EASTERN CAPE
LIQUOR BOARD

AUDITED

ANNUAL REPORT

2023/2024

TABLE OF CONTENT

PART A

GENERAL INFORMATION

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

1. PUBLIC ENTITY'S GENERAL INFORMATION

Country of domicile	South Africa
Accounting Authority	Mr M. Gobingca *(Term extended – 24/01/2024)* Dr M. Mboto *(Term extended – 28/01/2024)* Ms N. Nongongo *(Term extended – 01/03/24)* Mr W. Manthe *(01/05/2023)*
Business address	Shop 10, Beacon Bay Crossing Beacon Bay East London 5241
Postal address	PO Box 15147 Beacon Bay 5205
Controlling Entity	Department of Economic Development, Environmental Affairs and Tourism
Website	www.eclb.co.za
Bankers	First National Bank
External Auditors	Auditor-General of South Africa
Chief Executive Officer	Dr N. Makala
Chief Financial Officer	Ms A. Vikilahle
Public Entity Type	Schedule 3C

2. LIST OF ABBREVIATIONS/ ACRONYM

AFS	Annual Financial Statements
AGSA	Auditor General South Africa
AO	Accounting Officer
AG	Auditor General
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
BCMM	Buffalo City Metropolitan Municipality
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies Intellectual Properties Commission
CoGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus disease 2019
CSI	Corporate Social Investment
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DTIC	Department of Trade, Industry and Competition
EC	Eastern Cape
ECGB	Eastern Cape Gambling Board
ECLA	Eastern Cape Liquor Act, 2003
ECLAA	Eastern Cape Liquor Authority Act, 2018
ECLB	Eastern Cape Liquor Board
ECPTA	Eastern Cape Parks and Tourism Agency
FAS	Foetal Alcohol Syndrome
FNB	First National Bank
GBV	Gender Based Violence
GDP	Gross Domestic Product
GIS	Geographical Information Systems
GRAP	Generally Recognised Accounting Practise
GTAC	Government Technical Advisory Centre
HIV	Human immunodeficiency virus
ICT	Information Communication and Technology
IDC	Independent Development Corporation
IGR	Inter-Governmental Relations
IPID	Independent Policing Investigating Directorate
LED	Local Economic Development
LTDP	Liquor Traders Development Programme
MEC	Member of the Executive Council
NMMM	Nelson Mandela Metro Municipality
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
NPA	National Prosecuting Authority
NDP	National Development Plan
NLF	National Liquor Forum
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PFMA	Public Finance Management Act
POE	Portfolio of Evidence
POPI	Protection of Public Information Act
RAF	Road Accident Fund
RTF	Responsible Trade Facilitation
SAB	South African Breweries
SALGA	South African Local Government Association
SAPS	South African Police Services
SARS	South African Revenue Services
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMME	Small Medium and Micro Enterprise

[1]

[1] ECLB/Entity will be used interchangeably in this document.

3. FOREWORD BY THE CHAIRPERSON

"This has resulted in the organisation achieving a reputation for being efficien and well-managed which is vital for maintaining a high level of performance.""

The ECLB has established itself as a highly proficient and well-organised entity, underpinned by an effective leadership that is deeply committed to the pursuit of rigorous and transparent processes. This has resulted in the organisation achieving a reputation for being efficient and well-managed which is vital for maintaining a high level of performance. The leadership's dedication to these principles has ensured that the organisation is held in high regard and is perceived as a model for others in the sector.

It is an honour to be presenting this Annual Report of the ECLB for the financial year 2023/2024 during a period of renewed jubilation and heightened political activity. As a nation, we are celebrating 30 years of our democratic dispensation and a year of elections. Voters will be going to the polls to exercise their hard-fought democratic right to elect party representatives who will serve in the upcoming 7th Provincial and National administrations. It is with a great sigh of relief that whilst all of this is unfolding, we have not witnessed any signs of political intolerance amongst the political parties, as it normally plays out elsewhere within the continent and sometimes in "mature" democracies abroad. This state of affairs could only bode well for our populace and maybe it is a testimony that ours is a maturing democracy.

From a global perspective, the world is being impacted by the events that are unfolding in Eastern Europe, emanating from the continuing Russia-Ukraine war. As if that was not enough, the developing humanitarian crisis at Gaza in Palestine has laid bare the atrocities of the conflict between Israel and Hamas. What these conflicts have done is to assist in polarizing and driving a deeper wedge between the so-called countries of the North, represented by NATO and those of the South, who are members of the ever-expanding BRICS alliance. It is during times like these that credible political maturity in leadership and restraint are required, lest world peace and stability will be the victims with dire consequences for humanity.

At the domestic level, our country and province are still grappling with the stubbornly increasing scourge of underage drinking and general abuse of alcohol within our communities. As an Entity, we have embarked on various campaigns aimed at addressing this phenomenon. In the year under review, we have also facilitated several interventions in collaboration with partners, such as religious and traditional leaders, liquor industry producers and associations, media houses, law enforcement agencies and municipalities. To mention just a few of these interventions, we hosted a live Imvuselelo session with Umhlobo Wenene, we organised a 21 km race during the Youth Month in partnership with SAB, Coca-Cola, SKG, Amatola Water, ECGB and Imbeko. We also kick-started the anti-pens down and Ambassador campaigns in collaboration with SAPS, Department of Social Development, Eastern Cape Department of Economic Development, Environmental Affairs and Tourism, Council of churches, the Office of the Eastern Cape Legislature Deputy Speaker, Ward Councillors, SABS, DTIC. All these programmes were carried out as part of a broader communication and harm reduction strategy.

In terms of inherent systemic challenges, the Entity, as it is the case with other State-Owned Entities (SOEs) has been at the forefront of identifying constraints, such as limited resources and legislative shortcomings. Our engagements with the shareholder Department have started to bear fruit. For instance, during the year under review, we were provided additional funding which was efficiently utilized to bolster our compliance capacity and the upgrading of ICT systems.

The Board is excited to report that the Auditor General has again awarded a clean audit opinion for the 2023/24 financial year. We would like to thank the ECLB management and staff for their continued commitment to clean and good governance.

I would like to congratulate the Board Members for their continued leadership to steer and direct the Entity in a direction befitting of a role-model regulator. The ECLB Board remains focused on ensuring transparency, improving on operational efficiencies and making sure that the organisation is customer centric.

I would also like to extend special appreciation to all our stakeholders who have played a crucial role in supporting ECLB's initiatives and helping it meet its targets. Without this valuable support of our stakeholders, ECLB would not have been able to fulfill its mandate as defined by the Act.

The Board wishes to express its sincere gratitude to Dr Makala, the CEO, and her team for consistently demonstrating a high level of professionalism and dedication to their work. The CEO's leadership is greatly appreciated and valued by the Board. The Board would also like to acknowledge the excellent work that is executed by the ECLB Management and the entire staff.

In conclusion, I would like to express my deep gratitude to the Shareholder and particularly to MEC, Honourable Mlungisi Mvoko, for their unwavering guidance and support that has been instrumental in enabling ECLB to successfully achieve its mandate.

> ***"I would also like to extend special appreciation to all our stakeholders who have played a crucial role in supporting ECLB's initiatives and helping it meet its targets. Without this valuable support of our stakeholders, ECLB would not have been able to fulfil its mandate as defined by the Act."***

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

"ECLB initiated the 21-kilometre race which this event was used in a way to commemorate the 21 children and also to educate the youth and the community members about the dangers of alcohol abuse especially by those under the age of 18 years old."

It is with great pleasure that I present the Annual Report and Financial Statements of the Eastern Cape Liquor Board (ECLB) for the period from 01 April 2023 to 31 March 2024. This report comprehensively outlines the operating and financial performance of the ECLB, highlighting its activities for the past financial year. The 2023/24 reporting cycle is a testament to the ECLB's unwavering dedication towards its mandate of implementing the Eastern Cape Liquor Act, 2003, and its performance against predetermined objectives as well as maintaining the highest standards of governance in the management of public finances and resources. The implementation of the 5-year strategic objectives and attainment of the clean audit in those 5 years attest to the maintenance of the highest standards of good governance.

In implementing the institution's mandate and ensuring the achievement of the planned targets, ECLB collaborated with different stakeholders, and amongst them was SABC Umhlobo Wenene FM where we held different programmes to promote "No to underage drinking" which has become what I term the pandemic in our province and country-wide. Subsequent to the incident of Enyobeni outlet in June 2022 which came as the result of learners celebrating the pens down and resulted in 21 young girls and boys succumbing to death, ECLB initiated the 21-kilometre race which was used in a way to commemorate the 21 children and also to educate the youth and the community members about the dangers of alcohol abuse especially by those under the age of 18 years old. This event and others are utilised as awareness platforms against alcohol abuse and irresponsible liquor trading. ECLB is committed to ensure that communities are free from alcohol abuse.

ELCB has been ramping up and intensifying its efforts to tackle the problem of underage drinking, which includes taking strict measures to curb the growing trend of "Pens Down Parties." These parties are becoming more prevalent, especially among learners who organize them to celebrate the end of their exams. In response to this, ELCB has launched an "Anti-Pens Down Parties" campaign to discourage the learners from hosting these parties which end up harmful to themselves. The goal is to send the messages that these parties are not encouraged as they end up binging on alcohol and this results in adverse consequences.

I am pleased to report that our Entity received additional funding of R 22 million in this financial year. This funding has allowed us to enhance our human resource capacity and ICT infrastructure, which has ultimately improved the overall operations of the institution. This funding came at the right time as it assisted in appointing 5 additional Inspectors, a Senior Manager for Social Accountability, development of the new licensing system and procurement of the new data centre which has ensured the safety of all our data as it is stored in the cloud. I believe this funding will go a long way to ensure that we provide better services to our clients and enhance our efficiency.

It is also significant to give an overview report on the process of the merger between ECLB and ECGB despite the fact that it has no impact in the operations of the institution currently. This process had officially commenced in this financial year and it was led by DEDEAT and supported by the Provincial Treasury. Different workstream committees were established and committee members of the Joint Management and Joint Board were appointed by the Shareholder, MEC Mvoko. The process was initially coordinated and facilitated by GTAC whose contract came to an end on 31 March 2024. These work stream committees are

constituted by the officials from the two entities and DEDEAT. The process of the merger is still in progress.
To further illustrate our unwavering commitment to transparency and excellence, I am pleased to share that our organization has achieved a clean audit report for the 2023/24 financial year. This accomplishment underscores our dedication to maintaining the highest standards of financial integrity and accountability.

PERFORMANCE REVIEW

I am pleased to present an overview of ECLB's performance during the year under review. Several noteworthy developments occurred, and numerous accomplishments were achieved.

Corporate Goals Achievement

It is with great satisfaction to report that the Entity has achieved 93% of the planned targets for the year under review, with only one out of the sixteen targets not met. This positive outcome can be attributed to the implementation of effective strategies to enhance our operations, including stakeholder mobilization aimed at augmenting our capacity to fulfil our mandate.

Corporate Governance

ECLB continues to ensure adherence to its core values and commitment to good corporate governance principles, as detailed in King IV Corporate Governance Report. The functionality of the Board and its committees has been in line with the approved charters.

The Entity remains operational with four out of the five Board members. All the Board committees are fully operational, contributing to the efficient management of the Entity's affairs.

The amended Regulations in terms of the Eastern Cape Liquor Act, 2003, have been published for comment. The amendments were informed by the need to respond to the changes in the operating environment while awaiting the amendments to the new Eastern Cape Liquor Authority Act, 2018. The reviewed regulations will ensure that the ECLB remains responsive in its regulatory obligations.
Revenue collection for the year under review has increased significantly compared to the prior year. There are currently 7 415 registered outlets in our database. However, we acknowledge that there exist several unregistered outlets that operate outside the ambit of law. Our team is working tirelessly to ensure that these businesses are converted to a legitimate status. We understand that legitimizing these businesses is not only crucial for their sustainability but also for the overall well-being of the community. We will continue to engage with these unregistered entities and provide them with the necessary guidance to ensure compliance with the relevant legal framework.

Licencing programme

The ECLB prioritised the procurement of a new licensing and compliance system as part of the projects that were earmarked with the additional R22 million funding. The system is still under development, and implementation will commence in 2024/25. The licensing system is an addition to the new improved and secure licence paper procured to reduce fraud.
The Entity is committed to empowering liquor traders by providing them with comprehensive support to establish themselves as successful businesses. This enables them to fully participate in the liquor industry's value chain and contribute to its growth and development.

- Two (2) liquor traders successfully registered as Distributors with the National Liquor Authority (NLA).
- Five (5) formal liquor traders associations registered with the Department of Social Development (DSD) and successfully registered as NPOs.
- Over 430 liquor traders were capacitated in various trainings and workshops.

Local Economic Development Projects

The Entity took a conscious decision to develop an indicator that would showcase the contribution of the Entity in township economies and economic development of the Province. During this reporting period, the Entity facilitated funding for three (3) Sorghum Beer Projects in Alfred Nzo and Mbhashe municipalities and one (1) Lemon Grass Project in Mbhashe Local Municipality.

Compliance and Enforcement

The ECLB is responsible for ensuring that liquor traders comply with trading conditions. Unfortunately, non-compliance remains a major concern for the Board. In order to address this issue, every effort is made to encourage liquor traders to observe their trading conditions. However, the challenge of non-compliance is further exacerbated by the proliferation of illegal liquor outlets in communities, as well as the practice of renting out liquor licenses by liquor traders licence holders.

The Entity is currently awaiting official approval of its application for the declaration of its inspectors as Peace Officers, in accordance with the Criminal Procedure Act. The training and designation of liquor inspectors from both the South African Police Service (SAPS) and Municipal Law Enforcement Agencies are still ongoing. SAPS remains an essential strategic partner in the compliance enforcement process and plays a significant role in ensuring adherence to regulations.

13 training workshops were held with municipal councils in the period under review. Over 350 ward councillors, PR councillors, municipal officials and ward committee members attended the sessions on the regulation of the liquor trading industry with a specific emphasis on the responsibilities of municipal ward councillors and relevant municipal departments.

Social Accountability

The ECLB continues to implement education and awareness interventions aimed at educating communities about the harmful effects of excessive alcohol consumption. The ECLB's initiatives are designed to inform individuals and communities about the negative consequences of alcohol abuse, and to encourage responsible drinking practices. By raising awareness of the risks associated with excessive alcohol consumption, the ECLB aims to reduce the prevalence of alcohol abuse and its associated negative outcomes.

The Entity implements its interventions inline with the four focus areas, namely underage drinking, Foetal Alcohol Syndrome, Road Safety and responsible alcohol consumption and trading. These initiatives are further driven through a rigorous multi-media campaign to convey alcohol abuse messages to the Eastern Cape communities utilising various media platforms such as radio, newspapers, outdoor advertising, and social media.

The Entity implemented 391 campaigns and over 100 000 people were reached educating communities about the harmful effects of excessive alcohol consumption.

The ECLB launched the '*Provincial anti pens down*" campaign. The campaign aims to curb the rapidly emerging culture of "Pens Down Parties" conducted after the end of examinations. The Ambassador programme has been implemented in over 85 schools across the Province.

Furthermore, ECLB continues with the implementation of the Institutions of Higher Learning Anti-alcohol Abuse Project. ECLB signed two (2) MOUs to formalise the relationships. This is a campaign that seeks to educate students about the scourge of alcohol abuse.

Corporate Social Investment

ECLB is cognisant of the importance of providing alternatives to communities. The consumption of alcohol by many community members is often a result of limited socio-economic activities. As such, it has become imperative to devise a program that can provide social and economic support to community members, thereby encouraging them to reduce their alcohol intake. The Entity invested a significant amount in the promotion of sport development in communities. ECLB believes that engaging in sport can shift the focus of the youth from alcohol to sport. The industry and other stakeholders continue to provide financial and non-financial support towards the alcohol harm reduction initiatives.

Research and Development

The ECLB recognizes research as a fundamental component of its operational framework, providing vital insights that inform the projects undertaken. The Entity successfully conducted three research initiatives during this reporting period. The projects comprise of the following.

- The Demographic profile of liquor traders – ECLB,
- "Impact Evaluation Of The Anti-Alcohol Education & Awareness Intervention" - DEDEAT, and
- The "Baseline Assessment Report on People's Behavioural Attitudes Towards Underage Drinking in BCMM - SAB.

We would like to extend our sincere gratitude to the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and South African Breweries (SAB) for providing the financial support required to conduct an in-depth assessment of the effectiveness of harm-reduction interventions, as well as an analysis of alcohol abuse within the BCMM. Your generous funding has enabled us to carry out a comprehensive and rigorous evaluation, and we greatly appreciate your investment in this critical research initiative. The board regards research as a pivotal tool, and we will continue to incorporate research into our operations to ensure optimal outcomes.

Acknowledgment

The management and staff of the Eastern Cape Liquor Board (ECLB) would like to express our heartfelt gratitude to the Board Chairperson and Board Members for their unwavering commitment to our mission and mandate of transforming and enhancing the regulation of the liquor industry in the Eastern Cape. Your guidance and supervision have been instrumental in our growth and success. I would like to extend my sincere appreciation to the management team for their constructive role, active participation, and many constructive discussions, which facilitated the achievement of our strategic goals throughout the year.

The ECLB's operational performance in 2023/24 is a testament to a committed, engaged, productive, and positive workforce. I thank each staff member for their dedication, passion, and hard work during a difficult year. A big thanks goes to the staff who are the driving force behind the ECLB brand. Lastly, I thank all our stakeholders for their instrumental role in our success. We look forward to more collaborations to improve liquor regulation in the province.

We express our sincere gratitude to our valued shareholder, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), for their indispensable contribution in providing the necessary support and guidance to our entity. Additionally, we extend our heartfelt appreciation to the Portfolio Committee for their professional guidance and continued efforts in instilling a greater sense of accountability. Their unwavering dedication to our objectives is an inspiration to us and a testament to the high standards of excellence that we aim to uphold.

> ***“We express our sincere gratitude to our valued shareholder, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT),”***

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF 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 audited by the Auditor-General.

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

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with GRAP standards applicable to the public Entity.

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

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

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public Entity for the financial year ended 31 March 2024.

Yours faithfully

Dr. N Mahala
Chief Executive Officer
31 August 2024

Mr. M. Gobingca
Chairperson of the Board
31 August 2024

6. STRATEGIC OVERVIEW

1.1 Vision

To be a liquor authority that strives for economic transformation and social cohesion.

1.2 Mission

To become a responsible regulator that promotes compliance and the transformation of the liquor industry, while mitigating the adverse effects of excessive alcohol consumption.

1.3 Values

Table 1: ECLB values

VALUE	BEHAVIOURAL DEMONSTRATION
Fairness	Behaviour without favouritism, bias or discrimination in all our dealings.
Integrity	Ensuring uncompromised truth, demonstrating sound and moral principles. Demonstrate consistency and trustworthiness.
Accountability	Obligated to demonstrate and take responsibility for our actions, decisions and policies and accountable to the public at large.
Transparency	The decisions and actions taken are open to public scrutiny and the public has a right to access information.
Customer centricity	Demonstrating that our customers both internally and externally are at the centre of our business's philosophy, operations and decisions.

7. LEGISLATIVE AND OTHER MANDATES

The Eastern Cape Liquor Board (ECLB) is established in terms of the Eastern Cape Liquor Act No. 10 of 2003 (ECLA) as a regulatory body. The ECLB is a Schedule 3C public Entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA).

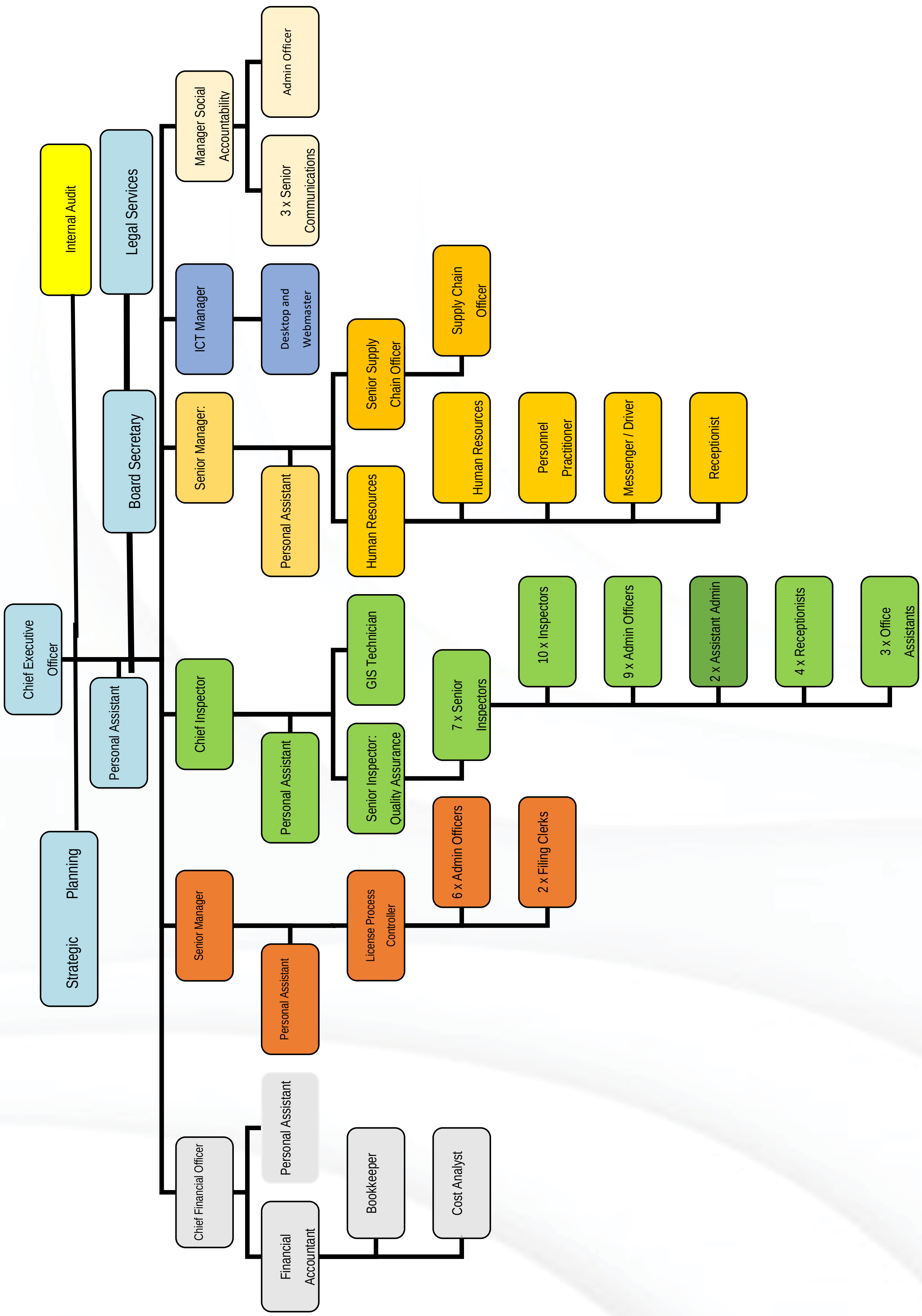
The main functions of the ECLB are to:

- Regulate the registration of retail sales and micro-manufacturing of liquor in the Province.
- Encourage and support the liquor industry in the management and reduction of the socio-economic and other costs of excessive alcohol consumption by creating an environment in which:
  - The entry of new participants into the liquor industry is facilitated.
  - Appropriate steps are taken against those selling liquor outside the regulatory framework.
  - Those involved in the liquor industry may attain and maintain adequate standards of service delivery.
- Facilitate participation by ward committees and communities in the consideration of applications for registration certificates.
- Ensure that the particular realities confronting the liquor industry in the Province can be addressed.

The ECLB also discharges its mandate in terms of the following legislation amongst others:

- Employment Equity Act 55 of 1998.
- The Liquor Act 59 of 2003.
- The Public Finance Management Act 1 of 1999.
- Promotion of Access to Information Act 2 of 2000.
- Promotion of Administrative Justice Act 3 of 2000.
- Preferential Procurement Policy Framework Act 5 of 2000.
- Labour Relations Amendment Act 6 of 2014.
- Companies Act 71 of 2008
- Disaster Management Act 52 of 2002

8. ORGANISATIONAL STRUCTURE



PART B

PERFORMANCE INFORMATION



ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide limited 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 page 76 of the Report for the Auditors Report, published as Part F: Financial Information.

2. SITUATIONAL ANALYSIS: SERVICE DELIVERY ENVIRONMENT

INTRODUCTION

The Entity operates in a dynamic environment, where internal and external challenges present a fluid environment. The socio-economic challenges such as underage drinking, unemployment, and inconsiderate liquor trading continue to present a serious drawback to the organization. Despite this, the future outlook is promising, as the organization received an additional R22 million from the Treasury. This funding has been instrumental in upgrading the organization's ICT infrastructure and augmenting its human resources capacity. The Entity has procured a new licensing and compliance system and migrated from on-premises server infrastructure to the cloud environment, enhancing its technological and human resources capacity to further strengthen the Entity's operational capabilities.

The situational analysis which is informed by the implementation of the ECLB 2023/24 APP, consists of an external and internal environmental analysis, which will be individually discussed below:

INTERNAL ENVIRONMENT

- In line with the mandate of the organization, the ECLB has the responsibility to facilitate new entrants into the liquor industry, take appropriate steps against those selling outside the administrative and regulatory framework, manage and reduce the socio-economic and other costs of excessive liquor consumption as well as taking into account community considerations on the registration of retail premises.
- The potential to accomplish this is dependent on the liquor traders understanding of the intricacies of the liquor industry, the relevant regulatory framework and business growth or expansion opportunities.
- Good corporate governance has underpinned the attainment of the organization's strategic goals.
- However, the shrinking budgets and inadequate human resource capacity hamper genuine efforts to alleviate the scourge of underage drinking, and irresponsible and illegal trading.
- The lack of capacity to conduct scientific baseline and impact assessments hampers ECLB's ability to implement evidence-based interventions in driving its mandate, and as a result the limited available resources cannot necessarily be directed to areas that are associated with high prevalence of social problems.
- Often the available limited resources are not focused into areas having the problem due to lack of scientific data that informs or provides data on the state of the social problem.
- The current liquor legislation limits the ECLB's efforts to effectively regulate the industry. However, there has been a review of the current regulation to bridge some gaps within the scope of the current Eastern Cape Liquor Act.

EXTERNAL ENVIRONMENT

- South Africa, including the Eastern Cape, has a unique drinking culture, with a strong tradition of socializing and celebrating with alcoholic beverages.
- The growing urban population, the changing demographics, and the large and growing middle-class population, as well as the government relief grants has led to an increase in disposable income and discretionary spending.
- These are some of the factors that have fuelled the demand for premium and craft alcoholic beverages. Despite the economic challenges, the demand for alcohol has remained resilient. This can be attributed to the fact that alcoholic beverages are considered affordable luxuries, and consumers are willing to spend on these products even during times of economic uncertainty.
- The liquor industry in the Province is dominated by taverns (on and off-site consumption), at 60% of the overall number of registered liquor outlets. The Entity is continuously providing workshops to encourage liquor traders to formalise their businesses. While the progress is slow, there are however a number of liquor traders that have been formalised into businesses and registered with SARS to be tax compliant.
- The continued collaboration efforts with different stakeholders which have been formalised by, amongst others, the signing of Memorandums of Agreement (MoUs) with SAPS, and the two (2) metropolitan municipalities.
- The Entity is continuously experiencing an increase in incidents relating to underage drinking and alcohol abuse and Gender Based Violence influenced mainly by alcohol abuse. There are also increased reported cases of underage drinking, and alcohol abuse at the institutions of higher learning and in communities.
- The growing trend of the high rate of consumption of alcohol among school-going youth, such as Pens Down parties, calls for a more concerted intervention effort, targeting schools to heighten education on the dangers of underage drinking.

- Furthermore, the ECLB has intensified its social accountability campaigns to educate communities of the social ills associated with the abuse of liquor.
- The majority of the liquor traders' businesses are not formalised, which limits access to funding by government development finance institutions.
- There is ongoing encroachment of the Black liquor trader's traditional township market by the big retail chain stores.

CHALLENGES IN THE OPERATING ENVIRONMENT

- ECLB is continuously experiencing human capital challenges more specifically with the legislative reforms being introduced, and the increase in the operations (e.g. 16 Inspectors who must enforce compliance by over 7 500 liquor licence outlets throughout the Province) as well as social accountability programmes.
- The continuing budget shrinkage over the years limits the Entity's capacity to deliver on its mandate. Consequently, opportunities continue to be sought for efficiencies in processes, various revenue enhancement strategies and collaborations with NGO's, government departments, the liquor industry and institutions of higher learning.
- There is a lack of understanding by Ward Councillors of their role in the consideration of liquor license applications as provided for in terms of Section 22 (2) (d) (1) of the Eastern Cape Liquor Act, No. 10 of 2003
- There is a lack of capacity in various municipalities to enforce liquor trading and general public nuisance by-laws which occur as a result of liquor trading in their areas of jurisdiction.
- There is an increase in the manufacturing and distribution of illicit and deadly alcohol.
- There are liquor outlets that allow young/underage children to purchase and consume alcohol.
- There is the renting out of liquor licences.
- There are increasing criminal cases relating to alcohol related activities.
- There has been a delayed conclusion of the revised liquor policy and legislation at both National and Provincial levels.
- There had been a lack of supervision of uncompetitive behavior by the manufacturers and wholesalers by the Competition Commission.
- The compliance monitoring of distributors and wholesalers in the Province has its limitations and it is resulting in increased cases of unlicensed liquor trading.
- There has been slow progress by big manufacturers to the transformation of the industry. To date there has been no tangible progress felt. There seems to be a dislocation of efforts by different role players in this regard.
- The non-existence of the liquor industry Transformation Charter inhibits the big industry players from demonstrating commitment towards transformation of the industry which would enable Black liquor traders to participate at the higher levels of the industry value chain.
- The absence of black participation in the micro-manufacturing subsector of the liquor industry remains a challenge in achieving the transformational agenda. This is mainly due to the barriers to entry in the subsector, namely the technical knowledge which is a prerequisite, and access to financial resources /capital.
- Growing alcohol abuse, underage drinking and Foetal Alcohol Syndrome (FAS) remains our challenges and much effort and resources are set aside to continuously educate and provide awareness in the community about the dangers of alcohol abuse. There has also been a growing number of cases of Gender Based Violence (GBV) where it is believed that alcohol is the number one contributor.
- There continues to be delayed submission and non-submission of community consultation reports by Ward Councillors, which invariably impacts negatively in the processing and finalisation of the applications within the legislated time.
- Liquor traders continue to fail to form associations due to limited understanding of the benefits inherent in being a member of an Association as well as standard practices for associations of this nature.
- The Entity lacks the requisite capacity to undertake baseline and post-assessments to determine the need for interventions and their impact.
- The non-implementation of the Eastern Cape Liquor Authority Act, 2018, has negatively impacted our regulatory environment.

OPPORTUNITIES

- Partnerships formed with institutions of higher learning and industry continue to provide opportunities for future research support.
- In order to augment its limited capacity, the Entity has embarked on a program to train and designate SAPS and Municipal Law-enforcement Officers as Designated Liquors Officers (DLO's).
- The Entity facilitated the following three research initiatives:
  - The demographic profile of liquor traders in the Eastern Cape,
  - "Impact Evaluation of The Anti-Alcohol Education & Awareness Intervention" and
  - The "Baseline Assessment Report on People's Behavioural Attitudes Towards Underage Drinking in BCMM.
- These results and outcomes from the research projects will assist in guiding the Entity to direct its resources where they are needed most.
- The reviewed and amended Eastern Cape Liquor Act, 2003, Regulations have been published. The amended regulations will strengthen the regulatory environment.
- Developing and signing of Memorandum of Understanding with various stakeholders to structure and regulate our co-operation in areas of compliance and monitoring operations, information sharing, and training.
- Pending approval of the application for the declaration of ECLB Inspectors as Peace Officers by the Department of Justice and Correctional Services as well as SAPS.

PERFORMANCE OVERVIEW

The table below provides summary of the Entity's performance for the period under review.

Summary of planned and actual KPA's achieved 2023-2024				
#	Performance indicator	Annual Target	Annual actual	Comment
1	% of fully compliant license applications considered within 60-day legislated timeframes	60%	74,0%	Annual Target Met
2	Number of new formal liquor traders associations facilitated	4	5	Annual Target Met.
3	Number of Black liquor traders distributors faciliated to participate at higher levels of the value chain	3	2	Annual Target not met
4	% of pre-registration inspections conducted	80%	88,0%	Annual Target Met
5	Number of compliance inspections conducted to ensure compliance with liquor regulations	3 500	3603	Annual Target Met
6	Number of projects facilitated to contribute to local economic development	3	4	Annual Target Met
7	Number of assessment and evaluation reports produced	1	1	Annual Target Met
8	Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation	60	103	Annual Target Met
9	Number of Thematic reports on the anti-alcohol abuse interventions conducted	4	4	Annual Target Met
10	Number of social responsibility programmes conducted	13	23	Annual Target Met
11	Number of people reached through education and awareness interventions and social responsibility initiatives	75 000	107 890	Annual Target Met
12	Audit outcome	Unqualified Audit without findings	Unqualified Audit without findings	Annual Target Met
13	HR Matutrity Level	Level 3	Level 3	Annual Target Met
14	Percentage spent on Eastern Cape SMME's	60%	62,0%	Annual Target Met
15	ICT Governance Framework implemented	Maturity level 3	ICT Maturity level 3	Annual Target Met
16	Organisational performance index	85%	93,75%	Annual Target Met

- The Entity achieved 15 of the 16 key performance indicators planned for the year under review which translates to 93,75% of its planned targets. The non-achievement is due to the following indicator:
    - Number of Black liquor traders facilitated to participate at higher levels of the value chain
    - The reason for the non-achievement relates to the application for distribution lodged with the NLA for two (2) liquor traders in Elliot and Komani which were unsuccessful due to issues around municipal zoning.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

- The reviewed and amended Eastern Cape Liquor Act, 2003, Regulations have been published. The amended regulations will strengthen the regulatory environment.

3. STRATEGIC OUTCOMES

The table above demonstrates the outcomes, outcome indicators and five-year targets set for the organisation as contained in the Strategic Plan 2020

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance	2022/23 Performance	2023/24 Performance
Reduction in alcohol abuse and behavioural change towards alcohol consumption	Informed and educated communities on dangers of alcohol abuse	40% - 60% Responsible consumption of alcohol	Number of anti-alcohol abuse interventions conducted	291	4	4 Reports on the 195 anti-alcohol abuse interventions conducted	4 Reports on the 339 anti-alcohol abuse interventions conducted
			Number of people reached through education and awareness interventions and social responsibility initiatives	42 987	80 708	96 909	107 890
Empowered communities through Social Responsibility/CSI programmes of the ECLB			Number of social responsibility programmes conducted	8	12	15	23
			Number of assessment and evaluation reported produced on the interventions conducted	New Indicator	New Indicator	0	1
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement with liquor regulations/trading conditions	80% - 90% compliance with liquor regulations and conditions	% pre-registration inspections conducted	73%	95%	95%	88%
			Number of compliance inspections conducted to ensure compliance with liquor regulations	45%	68%	3 115	3 603
			Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation	50	67	93	103
Efficient liquor licensing	Liquor licences issued within legislated timeframes	100% compliance with legislated timeframes.	% of fully compliant licence applications considered within legislated timeframes	40%	50%	42%	74%
Increased participation by the previously disadvantaged in both the retail and micro-manufacturing levels in the province,	Percentage increase of participation by the previously disadvantaged in the retail sales and micro-manufacturing of liquor in the province	20% – 40 % increased participation.	Number of new formal liquor traders' associations facilitated	2	1	0	5
			Number of Black liquor traders to participate at higher levels of the value chain	0	0	8	2
		Reports on the number of liquor related projects facilitated to support economic development in the province	Number of projects facilitated with funding to contribute to local economic development	New Indicator	New Indicator	3	4
Good Corporate Governance	Improved compliance to corporate	Unqualified audit opinion with no material findings	Audit outcome	Clean Audit	Clean Audit	Clean Audit	Clean Audit

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance	2022/23 Performance	2023/24 Performance
	governance standards and prescripts	Progress report on HR Maturity level	HR Maturity level	New Indicator	New Indicator	Level 3	HR Maturity Level 3
		Signed and approved procurement report	Percentage spent on Eastern Cape SMME's	42%	53%	84%	62%
		ICT Maturity Index Framework Report on the assessment of the ECLB ICT Maturity	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 3	Maturity level 3
		Validated report on the number of planned targets achieved by the end of the financial year	Organisational performance index	83%	82%	81%	94%

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 CORPORATE GOVERNANCE

4.1.1 FINANCE

4.1.1.1 Purpose of the programme

To ensure an effective, efficient and transparent system of financial management as well as establish, maintain and enhance appropriate organisational systems to fulfill the Board's mandate:

- Financial Management
- Asset management
- Reporting and accountability responsibilities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/24 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/ 2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/ 2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Audit outcome	Clean Audit (2020/21)	Clean Audit (2021/22)	Unqualified Audit without findings (2022/23)	Unqualified Audit without findings (2022/23)	N/A	N/A	No revision was made from the previous year.

4.1.1.2 Programme performance

- All In–Year–Monitoring (IYM) reports due were submitted to Treasury and DEDEAT.
- The payment to DEDEAT is reconciled monthly and paid on time.
- Financial oversight reports were submitted to Management.

4.1.1.3 Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.1.1.4 Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.1.1.5 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Finance	11 512	11 499	1 167
Capital expenditure	6 841	5 520	1 321
TOTAL	**18 353**	**17 783**	**2 488**

4.1.2 CORPORATE SERVICES

4.1.2.1 Purpose of the programme

The Corporate Services Programme provides operational support to the Entity. The core functions of this programme include the following:

- Human Resources,
- Corporate Administration and
- Supply Chain Management.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/24 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/ 2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/ 2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Progress report on HR Maturity level	New	New	Level3	Level3	N/A	N/A	N/A
		Percentage spent on Eastern Cape SMME's -	55%	84%	60%	62%	2% over	Target Met. The overachievement is due to the Entity focusing its efforts to support and promote the local suppliers.	N/A

4.1.2.2 Programme performance

The Corporate Services programme achieved all the planned targets for the year. The following activities were undertaken:

Performance Management

- In line with the Performance Management and Development policy, performance agreements for 2023/24 were concluded and performance reviews were conducted, and the qualifying employees were rewarded.

Employee Health and Wellness

- An employee health and wellness plan for 2023/24 was developed and planned interventions were implemented.

Skills Development

- To ensure the capacitation of employees, a Skills Development Plan for 2023/24 was developed and the planned interventions were implemented.

HR Maturity level

- The Entity has achieved HR Maturity level three as planned, this includes establishing HR processes and practices that can be continuously improved to develop the workforce and eliminate problems with work performance.

Supply Chain Management

- Updated quotations, deviations, and contract registers are in place.
- Supply Chain Management policy was reviewed in line with the Preferential Procurement Regulations 2022 and all procurement processes had been followed for the transactions of the period under review.
- 62% of the procurement for the period under review was from SMMEs based in the Eastern Cape.

4.1.2.3 Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.1.2.4 Changes to planned targets

There were no changes that were made to the performance indicators and targets during the financial year of reporting.

4.1.2.5 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Corporate Services	9 063	9 061	2
TOTAL	**9 063**	**9 061**	**2**

4.1.3 INFORMATION COMMUNICATION AND TECHNOLOGY

4.1.3.1 Purpose of the programme

Information Communication and Technology Division is to provide IT support to the head office and district offices.

4.1.3.2 Programme performance

Outlined below is the progress that has been made in the period under review in respect of the performance indicators of this programme.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/24 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/ 2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/ 2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 3	Maturity level 3	N/A	N/A	No revision was made from the previous year.

ICT Infrastructure Support

- The availability and uptime of the ICT infrastructure is maintained at the acceptable level requirement of 98.33%.
- ICT District support is on-going.

ICT Governance and Strategy

- Compliance with Control Objectives for Information and Related Technology (COBIT).
- Implementation of ICT Governance (ICT Charter in place, formulation of ICT Steering Committee, appointment of ICT Steering Committee members including ICT Governance Champion, ICT Steering Committee convened quarterly).
- Implementation of the ICT Audit findings through policy reviews and controls.
- ICT Strategic Plan is in place and implemented.
- ICT Governance Policy and Disaster Recovery Plan is implemented and monitored.

ICT Projects

- Network Printing solution procured.
- Leasing and Maintenance of Computer Equipment solution.
- On-premises server infrastructure migrated to cloud-based environment.
- Development of the new Licensing and Compliance System is underway.
- Network boosters installed at Head Office to improve performance of the network.
- Annual licenses renewed (Office365, Antivirus, Adobe, etc.).

4.1.3.3 Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the year under review.

4.1.3.4 Changes to planned targets

There were no changes made to the performance indicators and targets during the year under review.

4.1.3.5 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Information Communication and Technology	4 817	4 816	1
TOTAL	**4 817**	**4 816**	**1**

The under-expenditure is due to the multi-year project of private cloud hosting and the rollover for the two outer years will be requested.

4.1.4 OFFICE OF THE CEO

4.1.4.1 Purpose of the programme

The office of the CEO provides strategic leadership to the Entity and handles all the matters of the Board and its Committees. The responsibilities include:

- Oversee corporate governance,
- Oversee the organisational performance management and reporting
- Legal Services
- Providing Board Support

Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/ 2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/ 2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Organisational performance index	83%	82%	85%	94%	N/A	N/A	No revision was made from the previous year.

4.1.4.2 Programme performance

- The Entity has achieved 94% of its planned targets for the year which is an 11% improvement from the previous year's performance.
- The Entity achieved 15 of its 16 planned targets and one (1) indicator was not met.
- The organisational performance was monitored, evaluated, reported, and audited quarterly.
- The Annual Performance Plan (2024/25-2026/27) and Annual Operational Plan (2024/25) were developed and submitted as per legislated timeframes.
- All the policies that were due for review were reviewed and the policy workshops for all the employees were conducted.

4.1.4.3 Strategy to overcome areas of underperformance.

The Entity will lobby the relevant stakeholders to support liquor traders who want to apply for distribution licences at the initial stages of preparing their applications will improving the underperformance.

4.1.4.4 Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.1.4.5 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Office of the CEO	8 051	8 028	23
TOTAL	**8 051**	**8 028**	**23**

4.2 LICENSING PROGRAMME

4.2.1 Purpose of the programme

The Licensing programme is responsible for: -

- Administrative processing of liquor licence applications and renewals.
- Monitor the running of the Snapstar Licensing System.
- Provision of secretariat services to the Licencing Committee.
- Implementation of the Liquor Traders Development Programme.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Efficient licensing	Reports of licence applications considered within 60-day legislated timeframes	% of fully compliant licence applications considered within the 60-day legislated timeframes	50%	42.02%	60%	74%	14% over	Target over-achieved due to improved operations. There is close monitoring of application pipeline resulting into improved performance	Continuous improvements in the implementation of various strategies for operational efficiencies.
Transformed and Sustainable Liquor Industry in the Province	Proof of formal registration of liquor traders' association	Number of new formal liquor traders' associations facilitated.	1	0	4	5	1 over	More liquor traders are showing interest in forming Associations. Five (5) certificates confirming registration of formal liquor traders' associations (Matatiele and Rural Liquor Traders Association, Matatiele, Lusikisiki Liquor Traders Association, Lusikisiki, Centane Liquor Traders Association, Centane,	The consultations conducted annually with the liquor traders from the respective municipalities result in more liquor traders showing interest in forming Associations after.

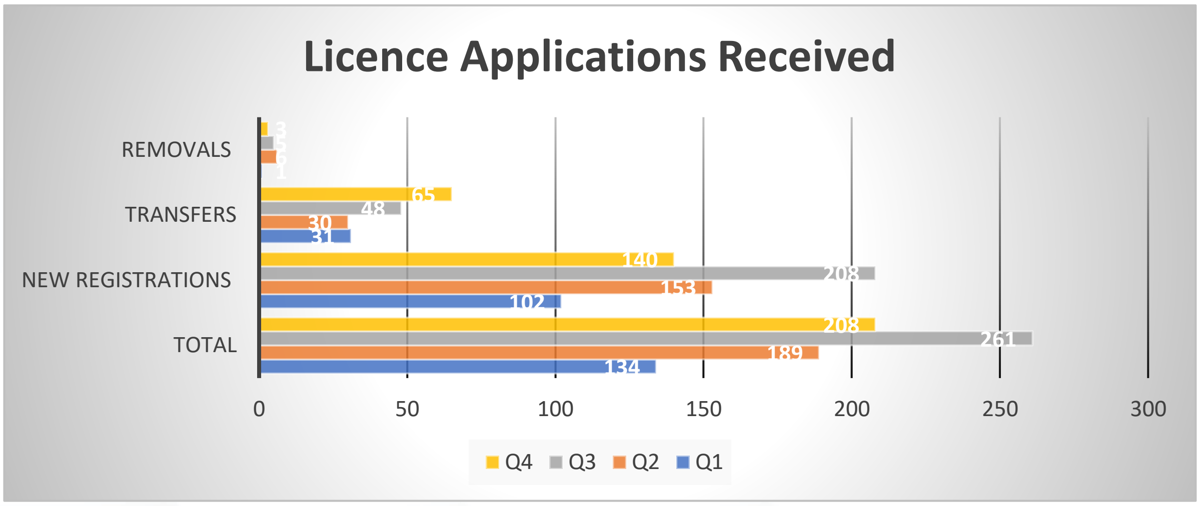
KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
								Masibambane Liquor Forum, Elliotdale and Mbhashe Taverners Forum, Dutywa) were received.	
	Proof of newly established liquor traders participating at micro/retail level of liquor industry value chain and diversification of the business	Number of Black liquor traders' distributors facilitated to participate at higher levels of the value chain	1	8	3	2	1 under achieved	Application for distribution lodged with the NLA for two liquor traders in Elliot and Komani were unsuccessful due to issues around municipal zoning.	The liquor traders are currently communicating with the relevant municipalities to finalise the zoning process
	Reports on the number of liquor related projects facilitated to support economic development in the Province	Number of projects facilitated to contribute to local economic development	New	3	3	4	1 over	Four (4) business plans for submitted for funding from the municipalities	n/a

4.2.2 Programme performance

The next sections outline progress that has been made in the period under review in respect of the performance indicators as presented below.

4.2.3 Overall licence applications received

The table below depicts the total of 792 applications received during this financial year, categorised as follows:



4.2.4 Manager's Appointment Applications

- 727 manager's appointment applications were received, processed, and certificates issued.
- In the cases of foreign nationals applying for manager's appointment certificates, the Entity verifies their status with the Department of Home Affairs.

4.2.5 Licence applications considered for approval

A total of 1 242 applications were considered by the Licencing Committee in the period under review. The 1 242 applications referred above includes backlog applications from the prior year. The graph above shows the applications considered. The outcomes are as follows: -

2023/24	Considered by LC	Section 22 (5)	Approved	Refused	Withdrawn/ Cancelled	Hearings	Section 22(5)		Validation	Controlling Interest	Deregistration
							Notices	Extenstions			
Q1	341	201	164	47	5	2	93	17	4	2	2
Q2	319	171	140	40	10	0	92	29	6	1	1
Q3	270	125	121	25	3	2	93	20	3	1	2
Q4	312	100	145	5	2	1	130	23	5	0	1
TOTAL	**1242**	**597**	**570**	**117**	**20**	**5**	**408**	**89**	**18**	**4**	**6**

Of the 1 242 considered, 647 were considered for the first time. A total of 479 of the 646 (74%) were considered within the prescribed period of 60 days and 167 (26%) outside this period.

4.2.6 Special Events

A total of 102 special events applications were considered and 95 applications were approved during the year under review.

4.2.7 Licence Renewals

- There were 7 611 active liquor licences.
- Of the 7 611 due for 2024 licence renewals, 7 016 (92,18%) licences have been successfully renewed as at 31 March 2024.
- A total of 595 have not been renewed.

4.2.8 Micro–manufacturing licences

As at 31 March 2024, there were 24 Micro-Manufacturing registered outlets. The table below reflects the listing of these outlets.

List of micro manufacturers

NO	TOWN	TYPE OF LIQUOR
7	Gqeberha	Sherry (ingredient for medication)
		Wine
		Beer and Cider
		Beer
		"Rhino – Rum"
		Traditional Beer
3	St Francis	Beer
		Rum
3	East London	Beer
		Malt Based Beer
		16 Alcoholic Fruit Beverage
3	Jeffrey's Bay	Beer
		Rum
1	Port Alfred	Malt Based Beer
1	Storms River	Beer (ale)
1	Hogsback	Beer
1	Graaff Reinet	Spirits (Witblits)
1	Makhanda	Beer
1	Stutterheim	Beer
1	Kouga	Gin

4.2.9 Liquor trader's development programme

- **Number of new formal traders' associations facilitated**

The facilitation process to formalise five new liquor traders' associations was concluded as formally registered as Non-Profit Organisations with the Department of Social Development from

- Matatiele,
- Lusikisiki,
- Elliotdale/Xhora,
- Dutywa, and
- Centane.

- **Number of liquor traders empowered in the Province**

The tables below provides a summary of the sessions that were held with liquor traders across the Province: -

#	TRAINING INTERVENTION	NO OF ATTENDEES
1.	Business Tax and Registration.	157
2.	Company and Intellectual Property Commission (CIPC) registration	65
3.	FNB Business Information and Advisory Service Workshop	163
4.	Hospitality and Waitering	10
5	SMMEasy	37
TOTAL		**432**

4.2.10 Black liquor traders to participate at higher levels of the value chain

- The entity received two (2) distribution license certificates from the National Liquor Authority (NLA).
- Applications for distribution lodged with the NLA for two (2) liquor traders from Elliot and Komani were unsuccessful due to issues around municipal zoning.

4.2.11 Projects facilitated to contribute to local economic development

- The entity received four (4) business plans for submission to potential funders.
- Three (3) Sorghum Beer Projects from Alfred Nzo and Mbhashe municipalities and one (1) Lemon Grass Project in Mbhashe Local Municipality have been received.
- The business plans were submitted to the following potential funders:
  - o Department of Land Reform, Agriculture and Forestry.
  - o DEDEAT Amathole District (LRED).

4.2.12 Strategy to overcome areas of under performance

The Entity will apply the following corrective measures to overcome the underperformance indicated in this report for each of the indicators:

- **Number of Black liquor traders' distributors facilitated to participate at higher levels of the value chain.**
  The Entity will lobby the relevant stakeholders to support liquor traders who want to apply for distribution licenses at the initial stages of preparing their applications. This will improve on the underperformance.

4.2.13 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Licencing	7 994	7 945	49
TOTAL	**7 994**	**7 945**	**49**

4.3 COMPLIANCE AND ENFORCEMENT PROGRAMME

4.3.1 Purpose of the programme

The principal responsibility of the Compliance and Enforcement Programme is to:

- Ensure that appropriate steps are taken against those selling liquor outside the administrative and regulatory framework established in terms of the Eastern Cape Liquor Act (ECLA).
- Ensure that community considerations on the registration of retail premises are taken into account.
- Work with other law enforcement agencies towards achieving the goal of responsible liquor trading in the Eastern Cape that promotes safe communities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement	% of pre-registration inspections conducted	95%	95%	80%	88%	8% over	More focus has been paid to the liquor license application pipeline management	Close monitoring of the liquor license application pipeline to ensure timeframes are adhered to
	Reduction in incidents of reported non-compliance with liquor regulations	Number of compliance inspections conducted to ensure compliance with liquor regulations	68%	3 115	3 500	3 603	103 over	Cooperation with the SAPS and other law enforcement agencies has enhanced our performance in this area.	No revision was made from the previous year.
		Number of blitz operations conducted with law enforcement agencies to enforce legislation	67	93	60	103	43 over	Joint operations with the SAPS and municipal police resulted in more blitz operations being conducted.	No revision was made from the previous year.

4.3.1 Programme performance

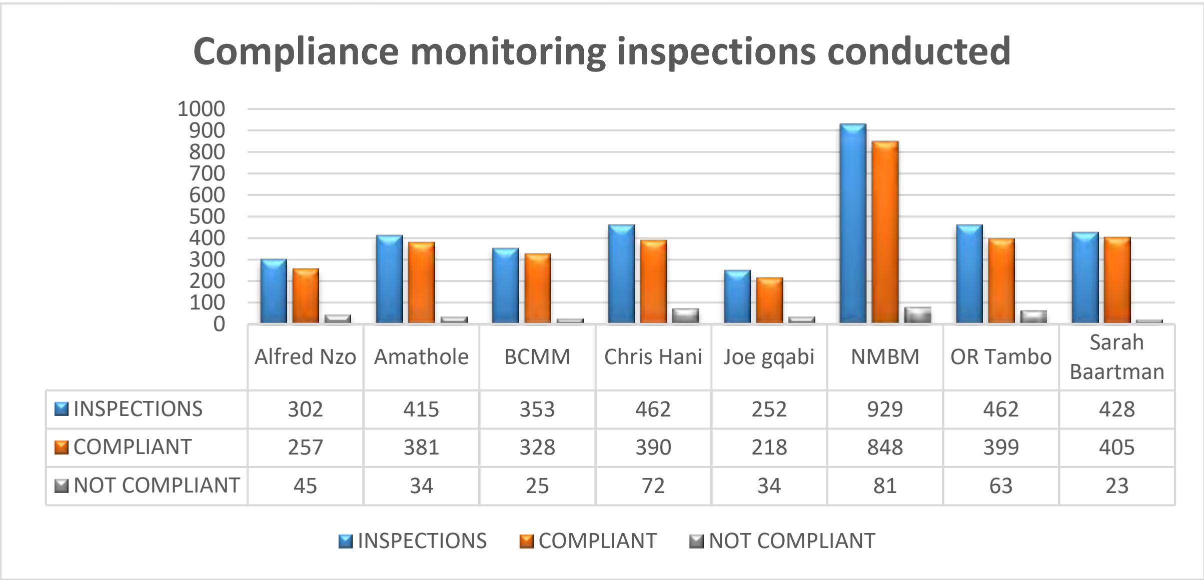
The next sections outline progress that has been made in the period under review in respect of the performance indicators as presented below.

4.3.1.1 Pre-registration inspections

- For the period under review 705 applications were inspected out of the 798 applications received for the period under review. This translates to 88%.

4.3.1.2 Post Registration Inspections

- 3 603 inspections in total were conducted. The total exceeds the targeted total of 3 500 outlets that were planned to be visited during the period under review due to repeated visits at some of these outlets as some were found closed on the date and times they were first visited and had to be revisited to confirm if they are still operational and compliant with the legislation.
- The graphical representation below displays the rate of compliance:

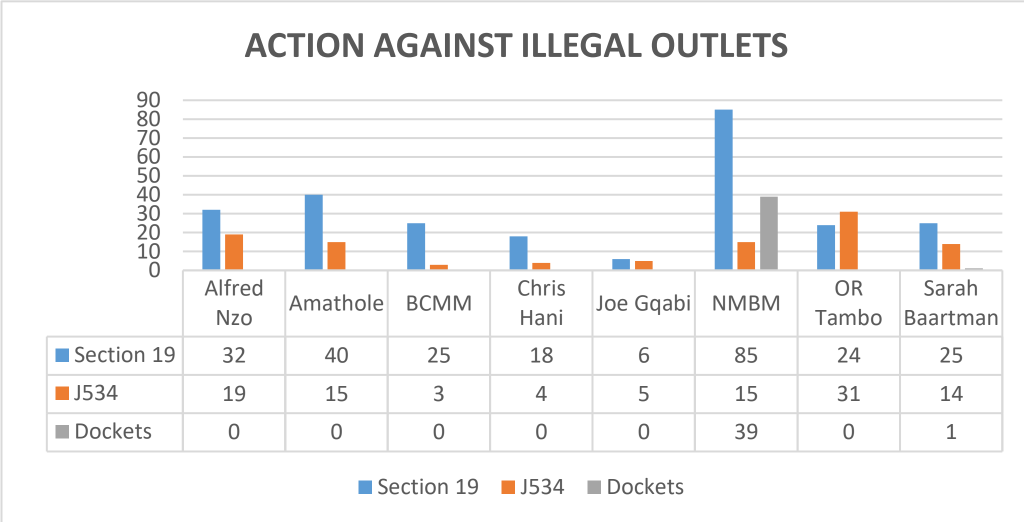


	Alfred Nzo	Amathole	BCMM	Chris Hani	Joe gqabi	NMBM	OR Tambo	Sarah Baartman
INSPECTIONS	302	415	353	462	252	929	462	428
COMPLIANT	257	381	328	390	218	848	399	405
NOT COMPLIANT	45	34	25	72	34	81	63	23

- 3 226 were found to be compliant with the Act and 377 were not compliant translating to a compliance rate of 89%. For the 377 non-compliant, actions were taken as follows:
- 168 compliance notices,
- 203 were found not trading anymore as some have not non-renewed.
- 5 were issued with standard reminder notices to attend to issues of concern ranging from premises to contravention of trading conditions.
- 1 was warned verbally to attend to fix the little issues noted at the liquor outlet.

4.3.1.3 Illegal Trading

- In the year under review, 401 persons operating unregistered liquor outlets were referred to the criminal justice system for prosecution.
  - 106 of these were issued with Written Notices to Appear in Court (J534 Notices) in terms of Section 56 of the Criminal Procedure Act 51 of 1977 and paid fines to the total of R474 800.
  - 40 cases were referred to court
  - 255 were issued with Section 19 notices
- The graph below illustrates the illegal outlets identified and referred to the criminal justice system, where they are and how they have been dealt with. Nelson Mandela Bay Municipality leads with about 34% of the total at 139 of the 401.



4.3.1.4 Blitz Operations

- Joint Blitz Operations relate to collaboration with law enforcement agencies where the blitz operation embarks on strategic crime prevention programmes targeted at non-compliant liquor outlets, inconsiderate liquor trading and those that trade in liquor without being registered.
- These joint blitz operations are carried with various stakeholders who have an interest in the liquor industry such as the South African Police Service, Department of Home Affairs Immigration Division, Department of Labour, and Municipal Disaster Management, Environmental Health, Fire and Safety and Building Inspectorates.
- A total of 103 joint blitz operations were carried out during the period under review where 429 liquor outlets were inspected, and the following was found:
  - o 321 were found to be compliant with the applicable laws and trading conditions.
  - o 51 were found to be non-compliant with the Act and trading conditions and were thus issued with Section 54 Compliance Notices.
  - o During the period under review 57 were found to be trading illegally.

DISTRICT MUNICIPALITY	Blitz Operations	Premises Inspected	Compliant	Not Compliant	Illegal
Alfred Nzo	9	33	22	2	9
Amathole	12	53	41	1	11
BCMM	23	87	72	5	10
Chris Hani	4	25	20	5	0
	9	55	42	12	1
NMBM	23	98	74	15	9
OR Tambo	9	18	13	3	2
Sarah Baartman	14	60	37	8	15
	103	**429**	**321**	**51**	**57**

4.3.1.5 Complaints Management

- A complaints management system is used to record, monitor and manage complaints filed by members of the public as well as institutions that experience challenges due to people trading in liquor, who may sometimes be trading illegally.
- 371 complaints were received during the period under review and 337 of those were attended to within 30 days, translating to 89%.
- The following are the types of complaints received during the period under review:
  - o Suspected illegal trading complaints lead with about 56% of all complaints received during the year under review.
  - o 16% of all the complaints received relate to noise/loud music at premises.
  - o 15% relate to trading beyond determined trading hours.
  - o 11% relate to premises not being suitable, underage and patrons misbehaving.
  - o Just about 2% related to application or renewal enquiries.

4.3.2 Linking performance with budget

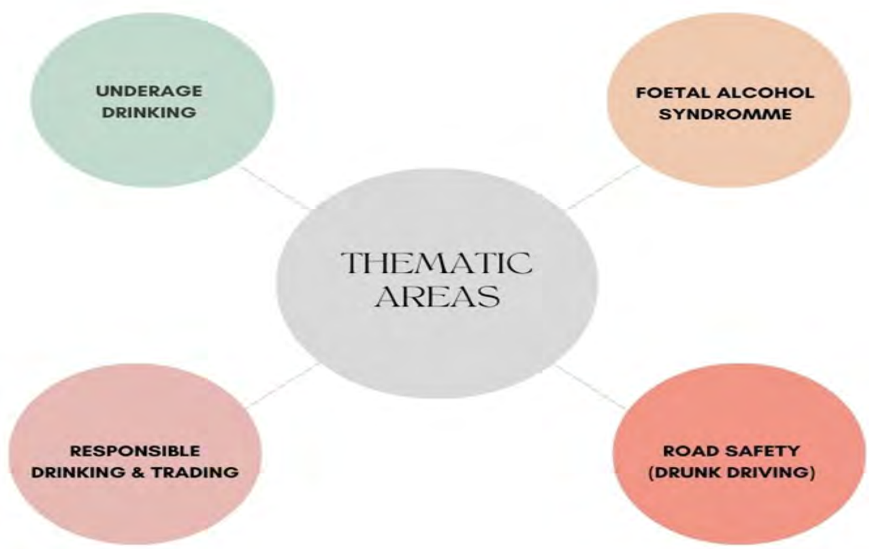
Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Compliance and enforcement	33 216	33 047	169
TOTAL	**33 216**	**33 047**	**169**

4.4 SOCIAL ACCOUNTABILITY PROGRAMME

4.4.1 Purpose of the programme

The Social Accountability Programme is responsible for:

- raising awareness and educating the public on the adverse effects of alcohol consumption through Anti-Alcohol Abuse Awareness programmes. The figure below shows the focus areas, with the target audience, that constituted awareness initiatives:



Sources of data for education and awareness interventions:

In the period under review, the Entity made use of the following sources of data for the education and awareness intervention initiatives implemented:

- The data that were generated through the Socio-Economic Impact of the liquor industry study in the Eastern Cape, the Economic Profile of the Liquor Industry in the Eastern Cape and the investigation of the Prevalence of Alcohol Consumption during Pregnancy.
- Data that was sourced from Nielsen has also been used as a basis for understanding the economics of the liquor industry and how it contributes to the broader economic outlook of the Province.
- The Entity also relied on the data from various international and national sources, including the World Health Organisation which has undertaken research studies on alcohol abuse and its implications both in South Africa and internationally.
- Statistics from various health facilities, SAPS and other sector departments on reported cases on the abuse of alcohol and other alcohol related incidents.
- Anecdotal reports were received from the liquor inspectors on the prevalence of alcohol abuse in communities that they serve or visit for inspections.
- ECLB Geographical Information System (GIS) data that shows the distribution of liquor outlets in the Province and targeted those areas with high concentrations of liquor outlets that are inclined to have high cases of non-compliance, and
- For all the road safety interventions, the Entity relied on statistics obtained from Department of Transport and Road Accident Fund on road accidents.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR									
Outcome	**Output**	**Output Indicator**	**Actual Achievement 2021/2022**	**Actual Achievement 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement for 2023/2024**	**Comment on deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Reduction in alcohol abuse and behavioural change towards alcohol consumption	Informed and educated communities on dangers of alcohol abuse	Number of Thematic Reports[2] on the awareness interventions conducted	291	4	4	Thematic Reports on the 339 awareness interventions conducted	N/A	Not Applicable	Not applicable
		Number of social responsibility interventions conducted	13	15	13	23	10	Overachievement on this indicator was due to stakeholder collaborations that the Entity mobilised as well as the requests received from other stakeholders for partnership in their own community-based initiatives which has enabled the Entity to achieve a substantial number of social responsibility initiatives.	The Entity has been inundated with invitations from different stakeholders to conduct awareness campaigns in their areas or partner with them in their own community initiatives.
		Number of people reached through awareness	80 708	96 909	75 000	107 890	32 890	Overachievement on this indicator was due to stakeholder collaborations that the Entity mobilised as well as the requests received	The Entity has been inundated with invitations from different stakeholders to conduct awareness campaigns in their areas or partner with them in

[2] The target refers to the number of reports submitted on initiatives implemented per thematic area.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
		interventions						from other stakeholders for partnership in their own community-based initiatives which has enabled the Entity to reach a substantial number of people. In addition, some schools also made special requests for ECLB to conduct awareness campaigns in their institutions due to rising cases of underage drinking	their own community initiatives.
Empowered communities through Social Responsibility/CSI programmes of the ECLB		Number of assessment and evaluation reports produced on the interventions conducted	New	New	1	1	1	Target met	N/A

4.4.2 Programme performance

The next section outlines progress that has been made in the period under review in respect of the performance indicators as outlined in the table above.

4.4.3 Number of awareness programmes conducted

- The Entity effectively implemented 339 interventions focusing on underage drinking, Foetal Alcohol Syndrome, road safety and responsible drinking and trading.
- A total of 107 890 people were reached through anti-alcohol abuse awareness and education intervention initiatives that were conducted and they mainly focused on underage drinking, road safety, Foetal Alcohol Syndrome (FAS) and community awareness outreaches.
- The table below breaks down the total number of people reached per thematic areas:

No	Thematic areas	No. of Interventions conducted	No. of people reached
1	Underage drinking	120	93 672
2	Responsible drinking and trading (tavern activations, community outreaches & Institutions of higher learning campaigns)	170	12 183
3	Foetal Alcohol Syndrome (FAS)	28	952
4	Road Safety (drunk driving)	21	1 083
Total		**339**	**107 890**

4.4.4 Underage drinking interventions

- Underage drinking initiatives have largely focused on schools as the majority of underage people are found within the school setting.
- While the Entity does not have adequate data on the prevalence of alcohol consumption on school premises, the limited scientific evidence and available anecdotal accounts suggest that schools in general are increasingly experiencing an upsurge in the consumption of alcohol among learners.
- The data from *Aware.org* study (2020) shows that there is an exponential increase in alcohol consumption among learners, and often they start to experiment with alcohol as early as 13 years old.
- In the period under consideration, school-based campaigns were conducted in 5 district municipalities and two metropolitan municipalities in the Province.
- Through the school-based interventions, a total of 120 campaigns were conducted that sought to educate and raise awareness among learners about the dangers of underage drinking, during these campaigns a total of 93 672 learners were reached.
- Furthermore, school ambassadors and anti pens down campaigns were used as platforms to conduct underage drinking interventions, and are briefly discussed below:

School Ambassador Programme

- As part of the underage drinking campaigns, ECLB launched the Ambassador Program. The program identifies learners that will drive ECLB underage drinking messages in schools with a view to sustaining the "No to underage drinking" campaign. This is a peer-to-peer education concept where learners educate one another.
- As part of this programme, each school nominates four learners (two boys and two girls) who are then inducted as ECLB ambassadors. Nominated learners are trained on how to drive the campaign in their respective schools so that underage messages are sustained over time for more impact.
- In implementing this programme, ECLB partnered with various stakeholders, namely, Eastern Cape Department of Education, SAPS, Department of Social Development, Eastern Cape Department of Economic Development, Environmental Affairs and Tourism, Council of Churches, the Office of the Eastern Cape Legislature Deputy Speaker, ward councillors, SABS, DTIC.
- To date, this programme has benefited a total of 85 schools as detailed below:

District Municipality	Areas/Town/Township	Number of Schools
Nelson Mandela Metro	Motherwell; KwaZakhele	20
Buffalo City	Mdantsane; Scenery; Duncan Village; Cambridge Location	20
OR Tambo	Libode; Mthatha	22
Alfred Nzo	Mt Ayliff/eMaxesibeni	10
Sarah Baartman	Graaff-Reinet	6
Sarah Baartman	Somerset East	7
TOTAL		**85**

- To facilitate feedback and updates from ambassadors, ECLB has established WhatsApp groups for all the ambassadors. The feedback and updates that ECLB has received through these WhatsApp groups has enabled ECLB to prevent numerous pens down parties that were planned. This platform has also ensured that ECLB closely monitors this programme.

Anti Pens Down

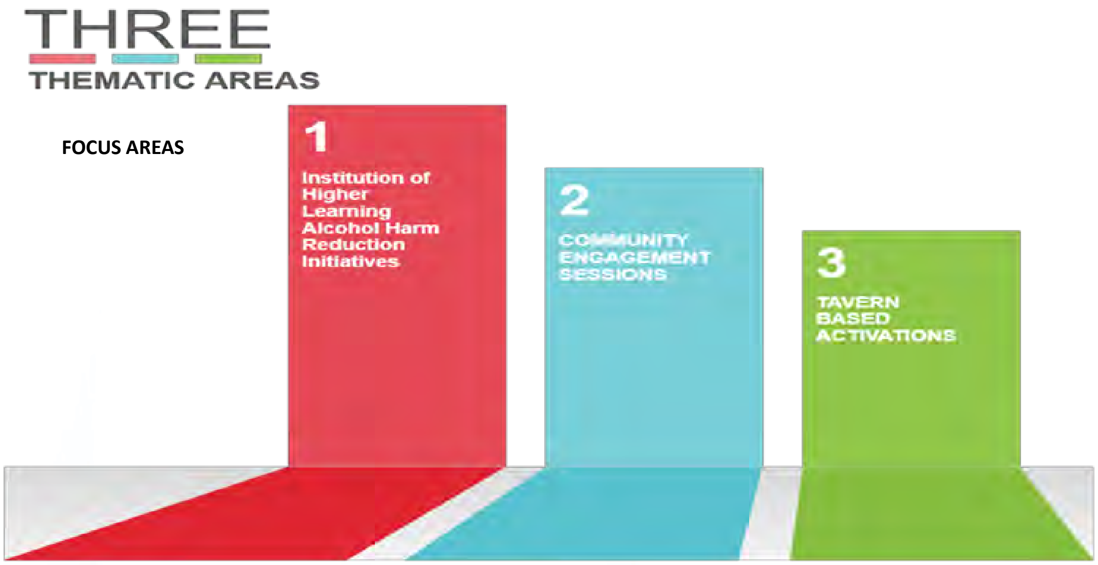
- Over the past few years there has been a notable increase in these notorious “Pens Down Parties”, particularly in areas such as East London, Mthatha, Gqeberha, Gcuwa and Komani.
- The Provincial Anti-Pens Down Parties campaign was launched in Buffalo City Metro, and a total of 17 schools participated at the launch. The campaign was extended to other parts of the province, such as Komani, Gqeberha (Uitenhage & Motherwell) and Mthatha.
- The launch was coordinated in partnership with the office of the MEC for Economic Development, Environmental Affairs and Tourism. Various stakeholders participated at the launch, and they included the Buffalo City Municipality, religious fraternity, liquor traders’ associations, community organizations, SAB In-Bev, Non-Governmental Organisations (NGOs), the Department of Education, South African Police Service (SAPS), and other government departments.
- In its endeavour to intensify messaging on underage drinking and pens down parties, ECLB partnered with Umhlobo Wenene FM to host the Imvuselelo show, which is a prayer-based programme hosted by the radio station on Sundays.

4.4.5 Foetal alcohol Syndrome (FAS)

- The Entity embarked on education and awareness initiatives with specific focus on FAS.
- A total of 28 FAS initiatives were conducted with a view to educate women and their partners on the dangers of drinking alcohol during pregnancy.
- Subsequently, a total of 952 people were reached during these campaigns.
- ECLB observed International FAS Day by conducting a community engagement session in Burgersdorp that sought to raise awareness among the women and the broader community about the dangers of consuming alcohol during pregnancy.
- The Entity further collaborated with FASFACTS (an NGO focusing on FAS education initiatives in the Buffalo City Metro) to facilitate FAS awareness campaigns at various health facilities and community sessions.

4.4.6 Responsible trading and drinking initiatives

- Non-compliance with trading conditions among liquor traders remains one of the significant contributing factors to the escalating cases of alcohol abuse and numerous social ills in society. The responsible trading and drinking interventions comprised tavern activations, institutions of higher learning education interventions and community engagement sessions
- A total of 170 Responsible Trading and Drinking initiatives were conducted, and a total of 12 183 people were reached.
- The responsible trading and drinking thematic areas are conducted through three (3) focus areas of intervention as illustrated in the figure below:



Institutions of Higher Learning Alcohol Harm Reduction Initiative

- Over the period under review, the Entity facilitated the Institutions of Higher Learning-based education and awareness programme. The intervention targeted all four universities and two TVET Colleges (Buffalo City College and Lovedale College) in the Eastern Cape.
- A total of 116 campaigns were conducted on various campuses, and a total of 10 611 students were reached.
- ECLB welcomed East Cape Midlands TVET College to its Higher Learning Institutions Anti-Alcohol Abuse Programme and an MoU has since been signed to formalise the relationship.
- Furthermore, a MoU was signed with the University of Fort Hare, which is intended to formalise working relations between the two entities.
- In collaboration with Buffalo City College, the Entity had an opportunity to establish good working relations with SANCA.
- ECLB collaborated with Madibaz radio to intensify its messaging to the students.
- ECLB facilitated numerous campaigns/ activities on various campuses and the table below illustrates the campaigns conducted;

Name of the Institution	Intervention conducted
Lovedale College – Qonce, Zwelitsha & Alice/Dikeni campuses	- Student Orientation First things first activation - Fun run & walk - Ball games - Men's dialogue - Res visits
Buffalo City TVET College - East London & Mdantsane campus	- Class Reps induction - Class visit - Residence induction - New students Induction - Dialogue workshop - Substance Abuse Training - SRC Orientation -
University of Fort Hare – East London & Alice/Dikeni campuses	- First things first student orientation - Clinic visit - Vice Cchancellor's cup - TB awareness - GBV unit launch - Residence tournament - Peer education training
WSU – Mthatha Campus	- Sports against crime - Residence visit

	- Foetal Alcohol Syndrome campaign - Peer Education Training programme - Student Orientation
WSU - Whittlesea & Komani Campus	- Student Orientation - Rationalisation induction - focused on all thematic areas - Responsible drinking & Liquor Licence application process campaign - Men and Women Indaba - Disability Awareness - Exam Stress & Anxiety activations
WSU – Butterworth/Gcuwa Campus	- First year student orientation - Substance abuse awareness campaign - Adaption to university life workshop - Arts and culture open day - Foetal Alcohol Syndrome campaign - Women's Indaba
WSU - Potsdam	- Student Orientation - First things first - Inter-institutional men's conference - Career Expo - Res - Induction
Rhodes University	- First things first - Peer supporter Training - Sports against alcohol abuse - GBV Awareness Day - Residence Talk - Men's Dialogue
Nelson Mandela University	- Freshers Carnival Orientation - Health Week activations - Indigenous games - Oc-sober' activation to promote alcohol free month

Community- based intervention initiatives:

- The Entity undertook responsible trading and drinking campaigns with a view to promoting responsible drinking and trading.
- A total of 18 community engagement sessions were conducted and a total of 1 134 people were reached.
- ECLB together with Office of the MEC for Economic Development, Environmental Affairs and Tourism facilitated a community engagement session in Hofmeyr to raise awareness on the dangers of illegal trading, alcohol abuse and irresponsible trading.
- In addition, ECLB formed part of a community engagement session with Colosa Traditional Leaders in Dutywa where, among other things, a presentation was made on the role of traditional leaders in the liquor licence application process.
- The engagement session was attended by community members who were also presented with information on their role in the liquor licence application process.
- ECLB handed over educational material with ECLB Complaints toll-free lines.

Tavern activations

- In the period under review, the Entity conducted tavern-based campaigns to promote responsible trading and drinking.
- A total of 36 responsible trading and drinking initiatives were conducted and 435 people were reached.
- The tavern-based interventions were facilitated in Alfred Nzo, Amathole, Chris Hani, Joe Gqabi, OR Tambo district municipalities, Buffalo City and Nelson Mandela Bay Metropolitans.
- The Entity partnered with South African Police Services, Municipality Law Enforcement Agencies and ECLB inspectors.

4.4.7 Drunk Driving Awareness Campaign

- In the period under review, the Entity in partnership with the Provincial Road Safety, Municipalities, SAPS and other law enforcement agencies embarked on a number of road safety intervention initiatives through roadblocks and taxi rank activations.

- A total of 21 road safety campaigns were conducted during the period under review and 1 083 people were reached.
- ECLB conducted the Easter Weekend Road Safety Campaign through a roadblock on the N2 at Kei Bridge in Amathole District Municipality. The N2 road is reportedly one of the most notorious roads for accidents in the Province.
- For the Festive Season road safety campaigns, the Entity collaborated with the Nyandeni Local Municipality to launch the "Festive Season Road safety" campaign on the R61 between Libode and Mthatha in OR Tambo District Municipality.
- ECLB conducted taxi rank activations to sensitise taxi drivers about the dangers of drunk driving.
- Other campaigns were conducted in Alfred Nzo District Municipality, Chris Hani District Municipality, Nelson Mandela Metro Municipality and Buffalo City Metro Municipality.

4.4.8 Number of social responsibility interventions conducted

- During this period, a total of 23 social responsibility initiatives were conducted in Nelson Mandela Metro Municipality, Buffalo City Metro Municipality, OR Tambo District Municipality, Chris Hani District Municipality and Alfred Nzo District Municipality.
- ECLB supported school-going youth who are coming from destitute families with school shoes, school uniforms and sanitary towels as part of its Social Corporate Investment (CSI).
- In addition, ECLB supported sports associations with sports equipment.

FOCUS AREA	TARGET AUDIENCE	DESCRIPTION	AREA	TOTAL EXPENDITURE
Social Responsibility: handover of Sporting materials and hand over of ECLB 21 km Race medals and t-shirts.	In-School Youth Youth	These programmes were aimed at supporting the youth with sporting items that included soccer kits, netball kits, trophies and boxing trophies. In addition, ECLB Supported its sporting leagues to promote sports and recreation as an alternative to excessive consumption of alcohol among the youth. Furthermore, ECLB organized and facilitated a 21 km race to use as a platform to raise awareness on the dangers of underage drinking in the Eastern Cape.	Buffalo City Metro Municipality - Nxarhuni Sarah Baartman District Municipality - Makhanda Amathole District Municipality - Seymour Alfred Nzo District Municipality – Rhode & Mbizana	R605 048
Social Responsibility: Handover of School Shoes and Sanitary Towels	School Pupils	The programme was aimed at supporting female learners with sanitary towels to ensure they do not skip school days due to the lack of dignity/sanitary towels. In addition, school shoes were handed over to disadvantaged learners.	Chris Hani District Municipality - Hofmeyr Amathole District Municipality – Seymour Sarah Baartman District Municipality – Somerset East OR Tambo District Municipality - Libode Nelson Mandela Metro Municipality Buffalo City Metro – East London	R134 467
Social Responsibility: Handover of agricultural equipment	Youth & Community Members	The Entity supported a youth project at Ilinge community in Komani with agricultural tools. The support to youth structure/project sought to stimulate economic activity among young people in	Chris Hani District Municipality - Linge	R7 000

FOCUS AREA	TARGET AUDIENCE	DESCRIPTION	AREA	TOTAL EXPENDITURE
		the area so that they could have something to do and reduce chances of exposure to alcohol abuse. ECLB provided the youth project with wheelbarrows, watering cans, seedlings, and forks and spades so they could be empowered to enhance their project to generate job opportunities for other young people.		
Social Responsibility: Handover of school uniform and groceries	In-School Youth	Social Accountability supported a family from Nohokoza village with a donation of school uniform and groceries to learners who reside with their grandparents and do not have essential items for school such as school uniform.	OR Tambo District Municipality	R5 000

4.4.9 Multi-media engagements

- In order to reach a large proportion of community members from across diverse demographics, the Entity used various media platforms to intensify its messages that sought to mitigate the harmful effects of excessive consumption of alcohol in the Eastern Cape. The ECLB conducted various media campaigns with various media houses showcasing its programmes.
- Positive media coverage was received from both print and electronic media, and this mainly epitomised thriving relations between media and ECLB.

The table below provides a breakdown of ECLB media reach:

MEDIA CATEGORY	MEDIA TYPE	MESSAGE	LISTERNERSHIP / READERSHIP	TRAGET AUDIENCES
Print and Mainstream	Daily Dispatch & The Herald	Licence renewals, & advertising of	Daily Dispatch Circulation - 11 248 The Herald Circulation - 12 928	Communities and liquor traders
	Daily Dispatch & The Herald	ECLB's new banking details		
	Daily Dispatch & The Herald	Newspaper Insert	Daily Dispatch Circulation - 11 248 Herald Circulation - 12 928	Communities
	Daily Dispatch	Underage drinking	Daily Dispatch Circulation - 11 248	School-going youth
	The Herald	Festive season road safety campaign	Herald Circulation - 12 928	Road users
Community print media	Go & Express	Underage drinking - 21 Km awareness run	Circulation - 42 900 copies	Communities
	Mthatha Express	Underage drinking & responsible drinking	Readership - 234,966	Communities
Mainstream Electronic media	SABC Radios (Umhlobo Wenene and Tru Fm)	Underage drinking, Imvuselelo, 21 km awareness race, Edu-drama and licence renewals	Listenership - 4 090 000 (UWFM)	School-going youth, women, liquor traders, youth in school & communities
	ENCA	Underage drinking-21 km awareness run	Viewership - 1.5 million	School-going youth, women, liquor traders, youth in school & communities
	Vukani Community Radio	Underage drinking & responsible drinking	Listenership - 60 000	School-going youth, women, liquor traders, youth in school & communities
	Sajonisi Youth Radio,	Underage drinking & responsible drinking	Listenership – 93 000	School-going youth, women, liquor traders, youth in school & communities
	UCR FM	Underage drinking & responsible drinking	Listenership - 450 000	School-going youth, women, liquor traders,

MEDIA CATEGORY	MEDIA TYPE	MESSAGE	LISTERNERSHIP / READERSHIP	TRAGET AUDIENCES
				youth in school & communities
	Kumkani FM	Underage drinking & responsible drinking	Listenership - 22 000	School-going youth, women, liquor traders, youth in school & communities
	Alfred Nzo Community Radio	Underage drinking & responsible drinking	Listenership – 312 000	School-going youth, women, liquor traders, youth in school & communities
	Inkonjane FM	Underage drinking & responsible drinking	Listenership - 120 000	School-going youth, women, liquor traders, youth in school & communities

4.4.10 Outdoor advertising

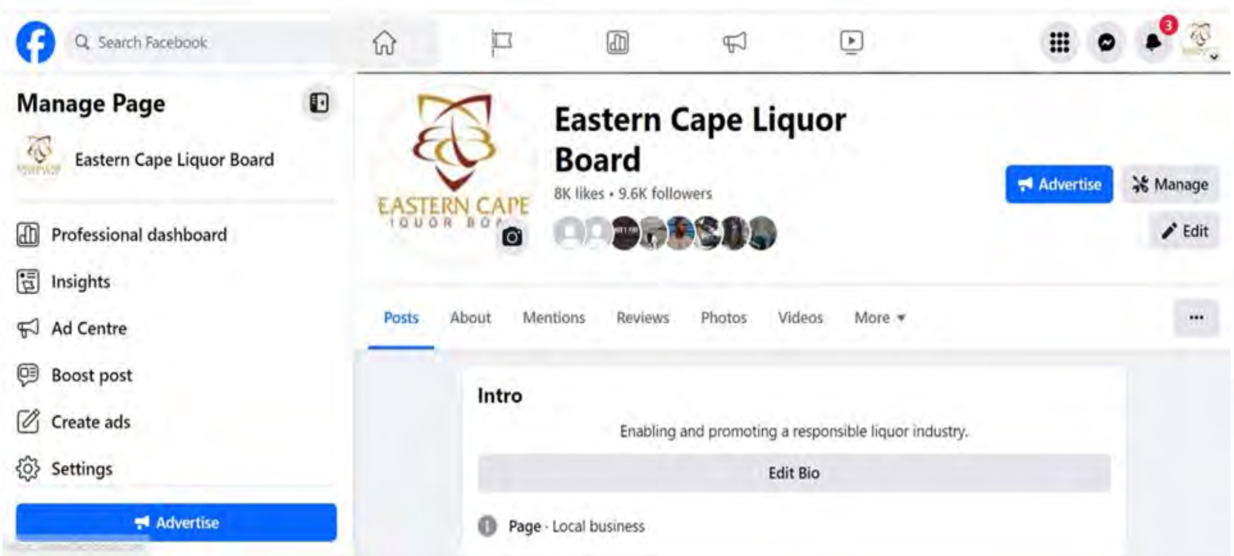
As part of outdoor adverting, there were several platforms used to raise awareness on the dangers of excessive consumption of alcohol, the figure below disaggregates the outdoor campaign platforms:

LED Screens

As part of the Road Safety Campaign, ECLB secured advertising space on outdoor LED screens in East London (Oxford & Fleet Street), Mthatha (Nelson Mandela Drive), King Williams Town, and Qonce (Alexander Road) from December 2024 to January 2024. The visual advertising screens were located in areas that attract a huge flow of traffic.

4.4.11 Social Media Analytics

The ECLB Facebook page gained 1000 followers during the period under consideration from 8 600 to 9 600 current followers.



4.4.12 Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.4.13 Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.4.14 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Social Accountability	11 512	11 499	13
TOTAL	**11 512**	**11 499**	**13**

4.5 STAKEHOLDER AND INTER-GOVERNMENTAL RELATIONS (IGR)

During the period being reviewed, the organization has made a greater effort to engage with stakeholders and form partnerships. The goal of these partnerships is to enhance the organization's ability to combat the issue of alcohol abuse. The following table provides an overview of the various stakeholders who have collaborated with ECLB on different initiatives throughout the financial year.

4.5.1 Stakeholder Engagements

Stakeholder	Area of collaboration	Engagement status
Business Organisation - SAB In-Bev, Beer Association of South Africa, Drinks Federation of South Africa (DFSA), 043 Media & Shoprite Checkers	Alcohol Harm reduction initiatives	A session was held with SAB Natal Coast Region to discuss potential areas of collaboration in the Transkei Region. SAB outlined initiatives that are lined up for the Transkei Region including the launch of the liquor traders' responsible trading programme, which includes the allocation of points for the compliant liquor outlets. ECLB and SAB Natal Coast Region will identify other potential areas of collaboration that will ensure a concerted effort in reducing alcohol abuse, among other things. The Beer Association of South Africa (BASA) invited ECLB to a session to present its planned programme for the Eastern Cape. BASA presented initiatives they have conceptualised to roll out in the Eastern Cape that include training of youth in hospitality and tourist guides to promote the beer culture within the hospitality industry, facilitate an award ceremony to recognize liquor traders who adhere to trading conditions and are fully compliant and finally introduce patrollers that will be linked to the ECLB inspectors. Further sessions will be held to determine a common approach on how to fulfill these commitments. A follow-up session was facilitated with Shoprite-Checkers to introduce Shoprite's new colleague who will be working with ECLB. In addition, the meeting confirmed partnership for the planned sporting activities and bursary allocation to the adopted schools as priority recipients. A follow-up session was held with DFSA to identify areas of collaboration and present the research data, which is at the disposal of DFSA. During the session, DFSA presented its Code of Conduct Concept that they are currently developing with a view to empower liquor traders and promote compliance. In addition, DFSA presented the research data on the prevalence of illegal trade in South Africa. As part of the engagement, ECLB submitted their inputs to the Code of Conduct that is being consulted with all the provinces. DFSA committed to share with ECLB the data on the illegal trade in South Africa. The two entities agreed to facilitate the signing of the MoU to formalise the relationship. ECLB facilitated a meeting with 043 Media in response to their request for a session to discuss their movie production concept which intends to convey an awareness message through the portrayal of the perils of underage drinking. The plot of the movie stems from the unfortunate event of Enyobeni tragedy. This was a follow-up meeting whose purpose was to provide an update on the progress made in producing the movie. Part of the discussions was the inclusion of a character from the ECLB who will outline the mandate of the organisations and its programmes that address socio-economic impact associated with excessive alcohol consumption and the ELCB will approve the script of the character. 043 Media presented a costed proposal to the ECLB which amounted to over R 900 000 that would be requested from the ECLB. ECLB indicated that they would not have such a budget. Session was arranged with Aware.org to discuss potential areas of collaboration and it was agreed that Aware.org would submit a

Stakeholder	Area of collaboration	Engagement status
		comprehensive implementation plan for the Eastern Cape.
3 Ps Media House	Alcohol Harm reduction initiatives	ECLB facilitated a meeting with 3 Ps Media House in response to their request to solicit support for their concept of Incoko Nama2K. The concept aims to discuss ways of raising awareness among teenagers by involving them and how to build a relationship between Ama2K and their parents. This was a preparatory meeting where the two organisations were able to introduce their respective mandates. The meeting decided that 3 Ps Media House should submit a written proposal outlining how they would prefer to collaborate with the Entity.
Business organizations & associations: SAB In-Bev, Distell, Lunika, Sportsman Warehouse, Ronnies Motors, Imbeko Travel, Coca Cola, Real Gijimas, Spargs Spar, Amathola water and Ekoneni Liquor Outlet	Alcohol harm reduction initiatives	The ECLB garnered support from various business organisation for its 21 km awareness run during the period under consideration. The business partners supported the ECLB Race with different items that made the Race a resounding success and ECLB has sought to sustain these relations going into the future.
Sports Associations: Gompo Local Football Association & Original Mambas Athletics Club	Alcohol harm reduction initiatives	ECLB has collaborated with three sporting association in the period under review, viz. Gompo Local Football Association, Seymor Football Association and Mt Ayliff Sporting Association. ECLB facilitated sporting activities through these associations with a view to reduce alcohol abuse and underage drinking in communities. During the sporting activations, ECLB provided sporting material to promote alternatives to young people who resort to alcohol abuse due to limited recreational activities. ECLB will continue to work with these associations in order to reduce alcohol abuse amongst young people. ECLB also supported a running club, Real Gijimas. The club hosts races in Buffalo City and ECLB uses these races as a platform to conduct education and awareness on alcohol abuse.
Sector departments : Departments of Trade, Industry & Competition, Health, Social Development, South African Police Service, Department of Transport, Department of Education, Eastern Cape Gambling Board, and DEDEAT.	Alcohol harm reduction, substance abuse & promotion of responsible trading	ECLB has collaborated with stakeholders that are based both at the provincial and district levels. For example, in all its initiatives within the District Municipalities, ECLB invited sector departments and other relevant entities to all its campaigns/activations. In turn, sector departments and related organisations have invited the Entity to their education and awareness initiatives, and this has provided the Entity with additional platforms to deliver its messages.
Institutions of Higher Learning: Walter Sisulu University, Nelson Mandela University, Rhodes University, Fort Hare University, Buffalo City College, and Lovedale College	Responsible alcohol consumption (reducing binge drinking)	ECLB continues to collaborate with institutions of higher learning in the province with a view of collaborating on alcohol harm reduction initiatives, research-related matters and any initiatives that seek to fight the scourge of excessive consumption of alcohol.
Religious Leaders	Alcohol harm reduction, substance abuse & promotion of responsible trading	ECLB continues to collaborate with various religious fraternity groups in the province on alcohol harm reduction initiatives. In the period under review, ECLB engaged religious leaders in Kind Sabata Dalindyebo, Chris Hani, Buffalo City Metro and Nelson Mandela Metro with a view to identify possible areas of collaboration. Various religious leaders have shown interest in working with ECLB.

4.5.2 Inter-Governmental Relations

- The Entity continues to strengthen relations with various government departments and entities with the aim of communicating the role of the Entity, as well as the role of other stakeholders in the consideration of liquor licences and strategies in mitigating the harmful effects of alcohol.
- ECLB continued to conduct training for municipal councillors on the regulation of the liquor trading industry with a specific highlight on the responsibilities of municipal ward councillors and relevant municipal departments.
- In the period under review the training on the roles and responsibilities of ward councillors in terms of the EC Liquor Act 10 of 2003 was provided to more than 350 municipal councillors in the Province in the following municipalities:

NO.	Municipality
1.	Blue Crane Route Local Municipality
2.	Sundays River Valley Local Municipality
3.	Koukamma Local Municipality
4.	Walter Sisulu Local Municipality
5.	Ndlambe Local Municipality
6.	Makana Local Municipality
7.	Senqu Local Municipality
8.	Enoch Mgijima Local Municipality
9.	Inxuba Yethemba Local Municipality
10.	Elundini Local Municipality
11.	Dr AB Xuma Local Municipality
12.	King Sabata Dalindyebo Local Municipality
13.	Dr Beyers Naudé Municipality

- The figures above are inclusive of Ward Councillors, PR councillors, Municipal Officials and Ward Committee members. In some instances the sessions were joined by officials from other provincial departments and other stakeholders.
- EC Liquor Act training session took place for 32 South African Police Service members in the Sarah Baartman District's Zones 2 and 4 covering areas in and around Makhanda, Port Alfred, Wolwefontein, Addo, Kirkwood, Alicedale, Alexandria, Kinkelbos, Steytlerville, Paterson and Kenton-On-Sea amongst others.
- To enhance working relations with our stakeholders, the ECLB signed a Memorandum of Agreement (MoA) with the provincial South African Police Service (SAPS) and the Buffalo City Metropolitan Municipality.
- The MoU will enable the appointment of liquor inspectors within the law enforcement agencies, and this will provide effective and enhanced compliance monitoring and enforcement of the legislative provisions of the liquor legislation/s including municipal by-laws.
- This will see more SAPS and municipal law enforcement officer being appointed liquor inspectors throughout the province.

4.6 DESIGNATED GROUPS

The table below illustrates and disaggregates the vulnerable groups information of people reached during the period under review:

Intervention Conducted	No of Interventions	Women Reached	Women Liquor Traders	People with disabilities	Youth
Underage drinking	120	48 905	0	200	86 123
Tavern Activations & Responsible drinking and trading (Community Engagement sessions)	54	737	0	43	615
FAS	28	548	0	0	671
Road Safety	21	218	0	1	312
Institutions of Higher Learning Programme	116	6817	0	72	34 876
TOTAL	**339**	**57 225**	**0**	**316**	**122 597**

4.7 CORPORATE SOCIAL RESPONSIBILITY (CSI)

In the financial year 2023/24, ECLB mobilised stakeholder partnerships to reinforce its capacity to drive campaigns that seek to alleviate the scourge of alcohol abuse in the Province. The table below illustrates financial support from stakeholders that contributed to the ECLB alcohol harm reduction initiatives:

Stakeholder	Area of collaboration	Total Investment
SAB IN-BEV	Support towards a baseline study to determine the prevalence of underage drinking in Buffalo City. The study is currently underway. Contributed to the employment of 2 temps' salaries for 6 months (licence renewal period)	R170 000 R 96 000
	Support towards anti-pens down campaign (campaign T-shirts)	R45 000
	Contributed to ECLB's 21 km Awareness Race by sponsoring drinks & water to athletes	R11 000
Heineken	Capacitation of traditional leaders in the EC Liquor Act and ECLB operations to become an extension of the ECLB in the fulfilment of its legislative mandate Heineken Agency facilitated all the workshops, empowerment sessions, provided all training material & provision of educational material on compliance and legislation.	R400 000
	Contributed to ECLB's 21 km Awareness Race by providing refreshments (water & drinks) for the athletes	R15 000
Amatola Water	Contributed to ECLB's 21 km Awareness Race by providing water for stakeholders and athletes	R5 000
Coca Cola	Contributed to ECLB's 21 km Awareness Race by sponsoring an entertainment Truck for which the Entity would have paid R6 000	R6 000
Imbeko Travel	Contributed to ECLB's km Awareness Race by providing refreshments (fruit, sweets & coca cola) for athletes	R1 000
Department of Economic Development and Tourism	Contributed to ECLB's 21KM Awareness Race by providing lunch for stakeholders and working crew	R20 000
Ekoneni Tavern	Contributed to ECLB's 21 km Awareness Race sponsored braai meat for stakeholders and working crew during the Race	R1 500
Xhobani Security Services	Provided two security guards to patrol Beacon Crossing, lead vehicle to escort and guide athletes during the race, which would have costed the Entity R5 000.	R5 000
FNB	Provided Dummy Cheques for race winners	R2 000
Beacon Bay Spargs	Contributed to ECLB's 21 km Awareness Race by providing refreshments (energy drinks & variety of soft drinks) for athletes and stakeholders	R2 000
AWARE! ORG	Support to the ECLB's underage drinking initiatives (provided educational material in the form of t-shirts for the ECLB's underage campaign).	R47 000
SABC	Contributed to ECLB's 21 km Awareness Race by sponsoring a week worth of live reads to promote the race on air	R150 000
Avis	Contributed to ECLB's 21KM Awareness Race and sponsored two ten-seater combis for working crew for one day, which would have costed the Entity R20 000	R20 000
Shoprite Checkers	Underage drinking – facilitation of the school-based sporting programme in Nelson Mandela, Uitenhage (supported the school sporting campaign through catering for learners participating at the sporting campaign, provision of sporting material, and prizes)	R85 000
Transnet	Support to the ECLB's underage initiatives (provided refreshments/catering for learners during the ECLB's underage campaign)	R16 000
TOTAL		**R1 097 500**

5. SUMMARY OF FINANCIAL INFORMATION

5.1 REVENUE COLLECTION

Revenue reflected below represents licence fees due and paid in the process of issuing licences from 01 April 2023 to 31 March 2024. No change in the fee structure was affected in the 2023/24 financial year. All revenue generated in the process of issuing licences is paid to the Provincial Revenue Fund through DEDEAT.

ACCOUNT	REVENUE STATS	RATE	APR	MAY	JUNE	Q1	JULY	AUG	SEP	Q2	Oct	Nov	Dec	Q3	Jan	Feb	Mar	Q4	Total
1006	APP – COPY OF REGISTRATION	250		1 250.00	750.00	2 000.00	1500	1250	750	3500	250		0	250	0	250	0	250	6 000.00
1002	APP - REGISTRATION	2 500	65 000.00	95 750.00	72 000.00	232 750.00	85 000	145 000	157 500	387 500	191 000	148 000	78 000	417 000	37 500	172 000	110 000	319 500	1 356 750
1003	APP - CONTROLLING INTEREST	500				0.00	1 000	0	0	1 000	0		0	0		0	0	0	1 000
1004	APP - TRANSFER	750	5 250.00	8 250.00	6 750.00	20 250.00	6 750	9 000	12 000	27 750	15 500	7 500	8 250	31 250	2 250	10 500	6 750	19 500	98 750
1005	APP - REMOVAL	750				0.00	0	750	0	750	750		0	750	0	0	750	750	2 250.00
1007	LODGEMENT OF APPEAL	750	1 500.00	1 500.00		3 000.00	1500	1500	3750	6 750	750	750	0	1 500	0	750	750	1 500	12 750.00
1101	NEW REGISTRATION Sec 20(a)	5 000	22 500.00	49 800.00	45 000.00	117 300.00	30 000	5 000	20 000	55 000	35 000	36 000	40 000	111 000	0	60 000	20 000	80 000	363 300.00
1104	NEW REGISTRATION Sec 20(b)	8 000	24 000.00	40 000.00	32 000.00	96 000.00	94 000	16 000	24 000	134 000	8 000	21 000	32 000	61 000	8 000	56 000	16 000	80 000	371 000.00
1107	NEW REGISTRATION Sec 20(c)	2 000	52 000.00	40 000.00	90 000.00	182 000.00	89 000	40 000	50 000	179 000	43 500	22 000	47 000	112 500	2 000	98 000	66 000	166 000	639 500.00
1110	NEW REGISTRATION Sec 20(d)	1 000	1 000.00	4 000.00	3 000.00	8 000.00	8 000	11 000	7 000	26 000	14 500	21 500	9 000	45 000	3 000	11 000	7 000	21 000	100 000.00
1102	TRANSFER/REMOVAL Sec 20(a)	1 250	2 500.00	1 250.00	8 250.00	12 000.00	1 250	1 250	0	2 500	0	0	3 750	3 750	0	6 250	2 500	8 750	27 000.00
1105	TRANSFER/REMOVAL Sec 20(b)	1 000	3 000.00	5 000.00	2 000.00	10 000.00	1 000	4 000	4000	9 000	0	1000	4000	5 000	0	7000	1000	8 000	32 000.00
1108	TRANSFER/REMOVAL Sec 20(c)	1 000	4 000.00	3 000.00	9 000.00	16 000.00	5 000	6 000	1000	12 000	10 000	2 000	6 000	18 000	1 000	13 000	9 000	23 000	69 000.00
1103	ANNUAL LICENCE Sec 20 (a)	2 500	2 500.00		27 500.00	30 000.00	10 000	2 500	2500	15 000	177 500	892 500	882 800	1 952 800	440 000	337 750	28 000	805 750	2 803 550.00
1106	ANNUAL LICENCE Sec 20 (b)	3 000	18 000.00	33 000.00	51 000.00	102 000.00	6 000	0	0	6 000	216 400	771 750	1 445 950	2 434 100	566 000	662 000		1 228 000	3 770 100.00
1109	ANNUAL LICENCE Sec 20 (c)	2 500	63 400.00	163 800.00	307 400.00	534 600.00	80 550	38 500	31250	150 300	561 550	1 791 530	3 261 650	5 614 730	2 063 500	3 770 550	147 800	5 981 850	12 281 480.00
	TOTAL REVENUE RECEIVED		264 650.00	446 600.00	654 650.00	1 365 900.00	420 550.00	281 750.00	313 750.00	1 016 050	1 274 700	3 715 530	5 818 400	10 808 630	3 123 250	5 205 050	415 550	8 743 850	21 934 430

5.2 OVERALL EXPENDITURE

The Entity spent R91 032 903 and made a profit of R8 511 on sale of assets totalling R91 024 392 in the achievement of its mandate for the 2023/24 financial year. The Entity is within its budget allocation for the year as it has implemented cost containment measures per Treasury instructions.

5.2.1 Expenditure by Economic Classification

EXPENDITURE BY ECONOMIC CLASSIFICATION	R'000			
	ACTUAL EXPENDITURE	BUDGET	(OVER)/UNDER EXPENDITURE	ACTUAL %
Compensation of Employees	58 225	58 272	47	99%
Goods and Services	27 287	28 656	1 369	95%
Payments Current	85 512	86 928	1 416	98%
Capital Expenses	5 520	6 841	1 321	43%
TOTAL PAYMENTS	**91 024**	**93 769**	**2 745**	**91%**
TRANSFERS RECEIVED FROM DEDEAT	**99 623**	**99 623**	**-**	**100%**

5.2.2 Expenditure by programme

PROGRAMME NAME	R'000		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Licensing	7 994	7 945	49
Compliance and Enforcement	33 216	33 047	169
Social Accountability	11 512	11 499	13
Finance	12 275	11 108	1 167
Corporate Services	9 063	9 061	2
ICT	4 817	4 816	1
Office of the CEO	8 051	8 028	23
Capital expenses	6 841	5 520	1 321
TOTAL	**93 769**	**91 024**	**2 745**

5.3 CAPITAL INVESTMENTS

N/A

PART C

GOVERNANCE

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public Entity's enabling legislation, and the Companies Act, corporate governance regarding public entities' is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance. Parliament, the Executive, and the Accounting Authority of the public Entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Economic Development, Environmental Affairs and Tourism exercises oversight over the service delivery performance of the ECLB and, as such, reviews the non-financial information contained in the Annual Reports of the ECLB and is concerned with service delivery and enhancing economic growth. The following reports have been submitted and presented to the Portfolio Committee:

- Presentation of the 2024/26 Annual Performance Plan and Budget of the ECLB.
- Consideration of the 2022/23 Annual Report and 2023/24 Half Year Oversight Report.

3. EXECUTIVE AUTHORITY

The Executive Authority performs its oversight on the ECLB as prescribed by the PFMA. As stipulated in the ECLA the Executive Authority has the power to appoint and dismiss the Members of the Board. The ECLB reports to the Executive Authority as required by the PFMA quarterly through submission of various oversight reports as indicated below.

NO	DATE	REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY
1	20 July 2023	2023/24 First Quarter Financial and Performance Report
2	31 August 2023	2022/23 Annual Report, including Annual Financial Statements
3	20 October 2023	2023/24 Second Quarter Financial and Performance Report
4	25 October 2023	2023/24 Six months Oversight Report and Performance Information Report
5	20 January 2024	2023/24 Third Quarter Financial and Performance Report
6	10 March 2024	2024/26 Annual Performance Plan
7	20 April 2024	2023/24 Fourth Quarter Financial and Performance Information Report

4. THE ACCOUNTING AUTHORITY / BOARD

The members of the Board and its committees jointly and severally derive their fiduciary responsibilities from the provisions of the EC Liquor Act and the PFMA, the Board Charter and the Terms of Reference of the various committees of the Board.

These fiduciary responsibilities involve the following:

- The duty to exercise the utmost care to ensure reasonable protection of the assets and records of the ECLB.
- The duty to act with fidelity, honesty, integrity and in the best interests of the ECLB in managing the financial affairs of the ECLB.
- The duty to disclose on request, to the Executive Authority responsible for the public Entity or the Legislature to which the public Entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or the Legislature; and
- The duty to seek, within the sphere of influence of the accounting authority, to prevent any prejudice to the financial interests of the state.

The Board and its committees also have those responsibilities as set out in the PFMA and the EC Liquor Act.

4.1 The role of the Board is as follows:

The Board is mandated to regulate the liquor establishments within the Eastern Cape by complying with the Eastern Cape Liquor Act, Act No. 10 of 2003. The Board is ultimately accountable and responsible to the MEC for DEDEAT for the performance and affairs of the ECLB in terms of the Eastern Cape Liquor Act and the PFMA. The Board must, therefore, retain full and effective control over the ECLB and must give strategic direction to the ECLB's Executive Management. The Board is also responsible for ensuring that the ECLB complies with all relevant laws, regulations and codes of business practice.

4.2 Composition of the Board

The Board consists of four (4) non-executive members and one (1) executive member in an ex-officio capacity, and the Chief Executive Officer. The term of office for three (3) of the Board members was extended by the MEC for DEDEAT for a further period of three years. Meetings attended by the Board Members include meetings with the Portfolio Committee and the Shareholder.

NAME	DATE APPOINTED	DESIGNATION	QUALIFICATIONS
Mr M. Gobingca	25 February 2024 *(Term extended)* 01 April 2023 25 February 2021	Chairperson Chairperson Deputy Chairperson	• Bachelor of Arts • Postgraduate Diploma in Management • Management Advanced Program • Programme in Road Transport Management
Dr M. Mboto	28 January 2024 *(Term extended)* 26 January 2021	Board Member	• Doctor of Public Administration • Master of Public Administration • Bachelor of Administration • Post Graduate Certificate in Leadership Development Programme • Advanced Certificate in Area Development
Ms N. N. Nongogo	11 March 2024 *(Term extended)* 01 March 2021	Board Member	• B Juris • LLB
Mr W. Manthe	01 May 2023	Board Member	• CA (SA) • Postgraduate Diploma in Accounting • Certificate in Theory and Practice of Auditing • Bachelor of Commerce (majors in Accounting and Commercial Law)

4.3 Remuneration of Board Members

Name	Remuneration	Cell phone allowance	Travel Allowance	Total
Mr Gobingca (Chairperson from 01/04/2023)	R436 500	R18 000	R30 717	R482 217
Dr Mboto	0	0	R133 608	R133 608
Ms Nongogo	R205 300	-	R31 987	R237 287
Mr W. Manthe	R137 300	-	R24 837	R162 137
TOTAL	**R779 100**	**R18 000**	**R221 150**	**R1 018 250**

Dr Mboto represents the shareholder DEDEAT and was therefore reimbursed travelling expenses amounting to R133 608.

Date	Mr M. Gobingca	Dr M. Mboto	Ms N. Nongogo	Mr W. Manthe	TYPE OF SITTING
17-18 April 2023	Yes	Yes	Yes		Board Hearing
28 April 2023	Yes	Yes	Yes		Board Meeting
12 May 2023	Yes				62nd Running of the World Sports Betting East Cape Debby (ECGB)
16-17 May 2023	Yes	Yes	Yes	Yes	Board Hearing
22 May 2023	Yes	Yes	Yes	Yes	Special Board Meeting
30 May 2023	Yes	Yes	Yes		Board Hearing
31 May 2023	Yes	Yes	Yes		Shortlisting: Position of Senior Manager: Social Accountability
01 June 2023	Yes	Yes	Yes		Portfolio Committee
08 June 2023		Yes			ECLB Community Engagement Session in Hofmeyer
13-14 June 2023	Yes	Yes	Yes	Yes	Interviews: Position of Senior Manager: Social Accountability
18 June 2023	Yes		Yes		IMvuselelo yoMhlobo Wenene in collaboration with ECLB (Prayer Session)
25 June 2023	Yes				ECLB 21 km Awareness Run (Under-age Drinking)
29 June 2023	Yes	Yes	Yes	Yes	Finalisation of interviews for the position of Senior Manager: Social Accountability
24 July 2023		Yes			ECLB Mandela Day Commemoration in Seymor
28 July 2023	Yes	Yes	Yes	Yes	Special Board Meeting
17 Aug 2023		Yes			ECLB Ambassador Launch Programme in Somerset East
18 Aug 2023	Yes				Algoa Cup Stakeholders and Steering Committee Engagement Session
30 Aug 2023	Yes	Yes	Yes	Yes	Board Hearing and Board Meeting
31 Aug 2023	Yes	Yes	Yes	Yes	Meeting between ECLB, DEDEAT, Provincial Treasury (Update on the merger between ECLB and ECGB)
08 Sept 2023		Yes			ECLB Community Outreach Program (Commemorating International Foetal Alcohol Syndrome)
13 Sept 2023	Yes	Yes	Yes	Yes	Board Hearing
21 Sept 2023	Yes	Yes	Yes	Yes	Board Hearing
27 Sept 2023	Yes	Yes	Yes	Yes	Board Hearing
17 Oct 2023		Yes			ECLB Anti-pens down campaign (To fight under-age drinking)
19 Oct 2023	Yes				ECLB Anti-pens down campaign (To fight under-age drinking)
24-26 Oct 2023	Yes				7th Global Alcohol Policy Conference
30 Oct 2023		Yes			ECLB Anti-pens down campaign (To fight under-age drinking)
17 Nov 2023	Yes	Yes	Yes	Yes	Portfolio Committee
22 Nov 2023	Yes	Yes	Yes	Yes	Board Hearing
28 Nov 2023	Yes	Yes	Yes	Yes	Board Hearing and Board Meeting
29 Nov 2023	Yes		Yes	Yes	ECLB Policy Review Session
06 Dec 2023	Yes	Yes	Yes	Yes	ECLB Strategic Planning Session
13 Dec 2023	Yes				Strategic Leadership Engagement (Office of the Premier (OTP)
12 Feb 2024	Yes				Executive Council Lekgotla
22 Feb 2024	Yes				State of the Province Address (SOPA)
28 Feb 2024	Yes	Yes	Yes	Yes	Board Meeting
01 Mar 2024	Yes				MEC Meeting with CEO's and Chairperson's
12 Mar 2024	Yes				MEC's Budget Speech
13 Mar 2024	Yes				MEC's Budget Business Breakfast
19 Mar 2024	Yes	Yes	Yes	Yes	Risk Assessment and Identification Workshop
TOTAL	**39**	**30**	**26**	**19**	

5. RISK MANAGEMENT

- The Entity has a fully functional Audit and Risk Committee. In respect of Risk Management, the Entity is guided by the Risk Framework Strategy Manual which is updated on an annual basis and approved by the Board.
- Risk assessment meetings for 2023/24 were held with staff, management, the Audit Committee as well as the Board. A complete risk assessment of the organisation has been performed with emerging risks being identified.
- Inputs from the Board, Audit Committee, Executive management, Management and staff were collated, and the risk profile was created which is comprised of two risk registers (Strategic and Operational).
- This was then submitted to the Risk and Audit Committees before final approval by the Board.
- The identified risks are monitored and discussed in the Risk Management meetings. The risks identified for the year were categorised in order of priority.
- All the divisions in which the priority risks reside have submitted evidence of their mitigating actions in respect of the priority risks. Constant monitoring of risks takes place on a monthly and quarterly basis. Risk Management within the Entity has enabled mitigation of risk and in turn transmitted into improvements into the Entity's performance, specifically in the attainment of performance indicators.

6. INTERNAL AUDIT UNIT

- The Internal Audit function was outsourced for the year under review to Lunika Incorporated.
- The Audit Committee has approved the Internal Audit plan and the Internal Audit has executed the plan accordingly.
- The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.
- The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Liquor Board and its audits.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Position in the audit committee	Date appointed	No. of Meetings attended
Mrs Vicky Ntsodo-Boyce	• N. Dip Cost & Management Acc • BCom Honours Accounting (CTA) • Chartered Accountant CA (SA)	Chairperson	01/10/2022	8
Phumzile Zitumane	B Com Master of Business Leadership (MBL)	Member Deputy Chairperson	07/05/21 01/10/2022 07/05/2024 (Term extended)	7
Phambili Jizana	• ND Electronics Engineering • Diploma: Project Management • Post Grad in E-Commerce • M Phil IT Governance (Currently studying)	Member	01/04/2018 (Term extended on 19/08/21) 01/04/2024 (Term extended for 6 Months)	1
Mr Dumisani Rorwana	• B. Juris • LLB • Admitted Attorney of the High Court of South Africa • Certificate in compliance management • Certificate in advanced Risk Management • Certificate in Project Management • Ethics officer certificate	Member	01/10/2022	9
Mr Wayne Manthe	• CA (SA) • Postgraduate Diploma in Accounting • Certificate in Theory and Practice of Auditing • Bachelor of Commerce (majors Accounting and Commercial Law)	Member	11/04/2023	8

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Entity has complied with applicable laws and regulations regarding financial matters, financial management and other relevant matters.

9. FRAUD AND CORRUPTION

The public Entity has a fully functional fraud prevention plan and has a fraud email account and telephone number for the public to report any fraudulent activities.

10. MINIMISING CONFLICT OF INTEREST

All staff members, Board members and Audit Committee members are required to complete declaration of interest forms at the beginning of each financial year. Thus far for the 2023/24 financial year, no conflict of interest was identified.

11. CODE OF CONDUCT

The ECLB has a Code of Conduct Policy in place and workshops on the policy are held annually. For the 2023/24 financial year, no recorded cases of breaches in the policy were recorded.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

A Health and Safety committee with representatives from all the divisions is responsible for monitoring the health and safety of the working environment. The committee meets on a quarterly basis to discuss and address health and safety-related matters. The Entity complies with the requirements and no incidents were reported for the period under review.

13. COMPANY/BOARD SECRETARY

N/A

14. SOCIAL RESPONSIBILITY

Embedded within the Entity's responsibilities and mandate is ensuring that the Entity embarks on social responsibility as well as education and awareness campaigns. Detailed reports on responsible drinking and trading programmes, alcohol harm reduction initiatives, poverty alleviation projects and related matters are reported on page xx of this document.

15. AUDIT COMMITTEE REPORT

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

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder. In terms of section 77 of the PFMA, the Audit Committee should meet at least twice a year. During the current year 7 (seven) meetings were held.

Name of member	2023/04/20	2023/05/17	2023/05/15	2023/07/25	2023/08/22	2023/11/23	2024/02/20
Mrs Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phumzile Zitumane (Deputy Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	No
Phambili Jizana	Yes	No	No	No	No	No	Yes
Mr Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr Wayne Manthe	N/A	Yes	Yes	Yes	Yes	Yes	Yes

Mr Jizana was temporarily incapacitated for 7 months and therefore unable to attend Audit Committee meetings.

The Audit Committee met with the Auditor General on the 21st of June 2024 to discuss the 2023/24 audit strategy. On the 19th March 2024 the ECLB conducted its risk assessment workshop which was attended by the Board Members, Audit Committee as well as ECLB Management.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.
The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Liquor Board for financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that 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 control over performance and financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the Eastern Cape Liquor Board during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be audited by the Auditor-General;
- reviewed changes to accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions;

Internal audit

The Internal Audit function was outsourced for the year under review.
The Audit Committee has approved the Internal Audit plan and Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Liquor Board and its audits.

The table below reflects the audits that were conducted by the Internal Audit under the year under review:

#	INTERNAL AUDIT PROJECT	TIMING OF PROJECT	STATUS
1	Risk Management, ethics and fraud considerations	Q4: April 2024	Completed
2	Planning, Project Administration and Reporting	Q1: July 2023 Q2: October 2023 Q3: January 2024 Q4: April 2024	Completed
3	Information technology review	Q3: August 2023	Completed
4	Supply Chain Management	Q3: April 2024	Completed
5	Performance information	Q1: August 2023 Q2: November 2023 Q3: February 2024 Q4: May 2024	Completed
6	Annual Financial Statements	Q4: May 2024	Completed

#	INTERNAL AUDIT PROJECT	TIMING OF PROJECT	STATUS
7	Revenue and Licencing	Q1: August 2023 Q2: November 2023 Q3: April 2024 Q4: May 2024	Completed
8	Follow Up (internal & external)	Q2: November 2023 Q3: February 2024 Q4: May 2024 Q4: May 2024	Completed
9	Ad-Hoc: Performance Appraisal Review	Q4: April 2024	Completed
10	Human Resource Management	Q3: February 2024	Completed
11	Compliance Review	Q1: August 2023	Completed
12	Financial Controls	Q2: November 2023 Q4: April 2024	Completed

Auditor General of South Africa

The Audit Committee met with the Auditor General of South Africa to discuss the audit strategy. The Auditor-General has also presented the draft audit report and management report to the Audit Committee.

The audit committee accepts the Auditor-General of South Africa's report on the annual financial statements and annual performance information report and are of the opinion that the audited annual financial statements and annual performance information report should be accepted and read together with the report of the Auditor-General of South Africa.

……………………………………

Mrs Vicky Ntsodo-Boyce
Chairperson of the Audit Committee
Date: 31 August 2024

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The current legislation governing the regulation of liquor trading in the Eastern Cape does not provide for compliance to the BBBEE legislation as a requirement for obtaining a liquor licence.
Developing and implementing a preferential procurement policy?	Yes	All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act No. 5 of 2000. In this regard, points are awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier until 15 January 2023. Effective from 16 January 2023 specific goals were used in line with the new Preferential Procurement Regulations, 2022/2023.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

APPROVED BY:

Mr. M. Gobingca
Board Chairperson
ACCOUNTING AUTHORITY: **EASTERN CAPE LIQUOR BOARD**
SPHERE OF GOVERNMENT / PUBLIC ENTITY / ORGAN OF STATE: EASTERN CAPE LIQUOR BOARD
DATE: 31 / 08 /2024

PART D

HUMAN RESOURCE MANAGEMENT

ENABLING &
PROMOTING

A RESPONSIBLE
LIQUOR INDUSTRY

1. INTRODUCTION

The overall purpose of HR is to ensure that all matters relating to Human Capital Management and Development are implemented effectively and efficiently. The Entity's ability to implement its strategic intent rests on its management and employees, particularly how they are led, managed and capacitated within the right climate to deliver and grow into a high-performance culture. Human resource management plays a pivotal role in this process.

2. THE HUMAN RESOURCE MANAGEMENT

The Human Resource Management division provides the following services amongst others

- Human resources planning and organisational development.
- Talent management and organisational development
- Employee benefits, rewards and payroll management
- Employee wellness
- Employee relations
- Policy development
- Occupational health and safety
- Legal compliance
- Employment equity
- Individual performance management
- General administration and maintenance

3. HR PRIORITIES FOR 2023/24

The HR priorities play a key role in the achievement of the organisation's overall strategic objectives and its mandate of regulating liquor in the Province.

The HR priorities during the year under review were as follows:

- Review of the organogram and filling of additional posts.
- Enhance employee wellness programmes.
- Enhance human capital development for all employees.
- Enhance integrated performance management system.
- Effectively manage employment relations within the organisation.
- Automation of some HR functions

People are the organisation's most valuable resource and their management and development are critical to meeting planned organisational objectives.

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

Training and development initiatives, including study loan assistance, are in place to ensure that the current workforce is efficient and to enhance personal development. The organisation offers competitive salaries on a total cost to company basis. Its policies allow for professional growth and employee wellness. Career advancement opportunities are created to allow progression of internal employees.

5. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Integrated Performance Management System ensures that the organisation's strategic objectives are translated into operational and performance objectives that are cascaded to every level (from top to bottom throughout the organisation) and which inform the manner in which both the institution and its employees function.

Performance management is an ongoing and continuous process rather than an event whereby all employees are required to sign annual performance contracts and are evaluated bi-annually. Excellent performance is recognised in line with the Performance Management and Development System policy.

6. EMPLOYEE WELLNESS PROGRAMMES

The Entity continued to implement its Employee Health and Wellness Programme throughout the year. The Entity works in partnership with departments, NGOs and the private sector for some of the educational sessions on selected topics.

7. POLICY DEVELOPMENT

The HR unit ensures that policies are up to date, reviewed and implemented. The review process included employees, management and the Board. Workshops were conducted for all staff on the reviewed policies.

8. HIGHLIGHT ACHIEVEMENTS

- The organogram was reviewed, and the following new positions were filled: Senior Manager Social Accountability and Personal Assistant as well as five Inspector positions.
- Vacancies as a result of resignations were also filled within the period under review, i.e. Bookkeeper, two Administration Assistants and as a result of internal recruitment some Interns within the organisation obtained the opportunity for permanent employment.
- An online application system was successfully implemented and used for positions filled in the period under review.
- The successful implementation of the performance management system continues to improve the performance of the organization and also assisted in achieving the individual as well as the organizational targets for the 2023/24 financial year.
- Proper implementation of labour related policies has seen ECLB attending and addressing all the labour related matters successfully in the 2023/24 financial year.
- A Skills Development Plan was developed for the period under review and employee training on identified areas of development was undertaken through various interventions.
- An Employee Health and Wellness Plan was developed to provide structured wellness programmes for the year. More focus was placed on mental health education and awareness as this poses a challenge in the recent times. Employees were permitted to use hybrid working arrangements.

9. CHALLENGES FACED BY THE PUBLIC ENTITY

- Shortage of staff in particular in some core business divisions.
- Vacant unfunded positions in the approved organogram.
- Shortage of funds for implementation of Bursary Policy and Skills Development Policy.

10. FUTURE HR PLANS /GOALS

- Filling of additional Inspector vacancies.
- Automation of HR services including the performance management system.
- Selected HR policies will be reviewed in the 2024/25 financial year to ensure alignment with the overall organisational and HR strategies.

11. HUMAN RESOURCES OVERSIGHT STATISTICS

11.1 PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Licensing	7 945 000	6 031 204	7	11	548 291
Finance	11 590 000	4 234 103	5	7	604 872
Corporate	9 061 000	5 552 076	6	11	504 734
Compliance and Enforcement	33 047 000	22 842 149	27	44	519 140
Social Accountability	11 499 000	4 730 669	6	25	189 227
Information and Communication Technology	4 816 000	1 731 739	2	4	432 934
Office of the CEO	8 001 000	5 431 359	6	7	775 908
Total	**85 959 000**	**50 553 299**	**59**	**109**	**463 792**

The differences between amounts reflected in this table and the Statement of Financial Performance relate to accrued expenses.

The total number and personnel expenditure per programme include stipends for 10 interns and 17 project facilitators for the universities anti-alcohol programme. Performance rewards are excluded in the total personnel expenditure.

11.2 PERSONNEL COST BY SALARY BAND

Personnel costs excluding performance rewards and including interns/project facilitators

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 516 119	5%	1	2 516 119
Senior Management	8 135 286	16%	5	1 627 057
Professional Qualified	12 730 693	25%	13	979 284
Skilled	11 898 989	24%	24	495 791
Semi-skilled	12 733 213	25%	35	363 806
Unskilled	704 839	1%	3	234 946
Contract workers (Interns)	1 834 160	4%	28	57 318
TOTAL	**50 553 299**	**100%**	**109**	**463 792**

11.3 PERFORMANCE REWARDS

The table below illustrates the amounts for performance rewards for the period under review

Level	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R'000)
Top Management	336 691	2 516 119	13%
Senior Management	862 328	8 135 286	11%
Professional Qualified	1 354 127	12 730 693	11%
Skilled	1 349 873	11 898 989	11%
Semi-skilled	1 283 389	12 733 213	10%
Unskilled	73 458	704 839	10%
Contract workers (Interns)	-	1 834 160	-
TOTAL	**5 259 866**	**50 553 299**	**10%**

(NB. The total personnel expenditure and performance rewards above excludes the personnel expenditure for Interns/ Project Facilitators)

11.4 TRAINING COSTS

The table below depicts the training costs incurred per division and it should be noted that more training interventions were conducted for employees without incurring costs. In an effort to augment limited training budget internal expertise was used to capacitate others. The training costs in the Office of the CEO includes costs for training of Board members.

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Licensing	5 595 000	14 695	0,26	3	4 898
Finance	4 120 000	54127	1,31	8	6 766
Corporate	4 854 000	43 105	0,89	7	6 158
Compliance and Enforcement	19 859 000	187 741	0,95	28	6 705
Social Accountability	3 973 000	9 354	0,24	2	4 677
Information and Communication Technology	1 600 000	33 637	2,10	3	11 212
Office of the CEO	4 854 000	29 390	0,69	5	5 878
Total	**50 553 299**	**376 081**	**0,7**	**56**	**6 716**

Programme	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Licensing	11	11	11	-	-
Finance	5	5	5	-	-
Corporate	9	9	9	-	-
Compliance and Enforcement	38	52	43	9	17%
Social Accountability	5	7	6	1	14%
Information and Communication Technology	2	2	2	-	-
Office of the CEO	5	5	5	-	-
Total	**75**	**91**	**81**	**10**	**11%**

11.5 EMPLOYMENT AND VACANCIES

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	4	5	5	-	-
Professional qualified	13	15	13	2	13%
Skilled	19	32	24	8	25%
Semi-skilled	35	35	35	-	-
Unskilled	3	3	3	-	-
TOTAL	**75**	**91**	**81**	**10**	**1.3%**

11.6 EMPLOYMENT CHANGES

The table below provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the public Entity.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	4	1	-	5
Professional qualified	13	-	-	13
Skilled	19	6	1	24
Semi-skilled	35	3	2	35
Unskilled	3	-	-	3
Total	**75**	**10**	**3**	**81**

11.6.1 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	3	3.7%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	**3**	**3.7%**

11.7 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	1
Final Written warning	-
Dismissal	-
Total	**1**

11.8 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

During the year under review, the Entity continued to implement its Employment Equity (EE) Plan. An Employment Equity report is submitted annually to the Department of Labour as required by the Employment Equity Act No. 55 of 1998. Despite efforts exerted in ECLB recruitment advertisements to attract and encourage people with disabilities to apply, none of this category respond. ECLB will continue to encourage targeted groups to apply when there are vacancies.

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	2	0	0	0	0	0	0
Professional Qualified	7	5	0	1	0	0	0	0
Skilled	11	12	1	2	0	1	0	0
Semi-skilled	6	6	0	1	0	1	0	1
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**27**	**26**	**1**	**4**	**0**	**2**	**0**	**1**

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	2	2	0	1	0	0	0	0
Professional	4	5	1	1	0	1	1	1
Qualified								
Skilled	12	13	0	2	0	1	0	1
Semi-skilled	27	25	1	3	0	1	1	1
Unskilled	3	3	0	0	0	0	0	0
TOTAL	**49**	**42**	**2**	**7**	**0**	**3**	**2**	**3**
Staff with disability included in the total	1	-	-	-	-	-	2	-

Levels	Staff with disability			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	1	1	1
Skilled	0	1	0	1
Semi-skilled	1	1	2	2
Unskilled	0	0	0	1
TOTAL	**1**	**3**	**3**	**5**

N.B: Despite numerous efforts exerted in our recruitment adverts to attract and encourage people with disabilities to apply, none of this category applies. ECLB will continue to encourage this group of people to apply for all the positions advertised for levels.

PART E

PFMA COMPLIANCE REPORT

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

2. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular Expenditure

None for the period under review.

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/ 2024	2022/2023
	R'000	R'000
Opening balance	6 000	36 596
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(6 000)	(36 596)
Closing balance	-	-

b) Reconciling notes

Description	2023/ 2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/2022	-	
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/ 2023	-	-
Fruitless and wasteful expenditure for the current year	6 000	36 596
Total	**6 000**	**36 596**

3. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	435	17 142 020
Invoices paid **within** 30 days or agreed period	434	17 137 020
Invoices paid **after** 30 days or agreed period	1	
Invoices older than 30 days or agreed period (***unpaid and without dispute***)	-	-
Invoices older than 30 days or agreed period (***unpaid and in dispute***)	1	52 000

4. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

None

3.2 Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Leasing and maintenance of Fleet Management Services	Zelda Car Leasing/ Trading as Avis	Expansion	ECLB 009/2021/22	R5 961 390	n/a	R1 794 870
Total						

PART F

FINANCIAL INFORMATION

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

AUDITORS GENERAL REPORT

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

AUDITOR-GENERAL
SOUTH AFRICA

The accounting authority
Eastern Cape Liquor Board
Shop no.10
Beacon Bay Crossing
East London
5200

31 July 2024

Reference: 60581REG23/24

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Eastern Cape Liquor Board for the year ended 31 March 2024.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa and 40(2) of the Public Finance Management Act 1 of 1999 (PFMA).
2. In terms of section 55(1)(d) of the PFMA you are required to include the auditor's report in the public entity's annual report to be tabled.
3. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
   - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and the annual performance report are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
   - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the auditor's report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
4. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this auditor's report will be tabled.
5. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional

Auditing to build public confidence

Auditor-General of South Africa
PO Box 13252 Vincent 5217 Eastern Cape • Docex 72 • Tel: +27 (0)43 709 7200 • Fax: +27 (0)43 709 7300 • www.agsa.co.za

Accountants of the International Ethics Standards Board for Accountants *(including International Independence Standards)*, members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter.

6. Until the steps described in paragraphs 2 and 3 of this document are completed and the annual report is tabled as required by section 65(1) of the PFMA , the auditor's report is not a final and public document and you are therefore requested to treat it as confidential.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

Sabelo Songca
Senior Manager: Business Unit Eastern Cape

Enquiries: Bakhona Bukani
Telephone: (043) 709 7374
Fax: (043) 709 7300

ANNUAL FINANCIAL STATEMENT

ENABLING & PROMOTING

A RESPONSIBLE LIQUOR INDUSTRY

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

General Information

Country of domicile	South Africa
Accounting Authority	Mr. M. Gobingca (Chairperson from 01 April 2023) Dr. M Mboto Ms. NN Nongogo Mr. W. Manthe (appointed 01 May 2023)
Business address	Shop 10, Beacon Bay Crossing Beacon Bay East London 5241
Postal address	PO Box 15147 Beacon Bay East London 5205
Controlling entity	Department of Economic Development, Environmental Affairs and Tourism
Website	www.eclb.co.za
Bankers	First National Bank
External Auditors	Auditor General of South Africa
Chief Executive Officer	Dr. N Makala
Chief Financial Officer	Ms. A. Vikilahle
Public Entity Type	Schedule 3C

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Statement of Responsibility

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 determined through the Department of Economic Development, Environmental Affairs and Tourism Medium Term Expenditure Framework budget, and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.Further to that, the entity has received additional funding to commence activities towards the implementation of the Eastern Cape Liquor Authority Act 4 of 2018 which was asserted to and published in the Provincial Government Gazette on 11 March 2019. DEDEAT and the ECLB are in the process of finalising Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the Chief Executive Officer, Audit Committee and external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 79 to 121, which have been prepared on the going concern basis, were approved by the accounting authority on 28 May 2024 and were signed on its behalf by:

Mr. M. Gobingca
Board Chairperson

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Audit Committee Report

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

Audit Committee Member attendance

The audit committee consist of the members listed hereunder. in terms of section 77 of the PFMA, the Audit Committee should meet at least twice a year. In order to ensure effective support of the ECLB's Accounting Authority in discharging the entity's mandate whilst ascribing to good corporate governance, during the current year 7 (seven) meetings were held.

Name of Member	2023/04/20	2023/05/15 & 17	2023/07/25	2023/08/22	2023/11/23	2024/02/20
Vicky Ntsodo-Boyce (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes
Phumzile Zitumane (Deputy Chairperson)	Yes	Yes	Yes	Yes	Yes	No
Wayne Manthe re-appointed 01/05/2023	N/a	Yes	Yes	Yes	Yes	Yes
Phambili Jizana	Yes	No	No	No	No	Yes
Dumisani Rorwana	Yes	Yes	Yes	Yes	Yes	Yes

Mr Jizana was temporarily incapacitated for a 7 month period and therefore unable to attend Audit Committee meetings.

The Audit Committee met with the Auditor General on the 21st June 2023 to discuss the 2022/23 audit strategy. On the 19th March 2024 the ECLB conducted its risk assessment workshop which was attended by the Board Members, Audit Committee as well as ECLB Management.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Liquor Board over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that 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 control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the Eastern Cape Liquor Board during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be audited by the Auditor-General;
- reviewed changes to accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Audit Committee Report

Internal audit

The Internal Audit function was outsourced for the year under review to Lunika Incorporated.

The Audit Committee has approved the Internal Audit plan and Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

#	INTERNAL AUDIT PROJECT	TIMING OF PROJECT	STATUS
1	Risk Management, ethics and fraud considerations	Q4: April 2024	Completed
2	Planning, Project Administration and Reporting	Q1: July 2023	Completed
		Q2: October 2023	Completed
		Q3: January 2024	
		Q4: April 2024	
3	Information technology review	Q1: August 2023	Completed
4	Supply Chain Management	Q4: April 2024	Completed
5	Performance information	Q1: August 2023	Completed
		Q2: November 2023	
		Q3: February 2024	
		Q4: May 2024	
6	Annual Financial Statements	Q4: May 2024	In progress
7	Revenue and Licencing Review	Q1: August 2023	Completed
		Q2: November 2023	
		Q3: February 2024	
		Q4: May 2024	
8	Follow Up (internal & external)	Q2: November 2023	Completed
		Q3: February 2024	
		Q4: May 2024	
9	Ad-Hoc: Performance Appraisal Review	Q4: April 2024	Completed
10	Stakeholder Management	Q1: August 2023	Completed
11	Human Resource Management	Q3: February 2024	Completed
12	Compliance Review	Q1: August 2023	Completed
13	Financial Controls	Q2: November 2023	Completed

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Audit Committee Report

Q4 April 2024

Auditor-General of South Africa

The Audit Committee is yet to meet with the Auditor-General of South Africa to discuss the audit strategy for the year under review.

Chairperson of the Audit Committee

Date: ______________________________

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

The members submit their report for the year ended 31 March 2024.

1. Review of activities

The entity spent R91 067 590 in the achievement of its mandate for the 2023/24 financial year. The entity is within its budget allocation for the year as it has implemented cost containment measures per Treasury instructions.

The entity is in the last year of implementing the revised five-year strategic plan that is aligned to Government's Medium Term Strategic Framework (2020 – 2024), the Entity is still committed to the agreed strategic objectives. The Board is responding to three national strategic outcomes, as outlined in the strategic plan which are: transformation and job creation, social cohesion and safe communities, and a capable, ethical and developmental state.

Further details pertaining to entity operations are contained in the annual report.

2. Going concern

The unaudited annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.Further to that, the entity has received additional funding to commence activities towards the implementation of the Eastern Cape Liquor Authority Act 4 of 2018 which was asserted to and published in the Provincial Government Gazette on 11 March 2019. DEDEAT and the ECLB are in the process of finalising Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

3. Subsequent events

The Board Members are not aware of any significant matters or circumstances arising since the end of the financial year.

4. Members' interest in contracts

The Board Members of the Eastern Cape Liquor Board and its Audit Committee have no interests in contracts.

5. Accounting policies

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 (Act 1 of 1999).

6. Accounting Authority

The members of the entity during the year and to the date of this report are as follows:

Mr. M. Gobingca (Chairperson from 01 April 2023)	South African	Independent Member
Dr. M. Mboto	South African	DEDEAT ex-officio Member
Ms. N. N. Nongogo	South African	Independent Member
Mr. W. Manthe (appointed 01May 2023)	South African	Independent Member

7. Compliance with applicable legislation

The ECLB has complied with material prescripts of all laws and regulations applicable to it. The primary legislation applicable to the entity include the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999); Treasury Regulations, 2001; Eastern Cape Liquor Act (Act 10 of 2003), amongst others.

The annual financial statements set out on pages 79 to 121, which have been prepared on the going concern basis, were approved by the accounting authority on 28 May 2024 and were signed on its behalf by:

Mr. M. Gobingca
Board Chairperson

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

	Note	2024	2023
Assets			
Current Assets			
Receivables from exchange transactions	6	1 522 879	1 497 946
Cash and cash equivalents	7	30 932 165	13 874 786
		32 455 044	**15 372 732**
Non-Current Assets			
Property, plant and equipment	3	4 537 849	6 686 008
Intangible assets	4	3 164 648	3 285 629
		7 702 497	**9 971 637**
Total Assets		**40 157 541**	**25 344 369**
Liabilities			
Current Liabilities			
Finance lease obligation	9	2 199 550	1 924 753
Payables from exchange transactions	10	25 470 972	21 819 618
Payables from non-exchange transactions	13	8 103 856	-
		35 774 378	**23 744 371**
Non-Current Liabilities			
Finance lease obligation	9	-	1 640 812
Total Liabilities		**35 774 378**	**25 385 183**
Net Assets		**4 383 163**	**(40 814)**
Accumulated surplus		4 383 163	(40 814)
Total Net Assets		**4 383 163**	**(40 814)**

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

	Note	2024	2023
Revenue			
Government grants & subsidies	13	91 519 144	74 480 000
Revenue from exchange transactions			
Commissions received		518	1 174
Other income	11	5 420	165 098
Interest received	12	2 244 691	1 173 903
		2 250 629	**1 340 175**
Operating expenses			
Administration and management fees	15	(15 672 328)	(13 214 113)
Auditors remuneration	19	(1 513 472)	(2 125 048)
Depreciation and amortisation	16	(5 852 383)	(5 093 467)
Personnel expenditure	14	(55 997 898)	(50 443 046)
Operating expenses	18	(8 976 538)	(9 180 189)
Marketing		(458 274)	(436 997)
Research and development costs		(336 865)	-
		(88 807 758)	**(80 492 860)**
Operating surplus/(deficit)		**4 962 015**	**(4 672 685)**
Finance costs	17	(546 549)	(581 897)
Surplus (deficit) for the year from continuing operations		**4 415 466**	**(5 254 582)**
Profit on disposal of property, plant and equipment		8 511	116 941
Surplus/(Deficit) for the year		**4 423 977**	**(5 137 641)**

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	**5 096 827**	**5 096 827**
Changes in net assets		
Deficit for the year	(5 137 641)	(5 137 641)
Total changes	(5 137 641)	(5 137 641)
Opening balance as previously reported	5 096 827	5 096 827
Adjustments		
Prior year adjustments	39 303	39 303
Balance at 01 April 2023	**(40 814)**	**(40 814)**
Changes in net assets		
Deficit for the year	4 423 977	4 423 977
Total changes	4 423 977	4 423 977
Balance at 31 March 2024	**4 383 163**	**4 383 163**

Cash Flow Statement

	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Revenue from non-exchange transactions		91 660 748	74 604 970
Interest income		2 244 691	1 173 903
Receipts on behalf of DEDEAT		21 934 430	26 018 700
		115 839 869	101 797 573
Payments			
Employee costs		(55 707 726)	(49 769 995)
Suppliers		(14 960 269)	(23 911 965)
Finance costs		(546 549)	(581 897)
Paid to DEDEAT		(22 080 650)	(26 143 670)
		(93 295 194)	(100 407 527)
Net cash flows from operating activities	21	**22 544 675**	**1 390 046**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(138 530)	(384 827)
Proceeds from sale of property, plant and equipment	3	32 890	244 103
Purchase of other intangible assets	4	(2 550 015)	(972 102)
Net cash flows from investing activities		**(2 655 655)**	**(1 112 826)**
Cash flows from financing activities			
Finance lease payments		(2 831 641)	(2 075 927)
Net increase/(decrease) in cash and cash equivalents		**17 057 379**	**(1 798 707)**
Cash and cash equivalents at the beginning of the year		13 874 786	15 673 493
Cash and cash equivalents at the end of the year	7	**30 932 165**	**13 874 786**

The accounting policies on pages 12 to 26 and the notes on pages 27 to 42 form an integral part of the annual financial statements.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Commissions received	-	518	**518**	518	-
Other income - (rollup)	-	5 420	**5 420**	5 420	-
Interest received - investment	705 000	1 539 691	**2 244 691**	2 244 691	-
Total revenue from exchange transactions	**705 000**	**1 545 629**	**2 250 629**	**2 250 629**	**-**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	99 623 000	(8 103 856)	**91 519 144**	91 519 144	-
Total revenue	**100 328 000**	**(6 558 227)**	**93 769 773**	**93 769 773**	**-**
Expenditure					
Personnel	(59 370 000)	1 098 000	**(58 272 000)**	(58 225 050)	**46 950**
Administration	(16 186 000)	(162 872)	**(16 348 872)**	(15 672 328)	**676 544**
Finance costs	(820 000)	210 000	**(610 000)**	(546 549)	**63 451**
Marketing expenses	(2 832 000)	2 320 000	**(512 000)**	(458 274)	**53 726**
Research and development costs	-	(400 000)	**(400 000)**	(336 865)	**63 135**
Operating Expenses	(9 186 000)	(4 616)	**(9 190 616)**	(8 760 181)	**430 435**
Audit fees	(1 595 000)	-	**(1 595 000)**	(1 513 472)	**81 528**
Capital Expenditure	(10 339 000)	3 497 715	**(6 841 285)**	(5 520 184)	**1 321 101**
Total expenditure	**(100 328 000)**	**6 558 227**	**(93 769 773)**	**(91 032 903)**	**2 736 870**
Operating surplus	**-**	**-**	**-**	**2 736 870**	**2 736 870**
Gain on disposal of assets and liabilities	-	-	-	8 511	**8 511**
Surplus before taxation	**-**	**-**	**-**	**2 745 381**	**2 745 381**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**2 745 381**	**2 745 381**

Reconciliation between budget and statement of financial performance is reflected in note 29.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

	Note(s)	2024	2023

1. Significant accounting polices

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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 (Act 1 of 1999).

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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

1.4 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the 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 the review and applied prospectively.

Designation of property plant and equipment and intangible assets as non-cash generating assets

All items of property, plant and equipment and intangible assets are designated as non-cash generating assets as they are held to for service delivery purposes and are not expected to generate commercial returns

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment for credit losses

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the receivables from exchange transactions based on their past payment history and risk profile.

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 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 how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.5 Property, plant and equipment

Initial recognition and measurement

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

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost when acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

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 the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised.

The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial yearend and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives and the useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	8 to 15 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	4 to 10 years
Computer equipment (including cellular and related equipment)	Straight-line	1 to 10 years
Leasehold improvements	Straight-line	1 to 5 years
Finance lease assets	Straight-line	2 to 5 years

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

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

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

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The entity tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

An impairment is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal is recognised in the Statement of Financial Performance.

1.6 Intangible assets

An intangible asset is an identifiable non monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when::
- 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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

Amortisation

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The annual amortisation rates are based on the following estimated average asset lives:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	24 months to indefinite
Computer software, other	Straight-line	1 to 6 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible assets with indefinite useful lives are assessed for impairments at the end of each reporting period.

Derecognition

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised and is determined as the difference between the sales proceeds and the carrying value and is recognised into the Statement of Financial Performance (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liability, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Financial instruments (continued)

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial Measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, cost or amortised cost .

Derecognition of financial assets

A financial asset is derecognised at trade date, when:

a) The cash flows from the asset expire, are settled or waived;

b) Significant risks and rewards are transferred to another party; or

c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

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.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of setoff exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.8 Tax

No provision for taxation has been made as the Eastern Cape Liquor Board is exempted in terms of Section 10 (1)(cA)(1) of the Income Tax Act (Act No 58 of 1962).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets subject to operating leases are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight line basis over the term of the relevant lease. To the extent that the straightlined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straightlined lease payments and the contractual lease payments.

Derecognition

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.9 Leases (continued)

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

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 of 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. Future expenses relating to operating leases are separately disclosed as operating lease commitments in note 20

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.
A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
Vested employee benefits are employee benefits that are not conditional on future employment.
Composite social security programmes are established by legislation and operate as multi-employer plans to provide post employment
benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.Additional text

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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.
Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service the specific event occurs. They are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.
Defined contribution plans
Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable/fall due. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.13 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the notes to the annual financial statements. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

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

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to something other than the routine, steady, state business of the entity.

Approved and Contracted Commitments: Where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments: Where the expenditure has been approved and the contract is awaiting finalisation at the reporting date.

Material contracts entered into after the reporting date but prior to the approval of the financial statements are disclosed under subsequent events.

1.14 Revenue from non-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.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board,

- the amount of the revenue can be measured reliably, and

- to the extent that there has been compliance with any restrictions associated with the grant.

The Eastern Cape Liquor Board assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Donations and sponsorships

Other donations and sponsorships are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board;

- the amount of the revenue can be measured reliably; and

- to the extent that there has been compliance with any restrictions associated with the donation and/or sponsorship.

If donations and sponsorships are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.15 Revenue from exchange transactions

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

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

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

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

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.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.16 Interest received

Investment income is recognised on a time-proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Comparative figures

Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of Comparison of Budget and Actual amounts.

The financial statements and budget are not presented on the same basis, as the financial statements are prepared on the accrual basis and the budget on the modified accrual basis of accounting. A reconciliation between the surplus/(deficit) for the period as per the Statement of Financial Performance and budgeted surplus/(deficit) is included as a note to the Statement of Comparison of Budget and Actual Amounts.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.19 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 in subsequent financial years, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure recoverable in the year the expenditure is incurred is transferred to the statement of financial position as a receivable.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA), an overspending of the entity's budget or is in contravention of the entity’s supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Segment information

The nature of ECLB activities do not allow for meaningful reporting of segments as envisaged in GRAP 18 relating to segment reporting as such it is impractical for the entity to report in terms of this standard.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.22 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives by division, such details are provided on the annual performance plan and actual performance reported included in the annual report.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The annual financial statements and the relevant budget figures are both presented by economic classification therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The 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 budget have been included in the annual financial statements. Refer to note 29.

Comparative information is not required.

1.23 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.

The entity has processes and controls in place to aid in the identification of 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. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity any one or more related parties, and those transactions were not within:

normal supplier and/or licensee/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 within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements. Information about such transactions is disclosed in the financial statements.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Cash and cash equivalents

Cash and cash equivalents are measured at fair value which is considered to be equivalent to its carrying amount. Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and deposits held on call with bank.

1.26 Contingent liabilities and contingent assets

A contingent liability is:

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.26 Contingent liabilities and contingent assets (continued)

- a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity; or
- a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable; or
- a real obligation, that may not be recognised, either because the timing or measurement is not known.

Contingent liabilities are not recognised. Contingent liabilities are disclosed in note 21.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Contingent assets are not recognised.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

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:

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statement
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 18 Segment reporting
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 Related Parties
GRAP 21 Impairment of Non-cash generating Assets
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP 25 Employee Benefits
GRAP 26 Impairment of Cash generating Assets
GRAP 27 Agriculture
GRAP 31 Intangible Assets
GRAP 32 Service Concession Arrangements: Grantor
GRAP 34 Separate Financial Statements
GRAP 35 Consolidated Financial Statements
GRAP 36 Investments in Associates and Joint Ventures
GRAP 37 Joint Arrangements
GRAP 38 Disclosure of Interests in Other Entities
GRAP 100 Discontinued Operations
GRAP 103 Heritage Assets
GRAP 104 Financial Instruments
GRAP 105 Transfers of Functions Between Entities Under Common Control
GRAP 106 Transfers of Functions Between Entities Not Under Common Control
GRAP 107 Mergers
GRAP 108 Statutory Receivables
GRAP 109 Accounting by Principals and Agents
GRAP 110 Living and Non-living Resources

IGRAP21 The effects of past decisions on Materiality

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 01 April 2024 or later periods. The entity is of the view that these standards will have none to insignificant impact for the entity, as a result the entity has not early adopted these standards:

GRAP 104 Financial Instruments (Revised 2019)

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 581 241	(2 267 076)	1 314 165	3 581 241	(2 036 525)	1 544 716
Office equipment	1 592 638	(1 344 948)	247 690	1 578 941	(1 222 092)	356 849
Computer equipment	4 989 880	(3 972 666)	1 017 214	5 115 152	(3 695 499)	1 419 653
Leasehold improvements	950 559	(949 659)	900	950 559	(947 870)	2 689
Finance Lease Vehicles	5 703 092	(3 745 212)	1 957 880	4 784 017	(1 421 916)	3 362 101
Total	**16 817 410**	**(12 279 561)**	**4 537 849**	**16 009 910**	**(9 323 902)**	**6 686 008**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 544 716	-	-	(230 551)	1 314 165
Office equipment	356 849	13 698	-	(122 857)	247 690
Computer equipment	1 419 653	124 832	(24 379)	(502 892)	1 017 214
Leasehold improvements	2 689	-	-	(1 789)	900
Finance Lease Vehicles	3 362 101	919 075	-	(2 323 296)	1 957 880
	6 686 008	**1 057 605**	**(24 379)**	**(3 181 385)**	**4 537 849**

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fixtures	1 794 619	5 750	-	(19 841)	(235 812)	1 544 716
Office equipment	380 675	98 464	-	(2 098)	(120 192)	356 849
Computer equipment	1 763 716	280 613	(52 255)	(5 817)	(566 604)	1 419 653
Leasehold improvements	4 478	-	-	-	(1 789)	2 689
Finance Lease Vehicles	4 748 760	2 877 944	(2 605 287)	-	(1 659 316)	3 362 101
	8 692 248	**3 262 771**	**(2 657 542)**	**(27 756)**	**(2 583 713)**	**6 686 008**

Assets subject to finance lease (Net carrying amount)

Finance lease vehicles	1 957 880	3 362 101

The ECLB has assets that are fully depreciated, however these assets are still in use. The review of these asset's residual values, useful lives and depreciation methods at year end did not warrant an adjustment to be made.

The ECLB has spent R36 248 (2023: R37 933) repairing and maintaining its property, plant and equipment.

R124 164 (2023: R218 905) was spent by the ECLB repairing and maintaining leased premises whilst maintenance relating to finance leased assets amounted to R39 529 (2023:R53 044).

Proceeds on disposal of assets in the prior year amounted to R244 103 and R32 890 for the current year.

Other changes and movements relate to correction of prior year differences due to consumables removed from the asset register and transfers between different classess of assets. These amounts are immaterial hence no prior period error adjustments have been made.

Security

Assets held under finance lease have a carrying value amounting to R1 957 880 (2023: R3 362 101) at year end and are used as security for the finance lease obligation as disclosed in note 9 .

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1 240 219	-	1 240 219	4 446 795	(1 603 288)	2 843 507
Computer software, other	9 005 132	(8 580 703)	424 429	4 748 539	(4 306 417)	442 122
Intangible assets under development	1 500 000	-	1 500 000	-	-	-
Total	**11 745 351**	**(8 580 703)**	**3 164 648**	**9 195 334**	**(5 909 705)**	**3 285 629**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	2 843 507	-	(1 603 288)	1 240 219
Computer software, other	442 122	1 050 015	(1 067 708)	424 429
Intangible assets under development	-	1 500 000	-	1 500 000
	3 285 629	**2 550 015**	**(2 670 996)**	**3 164 648**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, internally generated	4 446 795	-	-	(1 603 288)	2 843 507
Computer software, other	388 272	972 102	(11 786)	(906 466)	442 122
	4 835 067	**972 102**	**(11 786)**	**(2 509 754)**	**3 285 629**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Intangible assets (continued)

The ECLB has spent R226 504 (2023: R317 546) maintaining its intangible assets.

The entity's internally generated software was assessed as having indefinite useful life in prior years. The entity tests internally generated software for impairment as well as the adequacy of reported useful life annually. Events and circumstances changed in the current financial year for this asset due to changes in technology as well as the inability of the system to effectively continue to support business without major overhaul. As such it is impractical to estimate the exact amount for the future periods as the entity is in a process of procuring a new licensing system with newer technology. An assessment made indicated that the software can assist business up to a maximum of 24 months with effect from 01/04/2022 and the system has now been amortised over a 24 month period from that date as reflected above. Depreciation for the current and prior year amounted to R1 603 288 for each year with its cost amounting to R3 206 576.

5. Employee benefit obligations

Defined contribution plans

It is the policy of the entity to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

6. Receivables from exchange transactions

Receivables	1 396 139	1 232 947
Staff debt	635 528	773 787
Less: Impairment for credit losses	(508 788)	(508 788)
	1 522 879	**1 497 946**

Receivables include rental deposits, hall hire deposits, staff recoverable expenditure relating to cellphone usage, study loans, prepayments and sundry debt of which R109 891 (2023 - R65 205) relates to key management personnel. The carrying amounts of trade and other receivables approximates their fair value. Receivables are impaired when recovery is highly unlikely and a provision relating to this has remained at R508 788. Included in the receivables balance are unallocated fees paid to DEDEAT amounting to R146 220 (2023: R124 970).

Receivables increased as a result of increase in salary related debtors as well as prepayments relating to software licences.

Receivables balance includes amounts due R860 017 (2023 - R696 825) and those that are past due amounting to R536 122 (2023 - R536 122). R27 334 (2023 - R27 334) of the receivables past due is not impaired and has been outstanding for more than 120 days as the amount is still recoverable.

7. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with First National Bank. Cash at bank earn interest at floating rates based on daily bank deposit rates. Interest earned on positive bank balances is reflected in note 12:

Cash on hand	9 500	11 981
Bank balances	30 922 665	13 862 805
	30 932 165	**13 874 786**

The entity has unrestricted title to cash and bank balances, and no portion of these are ceded in any way.

The entity had the following bank accounts

Licencing deposits account	13 702 612	12 423 275
Operating account	17 220 053	1 439 530
	30 922 665	**13 862 805**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Prior period error adjustment

Relates to operating expenditure previously reflected under petty cash and expensed amounting to R39 303.

This amount therefore affected operating expenses, cash and cash equivalent; cash flows from operating activities as well as cash generated from (used in) operarions.

9. Finance lease obligation

It is ECLB's policy to lease motor vehicles under finance lease.The entity entered into finance lease arrangements with Avis with effect from January 2022. The period of the lease agreement is for a 36 month period with the liability repayable in monthly instalments. The liability is repayable in monthly instalments on the last day of the month including finance charges, at prime interest rates. Additional vehicles procured during the 2023/24 financial year are subject to the same lease terms and conditions.This debt is secured by the finance lease assets as per note 3.

	2024	2023
Minimum lease payments due		
- within one year	2 374 856	2 330 133
- in second to fifth year inclusive	-	1 747 599
	2 374 856	4 077 732
less: future finance charges	(175 306)	(512 167)
Present value of minimum lease payments	**2 199 550**	**3 565 565**
Present value of minimum lease payments due		
- within one year	2 199 550	1 924 753
- in second to fifth year inclusive	-	1 640 812
	2 199 550	**3 565 565**
Non-current liabilities	-	1 640 812
Current liabilities	2 199 550	1 924 753
	2 199 550	**3 565 565**

The average lease term is 3 years and the average effective borrowing rate was 16% (2023: 16%).

All leases have fixed repayments and no arrangements have been entered into for contingent rent and monthly installments are reviewed monthly.

The entity's obligations under finance leases are secured by leased assets as disclosed in note 3.

10. Payables from exchange transactions

	2024	2023
Trade payables	211 714	503 218
Salary related	418 371	6 220
Accrued leave pay	1 963 804	1 802 467
Accrued bonus	5 259 866	5 131 031
Accruals	1 405 306	1 198 483
Sundry payables	15 092 127	12 274 772
Operating lease payables	1 119 784	903 427
	25 470 972	**21 819 618**

A major component of sundry payables relate to unallocated funds due to over/under payments as well as incorrect or insufficient information provided by licence holders and applicants.

Accrued bonus relates to employee performance paid subsequent to year end after the approval has been granted by the Accounting Authority on the 25th April 2024. These amounts together with accrued leave pay have not been included in the financial instruments amounts and related comments as they are specifically excluded from that standard. There is no other GRAP standard requiring additional disclosure of these amounts.

Accruals relate to normal payments for goods and services received by the entity in the normal course of its operations whose invoices either just before or after year end.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Payables from exchange transactions (continued)

Salary related payables relate to payments due to 3rd parties which have not been paid over at year end.

11. Other income

Insurance claim	1 300	142 610
Tender document fees	4 120	6 930
Sundry income	-	15 558
	5 420	**165 098**

12. Interest received

Interest revenue		
Bank	2 244 691	1 173 903

13. Revenue from non-exchange transactions

Operating grants		
DEDEAT Transfer	99 623 000	74 480 000
Funds to be surrendered to the revenue fund - Current year	(8 103 856)	-
	91 519 144	**74 480 000**

The entity has applied for a rollover of surplus funds relating to mainly to cloud backup facility as well as the development of a new licencing system that could not be completed in the 2023/24 financial year due to the nature of these projects. All funds for which a rollover has been applied are fully committed.

14. Personnel

Basic salaries	44 361 138	39 606 129
Bonus	5 259 870	5 131 031
Medical aid contributions	492 939	403 709
UIF	372 805	350 364
Workmen's compensation	68 723	68 723
Pension fund contributions	5 279 828	4 794 793
Net movement in leave accruals	162 595	86 297
Temporary staff	-	2 000
	55 997 898	**50 443 046**

15. Administration and management fees

General and administrative expenses	810 619	813 467
Board administrative expenses	478 401	286 618
Board Members honorarium	778 043	606 663
Audit Committee expenses	247 248	255 070
Storage costs	57 628	178 566
Travel and subsistence	4 055 351	2 852 156
Rentals in respect of operating leases	5 069 866	4 495 635
Insurance	894 299	753 019
Communication costs	3 280 873	2 972 919
	15 672 328	**13 214 113**

General and administrative costs mainly relate to day to day operating cost to support the mandate of the enity, hence the increase in travelling and related costs.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Depreciation and amortisation

Computer Equipment	502 892	566 604
Office Furniture and Fittings	230 553	235 812
Office Equipment	122 857	120 192
Amortisation - Computer Software	2 670 996	2 509 754
Leasehold Improvements	1 789	1 789
Finance lease - Vehicles	2 323 296	1 659 316
	5 852 383	**5 093 467**

17. Finance costs

Finance leases	546 549	581 897

18. Operating expenses

Cleaning	323 574	323 394
Consulting and professional fees	107 427	32 850
Consumables and tools	46 036	18 733
Equipment rental	1 297 076	1 060 189
Fuel and oil	1 305 999	1 152 812
Legal costs	143 111	954 282
Maintenance, repairs and running costs	500 469	695 098
Staff recruitment	35 572	12 637
Printing and stationery	355 806	254 966
Social responsibility outreach programme	3 812 987	3 127 831
Staff training and development	115 549	248 089
Utilities	314 634	539 108
Other	618 298	694 006
Vehicle rental	-	26 891
	8 976 538	**9 140 886**

Other includes costs relating to call centre services, staff refreshments,employee wellness, postage and delivery as well as costs relating to the strategic planning session

19. Auditors' remuneration

Statutory audit - Auditor General	1 235 871	1 853 715
Internal Audit	277 601	271 333
	1 513 472	**2 125 048**

20. Operating lease

The Eastern Cape Liquor Board entered into the following operational lease agreements:

- Rental of properties in East London, Gqeberha, Cradock, Queenstown and Mthatha with escalation ranging from 5.5% to 6.5%,
- Rental of network printers with no escalation; and
- Rental of computer equipment with no escalation.

At the statement of financial position date, the Board had outstanding commitments under non-cancellable operating leases which fall due.

All entity operating lease contracts are for 36 to 60 months, as one contract ends a new one is entered into to ensure continued service delivery.

Rental of properties contracts entered into in the previous financial year relate to Gqeberha, Cradock and Queenstown.

The East London operating lease contract is in its second year of the five year period whilst the Mthatha office contract commenced on the 1st April 2022. New lease contract for the Mthatha office has been concluded as at reporting date and commitments in respect of the new contract have been included in the amounts disclosed below.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

20. Operating lease (continued)

Up to 1 year	5 725 215	5 740 501
2 to 5 years	6 711 383	10 144 077
Total operating lease commitments	**12 436 598**	**15 884 578**

21. Cash generated from operations

Surplus (deficit)	4 423 977	(5 137 641)
Adjustments for:		
Depreciation and amortisation	5 852 383	5 093 467
Loss/ gain on sale of assets	(8 511)	(164 596)
Finance costs - Finance leases	546 549	581 897
Funds to be surrendered to the revenue fund	8 103 856	-
Changes in working capital:		
Receivables from exchange transactions	(24 933)	(406 706)
Payables from exchange transactions	3 651 354	1 423 625
	22 544 675	**1 390 046**

22. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Intangible assets	5 000 000	-
Total capital commitments		
Already contracted for but not provided for	5 000 000	-

Authorised operational expenditure

Already contracted for but not provided for		
• Other financial liabilities	6 975 309	6 831 402
Total operational commitments		
Already contracted for but not provided for	6 975 309	6 831 402

Total commitments

Authorised capital expenditure	5 000 000	-
Authorised operational expenditure	6 975 309	6 831 402
	11 975 309	**6 831 402**

Commitments above relate to future expenditure and exclude operating lease commitments disclosed in note 20.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Contingent liabilities

2024

There were **five** legal matters that were not concluded by the ECLB as at **31 March 2024**. These matters include five civil claims and one labour related matter. At this stage it is not possible to estimate Eastern Cape Liquor Board's maximum exposure for any of these matters. The nature of these legal matters are detailed below.

Civil matters

1. The entity received summons from the Plaintiff claiming loss of income amounting to R 180 000. The Plaintiff is alleging that the ECLB wrongfully cancelled his liquor licence.

2. The entity has appealed a decision of the panel of appeal after the Panel of Appeal held that it is the duty of the Eastern Cape Liquor Board (and not that of the Applicant) to ensure that Ward Councillors attend to their legislative duty of conducting community consultation meetings. In essence, this matter relates to an interpretation of Section 22(2)(d)(i) of the Eastern Cape Liquor Act, 2003 (Act no. 10 of 2003).

3. The ECLB launched a review application, in terms of which it seeks to interdict the Respondent from trading and to have the Board's decision to issue a licence to the Respondent reviewed and set aside by the High Court in Mthatha. The Board approached the Court after becoming aware that the Respondent misled it to have their licence issued.

4. The Bhala Traditional Council brought to the Mthatha High Court an urgent application, in terms of which they sought to have various liquor outlets operating within the jurisdiction of the Traditional Council interdicted from trading in liquor. The Traditional Council further sought to have the Board Ordered to refrain from issuing or renewing licences within its jurisdiction without having consulted with the Traditional Council. The Board has since assumed the position of an interested party as the Applicant abandoned the part of its prayers that seeks to directly affects the Board.

Labour matters

1. The employee referred a matter to the Labour Court for an equal pay for equal work. The referral to the Labour Court was late. The employee applied for a condonation of lateness. The Court upheld the condonation application on the 8th September 2023. The Parties are now waiting for the Court date of the hearing of the merits of the matter

2023

There were **seven** legal matters that were not concluded by the ECLB as at **31 March 2023**. These matters include six civil claims and two labour related matters. At this stage it is not possible to estimate Eastern Cape Liquor Board's maximum exposure for any of these matters. The nature of these legal matters are detailed below.

Civil matters

1. The ECLB is cited as a second respondent in a matter relating to the interpretation of the Eastern Cape Liquor Act, 2003 (Act no. 10 of 2003) and the applicant is claiming R200 000 in damages

2. The entity received summons from the Plaintiff claiming loss of income amounting to R 180 000. The Plaintiff is alleging that the ECLB wrongfully cancelled his liquor licence.

3. The ECLB is cited as a respondent together with the Panel of Appeal on a civil review application made which seeks to review the decision of the Panel of appeal.

4. The ECLB is cited as a Respondent in an urgent application seeking an order directing that the ECLB make a final decision in respect of a liquor licence application. Judgment relating to this matter has been issued and the ECLB is awaiting taxation of the Bill of Costs. The ECLB is unable to reliably estimate these costs.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Contingent liabilities (continued)

5.The ECLB is cited as a Respondent in an urgent application seeking that the Court provide the Applicant authority to trade despite being issued with a refusal decision in respect of a liquor licence application and despite pending liquor licence applications. The second leg of the application sought a declaratory order on the question of law. The ECLB received a favourable judgment in respect of the urgent application with costs. In respect of the second leg, the Applicant withdrew tendering the entity's costs. The Bill of Costs is awaiting taxation.

Labour matters

1. A labour matter is currently before the Labour Court subsequent to a review of a CCMA award which directs that the ECLB reinstate dismissed employees.

2. The CCMA ruled in favour of the employee. The ECLB took the decision on review to the labour court. Upon verbal advice, it was noted that due to lack of recordings etc. the matter must start afresh. The ECLB received a notice of set down from the CCMA , the arbitration was scheduled for 6 of December 2019. During arbitration it was agreed that the matter should be moved to the Labour Court. The matter is set down for hearing at the Labour Court on 8 of September 2023.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Related parties

Relationships	
Board Members	Refer to Board Members' report note 25
Audit Committee Members	Refer below
Controlling entity	Department of Economic Development, Environmental Affairs and Tourism
Entities under the same controlling entity	Coega Development Corporation East London Industrial Development Zone Eastern Cape Development Corporation Eastern Cape Gambling and Betting Board Eastern Cape Parks and Tourism Agency
Members of key management	Refer to note 24

Related party transactions

	2024	2023
Controlling enity related transactions		
Revenue from non-exchange transactions appropriated through DEDEAT	99 623 000	74 480 000
Revenue received on behalf of DEDEAT	21 934 430	26 018 700
Paid to DEDEAT	(22 080 650)	(26 143 670)
Due from DEDEAT	(146 220)	(124 970)

The Eastern Cape Liquor Board (ECLB) receives an allocation appropriated by the Legislature through the Department of Economic Development Environmental Affairs and Tourism (DEDEAT), annual allocations are reflected above as revenue from non-exchange transactions.

Registered and prospective liquor traders make deposits made into the licencing bank account which are reconciled with licencing reports to record revenue collected for the reporting period, reflected above as revenue received on behalf of DEDEAT. Consideration is made for timing differences between all licencing activities around revenue received, recognition thereof and payment to DEDEAT. Funds identified and reconciled within the reporting period are paid over to DEDEAT whilst amounts identified and reconciled outside reporting periods are accrued for and recorded either due to/(from) DEDEAT.

Unallocated amounts relating mainly to payments made with wrong reference numbers, short-payments, payments for applications that have not been lodged yet, wrong payments meant for accounts liquor traders have with the liquor industry (liquor traders not differentiating between payment to the liquor industry and ECLB) and overpayments relating to licence registration and renewals are recorded under sundry payables and included in note 9.

	2024	2023
Audit Committee fees		
Vicky Ntsodo-Boyce (Chairperson appointed 10/2022)	64 400	33 627
Mr. P. Zitumane (appointed as a Deputy Chairperson on 10/2022)	33 400	40 493
Mr W. Manthe (Chairperson - term ended 09/2022 and re-appointed 01/05/2024)	25 188	50 700
Mr. D Rorwana (appointed 10/2022)	46 400	14 400
Adv. S. Gugwini Peter (Deputy Chairperson - term ended 09/2022)	-	53 600
Ms. B Jojo (term ended 02/2023)	-	20 000

Mr. P Jizana is a member of the Audit Committee employed by the Department of Public Works. He has been paid a data allowance, no committee fees have been paid to him.

Mr. W. Manthe's term with the Audit Committee ended in September 2022. He was appointed into the entity's Board by the MEC DEDEAT in May 2023 and ECLB Board Members appointed him to represent the Board in the Audit Committee in the same month.

	2024	2023
Related party rental related transactions		
ECDC rental deposit refind to ECLB	-	116 968

Key management information

Class	Description	Number

Notes to the Annual Financial Statements

Figures in Rand			2024	2023

24. Related parties (continued)

Board members	Accounting Authority of the ECLB appointed by the MEC for the Department of Economic Development, Environmental Affairs and Tourism. Fiduciary duties of the accounting authority are stipulated in section 50 of the PFMA, Act 1 of 1999	4		
Audit Committee members	Committee of the Board whose composition and responsibilities are in line with the PFMA. Audit Committee comprises of 1 Board Member and 4 independent members.	5		
Executive management	Comprises of the Accounting Officerbeing the Chief Executive officer of the ECLB reporting directly to the Board Members. The following direct reports ofthe Chief Executive Officer also form partof the Executive Management ChiefFinancial Officer, Chief Inspector, SeniorManager: Licensing, SeniorManager: Corporate Services as well as the Senior Manager: Social Accountability.	6		

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

25. Emoluments to Senior Management and Board Members

Senior Management

2024

	Basic Salary	Bonuses and performance-related payments	Total
Dr. N. Makala (Chief Executive Officer)	2 516 119	336 691	2 852 810
Ms. A Vikilahle (Chief Financial Officer)	1 654 525	179 837	1 834 362
Mr. Z Tyikwe (Chief Inspector)	1 758 529	186 605	1 945 134
Mr. P Tyali (Senior Manager: Licensing)	1 759 473	182 151	1 941 624
Ms. L. Tini (Senior Manager Corporate Services)	1 594 218	165 023	1 759 241
Dr. M. Msiya (Senior Manager Social Accountability)	1 070 844	148 712	1 219 556
	10 353 708	**1 199 019**	**11 552 727**

2023

	Basic Salary	Bonuses and performance-related payments	Total
Dr. N. Makala (Chief Executive Officer)	2 338 768	309 300	2 648 068
Ms. A Vikilahle (Chief Financial Officer)	1 537 956	203 297	1 741 253
Mr. Z Tyikwe (Chief Inspector)	1 634 623	216 093	1 850 716
Mr. P Tyali (Senior Manager: Licensing)	1 635 500	177 767	1 813 267
Ms. L. Tini (Senior Manager Corporate Services)	1 481 903	153 381	1 635 284
	8 628 750	**1 059 838**	**9 688 588**

Non-executive Board Members

2024

	Board Members' fees for service	Cell phone allowance	Travel reimbursement	Total
Mr. M. Gobingca (Chairperson from 01/04/2023)	436 500	18 000	30 717	485 217
Dr. M Mboto	-	-	133 608	133 608
Ms. NN Nongogo	205 300	-	31 987	237 287
Mr. W. Manthe	137 300	-	24 838	162 138
	779 100	**18 000**	**221 150**	**1 018 250**

2023

	Board Members' fees for service	Cell phone allowance	Travel reimbursement	Total
Mr. M. Gobingca (Chairperson from 01/04/2023)	140 000	1 500	8 776	150 276
Ms. N. Tys (Chairperson - term ended 26/02/2023)	312 000	12 000	42 334	366 334
Ms. B Jojo	68 000	-	9 747	77 747
Dr. M. Mboto	-	-	28 632	28 632
Ms. NN Nongogo	86 663	-	1 648	88 311
	606 663	**13 500**	**91 137**	**711 300**

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Risk management

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's risk of liquidity is therefore as a result of the funds availability to cover future commitments. The entity manages liquidity risk through ensuring that adequate funds are available to meet its expected and unexpected financial commitments through an ongoing review of cash flows and future commitments and related budgets.

Refer to note 7 and below for financial assets exposed to liquidity risk.

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy parties

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The entity only deposits cash with major banks with high quality credit standing.

Credit risk relating to receivables from exchange transactions is limited and relates mostly to rental deposits, staff debt as well as licensing fees paid in advance to DEDEAT due to payments received with limited or incorrect information also referred to unallocated payments. Fees paid to DEDEAT are also disclosed in related party transactions.

All financial assets and liabilities are carried at fair value, cost or amortised cost.

Financial assets exposed to credit risk at year end were as follows:

Financial assets		
Cash and cash equivalents	30 932 165	13 914 089
Receivables from exchange transactions	1 522 879	1 497 946
	32 455 044	**15 412 035**

Financial liabilities		
Payables from exchange transactions	18 247 302	14 886 120
Payables from non-exchange transactions	8 103 856	-
Finance lease obligations	2 199 550	3 565 565
	28 550 708	**18 451 685**

Market risk

The entity's activities expose it primarily to the risks of fluctuations in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The entity manages interest rate risk through negotiating preferential rates with lenders on all amounts borrowed, as well as the use of fixed interest rates.

27. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business; for at least the next 12 months.

Further to that, the entity has received additional funding to commence activities towards the implementation of the Eastern Cape Liquor Authority Act 4 of 2018 which was asserted to and published in the Provincial Government Gazette on 11 March 2019. DEDEAT and the ECLB are in the process of finalising Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

Eastern Cape Liquor Board
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Going concern (continued)

A proposal on the merger of ECGB and ECLB has been made by Treasury but no formal instruction or announcement in this regard has been made. At reporting date, there were no indications that the ECLB would cease to exist (in its current form) in the next twelve months.

28. Fruitless and wasteful expenditure

	2024	2023
Add: Fruitless and wasteful expenditure identified - current	6 020	36 596
Less: Amount recovered - current	(6 020)	(36 596)
Closing balance	**-**	**-**

Fruitless and wasteful expenditure relates to paid amounts which could have been avoided by the employee concerned and these have been recovered from employee.

29. Reconciliation between budget and statement of financial performance

The budget disclosed in comparison of budget to actual amounts covers the period 01 April 2023 to 31 March 2024 and is for the ECLB only. The budget is prepared on cash basis. The financial statements are prepared on an accrual basis of accounting. The classification basis adopted in the budget is the same as the financial information.

Changes to the approved and the final budget are as a result of reallocations where cost pressures and entity priorities have been identified. Changes also relate mainly to the net effect of surplus funds awaiting approval.

Net operating differences result mainly from the impact of accrued expenses with budgets reflected in subsequent periods as well as non-cash items e.g. depreciation, straight-lining of operating leases.

Capital expenditure - Actual amounts spent were less than budgeted as the project started later than anticipated.

Marketing expenses as well as research a development costs savings realised as result of stakeholder engagements as well as bulk butying of marketing utilities.

	2024	2023
Net surplus (deficit) per the statement of financial performance	4 423 977	(5 137 641)
Adjusted for:		
Net differences in operating expenditure	(3 008 208)	6 112 755
Profit on disposal of assets	8 511	116 941
Capital expenditure	1 321 101	-
Actual surplus on comparable basis as presented in the Budget and Actual Comparative Statement	**2 745 381**	**1 092 055**

30. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.