperson of the ECSECC Board
Mr Mbulelo Sogoni

1.4 CHIEF EXECUTIVE OFFICER'S OVERVIEW

Chief Executive Officer
Mr Luvuyo Mosana

This report provides management's account of the execution of the Five-year ECSECC Strategic Plan (2020-2025) and its Annual Performance Plan for the 2022-2023 reporting period. Therefore, this overview seeks to provide a strategic executive summary of the Annual Report and performance highlights of ECSECC premised on the ECSECC Impact Statement, which requires the organisation to:

> *"Sustainably attain productive employment, prosperity and equity for all; ... and Value Proposition of being a Socio-Economic Compass: Navigating uncertainty using applied research foresight; Co-creating visions; Putting strategic information to work".*

The structure of this Annual Report includes a Global, National and Provincial outlook; and locates the ECSECC Strategy (outcomes, value propositions and risks) within that context. The 2022-2023 Annual Report covers general information, legislative mandates, policy foundations, strategy, and organisational structure. At the same time, it also covers performance and financial information predicated on external and internal situational analysis.

With the ECSECC White Paper being the most significant policy development in the reporting period, ECSECC had to locate its work within the emerging ECSECC Legislation and White Paper processes. Accordingly, the Annual Report summarises how management linked the ECSECC White Paper objectives with the ECSECC Outcomes in the 2022-2023 Annual Performance Plan.

The work of ECSECC programmes in the fiscal year under review was under guided by themes of organisational resilience and maturity; data-information-knowledge; innovative solutions design; and co-creating visions through compacts. ECSECC achievements reflect these themes and link back to the ECSECC Mandate, Outcomes, and Outputs:

Organisational Resilience Theme:

Being an efficient, effective and governance-compliant entity.

The following are achievement highlights:

- In keeping with its governance and performance standards, all Board Governance structures have, over the year, ensured prudent accountability by management regarding performance, utilisation of resources and accountability. During the reporting period, no negative findings were raised.
- This prudence in management and ECSECC Board oversight has again earned the entity an eleventh year of 'Clean Audit;' for this reporting period.
- The organisational systems, led by teams of resolute employees, support continuous learning for improvement and have been stress-tested by the turbulent, unpredictable, uncertain, and ambiguities that have engulfed all organisations. The situation necessitates the organisation benchmarks its resilience against acknowledged maturity models.
- As a result, the rapid and coordinated implementation of a range of maturity improvement interventions has exponentially increased the organisation's maturity level faster than anticipated.

In perfect fit with the principles espoused by the 'Framework for Building Organisational Resilience in an Uncertain Future' ECSECC has ably ensured business continuity during times of shocks; responded to changes in the Economy, Social and Political Environments, including appreciating the interconnectedness with the social and political resilience of the space in which it operates. ECSECC's financial health has remained strong during the crisis, and the ECSECC workforce, culture and structure have been able to respond to sudden disruptions .

Data-information-knowledge:

To generate and manage evidence for policymaking and planning processes toward the province's sustainable development. The following are achievement highlights:

- ECSECC produced over twenty knowledge products, including research reports; trends analysis reports, strategy documents, an Annual Socio-economic State of the Eastern Cape Report; and a Quarterly Operational GIS Ward-based Information System Report.
- Most of these knowledge products were shared both internally and externally at no less than eight knowledge-sharing platforms (Webinars, Dialogues, Seminars)
- Both the Annual Socio-economic State of the Eastern Cape Report; Quarterly Operational GIS Ward-based Information System became useful knowledge for the government and its sectoral department during the planning cycle.
- ECSECC incubated the KPMO to improve project management maturity levels and support increased effective and efficient service delivery, including data-based Business Intelligent and analytical reports.

Innovative Solutions Design:

To generate and manage evidence for policymaking and planning processes toward the province's sustainable development. The following are achievement highlights:

- Among other focus areas of the knowledge products was a 2nd Generation Innovation Report whose recommendations included innovation in the Agricultural and Automotive sectors and general policy and productivity implications.
- Convening a signature Science Technology and Mathematics Indaba (STEM) helped the province identify the full STEM Value-Chain challenges and recommended solutions from kinder garden to tertiary level education and the world of work.
- In support of partnerships and collaborations, ECSECC produced a detailed Closeout Report of the partnership with Ntabankulu Local Municipality. The partnership produced a Ward-based Socio-Economic profile and situational analysis and reviewed both the Spatial Development Framework and Land Use Management Scheme. The project is a unique partnership whose end game is revenue generation in a small rural municipality through social housing and housing schemes for the bankable but non-bonded residents.

Co-creation of Visions through Compacts:

ECSECC advances co-creation by advising and assisting the province in developing long-term plans to facilitate economic growth and sustainable development. Additionally, ECSECC encourages, monitors and supports strategic partnerships involving the public and private sectors, knowledge sectors, organised labour, and civil society in implementing the provincial development agenda. These co-creation interventions empower stakeholder constituencies for meaningful participation in the provincial development agenda's development, implementation, and monitoring. The following are achievement highlights:

- Support for cascading and institutionalising long-term plans in government departments according to the ECPG Approach to Strategic Planning document. As a result, the number of institutions supported almost doubled in the reporting period, from thirteen departments to 23, demonstrating entities' confidence in ECSECC Strategic Planning.
- ECSECC finalised and produced a District Development Model (DDM) Capacity Enhancement Report to support inter-spherical planning.
- Stakeholder management of the N2 Wild Coast Projects improved as ECSECC supported the political oversight governance structures and their consistent engagement with stakeholders.
- ECSECC focussed on elevating the Oceans Economy from the subsector level in collaboration with partners such as the Office of the Premier (OTP), the Department of Rural Development, Agrarian Reform (DRDAR), the South African International Maritime Institute (SAIMI) and the East London Industrial Development Zone (ELIDZ).
- The HIV/Aids structures received improved, focused coordination and strengthening of sectoral work, including developing the following sector plans: Boxing, Sex Workers, People Living with HIV, and Men's Sector Plan.
- Developing several programmes to improve treatment outcomes and reduce HIV and TB infections, combined with the former, resulted in overwhelming support for International Aids Day and TB Day.

The success of this year would not have been possible without the support and collaboration of the Office of the Premier, the Provincial Legislature and OTP Portfolio Committee, the leadership of the Board, and its unique constituent base, the Audit, Risk, and ICT Committee, all of whom have played a pivotal role in driving ECSECC forward. Their invaluable insights and diligent efforts have contributed to our performance. This collective effort also resulted in the Annual Performance Plan with measurable targets that are herein reported as having been realised, solidifying our success and demonstrating the effectiveness of our strategic approach.

I thank employees, management and ECSECC stakeholders for contributing to the organisation's continued success and improvement of the ECSECC service offering.

Chief Executive Officer ECSECC
Mr Luvuyo Mosana

[1] Adapted from WEF Insight Report July 22 'Risk Proof: A Framework for Building Organisational Resilience in an Uncertain Future'

1.5

STATEMENT OF RESPONSIBILITY

& CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements (AFS) audited by the Auditor-General.

The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared per the guidelines on the Annual Report as issued by National Treasury.

The annual financial statements (Part E) comply with the General Recognised Accounting Practices (GRAP) standards applicable to the public entity.

The accounting authority is responsible for preparing the annual financial statements and judgements on this information.

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

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

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information, and financial affairs of the entity for the financial year ending 31 March 2023.

Yours Faithfully

Chief Executive Officer
Mr Luvuyo Mosana

Chairperson of the ECSECC Board
Mr Mbulelo Sogoni

1.6 STRATEGIC OVERVIEW

1.6.1. VISION

A prosperous and productive Eastern Cape where all people realise their potential.

1.6.2. MISSION

To be a multi-stakeholder centre of excellence in strategic foresight, social collaboration, and innovative solution design.

1.6.3. VALUES

ECSECC continues to be driven by the values of a just society and the professionalism of cutting-edge international socio-economic policy research institutes. The values below have been developed based on employee contributions and discussions:

VALUES	VALUE STATEMENT
Social justice	We embrace socially just values such as the equal worth of all citizens, the need to provide equal opportunity and the elimination of inequality and injustice based on race, gender, sexuality, age, ability, or any other grounds. Universal human rights and the Constitution of South Africa form the basis of our values.
Respect	We respect everyone and their unique ideas, beliefs, cultures, personal situations, resources, values, priorities, and objectives equally. The act of listening is critical, and the value of respect is premised on understanding and empathy.
Excellence	We are committed to excellence and always providing value to our partners and stakeholders. We set and achieve ambitious goals and model positive examples.
Learning and innovation	We practice life-long learning and cultivate a culture of learning in the organisation and through our work. We actively learn from each other and are willing to take on new challenges to learn and grow. We are open to ideas that challenge conventional views, and we drive innovation by creating safe spaces for learning through action.
Integrity	We strive for integrity by being honest and demonstrating sound moral and ethical principles. We are true to our values, act per them and consider the consequences of our actions on others.
Collaboration and co-creation	As a multi-stakeholder council, we believe in the power of working across multiple organisations and constituencies. Multiple stakeholders collaborate to co-create new policies and practices to generate system-wide change. We practice collaboration between colleagues and teams and base this on strong communication.

1.7

LEGISLATIVE MANDATES

During this period, the much-anticipated ECSECC White Paper is undergoing the necessary policy and legislative process.

Internally we have further reviewed the following policies during the 2022/23 Financial Year:

- Supply Chain Management Policy
- Asset Management Policy
- Contract Management Policy
- Travel Management Policy
- Job Evaluation Policy
- Occupational Health and Safety Policy
- Hybrid Policy
- Internship Policy
- Post-retirement Policy
- Succession and Continuity Policy

The constitutional mandate for the Office of the Premier (OTP) informs and directs ECSECC operations. The constitutional mandate of the Premier gives the Premier and the Executive Council the authority over the Province by implementing provincial legislation in the Province, which includes:

- Implementing all national legislation within the functional areas listed in Schedule 4, except where the Constitution or an Act of Parliament provides otherwise;
- Administering national legislation outside the functional areas listed in Schedules 4 and 5, assigned to the Provincial Executive in terms of an Act of Parliament;
- Developing and implementing provincial policy;
- Coordinating the functions of the Provincial Administration and its departments;
- Preparing and initiating provincial legislation; and
- Performing any other function assigned to the Provincial Executive in the Constitution or an Act of Parliament.

The Office of the Premier has a constitutional mandate of providing strategic leadership in policy development, planning and implementation. In its dual role, ECSECC provides the strategic intelligence required for the Premier to execute this mandate and serves as an apex stakeholder platform for co-creating and embedding the future vision for the Eastern Cape.

ECSECC's Founding Document defines the mandate of the organisation as follows:

"The principal objective of the Council will be to advise and assist the provincial government in achieving an integrated development strategy for the Province and its constituent regions, in addressing the economic development of the Province in terms of the Reconstruction and Development Plan (RDP), and in particular, the needs of the deprived communities and underdeveloped areas. The Council will achieve this through a planning and development process that can affect strategy and operational issues."

The founding goals of the organisation are as follows:

- Advise and assist the provincial government in achieving an integrated development strategy for the Province and its constituent regions to address the economic development of the Province, particularly the needs of deprived communities and underdeveloped areas;
- Facilitate and coordinate the implementation of development programmes between all key stakeholders in the Province of the Eastern Cape;
- Facilitate development by providing an avenue for formal inputs into the policy-making process of government;
- Support government in advancing efficient service delivery;
- Empower communities and grassroots structures of civil society to engage in development; and
- Assist the Provincial Government in developing policies and strategies to facilitate the growth of the provincial economy.

The Constitution, together with the Acts and Regulations listed hereunder, guide and direct the actions, performance and responsibilities carried out by ECSECC on behalf of the Office of the Premier per the latter's constitutional mandate:

- Basic Conditions of Employment Act 75 of 1997
- Broad-based Black Economic Empowerment Act 53 of 2003
- Compensation for Occupational Injuries and Diseases Act 30 of 1993
- Consumer Protection Act 68 of 2008
- Division of Revenue Act
- Electronic Communications and Transactions Act 25 of 2002
- Employment Equity Act 55 of 1998
- Employment Services Act 4 of 2014
- Financial Intelligence Centre Act 38 of 2001
- Geomatics Profession Act 19 of 2013
- Government Employees Pension Law, Proclamation 21 of 1996
- Income Tax Act 58 of 1962
- Intelligence Services Act 65 of 2002

ECSECC has earned a clean audit for an eleventh year.

- Intergovernmental Relations Framework Act 13 of 2005
- Labour Relations Act 66 of 1995
- Local Government: Municipal Systems Act 32 of 2000
- National Archives and Record Service of South Africa Act 43 of 1996
- National Qualifications Framework Act 67 of 2008
- Occupational Health and Safety Act 85 of 1993
- Pension Funds Act 24 of 1956
- Preferential Procurement Policy Framework Act 5 of 2000
- Prescription Act 68 of 1969
- Prevention and Combating of Corrupt Activities Act 12 of 2004
- Prevention of Organised Crime Act 121 of 1998
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Protected Disclosures Act 26 of 2000
- Protection of Personal Information Act 4 of 2013
- Provincial Archives and Records Service of the Western Cape Act 3 of 2005
- Public Administration Management Act 11 of 2014
- Public Audit Act 25 of 2004
- Public Finance Management Act 1 of 1999
- Public Service Act, Proclamation 103 of 1994
- Public Service Regulations, 2016
- Skills Development Act 97 of 1998
- Skills Development Levies Act 9 of 1999
- Spatial Data Infrastructure Act 54 of 2003
- State Information Technology Agency Act 88 of 1998

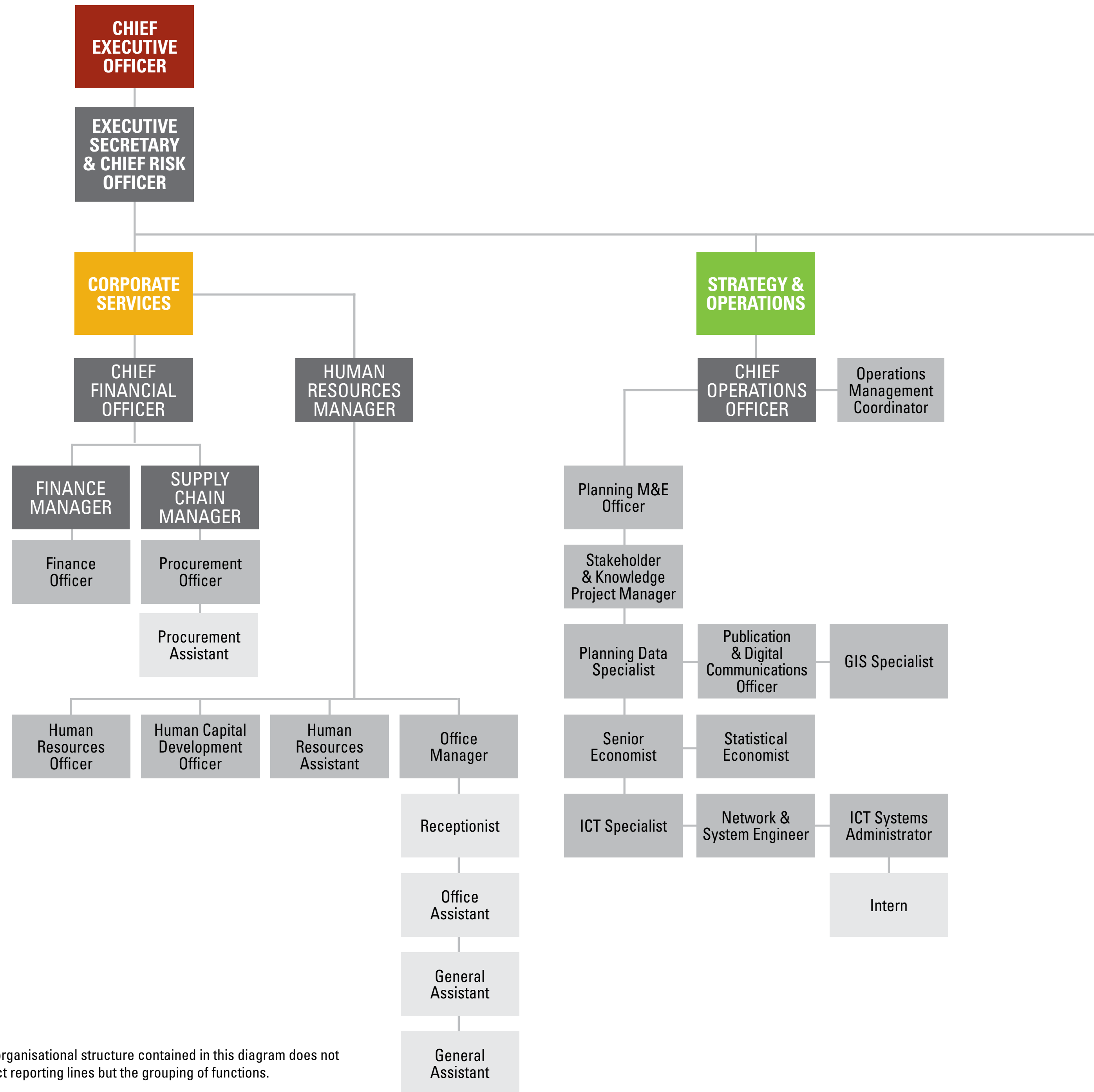
In addition, ECSECC, as a public entity and in fulfilling its role within the provincial government, considers national policy mandates, including the following:

- Green Paper on National Performance Management (2009)
- Medium-term Strategic Framework – 2020-2024 (MTSF)
- National Development Plan (NDP) (2012)
- National Evaluation Policy Framework (2011)
- National Measurable Outcomes
- National Monitoring and Evaluation Framework – White Paper (October 2009)
- National Knowledge Management Strategy Framework (2019)
- National Skills Development Strategy (I, II and III)
- National Strategic Framework of the Department for Women, Children and People with Disabilities
- National Treasury Framework for Managing Programme Performance Information (2007)
- Revised Framework for Strategic Plans and Annual Performance Plans (2019)
- National Youth Policy (2009-2014) of the National Youth Development Agency
- Policy Framework for a Government-wide Monitoring and Evaluation System (2007)
- Policy Frameworks of the National Department of Public Service and Administration on Gender Equality, Disability and Youth in the Public Service
- Framework on Gender-responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
- Specific National Policy Frameworks on Gender and Women's Empowerment, Disability and Children
- South Africa Connect – South Africa's Broadband Strategy
- The White Paper on a New Employment Policy for the Public Service (1997)
- The White Paper on Human Resources Management in the Public Service
- The White Paper on Public Service Training and Education (1997)
- The White Paper on the Transformation of the Public Service (1995)
- The White Paper on Transforming Public Service Delivery (Batho Pele) (1997)

In addition to these legislative and policy mandates, ECSECC supports the ongoing legislative process of the ECSECC White Paper and accompanying legislation. Once enacted, ECSECC will revise and update its Strategic Plan, Annual Performance Plan (APP) and Annual Operational Plan (AOP) accordingly.

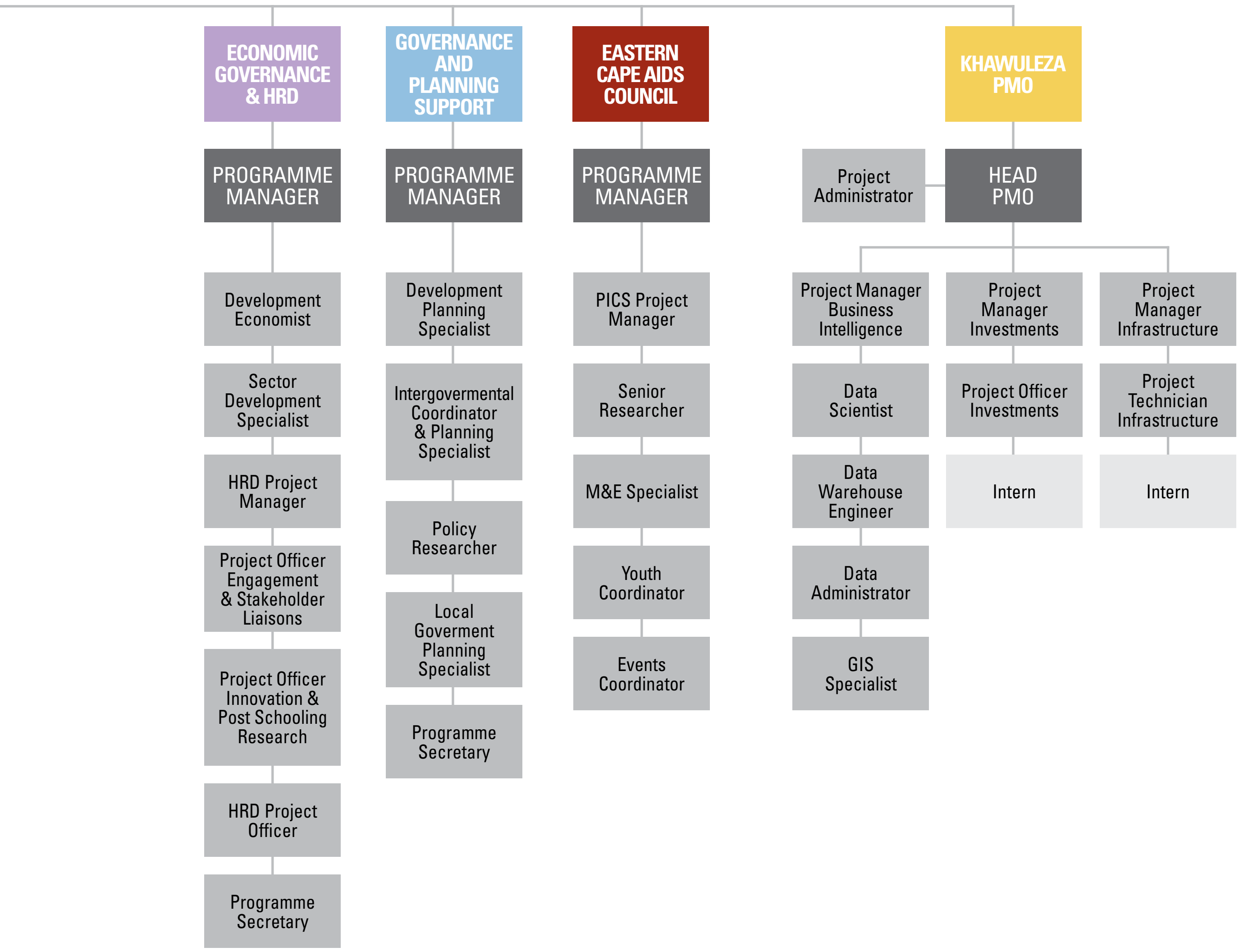
1.8

ORGANISATIONAL STRUCTURE*



* The organisational structure contained in this diagram does not reflect reporting lines but the grouping of functions.

Sustainable development is the pathway to a fair future for all.



1.9 INSTITUTIONAL POLICIES
& STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

1.9.1. POLICY DEVELOPMENT AND REVIEW

Planned policies are internal, developed, and reviewed to ensure the organisational environment is conducive to strategy performance. Policies are developed in the following categories and reviewed according to an annually updated policy schedule:

- Asset Management Policy
- Supply Chain Management Policy
- Ethics and Conflict of Interest Policy
- Internship Policy

Policies implemented during the 2022/23 Financial Year include:

- Risk Management Policy
- Planning and Performance Reporting Policy
- Records Management Policy
- Finance Policy
- Ethics and Conflict of Interest Policy
- Fraud Prevention Policy
- Compliance Policy
- Asset Management Policy
- Contract Management Policy
- Supply Chain Management Policy
- Travel Management Policy
- ICT Policy
- Data Protection and Information Sharing Policy
- Data Retention Policy
- Data Security Breach Management Policy
- Data Privacy and Information Security Policy
- Data Classification Policy
- Human Resource Policy
- Performance Management and Development System Policy
- Job Evaluation Policy
- Remuneration Policy
- Occupational Health and Safety Policy
- Temporary Employee Policy
- Skills Development Policy
- Hybrid Policy
- Internship Policy
- Post-retirement Policy
- Succession and Continuity Policy

Policies developed during the 2022/23 Financial Year include:

- Hybrid Policy
- Post-retirement Policy
- Succession and Continuity Policy

1.9.2. STRATEGY DEVELOPMENT AND REVIEW

ECSECC develops or reviews provincial macro- and sector strategies in support of the National and Provincial Development Plans. Planned areas of strategic focus for the 2020-2025 strategy period include Economic development (agro-industry and ocean economy) and investment; innovation and digital transformation; human resource development; and HIV/AIDS response strategies.

ECSECC supports and facilitates provincial macro- and sector strategy development and review on a request basis. A range of internal strategies supports this strategic plan. Among these are four five-year strategies:

- Resource Mobilisation Strategy
- Human Resource Strategy
- ICT Strategy
- Communication and Stakeholder Management Strategy

PERFORMANCE INFORMATION

PART B

2.1

AUDITOR-GENERAL'S REPORT

PRE-DETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the Report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to pages 92 onwards of the Auditor's Report published as Financial Information.

ECSECC embraces innovative thinking and productive stakeholder partnerships that enable economic development in the Eastern Cape.

2.2

OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

2.2.1. SERVICE DELIVERY ENVIRONMENT

The overview of the service delivery environment within which ECSECC operated highlights challenges, significant developments, and factors impacting performance during the 2022/23 Financial Year.[1]

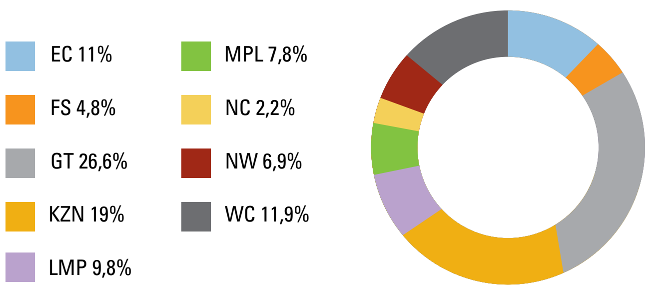
Therefore, the service delivery environment analysis summarises the service delivery environment at the start of the 2022/23 Financial Year as a departure point. It then provides a brief overview of the Service Delivery Environment at the end of the 2022/23 Financial Year, followed by a futuristic outlook of challenges and developments that could impact future interventions.

2.2.1.1. SERVICE DELIVERY ENVIRONMENT BASELINE AT THE START OF THE FINANCIAL YEAR

At the start of the 2022/23 Financial Year, the Eastern Cape population was about 6.67 million and substantially impacted by rapid urbanisation and net-out migration.[2] In this regard, the Province experienced a net-out migration of -322 957 people. At the same time, urbanisation increased by 39.8%. It is important to note that migration in the Eastern Cape is trans-locational because urbanised populations retained strong linkages to rural communities, creating a continuous circular migration pattern. These trans-local livelihoods and connections are re-entrenched in complex ways under increasing hardship and inequality.[3]

Figure 1: Distribution (%) of Eastern Cape Population (Source: Statistics South Africa mid-year population estimate 2022)

Age Group	Male	Female	Total	Distribution
0-4	357 095	348 500	705 595	Children 35%
5-9	365 404	355 657	721 061	
10-14	382 643	371 538	754 181	
15-19	319 277	310 981	630 258	Youth 30%
20-24	223 837	222 543	446 380	
25-29	228 066	224 344	452 410	
30-34	253 417	254 605	508 022	
35-39	231 930	243 758	475 689	Adult 29%
40-44	178 296	198 128	376 423	
45-49	143 657	176 377	320 035	
50-54	113 817	157 898	271 715	
55-59	92 956	150 722	243 678	
60-64	78 564	141 945	220 508	
65-69	62 889	118 095	180 984	Elderly 8%
70-74	46 355	90 260	136 615	
70-79	31 718	65 691	97 409	
80+	45 836	89 891	135 727	
TOTAL	**3 155 757**	**3 520 934**	**6 676691**	**100%**
TOTAL (%)	**47%**	**53%**	**100%**	



1 National Treasury. 2021. Annual Report Guide for Schedule 3A and 3C Public Entities. Department: National Treasury, Republic of South Africa.
2 ECSECC. 2022. Annual Performance Plan 2022/23. Eastern Cape Socio Economic Consultative Council. Eastern Cape Provincial Government.
3 Bank, L.J., Sharpely, N., Petersen, M., Closing the Gate: Death, Dignity and Distress in the Rural Eastern Cape in the Time of Covid - ECSECC Rural Policy Monologue.

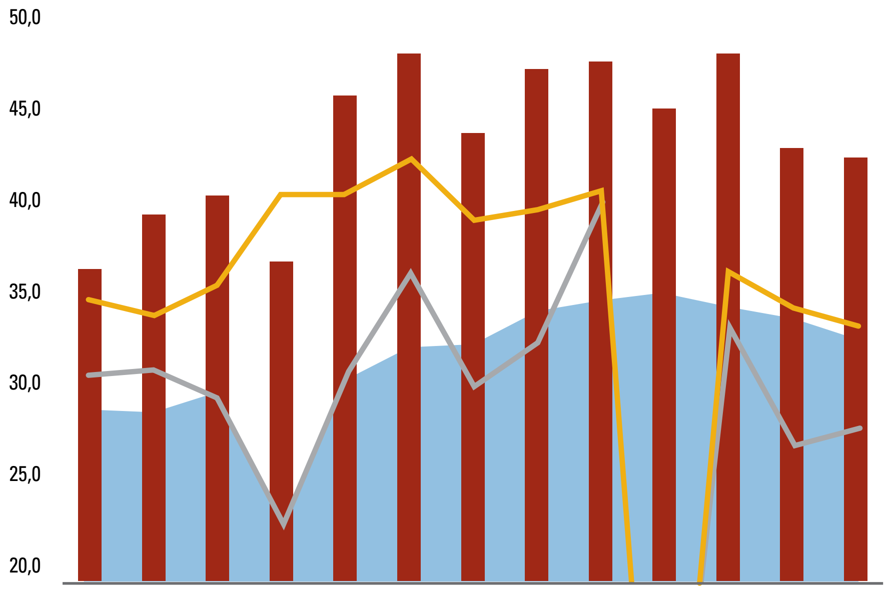
As a result, the demand for socio-economic safety nets increased due to increased inequalities along race categories, gender[4], occupations, location, employment[5] and education[6]. Of particular concern was that according to the South African Quarterly Labour Force Survey, of the 1 099 800 unemployed in the Province, 53.8% had not completed secondary education, whilst only 4.7% had tertiary education.[7]

Therefore the ECSECC Service Delivery Environment was characterised by a mismatch between labour demand and supply, which presented a challenge for skills development and training. Despite this challenge, the need to develop and leverage innovations and technologies such as Artificial Intelligence (AI), Augmented and Virtual Reality, 3D printing, remote sensing and computing big data capabilities were recognised.[8] The recognition also reinforced the importance of establishing effective and efficient triple helix partnerships to advance innovation and entrepreneurship between public and private institutions.

Emerging from the Covid-19 pandemic, the Service Delivery Environment reflected the global shift towards virtual work and commerce, which accelerated the speed of the global and local digital transformation and the potential for new digital enhancement of service delivery. The rapid digital transformation again highlighted the need for data access to bridge the digital divide.

At the start of the 2022/23 planning cycle the Province's economy grew at a rate of 3.4%, with transport, agriculture, trade and personal services industries as the largest positive contributors. In this regard, the transport industry increased by 6.9% and contributed 0.5 of a percentage point to GDP growth. The personal services industry increased by 2.5% and contributed 0.4 of a percentage point to GDP growth. The trade industry increased by 2.2% and contributed 0.3 percentage points to GDP growth.[9]

Figure 2: National, Provincial and Metro Unemployment Rates (Source Statistics South Africa 2022)



	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3
South Africa unemployment rate	29,1	29,1	30,1	23,3	30,8	32,5	32,6	34,4	34,9	35,3	34,5	33,9	32,9
Eastern Cape Unemployment rate	36,5	39,5	40,5	36,9	45,8	47,9	43,8	47,1	47,4	45,0	44,0	42,8	42,4
Buffalo City unemployment rate	31,0	31,2	29,8	23,1	31,0	36,3	30,3	32,6	40,1	0,0	33,7	27	28,1
Nelson Mandela Bay unemployment rate	34,9	34,1	35,8	40,4	40,5	42,3	39,2	39,8	40,7	0,0	36,4	35	33,6

4 Casale, D., and Shepard, D., The gendered effects of the Covid-19 crisis and the ongoing lockdown in South Africa: Evidence from the NIDS-CRAM Waves 1-5. (NIDS-CRAM, Wave 5
5 Statistics SA, Quarterly Labour Force Survey (2nd Quarter 2021).
6 UNDP, Covid-19 in South Africa: Socioeconomic impact assessment (UN in South Africa, 2020), accessible online at: https://www.za.undp.org/
7 ECSECC. Eastern Cape Labour Market Overview. (ECSECC, September 2021). Accessible online at: https://www.ecsecc.org
8 ECSECC. 2022. Annual Performance Plan 2022/23. Eastern Cape Socio Economic Consultative Council. Eastern Cape Provincial Government.
9 ECSECC. 2022. Annual Performance Plan 2022/23. Eastern Cape Socio Economic Consultative Council. Eastern Cape Provincial Government.

Table 1: Service Delivery Infrastructure Quality Index Scores, EC (2016/2021)

SERVICE AREA	2016	2021
Water	3,3	3,3
Sanitation	4,1	4,3
Electricity	4,4	4,8
Refuse / solid waste	3,2	3,2
Total	**3,8**	**3,9**

The Service Delivery Environment Baseline for 2022/23 recognised that population growth, economic growth and climate change increased stress on essential natural resources, including water, food, arable land and energy. Losing formal jobs and opportunities may pressure land and natural resource-based livelihoods and supplementary economic activity. These issues should place sustainable resource management at the centre of government agendas for land and environmental degradation not to be further exacerbated. Persistent drought is compounding vulnerability, rural poverty, and unemployment.

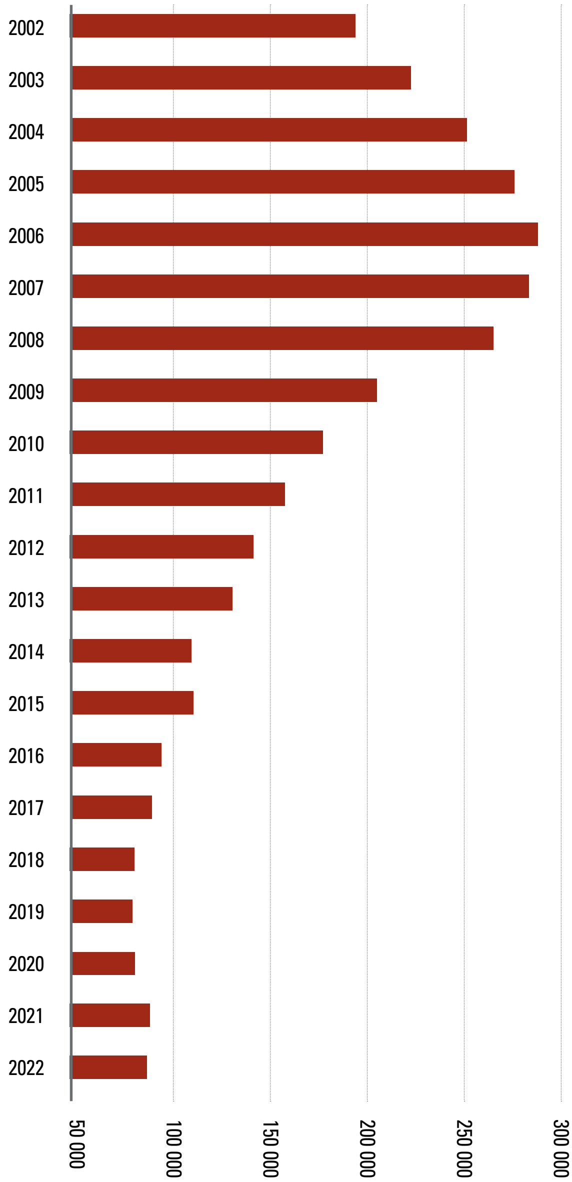
In 2022, the estimated number of deaths from AIDS in South Africa reached 85 796, which is lower than the previous year when AIDS-related deaths in the country reached nearly 88 000.[10] The drop in mortality bears testimony to the effectiveness of a coherent, continued multi-focused intervention. These results stressed the need to ensure sustained resource applications and focus on increasing positive results.

The Eastern Cape also reported an unemployment rate increase of 3.3% up to 47.1%.

The result is an Eastern Cape Labour Market where:

- The working age population (15-64 years) increased by 0.3% to 4.4 million;
- The labour force grew by 0.9% to 2.3 million;
- The non-economically active population declined by 0.4% to 2.0 million;
- The number of employed people decreased by 5.1% to 1.2 million;
- The number of unemployed people increased by 8.5% to 1.1 million;
- The number of discouraged work-seekers increased by 22.1% to 219 300; and
- Employment declined significantly in the agricultural sector by 18.4%, and the privatehousehold sector by 5.7%.

Figure 3: Number of deaths from HIV/AIDS in South Africa (Source: Statista.com)



[10] https://www.statista.com/statistics/1331607/number-of-deaths-from-aids-in-south-africa/#:~:text=In%202022%2C%20the%20estimated%20number,the%20country%2reached%20nearly%2088%2C000.

2.2.1.2. SERVICE DELIVERY ENVIRONMENT BASELINE AT THE END OF THE FINANCIAL YEAR

The Service Delivery Environment Baseline, recorded at the end of the 2022/23 Financial Year, informed the 2023/2024 Annual Performance Plan (APP) planning and confirmed the need for ECSECC to serve as a vehicle by which government, labour, business, and community organisations seek to cooperate, through problem-solving and negotiation, on economic, labour and development issues and related challenges facing the Province.[11]

As illustrated below, the baseline reconfirmed the need for a dedicated capability to focus and consolidate long-term planning, research and information management; strategy development, strategic planning capabilities, programme management capabilities; stakeholder dialogue, engagement and management capabilities.

The baseline data does not reflect a massive change in the Service Delivery Environment due to the longitudinal nature of the challenges and impact of development solutions. To a large degree, the Service Delivery Environment at the end of 2022/23 confirms the focus of the broader strategic trajectory of ECSECC. However, several key developments have taken place that impact and slightly alter the strategic and operational posture of ECSECC.

Key amongst these changes is the developed four scenarios to guide planning and achieving the shared development vision for the Eastern Cape Province during 2022/23. These scenarios conclude that the Eastern Cape needs to increase the development of industry and manufacturing to accelerate socio-economic growth. Accelerating socio-economic growth requires enabling economic infrastructure and human capital to attract industry.[12]

The four scenarios highlighted the importance of addressing climate change, crime, skills mismatch, demographic shifts, economic vulnerability, and the informal economy's development.

Achieving the outcomes of each scenario depends on the degree to which the Province can address the following:

- investment in and maintenance of economic infrastructure;
- the level of agency;
- the development and adoption of appropriate and innovative technologies; and
- the viability of economic and development strategies.

The degree to which the drivers are addressed results in realising the four scenarios. The scenarios include:

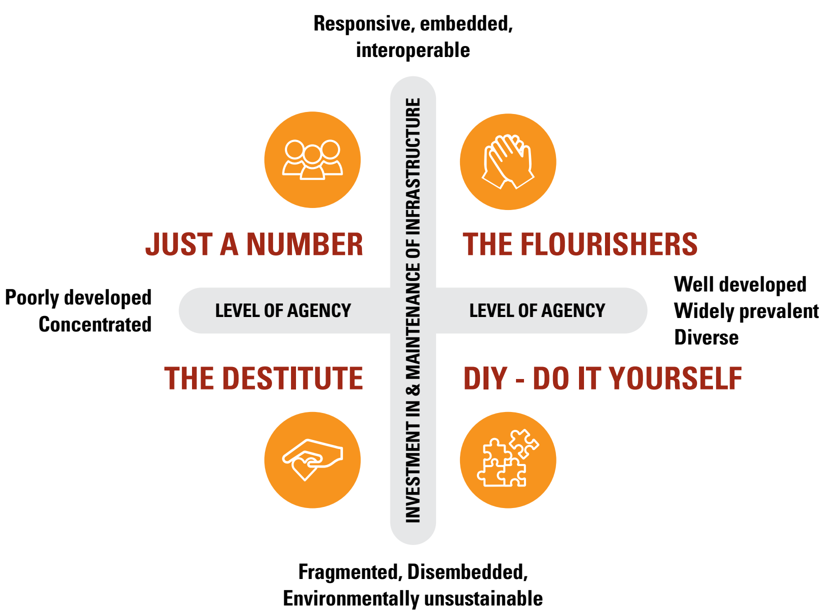
- **The Flourishers** require diverse agencies and responsive, interoperable and embedded investment in and maintenance of economic infrastructure;
- **The Destitute** requires poorly developed agencies and fragmented, disembedded, environmentally unsustainable investment in and maintenance of economic infrastructure;
- **Just a Number** requires poorly developed, concentrated pockets of agency and responsive, interoperable and embedded investment in and maintenance of economic infrastructure; and
- **Do it Yourself** requires a well-developed, diverse (widely prevalent) agency and fragmented, disembedded, environmentally unsustainable investment in and maintenance of economic infrastructure.

The emergence of the scenarios provides ECSECC and its stakeholders with a conceptual basis to guide the research, planning, compacting and implementation required to unlock the Province's potential by transcending the current state.

Additionally, and in support of the Scenarios, the issuing of the first Annual State of the Eastern Cape Socio-Economic Report (SERO) during the 2022/23 Financial Year enhanced the evidence-based planning capability of the Province to achieve its development imperatives.

The evidence in the latest version of the Eastern Cape Socio-Economic Report (SERO) provides an accurate and current view of the Service Delivery Environment at the end of 2022/23 and the start of the 2023/24 Financial Years, as detailed below.

Figure 4: Development Scenarios[13]



11 White Paper for the Eastern Cape Socio Economic Consultative Council. Office of the Premier, Eastern Cape Province.
12 EC 2040 Economy Wide Projections, 2022 (University of Pretoria, UNDP, and ECSECC.
13 EC 2040 Scenarios Report, 2021 (IFR, OTP, ECSECC, UNDP).

2.2.1.2.1. Demography and People

The Eastern Cape has a population of 7.4 million, representing 12.3% of South Africa's total population in 2021. The population growth rate of the Eastern Cape increased between 2011 and 2021 at an average of 1.01% per annum. This growth rate is close to half of the growth rate of South Africa as a whole (1.50%).[14]

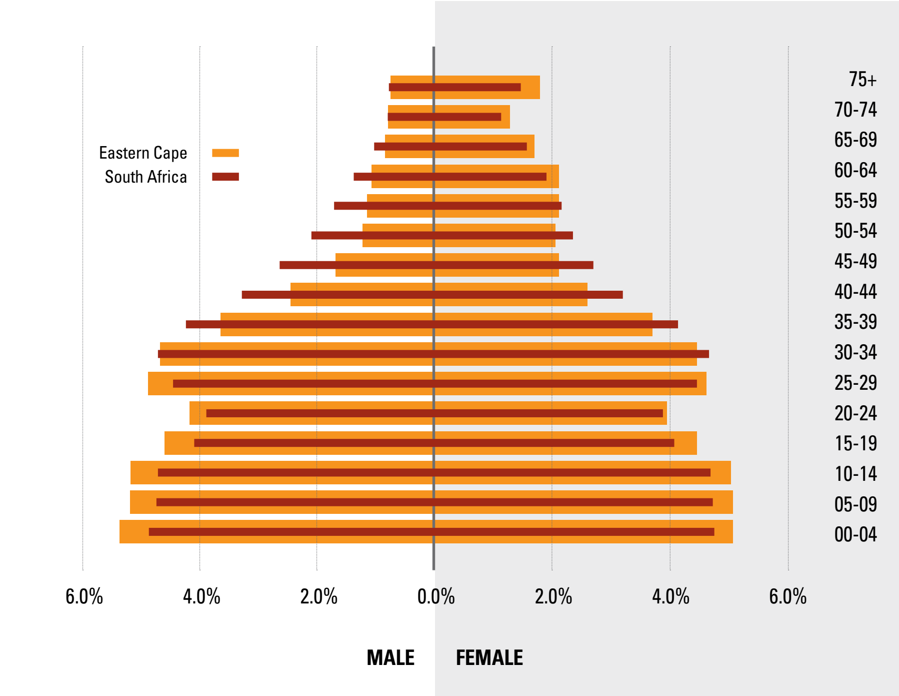
The significant share of children between 0 to 14 years old (31.0%) in Eastern Cape compared to South Africa (28.2%) highlights the increased demand for expenditure on schooling as a percentage of the total budget within Eastern Cape Province. Additionally, a decline in youth employed, combined with an increase in fertility and life expectancy, indicates an increased need for socio-economic development services. The situation is compounded by decreased HIV+ mortality and infection rates, as illustrated in the figure right.

The Eastern Cape's Life Expectancy (LE) has improved over the last decade, and there is a steady decline in the TFR for the Province. There is still a need for vigilance and continued attention to ensure that the Province accelerates its efforts in improving the health profile of the population, which requires effectively addressing some of the most debilitating and vexing challenges in the public health system in the Eastern Cape.

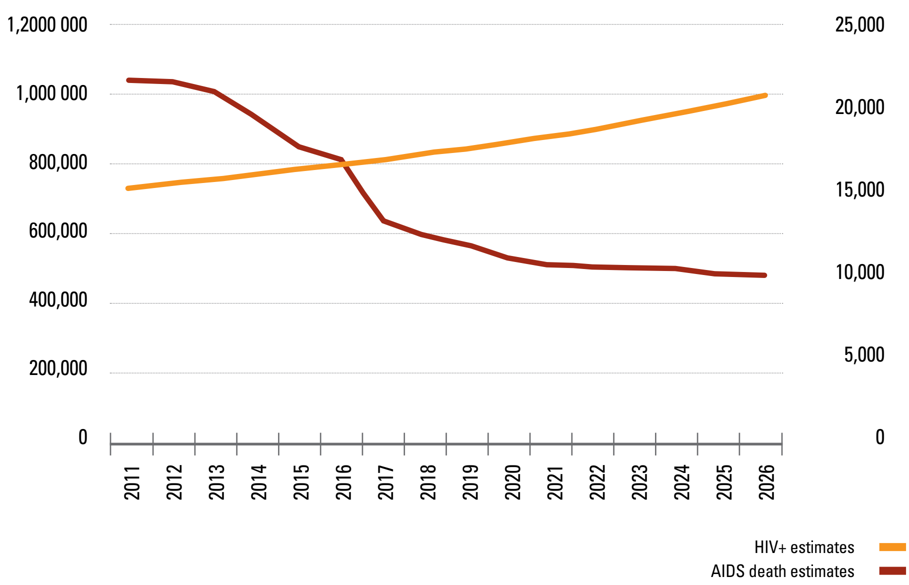
There is still a dominant movement into other provinces, such as Western Cape, Gauteng and KwaZulu Natal.

Mortality rates have declined from 13,7 in 2010 to 11,2 in 2019 and 11,0 in 2020. The Eastern Cape's population is ageing, and life expectancy is declining. However, critical demographic indicators such as mortality are improving due to the positive impact of health interventions such as the universal ARV roll-out in the Province, amongst other health and social protection programmes.

Figure 5: Population Structure of the Eastern Cape vs South Africa (Source: HIS Markit Regional eXplorer version 2257)



HIV+ estimates and AIDS death estimates, Eastern Cape, 2011-2026 (Source: IHS Market Regional eXplorer version 2257)



[14] IHS Markit. 2022. Statistical Overview: Eastern Cape Province. HIS Information and Insight (Pty) Ltd. Centurion, South Africa.

SOCIO-ECONOMIC DEVELOPMENT

The Eastern Cape experienced a slight increase in inequality in 2019. Compared to District Municipalities and the Province as a whole, the metros and urban areas remain with the highest levels of inequality.

The Covid-19 pandemic significantly impacted individual and household incomes. The longer-term impact of Covid-19 lockdowns on the tourism and livestock farming, wool, and mohair sector might also have further exacerbated the effects of prolonged drought in most of the Karoo interior of the district.

Most South Africans rely on social assistance through grants for income support. Many from the vulnerable and historically disadvantaged groupings are excluded from the social security network. Therefore, it has now become necessary for policy revisions in dealing with issues such as unemployment, poverty and inequality.

The introduction of the Social Relief of Distress (SRD) Grant, incorporating direct cash transfers, may provide lessons for more sustained and longer-term solutions in dealing with poverty and income deprivation.

The Gini Coefficient shows that the Province has experienced a slight increase in inequality from 0,69 in 2016 to 0,70 in 2019. Compared to DMs and the Province, the metros and urban areas remain locations with the highest levels of inequality.

The Province's ability to arrest the effects and causes of Non-Communicable Diseases (NCDs) needs to improve. In education, there needs to be a more acute alignment and focus on ensuring progressive compliance. Increasing the Mean and Estimated Years of Education for both girls and boys and youth within specifically targeted districts of the Province should be prioritised.

A sustained emphasis on Early Childhood Development (ECD) is critical to foundational learning. Social grants remain at the centre of the government's social protection programme in support of the poor and vulnerable in society. But this must be strengthened to ensure continuous improvement in getting the right grant to the right person on time and at the right time.

The intersections between the protracted challenges of inequality, magnified by unemployment, poverty, hunger and food insecurity, are of significant concern in the Eastern Cape Province. Development efforts must remain focused on mitigation strategies, with continued vigilance in short, medium and long-term planning.

2.2.1.2.2.Economic Review and Employment

The Eastern Cape economy faces a range of external and internal economic and fiscal factors (issues). Given the broader economic and geopolitical context, the recovery's full extent is unknown. Future fiscal consolidations both in the private sector and public sector threaten the attainment of PDP 2030 targets. The Eastern Cape has targeted increasing the GDP growth rate from 0.8% in 2018 to 2.8% by 2024/25 and 5.0% by 2030. The Provincial Economic Reconstruction and Recovery Plan (PRRP) focus on critical areas of economic growth, investment, and job creation.

The total gross value added in the Eastern Cape in 2021 was 319,8 million. The Tertiary sector constitutes 82% of Gross Value Add (GVA) and drives the Province's economy.

With a GDP of R473 billion in 2021, the Eastern Cape Province contributed 7.61% to the South African GDP of R6.23 trillion in 2021. In 2021, the Eastern Cape Province achieved an annual growth rate of 5.79%, a significantly higher growth rate than the 2021 National GDP growth rate of 4.91%. However, the longer-term average growth rate of 0.65% is slightly lower than the national rate of 0.95%.

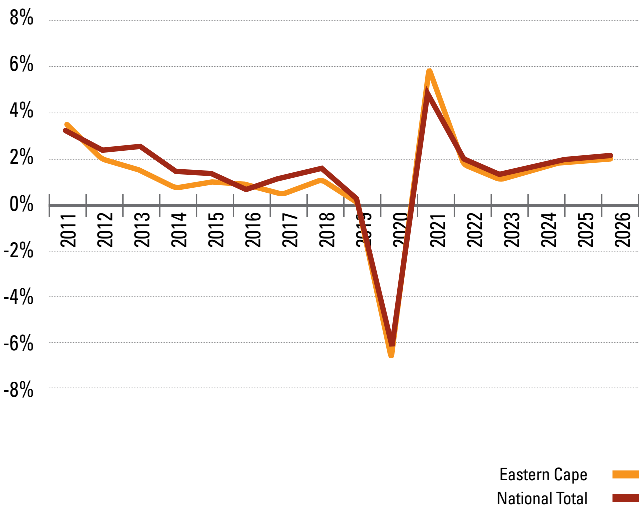
The Eastern Cape Province had a total GDP of R473 billion, and ranked fourth relative to all the regional economies in South Africa regarding GDP. In terms of its share, it was in 2021 (7.6%) very similar compared to what it was in 2011 (7.7%). From 2011 to 2021, the average annual growth rate of 0.7% of Eastern Cape was the sixth relative to its peers in terms of growth in constant 2010 prices.

Table 2: Gross Domestic Product (GDP) - Eastern Cape and National Total, 2011-2021 (R Trillions, current prince) – Source HIS Markit Regional eXplorer version 2257.

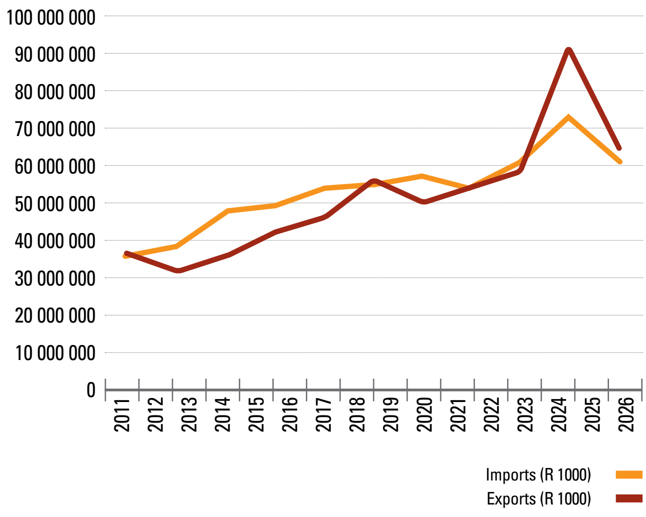
	Eastern Cape	National Total	Eastern Cape as % of national
2011	0.26	3.33	7.7%
2012	0.28	3.57	7.9%
2013	0.31	3.87	7.9%
2014	0.33	4.13	7.9%
2015	0.35	4.42	8.0%
2016	0.37	4.76	7.8%
2017	0.40	5.08	7.9%
2018	0.42	5.35	7.9%
2019	0.44	5.61	7.8%
2020	0.43	5.56	7.7%
2021	0.47	6.23	7.6%

Against this backdrop, an average growth rate of 1,69% is forecast between 2021 and 2026. An average growth rate of 1,68% presents challenges to the fiscus and the ability to fund interventions, attract investment and create employment. The situation emphasises the need to develop robust strategies and compacts to accelerate sustainable socio-economic growth in partnership with organised labour, the private sector, the public sector and civil society to meet the increased demand for services and socio-economic growth.

Gross Domestic Product (GDP), Eastern Cape and National Total, 2011-2026 (Source: IHS Markit Regional eXplorer version 2257)



International Trade, Imports and Exports, Eastern Cape 2011-2026 (Source: IHS Markit Regional eXplorer version 2257)



Other leading industries include the government services sector, trade, catering, and accommodation; finance, real estate, business services, and manufacturing. Finance, real estate, and business services contributed to provincial GVA in 2022Q1. The construction and mining industries contracted by R50 million and R11 million year-on-year (YoY).

The sector is vital regarding its Location Quotient (LQ) contribution to export earnings and employment. Too many SMMEs cannot enter the mainstream economy due to noncompliance with South African National Accreditation System (SANAS) product quality standards. Additional focus areas for the sector include the need to drive investment in ICT and innovation. Tourism remains vital to the provincial economy.

The Eastern Cape Oceans Economy has the potential to contribute up to R177 billion to Gross Domestic Product (GDP) by 2033 (compared to R54 billion in 2010). The Province intends to leverage its offshore oil and gas and aqua-culture initiatives. Wind and solar energy is a significant growth sector for the Eastern Cape. Eastern Cape has successfully contributed to providing sustainable energy to the national power grid. There are 16 wind farms and one solar farm, with a total installed capacity of 1509 Megawatts, constructed to date.

The Eastern Cape has had a strong representation in the procurement of wind and solar farms. However, there is an apparent decline in Investment in the Province as measured by Gross Fixed Capital Formation (GFCF) for the Eastern Cape as a percentage of GDP-R (at market prices).

Data shows that unemployment is rising at lower levels of gross fixed capital formation, and as GFCF increases, so does employment. Therefore, to grow the economy and arrest unemployment, it is important to increase fixed capital investment.

The Wild Coast Economic Transformation Corridor is included in the National Transformation Corridor Development Programme (CSIR, 2019). The 410km highway between East London and Mtamvuna River facilitates the movement of goods along this corridor and the rest of the country.

The Eastern Cape Provincial Economic and Development Strategy for the Eastern Cape emerged when the world economy was undergoing fundamental shifts in response to climate change and pivoting toward a Just Energy Transition. These developments have not gone unnoticed by the Province's social and economic stakeholders. Most of Eastern Cape's working-age population (employed and unemployed) are in the low-and semi-skilled group, thus highly vulnerable. Committing to inclusive growth requires the state to go beyond a fruitful collaborative partnership with the private sector and prioritise close relations with civil society and labour.

It is important to note that the total trade has increased from 2011 to 2021 at an annual growth rate of 5,79%. In this regard, a high of R92.6 billion in 2020. However, currently, the provincial government is the most significant contributor to the provincial GDP of the Eastern Cape. ECSECC, its partners and stakeholders need to develop and implement evidence-based policy interventions to create a situation where the core of the provincial GDP comes from industry, manufacturing and related services.

In other words, to unlock the Province's economic potential, emphasis should be placed on accelerating socio-economic development, investment, industry development, innovation, workforce capacity, and innovation to ensure that the core of GDP comes from industry and manufacturing.

2.2.1.2.3. Labour

There is a need to focus on a more balanced economy with spatially prioritised actions directed at district-specific interventions and sector plans. The Province needs to continue driving a more substantial alignment between the economic development, infrastructure planning and investment strategies aligned to the provincial and national Spatial Transformation Corridor as identified in the draft National Spatial Development Framework (NSDF), included in the 2021 Provincial Spatial Development Framework (PSDF).

The prioritisation of rural and township economic infrastructure requires the sustained and prioritised interventions implemented by the Department of Economic Development, Environment and Tourism (DEDEAT). It also requires a paradigmatic perspective on space and place-making, which is imaginative and brave and transcends history's limitations.

What is required is a prioritising and refocusing of increased investment in the prioritised sectors of sustainable energy, the ocean economy, the automotive industry, light manufacturing, tourism, and creative and cultural industries. Sustainable energy requires more than capital and financial investment in the Eastern Cape. It also needs more significant emphasis on communication, transparent dialogue, and engagement with all citizens. DEDEAT should identify how to replicate this across other sectors, such as Agro-Processing, and food, leather, and textile production. Economic and institutional enablers underpinning the provincial economic Strategy require consideration.

2.2.1.2.4. Human Resources

The Eastern Cape HRD Strategy (2020) is a provincial iteration of the Human Resources Development Strategy of South Africa, 2010-2030. A vital feature of the Strategy is its focus on improving labour market resilience in response to the predicted disruptive impact of the 4th Industrial Revolution. The Strategy calls for creating extraordinary institutional arrangements to ensure rapid and coordinated implementation of the strategic imperatives. The focus is similarly on the extensive review of the provincial skills delivery architecture, which suffers misalignment. The HRD Council Secretariat draws capacity from the Eastern Cape Rural Development Agency (ECRDA), the Coega HCS Unit, the East London Industrial Development Zone (ELIDZ) Skills Development Unit, the HRD Unit of the Legislature, and Eastern Cape Development Corporation (ECDC) on a seconded basis.

Alongside the national HRD Strategy review and update, the Eastern Cape HRD Strategy must be reviewed by 2023/24.

The Eastern Cape Human Resource Development Council (EC HRD Council) is essential in facilitating state capacity concerning the Province's strategic goals. Broadband Infrastructure and ecosystem development in the Province have immense potential. The EC HRD Council promotes a holistic approach to human resource development (HRD) in the Eastern Cape. The Council's remit promotes functional integration between government departments and across spheres of government and recommends approval of the Provincial Skills Development Plan.

Eastern Cape Province's Economically Active Population (EAP) was 2.4 million in 2021, which is 32.42% of its total population of 7.4 million and roughly 10.82% of the total EAP of South Africa. From 2011 to 2021, the average annual increase in the EAP in the Eastern Cape Province was 3.35%, 1.39 percentage points higher than the growth in the EAP of National Totals for the same period.

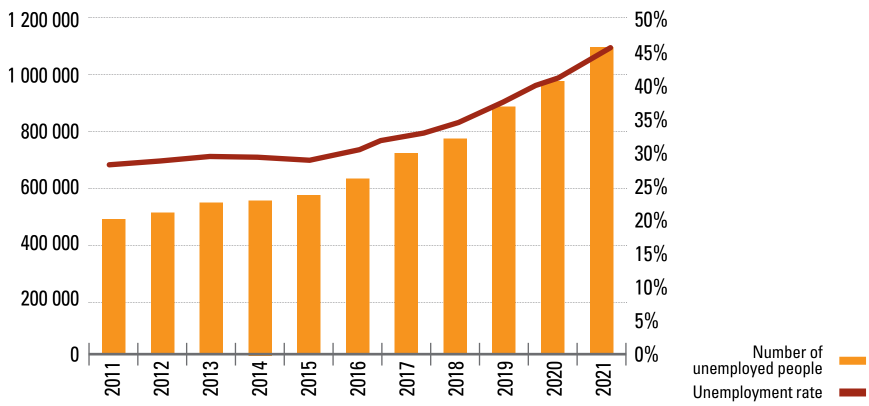
In 2021, Eastern Cape's labour force participation rate was 52.4%, significantly higher than the 42.2% in 2011.

The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2011, the unemployment rate for Eastern Cape was 28.2% and increase to 45.6% in 2021. The gap between labour force participation and unemployment decreased, indicating a negative outlook for employment within Eastern Cape Province.

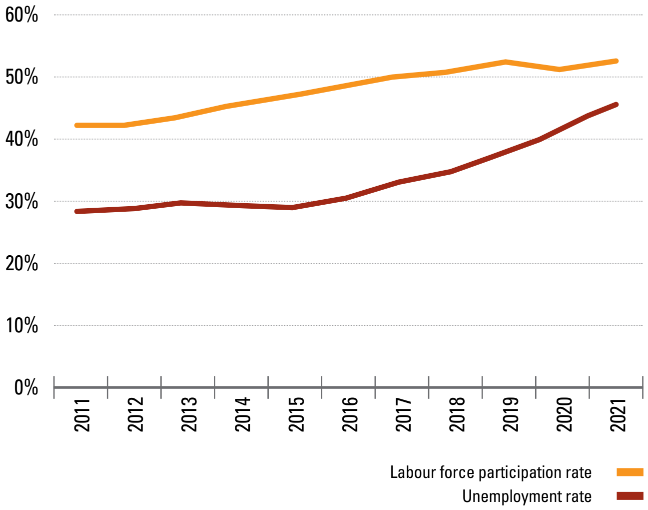
In 2021, the unemployment rate in Eastern Cape Province (based on the official definition of unemployment) was 45.61%, an increase of 17.4 percentage points. The unemployment rate in Eastern Cape Province is higher than that of the National Total. The unemployment rate for South Africa was 33.58% in 2021, which is -8.5 percentage points from 25.08% in 2011.

The strategic and operational implications of the employment situation in the Eastern Cape are that ECSECC, its partners and stakeholders are required to develop high-impact policies, strategies and interventions based on sustainable and active participation to reduce unemployment.

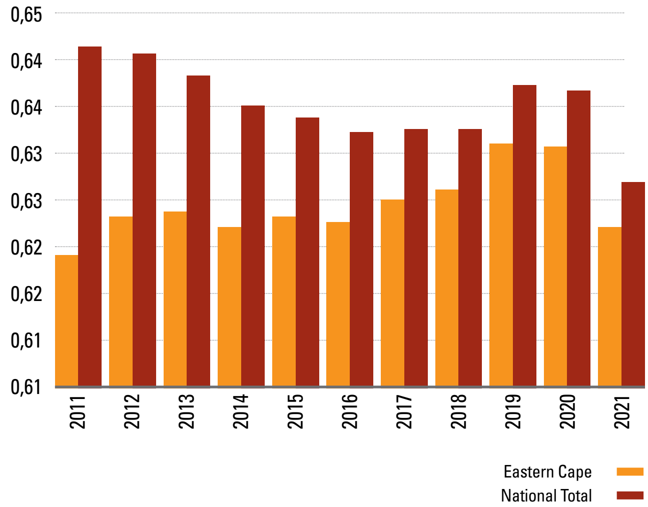
Number of unemployed and employment rate, Eastern Cape 2011-2021 (Source: IHS Markit Regional eXplorer version 2257)



Labour force participation and unemployment rate, Eastern Cape 2011-2021 (Source: IHS Markit Regional eXplorer version 2257)



Gini coefficient, Eastern Cape and National Total 2011-2021 (Source: IHS Markit Regional eXplorer version 2257)



2.2.1.2.5. Human Development

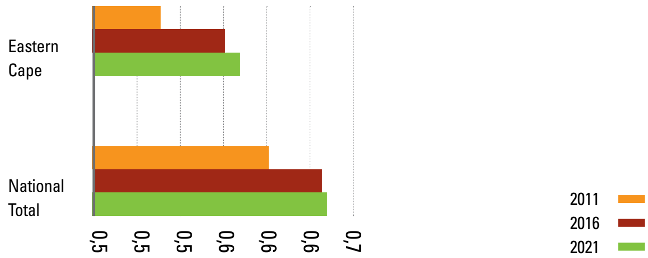
In 2021 Eastern Cape Province had a Human Development Index (HDI) score of 0.581 compared to the National Total with an HDI of 0.639. In general terms, South Africa recorded a higher HDI in 2021 than the Eastern Cape Province, which translates to a reduction in human development status for the Eastern Cape Province compared to the national score. It is important to note that South Africa's HDI increased at an average annual growth rate of 0.58%, which is lower than that of the Eastern Cape Province (0.81%).

In 2021, the Gini coefficient in the Eastern Cape Province was at 0.622, reflecting a marginal increase over the ten-year period from 2011 to 2021. When considering the South African national performance, the Gini Coefficient was 0.627, which is higher than the Eastern Cape Province.

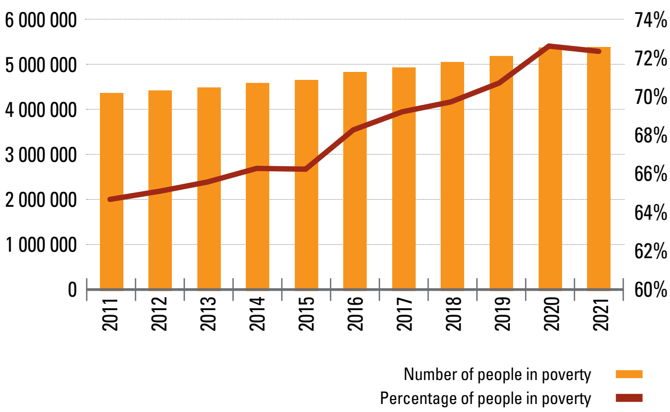
In 2021, 5.35 million people lived in poverty, 23.55% higher than the 4.33 million in 2011. The percentage of people living in poverty has increased from 64.66% in 2011 to 72.28% in 2021, indicating an increase of -7.61 percentage points.

The implication of the HDI score, the number of people living in poverty and the Gini coefficient in Eastern Cape Province is that the challenges of inequality, underdevelopment, and poverty remain and require new innovative approaches and interventions if the trends are to altered towards a positive trajectory.

Human Development Index, Eastern Cape and national Total 2011, 2016, 2021 (Source: IHS Markit Regional eXplorer version 2257)



Number and percentage of people in poverty, Eastern Cape 2011-2021 (Source: IHS Markit Regional eXplorer version 2257)



2.2.1.2.6. Basic Service Delivery and Infrastructure

Access to water, sanitation, and refuse removal remains a critical human right for all South Africans. The need to eradicate informal settlements and build integrated urban settlements is clear. The Provincial MTSF has prioritised integrated human settlement development under Priority 5: Spatial Development, Integrated Human Settlement Development, and Local Government. The PDP emphasises that human settlements must coordinate to ensure that houses, water, electricity and sanitation are part of the same product.

It is important to note that these are essential elements of the social protection agenda of the government in providing a 'social wage' in the mitigation of the impact of poverty on the most vulnerable members of society. As critical social determinants of health and education, access to basic service delivery remains an essential constitutional obligation on the state and a fundamental human right for all South Africans.

The dwelling types vary significantly across the various districts in the Eastern Cape. Two District Municipalities (DMs) (mainly rural) have more than 50% of all dwellings recorded as traditional type dwellings constructed from traditional materials. Conversely, in Metropolitan municipalities, the dominant pattern of settlement dwellings remains brick structures. The Eastern Cape remains the Province with the highest proportion of poor, black African Households (HHs) in rural areas. In 2016 22% of all HHs in the Province resided in government-subsidised housing, whilst 412 000 HHs were residing in rented properties.

The provincial government has prioritised water and sanitation provisioning across three critical delivery areas in the P-MTSF prioritisation, namely:

i. Responding to ageing infrastructure such as dams and related projects;
ii. Ensuring maintenance of Water Treatment and Wastewater Treatment Systems in the Province, including compliance with existing requirements set by National Standards; and
iii. Ensuring that schools and health facilities have adequate drinking water and electricity access.

The percentage of households with access to an improved water source for South Africa increased from 84,4% to 88,7% between 2002 and 2021 (Stats SA, 2022). The increase was most notable in the Eastern Cape, reported as increasing by 14,9 percentage points.

The recent findings from the 2021 Audit and Assessment Reports were released for the first time since 2014/2015 by the DWS. The most prominent risks were observed at a treatment level and pointed to WWTWs that exceeded their design capacity. The Eastern Cape has identified several critical bulk water infrastructure projects that have experienced significant delays and increased costs. The Province, National Government, and WSIs must prioritise ongoing monitoring and coordination of these important initiatives.

Inefficient governance, regulation, compliance management (monitoring), and alignment to national and sub-national development and growth strategies, highlight capacity challenges and skills deficits within the water sector. Operating and maintaining critical water infrastructure remains challenging for smaller rural municipalities with grant-dependent municipal services. 17% of households (HHs) in the Eastern Cape are still unserved regarding toilet provisioning and sanitation. The proportion of HHs having access to sanitation has improved from 37% in 1994 to 46% in 2020, according to the GHS.

The Eastern Cape recorded a Sanitation Infrastructure Quality Index score of 4,28. 41% of all households currently rely on their refuse dumps, with an additional 11% of HHs estimated to be unserved in this regard. The Province's biggest challenge and risk associated with refuse and solid waste removal is the overwhelming reliance on refuse dumps.

Electricity provides a much cleaner and safer energy source for cooking and heating. Replacing candlelight with an incandescent light minimises the likelihood of fires. The national electrification programme supports the government's provision of free basic electricity/energy to poor households. The Eastern Cape remains the Province with the third most connections after KZN and Limpopo. The overwhelming majority of connections in the Province remain grid connections, with just over a quarter million connections reported for 2014-2019. In the last financial year, the Eastern Cape achieved 63% of its planned connections, just below the national performance of 64%.

In terms of expenditure performance for the same period, the Province spent 89%, compared to 93% of total transfers. The data show a significantly higher rate of connections across both the 'Municipal' and 'Departmental' Programmes. The Eastern Cape achieved a Service Delivery Index Quality Score of 3,9.

The National Independent Communications Authority of South Africa (ICASA) observed a 1.6% increase in the portion of South African Households using cellular phones as their only means of communication by 2020. The provincial government continues prioritising ICT connectivity, critical broadband connectivity, and internet access across the Province. Attention is required to engage with existing data and cellular service providers to ensure that the sector is responsive to the necessary infrastructure for improved connectivity in rural areas.

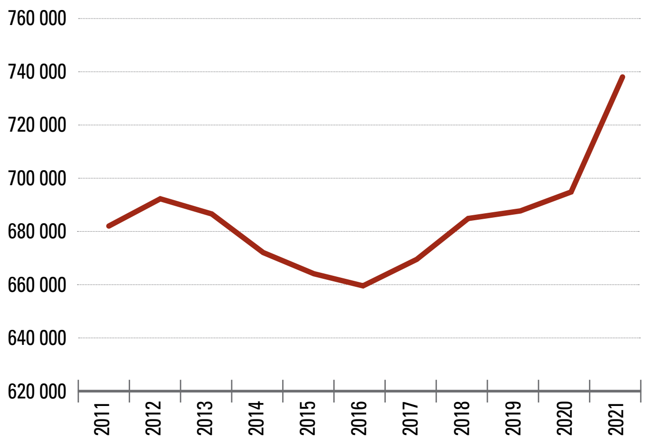
Regarding formal dwelling unit backlog, the backlog has increased from 683 000 in 2011 by 0.78% to 738 000 in 2021. Additionally, the total number of households within Eastern Cape Province increased at an average annual rate of 0.93% from 2011 to 2021, which is higher than the annual increase of 1.51% in the number of households in South Africa. Again, this points to a need to develop innovative and responsive interventions to exponentially impact the current negative trajectory.

Poverty has significantly decreased in the Eastern Cape, falling from 30.2% in 2001 to 12.7% in 2016. However, the Province has low labour force participation, high youth and adult unemployment, and high net-out migration.[15]

Government services, wages and expenditure are the main contributors to economic growth and employment; however, the Province has pockets of internationally competitive export industries, notably in the automotive manufacturing and agriculture industries.

[15] Eastern Cape Province, 2022. Scenario Planning Project Report July 2022. Institute for Future Research, Eastern Cape Provincial Government, Eastern Cape Socio Economic Consultative Council and the United Nations Development Programme.

Formal dwelling backlog, Eastern Cape 2011-2021 (Source: IHS Markit Regional eXplorer version 2257)



The Eastern Cape has made significant progress in providing basic human services. These include water, sanitation, housing, refuse removal and electrification of HHs. The implications of unserved communities and persistent and recurrent interruptions of critical services because of poor or inadequate maintenance are serious. The Department of Mineral Resouces and Energy (DMRE) has made several observations in identifying challenges in implementing the Integrated National Electrification Programme (INEP) in the Eastern Cape. Challenges include poor maintenance, inadequate attention paid to existing and ageing infrastructure maintenance, and lack of technical capacity within municipalities.

The dominant outlook in terms of ICT and Internet connectivity and infrastructure in the Eastern Cape relates to the reliance of HHs and individuals on their cellular phones for Internet access. Only 65701 HHs in the Province currently have access to public Wi-Fi services, with 1.6m HHs lacking access.

2.2.1.2.7. The Democratic Developmental State in the EC

Building a capable, democratic, people-centred, developmental state remains pivotal to achieving the Eastern Cape Province's socio-economic objectives. The characteristics associated with such a state include strong leadership, a focus on people, and strengthened implementation capability. South African government has dedicated more than ten years to driving home the importance of building the state's capacity.

An agile public sector must build and enhance a capable developmental state. It is crucial to have workable strategies and programmes that promote moral behaviour and a nurturing environment. The National Development Plan (NDP) has to make a strong effort to build the necessary interventions to enhance the coordination and execution abilities of state institutions and authorities.

In the Eastern Cape Province, there has been a stabilisation of governance. However, there are protracted weaknesses in critical state capacity and capability areas.

These include integrated planning and implementation and less-than-stellar results from well-intended policies. The Eastern Cape MTSF aims to build a 'Capable, Ethical, Developmental State' for the Province. Human Resource Development Strategy South Africa (HRDS-SA) emphasises the importance of HRD. Leadership is essential to state capacity, particularly in developmental states where privileges are given to those with sufficient power and authority. The Council can serve as a catalyst to address the lacunae in the professionalisation of the public sector in the Eastern Cape Province.

The Eastern Cape requires a more comprehensive strategy, programme, and measurement framework to ensure intentionality around building ethical leadership in the state. The Cluster Performance reporting provides a mid-term performance overview for the Eastern Cape Province. The report found that the Province performed at sub-optimal levels (i.e. below the agreed-upon 70% threshold) across the two-and-a-half years under review. The capacity and capability of the health sector in the Eastern Cape came under scrutiny in the Public Service Commission's (PSC) 2021 report.

The Provincial MTSF mid-term report for 2022 highlights progress against the development of Business Processes and Operations Management Frameworks for the Eastern Cape. However, there are also weaknesses in the system manifest in the audit outcomes. Departments that have regressed in terms of their audit outcomes include the following: the Office of the Premier (OTP), the Department of Rural Development and Agrarian Reform (DRDAR), Health (DOH) and Transport (DOT). The Auditor-General (AGSA) notes that "preventive controls still need attention" in these departments.

The Auditor-General's 2020 general report on municipalities shows a widespread lack of financial control, accountability, and tolerance of transgressions. Audit outcomes further regressed, improvements were rare, and the general trend over the past three years remained negative. There is a need to strengthen the Democratic Development State in the Eastern Cape, focusing on building state capacity across all state institutions in the Province. The Provincial MTSF also emphasises the need for collaboration amongst all sectors of society in implementing the provincial strategic goals towards socio-economic development. Reducing unemployment, poverty, and inequality requires inclusive economic growth.

These interventions require the building of a capable and developmental state. There is an urgent need to ensure a capable state, which requires strong leadership and improved implementation capability.

The situation, therefore, confirms the continued strategic significance of building a capable, ethical developmental state. Whilst some of the fundamental pillars of good governance reflect upon (for example, fiscal governance, planning and prioritisation and implementation capacity of the state), highlights the importance of co-production and the ability of the provincial government to effectively coordinate and brokering roles across society as critical enablers for development.

2.2.1.3. TRENDS IMPACTING THE SERVICE DELIVERY ENVIRONMENT

Several trends within its operating environment impact the strategic and operational posture of ECSECC. The ECSECC Board and Management have identified these trends as key enablers to support the attainment of the vision and mission of the organisation. Some of these trends are listed below.

2.2.1.3.1. Artificial Intelligence (AI) and ICT Innovation

The rapid expansion and uptake of AI platforms such as Chat GPT has emphasised the potential of natural language processing bots to enhance workflows and interaction with big datasets.[16] It has major implications for streamlining how citizens can engage with and access government services and information.

AI also provides opportunities to enhance analytics that could drive a new wave of digital innovation and transformation. It has the potential to "decouple cognitive work from human brains", allowing a machine to process data and increasing productivity and efficiency.[17]

Accordingly, ECSECC must establish its capabilities to leverage AI to improve the efficiency, effectiveness and quality of knowledge products whilst developing a deeper understanding of the digital economy, its requirements[18] and its implications for developing the Eastern Cape.

2.2.1.3.2. The Emergence of Coalition Politics

The South African political landscape has entered an era of coalition politics, increasing the emergence of divergent views and the need for cohesion and compacting. A fragile coalition could increase pressure on the administrative and political nexus, and competing ideologies could cause negative decision-making and increase instability.[19]

ECSECC, as the premier socio-compacting instrument of the Eastern Cape Provincial Government, would need to navigate this new political landscape and provide high-quality, objective policy and knowledge products to accelerate the achievement of the Eastern Cape development trajectory and the lives of its citizens.

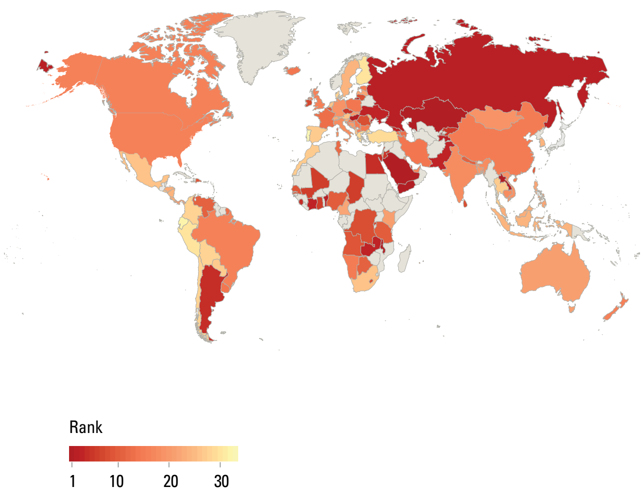
2.2.1.3.3. Disaster Management and Climate Mitigation

As the impact of climate change is becoming more evident and as disaster events exponentially increase, so does the need to develop evidence-based, high-impact disaster management policies, systems, processes and standard operating protocols.

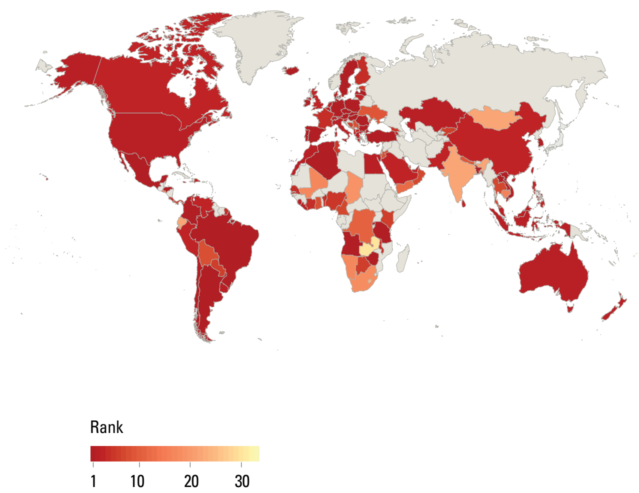
In response, ECSECC needs to develop and integrate the discipline of disaster management into its offering of knowledge and decision-support products. In this regard, ECSECC can leverage its Ward-based Information System as a key asset in the provincial disaster management portfolio to support the efforts to increase the resilience of the Eastern Cape.

Figure 6: Failure in Climate Adaptation and Mitigation (Source: World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland)

Failure of climate-change adaption



Failure of climate-change mitigation



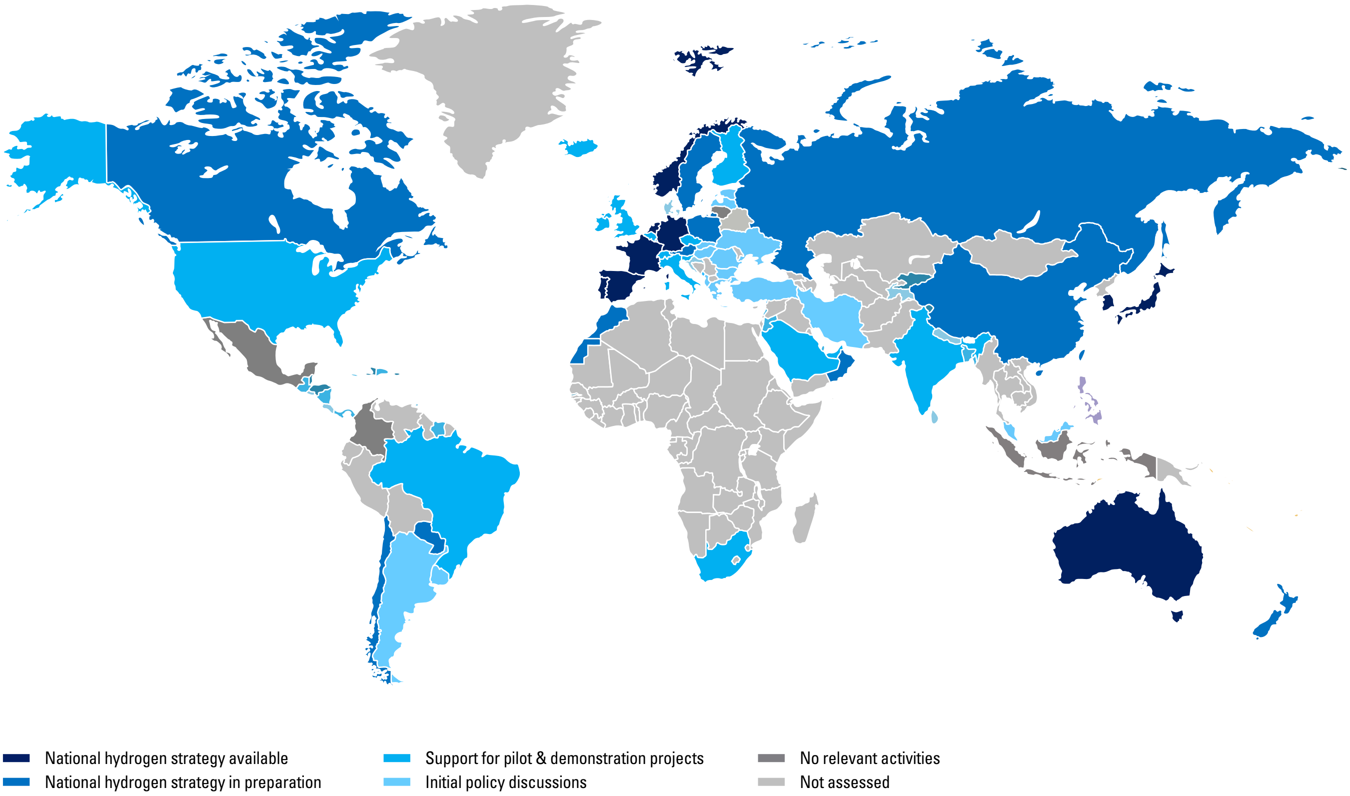
[16] Marr, B 2022. What Does ChatGPT Really Mean for Business? https://www.forbes.com/sites/bernardmarr/2022/12/28/what-does-chatgpt-really-mean-for-businesses/?sh=16c9f2fd7d1e
[17] Bean, J. 2022. Chat GPT is Just the Beginning of the AI Economy. https://innotechtoday.com/chat-gpt-is-just-the-beginning-of-the-ai-economy/
[18] Wood, T. 2021. Technology Trends Likely to Dominate SA in 2022. https://www.itweb.co.za/content/4r1lyMRbVdIMpmda
[19] Mokgoyama, K. 2023. How South Africa can prepare itself for coalition governance. Mail and Guardian 20 April 2023

2.2.1.3.4. The Emergence of the Hydrogen Economy

South Africa has taken significant steps to embrace the emerging hydrogen economy, particularly developing and using green hydrogen. In response to the potential for the hydrogen economy, other provinces, such as the Northern and Western Cape, have made significant strides in developing the so-called "hydrogen corridor." [20]

The Eastern Cape, however, has not fully realised the emerging Hydrogen Economy's potential. ECSECC and the university and research community in the Eastern Cape must collaborate to ensure a high-impact response and beneficiation for the Province into the Hydrogen Economy as part of a just energy transition.

Figure 7: Global Hydrogen Economy
Source UNECO. 2020 https://unece.org/media/news/22248)



[20] Cramer, T. 2022. South Africa unveils R300bn green-hydrogen pipeline as it states ambition to be 'destination of choice'. Creamer Media's Engineering News. 29 November 2022.

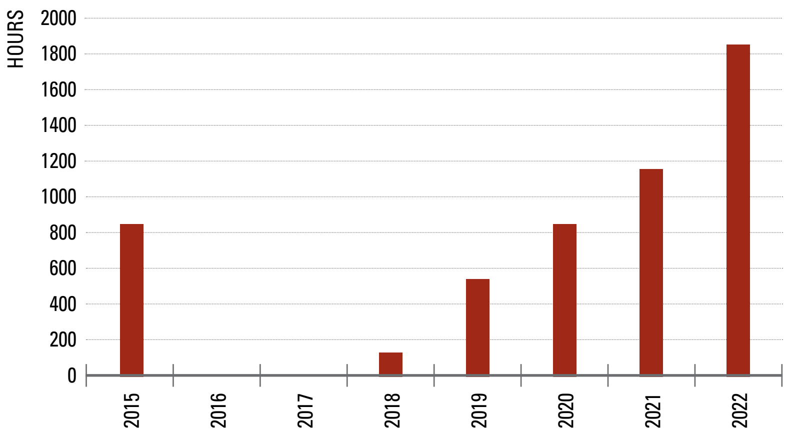
2.2.1.3.5. Expansion of BRICS and the New BRICS Currency

The proposed enlargement of the BRICS group provides access to new opportunities as it increases its efforts at a more equitable representation within the global community. As articulated in the Beijing Declaration, the combined support by the BRICS grouping supports regional integration, the development of new value chains, and industrial and infrastructure development. The Bejing Declaration also supports implementing the African Continental Free Trade Area (AfCFTA).[20]

It is, therefore, mission-critical that the Eastern Cape develop policy and implementation instruments to ensure that the Province fully benefits from the expanding BRICS grouping and its proposed new currency.[21]

The Eastern Cape Provincial Government, in partnership with ECSECC, needs to provide knowledge products and decision support to allow the Province to benefit from the foreign currency 'reserve pool, known as the Contingent Reserves Arrangement. Accessing the Contingent Reserves Arrangement would increase investor and consumer confidence, as BRICS countries can pay international debts quicker whilst maintaining consistent exchange rates.

Figure 8: Hours of Load shedding (Source BusinessTech. South Africa's horror year of load shedding - here's how it compares (Source: BusinessTech, 3 October 2022)



2.2.1.3.6. Consistent Electricity Supply

The World Bank states that electricity supply shortages have constrained South Africa's growth due to disrupted economic activity and increased operating costs for businesses, and infrastructure, such as water, information technology, and service delivery (specifically health and education).[22] The focus is therefore on increasing power generation, renewable energy investments, and electricity backup capabilities.[23]

In response, the Service Delivery Environment requires solutions to increase the consistency of electricity supply, advance a just renewable energy transition and support the development of innovations to mitigate the impact of load-shedding.

Renewable energy is needed to support development and innovation.

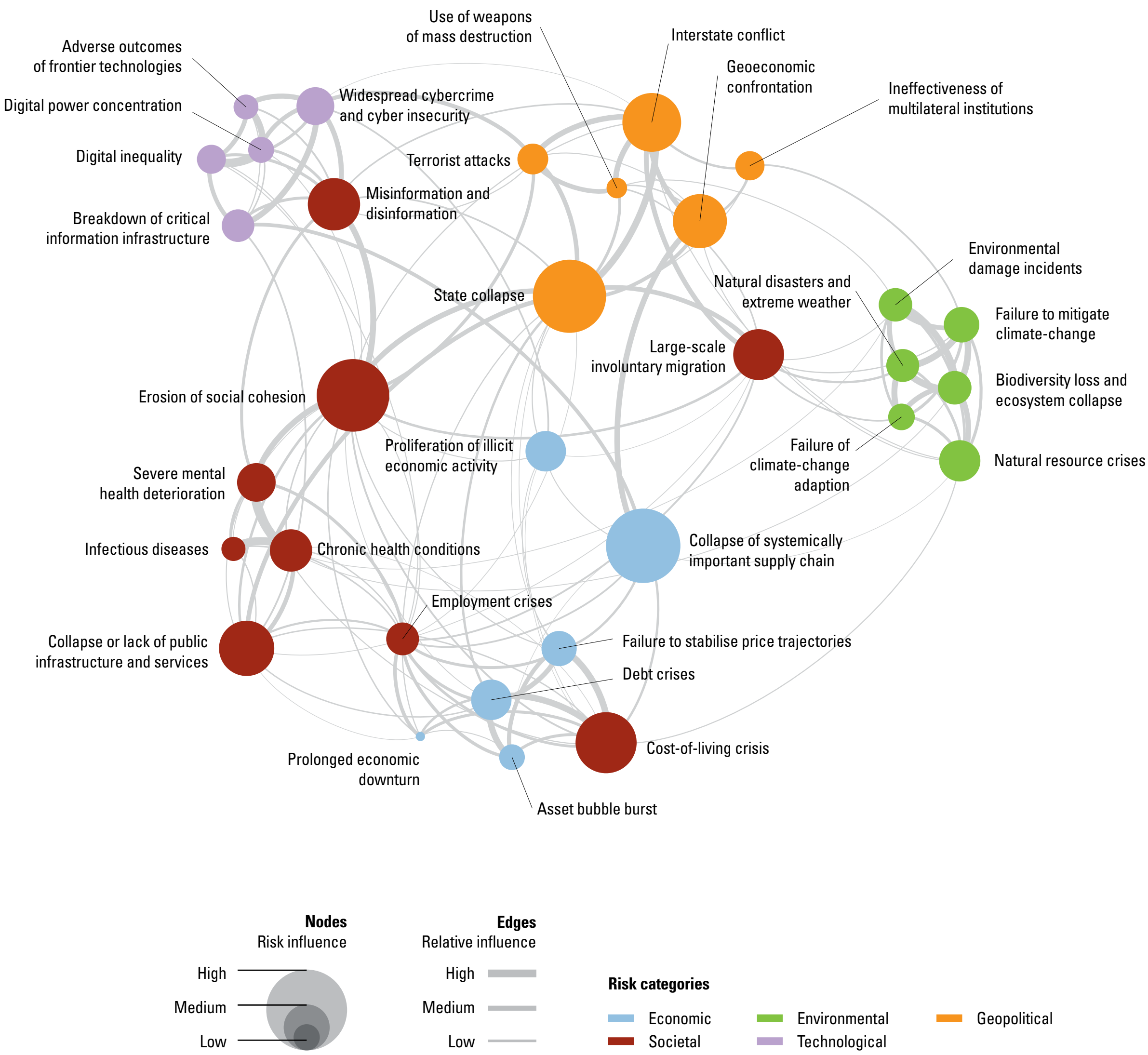
[20] Slater, d. 2023. South Africa to benefit from the expansion of Brics - Brand SA. Creamer Media's Engineering News 17 February 2023
[21] Gavaza. M/ 2023. Is SA ready for a BRICS currency? Creamer Media's Engineering News. 29 November 2022. 14 April 2023
[22] https://www.worldbank.org/en/country/southafrica/overview#1
[23] Wood, T. 2021. Technology Trends likely to dominate SA in 2022. https://www.itweb.co.za/content/4r1lyMRbVdlMpmda

2.2.1.3.7. Dealing with Potential Polycrises

According to the World Economic Forum, a major global risk is an emergence of "polycrises". Polycrises refers to the interaction and integration of overlapping crises into a consolidated architecture that exponentially increases each sub-element's impact.

The World Economic Forum for example, warns that eroding geopolitical cooperation could create a potential polycrisis by interlinking environmental, geopolitical and socio-economic risks regarding the supply and demand for natural resources. The knock-on effects impact the most vulnerable parts of society and already-fragile states, contributing to rising poverty, hunger, violent protests, political instability and even state collapse.[24]

Global risks landscape: an interconnections map (Source: World Economic Forum, Global Risks Survey 2022-2023)



[24] World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. Worl Economic Forum, Geneva, Switzerland.

2.2.1.3.8. Economic Warfare

The increased weaponisation of economic policies to defend the national interests of major global powers increases economic vulnerabilities. Vulnerabilities increase as interdependencies between economies constrain opponents and competitors, and geopolitical interests undermine economic rationality.[25]

These vulnerabilities increase due to the dependencies on intertwining technologies with societies' critical functions. Disrupting technology-enabled systems undermines competing nation-states' interests. In this regard, cybercrime and the misuse of personal information and fake information on social media combine to underpin the nation-state's sovereignty and the social cohesion of its population.[26]

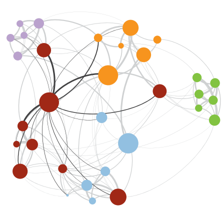
2.2.1.3.9. Social Cohesion

Loss of social cohesion has increased exponentially globally and in South Africa. The increase in prominence emanates from social cohesion being impacted and triggered by a wide range of other risks. The loss of confidence in governments compounds these risks and, combined with mis- or disinformation, accelerates social polarization and the ability of third parties to impact public and political perceptions, even elections, through social media.[27]

The resulting situation is one where trust in information and political processes erodes to reduce space for social compacting and problem-solving. As a pivotal social compacting entity, this situation presents a clear and present danger to the mission of ECSECC, the legitimacy of its knowledge products and its ability to support the development of the Province and limit social conflict.

Risks interconnections: the erosion of social cohesion (Source: World Economic Forum, Global Risks Survey 2022-2023)

Reference



[25] World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.
[26] World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.
[27] World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.

2.2.1.4. EMERGING THEMES

Several strategic and operational themes emerge from the Service Delivery Environment, which supports and directs the vision and mission of ECSECC. These emerging themes, as highlighted below and reflected in the operational model and value chain, include:

- increases institutional capacity and agility;
- knowledge production;
- integrated planning;
- stakeholder compacting; and
- high-impact implementation support.

2.2.1.4.1. Increased Institutional Capability and Agility

As the demand for agile, responsive, high-quality research, planning, social compacting, and technical support increases, so does the requirement for more effective and efficient operations. To this effect, ECSECC focuses on creating and enabling sustained high levels of operational maturity, integration and standardisation. A key element in this regard is the expansion of research and technical networks and partnership to augment the capacity of ECSECC to serve the diverse portfolio of needs of the Eastern Cape Province.

Underpinning increased institutional capacity is a continued commitment towards innovative, agile, quality governance, corporate services and financial management and operational performance through strategic leadership, good industry practice, systems and standards and strategic information.

2.2.1.4.2. Knowledge Production

To effectively and efficiently support the development of the Eastern Cape Province requires accurate, objective and innovative knowledge and decision-support products. These products provide an evidence-based perspective and posture within the decision-making environment. As such, ECSECC, as a network-centric organisation, mobilises technical research and analytical capabilities, systems and processes to engage with any topic emerging from the strategic, policy or operational environment.

2.2.1.4.3. Integrated Planning

Supporting the achievement of outcomes, outputs, and impacts requires the optimal application of resources within time, quality and budget parameters. Accordingly, enhanced planning capacity ensures that resources within a particular policy and implementation direction are optimally applied to reduce duplication, reduce risk, encourage innovation and produce desired impacts.

A requirement emerging from the strategic and operational service delivery environment is the need to ensure optimal integration and alignment between the various elements of the government to ensure optimal synergy. Accordingly, ECSECC is a planning node to ensure optimal integration of planning protocols and practices.

2.2.1.4.4. Stakeholder Compacting

Ensuring social cohesion requires high levels of active stakeholder participation and compacting. To this effect, ECSECC builds on its reputation as a stakeholder council to create a conducive space for engagement, compacting and dialogue. Effective and efficient stakeholder compacting and partnership also contributes towards expanding the resources envelope by combining and focussing resources towards a common purpose.

2.2.1.4.5. High-impact Implementation Support

Institutional capacity, knowledge production and decision support, planning support, and stakeholder engagement and compacting are of little value if not translated into implementation actions. The Eastern Cape must exponentially increase its capacity and capability to apply transversal implementation and technical support.

Through the use of innovation, standardised management practices and technical know-how ECSECC can support the ability of the Eastern Cape Government to increase the effectiveness and efficiency of implementation and the quantification of performance and impact.

2.2.2. ORGANISATIONAL ENVIRONMENT

A significant reflection of the nature and scope of the organisational environment emerged during the financial year under review; through the development of an operational value chain. The value chain reflects the organisation's orientation and posture, providing a comprehensive perspective of its internal operating environment in response to its external environment.

The ECSECC value chain leverages four high-order capabilities. These include:

- knowledge and advice generation;
- planning support;
- stakeholder engagement and compacting; and
- implementation or technical support.

These four capabilities support an integrated value chain, leveraging knowledge generation and advice to inform planning, stakeholder engagement and compacting. Once stakeholder compacting and engagement has occurred, it is applied to support and monitor technical implementation efforts. The result is the achievement of desired development impacts. These impacts include but are not limited to:

- advancing and accelerating economic growth and diversification;
- ensuring sustainable development;
- increased revenue collection for ECSECC to reduce the burden on the fiscus;
- advancing and achieving the Provincial Development Agenda; and
- ensuring meaningful participation by all stakeholders and interested and affected parties.

At an operational level, each of the four capabilities requires the implementation of an integrated and interdependent portfolio of line functions. The Knowledge and Advice function requires generating evidence and data to develop policy or advice products. Producing policy or advice products requires data management capabilities to ensure access to data for both ECSECC and its stakeholders.

Producing knowledge and advice products supports and informs the Planning and Stakeholder Engagement and Compacting functions. Knowledge and advice products inform strategic and content planning functions in this regard. The Knowledge, Advice and Planning functions support the Stakeholder Engagement and Compacting function by operating several stakeholder councils. The purpose is to mobilise interested and affected parties and stakeholders to develop strategic partnerships while empowering stakeholders to drive high-impact implementation interventions.

The effective, efficient implementation of these line functions requires a portfolio of transversal support functions. These support functions include ensuring research and innovation capacity within the value chain to produce the required outputs. Due to the high demand for ECSECC products and its limited capacity, it is mission-critical for the organisation to leverage support systems to increase its effectiveness and efficiencies while ensuring optimal performance and governance.

The ECSECC value chain, although presented in the figure below as linear, is also cyclical. When interventions are monitored and evaluated, the process informs new knowledge generation, which informs organisational learning and the development of new knowledge and advice. The process reactivates the value cycle and results in continuous action, reflection and learning.

In response to its mandate and operational requirements, ECSECC has embarked on a process to increase the operational effectiveness and efficiency of the organisation in support of its value chain. Key to this process has been the focus on increasing agility, standardisation and automation. The external and internal demand for high-impact knowledge, planning implementation and compacting products has driven the need to ensure the optimal use of resources to meet an ever-increasing demand for services.

Strategically and operationally, ECSECC embarked on a process to address these operational challenges by increasing its organisational maturity in line with its value chain requirements. The approach assumes that an organisation's progress depends on an evolutionary process towards increased effectiveness, efficiency, and maturity. Accordingly, ECSECC adopted an Organisational Maturity Model, which provides a transitional set of common elements against which maturity levels can be quantified and assessed.

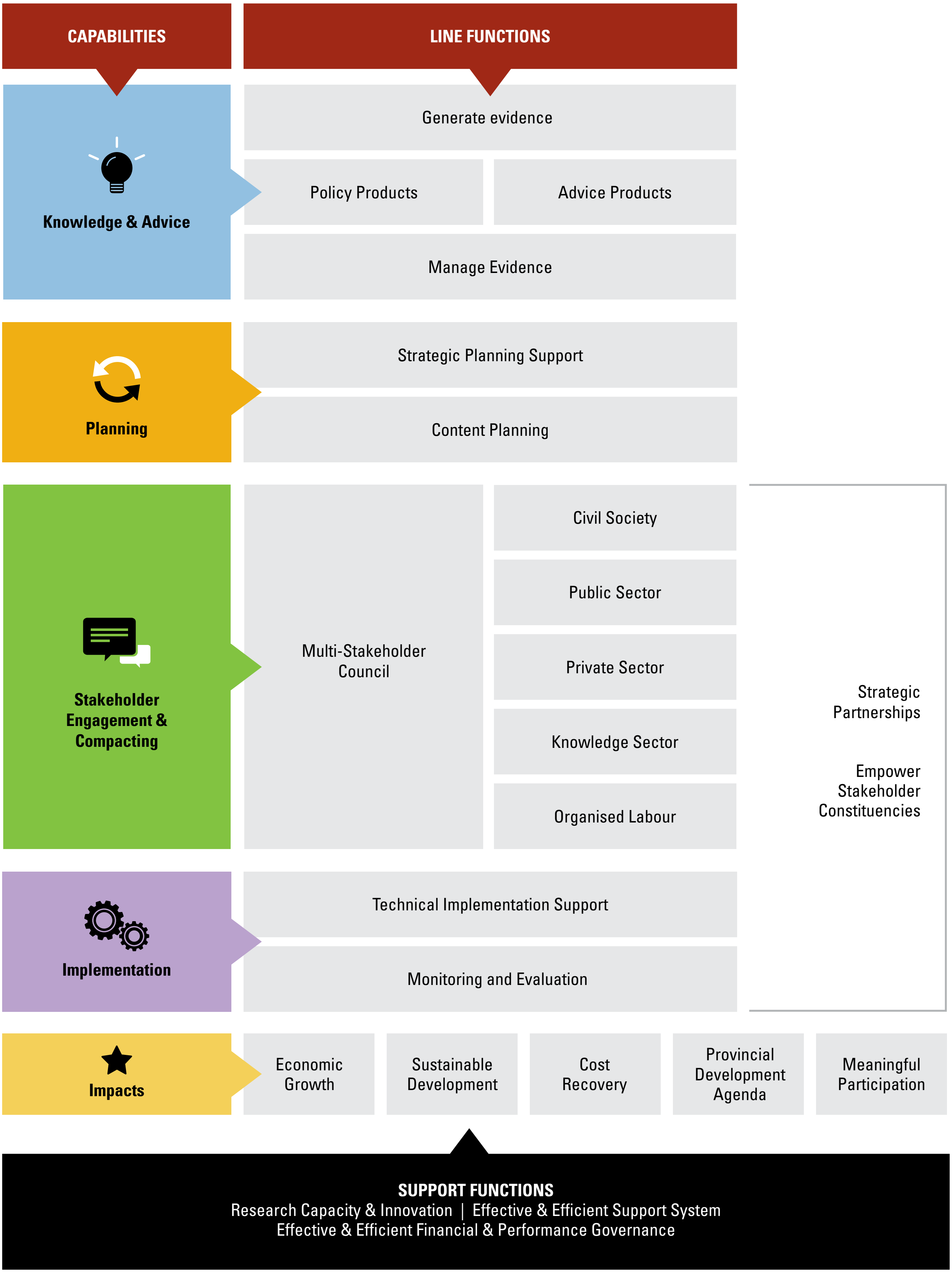
Accordingly, five maturity models were put in place to measure operational performance through the use of the following maturity models:

- COBIT Maturity Assessment Model (ICT);
- Financial Maturity Assessment Model;
- Project Management Maturity Assessment Model;
- HR Maturity Assessment Model; and
- Risk Maturity Assessment Model.

Using standardised scales to measure operational maturity, ECSECC aimed to progress towards an operational posture where processes and practices are documented and integrated into Standard Operating Procedures (SOPs). The intention is to standardise processes and practices to advance automation, thereby increasing organisational effectiveness and efficiency. Through this process, ECSECC intended to increase ad-hoc automation and integration of processes in a structured manner.

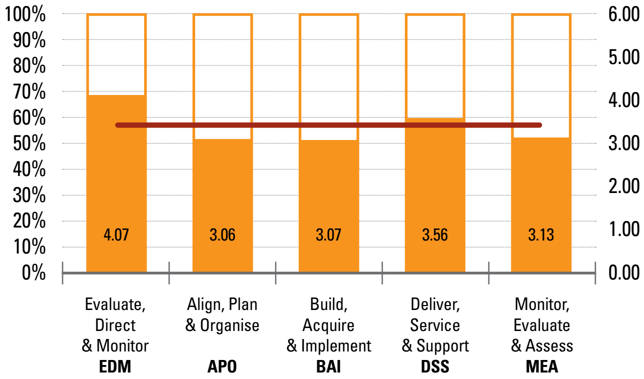
The use and results of these maturity assessments provide an accurate perspective of the status of ECSECC's organisational environment.

ECSECC Value Chain as per the White Paper



ICT is a key support function which enables ECSECC to operate and produce high-quality outputs. To this effect, ECSECC scored an overall ICT maturity of 3.38.[28] ECSECC was, within the targeted maturity level band of level 3, able to demonstrate performance exceeding minimum requirements. Higher-than-expected performance in service delivery and monitoring and directing ICT processes was particularly important. Of special mention is the very high score measured for ICT governance.

Figure 9: ICT Maturity



From an ICT perspective, ECSECC has, during the period under review, created an enabling support environment through service-directed ICT systems and products.

Similarly, the financial environment has demonstrated a very high level of organisational maturity by recording a level 4 maturity assessment score. From an operational perspective, this indicates effective and efficient control and management of financial processes and systems. The score also indicates a demonstrable ability to mitigate or resolve emerging issues. It is important to note that the Auditor-General's continued confirmation of the achievement of an unqualified audit opinion supports the high level of financial maturity achieved.

From an operational perspective, ECSECC's financial environment demonstrates high levels of compliance, financial oversight, effectiveness and efficiency, laying the basis for current and future operations.

Similarly, human resource management demonstrates high control and performance orientation levels, resulting in a maturity score of level 4. Human resource processes are documented in ECSECC, tracked and continuously analysed to improve performance. Creating an organisational environment with high levels of human resources and financial maturity formed the bedrock of a conducive operating environment for service delivery.

As an organisation located within a dynamic and agile operating environment, ECSECC needs to manage internal and external risks to ensure the continuity of operations. In this regard, the risk management function has attained a maturity assessment of level 3 maturity, placing it securely within the broad maturity and operational development trajectory. The result proves that the risk posture and capacity of the organisation are incrementally increasing as the organisation reaches higher maturity levels and further enhances its governance and oversight functions.

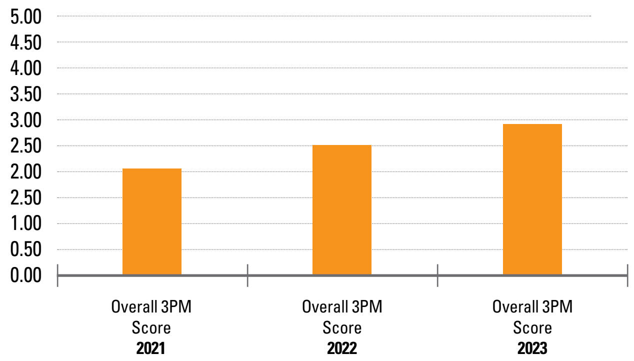
Again, it is important to note that the unqualified audit opinion of the Auditor-General supports the performance and success of a conducive risk management environment.

Finally, through a consolidated process improvement process, ECSECC has advanced its progress toward increasing operational effectiveness and efficiency by increasing its project management maturity levels. In this regard, the organisation increased in project management maturity to a level of 2.87, an increase from the 2.5 level scored in 2022 and the baseline of 2.07 in 2021.

ICT enables ECSECC to produce high-quality outputs.

[28] Datacentrix. Cobit Assessment.

Figure 10: ECSECC Project Management Maturity



The increase in maturity levels bears testimony to the implementation of a consistently evolving and evolutionary process and indicates that ECSECC has increased its project and process documentation level and the integration of standards into day-to-day operations. A clearer role definition and responsibility for delivery are emerging, and using lessons learnt by some elements have increased the ability to repeat high-performance levels. The increased standardisation of performance tracking and reporting appears to have contributed substantially.

The process to enhance policies, Standard Operating Procedures, processes, and systems implemented has positively affected the maturity curve. Leveraging the Annual Performance Plan (APP) and Annual Operational Plan (AOP) processes combined with Project Mandates and Implementation Plans the organisation has moved forward.

These actions have positively contributed towards the incremental increase in the maturity level.

From an overall organisational perspective, ECSECC has made significant progress in enhancing its operational environment during the period under review by improving its core internal processes and systems.

Building on the gains achieved during the 2022/23 Financial Year, several challenges and opportunities emerged, potentially enhancing the organisational operating environment if leveraged further during the next financial year.

These include:

- ***Increased Innovation***
  As an organisation, ECSECC has to expand its focus and commitment towards continuous innovation and building and supporting the expansion of the innovation ecosystem in the Eastern Cape. Embracing innovation and creating a culture and innovation-driven processes enhances the organisation's ability to solve problems and provide insights and support to stakeholders and partners alike.

- ***Responsive Organisational Policies***
  The rapidly changing and dynamic operating environment in which ECSECC finds itself requires that the organisation maintains an agile posture and ability to develop responsive organisational policies that will not only allow increased effectiveness and efficiency but also make it more responsive to stakeholder needs and requirements whilst maintaining its high levels of governance, compliance and oversight.

- ***Performance Management***
  Performance Management is at the core of accounting for the application of public resources. In keeping with its commitment to account for the use of public resources towards achieving predetermined outputs, the organisation needs to enhance its reporting systems to report on outcomes and outputs whilst quantifying the impact of operations.

- ***Cross-Functional Integration***
  Cross-functionally integrating functions and operations across programmes is key to enhancing Performance Management. By increased cross-functionality and integration, operations leverage bigger impacts whilst ensuring the optimal use of resources and capabilities. Cross-functionality also provides deeper insight, exponentially increasing knowledge, analytical depth and quality, compacting, and implementation outputs.

- ***Increase Automation***
  A key enabler of cross-functional integration and increasing organisational maturity is the ability to automate processes. As demand levels increase for outputs by ECSECC, it is mission-critical that processes and systems are automated to increase efficiency and effectiveness. Automation expands the scope and range of operations by allowing remote access, management, input and control of management and technical processes. When combined with a commitment towards innovation, automation differentiates and increases ECSECC's value proposition, further elevating its stature as the premier research, decision-support, social compacting, and implementation support entity in the Eastern Cape Province.

- ***Talent Attraction***
  Whilst systems and processes are key to producing outputs and creating sustainable impacts, the technical and support staff form the core of ECSECC's operational ability. To respond to ever-increasing demands for diverse and technically complex expertise, ECSECC continues its commitment towards attracting the best talent. By establishing and maintaining functional collaboration networks, ECSECC can expand the scope and depth of its current talent pool's capacity.

  Ensuring a sustainable ability to attract critical skills and talent requires an enabling and conducive working environment. To this end, internal human resource management practices and systems must reflect changes in the world of work and the competition for skilled resources.

2.3 ACHIEVEMENT OF INSTITUTIONAL IMPACTS

2.3.1 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES OF THE FIVE-YEAR STRATEGIC PLAN

As indicated in the 2021/22 Annual Report, changes in the policy environment have necessitated a change in the Strategic Plan's orientation and indicator profile. These changes have been approved by the ECSECC Board and are contained in the 2023/2024 Annual Performance Plan.

The most significant impact emerging from the policy environment impacting the Strategic Plan has been the development of new legislation for ECSECC.

With the process of finalising the ECSECC legislation moving towards completion during the current financial year, the strategy was aligned with the new legislation to ensure implementation during the following Financial Year. The need to update and align the ECSECC strategy conforms with the National Treasury requirements for updating a Strategic Plan. In this regard, the National Treasury (NT) requirements state that Strategic Plan can be:
"...changed during the five-year period that it covers. However, such changes should be limited to revisions related to significant policy shifts or changes in the service-delivery environment. The relevant institution does this by issuing an amendment to the existing plan, which may be published as an annexure to the Annual Performance Plan, or by issuing a revised Strategic Plan."[28]

Similarly, the Revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation (DPME) states that:
"...[strategic plans] may be revised during this period if there are significant changes to policy, in the service delivery environment or the planning methodology".

Following the requirements mentioned above, it is clear that establishing new legislation constitutes a significant policy shift, which requires updating the ECSECC strategy in line with the changes in the policy environment.

[28] National Treasury. 2010. Framework for Strategic Plans and Annual Performance Plans. National Treasury. Pretoria, South Africa page 7.

[29] Office of the Premier, 2021. Provincial Notice 95 of 2021. White Paper on the Mandate of the Eastern Cape Socio Economic Consultative Council (ECSECC). Eastern Cape Provincial Government: page 13.

[30] The use of the term "objectives" in the White Paper predates the new DPME naming conventions, which refer to objectives as outcomes. The term outcomes will be used to denote to objectives in the document.

[31] Office of the Premier, 2021. Provincial Notice 95 of 2021. White Paper on the Mandate of the Eastern Cape Socio Economic Consultative Council (ECSECC). Eastern Cape Provincial Government: page 13.

Purpose of the update

The new legislation defines the mandate of ECSECC as:

"ECSECC is a multi-stakeholder council aimed at fostering partnerships to drive a shared development agenda amongst key stakeholders of the Eastern Cape Province and beyond".[29]

The stated mandate supports four objectives[30], which include:

- "To advise and assist the Province in the development of long-term plans to facilitate economic growth and sustainable development.
- To facilitate, monitor and support strategic partnerships that involve the public sector, the private sector, the knowledge sector, organised labour, and civil society in the implementation of the-provincial development agenda.
- To generate and manage evidence for policymaking and planning processes toward the sustainable development of the Province.
- To empower stakeholder constituencies for meaningful participation in the development, implementation, and monitoring of the provincial development agenda."[31]

A review of the alignment between the White Paper and the current strategic posture found that Outcomes 1, 2 and 3 do not need to be updated or altered. These three Outcomes align at a functional level with the objectives stated in the White Paper.

However, Outcome 4 is reductionist because it only focuses on one element of organisational effectiveness. Accordingly, Outcome 4 is replaced with a new Outcome that reflects the full scope of effective, efficient and governance compliance as stated in the White Paper.

The below table summarises the reasons for retaining and changing Outcomes.

Outcome	The objective stated in the White Paper[32] aligns with the Outcome	Explanation	Update
Outcome 1: A developmental state that actively leads development through partnerships	To advise and assist the Province in the development of long-term plans to facilitate economic growth and sustainable development.	The ability to provide advice to support long-term development is an expression of the functions of a developmental state.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 1: A developmental state that actively leads development through partnerships	To generate and manage evidence for policymaking and planning processes toward the sustainable development of the Province.	The management of evidence and evidence-based policymaking enhances the ability and performance of the developmental state. Evidence-based policymaking constitutes a critical element of the developmental state.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	To facilitate, monitor and support strategic partnerships involving the public sector, the private sector, the knowledge sector, organised labour, and civil society in implementing the-provincial development agenda.	The ability to form strategic partnerships supports inclusive economic growth. Partnerships constitute a crucial enabler of inclusive growth. The term inclusive implies and reinforces the need to form partnerships with all interested and affected stakeholders and partners.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 3: A healthy, educated and productive workforce and citizenry	To empower stakeholder constituencies for meaningful participation in the development, implementation, and monitoring of the provincial development agenda	A capacitated citizenry and workforce require social compacting and constant engagement. Empowering constituencies by creating engagement platforms advances the creation of a healthy, educated and productive workforce and citizenry.	The stated objective accommodates the current Outcome and aligns with the requirement for capacitating constituencies to engage. The Outcome aligns with the White Paper and is retained.
Outcome 4: Increased organisational maturity	No output indicator in the White Paper refers to organisational maturity. The White Paper in Section 13 defines the responsibilities of the Chief Executive Officer (CEO), which requires the effective and efficient operation of the entity per governance and operational requirements.	Organisational maturity is a component of organisational effectiveness and efficiency. However, it does not reflect all the aspects of an effective and efficient organisation that complies with governance requirements.	The Outcome is changed to expand its scope to all elements required for a governance-compliant organisation's effective and efficient operations. Changed Outcome 4 to: Increase organisational effectiveness, efficiency and governance. The change accommodates the measurement of all support functions, ensuring effective, efficient governance compliance, and aligns with the White Paper.

32 The use of the term "objectives" in the White Paper predates the new DPME naming conventions, which refer to objectives as outcomes. The term outcomes will be used to denote objectives in the document.

Although all the outcomes remained the same, except for Outcome 4, several alignment issues emerged regarding Outcome Indicators. As a result, several Outcomes Indicators had to be changed to ensure alignment with the White Paper.

The table below summarises these required changes:

Outcomes	Previous Outcome Indicator	New Outcome Indicator	The rationale for adopting a new indicator
Outcome 1: A developmental state that actively leads development through partnerships	1.1 % of ECSECC publications that are peer-reviewed 1.2 Number of decision-making structures and institutions making use of ECSECC knowledge products in decision-making 1.3 Effective social compacts managed through formal stakeholder collaboration platforms 1.4 One agreed on the provincial development plan	1.1 The number of knowledge products produced.	The indicator is all-encompassing and allows all inputs relevant to the Outcome to be measured. The measurement includes publications, knowledge products that support decision-making, inputs to support social compacting and the Provincial Development Plan. Section 8.4 of the White Paper defines these knowledge products and functions.
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	2.1 Number of job opportunities created through interventions facilitated	2.1 The number of strategic partnerships supported. 2.2 The number of advice products produced to support economic growth and sustainable development.	ECSECC, as a multi-stakeholder council, does not directly drive job creation. It provides specialist advice, planning, knowledge products and compacting services to support the implementation mandates of other entities. Accordingly, it cannot account for job creation figures. Hence the justification for changing the Output indicator is in line with the mandate and scope of the ECSECC White Paper for the support provided to partnerships and the production of knowledge products. Advice products also encompass planning, monitoring, reporting, and evaluation products defined in Section 18 of the White Paper.
Outcome 3: A healthy, educated, and productive workforce and citizenry	3.1 Number of people trained through partners 3.2 Number of targeted groups placed in workplaces for experiential learning and employment 3.3 Number of new HIV infections 3.4 Adult AIDS mortality	3.1 The number of sectoral councils supported.	ECSECC does not perform all the line functions associated with Output Indicators. The interventions covered under Output Indicators 3.1 to 3.4 align with Section 11 of the White Paper, which focuses on supporting sectoral councils.
Outcome 4: Increase organisational effectiveness, efficiency and governance.	4.1 Effective and efficient internal operations	4.1 number of organisational effectiveness, efficiency and governance interventions completed.	Expanding the scope of effectiveness, efficiency and governance products beyond maturity assessments provides a more accurate and integrated measurement of support services and operations. The interventions covered under Output Indicator 4.1 align with Section 13 of the White Paper, which focuses on the effective, efficient and compliant operation of the ECSECC.

Progress	Strategy to Address Areas of Under Performance
The development of new outcomes is complete, per the requirements stated in the previous Annual Report and contained in the 2023/24 Annual Performance Plan. The 2023/24 Annual Report will reflect the performance of the new outcomes and indicators. In general terms, however, the Annual Reports of the previous Financials Year within the current MTEF cycle indicate that the production of knowledge products is on track to achieve its desired performance at the end of the MTEF period.	Establishing a research capacity linked to the Office of the CEO during the 2023/24 Financial Year integrates the production of knowledge products and ensures compliance with technical and quality standards. Enhancing partnerships and collaboration by activating the Eastern Cape Regional Observatory augments the current ECSECC capacity to ensure the production of high-quality knowledge products. Closer cooperation, participation and alignment with the Provincial Research Agenda ensure the production of relevant knowledge products aligned with stakeholder and shareholder requirements. The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.
The development of new outcomes is complete, per the requirements stated in the previous Annual Report and contained in the 2023/24 Annual Performance Plan. The 2023/24 Annual Report will reflect the performance of the new outcomes and indicators. To date, ECSECC has consistently supported various strategic partnerships, producing a wide and diverse range of policy advice products. Based on the performance of the previous Financial Year in the MTEF cycle and the performance contained in this Annual Report, it appears ECSECC is on track to achieve its desired performance at the end of the MTEF period.	The Quarterly evidence-based performance tracking reduces underperformance by providing early warning to mitigate any underperformance. Closer cooperation, participation and alignment with the Provincial Research Agenda ensure the production of relevant knowledge products aligned with stakeholder and shareholder requirements. The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.
The development of new outcomes is complete, per the requirements stated in the previous Annual Report and contained in the 2023/24 Annual Performance Plan. The 2023/24 Annual Report will reflect the performance of the new outcomes and indicators. The wide range of outputs consistently produced since the start of the MTEF cycle and, as reported in the relevant Annual Reports, indicate that achieving the outcomes associated with this output is currently on track.	The Quarterly evidence-based performance tracking system is active. The tracking system reduces underperformance by providing early warning to mitigate any underperformance. The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.
The development of new outcomes is complete, per the requirements stated in the previous Annual Report and contained in the 2023/24 Annual Performance Plan. The 2023/24 Annual Report will reflect the performance of the new outcomes and indicators. The achievement of the target's organisational maturity level (level 3) during the period covered by this Annual Report indicates that the incremental increase in organisational maturity since the start of the MTEF period is on track to meet its intended target at the end of the MTEF cycle. The organisation has also adopted a value chain which integrates and consolidates operations to increase the effectiveness and efficiency of operations.	Adopting the ECSECC value chain during the 2022/23 Financial Year guides and integrates the organisation's operations, reducing the underperformance risk. The Portfolio, Programme and Project Management Framework standardises operations and increases effectiveness and efficiency.

PROGRAMMES

PROGRAMME 1 Corporate Services

The programme provides support services and creates an enabling environment for achieving the impact and outcomes outlined in the Strategic Plan and key strategic areas for ECSECC. This programme aims to enable innovative, agile and quality governance, corporate services and financial management and operational performance through strategic leadership, industry sound practice systems and standards and strategic information.

PROGRAMME 2 Economic Governance & HRD

This programme aims to support the development and implementation of economic policy and strategy to shift the economic development path of the Eastern Cape. The peripheral nature of our economy and its relative underperformance is well understood. The programme seeks to set clear priorities for the Province over the planning period and what can realistically be achieved to improve economic development in the Province.

Programme objectives increase effectiveness and efficiency

PROGRAMME 3 Governance and Planning Support

The programme's purpose is to strengthen the building of a developmental state by providing strategic governance support in the development and rollout of national, provincial, and local plans, strategies, and frameworks in the Eastern Cape. The programme achieves its purpose by facilitating democratic participation by relevant stakeholders through consultations, partnerships, capacity building and advocacy, resulting in shared and owned outcomes.

PROGRAMME 4 ECAC

The purpose of this programme is to assist the Province in effectively managing its response to HIV, Tuberculosis (TB) and STIs. This programme also focuses on acting as secretariat for the Eastern Cape AIDS Council.

PROGRAMME 5 Khawuleza Portfolio Management Office (KPMO)

The Khawuleza PMO was established and incubated by ECSECC for the Medium-term Expenditure Framework (MTEF) period. The Khawuleza Portfolio Management Office (PMO) is a high-impact PMO capacity that aims to increase the efficiency and effectiveness of programme and project implementation in the Eastern Cape Province. At its core, the PMO increases project goal attainment, reduces project failure, and increases project management capability.

2.4

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.4.1. PROGRAMME 1: CORPORATE SERVICES

2.4.1.1. PURPOSE OF PROGRAMME

The Programme provides support services and creates an enabling environment for achieving the impact and outcomes outlined in the Strategic Plan and key strategic areas for ECSECC. This Programme aims to enable innovative, agile, quality governance, corporate services and financial management and operational performance through strategic leadership, good industry practice, systems and standards and strategic information.

The purpose of this Programme over the period is to enable the following:

- A high-performing organisation;
- Healthy, productive, capable, and mobile workforce imbibing dynamic competencies and the ECSECC values;
- Innovation, economy, efficiency and effectiveness in policy, systems and processes to enable productivity and impact;
- Maximise communication and collaboration; and
- Knowledge-based decision-making.

2.4.1.2. SUB-PROGRAMMES AND THEIR PURPOSE

The Programme performs several functions and has several sub-programmes listed in the table below:

Sub-Programme	Sub-Programme Purpose
1.1 Financial Management and Corporate Governance	Provide innovative, simplified and quality financial management and corporate governance performance through strategic leadership and best practices.
1.2 Human Resources	Provide a conducive environment that facilitates achieving excellent performance by a healthy, productive, capable, and mobile workforce.
1.3 Information and Communication Technology	The purpose of this sub-programme is to: ▪ Have efficiency and effectiveness in ICT systems development and support that ▪ Ensure business outcomes; ▪ Cultivate ICT platforms and partnerships for innovation; and ▪ Provide cost-effective ICT solutions for an agile, mobile workforce
1.4 Strategy Management and Operations	Enable achievement of organisational results through strategy and operations management, stakeholder management and agile Programme and project management systems and processes.
1.5 Research and Information	The sub-programme is responsible for generating, sharing and exchanging of knowledge through research, strategic information, and foresight.

PROGRAMME 1A: FINANCE AND CORPORATE SERVICES

Khayakazi Gwazela
Chief Financial Officer

Nompumelelo Sithole
Receptionist

Nothando Shenxane
Human Resources Manager

Malwande Ntongana
Procurement Officer

Qaqamba Marareni
Human Resources Officer

Ntombebandla Ntini
General Assistant

Nelisa Tetani
Procurement Assistant

Janice Leach
Finance Manager

Nozuko Nkundla
Office Assistant

Veliswa Kandile
General Assistant

Nozuko Somniso
Executive Secretary & Chief Risk Officer

Zuzeka Kwanga
Human Resources Assistant

Veliswa Tima
Finance Officer

Natasha August
Office Manager

Nokuzola Mshumpela
Supply Chain Manager

PROGRAMME 1B: STRATEGY AND OPERATIONS

Zanele Silo
Chief Operations Officer

Esethu Magwentshu
Operations Management Coordinator

Dr Ayanda Madyibi
ICT Specialist

Barry Morkel
Planning Data Specialist

Sinethemba Mqayi
IT Systems Administrator

Lithemba Ntlokonkulu
Network and Systems Engineer

Pamela Njenge
ICT Intern

Bulelwa Lubelwana
GIS Specialist

Sive Kamte
Planning Monitoring & Evaluation Officer

Andiswa Mbali
Statistical Economist

Dr Kambale Kavese
Senior Economist

Zwanga Mukhuthu
Publications & Digital Communications Officer

2.4.1.3. INSTITUTIONAL OUTCOMES THAT THE PROGRAMME CONTRIBUTES TOWARDS

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 4: Increased organisational maturity	Maintain governance standards	1.1 Unqualified Audit Outcome attained	Unqualified with no material findings	Unqualified with no material findings	Unqualified with no material findings	-	-	-
Outcome 4: Increased organisational maturity	Maintain governance standards	1.2 Measurement of COBIT ICT governance maturity level	Level 2	Level 3	Level 3	-	-	-
Outcome 4: Increased organisational maturity	Simplified, business-enabling financial and risk management processes and systems	1.3 Number of interventions to simplify financial and risk management processes	1	1	1	-	-	-
Outcome 4: Increased organisational maturity	Simplified, business-enabling financial and risk management processes and systems	1.4 Maturity Model level attained	Model Development and assessment conducted	Level 2	Level 3	+1 level	The Output was originally scheduled for Q3 and rolled over to Q4. The rapid and coordinated implementation of a range of maturity improvement interventions has exponentially increased the organisation's maturity level faster than anticipated.	-
Outcome 3: A healthy, educated and productive workforce and citizenry	A healthy, productive, capable and mobile workforce	1.5 Number of Planned HR Strategy Projects Completed	90%	19	17	-2	Delay in onboarding key staff members.	-
Outcome 4: Increased organisational maturity	Achievement of ICT Strategy	1.6 Number of planned ICT Strategy implementation Plan projects	90%	7	7	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Knowledge Generation	1.7 Number of trend analysis reports	8	8	7	-1	Provincial Data for the Third Quarter was not released per schedule, thus making it impossible to draft the Report.	-
Outcome 1: A developmental state	Applied Research	1.8 Number of research reports completed	6	4	4	-	-	-
Outcome 1: A developmental state	Knowledge Generation	1.9 Approved Research Agenda		1	1	-	-	-

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 1: A developmental state	Knowledge Generation	1.10 Annual Socio-Economic State of the Eastern Cape Report produced	0	1	2	+1	Due to the rollover of the Annual Socio-Economic State of the Eastern Cape Report from the previous financial year, the 2022/23 SERO report was produced in Quarter 4, and the Report from 2021/22 was produced in Quarter 3.	-
Outcome 1: A developmental state	Knowledge Generation	1.11 Quarterly Operational GIS Ward-based Information System	0	4	3	-1	Data was not supplied on time by relevant sector departments and municipalities.	-
Outcome 1: A developmental state	Knowledge Generation	1.12 Number of external knowledge-sharing	8	4	4	-	-	-
Outcome 1: A developmental state	Knowledge Generation	1.13 Number of internal knowledge-sharing	4	4	4	-	-	-
Outcome 1: A developmental state	Knowledge Generation	1.14 Approved Provincial Research Agenda	0	1	0	-1	The Provincial Agenda was updated, but submission to the Cabinet was delayed due to scheduling conflicts.	-
Outcome 1: A developmental state	Knowledge Generation	1.15 Approved Eastern Cape Regional Observatory Proposal and Costed Implementation Plan	0	1	0	-1	The proposal was developed, but submission to the Cabinet was delayed due to scheduling conflicts.	

2.4.1.4. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

- Developing processes to ensure the effective and efficient onboarding of new staff to prevent implementation delays.
- Increases coordination and engagements with suppliers of national datasets to prevent delays in securing data required to produce key knowledge products.
- Increase portfolio, programme and project management capabilities to ensure that outputs are produced per the schedule in the relevant Annual Performance Plan to prevent roll-over of outputs to the next financial year.
- Proactively engaging with key stakeholders and interested and affected parties to ensure timely access to data and inputs.
- Sequencing the production of outputs requiring Cabinet approval with the Cabinet approval process.

2.4.1.5. SIGNIFICANT PERFORMANCE HIGHLIGHTS

Some of the performance highlights include:

Quarter 1

The Programme generated two research reports, with the first focusing on the socio-economic profiling of marginalised youth in the Eastern Cape Province. The second report focused on profiling people that work but remain poor.

Based on the two reports, the Programme held one internal and one external knowledge-sharing event, which supported the achievement of the output of knowledge generation.

The Programme also produced two trend analysis reports. The first of these reports pertained to the quarterly review of labour market trends within the Eastern Cape Province, whilst the second focused on Gross Domestic Product (GDP) trends for the same period.

This Programme also produced a report which confirmed that the GIS Ward-based Information System is operational, maintained and updated.

Quarter 2

In keeping with its governance standards and performance, ECSECC achieved an unqualified audit report for the tenth consecutive year.

During the Quarter, the Programme produced the first ECSECC Research Agenda, which the ECSECC Board approved.

Additionally, the Programme generated a detailed socio-economic profile, determinants, prevalence, and labour market of people with disability in the Eastern Cape. The statistics in the report highlight the situation of people with disabilities in the Eastern Cape, the barriers they face in participating fully in society, and the labour market. The analysis provides insights into achieving employment equity relating to people with disabilities. The report also found that persons with disabilities are heterogeneous, making the subject complex, dynamic, multidimensional, and contested.

The report found that persons with disabilities vary in demographic characteristics and generally have poorer health, lower education achievements, less economic participation, and higher unemployment rates than people without disabilities. These differences lead to different needs and challenges for their labour market inclusion. Hence, the report argued that a policy that ignores the demographic heterogeneity of persons with disabilities would be ineffective. Unfortunately, the lack of data on persons with disabilities in the Eastern Cape is a significant impediment that constrains evidence-based research. Therefore, the study highlighted the need for better disability health data to inform disability-inclusive development policies and programmes.

The Programme also produced an economic overview of the Eastern Cape regarding Gross Domestic Product and the Eastern Cape Labour Market (QRELM). The last mentioned reported a decline in Eastern Cape unemployment of 1.2 percentage points to 4.2.8%. However, the Gross Domestic Product Report indicated a contraction in the Eastern Cape Economy of 0.6%.

The Programme also maintained the Ward-based Information System (WBIS) operational status, as confirmed in the Quarter 2 Systems Report.

Programme 1 also hosted an external knowledge-sharing event on Industrial Action in South Africa between 2000 and 2020, hosted by Dr E Cottle. To develop internal capacity, Mr Mike Leslie presented an internal knowledge-sharing webinar. The webinar focused on local government planning, monitoring and its implications for data in terms of the Municipal Finance Management Act (MFMA) Circular No. 88.

Programme 1 has also produced four out of the seven scheduled projects in support of the HRM Strategy.

Quarter 3

Per the ECSECC mandate, Programme 1 actively disseminated internal and external knowledge. In this regard, an external knowledge-sharing event was held on 25 October 2022, focusing on "Unlocking the Value of Data to Drive Business Intelligence". The engagement focused primarily on the nature of business intelligence and its application in the Eastern Cape Provincial Government. Internally a workshop was hosted on 15 November 2022, which shared knowledge and raised awareness regarding Cyber Security. The engagement focused on the global scope of cyber attacks, threats, crimes, malware types and essential security controls.

Programme 1 produced the Eastern Cape Labour Market Overview for Quarter 3 of 2022. The report indicated a decrease of 0.4% in the unemployment rate, which brings the unemployment rate to 42.4%. Whilst employment increased by 1.3%. Of significance was increased employment in the informal (non-agricultural) sector by 12.8%. Regarding unemployment, the Eastern Cape youth unemployment rate has decreased to 53.6%. It is essential to note that female unemployment is 43.6%, whilst male unemployment is 41.3%.

Programme 1 has also completed seven projects related to the Human Resource Strategy. These projects include:

- Counselling and Case Management Cases Report;
- Risk Assessment Checklist;
- South African National Blood Service (SANBS): Blood Donation Initiatives;
- World AIDS Day;
- Human Resources Standard Operating Procedures (SOPs);
- Performance Management Report; and
- Leave Self-Service Automation Workflow Reports.

The Programme also developed a Business Intelligence system as a Ward-based Information System (WBIS) prototype.

Programme 1 produced the first Annual State of the Eastern Cape Socio-Economic Report (SERO) with support from all the other programmes. The Report reviews a range of development and service delivery issues. The Report also measures progress against achieving the EC PDP and Apex Indicators. The Annual State of the Eastern Cape Socio-Economic Report represents a significant step towards data, research, planning and implementation consolidation.

Quarter 4

The Programme achieved an overall ICT maturity rating of 3.38. The maturity score places the ICT maturity within level 3 of the COBIT ICT framework, which confirms the implementation of managed processes using a defined process to achieve outcomes. Similarly, the organisational maturity of ECSECC achieved an organisational maturity level of 3.45, which firmly locates it within the targeted range of level 3 as defined in the ECSECC Organisational Maturity Model.

Programme 1 produced the Eastern Cape Labour Market Overview for Quarter 4 of 2023. The Report indicated a decrease of 0.3% in the unemployment rate, which brings the unemployment rate to 42.1%. Of significance was increased employment in the informal (non-agricultural) sector by 5.1%. Regarding unemployment, the Eastern Cape youth unemployment rate has increased to 58.8%. It is essential to note that female unemployment is 43.6%, whilst male unemployment is 41.3%. The Programme also produced an updated version of the SERO report.

ECSECC hosted an internal dialogue on 22 March 2023 to commemorate its ten years of clean audit outcomes. The purpose of the internal dialogue was to advance and deepen the understanding of good governance within the public sector whilst creating a historical understanding of the evolution of ECSECC. Regarding external knowledge sharing, Programme 1 engaged in the Electric Vehicles Roundtable Indaba in partnership with the Automotive Industry Development Center Eastern Cape (AIDC-EC).

The ICT component completed six projects, which included:
- Digital training programme roll-out;
- Pilot business intelligence prototype incorporating business intelligence and office automation;
- Testing and reporting of the disaster recovery site and maintaining licence agreements for all service providers;
- Utilising ICT tools and systems, including installation and training in the use of the e-leave system;
- Establishing strategic partnerships for innovation projects; and
- Completing the COBIT-Maturity Assessment.

Programme 1 has also completed six projects related to the Human Resource Strategy. These projects include:
- Business Continuity and Disaster Recovery Plan;
- Review of Policies;
- Continued learning and training;
- Change management;
- Wellness Day; and
- Wellness Report.

Programme 1 also successfully implemented the automation of the Supply Chain Management (SCM) and Finance Processes in SharePoint.

2.4.1.6. LINKING PERFORMANCE WITH BUDGETS

Budget Performance

Corporate Services and Operations, Research and Information	2022/23			2021/2022		
	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000
Goods and services	13,499	13,001	498	12,754	12,453	301
COE	27,137	25,749	1,388	23,662	23,847	-185
Capital	2,754	2,693	61	4,508	2,146	2,362
TOTAL	**43,390**	**41,443**	**1,947**	**40,924**	**38,446**	**2,478**

Note: As per the National Treasury Annual Report Guide - expenditure as presented above agrees with the annual financial statements which are presented on the accrual basis of accounting. These figures exclude commitments against the budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis; therefore, there are differences between the two reporting methods.

Underspending is mainly attributable to commitments at year-end. These commitments have not been recognised in the annual financial statement figures as the services have not yet been delivered; however, the budget for 2022/23 was allocated to these transactions. COE underspending is due to vacancies currently in the recruitment process.

2.4.2. PROGRAMME 2: ECONOMIC GOVERNANCE AND HRD

2.4.2.1. PURPOSE OF PROGRAMME

The Programme aims to support the development and the economy's structural transformation shift in line with the economic development path of the Eastern Cape. The peripheral nature of the provincial economy and its relative underperformance is well understood. The Programme seeks to set clear priorities for the Province over the planning period to improve economic development in the Province.

The structural transformation of various economic sectors due to pervasive transformative technologies has significantly shaped world economies. These technologies influence the production and consumption of goods and services, with the consequent change in work and the skills demanded. The Eastern Cape economy and its economically active population are ill-prepared for the new reality of the Fourth Industrial Revolution. The main economic sectors of the Province remain in the low growth and productivity trap. The workforce remains mainly unskilled and unable to participate effectively in the new economy.

Programme 2 responds to this reality by focusing on two of ECSECC's outcomes and associated intermediate outcomes:

- Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative.
- Outcome 3: A healthy, educated, productive workforce and citizenry.

To achieve these outcomes, the Programme aims to provide knowledge-based strategic economic advice on provincial sector-based economic development strategies and highlight key human capabilities required to increase output and create jobs for an inclusive economy. Finally, ECSECC aims to provide platforms for dialogue and strategic engagements by Communities of Development Practice in providing multi-perspectives on socio-economic development and development practice.

The Programme also aims to conceptualise and facilitate measures to improve the quality of education and training. The Programme provides strategic and technical support to the Eastern Cape (EC) HRD Council. It seeks to enhance the Provincial HRD Council's mandate to support the training of appropriately skilled people for the economy.

Teboho Qholosha
Programme Manager

Nomonde Hlatshaneni
HRD Project Manager

Sibongile Ndubaza
Programme Secretary

Viwe Fokwebe
Project Officer: Stakeholder Engagement and Liaison

Funzani Mtembu
Development Economist

Vuyokazi Magungxu
Project Officer: Innovation and Post Schooling Research

Lusanda Bantwini Dodo
Sector Development Specialist

Sandiso Mzanywa
HRD Project Officer

2.4.2.2. INSTITUTIONAL OUTCOMES THAT THE PROGRAMME CONTRIBUTES TOWARDS

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Stakeholder dialogue and partnership	2.1 Number of partnerships/ collaborations facilitated for public investment and active labour market opportunities	4	4	4	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Stakeholder dialogue and partnership	2.2 Number of quarterly resolution reports from stakeholder platforms	82%	4	4	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Economic and HRD policy advice	2.3 Number of policy, strategy and/ or planning documents developed for economic development and HRD	2	2	2	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Applied Research	2.4 Number of applied research and knowledge products on economic and Human Resource Development produced	6	4	4	-	-	-

Economic Governance and HRD aims to provide knowledge-based strategic economic advice.

2.4.2.3 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No underperformance was recorded.

2.4.2.4 SIGNIFICANT PERFORMANCE HIGHLIGHTS

Some of the performance highlights include:

Quarter 1

Programme 2 completed the 2nd Generation Innovation Research Closeout Report during Quarter 1, highlighting the need for local innovation in the Eastern Cape. The report makes several recommendations about leadership, advocacy, innovation in the Agricultural and Automotive sectors, and general policy and productivity implications.

The Labour Market Intelligence for Transformation Framework was produced during Quarter 1 and proposed the development of a Labour Market Intelligence framework capability. The purpose of the framework is to enhance decision-making.

In support of the number of policy, strategy and planning documents developed to influence stakeholders' decision-making, resource allocation and programme design, the Programme issued its Decision Monitoring Tool of Resolutions. This tool contains a record of all HRD Council and Ocean Economy Secretariate-related decisions from 1 April to 30 June 2022.

Quarter 2

Programme 2 produced a Closeout Report on the EC HRD Council Plenary supporting Output Indicator 2.1. The engagement and Closeout Report focused on research outputs produced by the Walter Sisulu University, Rhodes University and the University of Fort Hare. The report also detailed the status and follow-ups on Council Resolutions, which supported the working groups' recommendations. Among the recommendations was the nomination of members to serve on the Provincial Research Task Team. The Plenary also dealt with the phasing out of National Accredited Technical Education Diploma (NATED) courses and their implications.

In support of Output Indicator 2.2, Programme 2 produced a Closeout Report on the Automotive Industry Development engagements. The report supported strengthening collaboration efforts within the automotive industry, a critical economic driver in the Eastern Cape Province. The report found that whilst receiving support from the South African Government, the automotive industry should also accelerate efforts to include historically disadvantaged individuals in its value chains. The report also detailed the critical challenges and barriers to entry faced by Black Suppliers in accessing automotive value chains.

In supporting the development of applied research and knowledge products on economic and Human Resource Development, the Programme produced a debriefing of the Post EC Student Entrepreneurship Bootcamp and Competition. The report provided valuable feedback on supporting TVET interventions to enhance human resource development in the Eastern Cape Province. Of significance was the participation of student entrepreneurs in the Allan Gray Intercollege Provincial Competition and the hosting of two boot camps to prepare participants for the competition.

The report highlighted several challenges and areas of improvement for future competition. The report detailed the importance of nurturing innovation and entrepreneurial culture, which supports creating a student entrepreneurial ecosystem and platforms. The report concluded with ten resolutions for implementation in response to the findings.

Quarter 3

Programme 2 produced an approved Decision Monitoring tool which traced resolutions across stakeholder platforms. Amongst the resolutions tracked and completed are the Provincial Investment Conference held on 16 November 2022 and the hosting of the SA Autoweek.

The Programme also produced "The Eastern Cape Provincial Investment Framework 2022", supporting the Investment Conference. The Investment Framework provided:

- an overview of the Eastern Cape Provincial Economy;
- highlighted the District's economic performance;
- presented an Investment Value Proposition Framework;
- presented an Investment Value Proposition; and
- presented an Investment Value Proposition Analysis.

The Programme produced an Oceans Economy Provincial Fisheries Workshop Report. The document reported hosting a workshop supporting Operation Phakisa in partnership with the fisheries sub-sector. The report provides an overview of the Eastern Cape provincial ocean economy and emerging issues about the fishing sector and its impact on livelihoods. SAMSA, DRDAR, SAIMI, ELIDZ, and the OTP made inputs.

Finally, Programme 2 produced a research report which analysed and confirmed the STATA integrated data analysis software's value to increase research effectiveness and efficiency. The report found that:

- STATA is a powerful tool for conducting cross-sectional data analysis, which can perform functions Microsoft Excell cannot perform;
- Data is insufficient if represented in its descriptive form, without correlations and story-telling;
- STATA enables researchers to conduct follow-ups that can take a multi-disciplinary approach; and
- STATA eliminates the challenges of shaping raw data associated with Excel.

The report recommended that internal capacity be enhanced to use the software and that partnerships with research institutions and universities could reduce the cost of securing the software.

Quarter 4

Programme 2 produced an Operation Phakisa Eastern Cape Ocean Economy Secretariate Report. The report provided an overview of emerging trends from national and provincial perspectives. In its conclusion, the report highlighted three key issues an Integrated Development Support Strategy should address. These include increasing skills, developing of value-chains and creating enabling infrastructure.

Programme 2 also produced the Secretariate Report for the HRD Council, which provided an update on the progress made by the HRD Council.

Per its Annual Performance Plan (APP), the Programme also developed and updated the Decision Monitoring Tool to track the resolutions of the HRD Council and various stakeholder platforms. All actions associated with resolutions are listed as completed.

The Programme also produced a situational assessment of SMMEs and the social enterprise strategy in the Chris Hani District Municipality. The situational assessment focused on aspects including the general background of SMMEs, the economic overview of the Chris Hani District's economy, the district labour sector, and the competitive advantages within the District.

Programme 2 also produced a Closeout Report on the STEM Indaba. The report contained summaries of key-note speakers' inputs and inputs from the various commissions, including recommendations to address issues identified.

2.4.2.5 LINKING PERFORMANCE WITH BUDGETS

Budget Performance

Economic Governance and Human Resources Development	2022/23			2021/2022		
	Budget	Actual Expenditure per AFS	(Over)/Under Expenditure	Budget	Actual Expenditure per AFS	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	1,858	1,668	190	1,500	967	533
COE	7,652	7,831	-179	6,496	6,496	-
Capital	-	-	-	-	-	-
TOTAL	**9,510**	**9,499**	**11**	**7,996**	**7,463**	**533**

Note: As per the National Treasury Annual Report Guide - expenditure as presented above agrees to the annual financial statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Underspending is mainly attributable to commitments at year end. These commitments have not been recognised in the annual financial statement figures as the services have not yet been delivered however the budget for 2022/23 was allocated to these transactions. COE overspending is due to the leave pay accrual allocated which is not a cash flow.

2.4.3. PROGRAMME 3: GOVERNANCE AND PLANNING SUPPORT

2.4.3.1. PURPOSE OF PROGRAMME

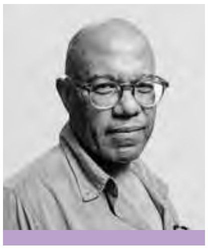
The purpose of the Programme is to strengthen the building of a developmental state by providing strategic governance support in the development and roll-out of national, provincial, and local plans, strategies, and frameworks in the Eastern Cape. The Programme achieves its purpose by facilitating democratic participation by relevant stakeholders through consultations, partnerships, capacity building and advocacy, resulting in shared and owned outcomes.

The Programme focused on one of ECSECC's outcomes and its associated intermediate outcomes:

- Outcome 1: A developmental state that actively leads development through partnerships that:
  - Improved policy decision-making through the provision of strategic planning support and advice; and
  - Shared provincial development agenda through effective platforms for engagement.

Chris Motsilili
Programme Manager

Fezeka Maqwati
Local Government Planning Specialist



Ian Assam
Development Planning Specialist

Libhongo Ntlokonkulu
Policy Researcher

Lungiswa Dubula
Programme Secretary

Andile Fekisi
Intergovernmental Coordination and Planning Specialist

2.4.3.2. INSTITUTIONAL OUTCOMES THAT THE PROGRAMME CONTRIBUTES TOWARDS

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 1: A developmental state	EC PDP planning and implementation	3.1 Number of policy, strategy and/ or planning documents developed for enhanced medium and long term planning	0	4	4	-	-	-
Outcome 1: A developmental state	EC PDP planning and implementation	3.2 Number of strategic interventions executed to support inter-spherical planning	0	4	4	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Stakeholder dialogue and partnership	3.3 Number of institutions supported with strategic planning facilitation support services	20	13	23	+10	More entities attended the cluster-based engagements than anticipated.	-
Outcome 1: A developmental state	Functional governance of catalytic initiatives	3.4 Number of Interventions to improve stakeholder management	0	2	2	-	-	-
Outcome 1: A developmental state	Functional governance of catalytic initiatives	3.5 Number of partnerships/ collaborations facilitated	1	2	2	-	-	-
Outcome 1: A developmental state	Evidence-based strategic planning	3.6 Number of Stakeholders Platforms facilitated	0	3	3	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Strategic Economic Infrastructure	3.7 Number of integrated reports to track progress on priority infrastructure projects and interventions	0	4	4	-	-	-

2.4.3.4. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No underperformance was recorded.

2.4.3.5. SIGNIFICANT PERFORMANCE HIGHLIGHTS

Some of the performance highlights include:

Quarter 1

In support of its quarterly targets, the Programme has produced the ECPG Approach to Strategic Planning, which guides the consolidation of planning practices in the Eastern Cape Province.

The Programme also produced the Eastern Cape Province District and Metro One Plan Assessment Report in line with the District Development Model. This report assessed the processes of formulating District and Metro One Plan(s) by the Eastern Cape (EC) Province, in line with the National District Development Model (DDM) and One Plan Formulation Processes Guidelines.

A Stakeholder Engagement Report detailing improved stakeholder management interventions regarding the N2 Wild Coast initiative was produced.

The Programme also produced the Eastern Cape Catalytic Infrastructure Report, which details progress made across five catalytic infrastructure projects implemented in the Province.

Quarter 2

The over-performance of Output Indicator 3.2 skewed the Programme's performance in Quarter 2. In this regard, the target was to support 13 institutions with inter-spherical planning. However, using the cluster system resulted in more entities participating in the intervention. The result was that 23 entities were supported instead of the targeted 13.

The Programme finalised and produced a District Development Model (DDM) Capacity Enhancement Report during Quarter 2 as part of the plan to provide a strategic intervention to support inter-spherical planning by developing the DDM Capacity Enhancement Report.

ECSECC's strategic facilitation services in the Quarter were provided through an Inter-Cluster session held on 9 September 2022 and various follow-up individual, cluster and provincial-based sessions involving strategic planners and critical senior managers of the relevant institutions.

As part of the work related to Indicator 3.6, a stakeholder engagement report was produced during Quarter 2. The report highlighted the fruitful multi-stakeholder engagement platform session that ECSECC facilitated to share perspectives on an EC provincial framework about the National Eastern Seaboard Development (ESD) and New Coastal African Smart City (NCASC) Initiative. This initiative intersects with the Wild Coast Corridor (WCC) in the EC. ECSECC has been appointed to coordinate and manage the initiative on behalf of the EC Province.

A quarterly report on the status of the catalytic projects in the Province was developed. The report was preceded by engagements with various project owners and stakeholders linked to projects. The Economic Development Cluster, Cabinet Committee and the EC Executive Council considered the report.

Quarter 3

The Programme produced a report to enhance planning by proposing a provincial approach towards District Development Model (DDM) implementation. The report's core focus was establishing an outline of an inter-governmental service delivery improvement approach based on joint programme planning, budgeting and implementation. The model aims to enhance the delivery capability by different spheres of government and state entities in District and Metros towards the EC Province's realisation of the District Development Model (DDM).

A District Inter-Governmental Dialogue was conducted per the ECSECC mandate to facilitate dialogues. The Dialogue assisted in the identification of gaps in the Metro One Plan(s) developed vital milestones and timeframes and defined the roles and responsibilities of the various spheres. The Dialogue resulted in an agreement to implement measures to improve intergovernmental coordination and increase engagement.

In support of partnerships and collaborations, Programme 3 produced a detailed Closeout Report of the partnership with Ntabankulu Local Municipality. The collaboration developed a ward-based socio-economic profile and situational analysis and reviewed both the Spatial Development Framework and Land Use Management Scheme. The report concludes with several recommendations and lessons learnt.

The Programme also produced a report on catalytic infrastructure projects within the Economic Development Cluster. Additionally, a stakeholder engagement report was produced regarding the Eastern Seaboard Development.

The Programme also detailed the stakeholder engagement activities undertaken towards the Eastern Cape Provincial Development Convention (ECPDC). The purpose of the ECPDC is to revive the partnership and collaboration among the Eastern Cape social partners on the Province's socio-economic development.

Quarter 4

Programme 3 completed the development of an Eastern Cape District Development Model (DDM) Inter-governmental Compacting Tool. The tool outlined an approach towards interlinked and transversal service delivery across all three spheres of government.

The Programme also completed the Eastern Cape PDP Planning Report, which focused on providing evidence-based information regarding the feasibility of the various Apex indicators and targets for the EC PDP.

The Programme supported and coordinated the Eastern Seaboard Development (ESD) Initiative/African Smart City. A key support element is reviving the governance structures, establishing provincial workstreams, and improving provincial representation and participation in national programmes. The report also identified several challenges, areas for improvement, and resolutions.

In support of infrastructure development in the Eastern Cape, Programme 3 updated the status of the key strategic project portfolios in the Province.

2.4.3.6. LINKING PERFORMANCE WITH BUDGETS

Budget Performance

	2022/23			2021/2022		
Governance and Planning support	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/ Expenditure R'000**
Goods and services	687	668	19	900	417	483
COE	7,169	7,267	-98	6,170	5,978	192
Capital	-		-			-
TOTAL	**7,856**	**7,935**	**-79**	**7,070**	**6,395**	**675**

Note: As per the National Treasury Annual Report Guide - expenditure as presented above agrees to the annual financial statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Variance is reasonable. COE overspending is due to the leave pay accrual allocated which is not a cash flow.

ECSECC strives to be effective, efficient and focused.

2.4.4. PROGRAMME 4: EASTERN CAPE AIDS COUNCIL

2.4.4.1. PURPOSE OF PROGRAMME

The Eastern Cape AIDS Council coordinates the Multi-sectoral HIV and Sexually Transmitted Infections response in the Eastern Cape Province. The mandate of ECAC was extended in 2017 to include Tuberculosis (TB) due to the high levels of co-infection among people living with HIV. The mandate of the AIDS Council emerged out of the 'Three Ones' of the United Nations Programme on HIV and AIDS (UNAIDS), which stated that for a proper response coordinated in any country, there must be one coordination body, one multi-sector and one monitoring mechanism. The mandate of the AIDS councils, therefore, centres around the 'Three Ones'. Over and above, the 'Three Ones' also include the Mobilisation of Sectors to participate in the response; Policy Advice to the government, Research; and Resource Mobilisation and support to District AIDS councils.

This Programme aims to assist the Province in effectively managing its response to HIV, TB and Sexually Transmitted Infections (STIs). In this regard, actions include coordination of government departments, civil society sectors, the private sector and the development partners that implement the HIV, TB and STIs related in the Province, record the work and report on it. This Programme also acts as a secretariat for the Eastern Cape AIDS Council.

The work of the Eastern Cape AIDS Council (ECAC) is mainly towards the achievement of one of ECSECC's outcomes and its associated intermediary outcomes:

- Outcome 3: A healthy, educated and productive workforce and citizenry that leads to:
  - Reduction in new HIV Infections
  - Improved HIV Treatment Outcomes

The work of this Programme also enables the achievement of Outcome 1: A developmental state that actively leads development through partnerships. The Outcome is achieved by strengthening local government responses through the AIDS councils and creating partnerships between government and development partners.

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Provincial Liaison Officer EC (Beyond Zero)

Bulelwa Mhlontlo
Events Coordinator

Otto Tamela
Prevention, Treatment, Care & Support Project Manager

Dr Pelisa Dana
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Lulama Mpahla
Youth Coordinator

Melikhaya Lusiti
Provincial PLHIV Social Mobiliser (Beyond Zero)

Zeodor Arends
Monitoring & Evaluation Specialist

Nontando Mkhencele
Provincial Fast Track Advisor EC (UNAIDS)

2.4.4.2. INSTITUTIONAL OUTCOMES THAT THE PROGRAMME CONTRIBUTES TOWARDS

Outcome	Output	Output Indicator		Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.1	Number of Provincial multi-sector Plans	1	1	1	-	-	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.2	Number of sectors actively participating in ECAC structures	12	16	15	-1	Implementation was incomplete due to the late release of the NMF3 funding.	
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.3	Number of reports emanating from M&E activities	4	4	4	-	-	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.4	Number of ECAC structure and social lab meetings	8	24	22	-2	The Prevention Social Lab was not held due to a staff member leaving the organisation. The new colleague's transition and onboarding created a delay compounded by the preparations for World AIDS Day. Due to the demanding World Aids day build-up programme, the project team was not able to organise all relevant stakeholders to commit to a Human Rights social lab sitting	
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.5	Number of partnership agreements for funding HIV/AIDS	2	2	2	-	-	-

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.6 Number of sector and district structures supported	8	24	4	-20	The submitted evidence (reports and presentations) proves that ECAC supported all 24 required sectors and districts. However, the Technical Indicator Description (TID) required the additional submission of invitations, agendas, and minutes together with strategic reports or presentations. Despite submitting reports and presentations, external parties did not provide additional evidence (invitations, agendas, and minutes). The submission of the additional evidence was thus outside the entity's control. ECSECC has updated the relevant TDI for the next financial year to prevent a repeat of this issue.	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Effective Multi-sectoral HIV/AIDS response (ECAC structures function according to international best practice)	4.7 Number of trainings for sectors and DACs	0	8	6	-2	The Global fund delayed the approval of the budget for implementation. The project team could not appoint a service provider on time due to the budget tranche being released late from the Global Fund.	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Reliable strategic information	4.8 Number of knowledge products/ dialogues/ symposiums	4	4	4	-	-	-
Outcome 3: A healthy, educated and productive workforce and citizenry	New HIV and TB infections reduced	4.9 Number of programmes designed to reduce HIV and TB infections	4	4	4	-	-	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Not Applicable	4.10 Number of Treatment Social Lab Meetings	4	4	4	-	-	-
Outcome 3: A healthy, educated and productive workforce and citizenry	Improved treatment outcomes	4.11 Number of programmes designed to improve treatment outcomes	2	2	2	-	-	-

2.4.4.3. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

- Developing processes to ensure the effective and efficient onboarding of new staff to prevent implementation delays.
- Increases coordination and engagement with donors to ensure the timeous provision of funding to meet Annual Performance Plan (APP) requirements.
- Developing processes to enhance sequencing of outputs during Quarter 3 to accommodate the increased workload of hosting World Aids Day interventions.
- ECSECC has updated the relevant (TID) for the next Financial Year to prevent dependency on outside means of verification.

2.4.4.4. SIGNIFICANT PERFORMANCE HIGHLIGHTS

Some of the performance highlights include:

Quarter 1

Programme 4 has produced the majority of outputs for all Programmes during the Quarter under review. These outputs include supporting four sectors which actively participated in ECAC structures, which pertain to the following:

- Boxing Sector Plan;
- Sex Workers Sector Plan;
- Eastern Cape People Living with HIV Sector Plan; and
- Men's Sector Plan.

ECAC also completed a Monitoring and Evaluation Report focusing on the National Plan on HIV, TB and STIs Monitoring and Evaluation Framework.

ECAC has also supported effective Multi-sectoral HIV/AIDS responses through engagements with the District AIDS Council in the Chris Hani District Municipality. The Programme disseminated several strategic information inputs to District Municipalities, including Buffalo City Metropolitan Municipality (BCM) and Chris Hani District Municipality.

Training in basic finance management was also provided during the Quarter under review, as well as the provision of reliable strategic information.

A Treatment Social Lab Meeting pertained to the U=U Campaign Review and Planning Workshop was held during the period under review.

Quarter 2

Programme 4 has produced several outputs, including supporting four sectors which actively participated in ECAC structures, which pertain to the following:

- Eastern Cape Law and Human Rights Sector;
- Eastern Cape NGO Sector;
- LGBTI Sector; and
- Sex Workers Sector Plan.

ECAC also completed a Monitoring and Evaluation Report focusing on the National Plan on HIV, TB and STIs Monitoring and Evaluation Framework.

ECAC has also supported effective Multi-sectoral HIV/AIDS responses through engagements with the District AIDS Council in the Chris Hani District Municipality.

Training on LGBTQI sensitisation was provided during the Quarter under review. Capacity Building on National Strategic Plan was provided.

The Programme produced a research paper focusing on the effects of pre-exposure to anti-retroviral therapy and HIV drug resistance.

Quarter 3

Programme 4 produces a detailed programme design to improve treatment outcomes.

ECAC also completed a Monitoring and Evaluation Report focusing on the National Plan on HIV, TB and STIs Monitoring and Evaluation Framework. The Monitoring and Evaluation Report covered 1 July to 30 September 2022.

ECAC has also supported effective Multi-sectoral HIV/AIDS responses through engagements with the District AIDS Council in the Chris Hani District Municipality.

The Programme produced a research paper focusing on cross-border seeking behaviour and challenges.

The research paper concluded that:

- The Eastern Cape and Western Cape Departments of Health must collaborate to share information about patients migrating between the provinces.
- Regarding the patients from Lesotho crossing the borders to access health care services in Joe Gqabi District health facilities, the Eastern Cape AIDS Council must engage its mother body, South African National AIDS Council (SANAC), to forge working relations between the two countries.

Programme 4 also concluded the Human Rights Social Lab dealing with discrimination and marginalisation of the LGBTQIA+ community. An engagement on 24 November 2022 created a space where the LGBTQIA+ community for the Ndlambe Local Municipality could articulate their challenges and way forward. The way forward includes sensitisation training for the community, creating safe school spaces, dialogues with the religious sector, and tailored programmes for the LGBTQIA+ community.

Other engagements included the AGYW dialogue, which focuses on behaviour issues, Sexual and Reproductive Health Rights, health care services and facilities and LGBTQIA+ inclusivity. Additionally, a Development Partners meeting leveraged support for the Province's core work in support of World AIDS Day. A Sex Worker Social Lab session raised awareness and provided sensitisation training about the challenges facing sex workers in Aliwal North.

The session made several recommendations. These include:

- proposals to decriminalise sex work;
- increased condom distribution;
- community sensitisation dialogues;
- deployment of more clinics and health centres; and
- the creation of safe spaces to facilitate discussion.

Per its mandatory requirement of stakeholder engagement, Programme 4 engaged a range of sectors, including:

- BCM People Living with HIV (PLHIV) Dialogue
- Human Rights Social Lab
- LGBTQIA+ sector engagement; and
- Sex Worker's engagements.

The Programme has also secured resources and support for its LGBTQIA+ intervention from TBHIV Care.

Quarter 4

Programme 4 produced a detailed programme design to improve treatment outcomes.

ECAC contributed a provincial perspective towards developing the National Strategic Plan on HIV, TB and STIs and also evaluated the progress made regarding the National Strategic Plan on HIV, TB and STI.

Programme 4 also produced sector plans for the Human Rights, Men's and Religious sectors. Additionally, ECAC has supported effective Multi-sectoral HIV/AIDS responses through engagements with the District AIDS Council in the Chris Hani District Municipality. The Programme produced District Status Reports on HIV, TB and STI responses for ADM and OR Tambo District Municipality.

The Programme completed two TB training sessions for civil society forum sectors and the Provincial ECAC secretariate group.

The Programme also engaged with ECAC structures, which included:

- Civil Society Forum
- Development Partners
- Human Rights Social Lab
- Prevention Social Lab
- Adolescent Girls and Young Women (AGYW) Social Lab
- ECAC Council Meeting

Programme 4 also produced a research report on the non-disclosure of HIV Status by male partners to Adolescent Girls and Young Women (AGYW) sexual partners. The Programme also held a People Living with HIV Sector Leaders Social Lab meeting.

2.4.4.5. LINKING PERFORMANCE WITH BUDGETS

Budget Performance

	2022/23			2021/2022		
	Budget	Actual Expenditure per AFS	(Over)/Under Expenditure	Budget	Actual Expenditure per AFS	(Over)/ Expenditure
Eastern Cape Aids Council	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Goods and services	450	442	8	325	325	-
COE	6,228	6,324	-96	6,663	6,621	42
Capital	-	-	-	75	75	-
TOTAL	**6,678**	**6,766**	**-88**	**7,063**	**7,021**	**42**

Note: As per the National Treasury Annual Report Guide - expenditure as presented above agrees to the annual financial statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Variance is reasonable. COE overspending is due to the leave pay accrual allocated which is not a cash flow.

2.4.5. PROGRAMME 5: KHAWULEZA PMO

2.4.5.1. PURPOSE OF PROGRAMME

As a hybrid controlling and supportive PMO, the Khawuleza PMO performs the following functions for selected projects on behalf of the Office of the Premier:

- Provides technical support, tools, templates and guidelines;
- Provides project status updates through reporting;
- Ensures configuration management;
- Ensures high levels of stakeholder engagement and consultation;
- Coordinates technical resources;
- Develops standard methodologies;
- Serves as a central repository of data;
- Coordinates communication;
- Capacitates Programme and project managers through mentoring and training;
- Provides central monitoring and tracking of performance;
- Ensures governance and compliance;
- Recommends the appointment of Programme and project managers to other PMOs/Programme/Project Management Units (PMUs) in Provincial Government; and
- Consolidates performance information and reports.

The Khawuleza PMO (KPMO) operation aligns with Outcome 1: A developmental state that actively leads development through partnerships.

Baphelele Mhlaba
Head PMO

Ndzwana Makaula
Project Manager: Investments

Oyama Tyesi
Project Administrator

Loyiso Tshangela
Project Manager: Infrastructure

Princess Radebe
Database Administrator

Oarabile Selekisho
Data Warehouse Engineer

Xolile Martin
Project Manager: Business Intelligence

2.4.5.2. INSTITUTIONAL OUTCOMES THAT THE PROGRAMME CONTRIBUTES TOWARDS

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations	Reasons for revision to the Outputs, Output Indicators or Annual Targets
Outcome 1: A developmental state	Effective and efficient service delivery support	5.1 Project Management Maturity Level achieved	Level 3	Level 4	Level 3	-1	Prince 2 Training and automation not completed. Project Management Maturity Level of 3.07 achieved.	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.2 % of monthly milestones achieved	80%	90%	95.8%	+5.8%	Increased efficiency by the Programme resulted in higher than planned performance.	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.3 Monthly Portfolio Briefings	0	12	12	-	-	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.4 Methodology, Process and SOP KPMO Compliance Report	0	1	1	-	-	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.5 Approved Portfolio Health Check Report	0	1	1	-	-	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.6 Quarterly Tracking Report: State of the Province Address	0	4	2	-2	Delays have been experienced in the production of the relevant reports.	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.7 Monthly Business Intelligence Reports	0	12	12	-	-	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.8 Number of Quarterly Business Cases Produced Reports	0	4	2	-2	Delays have been experienced in developing the concept document due to emerging technical options that need to be considered.	-
Outcome 1: A developmental state	Effective and efficient service delivery support	5.9 Number of PMOs supported	0	4	4	-	-	-

2.4.5.3. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

- Assessing Project Management Maturity Assessment review data to identify and implement measures to increase maturity levels;
- Increase automation of project management systems and processes to increase efficiency and effectiveness; and
- Increase engagement with the project sponsor to ensure timeously review and approval of technical options and outputs.

2.4.5.4. SIGNIFICANT PERFORMANCE HIGHLIGHTS

Some of the performance highlights include:

Quarter 1

The Programme has achieved 100% of its monthly milestones per the Annual Performance Plan (APP).

The Programme has also been able to present three Monthly Portfolio Briefings. These briefings pertained to the status of 79 Shovel ready Schools Projects, State of the Province Address (SOPA) pronouncements on energy in the Province and Priority Projects for the Eastern Cape as submitted on the Presidential Infrastructure Coordinating Commission (PICC) Council Meeting Pack for the meeting of 12 May 2022.

The Programme was also able to compile Monthly Business Intelligence Reports and was also able to provide technical support towards a project that is in the Ntabankulu Municipality's PMO.

Quarter 2

Three monthly portfolio briefings focused on Transnet Priority Projects, SANRAL infrastructure, and investment and developments in the renewable energy sector. Additionally, a quarterly State of the Province Address (SOPA) report assessed the status of several pivotal interventions contained in the SOPA. The report also made several recommendations about increasing the quality of data produced through these reports.

Business Intelligence Reports focused on the provincial development plan for infrastructure were also produced during the period under review. The Programme also produced a business case developed for Baziya One-Stop Shop intervention in support of the Mlenze-Ntungwana Cooperative to access international development finance potentially.

The KPMO provided technical project management support to the Transport Infrastructure Unit of the Department of Transport in the Eastern Cape Province.

The Portfolio Health Check identified several internal processes and issues to increase the maturity, efficiency, and effectiveness of the KPMO.

Closely aligned to the last mentioned deliverable, the KPMO also produced a report confirming that it has been able to achieve 90% of its monthly milestones.

Quarter 3

Additionally, the Programme has produced three portfolio briefings covering the EC Germany Investment Promotion Report, Economic Roundtable Follow-up Briefing and a Transnet Investments to the Eastern Cape Province Briefing.

During the Quarter, three Business Intelligence Reports were produced. These covered various topics, including Provincial Development Plan, Infrastructure, Ruling Party, Poverty, Hunger, Agriculture, Provincial District Municipality, Data Cleansing and Reconciliation, Provincial Data Centre, Data Warehousing, Hardware, and Software.

The KPMO also provided technical support to the Eastern Cape Department of Transport supporting the Welisizwe Barley Bridges project.

Quarter 4

The Programme achieved a Project Management Maturity Assessment of level 3 for the period under review. The assessment recorded a maturity level of 3.07, which falls within the level 3 maturity range.

The Programme also achieved 96% of its monthly milestones against a target of 90%.

The Programme conducted three portfolio briefings covering the agricultural schools' project report, green hydrogen, and UAE and South Africa trade relations.

The KPMO produced three Business Intelligence Reports focussing on various elements of data analytics.

The Programme produced a business case responding to and complementing the situational analysis conducted by the Department of Basic Education in the Eastern Cape (ECDoE).

The KPMO has again provided technical support to the Eastern Cape Department of Transport supporting the Welisizwe Barley Bridges project.

2.4.5.5. LINKING PERFORMANCE WITH BUDGETS

Budget Performance

	2022/23			2021/2022		
	Budget	**Actual Expenditure per AFS**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure per AFS**	**(Over)/Under Expenditure**
Khawuleza PMO	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Goods and services	2,090	1,416	674	2,700	830	1,870
COE	8,280	7,730	550	4,988	4,884	104
Capital	8,306	-	8,306	9,004	7,088	1,916
TOTAL	**18,676**	**9,146**	**9,530**	**16,692**	**12,802**	**3,890**

Note: As per the National Treasury Annual Report Guide - expenditure as presented above agrees to the annual financial statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Underspending is mainly attributable to commitments at year end. These commitments have not been recognised in the annual financial statement figures as the services have not yet been delivered. However, the budget for 2022/23 was allocated to these transactions. COE underspending is due to vacancies currently in the recruitment process.

2.4.6. REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

ECSECC continued to enforce the stringent application of COVID-19 regulations until the National State of Disaster ended on 5 April 2022.

Accordingly, during the period under review, the entity proceeded with the normal continuance of business operations.

2.4.7. REVENUE COLLECTION

	2022/23			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Sources of Revenue	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Office of the Premier	74,929	74,929	-	70,113	70,113	-
Services Rendered	646	1,045	-399	-	-	-
Other Income	10,535	10,575	-40	9,632	9,714	-82
Total	**86,110**	**86,549**	**-439**	**79,745**	**79,827**	**-82**

Office of the Premier	Transfer funds from the Department as per budget.
Services Rendered	Services rendered includes SLA income per contracts entered into with municipalities. Over collection is due to funds received in 2022/23 but to be utilised for work performed in 2023/24.
Other	Other income consists of interest, insurance claims and dividends as well as funds allowed for roll over from the previous financial year Over collection is due to additional interest collected on the cash in the bank account.

2.4.8. CAPITAL INVESTMENT

ECSECC's capital investment includes computers, furniture and fittings, office equipment and intangible assets.

PART C

GOVERNANCE

ECSECC BOARD MEMBERS

Mr M. Sogoni
Board Chairperson

Ms N. Nombekela-Madiba

Mr L. Jack

Prof M. Simatele

Mr T. Kunene

Mr M. Maleki

Mr K. Jacobs

Mr D. Xotyeni

Mr S. Gqegqe

Mr H. Maxegwana

Mr P. Ndendela

Ms L. Maurice

Ms D. van Huyssteen

Mr Z. Tini

3.1 INTRODUCTION

Corporate governance embodies the processes and systems by which ECSECC is directed, controlled and held to account. In addition to legislative requirements based on the Companies Act, corporate governance in ECSECC is applied through the prescripts of the Public Finance Management Act (PFMA) and the principles contained in the King Report on Corporate Governance.

The Provincial Legislature, the Executive and the Accounting Authority of ECSECC are responsible for corporate governance.

3.2 PORTFOLIO COMMITTEE MEETINGS

In the period under review, the ECSECC Board and Management attended the OTP Portfolio Committee meetings on the following dates:

- 08 April 2022;
- 31 October 2022; and
- 10 November 2022.

3.3 EXECUTIVE AUTHORITY

The relationship between ECSECC and the Office of The Premier is governed by a Service Level Agreement (SLA) signed at the start of every financial year. ECSECC engages with the Office of the Premier on its plans to understand the expectation of the OTP. The OTP is invited to the annual strategic review session of the Board. ECSECC reports on a quarterly, mid-term and annual basis to the OTP.

ECSECC management meets quarterly with the Premier to present quarterly performance results.

ECSECC has complied with the SLA stipulations and has submitted quarterly reports and plans, mid-term reports, and an Annual Performance Plan and Annual Report in line with the legislative prescripts.

3.4 ACCOUNTING AUTHORITY

3.4.1. INTRODUCTION

The Eastern Cape Socio Economic Consultative Council is governed by a multi-stakeholder Board of Directors who account to the Premier as the Executive Authority. The Premier has delegated Mr Mbulelo Sogoni to serve as the interim Chairperson of the ECSECC Board until the legislation is finalised. The Board of Directors are proposed by the six stakeholder constituencies that make up ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an Annual General Meeting and serve for two years, after which they become eligible for re-election if nominated by their stakeholder constituencies.

Each stakeholder constituency has two representatives on the Board of Directors. At the Annual General Meeting, a maximum of two additional Board members may be recruited onto the Board of Directors.

The Board meets four times yearly to consider reports from management and its sub-committees. The committees also meet four times a year to consider reports from management and perform such duties as delegated to them by the Board.

3.4.2. THE ROLE OF THE BOARD

The Board of ECSECC's role is to provide strategic leadership to the organisation and ensure that corporate governance principles are adhered to. It also considers quarterly reports from management and oversees the organisation's overall performance in line with its mandate and strategic plan.

3.4.3. BOARD CHARTER

The ECSECC Board Charter is incorporated into the organisation's Memorandum of Incorporation and stipulates the nature and powers of the company; directors' disqualification, removal and rotation; authority of the Board of Directors; meetings - proceedings, minutes and annual general meetings; indemnification and remuneration of directors; officers and committees; notices; distribution of income; deregistration; financial year end; accounting records, financial statements and donations.

The Board and its sub-committees completed its performance assessment. The assessment also considered the requirements set out in the charter(s) of the Board and its sub-committees. Overall the Board and its sub-committees complied with the requirements of the charters.

3.4.4. COMPOSITION OF THE BOARD

The Premier has delegated Mr Mbulelo Sogoni to be the Chairperson of the ECSECC Board. The Board of Directors are proposed by the six stakeholder constituencies that comprise ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an Annual General Meeting.

Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications/ Area of Expertise	Board Directorships (List of Entities)	Other Committees or Task Teams (e.g. Audit Committee/Ministerial Task Team)	No. of Meetings Attended[33]
Mr M. Sogoni	Provincial Government	October 2020	Current	Constituency Based		None	4
Ms N. Nombekela-Madiba	Provincial Government	August 2021	Current	Constituency Based		None	6
Mr L. Jack	Higher Education	August 2016	Current	Constituency Based		Finance and Admin	18
Prof M. Simatele	Higher Education	October 2020	Current	Constituency Based		Planning and Programmes	15
Mr T. Kunene	Organised Labour	August 2018	Current	Constituency Based		None	10
Mr M. Maleki	Organised Labour	August 2019	Current	Constituency Based		Planning and Programmes	14
Mr K. Jacobs	Non-Governmental Organisations	August 2021	Current	Constituency Based		Planning and Programmes	15
Mr D. Xotyeni	Non-Governmental Organisations	October 2018	Current	Constituency Based		Finance and Admin	18
Mr S. Gqegqe	Local Government	January 2019	Current	Constituency Based		Planning and Programmes and Finance and Admin	21
Mr H. Maxegwana	Local Government	August 2022	Current	Constituency Based		None	4
Mr P. Ndendela	Organised Business	November 2010	Current	Constituency Based		Planning and Programmes	17
Ms L. Maurice	Organised Business	August 2021	Current	Constituency Based		Audit, Risk and ICT Committee and Finance and Admin.	26
Ms D. van Huyssteen	Organised Business	August 2021	Current	Constituency Based		None	6
Mr Z. Tini	Independent	Before 2007	Current	Constituency Based		Finance and Admin	21

3.4.5. BOARD COMMITTEES

Committee	No. of meetings	No. of members	Name of members
Finance and Admin Sub-Committee	7	5	Mr Z. Tini (Chairperson) Mr D. Xotyeni Ms L. Maurice Mr S. Gqegqe Mr L. Jack
Planning and Programmes Sub-Committee	4	5	Mr P. Ndendela (Chairperson) Mr S. Gqegqe Mr K. Jacobs Mr M. Maleki Prof M. Simatele
Audit, Risk and ICT Committee	5	6	Ms L. Smith replaced by Ms D. Page (Chairperson) Ms L. Maurice (Board Representative) Ms W. Dukuza Mr B. Bothma Mr N. Ravgee and Mr C. Sparg replaced by Mr M. Sikhosana and Ms B. Mbana-Gantsho

[33] These meetings include Induction, Board of Directors, AGM, Sub-Committee (planned and special), Portfolio Committee, Strategic Planning, Audit processes, Recruitment processes and Risk Assessment meetings.

3.4.6. REMUNERATION OF BOARD MEMBERS

The Board remuneration is discussed in the annual financial statements section. The remuneration of the board has been determined through benchmarking with other entities in the Province. Going forward these benchmarks will be reviewed in line with Treasury Regulations and in consultation with the executive authority.

Name	Remuneration	Other allowance	Other reimbursements (mainly travel)	Total
Mr M. Sogoni	NIL	NIL	NIL	NIL
Ms N. Nombekela-Madiba	NIL	NIL	NIL	NIL
Mr L. Jack	R77 400,00	NIL	NIL	R77 400,00
Prof M. Simatele	R64 500,00	NIL	NIL	R64 500,00
Mr T. Kunene	R43 000,00	NIL	NIL	R43 000,00
Mr M. Maleki	R60 200,00	NIL	NIL	R60 200,00
Mr K. Jacobs	R64 500,00	NIL	NIL	R64 500,00
Mr D. Xotyeni	R77 400,00	NIL	NIL	R77 400,00
Mr S. Gqegqe	R90 300,00	NIL	NIL	R90 300,00
Mr H. Maxegwana	R17 200,00	NIL	NIL	R17 200,00
Mr P. Ndendela	R75 900,00	NIL	R28 998,76	R104 898,76
Ms L. Maurice	R111 800,00	NIL	NIL	R111 800,00
Ms D. van Huyssteen	R25 800,00	NIL	NIL	R25 800,00
Mr Z. Tini	R98 000,00	NIL	NIL	R98 000,00

3.5 RISK MANAGEMENT

The scope of the internal audit is in line with the Treasury Regulations and limited to the extent that only samples of transactions are selected to determine whether the network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to determine whether management processes exist to ensure that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees' actions comply with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the entity's control processes; and
- Significant legislative or regulatory issues impacting the entity are recognised and addressed appropriately.

The Audit, Risk and ICT Committee is an integral component of the risk management process and specifically, the committee oversees financial reporting risks and fraud risks associated with internal financial controls. The committee considers the overall risk management processes in the Council.

Risk management is embedded in ECSECC activities, considered in the Annual Performance Plan and Operational Plan, and is included in all project plans. Risk management is also discussed at management committee meetings and is monitored and reported every quarter. Risk management is included in all managers' performance agreements.

Risk Management is a systematic and formalised process to identify, assess, manage and monitor risk to an organisation's performance.

3.6 INTERNAL CONTROL UNIT

The internal audit and the oversight role by the Audit, Risk and ICT Committee play the role of the internal control unit. The detailed discussion is expressed in the section below.

2.3.1. INTERNAL AUDIT AND AUDIT COMMITTEES

2.3.1.1. THE AUDIT FUNCTION AT ECSECC

The internal auditors reviewed and audited the internal controls, finances and performance information of ECSECC. ECSECC's internal audit function is outsourced. The summary of audit work performed in the year under review includes:

- Facilitation of organisation risk assessment;
- Ethics and compliance review;
- Budgeting and forecasting process review;
- Review of half-yearly performance reports;
- Risk management review; and
- Procurement and contract management review.

The Audit, Risk and ICT Committee consists of the members listed hereunder and meets at least four times per annum as per its approved charter. During the current year, in total, four meetings were held.

ECSECC Audit, Risk and ICT Committee Members	Number of Meetings Attended
Ms L. Smith	2
Mr N. Ravgee	1
Mr C. Sparg	2
Ms W. Dukuza	4
Mr B. Bothma	5
Ms D. Page	3
Mr M. Sikhosana	3
Ms B. Mbana-Gantsho	3
Ms L. Maurice (Board Representative)	4

The table below discloses relevant information on the Audit, Risk and ICT Committee members:

Name	Highest Qualification	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms L. Maurice	Certificate in Project Management and Diploma in Nursing	Board Representative	Board Member	August 2021	Current	4
Ms L. Smith	CA(SA)	External		July 2019	August 2022	1
Mr N. Ravgee	CA(SA)	External		July 2019	June 2022	1
Mr C. Sparg	CA(SA)	External		July 2019	August 2022	2
Ms W. Dukuza	Admitted Attorney MBA	External		August 2022	Current	4
Mr B. Bothma	CISA BCom Business Commerce Information Systems and Management	External		August 2022	Current	5
Ms D. Page	CA(SA)	External		August 2022	Current	3
Mr M. Sikhosana	CA(SA)	External		August 2022	Current	3
Ms B. Mbana-Gantsho	CA(SA)	External		August 2022	Current	3

3.7 COMPLIANCE WITH LAWS & REGULATIONS

ECSECC has a compliance policy that regulates the entity's state of compliance. Further, there are policies and procedures that employees abide by, which are made available to each individual. Provincial Treasury makes any changes to regulations available to the entity that might impact the entity. Lastly, ECSECC obtains some level of comfort from internal and external audits regarding compliance.

3.8 FRAUD & CORRUPTION

ECSECC has a Fraud Prevention Policy, strategy, and plan. All these documents are communicated to employees, and individuals are required to comply. Employees and other stakeholders can use the Whistleblowing Hotline administered by the Office of the Premier. ECSECC receives quarterly reports confirming any whistle-blowing from the Office of the Premier. These are communicated to the Audit, Risk and ICT Committee. Further, employees are encouraged to make confidential disclosures should they suspect any fraud within the organisation.

There have been no reports of fraudulent activities in the current financial year.

3.9 MINIMISING CONFLICT OF INTEREST

ECSECC makes every effort to minimise the risk of conflict of interest in all its business dealings. The entity has policies and procedures that assist in managing the risk. Further, employees must complete disclosure of interest annually, including supply chain practitioners. All Bid Adjudication and Evaluation Committee members disclose their interests at every sitting, conflicted members being excused from that relevant sitting.

3.10 CODE OF CONDUCT

ECSECC has a Code of Conduct that the employees sign annually. Each employee signs an acknowledgement at the beginning of each financial year. We also conduct an information session once a year. Where there is a breach of the Code of Conduct, the organisation deals with it within the prescripts of its disciplinary procedures and applicable legislation.

3.11 HEALTH, SAFETY & ENVIRONMENT

The organisation strives to keep a welcoming, safe and healthy working environment and has not experienced any health challenges or injury on duty during the review period.

3.12 BOARD SECRETARY

ECSECC has not appointed a company secretary. The Executive Secretary and Chief Risk Officer is the Board Secretary and is responsible for driving the functionality and providing administrative support to the Board.

3.13 SOCIAL RESPONSIBILITY

ECSECC is a public entity advising the government on socio-economic development policy choices. In addition, ECSECC is a non-profit-making entity and integral in its work is to provide advice that results in a qualitative change in people's lives. Consequently, ECSECC has no specific social responsibility programmes, as this is integral to all its work.

The Audit, Risk & ICT provides strategic leadership to the organisation.

THE COMMITTEE

Ms D. Page

Mr M. Sikhosana

Ms B. Mbana-Gantsho

Ms W. Dukuza

Mr B. Bothma

Ms L. Maurice

Mr N. Ravgee

Ms L. Smith

Mr C. Sparg

3.14

AUDIT, RISK & ICT COMMITTEE REPORT

The Committee is pleased to present our report for the financial year ended 31 March 2023. The table below discloses relevant information on the Audit, Risk and ICT Committee members:

ECSECC Audit, Risk and ICT Committee Members
Ms D. Page
Mr M. Sikhosana
Ms B. Mbana-Gantsho
Ms W. Dukuza
Mr B. Bothma
Ms L. Maurice (Board representative)
Mr N. Ravgee (resigned in June 2022)
Ms L. Smith (contract ended in August 2022)
Mr C. Sparg (contract ended in August 2022)

3.14.1 AUDIT, RISK & ICT COMMITTEE RESPONSIBILITY

The Audit, Risk and ICT Committee (herein after referred to as the Committee) is a sub-committee of the Eastern Cape Socio Economic Consultative Council (herein after referred to as the Council), established to assist it in fulfilling its oversight responsibilities in terms of section 51 of the Public Finance Management Act (PFMA), No. 1 of 1999 read together with Treasury Regulation 27.1. The Committee's mandate is to assist the Council specifically in matters relating to statutory and internal audits; internal controls; financial control and reporting; statutory compliance relative to the financial statements; performance; risk management; ICT and corporate governance. The Committee reports that it has complied with its responsibilities arising from the sections as stated above, has adopted an appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

3.14.2 THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the entity over financial risk, risk management and ICT is effective, efficient and transparent. In line with the PFMA and Companies Act 2008 requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the reports of the Internal Auditors no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal controls was effective for the period under review.

3.14.3 IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORT

The public entity has submitted quarterly reports to the Accounting and Executive Authority.

3.14.4 EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL REPORT

The Committee has:
- Reviewed and discussed the financial statements to be included in the Annual Report.
- Reviewed accounting policies and practices.
- Reviewed the entity's compliance with legal and regulatory provisions. The Committee has recommended to the Accounting Authority, for their approval, that the financial statements and Annual Report be submitted for audit by 31 May 2023.

3.14.5 INTERNAL AUDIT

The Committee is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the entity in its audits. The Committee appreciates the good working relations between ECSECC and its internal auditors.

3.14.6 AUDITOR'S REPORT

The Committee is pleased with and accepts the Auditor-General's report for the year ended 31 March 2023.

Ms D. Page CA(SA)
Chairperson of the Audit, Risk and ICT Committee
Date: 25 July 2023

3.15

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

ECSECC has applied the relevant Code of Good Practice (B-BBEE Certificate Levels 1 - 8) concerning the following:

Criteria	Response Yes/No	Discussion
Determining qualification criteria for issuing licences, concessions or other authorisations regarding economic activity in terms of any law?	Yes, but only regarding the authorisation of economic activity in terms of the law	Procurement of goods and services - the entity followed clear qualifying criteria as guided by Preferential Procurement Regulation when procuring goods and services
Developing and implementing a preferential procurement policy?	Yes	The entity developed and implemented Supply Chain Management (SCM) Policy based on Preferential Procurement requirements During the financial year, the Preferential Procurement Regulation was revised. Based on the review of the Regulation, the entity revised the SCM policy
Determining qualification criteria for the sale of state-owned enterprises?	n/a	n/a
Developing criteria for entering into partnerships with the private sector?	n/a - as the entity has not entered into partnerships with the private sector	n/a
Determining criteria for awarding incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	n/a - by nature of the entity, there were no incentives, grants or investment schemes awarded by the entity	n/a

Therefore B-BBEE status is non-compliant

3.16

REPORT ON LATE & NON-PAYMENT OF SUPPLIERS

All service providers in the 2022-23 financial year were paid within 30 days.

3.17

REPORT ON SUPPLY CHAIN MANAGEMENT

#	Project Name/ Item Requested	Supplier Awarded	Reasons for Deviation	Start	End	Contract Amount R
1	Additional Cabling	Vox Telecommunications	Additional data cabling is borne from the restructuring of offices due to staff growth	15-Sep-22	23-Sep-22	17 581,77
2	SharePoint Online App	Konica Minolta South Africa	Additional scanning application to access SharePoint Online.	1-Oct-22	31-Oct-24	12 217,40
3	Printing Services	Constant Communications	The Ntabankulu LM was affected by the changes in demarcation, which resulted in the SDF+LUMS printing specification being revised	3-Oct-22	31-Oct-22	25 136,76
4	Licence Renewal	Twenty Squared (PTY) Ltd	Additional MS Teams for Board of Directors into 365 Apps for Enterprise	21-Nov-22	20-Dec-22	2 960,79
5	Office Spatial Arrangements	Atros Trust	Partitioning of Space: Glass Frosting and Aluminium Framing	10-Mar-23	31-Mar-23	94 725,50
6	Additional Module	Konica Minolta South Africa	Bizhub Connector SharePoint Online for 18 months until lease end	1-May-23	31-Oct-24	12 154,50

ECSECC
a socio-economic compass for an uncertain world.


SECURITY
COMMITMENT
SOCIAL
COMMUNICATION

PART D

HUMAN RESOURCES

4.1

OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE PUBLIC ENTITY

ECSECC implemented several human resource development programmes in the period under review. Staff underwent internal training programmes to develop their skills and capabilities further. The required submissions to the Department of Labour were made in time; examples given are the submissions according to the Compensation for Occupational Injuries and Diseases Act and Employment Equity Act.

This financial year has also seen the Disaster Recovery Plan being amended to ensure proper measures are in place in the event of a disaster.

The performance management and development system was implemented during the financial year under review. Following are other HR-related matters and achievements.

4.1.1. SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

4.1.1.1. WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

ECSECC identifies the key capabilities required to achieve the organisation's five-year strategic plan and its service excellence model. The organisational design implications are then identified based on the identified priorities, the agreed service excellence model and identified capabilities. The programmes that are needed to achieve the objectives are identified, and together they form an organisational structure. This organisational structure is reviewed annually as part of the annual planning process. The Board then approves it for implementation at the beginning of the financial year. ECSECC management fills the positions based on the approved organogram.

4.1.1.2. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

ECSECC uses a performance management and development system to manage the performance of employees. The performance management system that is used not only seeks to assess and enhance the performance of employees but also seeks to create motivated employees who are resilient, take initiative, are innovative and are effective self-leaders. The performance management system is structured such that it encourages employees to practice the organisational values that are reflected in the organisation's five-year strategic plan.

4.1.1.3. EMPLOYEE WELLNESS PROGRAMMES

ECSECC is in the process of aligning its wellness programme to the Public Service Employee Health and Wellness Strategic Framework to create a healthy and enabling environment for the ECSECC workforce.

4.1.1.4. POLICY DEVELOPMENT

The policies of ECSECC are approved by the Board of Directors. Consultations with management and employees of the organisation precede any final approval.

4.1.2. CHALLENGES FACED BY THE PUBLIC ENTITY

Budget constraints on recruiting top and skilled talent have resulted in overworked staff and negatively impacted quality delivery.

4.1.2. FUTURE HUMAN RESOURCE PLANS AND GOALS

ECSECC will emphasise staff capacity development by implementing a staff development plan that will assist the organisation in focusing on professional efforts and identifying individual work goals.

There is also going to be a strong emphasis on employee health and wellness programmes that focus on employees' physical and emotional well-being.

4.2

HUMAN RESOURCES OVERSIGHT STATISTICS

4.2.1. PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Programme	Total Expenditure	Personnel Expenditure	Personnel Cost as a % of Total Expenditure	No. of Employees	Average Personnel Cost per Employee
Corporate Services and Operations, Research and Information	38,594,413	25,749,076	67%	25	1,029,963
Economic Governance and HRD	9,499,508	7,831,412	82%	9	870,157
Governance and Planning Support	8,091,605	7,267,353	90%	6	1,211,225
Eastern Cape AIDS Council	6,767,423	6,324,813	93%	6	1,054,136
Khawuleza PMO	9,146,211	7,730,206	85%	7	1,104,315
TOTAL	**72,099,160**	**54,902,860**	**76%**	**53**	**1,035,903**

4.2.2. PERSONNEL COST BY SALARY BAND

Salary Bands	Personnel Expenditure	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
Unskilled	-	0%	0	-
Lower skilled (Grade A - B)	4,477,792	8%	9	497,532
Skilled (Grade C)	10,372,412	19%	16	648,276
Highly skilled (Grade D1,2&3)	26,173,265	48%	20	1,308,663
Highly skilled with supervision (Grade D4&5)	10,019,081	18%	6	1,669,847
Chief Executive Officer and Chief Financial Officer (Grade E)	3,860,311	7%	2	1,930,156
TOTAL	**54,902,860**	**100%**	**53**	**1,035,903**

4.2.3. PERFORMANCE REWARDS

Programme/Activity/Objective	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Cost
Lower skilled (Grade A-B)	310,289	4,477,792	7%
Skilled (Grade C)	899,485	10,372,412	9%
Highly skilled (Grade D1,2&3)	1,758,485	26,173,265	7%
Highly skilled with supervision (Grades D4&5)	994,390	10,019,081	10%
Chief executive officer and Chief Financial Officer (Grade E)	317,721	3,860,311	8%
TOTAL	**4,280,369**	**54,902,860**	**8%**

4.2.4. TRAINING COSTS

Programme/Activity/Objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee
Corporate Services and Operations, Research and Information	25,749,076	127,170	0%	7	18,167
Economic Governance and HRD	7,831,412	-	0%	2	-
Governance and Planning Support	7,267,353	77,350	1%	4	19,338
Eastern Cape AIDS Council	6,324,813	36,000	0%	2	18,000
Khawuleza PMO	7,730,206	158,872	2%	5	31,774
TOTAL	**54,902,860**	**399,392**	**1%**	**20**	**19,970**

4.2.5. EMPLOYMENT AND VACANCIES

Level	1 April 2022 Number of Employees	2022/23 Number Approved Posts	31 March 2023 Number of Employees	2022/23 Vacancies	% of Vacancies
Top Management	2	2	2	-	0%
Senior Management	6	6	6	-	0%
Professional qualified	19	20	20	-	0%
Skilled	12	20	16	4	20%
Semi-skilled	8	11	9	2	18%
Unskilled	-	-	-	-	0%
TOTAL	**47**	**59**	**53**	**6**	**10%**

Note:
- *Project Technician Infrastructure post was unfunded.*
- *GIS position funds were moved to good and services.*
- *Stakeholder and Knowledge Project Manager position was not funded.*

4.2.6. EMPLOYMENT CHANGES

Salary Band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	2	-	-	2
Senior Management	6	-	-	6
Professional qualified	19	1	-	20
Skilled	12	4	1	16
Semi-skilled	8	1	-	9
Unskilled	-	-	-	-
TOTAL	**47**	**6**	**1**	**53**

4.2.7. REASONS FOR STAFF LEAVING

Reason	Number	% of the total number of staff leaving
Death	-	-
Resignation	1	100%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
TOTAL	**1**	**100%**

4.2.8. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
TOTAL	**0**

4.2.9. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

	Male							
	Africa		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	4	-	-	-	-	-	-	-
Professional qualified	9	-	2	-	-	-	-	-
Skilled	4	3	-	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	**18**	**3**	**2**	**-**	**-**	**-**	**-**	**-**

	Female							
	Africa		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	2	-	-	-	-	-	-	-
Professional qualified	8	-	1	-	-	-	1	-
Skilled	12	-	-	1	1	-	-	-
Semi-skilled	7	-	-	-	-	-	-	-
Unskilled	-	1	-	-	-	-	-	-
TOTAL	**30**	**-**	**1**	**1**	**1**	**-**	**1**	**-**

	Disabled Staff							
	Africa		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	-	-	-	-	-	-	-	-
Skilled	-	-	-	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**


FINANCIAL
DEVELOPMENT
ECONOMY
GDP
RISK PROOF

PART E

FINANCIAL INFORMATION

5.1

AUDITOR'S REPORT

Report of the Auditor-General to the Eastern Cape Provincial Legislature on the Eastern Cape Socio Economic Consultative Council

Report on the financial statements

I have reviewed the financial statements of the Eastern Cape Socio Economic Consultative Council set out on pages 96 to 123, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Eastern Cape Socio Economic Consultative Council as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Responsibilities of the accounting authority for the financial statements

The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the financial statements

My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements. The standard requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee as appropriate, applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review engagement are substantially fewer than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Report on the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

I selected the following material performance indicators related to governance and planning support presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of policy, strategy and/or planning documents developed for enhanced medium- and long-term planning
- Number of strategic interventions executed to support inter-spherical planning
- Number of institutions supported with strategic planning facilitation support services
- Number of interventions to improve stakeholder management
- Number of partnership collaborations facilitated
- Number of stakeholder platforms facilitated
- Number of integrated reports to track progress on priority infrastructure projects and interventions

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

I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets link 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 what had been committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

I performed the procedures for the purpose of reporting material findings only.

I did not identify any material findings on the reported performance information for the selected material performance indicators.

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

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.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Internal control deficiencies

I considered internal control relevant to my engagement on the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

I did not identify any significant deficiencies in internal control.

Professional ethics and quality control

I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor General

East London
10 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 55(1)(c)(i) Section 57(b) Section 55(1)(b) Section 55(1)(a) Section 51(1)(b)(ii) Section 53(4) Section 51(1)(e)(iii)
Treasury Regulations	Regulations 31.1.2(c); 16A8.4; 16A9.1(d); 16A3.2(a) Regulations 30.1.1; 16A6.4; 16A6.5; 16A6.3(c); 16A8.3 Regulation 30.1.3(a) Regulation 30.1.3(b) Regulation 30.1.3(d) Regulation 30.2.1 Regulation 33.1.3 Regulation 33.1.1 Regulation 16A9.1(b)(ii) Regulation 16A9.1(e) Regulation 16A9.1(f) Regulation 16A6.1
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury SCM Instruction Note 2 of 2021-22	Par. 3.2.1; par 3.3.1; par. 7.2 Par. 3.2.4
National Treasury SCM Instruction Note 3 of 2021-22	Definition; par. 4.1; par. 4.2
National Treasury Instruction Note 7 of 2017-18	Par. 4.3
National Treasury Instruction Note 4A of 2016-17	Par. 6
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulation 17 Regulation 25(7A)

5.2

ANNUAL FINANCIAL STATEMENTS

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Chief Executive Officer ECSECC
Mr Luvuyo Mosana

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	253,448	159,087
Prepayments	4	2,235,223	1,779,401
Cash and cash equivalents	5	14,801,440	10,388,885
		17,290,111	**12,327,373**
Non-Current Assets			
Property, plant and equipment	6	7,730,636	8,051,516
Intangible assets	7	5,226,041	4,033,570
Other financial assets	8	121,139	155,158
Prepayments	4	89,882	234,463
Rental deposit	9	458,892	441,881
		13,626,590	**12,916,588**
Total Assets		**30,916,701**	**25,243,961**
Liabilities			
Current Liabilities			
Finance lease obligation	10	179,002	155,546
Operating lease liability	11	262,362	62,541
Payables from exchange transactions	12	3,946,569	3,383,734
Funds to be surrendered	13	13,389,485	9,082,962
		17,777,418	**12,684,783**
Non-Current Liabilities			
Finance lease obligation	10	116,635	295,637
Operating lease liability	11	267,200	553,369
		383,835	**849,006**
Total Liabilities		**18,161,253**	**13,533,789**
Net Assets		**12,755,448**	**11,710,172**
Accumulated surplus		**12,755,448**	**11,710,172**

**See Note 29*

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue	15	71,687,392	70,141,620
Operating expenses	16	(72,011,213)	(62,777,819)
Operating (deficit) surplus		**(323,821)**	**7,363,801**
Investment revenue	17	1,457,044	997,221
Fair value adjustments		(34,019)	27,228
Finance costs	21	(53,928)	(29,041)
Surplus for the year		**1,045,276**	**8,359,209**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3,305,332	3,305,332
Adjustments		
Correction of errors	45,631	45,631
	3,350,963	**3,350,963**
Balance at 1 April 2021 as restated*		
Changes in net assets		
Surplus for the year restated	8,359,209	8,359,209
Total changes	8,359,209	8,359,209
Restated* Balance at 1 April 2022	**11,710,172**	**11,710,172**
Changes in net assets		
Surplus for the year	1,045,276	1,045,276
Total changes	1,045,276	1,045,276
Balance at 31 March 2023	**12,755,448**	**12,755,448**

**See Note 29*

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Rendering of services		1,045,000	-
Grants		74,929,000	61,466,259
Interest income		1,450,855	991,479
Dividends received		6,189	5,742
		77,431,044	62,463,480
Payments			
Employee costs		(54,446,057)	(47,808,162)
Suppliers		(15,669,306)	(13,007,418)
Finance costs		(53,928)	(29,041)
		(70,169,291)	(60,844,621)
Net cash flows from operating activities	22	**7,261,753**	**1,618,859**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,501,181)	(6,249,860)
Proceeds from disposal of property, plant and equipment	6	-	51,722
Purchase of intangible assets	7	(1,192,471)	(3,058,771)
Net cash flows from investing activities		**(2,693,652)**	**(9,256,909)**
Cash flows from financing activities			
Finance lease obligation		(155,546)	(78,387)
Net increase in cash and cash equivalents		**4,412,555**	**(7,716,437)**
Cash and cash equivalents at the beginning of the year		10,388,885	18,105,322
Cash and cash equivalents at the end of the year	5	**14,801,440**	**10,388,885**

**See Note 29*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	-	896,300	**896,300**	896,300	-	1.
Other income	-	8,884,684	**8,884,684**	8,884,684	-	2.
Interest received	600,000	800,000	**1,400,000**	1,450,855	**50,855**	3.
Dividends received	-	-	-	6,189	**6,189**	2.
Total revenue from exchange transactions	**600,000**	**10,580,984**	**11,180,984**	**11,238,028**	**57,044**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	72,329,000	2,600,000	**74,929,000**	74,929,000	-	
Total revenue	**72,929,000**	**13,180,984**	**86,109,984**	**86,167,028**	**57,044**	
Expenditure						
Employee related costs	(54,532,077)	(1,934,100)	**(56,466,177)**	(54,446,057)	**2,020,120**	4.
General Expenses	(18,146,923)	(437,487)	**(18,584,410)**	(16,965,414)	**1,618,996**	5.
Total expenditure	**(72,679,000)**	**(2,371,587)**	**(75,050,587)**	**(71,411,471)**	**3,639,116**	
Operating surplus	**250,000**	**10,809,397**	**11,059,397**	**14,755,557**	**3,696,160**	
Capital expenditure	(250,000)	(10,809,397)	**(11,059,397)**	(6,920,761)	**4,138,636**	6.
Surplus	**-**	**-**	**-**	**7,834,796**	**7,834,796**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**7,834,796**	**7,834,796**	
Reconciliation						
Basis difference adjustments:						
Rendering of services				168,615		1.
Other income				(8,884,684)		2.
Employee related costs				(456,803)		4.
General expenses				1,592,874		5.
Government grants				(4,306,523)		
Capital expenditure				6,920,761		6.
Depreciation and amortisation				(1,787,075)		
Fairvalue adjustment				(34,019)		
Disposal of PPE				(2,666)		
Actual Amount in the Statement of Financial Performance				**1,045,276**		

The ECSECC budget adjustments, as well as material variances, are explained as follows:

1. The rendering of services includes service level agreements entered into between ECSECC and 3rd parties for the delivery of professional services as agreed. The agreed payment for these services is allocated to the budget in line with the anticipated outflow of costs. The budget adjustments include funds received in the previous financial year and rolled over to be utilised in the current year. It is important to note that the budget allocation of funds for expenditure does not align with the GRAP requirements for the recognition of revenue. Therefore revenue will be recognised in accordance with GRAP, but the budget is allocated when expenditure is expected to be incurred, which causes the recognised revenue and the allocation of budget not to align in the annual financial statements.

2. Other income includes an adjusted budget allocated for funds for the prior year commitments that were rolled over into the current year. The variance is due to dividends received after year-end relating to the current year that were not budgeted for.

3. ECSECC earned more interest on funds in the bank account than anticipated. The budget was adjusted for this however, additional slower cash flows resulted in interest earned above the adjusted budget.

4. Employee Related Costs budget adjustments relate to the shifting of funds to fund cost pressures identified during the year as well as reducing the budget for the anticipated underspending. The variance is due to vacancies during the year.

5. **and 6.** Budget adjustments to general and capital expenditure were mainly due to the change in need of services originally identified for use. In 2021/22, ECSECC attempted to procure a Hybrid Data Centre. Based on the submissions received, it was noted that the cost was significantly higher than expected, and it was evident that additional research was required. It was also necessary to request a rollover of unutilised 2021/22 funds in order to procure again in 2022/23. The research done in the current year yielded that a cloud-based system would be more cost-efficient and beneficial. The underspending is mainly due to pursuing a cloud approach instead of the hybrid.

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (No. 1 of 1999).

The Eastern Cape Socio Economic Consultative Council (ECSECC) is an entity domiciled in South Africa. The address of ECSECC's registered office is 12 Gloucester Road, Vincent, East London, 5201. ECSECC is involved in policy, planning and development facilitation support to provincial government and other stakeholders in the Eastern Cape. ECSECC is a Schedule 3C Public Entity as defined in the Public Finance Management Act (No. 1 of 1999) (PFMA) reporting to the Eastern Cape Office of the Premier.

The annual financial statements were authorised on 25 May 2023 by the Board of Directors for issue on 31 May 2023.

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements
In the process of applying these accounting policies, management has made the following judgments that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates
Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of review and applied prospectively.

Provisions
Provisions were raised and management determined an estimate based on the information available.

Motor vehicle residual value
The entity's management determines the estimated residual value for the entity's motor vehicle which affects the related depreciation charges. This estimate is based on industry norms. Management will amend the depreciation charge in the future should the estimated residual value change.

Useful life assessment
The entity's management determines the estimated useful life of an item of property, plant and equipment based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from the previous estimate, the change is accounted for as a change in the accounting estimate.

The entity's management determines the estimated useful life of an item of intangible assets based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from the previous estimate, the change is accounted for as a change in the accounting estimate. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Depreciation and amortisation
Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of assets.

1.3 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Improvements at the expense of ECSECC to leasehold premises held under operating lease have been capitalised as property, plant and equipment. It will be depreciated over the remaining lease period.

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	6 - 50 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	3 - 30 years
Computer equipment	Straight line	3 - 30 years
Leasehold improvements	Straight line	Lesser of 5 years or the remaining lease period

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

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

The depreciation charge for each period is recognised in surplus or deficit.

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

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

The entity discloses relevant information relating to contractual commitments for the acquisition of property, plant and equipment in the notes to the financial statements (see note 23). Refer to accounting policy note 1.10 for commitments.

1.4 INTANGIBLE ASSETS

An asset is identifiable if it either:
- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

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

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

Expenditure on research is recognised as an expense when it is incurred.

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired.

As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Depreciation method	Average useful life
Computer software	Straightline	3 - 5 years or indefinite

The entity discloses relevant information relating to contractual commitments for the acquisition of intangible assets in the notes to the financial statements (see note 23). Refer to accounting policy note 1.10 for commitments.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method s a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that:
- The entity designates at fair value at initial recognition; or

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Rental deposit	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial asset measured at amortised cost
Finance lease obligation	Financial asset measured at amortised cost

Income received in advance is classified as a current liability representing funds paid in advance by customers for which deliverables are still due to be delivered by ECSECC.

Initial recognition
The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement of financial assets and financial liabilities
The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.

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

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Gains and losses
A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

1.6 PREPAYMENTS

A prepayment is an expense paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense.

A prepayment is carried on the Statement of Financial Position of the entity as a current asset until it is consumed. If a prepayment were likely to not be consumed within the next year, it would instead be classified on the Statement of Financial Position as a non-current asset. Once consumption has occurred, the prepayment is removed from the Statement of Financial Position and is instead reported in that period as an expense on the Statement of Financial Performance.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

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

Relevant disclosures relating to details of future minimum lease payments under non-cancelable operating leases are made in note 23.

1.8 EMPLOYEE BENEFITS

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

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and, as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits
Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- bonus, incentive and performance-related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:
- The entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Funds to be surrendered are classified as provisions.

1.10 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. These include purchase orders raised on or before 31 March 2023. Disclosure of commitments budgeted for in the current financial year and those budgeted for in subsequent years are disclosed separately and further split between capital commitments (items of property, plant and equipment or intangible assets) and operating commitments (items of general expenditure).

Disclosures are required in respect of unrecognised contractual commitments.

1.11 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

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

Rendering of Services
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

1.12 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

Recognition

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

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

Grant funding

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the entity. An unconditional grant is recognised in surplus or deficit as other income when the grant becomes receivable.

1.13 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 BUDGET INFORMATION

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

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

The approved budget is prepared on a cash basis, including payables, certain commitments and prepayments and presented by economic classification.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

The annual financial statements and the budget are not on the same basis of accounting; therefore a reconciliation between the statement of financial performance and the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

1.15 RELATED PARTIES

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. For ECSECC, management is considered to be Senior Management reporting directly to the Chief Executive Officer. Management includes persons acting in the positions of Senior Management. Remuneration for the period is disclosed as the full month's remuneration for the period of acting and is not pro-rated daily.

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

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

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

1.16 CHANGES IN ACCOUNTING POLICY, ESTIMATES AND ERRORS

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

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

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

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as a reduction to the expense in the statement of financial performance. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:
GRAP 1: Presentation of Financial Statements
GRAP 2: Cash Flow Statements
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5: Borrowing Costs
GRAP 9: Revenue from Exchange Transactions
GRAP 13: Leases
GRAP 14: Events After the Reporting Date
GRAP 17: Property, Plant and Equipment
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
GRAP 20: Related Party Disclosures
GRAP 21: Impairment of Non-cash-generating Assets
GRAP 23: Revenue from Non-exchange Transactions
GRAP 24: Presentation of Budget Information in Financial Statements
GRAP 25: Employee Benefits
GRAP 26: Impairment of Cash-generating Assets
GRAP 31: Intangible Assets
GRAP 104: Financial Instruments
GRAP 105: Transfer of Functions Between Entities Under Common Control
GRAP 108: Statutory Receivables
GRAP 109: Accounting by Principals and Agents

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2023 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP1: Presentation of Financial Statements - revised	1 April 2023	Unlikely there will be a material impact
GRAP 25: Employee Benefits - revised	1 April 2023	Unlikely there will be a material impact
GRAP104: Financial Instruments- revised	1 April 2023	Unlikely there will be a material impact

Figures in Rand	2023	2022

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Employee costs receivable	99,900	6,500
Receivables from services rendered	115,038	95,123
Insurance receivable	32,321	51,722
Dividend receivable	6,189	5,742
	253,448	**159,087**

The amount of R6 189 (2022: R5 742) receivable from Sanlam Ltd relates to dividends receivable on shares held by ECSECC by virtue of the Sanlam demutualisation. (Refer to note 8.)

4. PREPAYMENTS

Current		
Insurance	37,638	25,988
Rental	288,412	272,087
Security	1,075	966
Subscriptions	1,899,118	1,480,360
Telephone	8,980	-
	2,235,223	1,779,401
Non-Current		
Subscriptions	89,882	234,463
Non-current Prepayments	89,882	234,463
Current Prepayments	2,235,223	1,779,401
	2,325,105	**2,013,864**

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	4,715	2,493
Bank balances	3,314,958	2,961,116
Short-term deposits	11,481,767	7,425,276
	14,801,440	**10,388,885**

Cash and cash equivalents includes the following 3rd party funds:

3rd party funds	792,500	250,000

The following amounts have been received from 3rd parties and are to be utilised in the next financial year. An application for roll over of these funds has been made. The funds relate to the Ntabankulu Local Municipality for 2021/22 and Nyandeni Local Municipality for 2022/23.

6. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	2,255,726	(1,286,523)	969,203	1,586,675	(1,401,568)	185,107
Motor vehicles	187,898	(131,739)	56,159	187,898	(121,181)	66,717
Office equipment	1,464,016	(805,113)	658,903	1,402,700	(601,445)	801,255
Computer equipment	10,845,193	(4,971,076)	5,874,117	10,659,416	(3,777,287)	6,882,129
Leasehold improvements	344,109	(171,855)	172,254	154,452	(38,144)	116,308
Total	**15,096,942**	**(7,366,306)**	**7,730,636**	**13,991,141**	**(5,939,625)**	**8,051,516**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Change in estimate	Depreciation	Total
Furniture and fittings	185,107	880,277	(13,569)	17,600	(100,212)	969,203
Motor vehicles	66,717	-	-	-	(10,558)	56,159
Office equipment	801,255	98,552	(1,104)	2,687	(242,487)	658,903
Computer equipment	6,882,129	332,694	(20,313)	90,035	(1,410,428)	5,874,117
Leasehold improvements	116,308	189,658	-	-	(133,712)	172,254
	8,051,516	**1,501,181**	**(34,986)**	**110,322**	**(1,897,397)**	**7,730,636**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Correction of error	Depreciation	Total
Furniture and fittings	177,435	14,830	(8,256)	36,411	(35,313)	185,107
Motor vehicles	77,275	-	-	-	(10,558)	66,717
Office equipment	267,896	671,299	(701)	1,699	(138,938)	801,255
Compute requipment	2,020,024	5,960,245	(52,544)	19,533	(1,065,129)	6,882,129
Leasehold improvements	41,151	113,301	-	-	(38,144)	116,308
	2,583,781	**6,759,675**	**(61,501)**	**57,643**	**(1,288,082)**	**8,051,516**

Pledged as security

ECSECC has not pledged any of its property, plant and equipment as security and there are no restrictions on title.

	2023	2022
Assets subject to finance lease (Net carrying amount)		
Office equipment	258,400	428,339

Other information

	2023	2022
Depreciation and amortisation included as part of Operating Expenses - note 16		
Depreciation	1,897,397	1,288,082
Change in estimate	(110,322)	-
Correction of error	-	(12,012)
	1,787,075	**1,276,070**

	2023	2022
Property, plant and equipment fully depreciated and still in use (Gross carrying amount) as previously reported		
Office equipment (identified for donation/disposal)	-	45,766
Furniture and fittings (identified for donation/disposal)	-	249,573
Computer equipment (identified for donation/disposal)	-	467,175
	-	**762,514**

Property, plant and equipment that is fully depreciated and has been identified for donation or disposal amounts to RNIL (2022: R762 514).

Figures in Rand	2023	2022

7. INTANGIBLE ASSETS

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	5,226,041	-	5,226,041	4,033,570	-	4,033,570

Reconciliation of intangible assets - 2023	Opening balance	Additions	Total
Computer software	4,033,570	1,192,471	5,226,041

Reconciliation of intangible assets - 2022	Opening balance	Additions	Total
Computer software	974,799	3,058,771	4,033,570

Pledged as security
ECSECC has not pledged any of its intangible assets as security and there are no restrictions on title.

Other information
Intangible assets with indefinite lives:

Computer software	5,226,041	4,033,570

The useful life of computer software has been assessed as being indefinite.
It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

In determining the indefinite useful life assets, consideration was given to the expected usage of the asset by the entity; product lifecycle; obsolescence; market stability and the level of maintenance expenditure required to obtain the expected future economic benefits. Some of the computer software packages have been in existence in excess of 10 years. A licence fee is payable annually for the latest updates to the package to ensure it maintains the expected future economic benefits to the entity as well as for continued use by the entity.

Factors that would be considered when assessing indefinite useful life assets for impairment include:
- The intention of the entity to continue using the software package and renew the licence.
- The development of a more advanced software package with the intention of management to change the current software package within the available budget.
- Technological obsolescence of the software package.

8. OTHER FINANCIAL ASSETS

Designated at fair value

Listed shares		
2 149 shares are held in Sanlam Ltd and are valued at fair value based on the share price traded in an active market.	121,139	155,158
Non-current assets		
Designated at fair value	121,139	155,158

Financial assets at fair value

Fair values of financial assets measured or disclosed at fair value

Sanlam Ltd	121,139	155,158

Sanlam demutualised in 1998 and all policyholders were issued free shares. These shares were issued to ECSECC by virtue of the policies held and were not purchased or applied for.

The shares are traded in an active market and the fair value was determined using the share price at 31 March.

9. RENTAL DEPOSIT

Non-current asset		
	458,892	441,881

The deposit amounting to R330 659 was paid in April 2015 to the lessor as per the requirements of the office accommodation lease agreement. The deposit including interest due amounts to R458 892 (2022: R441 881).

10. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	209,473	209,473
- in second to fifth year inclusive	122,193	331,666
	331,666	541,139
less: future finance charges	(36,029)	(89,956)
Present value of minimum lease payments	**295,637**	**451,183**
Present value of minimum lease payments due		
- within one year	179,002	155,546
- in second to fifth year inclusive	116,635	295,637
	295,637	**451,183**
Non-current liabilities	116,635	295,637
Current liabilities	179,002	155,546
	295,637	**451,183**

The average lease term was three years, and the average effective borrowing rate was 1.18% (2022: 1.18%).

There is no contingent rental payable on the leasing arrangements.

No restrictions are imposed by the lease arrangements.

11. OPERATING LEASE LIABILITY

Non-current liabilities	267,200	553,369
Current liabilities	262,362	62,541
	529,562	**615,910**

The entity has entered into an operating lease for operating premises. Leased property remains with the lessor throughout the lease term and upon the expiration of the lease agreement. Refer to note 23.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other payables	1,292,008	1,232,951
Accrued leave pay	2,534,614	2,077,811
Employee saving accrual	119,947	72,972
	3,946,569	**3,383,734**

Figures in Rand	2023	2022

13. FUNDS TO BE SURRENDERED

Refunds arising from funds to be surrendered	13,389,485	9,082,962

The surrender relates to the possible repayment of funds to the Revenue Fund. The surrender is determined by Provincial Treasury and communicated to the entity before the end of the next financial year.

Balance at the beginning of the year	9,082,962	17,378,817
Surrendered	-	(8,646,741)
Prior year under (over) provision	(9,082,962)	(8,732,076)
Additions	13,389,485	9,082,962
	13,389,485	**9,082,962**

Movement recognised in revenue (refer to note 15)		
Opening balance	9,082,962	17,378,817
Closing balance	(13,389,485)	(9,082,962)
Funds surrendered	-	(8,646,741)
	(4,306,523)	**(350,886)**
Funds to be surrendered - reconciliation		
Cash and cash equivalents	14,801,440	10,388,885
Less: Trade and other payables	(1,292,008)	(1,232,951)
Less: Employee saving accrual	(119,947)	(72,972)
	13,389,485	**9,082,962**

In terms of section 53 of PFMA, ECSECC as a Public Entity may not accumulate surpluses unless the prior written approval of the Provincial Treasury has been obtained.

Treasury Instruction 3 of 2013/14 issued by the Eastern Cape Provincial Treasury is used to determine the amount to be recognised for surrender. This Instruction Note only allows for the deduction of certain payables and accruals from the bank balance which is not an accurate reflection of the amount available for surrender. The timing of payment is dependant on when the Treasury process is finalised and communication received - normally by November of the following year.

The funds to be surrendered value includes 3rd party funds and funds that have been committed. A rollover request for these funds has been submitted to Eastern Cape Provincial Treasury. The following items are included in the rollover request:

Funds to be rolled over		
3rd party funds budgeted for subsequent year (refer note 5)	792,500	250,000
Committed expenditure (budgeted in the current year)	5,266,847	3,855,899
	6,059,347	**4,105,899**

Based on the above, ECSECC has R7 330 138 (R13 389 485 - R6 059 347) available for surrender for the 2022/23 financial year.

14. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	253,448	253,448
Cash and cash equivalents	-	14,801,440	14,801,440
Rental deposit	-	458,892	458,892
Other financial assets	121,139	-	121,139
	121,139	**15,513,780**	**15,634,919**

Financial liabilities

Payables from exchange transactions		1,411,955	1,411,955
Finance lease obligation		295,637	295,637
		1,707,592	**1,707,592**

2022

Financial assets

Receivables from exchange transactions	-	159,087	159,087
Cash and cash equivalents	-	10,388,885	10,388,885
Rental deposit	-	441,881	441,881
Other financial assets	155,158	-	155,158
	155,158	**10,989,853**	**11,145,011**

Financial liabilities

Payables from exchange transactions		1,305,923	1,305,923
Finance lease obligation		451,183	451,183
		1,757,106	**1,757,106**

15. REVENUE

15.1 Revenue from non exchange transactions

	2023	2022
Transfers: Office of The Premier	70,622,477	69,762,114

Office of The Premier

In terms of the Service Level Agreement between ECSECC and OTP, this grant is used to fund the core functions of the organisation.

	2023	2022
Grants received	74,929,000	70,113,000
Funds to be surrendered movement (refer note 13)	(4,306,523)	(350,886)
	70,622,477	**69,762,114**

15.2 Revenue from exchange transactions: Rendering of services

	2023	2022
OR Tambo District Municipality	-	150,000
Nyandeni Local Municipality	907,538	-
Ntabankulu Local Municipality	157,377	229,506
	1,064,915	**379,506**

ECSECC has entered into Service Level Agreements for the rendering of services with these institutions. The deliverables and timeframe's have been agreed upon. During the financial year the Ntabankulu Local Municipality deliverables were completed in terms of the Service Level Agreements.

	2023	2022
Total Revenue	**71,687,392**	**70,141,620**

Figures in Rand	2023	2022

16. OPERATING EXPENSES

Operating expenses for the year is stated after accounting for the following:		
Employee related costs (note19)	54,902,860	47,826,733
General expenses (note 18)	15,318,612	13,665,236
Depreciation and amortisation	1,787,075	1,276,070
Loss on disposal of assets	2,666	9,780
	72,011,213	**62,777,819**
Loss on disposal of assets consists of the following		
Compensation from 3rd parties (including insurance payouts)	32,321	51,722
Book value of assets disposed and compensated by 3rd parties (lost or damaged)	(16,064)	(52,544)
Book value of other assets disposed (donated or scrapped)	(18,923)	(8,958)
	(2,666)	**(9,780)**

17. INVESTMENT REVENUE

Dividend revenue		
Listed financial assets - Local	6,189	5,742
Interest revenue		
Bank	1,433,845	981,729
Interest on deposit	17,010	9,750
	1,450,855	**991,479**
	1,457,044	**997,221**

18. GENERAL EXPENSES

Advertising	20,128	81,085
Auditors remuneration	845,146	867,770
Bank charges	14,574	14,618
Board fees	1,055,546	873,442
Cleaning	102,895	95,485
Computer expenses	14,361	13,675
Consulting and professional fees	1,523,208	1,698,913
Hire	47,273	43,085
Insurance	451,003	269,087
Lease rentals on operating lease	3,243,997	3,278,008
Other expenses	49,729	83,892
Postage and courier	3,313	670
Printing and stationery	47,702	115,894
Publications	734,251	523,781
Repairs and maintenance	5,744	25,929
Security	437,032	394,341
Subscriptions and membership fees	1,945,901	2,060,127
Telephone and fax	473,159	428,476
Travel, workshop and accommodation	3,708,887	2,343,225
Utilities	594,763	453,733
	15,318,612	**13,665,236**

Figures in Rand	2023	2022

19. EMPLOYEE RELATED COSTS

Basic	48,638,686	42,090,818
Performance bonus	4,280,370	4,108,829
UIF	252,922	204,368
Group life insurance	1,211,280	983,138
Compensation commissioner	120,210	99,912
Relocation costs	-	109,966
Staff training	399,392	229,702
	54,902,860	**47,826,733**

20. AUDITORS' REMUNERATION

Fees	845,146	867,770

21. FINANCE COSTS

Finance lease	53,928	29,041

22. CASH GENERATED FROM OPERATIONS

Surplus	1,045,276	8,359,209
Adjustments for:		
Depreciation and amortisation	1,787,075	1,276,070
Loss on sale of assets and liabilities	34,988	9,780
Fairvalue adjustments	34,019	(27,228)
Movements in operating lease assets and accruals	(86,348)	145,813
Changes in working capital:		
Receivables from exchange transactions	(94,361)	(54,709)
Prepayments	(311,241)	(98,075)
Rental deposit	(17,011)	(9,750)
Payables from exchange transactions	562,833	313,604
Funds to be surrendered	4,306,523	(8,295,855)
	7,261,753	**1,618,859**

Figures in Rand	2023	2022

23. COMMITMENTS

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	3,530,166	3,335,787
- in second to fifth year inclusive	2,445,736	6,021,478
	5,975,902	**9,357,265**
The total future minimum sublease payment expected to be received under a non-cancellable sublease.	3,243,997	3,278,008

Operating lease payments represent rentals payable by the entity for its office accommodation. Leases are negotiated for an average term of five years. No contingent rent is payable. Rental escalates by 6.5% annually on 1 December each year. From 1 December 2022, the lessor agreed to change the rental escalation rate to 6% for the remaining period of the lease.

Authorised capital expenditure		
Already contracted but not provided for - budgeted in the current financial year		
▪ Property, plant and equipment - computer equipment	408,488	325,195
▪ Property, plant and equipment - office equipment	-	149,694
▪ Property, plant and equipment - furniture and fittings	-	783,734
▪ Property, plant and equipment - other fixed assets	93,119	-
▪ Intangible assets - computer software	3,725,502	1,708,390
▪ Intangible assets - right-of-use leasehold improvements	-	139,319
	4,227,109	**3,106,332**
Total capital commitments		
Already contracted but not provided for	4,227,109	3,106,332
Authorised operational expenditure		
Already contracted but not provided for - budgeted in current financial year		
▪ Professional fees	751,815	251,523
▪ Publications	241,943	292,887
▪ Travel, accommodation and workshop	33,086	88,888
▪ General	338	-
▪ Subscriptions	12,556	45,720
▪ Telephone	-	59,549
▪ Insurance	-	11,000
	1,039,738	**749,567**
Already contracted but not provided for - budgeted in subsequent financial years		
▪ Telephone	2,627,695	3,113,757
▪ Subscriptions	715,759	-
▪ Security	434,887	-
	3,778,341	**3,113,757**
Total operational commitments		
Already contracted but not provided for - budgeted in current financial year	1,039,738	749,567
Already contracted but not provided for - budgeted in subsequent financial years	3,778,341	3,113,757
	4,818,079	**3,863,324**
Total commitments		
Authorised capital expenditure	4,227,109	3,106,332
Authorised operational expenditure	4,818,079	3,863,324
	9,045,188	**6,969,656**

24. RELATED PARTIES

Relationships

Prescribed officers and members of key management	Refer to note 25
Government Department - controlling entity	Eastern Cape Office of the Premier
Provincial Public Entity	Eastern Cape Industrial Development Zone (ELIDZ)

Related party transactions

Government Grant		
Eastern Cape Office of the Premier	74,929,000	70,113,000
Eastern Cape Office of the Premier - surrendered funds	-	(8,646,741)

During the year, ECSECC entered into procurement transactions with ELIDZ at arm's length. These transactions included services for cloud hosting and provision of a disaster recovery site. The terms and conditions of the agreement are within what is reasonably expected of any customer and are within the normal operating parameters of the ELIDZ.

25. MEMBERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive

2023	Basic Salary	Allowances/ other short term benefits	Bonus	Total
Chief Executive Officer: L. Mosana	1,818,068	101,066	317,721	2,236,855
Chief Financial Officer: K. Gwazela	1,541,374	82,082	-	1,623,456
	3,359,442	**183,148**	**317,721**	**3,860,311**

2022				
Chief Executive Officer: L. Mosana	1,770,840	40,624	308,467	2,119,931
Chief Financial Officer: K. Gwazela (Appointed 17 May 2021)	1,312,176	15,761	-	1,327,937
J. Leach (Acting CFO from 1 April - 16 May 2021)	184,817	27,119	-	211,936
	3,267,833	**83,504**	**308,467**	**3,659,804**

Service contracts

The executive directors are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. Five-year service contracts are issued, which are extendable in five-year intervals.

Service contract: Chief Executive Officer: L. Mosana
- Start date: 1 April 2018
- End date: 31 March 2023 extended to 31 March 2028.

Service contract: Chief Financial Officer: K. Gwazela
- Start date: 17 May 2021
- End date: 16 May 2026.

Figures in Rand		2023	2022

Non-executive

2023		Members' fees	Total
Z. Tini	Re-appointed 25 August 2022	98,000	98,000
P. Ndendela	Re-appointed 25 August 2022	104,899	104,899
G. Gqegqe	Re-appointed 25 August 2022	90,300	90,300
L. Jack	Re-appointed 25 August 2022	77,400	77,400
K. Jacobs	Re-appointed 25 August 2022	64,500	64,500
T. Kunene	Re-appointed 25 August 2022	43,000	43,000
M. Maleki	Re-appointed 25 August 2022	60,200	60,200
L. Maurice	Re-appointed 25 August 2022	111,800	111,800
H. Maxhengwana	Appointed 25 August 2022	17,200	17,200
M. Simatele	Re-appointed 25 August 2022	64,500	64,500
D. Van Huyssteens	Re-appointed 25 August 2022	25,800	25,800
D. Xotyeni	Re-appointed 25 August 2022	77,400	77,400
		834,999	**834,999**

2022		Members' fees	Total
Z. Tini	Re-appointed 26 August 2021	78,000	78,000
P. Ndendela	Re-appointed 26 August 2021	80,600	80,600
S. Gqegqe	Re-appointed 26 August 2021	88,574	88,574
L. Jack	Re-appointed 26 August 2021	69,000	69,000
K. Jacobs	Appointed 26 August 2022	34,200	34,200
T. Kunene	Re-appointed 26 August 2021	40,803	40,803
M. Maleki	Re-appointed 26 August 2021	57,000	57,000
L. Maurice	Appointed 26 August 2021	45,600	45,600
M. Simatele	Re-appointed 26 August 2021	60,800	60,800
D. Van Huyssteens	Appointed 26 August 2021	7,600	7,600
X. Xotyeni	Re-appointed 26 August 2021	53,200	53,200
R. Moodley	Resigned 26 August 2021	57,000	57,000
L. Holbrook	Resigned 26 August 2021	26,600	26,600
M. Koyo	Resigned 24 February 2022	32,465	32,465
		731,442	**731,442**

Audit, Risk and ICT Committee

2023		Members' fees	Total
L. Smith	Chair: 1 April - 25 August 2022	28,600	28,600
D. Page	Chair: 25 August - 31 March 2023	23,547	23,547
B. Bothma	Re-appointed 25 August 2022	47,300	47,300
W. Dukuza	Re-appointed 25 August 2022	39,400	39,400
M. Mbana	New appointment	34,400	34,400
N. Ravgee	Resigned 9 June 2022	8,600	8,600
M. Sikhosana	New appointment	21,500	21,500
C. Sparg	Member 1 April - 25 August 2022	17,200	17,200
		220,547	**220,547**

2022		
L. Smith	35,600	35,600
C. Sparg	30,400	30,400
N. Ravgee	11,400	11,400
W. Dukuza	30,400	30,400
B. Bothma	34,200	34,200
	142,000	**142,000**

Figures in Rand	2023	2022

Key Management Personnel

	Position	Service period	Basic salary	Other Short-term benefits/ allowances	Bonus	Total
2023						
Z. Silo	Chief Operations Officer	1 April 2022 - 31 March 2023	1,499,973	52,842	-	1,552,815
N. Shenxane	Human Resources Manager	1 April 2022 - 31 March 2023	1,235,970	98,439	215,995	1,550,404
T. Qholosha	Economic Governance and Human Resource Development Programme Manager	1 April 2022 - 31 March 2023	1,408,328	60,205	191,423	1,659,956
C. Motsilili	Governance and Planning Support Programme Manager	1 April 2022 - 31 March 2023	1,408,328	100,194	187,126	1,695,648
V. Dayile	ECAC Programme Manager	1 April 2022 - 31 March 2023	1,391,551	65,876	189,143	1,646,570
B. Mhlaba	KPMO Programme Manager	1 April 2022 - 31 March 2023	1,550,172	152,813	210,703	1,913,688
			8,494,322	**530,369**	**994,390**	**10,019,081**
2022						
S. Hesjedal	Chief Knowledge and Operations Officer	1 April 2021 - 31 July 2021	465,573	155,003	186,539	807,115
Z. Silo	Chief Operations Officer	1 Aug 2021 - 31 March 2022	972,217	12,000	-	984,217
N. Shenxane	Human Resources Manager	1 April 2021 - 31 March 2022	1,204,211	34,330	209,704	1,448,245
T. Qholosha	Economic Governance and Human Resource Development Programme Manager	1 April 2021 - 31 March 2022	1,371,948	18,000	122,356	1,512,304
C. Motsilili	Acting Governance and Planning Support Programme Manager	1 April 2021 - 31 August 2021 1 Sept 2021 - 31 March 2022	1,359,321	104,884	181,109	1,645,314
V. Dayile	ECAC Programme Manager	1 April 2021 - 31 March 2022	1,355,729	18,000	232,493	1,606,222
B. Mhlaba	KPMO Programme Manager	1 April 2021 - 31 March 2022	1,509,739	53,614	-	1,563,353
			8,238,738	**395,831**	**932,201**	**9,566,770**

Key management personnel are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. None of these service contracts exceed five years.

Summary

	2023	2022
Executive Directors	3,860,311	3,659,804
Key Management Personnel	10,019,081	9,566,770
Other Employees	41,023,468	34,600,159
	54,902,860	**47,826,733**

26. RISK MANAGEMENT

Capital risk management
The entity is solely dependant on the grant from the Eastern Cape Office of the Premier.

Liquidity risk
The entity's risk to liquidity is a result of the funds available to cover future commitments. Cash flow forecasts are prepared and monitored. The entity manages liquidity risk through an ongoing review of future commitments against allocated future budgets.

A maturity analysis of the financial liabilities reflects the contractual maturities of financial liabilities due within one year and include Trade and other payables, as disclosed in note 12, and the maturity of the Finance lease obligation, as disclosed in note 10.

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high-quality credit standing.

Receivables from exchange transactions relate to dividends receivable from Sanlam Ltd. Management evaluated the credit risk relating to debtors on an ongoing basis. The credit risk on these is rated as low.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial asset at balance sheet date, as disclosed in note 14.

Interest rate risk
As the entity has no significant interest-bearing assets other than cash and cash equivalents, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Figures in Rand	2023	2022

27. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	-	9,096
Fruitless and wasteful expenditure identified	4,615	1,736
Recovered - for the prior year	-	(7,696)
Recovered - for the current year	(2,365)	(1,736)
Written-off for the prior year	-	(1,400)
Closing balance	**2,250**	-

Expenditure identified in the current year includes those listed below:
2023: Three instances were identified: (1) A hired car was kept beyond the approved timeframe - this was confirmed to be fruitless and wasteful and was recovered during the year. An additional two transactions were identified at year-end and are currently still under investigation: (2) a hired car was kept beyond the approved timeframe, and (3) a forced termination of a hired car.

2022: One instance was identified: Accommodation was missed and the amount was fully recovered.

Amounts recoverable/recovered:
After the committee investigations, the Chief Executive Officer adopted the committee recommendations to recover an amount of R2 365 (2022: R7 696 and R1 736) from the official, as it was proven without reasonable doubt that the official was negligent.

Travel, accommodation and workshop	2,365	1,736

28. CHANGE IN ESTIMATE PROPERTY, PLANT AND EQUIPMENT

The useful life of certain classes of assets was revised during the year and extended. In the current period, management has revised their estimate to reflect a remaining useful life as dependant on the asset condition. The effect of this revision has decreased the depreciation charges per year for the current and subsequent years by R2 687 for office equipment, R14 654 for furniture and fittings, and R96 228 for computer equipment.

29. PRIOR PERIOD ERRORS

Error 1: During the 2022 financial year, some assets were fully depreciated. It was noted that these assets were still in use in 2023 and that the useful lives should have been reassessed prior to 2022.

Error 2: The current portion of the operating lease liability was not recognised in the prior year. This has been corrected.

Error 3: During 2020/21, ECSECC made leasehold alterations to the leased property. Those alterations continued into 2021/22 and 2022/23. Management had previously classified these as intangible assets: right-to-use leasehold improvements. Further research was performed, and it was identified that these improvements should rather be classified as property, plant and equipment.

Error 4: During 2021/22, ECSECC purchased laptops that came with free laptop bags. The cost was initially capitalised to computer equipment and depreciated at the useful life of a laptop. In the current financial year, a correction has been made to separate the cost of the laptop bag from the cost of the laptop. This has resulted in a classification change from computer equipment to other assets as part of furniture and fittings. It has also resulted in a lower depreciation charge as the laptop bags have a longer useful life than the laptops.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

	Error		
Property, plant and equipment - accumulated depreciation	1.	-	57,000
Accumulated surplus	1.	-	(45,631)
Current operating lease liability	2.	-	(62,541)
Non-current operating lease liability	2.	-	62,541
Property, plant and equipment - Leasehold improvements cost	3.	-	154,452
Property, plant and equipment - Leasehold improvements accumulated depreciation	3.	-	(38,144)
Intangible assets - Rights to use - Leasehold improvements cost	3.	-	(154,452)
Intangible assets - Rights to use - Leasehold improvements accumulated amortisation	3.	-	38,144
Property, plant and equipment - Computer equipment cost	4.	-	(27,440)
Property, plant and equipment - Furniture and fittings cost	4.	-	27,440
Property, plant and equipment - Computer equipment accumulated depreciation	4.	-	2,571
Property, plant and equipment - Furniture and fittings accumulated depreciation	4.	-	(1,928)
		-	**12,012**

Statement of Financial Performance

Depreciation expense	1.	-	(14,928)
Depreciation expense	4.	-	2,916
Depreciation expense	3.	-	(38,144)
Amortisation expense	3.	-	38,144
			(12,012)

Cash flow statement

Cash flow from investing activities			
Purchase of property, plant and equipment	3.	-	(113,301)
Purchase of intangible assets	3.	-	113,301
		-	-

30. CONTINGENCIES

In terms of ECSECC's Performance Management and Development System policy, the payment of performance bonuses is subject to the availability of budget as well as approval at the discretion of the Board of Directors. There is no employee entitlement to a performance bonus under policy or contract. The approval by the Board of Directors has not been made at 31 March; as such, ECSECC has a possible obligation for the payment of 2022/23 performance bonuses which will be confirmed by the approval of the Board of Directors.

The amount is estimated at R5 431 269 (2022: R3 457 469). The actual amount paid for bonuses for the 2022 financial year was R4 280 370.

31. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services		1,064,915	379,506
Interest received - investment	17	1,450,855	991,479
Fair value adjustments		-	27,228
Dividends received	17	6,189	5,742
Total revenue from exchange transactions		**2,521,959**	**1,403,955**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	15	70,622,477	69,762,114
Total revenue		**73,144,436**	**71,166,069**
Expenditure			
Employee related costs	19	(54,902,860)	(47,826,733)
Depreciation and amortisation		(1,787,075)	(1,276,070)
Finance costs	21	(53,928)	(29,041)
Loss on disposal of assets and liabilities		(2,666)	(9,780)
Fair value adjustments		(34,019)	-
General expenses	18	(15,318,612)	(13,665,236)
Total expenditure		**(72,099,160)**	**(62,806,860)**
Surplus for the year		**1,045,276**	**8,359,209**

**See Note 29*


SKILLS
FOCUS
SUCCESS
DEVELOPMENT

ANNEXURES

PART F

6.1

ANNEXURE A

TEMPLATE OF REPORTING COMPLIANCE TO THE B-BBEE COMMISSION

B-BBEE Element	Weighted Points	Score Achieved
Ownership Equity	25	0.00
Management Control	19	0.00
Skills Development	25	0.00
Enterprise and Supplier Development	46	0.00
Socio-Economic Development	5	0.00
TOTAL	**120**	**0.00**

Overall status: Non-compliant

ecsecc
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consultative council

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