

# WESGRO

cape town & western cape  
tourism, trade & investment

# ANNUAL REPORT 2022/23





# Contents

## **Part A: General Information ..... 4**

|  |    |
|--|----|
| 1. PUBLIC ENTITY'S GENERAL INFORMATION.....  | 4  |
| 2. LIST OF ABBREVIATIONS .....   | 6  |
| 3. FOREWORD BY THE CHAIRPERSON .....   | 8  |
| 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW .....  | 10 |
| 5. STATEMENT OF RESPONSIBILITY AND<br>CONFIRMATION OF ACCURACY OF<br>THE ANNUAL REPORT – ..... | 12 |
| 6. STRATEGIC OVERVIEW .....  | 13 |
| 6.1. Vision .....  | 13 |
| 6.2. Mission .....   | 13 |
| 6.3. Values .....  | 13 |
| 6.4. Constitutional, Legislative and<br>Other Mandates.....                                    | 13 |
| 5. ORGANISATIONAL STRUCTURE.....   | 17 |

## **Part B: Performance Information ..... 20**

|  |    |
|--|----|
| 1. AUDITOR'S REPORT:<br>PREDETERMINED OBJECTIVES.....                            | 20 |
| 2. SITUATIONAL ANALYSIS .....  | 20 |
| 2.1. Service delivery environment.....   | 20 |
| 2.2. Organisational environment .....  | 21 |
| 2.3. Key policy developments and legislative<br>changes .....                    | 23 |
| 2.4. Progress towards achievement of<br>institutional impacts and outcomes ..... | 23 |
| 3. PERFORMANCE INFORMATION<br>BY PROGRAMME.....                                  | 24 |
| 3.1. Programme 1: Corporate Services .....                                       | 24 |
| 3.2. Programme 2: Investment Promotion.....                                      | 28 |
| 3.3. Programme 3: Export Promotion .....   | 35 |
| 3.4. Programme 4: Research .....   | 44 |
| 3.5. Programme 5: Strategy and Governance .....                                  | 46 |
| 3.6. Programme 6:<br>Marketing and Communication .....                           | 50 |
| 3.7. Programme 7: Destination Marketing<br>Organisation (DMO).....               | 55 |

|  |    |
|--|----|
| 3.8. Programme 8: Film and Media Promotion ..... | 57 |
| 4. Revenue collection .....                      | 63 |
| 5. Capital investment.....                       | 63 |

## **Part C: Governance ..... 66**

|   |    |
|---|----|
| 1. INTRODUCTION .....                               | 66 |
| 2. PORTFOLIO COMMITTEES.....                        | 66 |
| 3. EXECUTIVE AUTHORITY .....                        | 67 |
| 4. THE ACCOUNTING AUTHORITY / BOARD .....           | 67 |
| 5. RISK MANAGEMENT.....                             | 72 |
| 6. INTERNAL CONTROL.....                            | 72 |
| 7. INTERNAL AUDIT, IT AND<br>RISK COMMITTEE.....    | 72 |
| 8. COMPLIANCE WITH LAWS AND<br>REGULATIONS .....    | 73 |
| 9. FRAUD AND CORRUPTION .....                       | 73 |
| 10. MINIMISING CONFLICT OF INTEREST.....            | 73 |
| 11. CODE OF CONDUCT .....                           | 74 |
| 12. HEALTH, SAFETY AND<br>ENVIRONMENTAL ISSUES..... | 74 |
| 13. BOARD SECRETARIAT .....                         | 74 |
| 14. SOCIAL RESPONSIBILITY .....                     | 75 |
| 15. AUDIT, IT AND RISK COMMITTEE REPORT ...         | 75 |
| 16. B-BBEE COMPLIANCE INFORMATION .....             | 76 |

## **Part D: Human Resources Management ..... 76**

|                                    |    |
|------------------------------------|----|
| 1. INTRODUCTION .....              | 78 |
| 2. HUMAN RESOURCES MANAGEMENT..... | 78 |

## **Part E: PFMA Compliance Report ..... 84**

## **Part F: Financial Information ..... 92**

|  |     |
|--|-----|
| 1. REPORT OF THE EXTERNAL AUDITOR..... | 96  |
| 2. ANNUAL FINANCIAL STATEMENTS.....    | 104 |

# Part A: General Information

## 1 PUBLIC ENTITY'S GENERAL INFORMATION

|                                      |   |
|--------------------------------------|---|
| Registered Name:                     | Wesgro  |
| Registration Number (If Applicable): | Not Applicable  |
| Physical Address:                    | 18th Floor,<br>South African Reserve Bank Building<br>Cape Town<br>8000             |
| Postal Address:                      | Po Box 1678<br>Cape Town<br>8000  |
| Telephone Number:                    | 021 487 8600  |
| Email Address:                       | info@wesgro.co.za   |
| Website Address:                     | www.wesgro.co.za  |
| External Auditor:                    | Auditor-General South Africa  |
| Banker:                              | Absa Regional Office, 1st Floor, Bridge Park East,<br>Bridgeway, Century City, 7441 |
| Board Secretariat:                   | Giselle Naidoo  |



## 2 LIST OF ABBREVIATIONS

|          |  |
|----------|--|
| AIU      | Agri-business Investment Unit                                |
| AGOA     | African Growth and Opportunity Act                           |
| AGSA     | Auditor General of South Africa                              |
| AVE      | Advertising Value Equivalent                                 |
| B2B      | Business to Business   |
| B2C      | Business to Consumer   |
| CEO      | Chief Executive Officer                                      |
| CFO      | Chief Financial Officer                                      |
| CTRU     | Cape Town Routes Unlimited                                   |
| DEDAT    | Department of Economic Development and Tourism               |
| DTIC     | Department of Trade Industry and Competition                 |
| EAP      | Export Advancement and Promotion                             |
| ESEID    | Economic Sectors, Employment, and Infrastructure Development |
| EU       | European Union   |
| FDI      | Foreign direct investment                                    |
| FTE jobs | Full-time equivalent jobs                                    |
| G4J      | Growth for Jobs  |
| GDA -    | Grabouw Development Agency                                   |
| GDP      | Gross Domestic Product                                       |
| GFC      | Gauteng Film Commission                                      |
| GRAP     | Generally Recognised Accounting Practices                    |
| HR       | Human Resources  |
| IP       | Investment promotion   |
| IPAs     | Investment promotion agencies                                |
| IPAP     | Industrial Policy Action Plan                                |
| IT       | Information technology                                       |
| KZNFC    | KwaZulu-Natal Film Commission                                |
| MFMA     | Municipal Finance Management Act                             |

|          |  |
|----------|--|
| MOA      | Memorandum of Agreement                            |
| MOU      | Memorandum of Understanding                        |
| MTEF     | Medium Term Expenditure Framework                  |
| MTSF     | Medium Term Strategic Framework                    |
| NCA      | National Credit Act                                |
| NDP      | National Development Plan                          |
| NT       | National Treasury                                  |
| NTSS     | The National Tourism Sector Strategy               |
| OFDI     | Outward foreign direct investment                  |
| PFMA     | Public Finance Management Act                      |
| PSP      | Provincial Strategic Plan                          |
| R&D      | Research and Development                           |
| SA       | South Africa                                       |
| SALGA    | South African Local Government Association         |
| SAT      | South African Tourism                              |
| SCOPA    | Standing Committee on Public Accounts              |
| SCM      | Supply Chain Management                            |
| SOP      | Standard Operating Procedure                       |
| Stats SA | Statistics South Africa                            |
| TTIPA    | Trade, Tourism and Investment Promotion Agency     |
| UN       | United Nations                                     |
| UNCTAD   | United Nations Conference on Trade and Development |
| USA      | United States of America                           |
| UK       | United Kingdom                                     |
| VIP      | Vision Inspired Priorities                         |
| WC       | Western Cape                                       |
| WTO      | World Trade Organization                           |
| ZAR      | South African Rand                                 |

## FOREWORD BY THE CHAIRPERSON

Looking back over the past 12-months, it is as if the global economy has lurched from one cycle of uncertainty to the next, but with new and different challenges to be faced. From the on-going war in Ukraine and its consequences, to the global drive to reduce carbon emissions and mitigate the impact of climate change, to the unknowns of AI, to deepening geopolitical pressures and fault lines. And all against a backdrop of tightening monetary policies globally as the fight against inflation continues, tighter credit standards and weaker loan demand, and China's tepid economic recovery. Given these headwinds, global economic growth can only be slow.

The degree to which different geographic regions are set to be impacted or indeed benefit from these new pressures is to be seen. As always there will be winners and losers, and the signs remain that the Western Cape in particular, can be a net beneficiary in terms of growth and jobs.

Over the same period, energy security in South Africa materially worsened, with very serious negative consequences to businesses, large and small. Looking ahead, the signs are there that this energy deficit can be turned into a positive, or specifically, a surplus of green energy, if only we grasp the opportunity.

In this context, ongoing progress at a National, Province and City level on the energy front are welcome, as well as developments on the unbundling of Eskom, including the issuance of a license to National Transmission Company of South Africa (NTCSA) to operate a transmission system in South Africa, and the recently approved sale of the entity's distribution assets to a new state-owned company. The recent publication of the South Africa Renewable Energy Masterplan draft is another significant milestone worth mention. Closer to home in the Western Cape, substantial investment by both the Province and City in infrastructure to ensure both short-term and long-term energy security and continuity are both welcome and of significance if the province is to remain a globally competitive regional economy. Coupled to this are the City and Province's long-term policies and programmes to meet their respective commitments to be carbon neutral, become a climate resilient province by 2050. The bigger picture beyond securing energy continuity is the potential within the province to benefit from investment and job creation from the "Just Transition" towards renewable energy.

Arguably the greatest, immediate economic growth opportunity however remains in tourism. During the year the Western Cape's tourism sector moved beyond recovery and into growth with a full recovery recorded in eight out of the province's top ten overseas markets by March this year. The strength of Cape Town

and the Western Cape's exciting and diverse offer, coupled with the extraordinary value for money presented by the weak Rand bodes well for continued growth in this sector. Wesgro's role in this sector is understanding the barriers and unlocking or boosting this growth. This is where the effectiveness of the Air Access program and Cruise Cape Town initiatives come into play. The underlying potential of the sector's contribution to jobs was clearly underlined with the province accounting for 167,000 of the 169,000 new jobs created nationally in the fourth quarter of 2022, the vast majority of which were attributed to the recovery and growth in local tourism.

The Province also enjoys significant advantage in the growing green and tech sectors, with the Western Cape home to several global giants in these fields. This is testimony not only to the province's value proposition, but the commitment at all levels of local leadership, in business and in government, to position and ready the province to be a future-fit, agile, and globally competitive regional economy. Ensuring that the correct levers and policies are in place to position the economy to be part of the greener, increasingly decarbonized global value and supply chains is imperative.

As the Western Cape's official trade and investment promotion agency, Wesgro, in collaboration with partners is committed to driving inclusive and sustainable economic growth to create jobs, and to promote and position Cape Town and the Western Cape as a globally competitive regional economy. We as an Agency are committed to enabling economic competitiveness and ultimately, breakout economic growth. And it is this focus and strategic emphasis on knowledge, innovation and sustainability that has enabled Wesgro to adopt the step-change required in all aspects of global trade, investment, and business as the global economy transitions to a more innovative and sustainable trajectory.

The Agency's achievements recorded in this past financial year are testimony to this, including amongst others the ZAR4.1 billion of new investments facilitated by the Investment Team, 50% of which was into the green economy; the ZAR3.1 billion of export declarations reached by the Export Unit; and the 30 conference bids secured for the period FY2022/23 – FY2024/25, the direct economic impact of which exceeds ZAR404 million. While the strength of the Cape Town brand remains exceptionally high and a real strength, it needs constant nourishing and the Agency has proudly been awarded three Loeries, two Creative Circle awards and a number of international awards for its exceptional media work, while the digital Made in the Cape platform continues to outperform expectations, with the platform home to 199 international buyers and 1027 local exporters offering 4580 products and services at the end of March 2023.



As we look ahead, the Western Cape Government has created, and is implementing a strategy known as “Growth for Jobs (G4J)” whose overarching objective to facilitate and enable the building a R1 trillion provincial economy by 2035. Wesgro’s role is the critical bridge between the public sector and the private sector, ensuring the effectiveness of this strategy in enabling the private sector to grow and create opportunities.

Wesgro also recognises the significant importance of differentiating the Western Cape as a leading regional economy on the global stage, and to effectively do so, we remain committed to enabling and promoting a more sustainable, digitised, innovative and competitive regional economy. We also remain firmly focused on promoting the province’s value proposition, building the Western Cape’s brand globally, and continually striving to boost competitiveness.

In my last year as Chairman, I would particularly like to thank the Board and especially the outgoing members for their service, hard work and dedication. Last year our audit hit a bump in the road, but I would like to acknowledge the work that has gone into restoring our unqualified record.

Looking forward, I am confident that Wesgro under the skilful leadership of Chief Executive Officer, Wrenelle Stander, and her very able team will continue to successfully make a difference to ensuring that the Western Cape economy raises the bar for what is possible for our country.

I would like to extend a sincere thank you to Premier Alan Winde, Executive Mayor Geordin Hill-Lewis, MEC Mireille Wenger and Alderman James Vos for your support, vision and tireless efforts working with Wesgro to grow the economy of the Western Cape to meaningfully address the poverty, inequality and unemployment that continue to plague South Africa.



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David Green  
Chairperson  
Wesgro



## CHIEF EXECUTIVE OFFICER'S OVERVIEW

Wesgro's mandate is clear and uncontested. In collaboration with partners, we will continue to drive inclusive and sustainable economic growth to enable job creation. In addition, as a sub national Trade, Tourism, and Investment Promotion Agency (TTIPA) we are committed to doing our part in ensuring that the Western Cape remains one of the world's competitive regional economies.

Over the FY23 financial year we worked hard to:

- 1) Differentiate the Western Cape as a leading regional economy;
- 2) Capture the Western Cape's share of global investment into the tech and green economies;
- 3) Leverage technology to grow Western Cape exports;
- 4) Grow the leisure and business tourism pie; and
- 5) Build an effective, efficient, and more innovative Wesgro.

**Differentiating the Western Cape as a leading regional economy.** The Western Cape has a strong economic story to tell. The key fundamentals are in place, evidenced by the recent jobs' statistics. The vision for the province is clear and is set out in the provincial Growth for Jobs strategy. The economic leadership team in the Western Cape is aligned across the tiers of government and bold steps have been taken to mitigate loadshedding and ensure energy security over the medium to longer term. Steps have also been taken to address safety and security concerns. The investment environment is relatively conducive with a focus on cutting red tape and rolling out the red carpet for investors. Wesgro forms part of this broader leadership team in the province.

For its part, Wesgro has successfully taken the Western Cape's value proposition to the world and brought the world to the Western Cape, and in doing so is building the reputation of the Western Cape globally. Our Tourism, Trade and Investment teams hosted 68 delegations from 31 countries and visited 33 countries. In addition, we have worked to build business confidence in the Western Cape by convening the public private ecosystem every two months on a range of key topics including Health Tech, Tech, Tourism, the Green Economy, and Future Industries. Consequently, we hosted 100 CEOs from across the province's economic ecosystem. Importantly Wesgro is slowly becoming part of global and local conversations on sustainability, regularly representing the Western Cape on international platforms, and attracting international coverage. The work of the Agency has achieved global recognition and has won multiple local and international awards during the period under review.

**Capturing the Western Cape's share of global investment into the tech and green economies.** Sustainability, Digitisation (Innovation), and Knowledge are themes driving the global competitiveness of the destination and have underpinned how

we land the various value propositions for investors, tourists, buyers, and filmmakers. Good progress was made during the year to drive a shift to renewable energy and unlock new market opportunities in utility-scale renewable energy, small scale embedded generation, battery and solar manufacturing, energy efficiency, e-mobility, and green hydrogen.

Of the 14 new projects facilitated by Wesgro during FY23, >50% came from foreign investors: Norway, Germany, and the United States, while 31% came from the expansion of existing businesses in the Western Cape. Many of the green economy investments were attracted together with Green Cape into renewable energy manufacturing, waste economy, sustainable agriculture, electric mobility. Pharmaceuticals comprised 17% of the investment facilitated. Over the period under review, we built a digitisation competence across the Agency, and were actively part of the dialogue in the digitisation space both locally and globally.

**Leveraging technology and the 'region of origin' brand, Made in the Cape, to grow Western Cape exports.** Wesgro has continued to innovate in the way we approach trade, more so than in any other part of our business. We have leveraged technology to connect more exporters with more buyers (Cape Trade Portal); built capacity to ensure a deliberate focus on the services sector (70% of jobs in the WC come from the services sector); focussed on building relationships with global buyers and finally building the Made in the Cape brand, to make Western Cape goods and services synonymous with quality, sustainability, and trust.

Finally, the Trade team has benefitted from the expertise of the newly established Advocacy and Advisory capability established to influence export competitiveness, market access, increased climate related regulations. Together with the broader Provincial team, the team successfully developed and implemented a series of actions in anticipation of the expiration of preferential access to the United States under AGOA in 2025. In addition, the team unpacked the European Union Green Deal and its implications for Western Cape exports.

**Growing the leisure and business tourism pie to create jobs.** Tourism continues to be a key focus for Wesgro because of its labour intensity, its multiplier effect, its ability to generate opportunities for Small, Micro to Medium Enterprises (SMMEs) and its ability to support increased exports and foreign direct investment. The post pandemic recovery of the tourism sector in the Western Cape has been rapid.

In the Tourism economy, we are no longer talking about recovery, instead we are talking about growth. Our focus has shifted to finding ways that can deliver inclusive growth and counteract seasonality. By the end of March 2023, seven (7) of the province's top ten (10) source markets were fully recovered and air passenger movements exceeded pre pandemic levels.

Domestic trips recovered well and domestic spend had exceeded pre-pandemic figures in the province. Notwithstanding the pandemic, significant effort and funding were ploughed into ensuring that we remain top of the consideration list in key source markets. We have promoted Cape Town and the Western Cape on trade platforms locally and abroad, and we invested funds to showcase the unique visitor experiences through domestic and international tourism campaigns.

In addition, good progress was made in the business tourism space. Thirty (30) bids were secured in the year, with an economic impact of R423,8M. We are seeing the return of medium- to large-sized business events, and an encouraging resumption of in-person conferences.

Finally, over the period under review, we played a facilitating and advisory role and convened tourism players across the private and public sector tourism ecosystem to remove barriers, unlock opportunities and mitigate risk.

**Building an effective, efficient, and more innovative Wesgro.** The Agency has experienced rapid change. Our focus has been on ensuring that our work is underpinned by three pillars critical to the competitiveness of the province i.e., Sustainability, Digitisation (Innovation), and Knowledge.

We are working to build a central economic knowledge hub for stakeholders, to enable knowledge dissemination in an efficient and effective way. Good progress has been made with expansion and diversification of datasets to give us richer insights.

Through building and implementing a Data Science capability, many manual processes within the Agency are being digitised saving the teams valuable time and ensuring more efficient ways of working. While we have made good progress there is still some way to go to ensure the digital transformation of the agency.

With a clear need for Wesgro to respond to changing business environments and for us to assist in ensuring the Western Cape is ready we are building a Sustainability (Green) competence within the Agency.

**Our focus on replicating our intellectual property in catalytic delivery models** across other areas of the economy to ensure greater impact for the destination has yielded results. Over the period under review, we have put in place the building blocks for two potential catalytic initiatives which we hope will take root over the next few financial years: EduAccess and the Cape of Great Events.

Finally, we achieved a remarkable outcome in Wesgro's audit turnaround. The outcome has shifted from a qualified audit opinion in 2021/22 to an unqualified audit opinion in 2022/23. While material findings on Supply Chain Management were identified, this turnaround served as a catalyst for introspection and innovation.

As we continue this journey, we remain dedicated to continuing to improve our governance practices, delivering success across our mandates; being digitally enabled, and continuing to be stakeholder facing to ensure value for all our stakeholders.

I would like to extend a sincere thank you to Premier Alan Winde, MEC Mireille Wenger, Executive Mayor Geordin Hill-Lewis, Mayoral Committee Member Alderman James Vos, HOD Dedat Velile Dube; HOD Provincial Treasury, David Savage, the Wesgro Board, and the Chairman of the Wesgro Board David Green.

Of course, none of this would have been possible without the Wesgro Executive Team and the passionate and engaged, Wesgro staff!

Thank you for your unwavering support.



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Wrenelle Stander  
Chief Executive Officer  
Wesgro



## 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 South Africa.
- 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 (contained in Part E of this report) have been prepared in accordance with the South African standards of Generally Recognised Accounting Practices (GRAP), standards applicable to the public entity.
- The accounting authority is responsible for the preparation

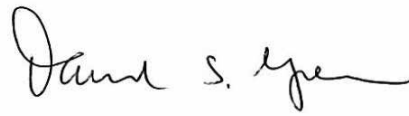
of the annual financial statements and for the judgements made in this information.

- The accounting authority is responsible for establishing and implementing a system of internal control, which has been designed to provide reasonable assurance regarding the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditor is 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 2023.



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Wrenelle Stander  
Chief Executive Officer  
Date: 30 August 2023



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David Green  
Chairperson of the Board  
Date: 30 August 2023

# 6 STRATEGIC OVERVIEW

## 6.1. Vision

In collaboration with partners, drive inclusive and sustainable economic growth, create jobs. Help the Western Cape become one of the world's leading regional economies.

## 6.2. Mission

The mission of the Agency is:

- Be instrumental in ensuring that the Western Cape is an investment destination of choice for global and local investors
- Be instrumental in ensuring that the Western Cape is a sought-after source market globally for goods and services
- Lead the dialogue on, and drive international economic competitiveness of the Western Cape together with partners
- Be instrumental in ensuring that the Western Cape is considered a world class tourism destination
- Ensure Wesgro is a leading sub-national TIPA globally.

## 6.3. Values

Wesgro's Management and Staff will strive to uphold the following values in all its business activities:

- Professionalism and commitment to excellence
- Efficient and outcomes-driven
- Accountability
- Innovation
- Enabling
- Passionate
- Courage
- Integrity and trust

## 6.4. Constitutional, legislative and other mandates

### 6.4.1. Constitutional mandate

#### **The Constitution of the Republic of South Africa, 1996**

Schedule 4 of the Constitution of the Republic of South Africa lists functional areas of concurrent national and provincial legislative competencies. Those areas which are relevant for Economic Development and Tourism are:

- Consumer Protection
- Industrial Promotion
- Tourism
- Trade

Schedule 4B of the Constitution identifies Local Tourism as a local government matter of concurrent national and provincial legislative competence, to the extent set out in sections 155(6) (a) and (7) of the Constitution.

### 6.4.2 Legislative mandates

Although Wesgro is governed by several Acts, this section provides an overview of the Acts that significantly impact the work of the Agency.

#### **Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)**

To provide for the establishment, appointment, powers and functions of the Western Cape Tourism, Trade and Investment Promotion Agency in order to promote and support the economic growth and development of the Province, and to provide for matters incidental thereto. [Long title amended by section 14 of Act 6 of 2013, with effect from 28 August 2013.]

Wesgro is a Schedule 3C Public Entity. Its legislative mandate, as provided for in the Objects of the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013), include:

(f) “to furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects;

(h) to act as a tourism, trade and investment promotion agent on behalf of the Province and to facilitate coordinated destination marketing activities for the Western Cape;

(l) to develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape;

(n) to exercise such other powers which, in the opinion of the Minister are necessary for the achievement of its objects and which the Minister, in consultation with the Board, may confer upon the Agency by notice in the Provincial Gazette;

(o) to promote the Province as a tourism destination;

(p) to promote leisure and business tourism and events; and

(q) to promote the alignment of provincial marketing activities in all tourism sectors in the Province in collaboration with private and public entities.”

### **Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the B-BBEE Amendment Act, 2013 (Act 45 of 2013)**

The B-BBEE Act establishes a legislative framework for the promotion of black economic empowerment; empowers the Minister to issue codes of good practice, and to publish transformation charters; establishes the Black Economic Empowerment Advisory Council; and provides for matters connected therewith. The B-BBEE Amendment Act introduced several changes, of which the following are deemed to be the most significant:

- The establishment of a B-BBEE Commission that provides an oversight and advocacy role.
- The definition of “fronting practices” and the criminalisation of such practices.
- All organs of state to report on compliance with B-BBEE regulations in their annual reports.

The amendments to the B-BBEE Codes of Good Practice came into effect on 1 May 2015.

Tourism Act, 2014 (Act 3 of 2014)

This Act makes provision for the development and promotion of

sustainable tourism for the social, economic and environmental benefit of South African citizens.

Its objectives include the promotion of responsible tourism practices; the effective marketing of South Africa, both domestically and internationally, through South African Tourism (SAT); the promotion of quality tourism products and services; the promotion of economic growth and development of the sector; and the establishment of concrete intergovernmental relations to develop and manage tourism. It specifically makes provision for further training and registration of tourist guides, a code of conduct and ethics for tourist guides, procedures for lodging complaints and disciplinary measures.

## **6.4.3 Policy mandates**

### **6.4.3.1 National policy framework**

#### **State of the Nation Address (SONA)**

In the State of the Nation Address (SONA), held on 10 February 2022, the President emphasized a focus on the following five priorities:

- Overcoming the COVID-19 pandemic;
- A massive rollout of infrastructure;
- A substantial increase in local production;
- An employment stimulus to create jobs and support livelihoods; and
- The rapid expansion of South Africa’s energy generation capacity.

#### **Medium-Term Strategic Framework**

The Medium-Term Strategic Framework (MTSF) is the Government’s Strategic Plan for the 2020-2024 electoral term. The MTSF sets out the actions that Government intends to take and the targets to be achieved. It also provides a framework for the other plans of national, provincial, and local government.

#### **National Development Plan (NDP)**

The National Development Plan (NDP) presents a vision for the South Africa of 2030. It aims to enable faster economic growth, higher investment, and greater labour absorption. The NDP contains detailed plans and interventions across all sectors of the economy to enable the achievement of this vision.

#### **Industrial Policy Action Plan (IPAP)**

The Industrial Policy Action Plan (IPAP) is firmly entrenched in Government’s overall policy and plans to address the key challenges of economic and industrial growth and race-based poverty, inequality, and unemployment. IPAP 2018 is a product

of the Economic Sectors, Employment, and Infrastructure Development (ESEID) Cluster. The responsibility for its implementation lies with Government as a whole, and a wide range of entities, including State Owned Companies. IPAP 2018 focusses on the following ten key themes that inform the work of the DTI and serve as a roadmap for the wider industrial effort:

1. Grow the economy.
2. Strengthen efforts to raise aggregate domestic demand – mainly through localisation of public procurement and intensified efforts to persuade the private sector to support localisation and local supplier development.
3. Step up South Africa’s export effort.
4. Create and reinforce policy certainty and programme alignment.
5. Strengthen ongoing efforts to build a less concentrated, more competitive economic and manufacturing environment in which barriers to entry for new entrants are lowered.
6. Build a stronger system of industrial finance and incentives to support and secure higher levels of private sector investment in the productive sectors of the economy and grow exports.
7. Press ahead with technology-intensive, value-adding beneficiation projects which fully leverage SA’s comparative resource endowment advantage into a global competitive advantage.
8. Optimise technology transfer and diffusion and, working closely with the Department of Science and Technology, further ramp up the effort to commercialise “home-grown” R&D in key sectors.
9. Support the further strengthening of energy-efficient production and carbon mitigation efforts and measures in a manner that allows for sustainable adaptation by all the energy-intensive sectors of the economy.
10. Understand, grasp and prepare for the foreseeable effects of the Digital Industrial Revolution and emergent disruptive technologies, collaboratively adapting SA’s production and services sectors to meet the challenges, including those related to employment displacement.

#### **National Tourism Sector Recovery Plan (TSRP)**

In response to the COVID-19 pandemic, the National Department of Tourism initiated the development of a Tourism Sector Recovery Plan (TSRP) to facilitate the recovery of the sector to

preserve jobs and livelihoods, facilitate new job opportunities, match demand and supply, and strengthen transformation. The Plan is aligned with the Economic Reconstruction and Recovery Plan which identifies tourism as one of the priority areas of intervention, particularly related to infrastructure development; mass public employment; green economy interventions; the inclusion of women and youth; and skills development.

#### **National Tourism Sector Strategy (NTSS)**

The National Tourism Sector Strategy (NTSS) aims to inspire and accelerate the responsible growth of the tourism industry. It has the following three core themes, with specific focus areas with a national, provincial and local perspective:

- THEME 1: Tourism growth and the economy
- THEME 2: An enhanced visitor experience
- THEME 3: Sustainability and good governance

#### **South African Economic Reconstruction and Recovery Plan (ERRP)**

The South African Economic Reconstruction and Recovery Plan, launched in November 2020, is aimed at

stimulating equitable and inclusive growth. The Plan has three phases:

- 1) Engage and Preserve – which includes a comprehensive health response to save lives and curb the spread of the pandemic;
- 2) Recovery and Reform – which includes interventions to restore the economy while controlling the health risks; and lastly,
- 3) Reconstruct and Transform – which entails building a sustainable, resilient and inclusive economy.

In terms of the Plan, the following priority interventions are highlighted:

- Aggressive infrastructure investment;
- Employment orientated strategic localization, reindustrialization and export promotion;
- Energy security;
- Support for tourism recovery and growth;
- Gender equality and economic inclusion of women and youth;
- Green economy interventions;

- Mass public employment interventions;
- Strengthening food security; and
- Macro-economic interventions.

### 6.4.3.2 Provincial policy framework

#### State of the Province Address (SOPA)

During the State of the Province Address (SOPA), delivered on 15 February 2022, the Premier outlined the

Western Cape Government's main focus areas for the next year as:

- Jobs and the economy
- Infrastructure-led growth
- Safety and violence prevention
- Dignity

#### Provincial Strategic Plan (PSP)

Aimed at creating an enabling environment that facilitates opportunities and encourages responsible citizenship, the Western Cape Government has developed five Vision Inspired Priorities (VIPs).

These are:

- VIP 1 – Safe and cohesive communities
- VIP 2 – Growth and Jobs
- VIP 3 – Empowering people
- VIP 4 – Mobility, spatial transformation and human settlements
- VIP 5 – Innovation and culture

The Department of Economic Development and Tourism (DEDAT), through its programmes and activities, contributes to the achievement of VIP 2: Growth and Jobs.

The focus areas for VIP 2 are:

- Increasing investment
- Building and maintaining Infrastructure
- Growing the economy through export growth
- Creating opportunities for job creation through skills development
- Creating an enabling environment for economic growth through resource resilience.

Wesgro contributes to the achievement of VIP2: Growth and Jobs and has developed its 5-year strategy and the achievement thereof to the creation of an enabling environment which fosters economic growth and job creation. In terms of the current COVID-19 environment and economic climate, Wesgro has doubled down on its effort to economic and export growth.

#### Tourism Blueprint 2030

The vision of the draft Tourism Blueprint 2030 is a body of work that has been co-created by a broad range of tourism stakeholders to provide a roadmap for the Western Cape's long term tourism vision, goals, objectives, policies and potential investment opportunities. The Blueprint has identified four main barriers to tourism such as those related to air access, visa regimes, safety and security as well as small business ability to respond to technological innovation. The draft Tourism Blueprint 2030 aims to:

- Renew focus on domestic markets.
- Improve the ease of doing business for tourism businesses.
- Raise the global profile of Destination Western Cape.
- Identify and develop tourism infrastructure.
- Drive geographic spread of tourism benefits throughout the province.
- Grow visitor numbers and yield.
- Prioritise tourism development growth within each district across the province.
- Improve customer experiences (quality and service excellence).
- Develop industry partnership programmes through action platforms

#### Western Cape Recovery Plan

The Recovery Plan is built on four themes:

1. COVID-19 Recovery: The pandemic will be with us for the foreseeable future; existing measures must continue, and new ones put in place to deal with disruptors to the economy and service delivery.
2. Jobs: The economic impact of COVID-19 has been severe. We can only recover if our economy grows and our citizens generate income.
3. Well-being: Government must ensure that the basic human needs of our citizens are realised, as guaranteed in the Constitution.



4. Safety: This is the overarching theme for the Provincial Strategic Plan, and it is equally relevant going forward. It is inextricably linked with well-being, as Safety cannot be achieved if basic human needs are not met.

Dignity is central to these themes. The citizen is at the centre of everything that we do as government; what and how we deliver must be upheld in the dignity of every individual, household and community.

Wesgro contributes to the Western Cape Recovery Plan in

the above areas of 1. COVID-19 Recovery and 2. Jobs in the execution of its legislative mandate by:

- recruiting and facilitating committed investments into the Western Cape, resulting in jobs;
- recruiting and facilitating export agreements by Western Cape companies, resulting in jobs;
- supporting tourism destination marketing, resulting in economic value to the Western Cape economy.

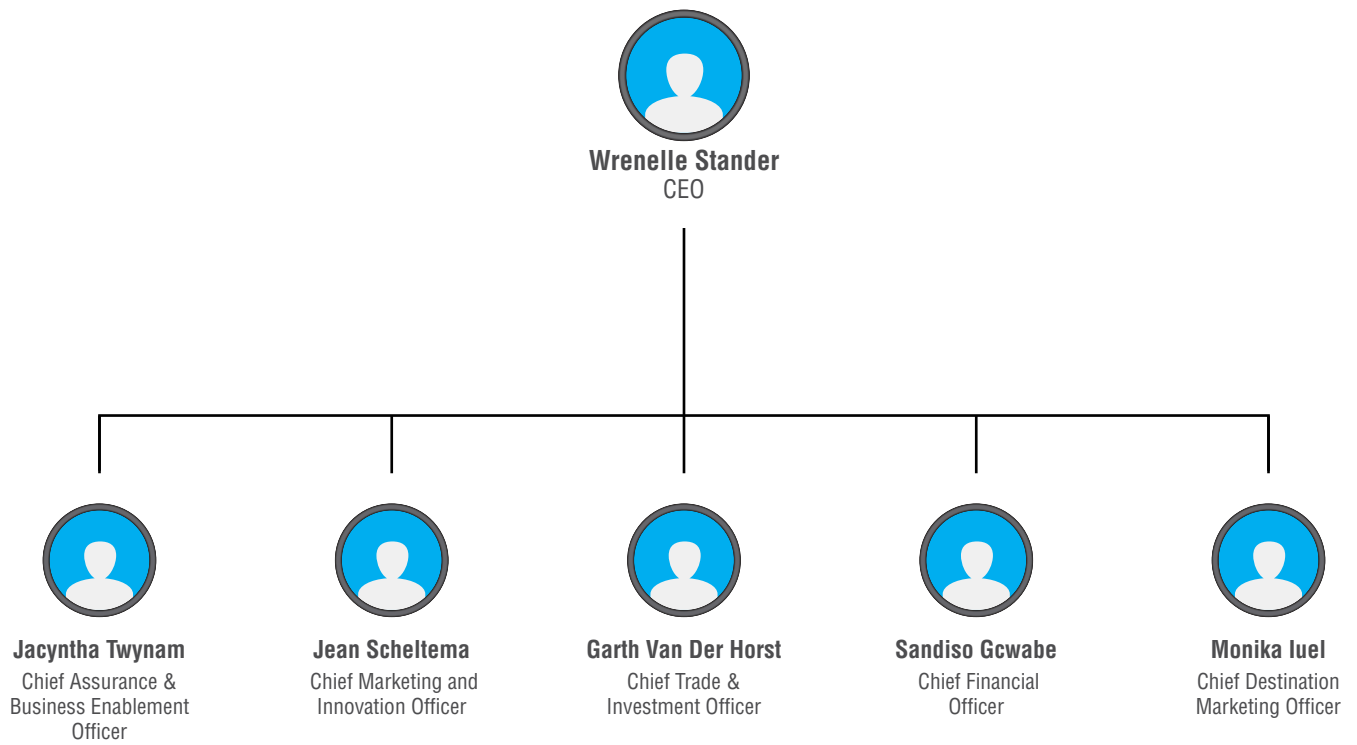
## 7 ORGANISATIONAL STRUCTURE

Wesgro is a Schedule 3C public entity, as stipulated in the Public Finance Management Act, Act 1 of 1999 (PFMA), and is managed by a board of directors appointed by the executive authority. The

table below provides a list of the Wesgro Board members in 2022/23.

| <b>Name</b>                     | <b>Title</b>   |
|---------------------------------|--|
| Mr. David Green                 | Chairperson  |
| Mr. Ian Bartes                  | Vice Chairperson/Chairperson of the Audit, IT and Risk Committee   |
| Mr. Paul Bannister              | Director   |
| Ms. Andrea Böhmert              | Director   |
| Mr. Johannes van Rooyen         | Director   |
| Mr. Geoffrey Jacobs             | Director   |
| Mr. Sazi Ndwandwa               | Director   |
| Mr. Simon Kaye                  | Ex-Officio Member of the Board appointed by the shareholder Minister   |
| Mr. Paul Cluver                 | Director   |
| Mr. Timothy Scholtz             | Director   |
| Mr. David Bridgman              | Director   |
| Mr. Lance Greyling              | Ex-Officio Member of the Board appointed by the shareholder Mayor, City of Cape Town, Chairperson of the Human Resource and Remuneration Committee |
| Councillor Nicolaas Louw        | SALGA  |
| Executive Mayor Hendrik Du Rand | SALGA  |
| Ms. Wrenelle Stander            | Chief Executive Officer/ Ex-Officio member   |

## Wesgro's Organogram: Executive Committee





# Part B: Performance Information

## 1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit opinion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the heading "Report on the

audit of the annual performance report" in the auditor's report. The findings of the work performed by the AGSA should be read in conjunction with the performance section below.

See page 96 of the Auditor General's report, contained in Part F of this report (Financial Information).

## 2 SITUATIONAL ANALYSIS

### 2.1. Service delivery environment

During the 2022/23 financial year, the Agency achieved an estimated economic impact of over R12,46bn and created 7 475 jobs. The achievement for the 2021/22 financial year was R8,8bn and 5 179 direct jobs were created.

Through close collaboration with public and private sector stakeholders, a total of fourteen investment projects with an estimated economic impact of R4,13bn was facilitated into the Western Cape creating 1 507 jobs over the next 5 years.

The Agency promoted and facilitated the export of goods, exceeding their targets and securing 83 trade agreements to the value of R3,14bn during the period under review with 906 jobs being facilitated. In addition, the facilitation of outward foreign direct investment was secured to the value of R805m.

The Agency has emphasised the importance of data led planning and lead generation. The Research team assists the Agency in achieving its mandate by providing economic research and market intelligence to support the work of tourism, export, investment and film, and for the use of Wesgro clients. During the financial year under review, the Agency developed 77 research reports.

As part of its strategy, the Agency focussed on building the

Cape's business brand, the provincial tourism destination brand and the Wesgro brand. A number of reputation management and knowledge building initiatives were implemented. During the financial year under review, the Agency generated a total value of over R98,8m media coverage (measured using Advertising Value Equivalents).

The Agency has confidently pursued its mandate to promote the Province and the City of Cape Town as preferred business and tourism destinations through the implementation of various tourism destination marketing initiatives. During the period under review, the Destination Marketing Organisation programme achieved an estimated economic impact of R423,8m. The Convention Bureau secured 30 conference bids.

The Film and Media Promotion Unit seeks to promote the City of Cape Town and the Province as a preferred filming destination. Through increased efforts to promote these destinations and grow the industry, the Agency secured 21 film and media production declarations, to the value of over R3,97bn, and created a total of 5 062 full-time equivalent (FTE) jobs.

With increased efforts to promote the Province as the preferred business and tourism destination, the Agency has made significant strides in creating an enabling environment to facilitate investment into the Province, increase exports and promote the Province as a preferred tourism destination.

The table below provides a breakdown of the estimated economic impact of the various initiatives implemented per programme:

| Table 2: Overall estimated economic impact and jobs created in 2022/23 |                                     |              |
|--|-------------------------------------|--------------|
| Programme  | Estimated economic impact (R)       | Jobs         |
| Investment Promotion   | 4 131 097 723                       | 1 507        |
| Export Promotion   | 3 139 585 154<br>805 000 000 (OFDI) | 906          |
| Destination Marketing Organisation                                     | 423 824 000                         | -            |
| Film and Media Promotion   | 3 967 037 077                       | 5 062 FTE    |
| <b>Total</b>   | <b>R12 466 543 954</b>              | <b>7 475</b> |

## 2.2. Organisational environment

During the 2021/22 financial year Wesgro obtained a Qualified audit opinion by the Auditor General of South Africa. Following an comprehensive audit turnaround intervention, the Agency turned this result around during the 2022/23 financial year. The Agency received no material findings on its predetermined objectives. The achievements of each programme were because of the following:

- Development and implementation of the Audit turnaround plan to address the findings in the Management Report of the Auditor General;
- Special Board Committee formed;
- Strengthening of the Audit and Risk Committee;
- Provincial Treasury provides support (Accountant General, Supply Chain Team);
- Hands on support provided by CFO, DEDAT;
- Dedat seconds an SCM Manager;
- All vacant positions were filled in the executive management team and the investment promotion team;
- The finance team strengthened - new appointments made - new CFO and Head of Internal Control, both with extensive public sector and audit experience;
- Full review and approval of key policies (SCM; Asset Management, Travel) by the Board;
- Mandatory use of the ePS platform for local RFQ procurement;
- All employees received training on SCM processes in the public sector;
- Assurance Team appointed and Assurance process concluded to improve Performance Reporting
- Consequence management;
- Focus on daily disciplines (Back to Basics for Finance team)

During the financial year under review, Wesgro focused on improving governance practices, delivering success, being digitally enabled and being stakeholder facing to ensure value for all our stakeholders. This we achieved through: -

- Strengthening the monitoring and evaluation processes to enhance the credibility of performance reporting;
- Building digitisation competence across the Agency;
- Digitising manual processes – saving the teams valuable time and ensuring more efficient ways of working;
- Establishing advocacy and advisory capability to influence export competitiveness, market access, increased climate related regulations;
- Building a central economic knowledge hub for stakeholders, to enable knowledge dissemination in an efficient and effective way. Expanded and diversified datasets
- Building sustainability (Green) competence to drive the dialogue across the province;
- Replicating our intellectual property in catalytic delivery models across other areas of the economy, to improve impact; and
- Professionalising the Finance team to ensure a better audit outcome.

The digital export platform, Cape Trade Portal, provided unprecedented access to Western Cape products and services to the global market and it had a positive impact on the operations of the export team.

The business and leisure tourism teams were able to operate for the period under review without travel restrictions on visitors for the first time since the beginning of the pandemic.

During the period under review the Agency employed ten unemployed youth as interns from different backgrounds to provide on the job learning opportunities. The interns add

tremendous value to the operational activities of the agency and Wesgro is extremely proud of them.

Post COVID-19, employees were afforded the opportunity to work from home. To get staff to return to work the CEO implemented Wesgro Wednesdays and Wesgro Townhall to motivate staff to return physically to work. These initiatives which continue to this day were initially focused on the well-being of staff by allowing them to return to the office with ease. Staff are required to work from the office three days a week. Increasingly we are seeing staff return for five days a week.

## SWOT Analysis

An analysis of Wesgro’s key strengths, weaknesses, opportunities, and threats was conducted to assist the Agency in developing its priorities for the five-year period from 2020/21 to 2024/25.

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>Over 40 years’ proven track record</li> <li>Established global brand in economic diplomacy</li> <li>Specialists in investment, export, and tourism</li> <li>Strong capability in facilitating market access</li> <li>Track record in promoting outward investment into the rest of Africa</li> <li>Responsive research and thought leadership capability</li> <li>Collaborative relationships with all tiers of government, private sector, global partners, &amp; academic institutions</li> <li>Political support in the province</li> <li>Thought leadership track record</li> </ul>   | <ul style="list-style-type: none"> <li>Agency mandate is broad – focused strategy critical to achieve impact in a constrained fiscal environment</li> <li>Uncompetitive remuneration impacts staff attraction &amp; retention</li> <li>No permanent physical presence in key foreign markets</li> <li>Compliance culture needs to be maintained</li> <li>Improve systems to retain the Agency’s corporate memory &amp; relationship continuity</li> <li>Succession planning in a complex environment</li> <li>Inadequate capacity in the export area</li> </ul>   |
| Opportunities  | Threats   |
| <ul style="list-style-type: none"> <li>Shifting global economic trends presenting new opportunities for the Western Cape to capture sustainability, digitisation and skills</li> <li>Ensure sustainability and digitization are reflected in the destination brands for Cape Town and the Western Cape</li> <li>Through Inter- and intra-Agency collaboration drive the economic growth agenda</li> <li>Leverage the geopolitical competition for influence on the continent</li> <li>Become an important actor in driving solutions to global challenges in trade, climate change and the energy transition</li> <li>Drive change through leadership in a time of political complexity</li> </ul> | <ul style="list-style-type: none"> <li>Negative perceptions of SA impact confidence in the destination</li> <li>Multiple crisis points: Safety and security; Energy crisis; failing logistics and infrastructure</li> <li>National Trust Deficit</li> <li>Education crisis and generational impact</li> <li>Impact of climate change on economy &amp; long-haul travel patterns</li> <li>Exchange rate fluctuations and inflationary pressures</li> <li>High level of youth unemployment, Skills Mismatch</li> <li>Collaboration between external role players (national, provincial and local) needs to be strengthened</li> <li>Visa barriers</li> <li>Perceived duplication</li> </ul> |

### 2.3. Key policy developments and legislative changes

No policy developments or legislative changes occurred during the period under review.

However, the Western Cape Government began developing the Growth for Jobs (G4J) strategy towards the ends of the 2022/23 financial year for rapid implementation in the coming 2023/24 financial year. This has been taken into consideration in the development of the 2023/24 Annual Performance Plan.

### 2.4. Progress towards Achievement of Institutional Impacts and Outcomes

The Agency's outcome is to contribute to the expansion of the economy and the facilitation of jobs, these have been outlined in the Strategic Plan 2020/21 to 2024/25. The Investment Outcome is to recruit and facilitate between R10,11bn and R14,71bn committed investments into the Province, resulting in between 3 705 and 7 691 jobs. As at the end of 2022/23, the Investment team has facilitated R14,50bn worth of committed investments into the province, exceeding the lower band target. The number of jobs facilitated totalled 7 782 exceeding the higher band target of 7 691. The Agency looks set to exceed its five-year upper band targets and despite the current economic climate and budget restrictions, maintaining a robust pipeline of investment projects that are weighted in accordance with the probability of the investment commercialising within a certain timeframe.

The Export Promotion outcome target is to recruit and facilitate between R15,34bn and R21,94bn in trade agreements, resulting in between 2 840 and 3 716 jobs, and R1,36bn and R3,09bn Outward Foreign Direct Investment (OFDI). The performance against these targets brings the total rand value to R9,8bn with the number of jobs facilitated to 1 583. The total rand value of

OFDI trade agreements has exceeded the lower band to achieve a total of R1,86bn.

The film industry has experienced numerous setbacks due to the COVID-19 pandemic seeing the collapse of the commercials service seasons, halted productions partly due to the Department of Trade, Industry and Competition disputes related to incentives, and the ongoing issues with the Intellectual Property law (sent back by Presidency in July 2021 and being revised). The outcome target for Film and Media is to recruit and facilitate between R10,13bn and R17,82bn film and media productions brought into the Province, resulting between 15 246 and 18 472 FTE jobs. The Film and Media Unit has achieved a total of R4,86bn as at the end of 2023 with a total of 5 749 FTE jobs being facilitated.

The Marketing and Communications outcome target is to build a strong regional economic brand with an estimated rand value of R398,1m AVE. From the year's of 2020/21 to 2022/23 the Agency has achieved a total estimated economic value of R322,8m along with numerous awards for marketing collateral created.

Finally, the Destination Marketing Organisation's outcome target is to market Cape Town and the Western Cape and support tourism destination marketing initiatives with an estimated economic value of R2,65bn and R4,24bn. The total estimated economic value of conference bids is R1,17bn as at the end of 2023.

The Strategic Plan 2020/1-2024/5 was amended during the year under review to ensure alignment with the Annual Performance Plan 2022/23. The changes were in response to the Accounting Authority's strategic directives which took place in consideration with the Executive Authority. Furthermore, other changes were in response to budget allocation and creating alignment to Audit recommendations. The amended Strategic Plan was tabled by the Executive Authority in December 2022.

## PERFORMANCE INFORMATION BY PROGRAMME

### 3.1. Programme 1: Corporate Services

#### Purpose

The purpose of the programme is to provide efficient, cost-effective, transparent and responsive corporate services to the Agency and to ensure that the principles of good corporate governance are implemented.

#### 3.1.1 Programme structure

##### Sub-programme 1.1: Financial management

Effective financial management is aimed at upholding the legislative requirements of the Agency. It also ensures that the necessary resources are provided to efficiently run core operations.

##### Sub-programme 1.2: IT and administrative services

As a provincial public entity, the Agency has to comply with the

Public Finance Management Act 1 of 1999 and the Public Service Act. The IT sub-programme focusses on maintaining sound IT and administrative systems and infrastructure. Effective systems and processes are a necessary component to maintain credibility, ensure accountability, improve operating efficiencies and generate institutional memory.

##### Sub-programme 1.3: Human Resource Management

The Human Resources sub-programme ensures that the Agency becomes the employer of choice and maintains an excellent, talented and skilled workforce. A priority is to attract, recruit and retain staff by creating a culture and climate conducive to sustaining a motivated workforce. The sub-programme also ensures that all legislative compliance with regard to human resource management is adhered to.

#### Strategic outcome

| Strategic Outcome        |  |
|--------------------------|--|
| <b>Strategic outcome</b> | Enhance good governance practices through compliance with prescribed financial and non-financial regulations and guidelines.   |
| <b>Outcome statement</b> | An unqualified Audit report with no material findings.<br>2022/23 outcome: An unqualified Audit report with no material findings.  |
| <b>Baseline</b>          | The Agency achieved a qualified audit for 2021/22 financial year.  |
| <b>Justification</b>     | The concept of value for money is an integral part of the strategic and operational activities. Corporate Services identifies and implements interventions to achieve value for money that will improve service delivery, eliminate wasteful allocation of resources, enhance public confidence and ensure compliance. |
| <b>Links</b>             | This objective is linked to the Public Finance Management Act (PFMA), National Treasury Regulations, Provincial Treasury Instructions, King IV in terms of good governance and integrated service delivery through partnerships and spatial alignment.   |



### **Strategic objectives, performance indicators, planned targets and actual achievements**

Wesgro as a schedule 3C public entity is committed to create sustainable value for the Agency as well as key stakeholders in the public and private sector. The unit enables the optimal use and application of resources. This involves ensuring all dependencies, related risks and opportunities, and their respective financial implications, are identified, measured, tracked and informs decision-making. By so doing, the implementation of the Agency's strategy in a sustainable and efficient manner is facilitated.

The requirements of the PFMA, National Treasury, and Provincial Treasury regulations are critical to the success of this program. The emphasis is on adherence to the guidelines. These inform the program's outputs and key performance indicators. Continuous staff development and policy and Standard Operating Procedures (SOP) review are critical to ensuring compliance.

Following the completion of the external audit for the 2021/22 financial year, the Agency developed a comprehensive Audit

Action Plan to address the issues raised. Our custodial department (DEDAT) provided extensive assistance with the implementation of some of the action plans, which included, among other things, seconding a Deputy Director to the Agency to act as a Manager: SCM for a three- month period. The Agency appointed a new CFO with effect from 1 January 2023, who is a Chartered Accountant with extensive experience on financial management and financial governance. An Internal Control Unit has also been established within the Unit. The Unit is also being professionalised by ensuring that only people with suitable qualifications, experience and skills are appointed.

Policies and delegations were also reviewed and approved by the Board to ensure alignment with the relevant legal prescripts. SCM Training has also been rolled out across the Agency.

The Agency achieved an Unqualified Audit Opinion with material findings on compliance with supply chain management laws and regulation for the 2022/23 financial year. The Agency anticipates that it will achieve an Unqualified Audit Opinion with no material findings for the 2023/24 financial year.

### Strategic objective

Wesgro achieved an unqualified audit outcome with material findings on Supply Chain Management for the 2022/23 financial year. In 2021/22, the entity received a Qualified Audit report with findings.

### Key performance indicators, planned targets and actual achievements

| Programme 1: Corporate Services                    |        |  |                                    |                                    |                               |                               |   |  |
|--|--------|--|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|--|
| Outcome  | Output | Output Indicator   | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations   |
| Unqualified Audit report with no material findings |        | Positive financial viability assessment results                              | 4                                  | 4                                  | 4                             | 4 (Good)                      | -   | -  |
|  |        | Percentage achievement of annual budgeted operational expenditure            | 98%                                | 87%                                | 98%                           | 96%                           | -2%   | The deviation is due to the vacancy rate of 14% which includes the vacancy of the CFO for 5 months of the financial year.  |
|  |        | Achieve maximum Broad-Based Black Economic Empowerment (B-BBEE) spend        | 72%                                | 87%                                | 70%                           | 88%                           | 18%   | Improved implementation of the PPPFA regulations.  |
|  |        | Submission of the annual Procurement Plan                                    | 1                                  | 1                                  | 1                             | 1                             | -   | -  |
|  |        | Number of reports evidencing the maintenance of the Agency's ICT environment | 4                                  | 4                                  | 4                             | 4                             | -   | -  |
|  |        | Percentage of employee satisfaction  | 86%                                | -                                  | 80%                           | 78%                           | -2%   | The Agency experienced a time of change particularly as it relates to senior leadership. In addition, the Agency underwent a significant changes as it implemented a rigorous Audit turn around plan to address the Audit qualification. |

### Strategy to overcome underperformance

The Programme has been capacitated as the critical vacancies have been filled. The professionalisation of the unit should assist with improving the ability of the Programme to deliver sustainable value for all stakeholders.

### Linking performance with budget

| Programme          | 2022/23       |                    |                           | 2021/22       |                    |                           |
|--------------------|---------------|--------------------|---------------------------|---------------|--------------------|---------------------------|
|                    | Budget        | Actual expenditure | (Over-)/Under-expenditure | Budget        | Actual expenditure | (Over-)/Under-expenditure |
|                    | R'000         | R'000              | R'000                     | R'000         | R'000              | R'000                     |
| Corporate services | 25 454        | 27 342             | (1 888)                   | 18 872        | 25 973             | (7101)                    |
| <b>Total</b>       | <b>25 454</b> | <b>27 342</b>      | <b>(1 888)</b>            | <b>18 872</b> | <b>25 973</b>      | <b>(7101)</b>             |



## 3.2. Programme 2: Investment Promotion

### Purpose

The purpose of the Programme is to attract and facilitate foreign and domestic direct investment into the City of Cape Town and the Western Cape.

### Programme structure

Sub-programme 2.1: Core investment promotion

Sub-programme 2.2: Ancillary investment promotion

- Agribusiness Investment Unit (AIU)
- Invest SA One Stop Shop
- District Unit

### Sub-programme 2.1: Core investment promotion

Wesgro attracts direct investment to the Western Cape from international, national and local sources by providing the following services.

### Investment recruitment

Wesgro proactively markets the Province and priority sectors in order to attract investment. The Agency's investment promotion activities include:

- Investor research
- Investor targeting
- Hosting inward business delegations
- Undertaking outward investment promotion missions
- Business facilitation services

The Unit offers a range of strategic services designed to enhance the experience of both foreign and domestic businesses and investors, including:

- Guidance regarding governmental incentives and grants
- Site location
- Facilitation of access to finance
- Professional referral service
- Policy advocacy, leveraging the support of the InvestSA One Stop Shop Western Cape
- Strategic matchmaking
- Sector-specific research via the Wesgro Research Unit
- Intergovernmental linkages

The Unit will encourage local business located outside of the

Western Cape to expand into the region. Other provinces and municipalities within South Africa facing service delivery challenges are the prioritised targeted key economic hubs.

Focus areas will include:

- Development of a strategic pipeline of potential brownfield expansion projects into the following Western Cape sectors: hotel & retail estate, green economy, technology, and manufacturing;
- Regular engagement with potential investors in the pipeline to support the commercialisation of investments; and
- Host sector events to present our services and to understand and identify any common sectoral pain points or areas of concern.

### Business Growth Services Unit

Through the Business Growth Unit, Wesgro aims to source increased investments from businesses already invested in the Western Cape. The Unit's focus will be split between post FDI aftercare and the identification and facilitation of local Greenfield and Brownfield investments. The commitment to business retention and expansion also implies a dedication to current investors in the ambit of facilitation and advocacy, with support from the InvestSA One Stop Shop.

### Advocacy

The aim of policy advocacy is to identify constraints to investment and alert decision-makers to the negative effects that these policies have on the business environment. The lobbying initiatives are driven to enhance the attractiveness of the Western Cape as an investment location.

### Sub-programme 2.2: Ancillary investment promotion

The aim of the special projects programme is to manage the following key projects on behalf of our stakeholders:

### Agribusiness Investment Unit (AIU)

The Investment Promotion Unit manages the AIU as a project on behalf of the Western Cape Department of Agriculture and the Western Cape Department of Economic Development and Tourism. The Unit is responsible for landing new direct investments into the Western Cape's agri-business sector and retaining existing investments and supporting their expansions.

### One Stop Shop (OSS) – Investor Centre

Given its legislative mandate to execute on provincial trade and investment promotion activities, the implementing agent of the One Stop Shop programme, InvestSA, has appointed Wesgro as the official managing partner of the Centre located in the Western

Cape Province. The One Stop Shop supports local and foreign investors by coordinating the following activities:

- Creating an entry point for investors in need of regulatory compliance;
- Provision of pre-approval information to investors (market data, costs, incentives, project approval, visits, local partners, etc);
- Provision of facilitation services to investors (i.e., permits, approvals, import equipment & raw materials, works permits, etc.);
- Access to incentives;
- Participation in regulatory reform; and
- Collaborative interface between senior-level government agents and investors.
- To ensure that these services are readily available to businesses invested in or interested in investing in the Western Cape, a virtual OSS has been launched.

#### District Unit

The District Unit promotes the Western Cape Districts as business destinations to create employment and stimulate economic growth in the five districts of the Western Cape, namely: West

Coast, Overberg, Central Karoo, Garden Route and Winelands. It provides economic promotion support to these municipalities aligned to investment, export and film and media promotion.

Key activities undertaken in these districts include:

- Market businesses;
- Increase awareness of investment opportunities;
- Increase FDI and DDI;
- Increase market access of WC District companies into key export markets;
- Assist companies to invest into the rest of Africa;
- Capacity Building – assist municipalities in strengthening their investment facilitation services
- Link to the Export Advancement Programme (EAP) to bolster the capacity of companies to export
- Assist the Districts with becoming ‘film-friendly’; promote the Western Cape Districts as ‘film-friendly’ destinations; and
- Create awareness of the export and investment performance of the WC Districts to better understand challenges and opportunities.

#### Strategic outcomes

| Strategic outcomes        |  |
|---------------------------|--|
| <b>Strategic outcomes</b> | Facilitate investment and jobs into the Western Cape.  |
| <b>Outcome statements</b> | 5-year outcome: To recruit and facilitate between R10,11 billion and R14,71 billion committed investments into the Province, resulting in between 3 705 and 7 691 jobs.<br>2022/23 outcome: To recruit and facilitate between R2,02bn and R2,93bn committed investment into the Province, resulting in between 719 and 1 530 jobs. |
| <b>Baseline</b>           | A total of R5,9 billion investments was committed, resulting in 4 445 jobs during the 2021/22 financial year.  |
| <b>Justification</b>      | The facilitation of investment projects into the Western Cape is a core function of Wesgro and it is imperative that the Agency remain consistent and a leader in investment generation.   |
| <b>Links</b>              | The objective is aligned to VIP 2: Economy and jobs, the National Development Plan and Vision 2030 in relation to economic growth and industry development.  |

## Strategic objectives, performance indicators, planned targets and actual achievements

The investment pipeline was significantly bolstered in the past year. Tech and green economy pipelines show strong growth and manufacturing, real estate, infrastructure pipelines continuing to look robust.

Investment pipeline expanded through innovative lead generation, such as:

- Event Partnerships: President's Green Hydrogen Summit, Africa's Green Economy Summit; Agri Indaba, Ocean Innovation Summit; EU Chamber breakfast; EVRT e-mobility event; King & Queen of Belgium reception; Nampo Western Cape, Enlit Africa, AfricaArena Grand Summit (Tech); SA Innovation Summit (Tech); Stellenbosch Engineering showcase;
- Inward delegations hosted: German business delegation accompanying the Vice-Chancellor, US tech delegation, Indian Tech delegation, European startup delegation, French cleantech delegation, Swiss cleantech delegation, EU Parliamentary Committee on Trade & Investment, State Parliament of Baden-Württemberg on Economic Affairs; Hecate (USA) energy delegation;
- International missions: ICT event (NASSCOM - Mumbai); Tech mission to Dublin & London; EdTech mission – BETT UK, London; Multisectoral (as well as Halaal financing) mission to Singapore and Malaysia; Multisectoral mission to Saudi Arabia; Multisectoral mission to Nigeria; Agri mission to London (Afsic); Tech mission to France (VivaTech);



The Unit achieved a total of 14 investment projects, to the value of R 4 131 097 723, against a target of R2,02bn – R2,93bn. This resulted in the creation of 1 507 jobs.

| Table 4: Committed investment projects 2022/23 |                      |                              |                        |             |                   |
|--|----------------------|------------------------------|------------------------|-------------|-------------------|
| Company  | Source country       | Broad sector                 | Rand value (R')        | Jobs        | District          |
| Equites Property Fund                          | South Africa         | Real Estate                  | 100 000 000            | 60          | City of Cape Town |
| BSF Breeding                                   | South Africa         | Agriculture                  | 14 900 000             | 32          | City of Cape Town |
| Inseco   | South Africa         | Green Economy                | 83 230 000             | 150         | City of Cape Town |
| GreenRiders                                    | South Africa         | Green Economy                | 10 800 000             | 360         | City of Cape Town |
| Name withheld (confidential)                   | South Africa         | Agriculture                  | 200 000 000            | 50          | Cape Winelands    |
| Equites Property Fund                          | South Africa         | Real Estate                  | 100 000 000            | 50          | City of Cape Town |
| Polarium                                       | Sweden               | Energy                       | 50 000 000             | 150         | City of Cape Town |
| Proteios                                       | Norway               | Green Economy                | 1 600 000 000          | 100         | City of Cape Town |
| Biovac   | South Africa and USA | Pharmaceuticals              | 710 213 503            | 123         | City of Cape Town |
| Alkebulan Logistics Solutions (Pty) Ltd        | South Africa         | Manufacturing                | 50 000 000             | 25          | City of Cape Town |
| Anaergia                                       | South Africa         | Renewable Energy             | 190 000 000            | 0           | City of Cape Town |
| Strassbergers Shoes                            | South Africa         | Manufacturing                | 52 604 220             | 7           | West Coast        |
| Saronsberries                                  | Germany              | Agriculture                  | 89 350 000             | 100         | Cape Winelands    |
| Ener-G-Africa                                  | South Africa and USA | Manufacturing & Clean Energy | 880 000 000            | 300         | City of Cape Town |
| <b>Total</b>                                   |                      |                              | <b>R 4 131 097 723</b> | <b>1507</b> |                   |

### Agribusiness Investment Unit

During this financial year, the Agribusiness Investment Unit (AIU) focused on strengthening its project pipeline through stakeholder engagements and taking part in in-person events, including an outward mission to the AFSIC Investment conference in London.

In total for the year, the AIU attended 28 sector events, which helped build the investment pipeline. These events are part of the overall number of events captured by the investment promotion team and listed in this report. Two declarations were realised during the year, totalling R289m with 150 permanent jobs. These two declarations are part of the overall declarations captured by the investment promotion team and listed in this report.

### InvestSA One Stop Shop: Western Cape

The One Stop Shop's performance has contributed significantly to the objectives set out by InvestSA and Wesgro in improving the ease of doing business for international and local investors. The support provided included problem resolution of more than 100 operational enquiries and 23 regulatory approvals with partners such as SARS, Department of Home Affairs, municipalities, Eskom, and other government entities.

Provided support to the Western Cape Red Tape Reduction Unit on a number of visa enquiries received and have escalated to the Department of Home Affairs and the DTIC. The Department of Home Affairs Visa Facilitation Services Office located at the

OSS processed over 500 applications, including Visa Renewals, Permanent Residence Applications, General work visas, Business visa, Intra-company visas and exceptional skills.

The One Stop Shop also generated a number of investment leads which contributed to the growth of the investment pipeline.

### **District Unit**

The District Unit supported the Investment and Export teams with 68 engagements with District and Local Municipalities and the Western Cape provincial government linked to activities outside of the Cape Town City metro. The Unit also engaged

with 16 chambers of commerce, took part in 15 corporate sector events and had 100 private sector engagements.

In collaboration with the Export Team, four online export advancement training programmes aimed at businesses in the Districts were hosted. The programmes lead to a through-put of 68 companies completing the training. Additionally, 11 new leads for the Exports team and 4 new leads for the Investment Promotion team in the green economy and in the Agribusiness sector were generated during the course of the year.





### Strategic outcome

The total five year outcome target for the period 2020/21 to 2024/25 is to recruit and facilitate between R10.11bn and R14.71bn in committed investments into the Western Cape, resulting in between 3 705 and 7 691 jobs. The annual outcome target for 2022/23 in attracting committed investments into the province is between R2,02bn and R2,93bn and between 719 and 1 530 jobs. The actual achievement for 2022/23 is R4,13bn in rand value of investments with 1 507 jobs facilitated in the province.

In the 2021/22 financial year, the entity attracted R5,99bn in rand value of investments into the Western Cape and facilitated 4 445 jobs

### Key performance indicators, planned targets and actual achievements

| Programme 2: Investment Promotion                                    |                              |   |                                    |                                    |                               |                               |   |   |
|--|------------------------------|---|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|---|
| Outcome  | Output                       | Output Indicator                        | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations  |
| Rand value of committed investment into the Province                 | Investment projects realised | Number of investment projects committed | 17                                 | 8                                  | 15-20                         | 14                            | -1  | Whilst the number of projects facilitated increased from 8 to 14 year-on-year, it fell short of the target by 1 project. The impact of the COVID-19 pandemic and an increase in loadshedding negatively affected the pipeline and the number of investment projects realised. |
| No. of jobs facilitated from committed investments into the Province |                              |   |                                    |                                    |                               |                               |   |   |

### Strategy to overcome areas of underperformance.

The significant loadshedding challenges continue to affect investor confidence but the emergence from the Covid-19 pandemic has also seen a resurgence in the number of engagements (particularly in-person) with potential investors. The investment promotion team is bolstering its lead generation capacity in 2023-24, through targeted international events, a

focus on energy-related investment opportunities and building on the Western Cape brand. The team will also enhance its pitch material to better promote the province and reach a wider audience but also a more targeted audience. Lastly, the team will work to improve facilitation services, including working on advocacy issues that aim to unlock investments.

The Unit has expanded its investment pipeline and the team will also work to refine and improve its investment facilitation services so that all investment targets are met.

### Linking performance to targets

| Programme            | 2022/23       |                    |                            | 2021/22       |                    |                            |
|----------------------|---------------|--------------------|----------------------------|---------------|--------------------|----------------------------|
|                      | Budget        | Actual expenditure | (Over-)/ Under-expenditure | Budget        | Actual expenditure | (Over-)/ Under-expenditure |
|                      | R'000         | R'000              | R'000                      | R'000         | R'000              | R'000                      |
| Investment promotion | 20 866        | 18 215             | 2 651                      | 10 340        | 5 731              | 4 609                      |
| <b>Total</b>         | <b>20 866</b> | <b>18 215</b>      | <b>2 651</b>               | <b>10 340</b> | <b>5 731</b>       | <b>4 609</b>               |



### 3.3. Programme 3: Export Promotion

#### Purpose

The purpose of this programme is to promote and facilitate:

- Exports of goods and services from qualified companies in the Western Cape.
- Expansion of qualified Western Cape companies into the rest of Africa through outward foreign direct investment (OFDI).
- Increase the export capacity of companies in the Western Cape through export training facilitated through the Export Advancement Programme (EAP).

#### Programme structure

The programme is divided into two sub-programmes, namely:

- Sub-programme 3.1: Export promotion
- Sub-programme 3.2: African expansion (Outward foreign direct investment (OFDI)).

#### Sub-programme 3.1:

Export Promotion focusses on companies that have export experience and capacity to supply a demand for goods or services in global markets.

#### Sub-programme 3.2:

African Expansion (OFDI) focusses on Western Cape companies with the capacity to expand their operations into the rest of the African market.

The following services are offered:

#### Business facilitation services include:

- Business agreements and operating business agreement facilitation

- Accessing finance
- Investor and company matching
- Market research and information
- Forging strategic collaboration and partnerships
- Support exporters addressing non-tariff barriers

#### Export promotion services include:

- Trade exhibitions and fairs
- Outward Selling Missions (OSMs) and Inward Buying Missions (IBMs).
- Study Tours
- Virtual and Hybrid Export Missions
- Advocacy and specialised advisory services
- Access to strategic markets and networks
- Global market positioning
- Working with the investment promotion team to support and promote the local tech and digital ecosystem

#### Export development services include:

- Technical export development training, including orientation to export, export marketing plan, financial risk management, export costings and logistics and Incoterms.
- Export, market and sector awareness seminars.
- Business one-on-one mentoring services from international and local experts.

#### Strategic outcome

| Strategic outcome         |   |
|---------------------------|---|
| <b>Strategic outcome</b>  | To promote and facilitate exports of goods and services from qualified companies in the Western Cape.   |
| <b>Outcome statements</b> | 5-Year outcome: To recruit and facilitate between R16,70 billion and R25,04 billion trade agreements, resulting in between 2 840 and 3 716 jobs, and R1,36 billion and R3,09 billion Outward Foreign Direct Investment (OFDI).<br>2022/23 outcome: To recruit and facilitate between R3,06bn and R5,38bn export agreements, resulting in between 567 and 743 jobs, and R273m and ZAR625m in Outward Foreign Direct Investment (OFDI). |
| <b>Baseline</b>           | A total value of R2 billion trade agreements were committed, resulting in 320 jobs. A total value of R330 million foreign direct investment was committed for the 2021/22 financial year.   |
| <b>Justification</b>      | By promoting and facilitating exports, the economy of the Western Cape will grow and continuous job creation will be sustained. In addition, exposure to markets will increase demand for brands.   |
| <b>Links</b>              | The objective is linked to VIP 2: Economy and jobs, the National Development Plan and Vision 2030 in relation to economic growth and industry development.  |

## Strategic objectives, performance indicators, planned targets and actual achievements

### Trade Innovation

Wesgro set out to increase access to the Wesgro export promotion offering via digital platforms i.e., Cape Trade Portal. The inaugural “Made in the Cape 2023” was held in March 2023 and opened by Premier Winde. The Made in the Cape initiative capitalised on the increased international buyers’ interest globally and the increased access offered by digitised platforms of this nature globally. Additionally, Wesgro hosted 31 international

buyers in Cape Town. The initiative had an exceptionally high hit rate for trade events resulting in 320 positive leads from the 590 B2B meetings arranged with 269 Western Cape exporters.

Wesgro also launched a Services desk in 2022 to create structure and provide focus for the Western Cape’s sector which is the biggest contributor to its GDP. This is a first for South Africa.

During the financial year under review, the Unit signed a total of 83 trade agreements, with an estimated economic value of R3 139 585 154, resulting in 906 jobs.

The table below provides a breakdown of the business agreements signed:

| Table 6: Global exports 2022/23 |  |               |                       |              |      |                   |
|---------------------------------|--|---------------|-----------------------|--------------|------|-------------------|
|                                 | Company  | Country       | Broad sector          | Rand value   | Jobs | District          |
| 1                               | Holden Manz                                    | Rwanda        | Food & Beverage       | R4 500 000   | 0    | Cape Winelands    |
| 2                               | Taste Africa Foods                             | Saudi Arabia  | Food & Beverage       | R3 875 000   | 0    | City of Cape Town |
| 3                               | Teamendous                                     | Singapore     | Food & Beverage       | R7 000       | 0    | City of Cape Town |
| 4                               | WEEF PTY LTD                                   | Dubai, UAE    | Clothing & Textiles   | R2 500 000   | 10   | City of Cape Town |
| 5                               | Rio Largo                                      | USA           | Food & Beverage       | R2 000 000   | 0    | Cape Winelands    |
| 6                               | Cronier Wines                                  | Cote d’Ivoire | Food & Beverage       | R1 600 000   | 0    | Cape Winelands    |
| 7                               | Rhodes Food Group (Pty) Ltd                    | Ghana         | Food & Beverage       | R40 000 000  | 1    | Cape Winelands    |
| 8                               | Robinson & Sinclair                            | Rwanda        | Food & Beverage       | R1 650 000   | 0    | City of Cape Town |
| 9                               | Notashe Projects (Pty) Ltd                     | Cote d’Ivoire | Clothing and Textiles | R25 000 000  | 3    | City of Cape Town |
| 10                              | Cape Hothouse Vegetables T/A Fynbos Fine Foods | Russia        | Food & Beverage       | R700 000     | 20   | West Coast        |
| 11                              | Cape Good Hope Meat                            | DRC           | Food & Beverage       | R525 000     | 2    | City of Cape Town |
| 12                              | Cape Good Hope Meat                            | Mauritius     | Food & Beverage       | R3 400 000   | 6    | City of Cape Town |
| 13                              | Cape Good Hope Meat                            | Qatar         | Food & Beverage       | R700 000     | 2    | City of Cape Town |
| 14                              | Rush Nutrition                                 | Saudi Arabia  | Food & Beverage       | R250 000     | 0    | City of Cape Town |
| 15                              | SA Rooibos Tea Supplies cc                     | China         | Food & Beverage       | R12 000 000  | 0    | City of Cape Town |
| 16                              | Herbs-Aplenty (Pty) Ltd                        | Germany       | Food & Beverage       | R10 000 000  | 3    | Cape Overberg     |
| 17                              | Rhodes Food Group (Pty) Ltd                    | USA           | Food & Beverage       | R270 000 000 | 0    | Cape Winelands    |

**Table 6: Global exports 2022/23**

|    | <b>Company</b>                                  | <b>Country</b> | <b>Broad sector</b>   | <b>Rand value</b> | <b>Jobs</b> | <b>District</b>   |
|----|---|----------------|-----------------------|-------------------|-------------|-------------------|
| 18 | Khayelitsha Cookies (Pty) Ltd                   | USA            | Food & Beverage       | R2 500 000        | 12          | City of Cape Town |
| 19 | Rio Largo                                       | USA            | Food & Beverage       | R100 000          | 0           | Cape Winelands    |
| 20 | Cape Hothouse Vegetables T/A Fynbos Fine Foods  | USA            | Food & Beverage       | R85 448 010       | 20          | West Coast        |
| 21 | Cape Honeybush Tea                              | Germany        | Food & Beverage       | R3 000 000        | 2           | Garden Route      |
| 22 | Bayede Marketing (Pty) Ltd                      | USA            | Food & Beverage       | R1 200 000        | 1           | Cape Winelands    |
| 23 | The Fishwives Club                              | Netherlands    | Food & Beverage       | R16 000 000       | 2           | City of Cape Town |
| 24 | The Fishwives Club                              | UK             | Food & Beverage       | R6 000 000        | 2           | City of Cape Town |
| 25 | Wilderer Distillery (Pty) Ltd                   | UK             | Food & Beverage       | R670 000          | 0           | Cape Winelands    |
| 26 | The Bridge of Hope Wines                        | Namibia        | Food & Beverage       | R10 000 000       | 3           | Cape Winelands    |
| 27 | Gettha Travel & Tours                           | Gabon          | Services – Other      | R20 000 000       | 3           | City of Cape Town |
| 28 | The Biscuit Factory                             | Cameroon       | Food & Beverage       | R8 000 000        | 5           | City of Cape Town |
| 29 | The Biscuit Factory                             | Namibia        | Food & Beverage       | R20 000 000       | 10          | City of Cape Town |
| 30 | Excell Screen & Digital Printers                | Namibia        | Services – Other      | R40 000 000       | 8           | City of Cape Town |
| 31 | Zhauns Group                                    | Namibia        | Manufacturing – Other | R80 000 000       | 5           | City of Cape Town |
| 32 | Gunbay Wines & Spirits                          | Cameroon       | Food & Beverage       | R300 000          | 0           | City of Cape Town |
| 33 | Cronier Wines (Pty) Ltd                         | Ghana          | Food & Beverage       | R1 500 000        | 0           | Cape Winelands    |
| 34 | Winelands Pork                                  | Angola         | Food & Beverage       | R100 000 000      | 10          | City of Cape Town |
| 35 | Holden Manz                                     | Ghana          | Food & Beverage       | R700 000          | 0           | Cape Winelands    |
| 36 | South African Farm Assured Meat Group (Pty) Ltd | UAE            | Food & Beverage       | R943 000 000      | 450         | Cape Winelands    |
| 37 | Fynbos Fine Foods                               | USA            | Food & Beverage       | R302 892 520      | 20          | West Coast        |
| 38 | Pura Beverage Company                           | USA            | Food & Beverage       | R150 000 000      | 100         | City of Cape Town |
| 39 | Rio Largo                                       | USA            | Food & Beverages      | R3 000 000        | 2           | Cape Winelands    |
| 40 | Acorn Group of Companies                        | Cote d'Ivoire  | Manufacturing – Other | R3 000 000        | 3           | City of Cape Town |
| 41 | The Bridge of Hope Wines                        | DRC Congo      | Food & Beverages      | R10 000 000       | 2           | Cape Winelands    |
| 42 | Homewood Manufacturing                          | Namibia        | Manufacturing – Other | R1 500 000        | 10          | City of Cape Town |

**Table 6: Global exports 2022/23**

|    | <b>Company</b>                         | <b>Country</b>  | <b>Broad sector</b>   | <b>Rand value</b> | <b>Jobs</b> | <b>District</b>   |
|----|--|-----------------|-----------------------|-------------------|-------------|-------------------|
| 43 | Masterstock Pty Ltd                    | Namibia         | Food & Beverages      | R500 000          | 20          | Garden Route      |
| 44 | Toungah Trading Pty Ltd                | Cameroon        | Manufacturing – Other | R75 000 000       | 15          | City of Cape Town |
| 45 | Ubuntu Extra Virgin Olive Oil          | Namibia         | Food & Beverages      | R10 000 000       | 15          | City of Cape Town |
| 46 | Cape Foods Pty Ltd                     | The Netherlands | Food & Beverages      | R4 000 000        | 10          | City of Cape Town |
| 47 | Cape Honeybush Tea Company             | Italy           | Food & Beverages      | R4 500 000        | 0           | Garden Route      |
| 48 | Name withheld (confidential)           | France          | Food & Beverages      | R83 462 400       | 0           | Cape Winelands    |
| 49 | Rio Largo                              | France          | Food & Beverages      | R4 500 000        | 2           | Cape Winelands    |
| 50 | Bayede Marketing Pty Ltd               | Mozambique      | Food & Beverages      | R1 200 000        | 1           | Cape Winelands    |
| 51 | Perdeberg Wines                        | Mozambique      | Food & Beverages      | R800 000          | 0           | Cape Winelands    |
| 52 | Stellenview Premium Wines              | Mozambique      | Food & Beverages      | R1 000 000        | 0           | Cape Winelands    |
| 53 | Stellenview Premium Wines              | Russia          | Food & Beverages      | R75 000 000,00    | 0           | Cape Winelands    |
| 54 | Thokozani/ Diemersfontein Wines        | Mozambique      | Food & Beverages      | R1 000 000,00     | 0           | Cape Winelands    |
| 55 | BSCG Pty Ltd                           | USA             | Food & Beverage       | R130 000          | 0           | City of Cape Town |
| 56 | Diemersdal Wine Estate                 | Mozambique      | Food & Beverage       | R500 000          | 0           | City of Cape Town |
| 57 | Grindlay Export Corporation Pty Ltd    | Zambia          | Food & Beverage       | R2 500 000        | 2           | City of Cape Town |
| 58 | Vuvu Organic Beauty                    | Cote d'Ivoire   | Cosmetics             | R20 000 000       | 3           | City of Cape Town |
| 59 | La RicMal                              | Angola          | Food & Beverage       | R376 000          | 0           | City of Cape Town |
| 60 | Cape Dried Fruits                      | Namibia         | Food & Beverage       | R5 000 000        | 8           | Cape Winelands    |
| 61 | Phakamile Industries T/A Rise Uniforms | Angola          | Clothing & Textiles   | R2 040 000        | 0           | City of Cape Town |
| 62 | Fair Golden                            | DRC Congo       | Food & Beverage       | R45 000 000       | 5           | City of Cape Town |
| 63 | Funky Ouma Gourmet Food (Pty) Ltd      | France          | Food & Beverage       | R5 550 000        | 10          | Cape Winelands    |
| 64 | Spicy Bulldog Pty Ltd                  | France          | Food & Beverage       | R18 720           | 0           | City of Cape Town |
| 65 | Southern Right Foods (Pty) Ltd         | France          | Food & Beverage       | R800 000          | 24          | City of Cape Town |
| 66 | Name withheld (confidential)           | Canada          | Food & Beverage       | R750 000          | 0           | Overstrand        |
| 67 | Baleia Wines                           | Canada          | Food & Beverage       | R700 000          | 0           | Garden Route      |

**Table 6: Global exports 2022/23**

|              | <b>Company</b>               | <b>Country</b> | <b>Broad sector</b>   | <b>Rand value</b>     | <b>Jobs</b> | <b>District</b>   |
|--------------|------------------------------|----------------|-----------------------|-----------------------|-------------|-------------------|
| 68           | Mahala Botanical             | UK             | Food & Beverage       | R500 000              | 0           | City of Cape Town |
| 69           | Totally Wild (Pty) Ltd       | Germany        | Food & Beverage       | R1 500 000            | 0           | City of Cape Town |
| 70           | Name withheld (confidential) | USA            | Services              | R120 000 000          | 0           | City of Cape Town |
| 71           | Name withheld (confidential) | UK             | Services              | R25 000 000           | 3           | City of Cape Town |
| 72           | Name withheld (confidential) | Hungary        | Services              | R10 000 000           | 0           | City of Cape Town |
| 73           | Graceland Vineyards          | Canada         | Food & Beverage       | R3 000 000            | 1           | Cape Winelands    |
| 74           | Good Harvest Market          | Cameroon       | Primary Agriculture   | R155 000 000          | 6           | City of Cape Town |
| 75           | Brand Analytics              | Kenya          | Services              | R25 000 000           | 4           | City of Cape Town |
| 76           | Tiger Lily (Pty) Ltd         | Namibia        | Clothing & Textiles   | R240 504              | 0           | City of Cape Town |
| 77           | Greenie SA (Pty) Ltd         | Namibia        | Manufacturing – Other | R100 000              | 0           | City of Cape Town |
| 78           | Mellowvans                   | France         | Manufacturing – Other | R92 000 000           | 20          | Cape Winelands    |
| 79           | Mellowvans                   | Belgium        | Manufacturing – Other | R50 000 000           | 20          | Cape Winelands    |
| 80           | Mellowvans                   | Netherlands    | Manufacturing – Other | R110 000 000          | 20          | Cape Winelands    |
| 81           | Thistle & Weed (Pty) Ltd     | Canada         | Food & Beverage       | R400 000              | 0           | Cape Winelands    |
| 82           | Name withheld (confidential) | USA            | Food & Beverage       | R10 000 000           | 0           | City of Cape Town |
| 83           | Taste Africa Foods (Pty) Ltd | USA            | Food & Beverage       | R5 000 000            | 0           | City of Cape Town |
| <b>Total</b> |                              |                |                       | <b>R3 139 585 154</b> | <b>906</b>  |                   |

In addition, the Agency committed a total of eight OFDI declarations to the value of R805m. The table below provides a breakdown of the declarations signed:

| Table 7: OFDI |  |                |                       |                     |                   |
|---------------|--|----------------|-----------------------|---------------------|-------------------|
| No.           | Company                                    | Source country | Broad sector          | Rand Value          | District          |
| 1             | Notashe Projects (Pty) Ltd                 | Cote d'Ivoire  | Services              | R60 000 000         | City of Cape Town |
| 2             | The Biscuit Factory                        | Cameroon       | Manufacturing         | R120 000 000        | City of Cape Town |
| 3             | Leading Women of Africa                    | Cote d'Ivoire  | Manufacturing         | R370 000 000        | City of Cape Town |
| 4             | Toungah Trading Pty Ltd                    | Cameroon       | Manufacturing         | R110 000 000        | City of Cape Town |
| 5             | Excell Screen & Digital Printers           | Namibia        | Services – Other      | R90 000 000         | City of Cape Town |
| 6             | Beadica 166 Investment cc                  | DRC Congo      | Services – Other      | R25 000 000         | City of Cape Town |
| 7             | ATF Trading Pty Ltd (Kiosks Manufacturing) | Nigeria        | Manufacturing – Other | R20 000 000         | City of Cape Town |
| 8             | ATF Trading Pty Ltd (Kiosks Manufacturing) | Cameroon       | Manufacturing – Other | R10 000 000         | City of Cape Town |
| <b>Total</b>  |  |                |                       | <b>R805 000 000</b> |                   |

Wesgro's Export Advancement and Promotion (EAP) programme focuses on building export competence and capability of companies in the Western Cape. The initiative focussed on export training, local and international mentoring and advisory services to clients facing challenges in market access, expansion, and export capability.

The EAP team's activities are hugely instrumental in assisting emerging businesses in the WC to professionalise their business for growth in international markets. This year the EAP team, in partnership with the SA Wine Industry Transformation Unit, hosted 19 Black owned wine labels at Vinexpo in New York. The mission was well received by the American market as it is a unique offering in the global wine industry.

The EAP also assists existing exporters to improve their export knowledge and reach. Seasoned exporters consistently give positive feedback about the additional knowledge development despite their experience as exporters.

The EAP also initiates and leads international missions using DTIC business development grant funding. These missions have a spill over to other regions in the country as well which is beneficial for brand SA and overall job creation from emerging SMME's.

The EAP programme supported companies by addressing all aspects of the export process through theory and practical

methodologies. Modules cover orientation to export, preparing to export and developing an export marketing plan, financial risk management, and export costing and logistics.

- Seven training sessions were provided during the year under review to both the Cape Town metro and municipal districts within the province.
  - Three export courses were offered to the companies in the metro, with a total of 65 companies attending.
  - Four export courses were completed in the Winelands, Overberg, West Coast and the Garden Route. A total of 49 companies attended the training.
- Export one-on-one mentorship provided companies with practical guidance to refine their businesses as export ready companies. 22 exporters based in the Metro and 3 exporters in the municipalities completed the programme.
- Business Development Mentorship (PUM) is a Dutch mentorship programme for Western Cape companies needing business guidance on process improvement to boost exports. Skills transfer is tailored to the exporter's requirements, which are enhanced by the PUM mentors' extensive global experience. 2 exporters based in the Metro and 4 exporters in the municipalities completed the programme.



### Strategic Objectives

The total five year outcome target for the period 2020/21 to 2024/25 is to recruit and facilitate between R15,34bn and R21,94bn in trade agreements, resulting in between 2 840 and 3 716 jobs, and between R1.36bn and R3.09bn in Outward Foreign Direct Investment (OFDI) to total R16.70bn and R25.04bn in Rand.

The annual outcome target for 2022/23 in estimated rand value of trade agreements signed is between R3,06bn and R5,38bn, and the number of jobs facilitated is between 567 and 743. The actual achievement for 2022/23 is R3,14bn in rand value of trade agreements signed and 906 jobs. In the 2021/22 financial year, the entity attracted R2,0bn in in Rand value of trade agreements signed and facilitated 320 jobs.

The annual outcome target for rand value of OFDI declarations signed is between R273,1m and R625m. The actual achievement for 2022/23 is R805m. In the 2021/22 financial year, the entity achieved R330m in OFDI and R727m in 2020/21.

### Key performance indicators, planned targets and actual achievements

#### Sub-Programme 3.1: Export Promotion

| Sub-Programme 3.1: Export Promotion                     |                         |                                   |                                    |                                    |                               |                               |   |  |
|---|-------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|--|
| Outcome   | Output                  | Output Indicator                  | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations   |
| Estimated Rand value trade agreements signed            |                         |                                   |                                    |                                    |                               |                               |   |  |
| Number of jobs facilitated from trade agreements signed | Trade agreements signed | Number of trade agreements signed | 66                                 | 61                                 | 50-70                         | 83                            | 33  | A number of factors affected the target over-achievement. The impact of the COVID-era initiatives, such as virtual missions helped as the World markets bounced back as global economies returned to its pre-2019 levels. The COVID period also opened new markets opportunities as countries started looking for alternative source markets. Wesgro's focus on Buyers, its initiatives in Services and quick return to international trade missions helped the increase in number of trade deals facilitated. |

**Sub-Programme 3.2: African Expansion (OFDI)**

| Sub-Programme 3.2: African Expansion (OFDI)  |   |  |                                    |                                    |                               |                              |   |                        |
|--|---|--|------------------------------------|------------------------------------|-------------------------------|------------------------------|---|------------------------|
| Outcome  | Output  | Output Indicator   | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | **Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations |
| Rand value of committed outward foreign direct investment (OFDI) declarations signed | Outward foreign direct investment (OFDI) signed | Number of outward foreign direct investment declarations (OFDI) signed | 7                                  | 3                                  | 7                             | 8                            | 1   | Same as above.         |

**Strategy to overcome underperformance.**

N/A

**Linking performance with budgets**

| Programme        | 2022/23       |                    |                            | 2021/22       |                    |                            |
|------------------|---------------|--------------------|----------------------------|---------------|--------------------|----------------------------|
|                  | Budget        | Actual expenditure | (Over-)/ Under-expenditure | Budget        | Actual expenditure | (Over-)/ Under-expenditure |
|                  | R'000         | R'000              | R'000                      | R'000         | R'000              | R'000                      |
| Export promotion | 17 397        | 18 215             | (818)                      | 14 693        | 15 689             | (996)                      |
| <b>Total</b>     | <b>17 397</b> | <b>18 215</b>      | <b>(818)</b>               | <b>14 693</b> | <b>15 689</b>      | <b>(996)</b>               |



### 3.4. Programme 4: Research

#### Purpose

The purpose of the Programme is to provide local and global insights in terms of investment, trade, tourism and film developments and trends, and to provide evidence-based

research to augment the Agency's direction and promotional activities.

#### Programme structure

The programme is not divided into sub-programmes.

#### Strategic outcome

| Strategic outcome        |  |
|--------------------------|--|
| <b>Strategic Outcome</b> | Develop relevant tourism, trade and investment publications and provide customised research to support the core functions of the Agency.   |
| <b>Outcome statement</b> | Develop content for publications relevant to the sectors and markets of Wesgro, the Province and the City, and produce customised research, aimed at strengthening the Agency's position as a thought leader. 2022/23 outcome: To download 100 research reports. |
| <b>Baseline</b>          | 114 publications were produced during the 2021/22 financial year.  |
| <b>Justification</b>     | Publications inform and guide the Agency, exporters and investors.   |
| <b>Links</b>             | The objective is linked to the Agency's 5-year Strategic Plan.   |

#### Strategic objectives, performance indicators, planned targets and actual achievements

Wesgro's Research Unit had a successful year, with 77 strategic publications completed, thereby surpassing the targeted 50 publications. The inaugural publication of quarterly provincial trade and economic review reports, and the successful completion of several adhoc enquiries from internal and external stakeholders were also notable achievements. Recognising that data-led decision-making is central to almost every aspect of global business today, diversifying and augmenting datasets and sources used to inform the Agency's data-led business decisions and insights, and the positioning of the destination have been and remain key objectives.

The Research Unit completed a combined 356 enquiries and ad hoc research information requests in the financial year. These requests were completed at an average turnaround time of 1,68 days. While the nature of these requests varied, they could be broadly categorised into the following groups: company and contact information; DSM model reports; economic data and analysis; exchange rate analysis; foreign direct investment data and trends; media requests and enquiries; tourism data, information, and trends; and trade data and trends.

### Strategic Objectives

The annual target for 2022/23 is 50 research reports produced, and the entity exceeded its target by producing 77 research reports. Similarly, in 2021/22, the entity exceeded its target from 100 research reports produced to achieve 114.

### Key performance indicators, planned targets and actual achievements

| Programme: Research                   |                           |   |                                    |                                    |                               |                               |   |  |
|---------------------------------------|---------------------------|---|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|--|
| Outcome                               | Output                    | Output Indicator  | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations   |
| Number of research reports downloaded | Research reports produced | Number of research reports developed to support and assist Wesgro in delivering its mandate | 110                                | 114                                | 50                            | 77                            | 27  | Publication schedule plus demand driven with latter resulting in Unit exceeding output target. |

### Strategy to overcome underperformance

N/A

### Linking performance with budgets

| Programme    | 2022/23      |                    |                            | 2021/22      |                    |                           |
|--------------|--------------|--------------------|----------------------------|--------------|--------------------|---------------------------|
|              | Budget       | Actual expenditure | (Over-)/ Under-expenditure | Budget       | Actual expenditure | (Over-)/Under-expenditure |
|              | R'000        | R'000              | R'000                      | R'000        | R'000              | R'000                     |
| Research     | 3 702        | 6 112              | (2 410)                    | 3 856        | 2 237              | 1 619                     |
| <b>Total</b> | <b>3 702</b> | <b>6 112</b>       | <b>(2 410)</b>             | <b>3 856</b> | <b>2 237</b>       | <b>1 619</b>              |

### 3.5. Programme 5: Strategy and Governance

#### Purpose

The Strategy and Governance Programme is responsible for the implementation of an integrated approach, which considers results-based implementation and direct alignment to Wesgro's strategic direction, monitoring and evaluation, strategic projects, corporate governance, board compliance and the requisite support to the CEO.

#### Programme structure

The programme is divided into three sub-programmes, namely:

##### Sub-programme 5.1: Strategy, Monitoring and Evaluation

The Unit provides direction, analysis and reporting with regards to Monitoring and Evaluation of Wesgro's performance. The Unit focusses on ensuring that all strategies, annual performance plans and reports, business plans, operational plans and standard operating procedures are in line with the relevant provincial and national policy and legal frameworks. The Unit also ensures that all performance reporting deadlines are met and works closely with the internal and external auditors to ensure that predetermined objectives are compliant. The Unit is also responsible for ensuring that the Agency is compliant with relevant laws such as the Protection of Personal Information Act (POPIA) and the Promotion of Access to Information Act (PAIA). In the 2022/23 financial year, the Unit will work with the DMO, Investment and Export Units on conducting client surveys to evaluate Wesgro's service offering.

##### Sub-programme 5.2: Board Secretariat.

The Unit provides a secretariat function to the Board. It includes board administration and advisement on governance, legal and regulatory matters.

The Unit's functions include:

- Coordination of Board and Committee meeting documents
- Board correspondence
- Maintenance of all statutory requirements for all governance activities
- Maintenance of Board of Directors' information (e.g., business and home addresses, and telephone numbers).

##### Sub-programme 5.3: Strategic Projects

To support and enhance Wesgro's mandate, the strategic projects team works on externally funded, multistakeholder projects as well as critical internal projects. The primary focus is

the strategic alignment of the projects to the Wesgro mandate to result in key outputs contributing to the achievement of Wesgro's targets or certain objectives, which will have a positive impact on Wesgro's core deliverables.

The following projects will be managed during this financial year:

- Cape Town Air Access
- Cruise Cape Town
- Cape Health Tech Initiative

The **Cape Town Air Access** project is aimed at improving air connectivity to the Western Cape to increase the number of international passengers and air freight capacity, thereby achieving improved business competitiveness by having a destination with greater global access through air connectivity, and to grow air cargo.

The project's main focus areas during this financial year are strongly influenced by the COVID-19 pandemic, namely: retaining airlines flying directly to Cape Town International Airport and the resumption of their services; attracting new routes; developing air cargo routes; and lobbying national government.

The Cape Town Air Access project has well established collaboration across Wesgro, particularly DMO unit as well as Export Unit. The Cape Town Air Access project is governed, guided, and enabled by the Air Access Steering Committee comprised of six public sector partners. Furthermore, the private sector has participation in the project through the Advisory Committee.

The **Cruise Cape Town** project is aimed at growing the cruise economy in Cape Town and the Western Cape. The objectives of the project are to: retain cruise visits to Cape Town Port, improve cruise excursion offerings, facilitate the reduction of constraints to the cruise economy, improve the Cape Town and the Western Cape's competitiveness in the cruise industry, and support growth and job creation in the tourism and other industries associated with the cruise economy.

Cruise Cape Town is governed, guided and enabled by a Steering Committee consisting of six public and private sector partners.

The Cape Health Tech Initiative is aimed at developing Cape Town and the Western Cape as the health tech hub of Africa. The objectives of the project are promotion and awareness of Cape Town and the Western Cape as the health tech hub of Africa for

investment and business, investment and infrastructure support, business support and development of health tech companies to foster an ecosystem of health innovation in the Cape, and build partnerships with local, national and international partners to identify, fund or leverage opportunities in health tech.

The **Cape Health Tech Initiative** has a strong relationship with the trade and investment teams specifically for exports and FDI attraction purposes. These linkages are also particularly strong with respect to pharmaceuticals, medical devices, and cannabis where there have been significant collaboration and cross-selling.

### Strategic outcomes

| Strategic outcome        |   |
|--------------------------|---|
| <b>Strategic outcome</b> | Enhance good governance practices through compliance with prescribed financial and non-financial regulations and guidelines.  |
| <b>Outcome statement</b> | An unqualified Audit report with no material findings.<br>2022/23 outcome: An unqualified Audit report with no material findings.   |
| <b>Baseline</b>          | The Agency achieved a qualified audit for the 2021/22 financial year.   |
| <b>Justification</b>     | The concept of value for money is an integral part of the strategic and operational activities. Strategy and Governance identifies and implements to enhance public confidence and ensure compliance.   |
| <b>Links</b>             | This objective is linked to the Public Finance Management Act (PFMA), National Treasury Regulations, Provincial Treasury Instructions, King IV Report in terms of good governance and integrated service delivery through partnerships and spatial alignment. |

| Strategic outcome        |   |
|--------------------------|---|
| <b>Strategic outcome</b> | Managing, monitoring and control of strategic projects that support Wesgro's mandate of investment, exports and tourism, ultimately contributing to a fully functional, efficient and effective Agency.   |
| <b>Outcome statement</b> | Strategic projects managed that support the Agency's mandate<br>2022/23 outcome: Strategic projects managed that support the Agency's mandate   |
| <b>Baseline</b>          | None.   |
| <b>Justification</b>     | The unit undertakes to support Wesgro in achieving its targets and execute on its mandate through the implementation of strategic projects. These projects are either catalytic in nature or seek to address economic challenges impeding investment, exports or tourism. |
| <b>Links</b>             | The objective is linked to VIP 2: Economy and jobs, the National Development Plan and Vision 2030 in relation to economic growth and industry development.  |

### Strategic objectives, performance indicators, planned targets and actual achievements.

During the financial year under review, Wesgro focused on strengthening the monitoring and evaluation processes to enhance the credibility of performance reporting and position Wesgro as a top performing global sub-national trade and investment promotion agency.

The team provided support to further enhance governance through effective board administration and legal advisory services. Strengthening corporate governance continues to be critical to ensuring that Wesgro is a top performing agency and public entity

**The Cape Town Air Access (CTAA)** project achieved remarkable success in the past year, introducing four new routes and welcoming three additional airlines to Cape Town International Airport. These new routes connected Atlanta and Washington D.C. in the United States of America, Brussels in Belgium, and Maputo in Mozambique with Cape Town. The airlines that started operations were Air Belgium, Virgin Atlantic, and Delta Air Lines. The implementation of these routes resulted in a complete recovery of international seat capacity at the airport during the South African summer peak season, spanning from November 2022 to March 2023. Additionally, air cargo capacity experienced an 80% recovery during this period. As a result, international passenger numbers reached pre-Covid levels by January 2023

and have consistently surpassed historical levels on a month-to-month basis.

In collaboration with Wesgro Export Promotion team and Exporters Western Cape, CTAA organised the inaugural Western Cape Air Cargo Conference in March 2023. The conference attracted more than 180 delegates, including airlines, shippers, exporters, freight forwarders, integrators, and government entities.

To crown its achievements, CTAA was honoured with the prestigious Global Destination Marketing Award at the Routes World conference, held in Las Vegas, USA, in October 2022. This award recognizes the efforts of tourism authorities whose marketing activities have had a tangible impact on airlines' future network development plans.

The **Cape Health Tech Initiative** focused this year on further promoting the health tech industry of Cape Town and the Western Cape for foreign direct investment. A highlight was the publishing of the 5<sup>th</sup> edition of the Pioneers Magazine featuring health tech companies and distributed digitally on Wesgro's platforms to a global audience (further details are provided under Programme 6). The project also supported health tech companies to grow their global footprint, a highlight of this work is the expansion of a Western Cape health tech company (further details are provided under Programme 2).

The **Cruise Cape Town** highlights for the year are reported under Programme 7.





**Strategic Objectives**  
**Key performance indicators, planned targets and actual achievements**

| Programme 5: Strategy and Governance                         |                                      |  |                                    |                                    |                               |                               |   |                        |  |
|--|--------------------------------------|--|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|------------------------|--|
| Outcome  | Output                               | Output Indicator   | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations |  |
| Unqualified Audit report with no material findings           | M&E outputs                          | Number of M&E performance reports submitted                                  | 8                                  | 8                                  | 8                             | 8                             | -   | -                      |  |
|  | Quarterly board minutes              | Number of quarterly board minutes to implement good governance               | -                                  | -                                  | 4                             | 4                             | -   | -                      |  |
|  | Quarterly Board subcommittee minutes | Number of quarterly board sub-committee minutes to implement good governance | -                                  | -                                  | 8                             | 8                             | -   | -                      |  |
| Strategic projects managed that support the Agency's mandate | Strategic projects                   | Quarterly reports evidencing strategic projects                              | -                                  | -                                  | 4                             | 4                             | -   | -                      |  |

N/A

**Linking performance with budgets**

| Programme               | 2022/23       |                    |                            | 2021/22  |                    |                            |
|-------------------------|---------------|--------------------|----------------------------|----------|--------------------|----------------------------|
|                         | Budget        | Actual expenditure | (Over-)/ Under-expenditure | Budget   | Actual expenditure | (Over-)/ Under-expenditure |
|                         | R'000         | R'000              | R'000                      | R'000    | R'000              | R'000                      |
| Strategy and Governance | 31 566        | 22 154             | 9 412                      | -        | -                  | -                          |
| <b>Total</b>            | <b>31 566</b> | <b>22 154</b>      | <b>9 412</b>               | <b>-</b> | <b>-</b>           | <b>-</b>                   |

### 3.6. Programme 6: Marketing and Communication

#### Purpose

To conduct the marketing and communication for Wesgro corporate and investment, export, tourism and film.

#### Programme structure

The programme is divided into two sub-programmes, namely:

##### Sub-programme 6.1: Positioning the Agency and the destination.

To improve the position of the Agency and the destination with shareholders, citizens, and domestic and international businesses, as follows:

- Assistance with hosting of and/or the logistical management of strategic corporate and external events with partners – physical and virtual formats
- Marketing campaigns via social media, digital and traditional media channels
- Creation of bespoke content (audio, visual and print) for Wesgro and the destination to be used in marketing campaigns.

- Customer relationship marketing

##### Sub-programme 6.2: Management of the reputation of the Agency and the destination

To manage the reputation of the Agency and destination through media opportunities:

- Writing and distribution of op-ed pieces
- Writing and distribution of media releases
- Website management
- Hosting of strategic media engagements
- Distribution of research publications via media opportunities
- Monthly tracking of Advertising Value Equivalent (AVE) generated
- Crisis communication and reactive interventions
- Tracking of traditional and arising threats to the destination

#### Strategic outcome

| Strategic outcome        |   |
|--------------------------|---|
| <b>Strategic outcome</b> | Profile and position the Agency through its core mandates of investment, export, tourism and film.  |
| <b>Outcome statement</b> | 5-year outcome: To build a strong regional economic brand with an estimated rand value of R398,1 million AVE.<br>2022/23 outcome: To build a strong regional economic brand with an estimated rand value of R79,5m AVE. |
| <b>Baseline</b>          | A total of R104 million in AVE was generated during the 2021/22 financial year.   |
| <b>Justification</b>     | By positively managing the reputation of the Agency and the destination, we will attract more interest in the Cape and help improve economic growth and job creation.   |
| <b>Links</b>             | This objective is linked to the Agency's 5-year Strategic Plan.   |

## **Strategic objectives, performance indicators, planned targets and actual achievements**

The Marketing and Communications team exceeded their targets in the 2022/2023 financial year. Making innovation a key consideration in all aspects of work, new ways of ensuring the destination remains competitive globally were brought to life.

Shifting the dial on destination perception, multiple headlines were landed in prominent traditional and digital publications - Business Day; Financial Mail; Sunday Times; Business Times; and the Cape Argus, to mention a few - exceeding the annual target with a final count of R98.8m in AVE. Driving thought leadership and ensuring Wesgro's share of voice on prominent global topics, four opinion editorials were published and featured in key business titles. The team also leveraged public speaking opportunities at flagship events to deepen efforts in promoting the Western Cape as a source market of choice, a Green Economy Hub and an innovation leader.

With energy and sustainability being a prominent focus for the Agency and Province, knowledge dissemination included packaging energy-related collateral for stakeholders. Distributing easy to consume infographics on the feasibility for going green and financing renewable energy options, the team continued to keep local businesses informed across channels to maintain Cape confidence.

Wesgro has also been leading the dialogue when it comes to the Green Transition's impact on competitiveness, both at a destination and business level. Engaging at Africa's Green Economy Summit the Advocacy team highlighted the impact of the green transition on tourism and the investment landscape, as well as export competitiveness.

Further promoting Cape Town's compelling Tech value proposition, the 5th edition of the popular Pioneer's Magazine was launched, with a specific focus on the Health Tech sector. Celebrating innovation and the trailblazers in the local Health tech industry, the publication profiled 15 companies with a special focus on the work that was done in the fight against COVID-19. The magazine includes an in-depth interview with the President of the South African Medical Research Council, Professor Glenda Gray, along with profiles on Afrigen Biologics and Biovac, to mention a few.

Ramping up innovation and new channel development, Wesgro was a trendsetter in becoming the first destination marketing organisation to create a tourism attraction in the Metaverse via popular gaming platform Roblox. Built off Expedia research indicating that the youth market is increasingly determining

where families go on holiday, 'Climb Table Mountain' digitised the natural wonder for all to enjoy, using "edutainment" as a tactic to keep Cape Town and the Western Cape top of the travel bucket list. The team engaged Alex Landsdowne, a renowned Botanist to ensure that Table Mountain's flora and fauna were accurately represented. Jean Scheltema, Wesgro's Chief Marketing and Innovation Officer, spoke at numerous high profile industry events on how destinations can leverage gaming and edtech to reach new audiences.

Wesgro was lauded for this effort claiming two awards at the Loeries, Africa's benchmark for creative excellence. A third award was won for the popular Neverending Tourists United States destination marketing campaign. The video has received over 3.3 million views – the highest results received by a video launched by Wesgro.

Recognised for excellence at both local and global award ceremonies, the work claimed further awards for the campaigns, walking away with: two silver Creative Circle awards; a gold at CIFTT Japan; silver at the New York film festival, and a gold at the International Tourism Film Festival Africa 2023 - where the Neverending Tourist United States campaign was selected out of 378 entries from 59 countries.

Shifting to trade innovation, the 'Made in the Cape' region of origin exports brand continues to gain momentum in global markets, successfully driving users to the [www.capetradeportal.com](http://www.capetradeportal.com). Launching highly targeted digital campaigns in key export markets including the UK and the US, the UK campaign reached 16 million unique targeted profiles, inspiring over 150 000 clicks through to the Portal.

Bringing to life the digital trade matchmaking platform and supporting marketing campaign with in-person interaction, the Made in the Cape 2023 hosted buyers' programme successfully took place in the final quarter. Welcoming over 30 buyers from 18 different countries around the world to Cape Town for the inaugural event, the three-day dedicated buyers programmed showcased the best the Cape has to offer. Demonstrating trade innovation through the full Made in the Cape brand effort, the team compiled a Case Study video, which is going to be used to enter the Agency into the international City Nation Place Awards in 2023.

Looking for new ways to streamline processes through digital innovation, the team embarked on implementing a data-led approach for the Agency. This includes a centralised data repository for Wesgro – an exercise which saved the respective teams weeks of manual work. Looking inwards to inspire productivity and share knowledge with the broader agency, the

marketing team introduced quarterly “Masterclass” sessions to provide a space for knowledge sharing on global topics and ideas that shift the dial. The classes, coupled with the monthly Staff Townhall gatherings, continue to provide meaningful engagement and knowledge sharing within the Agency.

Convening business leaders to drive Cape Confidence and generate leads, the team organised 59 events. Key highlights

included the CEO Roundtables, the inaugural Western Cape Air Cargo Conference, and the EU Investment Breakfast. Testimonials from CEOs across a variety of sectors have shown that the CEO Roundtables have worked to instil business confidence, bring the private sector closer to government and have ignited many follow up conversations and solutions.



### Strategic Objectives

The total five year outcome target for the period 2020/21 to 2024/25 in rand value of the advertising value equivalent (AVE) generated for the agency is R398.1m. The annual outcome target for 2022/23 is R79,5m while the actual achievement for 2022/23 is R98,8m. In the 2021/22 financial year, the entity generated R104m in AVE and R121m in 2020/21.

### Key performance indicators, planned targets and actual achievements

| Programme 6: Marketing and Communication                                      |                            |  |                                    |                                    |                               |                               |   |  |
|---|----------------------------|--|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|--|
| Outcome   | Output                     | Output Indicator   | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations   |
| Rand value of the advertising value equivalent (AVE) generated for the Agency | Corporate events supported | Number of corporate events supported                                 | 99                                 | 67                                 | 45-55                         | 59                            | 14  | The unit exceeded its target due to an increase in international delegations coming into market. |
|   | Content management         | Quarterly reports evidencing content management of Agency collateral | 4                                  | 4                                  | 4                             | 4                             | -   | -  |

## Strategy to overcome underperformance

N/A

## Linking performance with budgets

| Programme                   | 2022/23       |                    |                                   | 2021/22      |                    |                                   |
|-----------------------------|---------------|--------------------|-----------------------------------|--------------|--------------------|-----------------------------------|
|                             | Budget        | Actual expenditure | (Over-)/<br>Under-<br>expenditure | Budget       | Actual expenditure | (Over-)/<br>Under-<br>expenditure |
|                             | R'000         | R'000              | R'000                             | R'000        | R'000              | R'000                             |
| Marketing and communication | 10 994        | 12 763             | (1 769)                           | 7 522        | 9 850              | (2 328)                           |
| <b>Total</b>                | <b>10 994</b> | <b>12 763</b>      | <b>(1 769)</b>                    | <b>7 522</b> | <b>9 850</b>       | <b>(2 328)</b>                    |



### 3.7. Programme 7: Destination Marketing Organisation (DMO)

#### Purpose

The purpose of the DMO is to promote the Western Cape internationally and domestically to increase the number of visitors. The DMO markets the destination by focusing on business events (through its Convention Bureau team), tourism trade, traditional and digital media, and marketing campaigns. By increasing the visitor numbers of leisure and business tourists to the Province, direct, indirect and induced revenue is generated for the Western Cape.

#### Programme structure

The Programme also aligns the Provincial Tourism Master Plan with the National Department of Tourism’s five-year strategy as well as the Western Cape Tourism Blueprint 2030. The Programme is structured to create demand and awareness of the Western Cape as a tourism destination.

#### Strategic outcomes

| Strategic outcome        |  |
|--------------------------|--|
| <b>Strategic Outcome</b> | Enhance the attractiveness, awareness and accessibility of the of region and drive conversion.   |
| <b>Outcome statement</b> | 5-year outcome: To market Cape Town and the Western Cape with an estimated economic value of R2,65 billion – R4,24billion in tourism marketing initiatives.<br>2022/23 outcome: To market Cape Town and the Western Cape with an estimated economic value of R530m and R848m in tourism marketing initiatives. |
| <b>Baseline</b>          | An estimated value of R264 million was generated from tourism initiatives supported for the 2021/22 financial year.  |
| <b>Justification</b>     | Wesgro’s strategic mandate is to conduct tourism marketing and promotion for Cape Town and the Western Cape.   |
| <b>Links</b>             | The objective is linked to VIP 2: Economy and jobs, and the strategic plan of the Department of Economic Development and Tourism.  |

#### Strategic objectives, performance indicators, planned targets and actual achievements

The 2022/23 year showed rapid and robust recovery across all markers for Cape Town and the Western Cape. Tourist arrivals from 7 of our top 10 overseas markets recovered to beyond pre-pandemic levels as at end March 2023, Revenue per Available Room (RevPAR) and Average Daily Rate (ADR) for the 22/23 summer season exceeded 2019 levels and Cape Town International Airport’s 2-way passenger numbers through the international terminal consistently exceeded 2019 levels since the beginning of the 2023 calendar year.

#### Leisure Tourism

The international travel trade show and road show circuit fully opened in 2022/23 and is back to full recovery, with the Leisure Team participating in 13 B2B in-market international activities, which equated to over 1500 new connections made in market with international travel trade to drive awareness and partnerships through the tourism industry. Markets visited included the Top 5

The programme is divided into two sub-programmes:

- **Sub-programme 7.1: Heighten awareness of the Western Cape in key markets and sectors**
  - Marketing and trade promotions through partnerships in key markets.
  - Digital maintenance and content creation for website and social media platforms.
  - Business events (meetings, conferences, incentive travel and exhibitions).
  - Stakeholder management and engagements.
- **Sub-programme 7.2: Enhance the attractiveness of the Cape through a competitive offering**
  - Sport and Adventure Tourism promotion
  - Culture and Heritage promotion
  - Food and Wine Tourism promotion
  - Cape of Great Events promotion
  - Domestic Tourism promotion
  - Cruises, through the Cruise Cape Town project

overseas source markets of the province (UK, Germany, USA, Netherlands and France) as well as key opportunity markets such as India, Kenya, Switzerland among others.

International campaigns: “Neverending Tourists” campaigns, where expats of top source markets (UK, Germany, USA, Netherlands) tell their fellow countrymen why they came to Cape Town and the Western Cape and never left, were live in key consideration phases in those markets throughout the year. Strategic international joint marketing agreements were additionally entered into with travel trade from these source markets to boost the effort. The Netherlands joint marketing partnership proved to be very successful in direct paid TV with a competition “Win a trip to Cape Town” which was aired on the Dutch television programme, Miljoenejacht – this programme has a viewership of over 1,6 million Dutch households.

The UK “Neverending Tourists” campaign was augmented with a paid media partnership with South African Tourism’s UK

office, with additional amplification of “Get in a Good Space”. The campaign proved to be very successful and exceeded all the set KPIs. A total of 23,715,571 impressions were delivered, equating to 15,100,253 added value impressions. An average click through rate of 0.61% was achieved. In total, 2,219,631 video views were achieved, delivering a strong conversion rate of 54%. This campaign reached a total audience of 4,510,336 across display and paid social media channels.

Domestically, the refreshed domestic summer campaign (“Faraway Feeling”) was launched on digital and radio, with a competition to measure engagement. Meeting our target market on relevant channels, the quirky radio element of the campaign was flighted on key domestic radio stations. Social media activity on Discover Cape Town & the Western Cape channels throughout the year, boosted locally through promoted posts, enticed South Africans, in particular hyper-local citizens of the Western Cape, to visit the destination.

Wesgro further leveraged the “Faraway Feeling” campaign and “Get in a Good Space” content with partnerships with Cape Nature and The Inside Guide. The Inside Guide is a leader in the tourism content space, with focused content on multiple media channels. The audience is both hyper-local domestic and international (B2C). The partnership focused on promoting the destination’s key experiences and extending the reach of the campaign work through evergreen content on their website beyond the completion of the campaign dates.

As the custodian of the province’s natural environment, Cape Nature is tasked with nature conservation and awareness, preserving biodiversity, and providing facilities for education, research, and training. Through the Cape Nature partnership Wesgro amplified the “Get in a Good Space” messaging through a variety of targeted programmes, projects, and domestic marketing campaigns. The campaign partnership promoted the destination to the domestic market and maximised on our joint investment through leveraging the media channels, platforms, and database of Cape Nature.

Wesgro hosted 7 groups of media in the destination throughout the year. These hostings resulted in 23 articles written on the destination, together with the destination being showcased to the Dutch, French, UK and Australian markets via documentary and film platforms. The most notable being Stéphane Reynaud, the Editor-in-Chief of the “Style and Art of Living” section at Le Figaro (the oldest and the second-largest daily newspaper in France). The article was a showcase of the best in food and wine on offer in Cape Town and the Western Cape, and additionally told the story of some of the community developments around

wine tourism in the destination. Furthermore, Wesgro hosted a variety of travel trade throughout the year in partnership with South African Tourism, with travel trade originating from North America, the United Kingdom, Germany, as well as Central, East and West Africa.

The team again facilitated a Western Cape pavilion at the annual World Travel Market Africa trade show in April 2022 in Cape Town as well as Africa’s Travel Indaba in Durban in May 2022, and partnered with We Are Africa in Cape Town. A total of 17 sharing exhibitors from the private and public sectors were present on the WTMA stand and 16 were present on the Indaba stand, and We Are Africa secured 100 new buyers to their show, as well as 25 top international travel editors and journalists.

Wesgro worked on several projects to highlight and focus on the province’s key visitor experiences. These projects focused on promoting Cape Cycle Routes, the Cradle of Human Culture routes, as well as wine tourism. This was the first year of the #HappyBirthdaySAWine campaign together with many businesses in the Cape, including Groot Constantia, One & Only Cape Town and others. On the 2<sup>nd</sup> of February the SA Wine Industry celebrated 364 years of existence and the industry was encouraged to use the hashtag and tag #Discoverctwc. As custodian of the global Great Wine Capitals membership for Cape Town and the Cape Winelands, the DMO also delivered another successful Best Of Wine Tourism & Ambassador Awards 2023 project, with local winner Weltevrede winning the Best Of Global award for Cape Town and Cape Winelands at the global Great Wine Capitals awards.

Wesgro partnered with a total of 51 leisure events through the financial year. Events drive an increase in visitor numbers during low season, increase geographic spread across the province, generate revenue across many sectors, and provide destination exposure and newsworthy content that can be used to drive awareness. This year the strategy was to partner with as many events as possible, to allow for the events sector in smaller towns and communities to get back on track following the pandemic. This partnering was highly successful, as the events calendar is back in full swing and the recovery has been achieved.

### **Business Tourism (Convention Bureau)**

For the first part of the year under review, the business events industry still indicated a slow but steady increase of interest in the destination to host business events, Although the sector was initially still marked by the need to offer hybrid format meetings, the latter part of the financial year saw an increased uptake in meetings and conferences taking place in an in-person format. In terms of trends currently emerging in this sector, event



planners agree that although face to face meetings have resumed as preferential over virtual or hybrid format, events use more technology, are planned with shorter lead times, have smaller attendance and in most, still include an option to attend remotely compared to events pre-Covid. Even now that the industry is recovering, it is important to note that a year ago South Africa was still restricted in terms of hosting business events optimally due to the COVID-19 pandemic.

The recovery of the international business events sector to Cape Town and the Western Cape is affirmed by the amount of international association meetings hosted during 2022. According to the International Congress and Convention Association (ICCA)'s annual statistic report, Cape Town hosted 30 international association meetings during 2022, against only 5 during 2021. This is also replicated within second tier destinations in the Western Cape, where Stellenbosch hosted 5 international association meetings during 2022, against only 1 during 2021.

During the year under review, Wesgro secured 30 new bids for the destination with an estimated economic impact of R423,8m. Attracting meetings with an African rotation is on the increase and the destination will host the Africa Investment Indaba in September 2023. Other bids secured include the 1.5 Degrees Net Zero Conference, focused on the energy sector, as well as the 18th International Symposium on Veterinarian Epidemiology and Economics aimed for September 2027.

To remain competitive, a considerable amount of focus and financial resources was spent on re-affirming the destination's ability to host business events. Business development opportunities, which included attending in-person roadshows and trade shows, took priority over efforts to create awareness using traditional marketing tools. The proof of this can be seen in production of 74 new bid documents for clients, spanning across the medical, sciences and technology sectors, and filling the bid pipeline for the destination from 2024 onward.

Two videos have been produced focusing on the incentive travel market and on pitching Cape Town and the Western Cape as a destination to host business events. Furthermore, a lead-generation campaign was presented, with an aim to inspire academics from the domestic market in predominantly the green economy and tech space to host their next business event in Cape Town and the Western Cape.

The Convention Bureau provides a service to clients whom the Bureau bids with by supporting destination collateral production. The collateral provided is aimed at either the bidding or the post-bidding phase. Direct support in terms of collateral was provided to the organising committees, which often entails bespoke marketing collateral to address the bidding requirements of a bid. One such example is a bid produced for the World Avocado Congress (September 2027).

Wesgro again facilitated the Western Cape pavilion at the annual Meetings Africa trade show hosted in February 2023 in Sandton. A total of 16 sharing exhibitors from across the province, as well as private and public sectors were present on the stand. Both of Cape Town's large conference venues were represented on the pavilion (Cape Town Convention Centre and Century City Conference Centre). Two post-show familiarisation trips were hosted for international buyers covering the City of Cape Town, Cape Winelands and Garden Route and Klein Karoo regions.

The Convention Bureau frequently engages across other units within Wesgro to identify new leads and shared networking opportunities, especially across green economy and technology sectors. A big focus was using the opportunities created within the Trade and Investment teams' in-market activities on the African continent, in particular in the Kenyan market. A database of potential leads from this market has been established.

### **Cruise Cape Town**

The 2022/23 cruise season was a bumper season and exceeded all recovery expectations. The season concluded with 70 visits at the Cape Town Cruise Terminal and a total of 145 000 passengers. These 70 visits were made up of 17 World Cruises, 27 International Coastal Cruises and 26 Domestic Coastal Cruises. It was also the first season to welcome 3 ships into port simultaneously on 5 separate occasions, all doing turnaround operations for approximately 8 000 arriving passengers on the same day.

Wesgro attended Seatrade Med in Spain as well as Seatrade Global in Fort Lauderdale, the latter being the first time that SA Tourism facilitated a pavilion for all South African exhibitors. Cruise Cape Town hosted various cruise line delegations in destination for route development and planning visits, including Silversea Cruise Lines' visit to deepen their social and environmental sustainability contributions.

### Strategic Objectives

The total five year outcome target for the period 2020/21 to 2024/25 is to market Cape Town and the Western Cape and support tourism destination marketing initiatives with an estimated economic value of R2.65bn and R4.24bn. The annual outcome target for 2022/23 is between R50.45m and R848.72m. The actual achievement for 2022/23 is R423.8m. In 2021/22 the entity achieved a total estimated economic value of tourism destination marketing initiatives supported of R264m and R487m in 2020/21.

### Key performance indicators, planned targets and actual achievements

| Programme 7: Destination Marketing Organisation                             |                                    |  |                                    |                                    |                               |                              |   |  |
|---|------------------------------------|--|------------------------------------|------------------------------------|-------------------------------|------------------------------|---|--|
| Outcome   | Output                             | Output Indicator                             | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | **Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations   |
| Total estimated economic value of tourism destination marketing initiatives | Joint marketing agreements secured | Number of joint marketing agreements secured | 16                                 | 20                                 | 15                            | 19                           | 4   | Strengthened international and domestic trade partnerships.  |
|   | Leisure events supported           | Number of leisure events supported           | 34                                 | 53                                 | 35                            | 51                           | 16  | Post-pandemic recovery strategy through increased event partnerships.  |
|   | Bids secured                       | Number of bids secured                       | 15                                 | 18                                 | 15                            | 30                           | 15  | Increased interest in the destination, since restrictions to meet in person lifted, leading to higher volume of bids submitted and higher conversion numbers than anticipated. |

### Strategy to overcome underperformance

N/A

### Linking performance with budget

| Programme    | 2022/23       |                    |                            | 2021/22       |                    |                            |
|--------------|---------------|--------------------|----------------------------|---------------|--------------------|----------------------------|
|              | Budget        | Actual expenditure | (Over-)/ Under-expenditure | Budget        | Actual expenditure | (Over-)/ Under-expenditure |
|              | R'000         | R'000              | R'000                      | R'000         | R'000              | R'000                      |
| DMO          | 39 352        | 42 114             | (2 762)                    | 53 450        | 47 495             | 5 955                      |
| <b>Total</b> | <b>39 352</b> | <b>42 114</b>      | <b>(2 762)</b>             | <b>53 450</b> | <b>47 495</b>      | <b>5 955</b>               |

### 3.8. Programme 8: Film and Media Promotion

#### Purpose

Establish a globally competitive film sector in Cape Town and the Western Cape.

#### Programme structure

The programme is not divided into sub-programmes.

#### Strategic objective

| Strategic outcome         |  |
|---------------------------|--|
| <b>Strategic Outcome</b>  | To firmly establish a globally competitive film sector.  |
| <b>Outcome statements</b> | 5-year outcome: To recruit and facilitate between R10,13 billion and R17,82 billion film and media productions brought into the Province, with between 15 246 FTE and 18 472 FTE jobs.<br>2022/23 outcome: To recruit and facilitate between R1,85bn and R2,83bn film and media productions brought into the Province, resulting in between 2 850 and 3 453 FTE jobs |
| <b>Baseline</b>           | A total value of R288m was committed in the film and media sector, resulting in 274 FTE jobs during the 2021/22 financial year.  |
| <b>Justification</b>      | Film is an important sector in the Western Cape and a major contributor to economic growth and jobs.   |
| <b>Links</b>              | The objective is linked to VIP 2: Economy and jobs. Furthermore, the objective is linked to the Department of Economic Development and Tourism's 5-year film and media strategy, the Cape Town Arts and Culture's 10-year strategy and the Cape Town Film Studios.   |

#### Strategic objectives, performance indicators, planned targets and actual achievements

The unit exceeded all targets for the year. The film industry is a significant service industry in the Western Cape making a significant contribution to the regions GDP and direct employment of thousands of jobs. Wesgro has a long-standing role to support the entire industry in the Western Cape to ensure that the Western Cape remains a sought after location for film services trade.

#### International

As part of its marketing activity to promote the Western Cape as a destination for the film and creative industries sector it hosted or supported 48 companies at international events. These events included African Film Festival (New York); Annecy (France); Cannes Marche du Film Market (France); Toronto International Film Festival (Canada); International Film Festival Rotterdam (The Netherlands); European Film Market/Africa Hub at the Berlinale Film Festival (Germany); hybrid event for Hong Kong Film Mart; and South by South-West (SXSW) (Austin USA). The Unit also sent marketing collateral on missions led by other Wesgro units and to other events with partner trade associations.

#### National

To fulfil its role to reduce red tape issues, improve ease of doing business, policy regulations, land use rights and access, intellectual property, production incentives, visas, municipal by-laws, etc. the team manages a wide network of government stakeholders such as the Departments of Home Affairs, International Relations, San Parks, Department of Trade, Investment & Competition, Western Cape Government

departments, Municipal government departments, etc. The Film Industry Visa Assistance (FIVA) is also continuing to be rolled out to 50 companies (21 have thus far joined). FIVA with Wesgro support, helps to streamline the pipeline of visa applications for the industry.

Wesgro assisted the National Film and Video Foundation with the South African Film and TV awards judging process and its strategic planning process. Wesgro was consulted and contributed to the development of Department of Arts and Culture Creative Masterplan.

Overall, Film and Media hosted 32 live and hybrid events and seminars took place with over 11771 attendees. Overall, there were 10 inbound missions facilitated with delegates from at least 36 countries.

#### Other Activities

Wesgro creative industries publications are a key part of the promotional arsenal created by the unit. The "AV For Film and Media" and "Filmmakers Guide to the Western Cape" are used at all briefings and on-line sessions, as well as international and local events. It was very well received and is bringing much to the region in terms of awareness.

The 7th edition of "Cape Town and Western Cape Creative Locations" booklet is widely distributed in print and digitally.

The unit is a thought leader in the promotion of the film industry and consequently often speaks at various events locally and internationally; consulted by other regions e.g. KZNFC, and GFC; consulted by national government departments and film related

organisations; took part in the preparation for the audio-visual services schedule to be included in the negotiations on Africa Continental Free Trade Agreement (AfCFTA). Its inclusion in AfCFTA will assist the Western Cape and South Africa to export more creative industry services into the continent.

Wesgro's had a central role in lobbying DTIC on the Copyright Amendment Bill and cojoined Performers Protection Bill occurred and was a focus of many meetings with clients, stakeholders at DEDAT and with other provinces.

The Unit signed a total of 21 declarations to the value of R3,97bn, resulting in the facilitation of 5062 full-time equivalent (FTE) jobs. The table below provides a breakdown of the declarations signed:

| <b>Table 8: Media and film productions realised</b> |                              |  |                   |                 |
|---|------------------------------|--|-------------------|-----------------|
|   | <b>Company</b>               | <b>Source country</b>                                  | <b>Rand Value</b> | <b>FTE Jobs</b> |
| 1   | Name withheld (confidential) | India  | R40 000 000       | 57              |
| 2   | Name withheld (confidential) | India  | R12 000 000       | 13              |
| 3   | Name withheld (confidential) | South Africa   | R56 000 000       | 94              |
| 4   | Name withheld (confidential) | UK   | R7 500 000        | 0               |
| 5   | Name withheld (confidential) | UK, Germany, USA, France, Sweden, Netherland, Belgium  | R405 000 000      | 73              |
| 6   | Name withheld (confidential) | UK, Germany, USA, France, Sweden, Netherlands, Belgium | R100 000 000      | 109             |
| 7   | Name withheld (confidential) | Germany, Australia                                     | R5 336 670        | 3               |
| 8   | Name withheld (confidential) | South Africa   | R400 000          | 2               |
| 9   | Name withheld (confidential) | Germany, The Netherlands                               | R12 553 578       | 4               |
| 10  | Name withheld (confidential) | USA, Germany   | R1 500 000        | 2               |
| 11  | Name withheld (confidential) | Germany, Namibia, South Africa                         | R7 610 539        | 1               |
| 12  | Name withheld (confidential) | Germany  | R200 000          | 0               |
| 13  | Name withheld (confidential) | SA, US, UK   | R28 000 000       | 51              |
| 14  | Name withheld (confidential) | Germany  | R1 160 000        | 1               |
| 15  | Name withheld (confidential) | Norway   | R8 000 000        | 6               |

| Table 8: Media and film productions realised |                              |   |                       |             |
|--|------------------------------|---|-----------------------|-------------|
|  | Company                      | Source country  | Rand Value            | FTE Jobs    |
| 16   | Name withheld (confidential) | USA & UK  | R1 600 000 000        | 1700        |
| 17   | Name withheld (confidential) | USA & South Africa  | R85 000 000           | 66          |
| 18   | Name withheld (confidential) | RSA, Australia, Indonesia   | R1 200 000            | 0           |
| 19   | Name withheld (confidential) | France & South Africa<br>(Co-Production)                            | R42 000 000           | 26          |
| 20   | Name withheld (confidential) | South Africa, Finland,<br>Germany, Sweden,<br>Netherlands, UK & USA | R36 312 260           | 1863        |
| 21   | Name withheld (confidential) | UK & USA  | R1 517 264 030        | 991         |
| <b>Total</b>                                 |                              |   | <b>R3 967 037 077</b> | <b>5062</b> |

\*Please note that some projects did not equate to a FTE job thus is rounded down to zero



### Strategic Objectives

The total five year outcome target for the period 2020/21 to 2024/25 is to recruit and facilitate between R10,13bn and R17,82bn film and media productions brought into the Province, resulting in between 15 246 FTE jobs and 18 472 FTE jobs. In the 2021/22 financial year, the entity achieved R288m and facilitated 274 FTE jobs. The annual outcome target for 2022/23 is between R1, 85bn and R2, 83bn in Rand value of declarations signed and between 2 850 FTE jobs and 3 453 FTE jobs. The actual achievement for 2022/23 is R3,97bn and 5062 FTE jobs.

### Key performance indicators, planned targets and actual achievements

| Programme 8: Film and Media Promotion                              |                                    |  |                                    |                                    |                               |                               |   |   |
|--|------------------------------------|--|------------------------------------|------------------------------------|-------------------------------|-------------------------------|---|---|
| Outcome  | Output                             | Output Indicator                             | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Annual Target 2022/23 | ** Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement 2022/23 | Reasons for deviations  |
| Rand value of film and media productions brought into the Province | Film and media declarations signed | Number of film and media declarations signed | 7                                  | 8                                  | 2-5                           | 21                            | 19  | Overachieved due to the impact of the large amount of consistent promotion activities and specific support roles to solve various issues related to visas, land use and various red-tape problem solving. |

### Strategy to overcome areas of underperformance

N/A

### Linking performance with budget

| Programme                | 2022/23      |                    |                            | 2021/22      |                    |                            |
|--------------------------|--------------|--------------------|----------------------------|--------------|--------------------|----------------------------|
|                          | Budget       | Actual expenditure | (Over-)/ Under-expenditure | Budget       | Actual expenditure | (Over-)/ Under-expenditure |
|                          | R'000        | R'000              | R'000                      | R'000        | R'000              | R'000                      |
| Film and media promotion | 3 540        | 3 172              | 368                        | 3 540        | 3 248              | 292                        |
| <b>Total</b>             | <b>3 540</b> | <b>3 172</b>       | <b>368</b>                 | <b>3 540</b> | <b>3 248</b>       | <b>292</b>                 |

## 4 REVENUE COLLECTION

| Sources of revenue              | 2022/23        |                         |                          | 2021/22        |                         |                          |
|---------------------------------|----------------|-------------------------|--------------------------|----------------|-------------------------|--------------------------|
|                                 | Estimate       | Actual amount collected | (Over-)/Under-collection | Estimate       | Actual amount collected | (Over-)/Under-collection |
|                                 | R'000          | R'000                   | R'000                    | R'000          | R'000                   | R'000                    |
| Departmental Transfers          | 129 686        | 129 686                 | -                        | 124 511        | 124 511                 | -                        |
| City of Cape Town               | 30 918         | 25 962                  | 4 956                    | 19 766         | 19 766                  | -                        |
| Interest                        | 1 000          | 2 554                   | (1 554)                  | 1 408          | 1 205                   | 275                      |
| Other income                    | 540            | 183                     | 357                      | 1 223          | 2 152                   | (929)                    |
| Nett gain on disposal of assets | -              | 273                     | (273)                    | -              | 250                     | (250)                    |
| <b>Total</b>                    | <b>162 144</b> | <b>158 658</b>          | <b>3 486</b>             | <b>146 908</b> | <b>147 562</b>          | <b>(904)</b>             |

## 5 CAPITAL INVESTMENT

| Programme                                     | 2022/23      |                    |                           | 2021/22      |                    |                           |
|---|--------------|--------------------|---------------------------|--------------|--------------------|---------------------------|
|   | Budget       | Actual expenditure | (Over-)/Under-expenditure | Budget       | Actual expenditure | (Over-)/Under-expenditure |
|   | R'000        | R'000              | R'000                     | R'000        | R'000              | R'000                     |
| Capital Additions (PPE and Intangible Assets) | 1 631        | 3 199              | (1 568)                   | 1 276        | 2 733              | (R1 457)                  |
| <b>Total</b>                                  | <b>1 631</b> | <b>3 199</b>       | <b>(1 568)</b>            | <b>1 276</b> | <b>2 733</b>       | <b>(R1 457)</b>           |







# Part C: Governance

## 1 INTRODUCTION

The Western Cape Investment and Trade Promotion Agency (Wesgro) is a Schedule 3C public entity, as defined in the Public Finance Management Act, 1999 (Act 1 of 1999), trading in the Western Cape Province of South Africa.

Wesgro was established by the Western Cape Tourism Trade and Investment Promotion Agency Act, 1996, as amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013).

With effect from 01 April 2012, the Agency became responsible for the destination marketing function of Cape Town Routes

Unlimited (CTRU). The Western Cape Tourism Act, 2004 (Act 1 of 2004) was repealed on 28 August 2013, by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013).

The directors of Wesgro support the principles of the King IV™ Report on Corporate Governance for South Africa and will ensure the implementation of the relevant principles where operationally applicable. Responsible corporate citizenship and sound governance practices remain top priorities of the Board, its committees and management.

## 2 PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of all public entity by interrogating its annual financial statements and other relevant documents which have to be tabled as well as any other documents tabled from time to time. The Portfolio Committee exercises oversight over all non-financial information

related to the public entity which impacts on service delivery and enhancing economic growth. Additionally, The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor.

| Date of Meeting | Committee  | Subject addressed   | Manner of address                                    |
|-----------------|--|---|--|
| 29 July 2022    | Standing Committee on Finance, Economic Opportunities and Tourism  | Air Access briefing   | Presentation to the Committee on virtual platform    |
| 19 October 2022 | Standing Committee on Finance, Economic Opportunities and Tourism<br>Standing Committee on Public Accounts (SCOPA) | Wesgro Annual Report 2021/22  | Presentation to the Committee (in person attendance) |
| 9 November 2022 | Standing Committee on Finance, Economic Opportunities and Tourism  | Tourism readiness and expectations for the 2022/23 season in the Western Cape | Presentation to the Committee on virtual platform    |
| 17 March 2023   | Standing Committee on Finance, Economic Opportunities and Tourism  | Western Cape Appropriation Bill (Vote 12)                                     | Presentation to the Committee on virtual platform    |

## 3 EXECUTIVE AUTHORITY

The 2022/23 Annual Performance Plan was submitted to the Minister responsible for Finance and Economic Opportunities (the Minister) in March 2022

## 4 THE ACCOUNTING AUTHORITY / BOARD

Wesgro has a unitary Board with directors appointed by the Provincial Minister responsible for Finance and Economic Opportunities after consultation with the Executive Mayor of the City of Cape Town. The Board consists of a maximum of 15 directors, with 10 independent directors appointed by the Minister, two directors nominated by organised local government (one representing the category B municipalities and

the other representing the category C municipalities), and three ex officio members (of which one senior official is nominated by the Minister, one senior official is nominated by the Executive Mayor of the City of Cape Town, and the Chief Executive Officer of Wesgro). The appointment, roles and responsibilities of the Board are clearly articulated in the Wesgro Act, 1996.

### **Board Charter**

The Board Charter was reviewed and approved by the Board.

## Composition of the Board

| Name                | Designation (in terms of the Public Board structure) | Date appointed | Date resigned | Qualification | Area of expertise    | Board Directorships (List the entities)   | Other Committees or Task Teams (e.g. : Audit committee / Ministerial task team) | No. of Meetings attended |       |                 |        |
|---------------------|--|----------------|---------------|---------------|----------------------|---|---|--------------------------|-------|-----------------|--------|
|                     |  |                |               |               |                      |   |   | Board                    | HRRNC | Audit, IT, Risk | Other* |
| Mr. David Green     | Board Chairperson                                    | Aug – 2014     | -             | Honours       | Business             | 2 Oceans Aquarium<br>Zeitz Mocca<br>V&A Waterfront Holdings (Pty) & V&A Waterfront Group of Companies<br>The Hotel Company<br>Waterway House Section 2            | Member of the Audit, IT and Risk Committee                                      | 4                        | -     | 1               | 34     |
| Mr. Ian Bartes      | Board Member<br>Audit Chairperson                    | Jun – 2014     | -             | Masters       | Business & Marketing | Teach the Future SA<br>Trusted Financial Planners<br>Rudder4Life  | Chairperson of the Audit, IT and Risk Committee                                 | 4                        | -     | 4               | 9      |
| Mr. Paul Bannister  | Board Member   | Jun – 2014     | -             | Honours       | Marketing and media  | -   | -   | 4                        | -     | -               | -      |
| Ms. Andrea Böhmert  | Board Member   | Aug – 2014     | -             | Masters       | Business             | Knife Capital   | Member of the Human Resources, Remuneration and Nominations Committee           | 3                        | 2     | -               | 1      |
| Mr. Geoffrey Jacobs | Board Member   | Mar – 2021     | -             | Masters       | Business             | The Caerus Effect<br>Brewz Krew Coffee Company (Pty) Ltd  | Member of the Human Resources, Remuneration and Nominations Committee           | 4                        | 4     | -               | 2      |
| Mr. Sazi Ndwandwa   | Board Member   | Nov – 2021     | -             | Honours       | Business             | Dinaledi NPC<br>Hlalisa Property Investments (Pty)<br>GoldOurs (Pty) Ltd<br>Sakwanda Construction (Pty) Ltd<br>DHT Investments (Pty) Ltd<br>Plett Ganse Vallei CC | Member of the Audit, IT and Risk Committee                                      | 2                        | -     | 4               | 6      |

| Name                            | Designation (in terms of the Public Board structure) | Date appointed | Date resigned | Qualification | Area of expertise                      | Board Directorships (List the entities)   | Other Committees or Task Teams (e.g. : Audit committee / Ministerial task team) | No. of Meetings attended |       |                 |        |
|---------------------------------|--|----------------|---------------|---------------|--|---|---|--------------------------|-------|-----------------|--------|
|                                 |  |                |               |               |  |   |   | Board                    | HRRNC | Audit, IT, Risk | Other* |
| Mr. Johannes van Rooyen         | Board Member   | Nov – 2017     | -             |               | Tourism, hospitality and business      | Beacon Island Share Block<br>Cabana Beach Share Block<br>Sabie River Share Block<br>Umhlanga Sands Share Block<br>Drakensberg Sun Chalets Block                                 | Member of the Audit, IT and Risk Committee                                      | 4                        | -     | 1               | 1      |
| Mr. Lance Greyling              | Ex Officio Board Member<br>HRRNC Chairperson         | Mar – 2015     | -             |               | Public Sector and economic development | Bulungula Incubator<br>Cape Town Tourism<br>Western Cape Economic Development Partnership<br>Atlantis Special Economic Zone Company<br>BlueCape                                 | Chairperson of the Human Resources, Remuneration and Nominations Committee      | 3                        | 4     | -               | 2      |
| Councillor Nicolaas Louw        | SALGA Board Member                                   | Feb – 2022     | -             |               | Public sector                          | -   | -   | 3                        | -     | -               | 1      |
| Executive Mayor Hendrik Du Rand | SALGA Board Member                                   | Feb – 2022     | -             |               | Public sector                          | FDR Food cc   | -   | 1                        | -     | -               | 2      |
| Mr. Simon Kaye                  | Western Cape Department of Health: Ex Officio        | Aug – 2022     |               |               |  | -   |   | 1                        | -     | -               | 1      |
| Mr. Paul Cluver                 | Board Member   | Dec – 2022     |               |               |  | De Rust Estate (Pty) Ltd<br>PC Cellars (Pty) Ltd<br>Kromco (Pty) Ltd<br>APL (Pty) Ltd<br>PIWOSA (Pty) Ltd<br>Thandi Farms (Pty) Ltd<br>SAPO Trust<br>Grabouw Development Agency |   | 1                        | -     | -               | 2      |

| Name                          | Designation (in terms of the Public Board structure) | Date appointed | Date resigned | Qualification     | Area of expertise | Board Directorships (List the entities)  | Other Committees or Task Teams (e.g. : Audt committee / Ministerial task team) | No. of Meetings attended |       |                 |        |  |
|-------------------------------|--|----------------|---------------|-------------------|-------------------|--|--|--------------------------|-------|-----------------|--------|--|
|                               |  |                |               |                   |                   |  |  | Board                    | HRRNC | Audit, IT, Risk | Other* |  |
| Mr. Timothy Scholtz           | Board Member   | Dec – 2022     |               |                   |                   | Rudder4Life<br>Tekano Automotive Hub<br>Khaya K Lightweight Concrete<br>Factory Atlantis<br>Khaya K Lightweight Concrete<br>Factory Holdings<br>Nkonki27 Masikhule<br>Btw Capital<br>Diversity And Growth<br>Initiative<br>Tbs Capital Holdings<br>Ktrmc Management Services<br>Folu Regenerative<br>Agriculture |  | 1                        | -     | -               | 2      |  |
| Mr. David Bridgman            | Board Member   | Dec – 2022     |               |                   |                   | Ciskei Executive<br>Developments, and Laughing<br>Waters Trust   |  | 1                        | -     | -               | 1      |  |
| Ms. Wrenelle Stander          | Chief Executive<br>Officer                           | Oct – 2021     | -             | Masters           | Business          | Sishen Iron Ore Company<br>5D GEO  |  | 4                        | 4     | 4               | 13     |  |
| Independent committee members |  |                |               |                   |                   |  |  |                          |       |                 |        |  |
| Ms. Ayanda Mvandaba           | Independent<br>committee<br>member                   | June – 2022    | -             | CA (SA)           | CA (SA)           | Member of Audit, IT and Risk<br>Committee  |  | -                        | -     | 3               | -      |  |
| Mr. Paul Slack                | Independent<br>committee<br>member                   | Aug – 2014     | -             | CA (SA)           | CA (SA)           | Member of Audit, IT and Risk<br>Committee  |  | -                        | -     | 2               | 4      |  |
| Ms. Antoinette Basson         | Independent<br>committee<br>member                   | Feb – 2023     | -             | Hons. B.<br>Compt | Hons. B.<br>Compt | Member of Audit, IT and Risk<br>Committee  |  | -                        | -     | 1               | -      |  |

**\*Other:**

Chairperson's working group, SCOPA meetings, Public Accounts Committee meeting, Quarterly meetings with Executive Mayor, Meetings with CEO, Meetings with Minister, Internal audit meetings, External audit meetings, Special HRRNC Meetings, Special AIRC Meetings.

## Committees

| Committee   | No. of meetings held | No. of members | Names of members                 |
|---|----------------------|----------------|----------------------------------|
| Audit, IT and Risk Committee                            | 4                    | 5              | Mr. Ian Bartes                   |
|   |                      |                | Mr. Sazi Ndwandwa                |
|   |                      |                | Mr. Paul Slack (retired: Nov 22) |
|   |                      |                | Ms. Ayanda Mvandaba              |
|   |                      |                | Ms. Antoinette Basson            |
| Human Resources, Remuneration and Nominations Committee | 4                    | 3              | Mr. Lance Greyling               |
|   |                      |                | Ms. Andrea Böhmert               |
|   |                      |                | Mr. Geoffrey Jacobs              |

1 The concepts of “internal” or “external” refers to a member of the Audit, IT and Risk Committee who occupies a position within the Agency

## Remuneration of Board members

| Name                                 | Remuneration (R'000) | Other allowance (R') | Other reimbursements (R') | Total (R) |
|--------------------------------------|----------------------|----------------------|---------------------------|-----------|
| Mr. David Green                      | 126                  | -                    | -                         | 126       |
| Mr. Ian Bartes                       | 116                  | -                    | -                         | 116       |
| Mr. Paul Bannister                   | 31                   | -                    | -                         | 31        |
| Ms. Andrea Böhmert                   | -                    | -                    | -                         | -         |
| Mr. Geoffrey Jacobs                  | 47                   | -                    | -                         | 47        |
| Mr. Sazi Ndwandwa                    | 55                   | -                    | -                         | 55        |
| Mr. Johannes van Rooyen              | 51                   | -                    | -                         | 51        |
| Mr. Lance Greyling                   | -                    | -                    | -                         | -         |
| Councillor Nicolaas Louw             | -                    | -                    | -                         | -         |
| Executive Mayor Hendrik Du Rand      | -                    | -                    | -                         | -         |
| Mr. Simon Kaye                       | -                    | -                    | -                         | -         |
| Mr. Paul Cluver                      | -                    | -                    | -                         | -         |
| Mr. Timothy Scholtz                  | -                    | -                    | -                         | -         |
| Mr. David Bridgman                   | -                    | -                    | -                         | -         |
| Mr. Michael Spicer**                 | 36                   | -                    | -                         | 36        |
| Mr. John Copelyn**                   | 8                    | -                    | -                         | 8         |
| <b>Independent committee members</b> |                      |                      |                           |           |
| Ms. Ayanda Mvandaba                  | 8                    | -                    | -                         | 8         |
| Mr. Paul Slack                       | 20                   | -                    | -                         | 20        |
| Ms. Antoinette Basson                | -                    | -                    | -                         | -         |

\*\*Board members Mr Michael Spicer retired in March 2022 and Mr John Copelyn retired in April 2022.

## 5 RISK MANAGEMENT

The Agency endeavours to minimise risk by ensuring that the appropriate infrastructure, personnel, systems, and controls are in place throughout the organisation, and that risk management is integrated into management processes. Risk control strategies and policies have been put in place to ensure that all risks are managed in an integrated manner. The Board is accountable for ensuring that the risk management process is in place and integrated into the day-to-day business activities of the

Agency. Risk management is addressed through risk categories that include finance, human resources, trade, investment, information, and strategic risks. Significant risks that could hinder the achievement of Wesgro's strategic objectives are identified, assessed, and prioritised regularly through a risk assessment and accountability framework, and control mechanisms are implemented to manage and monitor these risks.

## 6 INTERNAL CONTROL

To meet its responsibility with respect to providing reliable financial information, the Agency maintains financial and operational systems of internal control as stipulated in Section 51 (a) (ii) of the PFMA. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately safeguarded against material losses or unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded. Internal auditors monitor the operation of the internal controls and report findings and recommendations to management and the Audit IT and Risk Committee. Corrective actions are taken to address control deficiencies and improve

the systems as identified. The Board, through the Audit IT and Risk Committee, provides oversight to the financial reporting processes and internal controls. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances. The Agency assessed its internal control systems in operation for the current financial year and we are satisfied with the assurance provided.

## 7 INTERNAL AUDIT, IT AND RISK COMMITTEE

The Audit, IT and Risk Committee consists of three Board directors and two external non-Board of director members. Mr Ian Bartes is the Chairperson of the Committee. The purpose of this committee is to assist management in fulfilling their

oversight responsibility for financial management and reporting processes, internal control systems, the audit process, ensuring compliance with laws and regulations, and the management of predetermined objectives.



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

| Name                  | Director or external <sup>1</sup> member | If internal, position in the public entity | Date appointed | Date resigned | No. of meetings attended |
|-----------------------|--|--|----------------|---------------|--------------------------|
| Mr. Ian Bartes        | Director                                 | Vice Chairperson                           | 06/2014        |               | 4                        |
| Mr. Sazi Ndwandwa     | Director                                 | Board member                               | 11/2021        |               | 4                        |
| Mr. Paul Slack        | External member                          |  | 06/2014        | 11/2022       | 2                        |
| Ms. Ayanda Mvandaba   | External member                          |  | 06/2022        |               | 3                        |
| Ms. Antoinette Basson | External member                          |  | 02/2023        |               | 1                        |

<sup>1</sup> The concepts of “internal” or “external” refers to a member of the Audit, IT and Risk Committee who occupies a position within the Agency.

## 8 COMPLIANCE WITH LAWS AND REGULATIONS

As a Schedule 3C public entity, the Agency complies with the PFMA. Wesgro also complies with the requirements as set out in the National Treasury Regulations, Provincial Treasury Instructions and Provincial Circulars issued during the financial

year. The Agency compiles its financial statements in accordance with GRAP standards and ensures that these standards are updated when required, as prescribed by Provincial Treasury.

## 9 FRAUD AND CORRUPTION

The Agency has an Anti-fraud and Corruption Policy in place, aimed at managing the risk and ensuring the reduction thereof, as well as increasing the level of fraud awareness. In addition, the Agency has implemented a Fraud Prevention Plan, reinforcing existing policies and procedures, emphasising Wesgro’s zero-tolerance stance on fraud. The Fraud Prevention Plan is reviewed

annually to ensure compliance with relevant legislative and regulatory prescripts and best practice. Various mechanisms were implemented, which allow staff to report cases of fraud and corruption. With the preceding in mind, no fraud or corruption case was reported during the financial year under review.

## 10 MINIMISING CONFLICT OF INTEREST

The Agency conducts monthly compliance reviews of all employees and members of the Board. Monthly compliance reports are submitted to Provincial Treasury for review. In addition, all employees are obliged to complete a declaration of interest on an annual basis. Furthermore, all suppliers of goods/

services to the value of over R2 000 are required to submit the relevant compliance documentation, which is reviewed to ensure compliance with the relevant provincial and national regulations pertaining to supply chain management.

## 11 CODE OF CONDUCT

Directors and employees are required to maintain the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. The Agency has a Code of Conduct in place, which is presented to employees during the induction process. Directors and staff are required to complete a declaration of interest on an annual basis. However, directors declare their interests at every board meeting. Signed copies of the signed declarations are kept

on file by the Board secretariat.

The Board is the custodian of good governance practices and sound business conduct within the organisation. In addition, the CEO promotes an organisational culture that promotes ethical practices, individual integrity, and global citizenship.

## 12 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Wesgro is committed to the practice and management of its business in a manner compatible with the broader goals of the social, economic, and natural environment, and to the integration of environmental management into all its activities. Environmental management will thus be regarded as a key performance area for all operational sites. In conjunction with

this, health and safety serve as a centre of reference for our organisation within the greater context of the environment in which we work. We are committed to continually improve on the means with which we intend to achieve these desired ends, as defined in our policies.

## 13 BOARD SECRETARIAT

The role of the secretariat has been acknowledged to encompass, among other functions, the following:

- The secretariat has a key role to play in ensuring that the Board and committee meeting procedures are both followed and reviewed regularly and has the responsibility to ensure that each director is made aware of and provided with guidance as to their duties, responsibilities, and powers.
- It is the responsibility of the Board, and in its own best interests, to ensure that the secretariat remains capable of fulfilling its function.
- The secretariat is responsible for ensuring that the applicable rules and regulations pertaining to the conduct of the affairs

of the Board are complied with and that all matters associated with its efficient operation are maintained.

- In addition to the statutory duties of the secretariat, it must provide the Board with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Agency.
- The secretariat must keep abreast of and inform the Board of current governance thinking and practice.
- The secretariat is responsible for co-ordinating performance evaluation of the Board of Directors.

## 14 SOCIAL RESPONSIBILITY

The Agency has invested in young graduates. During the year under the review ten young graduates were employed across

teams within the Agency to provide them with the opportunity to gain work experience and contribute to the mandate of Wesgro.

## 15 AUDIT, IT AND RISK COMMITTEE REPORT

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

### **Audit, IT and Risk Committee Responsibility**

The Audit, IT and Risk Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulations. The Audit, IT and Risk Committee also reports that it has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

### **The Effectiveness of Internal Control**

The Internal Audit work was based on the risk assessments conducted by Wesgro management and prior year findings of the Auditor General of South Africa as part of the audit turnaround plan.

The following internal audit work was completed during the year under review:

- Audit Turnaround Plan Follow-up
- Performance Management review
- Travel and Expenditure Management Policy adequacy assessment

The following area is being given more attention:

- Strengthening the IT governance and increased strategic contribution of the IT capacity within the entity for internal governance and operational efficiency in fulfilling the entity's mandate. The IT Governance Framework has been approved by the board of directors and its implementation by management is being monitored by the Audit, IT and Risk Committee.

### **The Audit Turnaround Plan**

Wesgro obtained a qualified audit opinion in the previous year.

The Committee formed a working group to oversee and monitor the implementation of the turnaround plan which included the following actions to improve the audit outcome:

- Appointment of a new Chief Financial Officer
- Investigation and implementation of consequences for irregular expenditure incurred
- Capacitation of the finance team by appointing qualified professionals with public sector experience
- Review of policies and other internal control processes to address deficiencies identified by the Auditor-General
- Strengthening the monitoring and evaluation function within the entity

The overall intention of the audit turnaround plan was to strengthen the internal control environment to ensure reliable information, effective operations, and compliance with the PFMA and Treasury Regulations.

Based on the above the Audit, IT and Risk Committee is satisfied that the internal controls implemented by the entity are adequate.

### **In-Year Management and Monthly/Quarterly Report**

Wesgro has reported monthly and quarterly to the Treasury as is required by the PFMA.

### **Evaluation of Financial Statements**

We have reviewed the annual financial statements prepared by the entity.

### **Auditor-General's Report**

We have reviewed the entity's implementation plan for audit issues raised in the previous year and we are satisfied that

the matters have been adequately resolved, as confirmed by the improvement in the audit outcome to an unqualified audit opinion.

The Committee:

- reviewed the Auditor-General's Audit and Management reports; and
- engaged with the Auditor-General to ensure that there are no unresolved issues that emanated from the regulatory audit.

The Audit, IT and Risk Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The committee can report that the entity has followed the requirements of the of the Irregular Expenditure Framework including the implementation of consequence management related to irregular expenditure incurred by the entity during the 2021/22 and 2022/23 financial years. The entity has gone further to obtain condonation of all irregular expenditure from the Provincial Treasury.

#### Standing Committee

The Standing Committee on Public Accounts (SCOPA) resolved that the department brief the Public Accounts Committee on its

oversight function over the entity, as well as the support that was rendered to the Wesgro during the 2021/22 financial year, which resulted in the entity receiving a qualified audit opinion.

The Audit, IT and Risk Committee would like to extend its appreciation to Provincial Treasury and the Department of Economic Development and Tourism for their assistance in the Audit Turnaround Plan and resultant contribution in the improved audit outcome.

The Audit, IT and Risk Committee also commends the management team for the dedication and committed to the audit turnaround plan which resulted in the improved internal control environment as confirmed by the improved audit outcome given by the Auditor-General.



Sazi Ndwandwa  
Chairperson of the Audit, IT and Risk Committee  
Wesgro  
14 August 2023

## 16 B-BBEE COMPLIANCE INFORMATION

The entity has made significant progress towards B-BBEE compliance for the 2021/22 financial year, however, it remains at level 8 accreditation.

| Has the 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 licenses, concessions, or other authorisations in respect of economic activity in terms of any law? | No                | It does not fall within the Wesgro ambit of responsibilities   |
| Developing and implementing a preferential procurement policy?  | No                | Wesgro base its procurement on the National Treasury procurement as guided by the Treasury Regulation and the Preferential Procurement Policy Framework Act (PPPF) |
| Determining qualification criteria for the sale of state-owned enterprises?   | No                | This is not applicable to Wesgro   |
| Developing criteria for entering into partnerships with the private sector?   | No                | It does not form part of the Wesgro mandate  |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?                  | No                | Limitation on the Wesgro budget does not provide for such awards.  |



# Part D: Human Resources Management

## 1 INTRODUCTION

The aim of the human resources sub-programme is to ensure compliance with labour law and that the Agency maintains an excellent, skilled workforce. The Agency's biggest asset lies in its human capital, intellectual property and the knowledge of its

people. Maintaining and developing the employees of Wesgro will ensure effective delivery of the Agency's services as well as optimal customer service.

## 2 HUMAN RESOURCES OVERSIGHT STATISTICS

### Personnel cost by programme

| Programme                              | Total Expenditure for the entity (R'000) | Personnel Expenditure (R'000) | Personnel exp. as a % of total exp. | No of employees | Average personnel cost per employee (R) |
|--|--|-------------------------------|-------------------------------------|-----------------|---|
| Corporate Services                     | 24 956                                   | 9 728                         | 39%                                 | 17              | 572                                     |
| Investment Promotion                   | 16 898                                   | 8 271                         | 49%                                 | 15              | 551                                     |
| Export Promotion                       | 15 422                                   | 6 759                         | 44%                                 | 11              | 614                                     |
| Research                               | 5 464                                    | 4 549                         | 83%                                 | 9               | 505                                     |
| Strategy and Governance                | 17 395                                   | 6 539                         | 38%                                 | 7               | 934                                     |
| Marketing and Communication            | 11 409                                   | 5 661                         | 50%                                 | 11              | 514                                     |
| Destination Marketing Organisation     | 42 114                                   | 6 505                         | 15%                                 | 11              | 591                                     |
| Film and Media Promotion               | 2 943                                    | 1 812                         | 62%                                 | 3               | 604                                     |
| Executive Management Unit <sup>1</sup> | 11 896                                   | 10 988                        | 92%                                 | 8               | 1 374                                   |
| <b>Sub Total</b>                       | <b>148 497</b>                           | <b>60 812</b>                 | <b>41%</b>                          | <b>92</b>       | <b>661</b>                              |
| Grabouw Development Agency             | 0  | 1 445                         | 0%                                  | 1               | 1 445                                   |
| Learnership                            | 0  | 148                           | 0%                                  | 2               | 74                                      |
| Interns                                | 0  | 147                           | 0%                                  | 7               | 21                                      |
| <b>Grand Total</b>                     | <b>148 497</b>                           | <b>62 552</b>                 | <b>42%</b>                          | <b>102</b>      | <b>613</b>                              |

<sup>1</sup> Includes two support employees

### Personnel cost by salary band

| Level                      | Personnel expenditure <sup>2</sup> (R '000) | % of personnel exp to total personnel cost (R'000) | No of employees | Average personnel cost per employee (R'000) |
|----------------------------|---|--|-----------------|---|
| Top management             | 10 487                                      | 17%  | 6               | 1 748                                       |
| Senior management          | 16 213                                      | 26%  | 15              | 1 081                                       |
| Professionally qualified   | 10 048                                      | 16%  | 13              | 773   |
| Skilled                    | 21 320                                      | 34%  | 47              | 454   |
| Semiskilled                | 2 297                                       | 4%   | 8               | 287   |
| Unskilled                  | 447   | 1%   | 3               | 149   |
| <b>Total</b>               | <b>60 812</b>                               | <b>98%</b>   | <b>92</b>       | <b>661</b>                                  |
| Grabouw Development Agency | 1 445                                       | 2%   | 1               | 1 445                                       |
| Learnership                | 148   | 0%   | 2               | 74  |
| Interns                    | 147   | 0%   | 7               | 21  |
| <b>Grand Total</b>         | <b>62 552</b>                               | <b>100%</b>  | <b>102</b>      | <b>613</b>                                  |

### Performance Rewards

Wesgro did not pay performance bonuses to staff during the period under review

<sup>2</sup> Personnel expenditure includes the provision for leave but excludes board remuneration.

## Training Costs

| Programme                                | Personnel expenditure (R'000) | Training expenditure (R'000) | Training expenditure as a % of personnel cost | No of employees trained | Average training cost per employee (R'000) |
|--|-------------------------------|------------------------------|---|-------------------------|--|
| Corporate Services                       | 9 728                         | 53                           | 0,54%   | 19                      | 2,80                                       |
| Investment Promotion                     | 8 271                         | 19                           | 0,23%   | 13                      | 1,50                                       |
| Export Promotion                         | 6 759                         | 6                            | 0,09%   | 11                      | 0,55                                       |
| Research                                 | 4 549                         | 4                            | 0,09%   | 9                       | 0,44                                       |
| Strategy and Governance                  | 6 539                         | 1                            | 0,02%   | 4                       | 0,25                                       |
| Marketing and Communications             | 5 661                         | 4                            | 0,07%   | 10                      | 0,40                                       |
| Destination Marketing Organisation (DMO) | 6 505                         | 5                            | 0,08%   | 12                      | 0,42                                       |
| Film and Media Promotion                 | 1 812                         | 1                            | 0,06%   | 3                       | 0,33                                       |
| Executive Management Unit                | 10 988                        | 4                            | 0,04%   | 8                       | 0,50                                       |
| <b>Sub Total</b>                         | <b>60 812</b>                 | <b>98</b>                    | <b>0,16%</b>                                  | <b>89*</b>              | <b>1,10</b>                                |
| Grabouw Development Agency               | 1 445                         | 0                            | 0,00%   | 0                       | 0,00                                       |
| Temp Staff                               | 148                           | 0                            | 0,00%   | 0                       | 0,00                                       |
| Interns                                  | 147                           | 4                            | 2,72%   | 0                       | 0,00                                       |
| <b>Grand Total</b>                       | <b>62 552</b>                 | <b>102</b>                   | <b>0,16%</b>                                  | <b>89*</b>              | <b>1,10</b>                                |

\* The number of employees trained (excluding interns) during the year, includes staff who left the organisation before year end.



## Employment and vacancies

| Programme                   | Approved posts | No of employees | Vacancies | Approved posts | No of employee | Vacancies | % of vacancies |
|-----------------------------|----------------|-----------------|-----------|----------------|----------------|-----------|----------------|
|                             | 2021/22        | 2021/22         | 2021/22   | 2022/23        | 2022/23        | 2022/23   | 2022/23        |
| Corporate Services          | 20             | 19              | 1         | 23             | 17             | 6         | 26%            |
| Investment Promotion        | 22             | 15              | 7         | 18             | 15             | 3         | 17%            |
| Export Promotion            | 11             | 11              | 0         | 12             | 11             | 1         | 8%             |
| Research                    | 9              | 9               | 0         | 10             | 9              | 1         | 10%            |
| Strategy and Governance     | 14             | 12              | 2         | 9              | 7              | 2         | 22%            |
| Marketing and Communication | 8              | 8               | 0         | 13             | 11             | 2         | 15%            |
| Destination Marketing       | 17             | 13              | 4         | 11             | 11             | 0         | 0%             |
| Film and Media Promotion    | 3              | 3               | 0         | 3              | 3              | 0         | 0%             |
| Executive Management Unit   | 5              | 5               | 0         | 8              | 8              | 0         | 0%             |
| <b>Sub Total</b>            | <b>109</b>     | <b>95</b>       | <b>14</b> | <b>107</b>     | <b>92</b>      | <b>15</b> | <b>14%</b>     |
| Grabouw Development Agency  | 1              | 1               | 0         | 1              | 1              | 0         | 0%             |
| Temp Staff                  | 0              | 0               | 0         | 2              | 2              | 0         | 0%             |
| Interns                     | 0              | 0               | 0         | 7              | 7              | 0         | 0%             |
| <b>Grand Total</b>          | <b>110</b>     | <b>96</b>       | <b>14</b> | <b>117</b>     | <b>102</b>     | <b>15</b> | <b>13%</b>     |

## Employment changes

| Salary band              | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|--------------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Top management           | 4                                 | 4            | 2            | 6                               |
| Senior management        | 16                                | 2            | 3            | 15                              |
| Professionally qualified | 13                                | 4            | 4            | 13                              |
| Skilled                  | 43                                | 7            | 3            | 47                              |

| Salary band                | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|----------------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Semiskilled                | 9                                 | 0            | 1            | 8                               |
| Unskilled                  | 3                                 | 0            | 0            | 3                               |
| <b>Sub Total</b>           | <b>88</b>                         | <b>17</b>    | <b>13</b>    | <b>92</b>                       |
| Grabouw Development Agency | 1                                 | 0            | 0            | 1                               |
| Temp Staff                 | 0                                 | 2            | 0            | 2                               |
| Interns                    | 0                                 | 7            | 0            | 7                               |
| <b>Total</b>               | <b>89</b>                         | <b>26</b>    | <b>13</b>    | <b>102</b>                      |

#### Reasons for staff leaving

| Reason             | Number    | % of total no of staff leaving |
|--------------------|-----------|--------------------------------|
| Death              | 0         | 0%                             |
| Resignation        | 11        | 85%                            |
| Dismissal          | 2         | 15%                            |
| Retirement         | 0         | 0%                             |
| Ill health         | 0         | 0%                             |
| Expiry of contract | 0         | 0%                             |
| Other              | 0         | 0%                             |
| <b>Total</b>       | <b>13</b> | <b>100%</b>                    |

#### Labour Relations: Misconduct and disciplinary action

| Nature of disciplinary action | Number |
|-------------------------------|--------|
| Verbal warning                | 0      |
| Written warning               | 0      |
| Final written warning         | 0      |
| Dismissal                     | 2      |

### Equity Target and Employment Equity Status <sup>3</sup>

| Levels                   | MALE          |          |          |           |        |          |        |          |
|--------------------------|---------------|----------|----------|-----------|--------|----------|--------|----------|
|                          | Black African |          | Coloured |           | Indian |          | White  |          |
|                          | Target        | Current  | Target   | Current   | Target | Current  | Target | Current  |
| Top management           | -             | 1        | -        | 1         | -      | 0        | -      | 0        |
| Senior management        | -             | 1        | -        | 1         | -      | 1        | -      | 2        |
| Professionally qualified | -             | 3        | -        | 1         | -      | 0        | -      | 1        |
| Skilled                  | -             | 2        | -        | 7         | -      | 0        | -      | 2        |
| Semiskilled              | -             | 1        | -        | 1         | -      | 0        | -      | 0        |
| Unskilled                | -             | 0        | -        | 0         | -      | 0        | -      | 0        |
| <b>Total</b>             | -             | <b>8</b> | -        | <b>11</b> | -      | <b>1</b> | -      | <b>5</b> |

\*Excludes Interns, Temps and GDA

| Levels                   | FEMALE        |           |          |           |        |          |        |           |
|--------------------------|---------------|-----------|----------|-----------|--------|----------|--------|-----------|
|                          | Black African |           | Coloured |           | Indian |          | White  |           |
|                          | Target        | Current   | Target   | Current   | Target | Current  | Target | Current   |
| Top management           | -             | 0         | -        | 1         | -      | 0        | -      | 3         |
| Senior management        | -             | 0         | -        | 2         | -      | 0        | -      | 8         |
| Professionally qualified | -             | 1         | -        | 3         | -      | 2        | -      | 2         |
| Skilled                  | -             | 16        | -        | 12        | -      | 3        | -      | 5         |
| Semiskilled              | -             | 5         | -        | 1         | -      | 0        | -      | 0         |
| Unskilled                | -             | 1         | -        | 2         | -      | 0        | -      | 0         |
| <b>Total</b>             | -             | <b>23</b> | -        | <b>21</b> | -      | <b>5</b> | -      | <b>18</b> |

\*Excludes Interns, Temps and GDA

During the financial year under review, the Agency sought to employ one disabled person, however, the Agency was unable to meet the set target.

<sup>3</sup> Total (males and females) equates to 92, 31 March 2023

# Part E: PFMA Compliance Report

## Irregular expenditure

### a) Reconciliation of irregular expenditure

| Description   | 2022/23  | 2021/22 |
|---|----------|---------|
|   | R'000    | R'000   |
| Opening balance   | 47 320   | 500     |
| Add: Correction of prior period error                     | -        | 26 859  |
| Add: Irregular expenditure - current                      | 24 540   | 20 022  |
| Less: Irregular expenditure condoned                      | (71 860) | (61)    |
| Less: Irregular expenditure recoverable                   | -        | -       |
| Less: Irregular expenditure not recovered and written off | -        | -       |
| Closing balance   | -        | 47 320  |

During the 2021/22 external audit, the Auditor General of South Africa (AGSA) identified irregular expenditure transactions related to non-compliance to the following legislative requirements.

- National Treasury Regulations 16A 3.1
- Regulation 3 of the Preferential Procurement Regulations, 2017
- Regulation 5 of the Preferential Procurement Regulations, 2017

In the prior year, irregular expenditure amounting to R5 225 776, was disclosed in the annual financial statements. Management, along with the assistance of officials from the Western Cape Department of Economic Development and Tourism (DEDAT) as part of the remedial action activity committed to perform a full population evaluation, to identify the full quantum of irregular expenditure. The outcome of this resulted in a revised figure amounting to R20 022 141.

Management identified two (2) contracts that were non-compliant in a repeated manner over a significant number of years, as a result of procurement processes not being followed. The impact of this assessment resulted in a prior period opening balance adjustment of R26 858 631.

A similar exercise was performed by management for the current year which the outcome resulted in irregular expenditure amounting to R24 540 283. The current year irregular expenditure comprises the following:

- Preference criteria not published and proper procurement process not followed resulting in non-compliance to Regulation 3 of the PPPFA 2017 regulations (pre 16 January 2023) and Regulation 16A 3.1(a) of the National Treasury regulations, amounting to R8 157 502.
- Awards made to suppliers whom tax matters were not in order by SARS with non-compliance to Regulation TR16A9.1(d) of the National Treasury regulations, amounting to R64 480.
- BAC not properly constituted in terms of SCM policy with non-compliance to Regulation 16A6.2(b) & (c) of the National Treasury regulations, amounting to R16 318 301.

The root causes of the transgressions is that there was a failure by the entity to implement proper procurement processes and systems that support the policy requirements. These include, but not limited to the following:

- Lack of design of standard operating procedures for procurement sourcing processes.
- Lack of design of standardized procurement templates for request for quotations (RFQ).
- Lack of compliance and control evaluation checklists for during and post procurement transaction awards.
- Overall poor administrative management of the end to end procurement process.
- Negligence of performance of duties and responsibilities by key SCM officials.
- An incorrect application of the SCM policy specifically to the BAC quorum requirements.
- The Provincial Treasury's electronic procurement solution portal was not used to advertise RFQs.

None of the transgressions relate to fraud, corruption or other criminal conduct. Accordingly, it is not required to refer any of the transgressions to the South African Police Services (SAPS) for further investigation. It is certain that these transgressions would not impact on whether or not value for money was achieved, and furthermore, whether the goods/services were actually delivered.

Accordingly, it does not question the competitiveness of the suppliers quotation thus no losses were incurred by the Agency in this regard. In all instances the requisite goods/services were delivered, as the invoices were received and approved for payment.

The prescribed consequence management processes were followed against the key SCM officials, which resulted in the dismissal of two officials. The former CFO resigned from the Agency.

## Reconciling notes

| Description  | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Irregular expenditure that was under assessment in 2022/23               | -       | -       |
| Irregular expenditure that relates to 2021/22, and identified in 2022/23 |         | 20 022  |
| Irregular expenditure for the current year                               | 24 540  |         |
| Total  | 24 540  | 20 022  |

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

| Description  | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Irregular expenditure under assessment   | -       | -       |
| Irregular expenditure under determination  | -       | -       |
| Irregular expenditure under investigation  | -       | -       |
| Total (Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)) | -       | -       |

### c) Details of current and previous year irregular expenditure condoned

| Description                    | 2022/23 | 2021/22 |
|--------------------------------|---------|---------|
|                                | R'000   | R'000   |
| Irregular expenditure condoned | 71 860  | 61      |
| Total                          | 71 860  | 61      |

The irregular expenditure of R71,8 million has been condoned by the Western Cape Provincial Treasury on 31 May 2023, in accordance with the National Treasury irregular expenditure framework. Provincial Treasury agreed with management's assessment that there were no losses incurred by the Agency and that the irregular expenditure was not as a result of fraud. The entity received value for the amount of expenditure incurred.

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

| Description                                    | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Irregular expenditure NOT condoned and removed | -       | -       |
| Total  | -       | -       |

e) Details of current and previous year irregular expenditure recovered

| Description                     | 2022/23 | 2021/22 |
|---------------------------------|---------|---------|
|                                 | R'000   | R'000   |
| Irregular expenditure recovered | -       | -       |
| <b>Total</b>                    | -       | -       |

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

| Description                       | 2022/23 | 2021/22 |
|-----------------------------------|---------|---------|
|                                   | R'000   | R'000   |
| Irregular expenditure written off | -       | -       |
| <b>Total</b>                      | -       | -       |

**Additional disclosure relating to Inter-Institutional Arrangements**

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

| Description     |
|-----------------|
| None identified |

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

| Description      | 2022/2023 | 2022/2021 |
|------------------|-----------|-----------|
|                  | R'000     | R'000     |
| None identified. | -         | -         |

c) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

| Disciplinary steps taken  |
|---|
| The prescribed consequence management processes were followed against the key SCM officials, which resulted in the dismissal of two officials. The former CFO resigned from the Agency. |

## Fruitless and wasteful expenditure

### a) Reconciliation of fruitless and wasteful expenditure

| Description  | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Fruitless and wasteful expenditure that was under assessment in 2022/23              | 142     | -       |
| Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23 | -       | 101     |
| Fruitless and wasteful expenditure for the current year                              | 15      | 41      |
| Total  | 153     | 142     |

### Reconciling notes

| Description  | 2022/2023 | 2022/2021 |
|--|-----------|-----------|
|  | R'000     | R'000     |
| Opening balance                                      | 142       | -         |
| Add: Fruitless and wasteful expenditure confirmed    | 15        | 142       |
| Less: Fruitless and wasteful expenditure written off |           |           |
| Less: Fruitless and wasteful expenditure recoverable | (4)       | -         |
| Closing balance                                      | 153       | 142       |

During the current financial year, the entity paid traffic fines related to employees of Wesgro on official business trips, which was issued by the relevant local municipality where the traffic violation occurred, amounting to R4 400. This expenditure could have been avoided had the employees complied with the traffic laws. All traffic fines paid has been recovered by the respective employees during the financial year.

During the current financial year, the entity paid interest on late rental payments to the landlord of the building whereby Wesgro operates from, amounting to R10 310. The original lease agreement indicates that the due date of the rental payment is the 1st of every month, however the rental was not paid by this date, but rather a few days late in certain instances. The agreement does allow for interest to be charged by the landlord in the event of late payments of the rental. The agreement, however is in contradiction to the general 30 day payment rule, as by the 1st of the month, the 30 days of invoice date has not been reached. A process of negotiation with the landlord is underway to ascertain whether a credit note can be issued in this regard.

During the 2020/21 financial year, the former CEO, Mr Tim Harris did not return two assets (MacBook and Screen) when he left Wesgro. The value of the assets was R47 504. A membership fee to the Young Presidents Organisation (YPO) was paid by Wesgro on behalf of the former CEO, after his resignation. The value of the membership fee was R54 321. Management has raised the amounts as a receivable, and efforts are being made to recover the funds thereon.



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

| Description   | 2022/23 | 2021/22 |
|---|---------|---------|
|   | R'000   | R'000   |
| Fruitless and wasteful expenditure under assessment   | -       | -       |
| Fruitless and wasteful expenditure under determination  | -       | -       |
| Fruitless and wasteful expenditure under investigation  | 355 920 | -       |
| Total (Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)) | 355 920 | -       |

Following the completion of an asset count performed by the entity, it was identified that there were 176 assets that could not be located and verified. An investigation into this matter will be conducted in accordance with the compliance framework issued by National Treasury to determine if there were any losses incurred. The cost of these assets are R1 111 635 with an accumulated depreciation amount of R763 715 and a carrying value of R355 920. This amount has not been included in the balance of fruitless and wasteful expenditure as it is still under investigation.

c) Details of current and previous year irregular expenditure recovered

| Description                                  | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Fruitless and wasteful expenditure recovered | 4       | -       |
| Total  | 4       | -       |

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

| Description                                    | 2022/23 | 2021/22 |
|--|---------|---------|
|  | R'000   | R'000   |
| Fruitless and wasteful expenditure written off | -       | -       |
| Total  | -       | -       |

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

| Disciplinary steps taken |
|--------------------------|
| None                     |

**Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)**

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

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

b) Details of other material losses

| Nature of other material losses | 2022/23 | 2021/22 |
|---------------------------------|---------|---------|
|                                 | R'000   | R'000   |
| None identified                 | -       | -       |

c) Other material losses recovered

| Nature of losses | 2022/23 | 2021/22 |
|------------------|---------|---------|
|                  | R'000   | R'000   |
| None identified  | -       | -       |

d) Other material losses written off

| Nature of losses | 2022/23 | 2021/22 |
|------------------|---------|---------|
|                  | R'000   | R'000   |
| None identified  | -       | -       |

**Information on late and / or non-payment of suppliers**

| Description   | Number of invoices | Consolidated Value |
|---|--------------------|--------------------|
|   |                    | R'000              |
| Valid invoices received   | 2 027              | 143 842            |
| Invoices paid within 30 days or agreed period                             | 2 008              | 143 538            |
| Invoices paid after 30 days or agreed period                              | 19                 | 304                |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 16                 | 246                |
| Invoices older than 30 days or agreed period (unpaid and in dispute)      | -                  | -                  |

## Information on Supply Chain Management

Procurement through other means

| Project description   | Name of supplier | Type of procurement by other means | Contract number | Value of contract R'000 |
|---|------------------|------------------------------------|-----------------|-------------------------|
| There were no procurement through other means in excess of R1 million for the 2022/2023 financial year. |                  |                                    |                 |                         |

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  |
| There were no contract variations and expansions in excess of 15% of the original contract value during the 2022/2023 financial year. |                  |   |                 |                         |   |  |

# Part F: Financial Information



# General Information

Financial statements

**for the year ended 31 March 2023**

|  |   |
|--|---|
| <b>Country of incorporation and domicile</b>       | South Africa  |
| <b>Nature of business and principal activities</b> | The official tourism, trade and investment promotion agency for the Western Cape.   |
| <b>Non executive directors</b>                     | David Green<br>Ian Bartes<br>Paul Bannister<br>Simon Kaye<br>Timothy Scholtz<br>John van Rooyen<br>Councilor Nicholas Louw<br>Geoffrey Jacobs<br>Mayor Francois Du Rand<br>John van Rooyen<br>Sazi Ndwandwa<br>Lance Greyling<br>David Bridgeman<br>Wrenelle Stander (Ex officio member)<br>Paul Slack (Independent member of the Audit, IT and Risk Committee)<br>Ayanda Mvandaba (Independent member of the Audit, IT and Risk Committee)<br>Antoinette Basson (Independent member of the Audit, IT and Risk Committee) |
| <b>Registered office</b>                           | 18th Floor<br>South African Reserve Bank Building 60 St George's Mall<br>Cape Town 8001   |
| <b>Business address</b>                            | 18th Floor<br>South African Reserve Bank Building 60 St George's Mall<br>Cape Town 8001   |
| <b>Postal address</b>                              | P O Box 1678<br>Cape Town 8000  |
| <b>Bankers</b>                                     | ABSA Bank   |
| <b>Auditors</b>                                    | Auditor – General of South Africa   |
| <b>Telephone</b>                                   | 021 487 8600  |
| <b>Email</b>                                       | info@wesgro.co.za   |
| <b>Website</b>                                     | www.wesgro@co.za  |

# Index

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

| Index  | Page      |
|--|-----------|
| Board's Responsibilities and Approval                | 95        |
| Report of the Auditor General                        | 96        |
| Statement of Financial Position                      | 104       |
| Statement of Financial Performance                   | 105       |
| Statement of Changes in Net Assets                   | 106       |
| Cash Flow Statement                                  | 107       |
| Statement of Comparison of Budget and Actual Amounts | 108       |
| Accounting Policies                                  | 109 – 120 |

## Abbreviations used:

|       |   |
|-------|---|
| CEO   | Chief Executive Officer                                     |
| CFO   | Chief Financial Officer                                     |
| GRAP  | Generally Recognised Accounting Practice                    |
| DEDAT | Western Cape Department of Economic Development and Tourism |
| DoA   | Western Cape Department of Agriculture                      |
| PFMA  | Public Financial Management Act                             |
| ASEZ  | Atlantis Special Economic Zone                              |
| PT    | Western Cape Provincial Treasury                            |

# Board's Responsibilities and Approval

for the year ended 31 March 2023

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 was 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 board 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 2024 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.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's 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 104.

The annual financial statements set out on pages 104 to 146, which have been prepared on the going concern basis, were approved by the board on 31 May 2023 and were signed on its behalf by:



David Green  
Chairperson



Wrenelle Stander  
Chief Executive Officer

# Report of the auditor-general to Western Cape Provincial Parliament on Western Cape Tourism, Trade and Investment Promotion Agency

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Western Cape Tourism, Trade and Investment Promotion Agency set out on pages 4 to 42, which comprise the statement of financial position as at 31 March 2023, the statement financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and cash flow for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Tourism, Trade and Investment Promotion Agency as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

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

### Restatement of corresponding figures

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

### Irregular expenditure

8. As disclosed in the note 30 to the financial statements, the public entity received condonation from the relevant authority for the irregular expenditure of R71 860 000 which relates to the current year and prior year restated amounts.

### Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.



## Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Report on the audit of the annual performance report

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

preparation of the annual performance report.

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programme                          | Page    | Purpose   |
|------------------------------------|---------|---|
| Programme 2 – Investment promotion | 28 – 34 | The strategic objective of this programme is to attract and facilitate foreign and domestic direct investment into the Western Cape and the City of Cape Town. The number of investment projects realised refers to the number of confirmed direct international investment projects in productive assets by a foreign or local company, as opposed to investments in shares. The strategic outcome is to facilitate investment and jobs into the Western Cape. |
| Programme 3 – Export promotion     | 35 – 43 | The strategic objective of this programme is to promote and facilitate exports of goods and services from qualified companies in the Western Cape and to facilitate and support operations and expansion of qualified Western Cape companies into the rest of Africa through investment. The number of trade agreements signed refers to the number of confirmed trade transactions facilitated.  |

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

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
  - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion.
  18. I did not identify any material findings on the

reported performance information of the selected programmes.

### Other matter

19. I draw attention to the matter below.

### Achievement of planned targets

20. Refer to the annual performance report on pages 28 – 34 and 35 – 43 for information on the achievement of planned targets for the year.

## Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected

legislative requirements are included in the annexure to this auditor's report.

24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Procurement and contract management

25. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the public entity, as required by Treasury Regulation 16A6.2(a) and (b).

### Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with regulation 16A6.2(b) and (c) of the National Treasury regulations, regulation 3 of the PPPFA 2017 and PPPFA 2022 regulations and regulation 16(A)3.1(a) of the National Treasury regulations.

## Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report on that fact.
31. I have nothing to report in this regard.

## Internal control deficiencies

32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. An incorrect understanding of the National Treasury requirements resulted in an incorrect application of the supply chain management policies. Furthermore the monitoring and review controls at the time were

not adequate to prevent the non – compliance and irregular expenditure from reoccurring during the current year. Subsequently management has updated the policies and procedures, capacitated the unit in both numbers and with training, and implemented the relevant preventative measures to prevent this from reoccurring in the future.

*Auditor-General*

Cape Town

31 July 2023



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*

## Annexure – Auditor-General’s responsibility for the audit

The annexure includes the following:

- the auditor-general’s responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general’s responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation  | Sections or regulations   |
|--|---|
| Public Finance Management Act No.1 of 1999 (PFMA)  | Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii)<br>Section 53(4)<br>Section 54(2)(c'); 54(2)(d)<br>Section 55(1)(a); 55(1)(b); 55(1)(c)(i)<br>Section 56(1); 56(2)<br>Section 57(b)  |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Treasury Regulation 8.2.1; 8.2.2<br>Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A9.1; 16A9; 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii)<br>Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1<br>Treasury Regulation 31.1.2(c')<br>Treasury Regulation 31.2.1;<br>Treasury Regulation 31.3.3<br>Treasury Regulation 33.1.1; 33.1.3 |
| Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)                                    | PRECCA Section 29   |
| PPPFA  | Section 1(i); 2.1(a); 2.1(b); 2.1(f)  |
| PPR 2017   | Paragraph 4.1; 4.2<br>Paragraph 5.1; 5.3; 5.6; 5.7<br>Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8<br>Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8<br>Paragraph 8.2; 8.5<br>Paragraph 9.1; 9.2<br>Paragraph 10.1; 10.2<br>Paragraph 11.1; 11.2<br>Paragraph 12.1 and 12.2   |
| PPR 2022   | Paragraph 3.1<br>Paragraph 4.1; 4.2; 4.3; 4.4<br>Paragraph 5.1; 5.2; 5.3; 5.4   |
| PFMA SCM Instruction no. 09 of 2022/2023   | Paragraph 3.1; 3.3 (b); 3.3 (c ); 3.3 (e ); 3.6   |
| National Treasury Instruction No.1 of 2015/16  | Paragraph 3.1; 4.1; 4.2   |
| NT SCM Instruction Note 03 2021/22   | Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6<br>Paragraph 5.4<br>Paragraph 7.2; 7.6  |
| NT SCM Instruction 4A of 2016/17   | Paragraph 6   |
| NT SCM Instruction Note 03 2019/20   | Par 5.5.1(vi); Paragraph 5.5.1(x);  |

| Legislation                           | Sections or regulations  |
|---------------------------------------|--|
| NT SCM Instruction Note 11 2020/21    | Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7                         |
| NT SCM Instruction note 2 of 2021/22  | Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2<br>Paragraph 4.1 |
| PFMA SCM Instruction 04 of 2022/23    | Paragraph 4(1); 4(2); 4(4)   |
| Practice Note 5 of 2009/10            | Paragraph 3.3  |
| PFMA SCM instruction 08 of 2022/23    | Paragraph 3.2<br>Par. 4.3.2; 4.3.3                                       |
| Competition Act                       | Section 4(1)(b)(ii)  |
| NT instruction note 4 of 2015/16      | Paragraph 3.4  |
| Second amendment of NTI 05 of 2020/21 | Paragraph 4.8; 4.9 ; 5.1 ; 5.3   |
| Erratum NTI 5 of 202/21               | Paragraph 1  |
| Erratum NTI 5 of 202/21               | Paragraph 2  |
| Practice note 7 of 2009/10            | Paragraph 4.1.2  |
| Practice note 11 of 2008/9            | Paragraph 3.1<br>Paragraph 3.1 (b)                                       |
| NT instruction note 1 of 2021/22      | Paragraph 4.1  |
| Public Service Act                    | Section 30 (1)   |



# Statement of financial position

as at 31 March 2023

| Figures in Rand thousand                   | Note(s) | 2023          | 2022<br>Restated |
|--|---------|---------------|------------------|
| <b>Assets</b>                              |         |               |                  |
| <b>Current Assets</b>                      |         |               |                  |
| Cash and cash equivalents                  | 2       | 60 940        | 89 297           |
| Receivables from exchange transactions     | 3       | 1 309         | 30 763           |
| Receivables from non-exchange transactions | 4       | 827           | -                |
| Prepayments                                | 5       | 12 667        | 2 243            |
|  |         | <b>75 743</b> | <b>122 303</b>   |
| <b>Non-Current Assets</b>                  |         |               |                  |
| Receivables from non-exchange transactions | 4       | -             | 827              |
| Property, plant and equipment              | 6       | 6 978         | 6 539            |
| Intangible assets                          | 7       | 1 008         | 947              |
|  |         | <b>7 986</b>  | <b>8 313</b>     |
| <b>Total Assets</b>                        |         | <b>83 729</b> | <b>130 616</b>   |
| <b>Liabilities</b>                         |         |               |                  |
| <b>Current Liabilities</b>                 |         |               |                  |
| Provisions                                 | 8       | 3 816         | 2 724            |
| Payables from exchange transactions        | 9       | 5 183         | 39 432           |
| Operating lease liability                  | 10      | 550           | 305              |
| Unspent conditional grants                 | 11      | 51 879        | 63 618           |
| Income received in advance                 | 12      | 5 144         | 3 029            |
| Other financial liabilities                | 13      | -             | 13 959           |
|  |         | <b>66 572</b> | <b>123 067</b>   |
| <b>Non-Current Liabilities</b>             |         |               |                  |
| Operating lease liability                  | 10      | -             | 550              |
| <b>Total Liabilities</b>                   |         | <b>66 572</b> | <b>123 617</b>   |
| <b>Net Assets</b>                          |         | <b>17 157</b> | <b>6 999</b>     |
| Accumulated surplus                        |         | 17 157        | 6 999            |
| <b>Total Net Assets</b>                    |         | <b>17 157</b> | <b>6 999</b>     |



# Statement of financial performance

as at 31 March 2023

| Figures in Rand thousand                        | Note(s) | 2023           | 2022<br>Restated |
|---|---------|----------------|------------------|
| <b>Revenue</b>                                  |         |                |                  |
| <b>Revenue</b>                                  |         |                |                  |
| <b>Revenue from exchange transactions</b>       |         |                |                  |
| Interest received                               |         | 2 554          | 1 346            |
| Exhibition stands                               |         | 1 457          | 640              |
| Government grants and subsidies                 | 14      | 19 766         | 14 642           |
| Gain on disposal of assets                      |         | 273            | -                |
| Fair value adjustments                          |         | -              | 559              |
| Other income                                    |         | 183            | 1 512            |
| <b>Total revenue from exchange transactions</b> |         | <b>24 233</b>  | <b>18 699</b>    |
| <b>Revenue from non-exchange transactions</b>   |         |                |                  |
| Government grants and subsidies                 | 15      | 134 425        | 105 940          |
| <b>Total revenue</b>                            |         | <b>158 658</b> | <b>124 639</b>   |
| <b>Expenditure</b>                              |         |                |                  |
| Employee related costs                          | 16      | 62 552         | 56 755           |
| Remuneration of non-executive directors         | 17      | 494            | 729              |
| Depreciation and amortisation                   | 18      | 3 311          | 2 547            |
| Marketing expenses                              | 19      | 32 789         | 36 520           |
| Lease rentals on operating lease                |         | 4 024          | 4 216            |
| Workshops, seminars and events                  | 20      | 13 685         | 9 088            |
| Audit fees                                      | 21      | 4 488          | 3 185            |
| Bad debts written off                           |         | -              | 300              |
| Loss on disposal of assets and liabilities      |         | -              | 316              |
| Loss on foreign exchange                        |         | 19             | 16               |
| Surrender of investment proceeds                |         | -              | 30 000           |
| General Expenses                                | 22      | 27 135         | 26 060           |
| <b>Total expenditure</b>                        |         | <b>148 497</b> | <b>169 732</b>   |
| <b>Surplus (deficit) for the year</b>           |         | <b>10 161</b>  | <b>(45 093)</b>  |

# Statement of changes in net assets

as at 31 March 2023

| Figures in Rand thousand                     | Accumulated surplus / deficit | Total net assets |
|--|-------------------------------|------------------|
| Opening balance as previously reported       | 57 631                        | 57 631           |
| Prior year adjustments 28                    | (5 539)                       | (5 539)          |
| <b>Balance at 01 April 2021 as restated*</b> | <b>52 092</b>                 | <b>52 092</b>    |
| Surplus for the year                         | (45 093)                      | (45 093)         |
| <b>Restated* Balance at 01 April 2022</b>    | <b>6 996</b>                  | <b>6 996</b>     |
| Changes in net assets                        |                               |                  |
| Surplus for the year                         | 10 161                        | 10 161           |
| <b>Balance at 31 March 2023</b>              | <b>17 157</b>                 | <b>17 157</b>    |
| Note(s)                                      |                               |                  |

# Cash flow statement

as at 31 March 2023

| Figures in Rand thousand                                    | Note(s) | 2023                   | 2022<br>Restated     |
|---|---------|------------------------|----------------------|
| <b>Cash flows from operating activities</b>                 |         |                        |                      |
| <b>Receipts</b>   |         |                        |                      |
| Conditional grants  |         | 155 349                | 138 865              |
| Interest  |         | 4 411                  | 2 837                |
| Other cash item   |         | 1 640                  | 2 152                |
|   |         | <u>161 400</u>         | <u>143 854</u>       |
| <b>Payments</b>   |         |                        |                      |
| Employee costs  |         | (61 954)               | (57 633)             |
| Suppliers   |         | (110 645)              | (81 071)             |
|   |         | <u>(172 599)</u>       | <u>(138 704)</u>     |
| <b>Net cash flows from operating activities</b>             | 23      | <b><u>(11 199)</u></b> | <b><u>5 150</u></b>  |
| <b>Cash flows from investing activities</b>                 |         |                        |                      |
| Purchase of property, plant and equipment                   | 6       | (2 309)                | (1 827)              |
| Proceeds from sale of property, plant and equipment         | 6       | -                      | 33                   |
| Purchase of other intangible assets                         | 7       | (890)                  | (1 457)              |
| Net cash flows from investing activities                    |         | <u>(3 199)</u>         | <u>(3 251)</u>       |
| <b>Cash flows from financing activities</b>                 |         |                        |                      |
| Repayment of other financial liabilities                    |         | (13 959)               | 1 248                |
| Net cash flows from financing activities                    |         | <u>(13 959)</u>        | <u>1 248</u>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>(28 357)</b>        | <b>3 147</b>         |
| Cash and cash equivalents at the beginning of the year      |         | <u>89 297</u>          | <u>86 150</u>        |
| <b>Cash and cash equivalents at the end of the year</b>     | 2       | <b><u>60 940</u></b>   | <b><u>89 297</u></b> |

The accounting policies on pages 9 to 20 and the notes on pages 21 to 42 form an integral part of the annual financial statements.

# Statement of comparison of budget and actual amounts for the year ending

as at 31 March 2023

| <b>Budget on Cash Basis</b>  |                  |             |                  |                                    |  |           |
|--|------------------|-------------|------------------|------------------------------------|--|-----------|
| Figures in Rand thousand   | Approved budget  | Adjustments | Final Budget     | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
| <b>Statement of Financial Performance</b>  |                  |             |                  |                                    |  |           |
| <b>Expenditure</b>   |                  |             |                  |                                    |  |           |
| Non-tax revenue  |                  |             |                  |                                    |  |           |
| Sale of goods and services other than capital assets   | 1 942            | -           | <b>1 942</b>     | 4 194                              | <b>2 252</b>                               | 116%      |
| Transfer revenue of which:   |                  |             |                  |                                    |  |           |
| Departmental transfers   | 125 686          | -           | <b>125 686</b>   | 129 686                            | <b>4 000</b>                               | 3%        |
| Other non-tax revenue  | 34 516           | -           | <b>34 516</b>    | 27 519                             | <b>(6 997)</b>                             | -20%      |
| Total revenue from non-exchange transactions   | <b>160 202</b>   | -           | <b>160 202</b>   | <b>157 205</b>                     | <b>(2 997)</b>                             |           |
| Total revenue  | <b>162 144</b>   | -           | <b>162 144</b>   | <b>161 399</b>                     | <b>(745)</b>                               |           |
| Expenditure  |                  |             |                  |                                    |  |           |
| Compensation of employees  | (64 016)         | -           | <b>(64 016)</b>  | (61 954)                           | <b>2 062</b>                               | -3%       |
| Goods and services   | (101 141)        | -           | <b>(101 141)</b> | (96 692)                           | <b>4 449</b>                               | -4%       |
| Payments for capital assets  | (1 631)          | -           | <b>(1 631)</b>   | (3 199)                            | <b>(1 568)</b>                             | 96%       |
| Total expenditure  | <b>(166 788)</b> | -           | <b>(166 788)</b> | <b>(161 845)</b>                   | <b>4 943</b>                               |           |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>(4 644)</b>   | -           | <b>(4 644)</b>   | <b>(446)</b>                       | <b>4 198</b>                               |           |

Please refer to note 31 for explanation of material budget variances.

The accounting policies on pages 9 to 20 and the notes on pages 21 to 42 form an integral part of the annual financial statements.

# Accounting policies

for the year ended 31 March 2023

## 1. Presentation of Financial Statements

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

### 1.1 Basis of preparations

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 Rands.

These accounting policies are consistent with the previous period.

### 1.1 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 2023 or later periods:

| <b>Standard/ Interpretation:</b>   | <b>Effective date:<br/>Years beginning on<br/>or after</b> | <b>Expected impact:</b>                  |
|--|--|--|
| • Guideline: Guideline on Accounting for Landfill Sites  | 01 April 2023  | Unlikely there will be a material impact |
| • GRAP 103 (as revised): Heritage Assets   | Not yet effective  | Unlikely there will be a material impact |
| • GRAP 25 (as revised): Employee Benefits  | 01 April 2023  | Unlikely there will be a material impact |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023  | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements                           | Not yet effective  | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments   | 01 April 2025  | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality  | 01 April 2023  | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020  | 01 April 2023  | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements   | 01 April 2023  | Unlikely there will be a material impact |

### 1.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Agency directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Agency's activities. Revenue is shown net of returns, rebates and discounts.

The Agency recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Agency and when specific criteria have been met for each of the Agency's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

# Accounting policies

for the year ended 31 March 2023

## 1.2 Revenue from exchange transactions (continued)

### Other revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion (recognised as a percentage of work completed) of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied.

- the amount of revenue can be measured reliably
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- the stage of completion of the transaction at the reporting date can be measured reliably and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- the stage of completion of the transaction at the reporting date can be measured reliably and
- when the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised are recoverable.

Management fee and Indaba income is recognised as revenue when no significant uncertainty as to its collectability exists. It is also recognised on a basis that reflects the timing, nature and value of the benefits provided.

### Interest

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.
- to the extent that interest earned on positive bank balances is limited to interest earned on balances attributable to Wesgro vs those attributable to ASEZ, using Wesgro bank account.

Interest earned on cash and cash equivalents is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

## 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 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Agency received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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. Fair value gain is classified as revenue from exchange.

### 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 entity,
- the amount of revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant

# Accounting policies

for the year ended 31 March 2023

## 1.4 Revenue from non-exchange transactions (continued)

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Governments grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Agency with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants are measured at the fair value of the consideration received or receivable.

## 1.5 Financial instruments

Financial Instruments include cash and cash equivalents, trade receivables, trade and other payables, fair value investments and put option derivatives. Financial assets within the scope of GRAP 104 are classified as financial assets at fair value, financial assets at cost or financial assets at amortised cost, as appropriate. Financial assets and financial liabilities are initially recognised in the Statement of Financial Position when the Agency becomes party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value plus, in the case of a financial asset or financial liability not subsequently measured at fair value, directly attributable transaction costs. The Agency determines the classification of its financial asset on initial recognition.

All regular purchases and sales of financial assets are recorded on the trade date, which is the date that the Agency commits to purchase the asset.

### Classification

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

| Class                       | Category                                   |
|-----------------------------|--|
| Investments/Put-option      | Financial asset measured at fair value     |
| Trade and other receivables | Financial asset measured at amortised cost |
| Cash and cash equivalents   | Financial asset measured at amortised cost |

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

| Class                    | Category                                       |
|--------------------------|--|
| Trade and other payables | Financial liability measured at amortised cost |

### Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changed in response to the change in a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variance is not specific to a party to the contract
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changed in market factors; and
- It is settled in a future date

The Agency's financial assets classified at fair value consists of a put option (derivative) used to hedge against market price risks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the statement of financial performance.

# Accounting policies

for the year ended 31 March 2023

## 1.5 Financial instruments (continued)

### Financial instruments at fair value

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives
- combined instruments that are designated at fair value
- instruments held for trading
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments

### Financial instruments at amortised cost

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading. After initial measurement, the instruments are measured at amortised cost using the effective interest method. Gains and losses are recognised in surplus and deficit when the liabilities are derecognised as well through the amortisation process. Trade receivables, cash and cash equivalents and trade and other payables are classified as financial instruments at amortised cost.

### Derecognition

A financial asset or portion of a financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Agency retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a 'pass-through' arrangement; or
- The Agency has transferred its rights to receive cash flows from the asset and either
- Has transferred substantially all the risks and rewards of the asset; or
- Has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



# Accounting policies

for the year ended 31 March 2023

## 1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straightline method, based on the following useful lives:

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fittings | Straight line       | 10 years            |
| Vehicles               | Straight line       | 5 years             |
| Office equipment       | Straight line       | 10 years            |
| Computer equipment     | Straight line       | 3 years             |
| Leasehold improvements | Straight line       | 10                  |
| Project assets         | Straight line       | *Refer below        |

Cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognised in surplus or deficit as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjustment if appropriate, at each financial year end. Any item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised. Useful lives and residual values are assessed annually where applicable.

\*Project related assets will be depreciated over the shortest term of either the contract period with the project funder or the useful life stipulated per category of assets as per the accounting policy. Monthly depreciation will be allocated to the project account.

## 1.7 Intangible assets

Computer software is acquired by Wesgro, which have finite useful lives, and measured at cost less accumulated amortisation and accumulated impairment losses. Useful lives and residual values are assessed annually where applicable.

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit as incurred.

### Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. Useful lives and residual values are assessed annually where applicable. The estimated useful lives for the current and comparative years are as follows:

| Item              | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line       | 2 years             |

# Accounting policies

for the year ended 31 March 2023

## 1.8 Impairment

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.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

### Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

## 1.9 Provisions and contingencies

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Agency expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus or deficit net of any reimbursement. Provisions are discounted when the time value of money is material. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

## 1.10 Translation of foreign currencies Foreign currency transactions

Transactions in foreign currency are initially recorded at the functional rate currency rate prevailing at the date of the transaction. All differences are recognised in surplus or deficit.

# Accounting policies

for the year ended 31 March 2023

## 1.11 Leases

Finance leases, which transfer to the Agency substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of financial performance.

Where the Agency does not transfer substantially all the risks and benefits of ownership of the asset, they are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

All incentives for the agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

### **Operating leases – lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

### **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.

## 1.12 Tax

Being a provincial public entity as defined in terms of the PFMA, the Agency is exempted from having to pay income tax or declare value added tax.

## 1.13 Employee benefits

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

### **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.

# Accounting policies

for the year ended 31 March 2023

## 1.13 Employee benefits (continued)

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise 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 measure 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 recognise 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.

### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

## 1.14 Budget information

Subject to requirements of GRAP 24 paragraph 19, an entity shall present a comparison of budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and the actual amounts shall present separately for each level of legislative oversight:

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

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

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 31.

- The approved and final budget
- The actual amounts on a comparable basis
- An explanation of material differences between budget

# Accounting policies

for the year ended 31 March 2023

## 1.14 Budget information (continued)

Where the budget and the annual financial statements are prepared on a comparable basis, a separate statement is prepared called 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable. A comparable basis means that the budget and annual financial statements:

- Are prepared using the same basis of accounting
- Include the same activities and entities
- Use the same classification system
- Are prepared for the same period

## 1.15 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to management. Management allocates resources to and assesses the performance of the operating segments of an entity. The Agency operates in the following primary segments:

- Investment and trade promotion
- Destination marketing
- Wesgro support services

## 1.16 Significant adjustments and sources of estimation uncertainty

The preparation of the Wesgro's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Trade and other receivables**

The entity assesses its trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the agency makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### **Plant and equipment**

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.

### **Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgemental is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# Accounting policies

for the year ended 31 March 2023

## 1.17 Related parties

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

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

## 1.18 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

## 1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts are excluded.

# Accounting policies

for the year ended 31 March 2023

## 1.20 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 1.21 Accounting by principals and agents Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

### Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

### Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

### Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

### Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

# Accounting policies

## for the year ended 31 March 2023

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The Agency acts as an agent for the ASEZ.

## 1.22 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.

## 1.23 Cash reserves

The Agency will only retain cash reserves approved by the Provincial Treasury, adequate for its short-term cash flow requirements, based on its Annual Performance Agreements with its principal funders.



Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**2. Cash and cash equivalents**

|                     |  |  |  |  |               |               |
|---------------------|--|--|--|--|---------------|---------------|
| Cash on hand        |  |  |  |  | 5             | 5             |
| Bank balances       |  |  |  |  | 34 511        | 44 845        |
| Short-term deposits |  |  |  |  | 26 424        | 44 447        |
|                     |  |  |  |  | <b>60 940</b> | <b>89 297</b> |

The entity had the following bank accounts

| Account number /<br>description   | Bank statement balances |                  |                  | Cash book balances |                  |                  |
|---|-------------------------|------------------|------------------|--------------------|------------------|------------------|
|   | 31 March<br>2023        | 31 March<br>2022 | 31 March<br>2021 | 31 March 2023      | 31 March<br>2022 | 31 March<br>2021 |
| ABSA Bank -<br>Cheque Account -<br>40-8744-9196                         | 34 511                  | 44 845           | 17 380           | 34 511             | 44 845           | 17 380           |
| South African<br>Reserve Bank -<br>Short-term<br>deposits -<br>95211144 | 26 423                  | 44 447           | 68 765           | 26 423             | 44 447           | 68 765           |
| <b>Total</b>  | <b>60 934</b>           | <b>89 292</b>    | <b>86 145</b>    | <b>60 934</b>      | <b>89 292</b>    | <b>86 145</b>    |

**3 Receivables from exchange transactions**

|                                    |  |              |               |
|------------------------------------|--|--------------|---------------|
| Trade debtors                      |  | 1 255        | 990           |
| Less: Provision for doubtful debts |  | (300)        | (300)         |
| Sundry debtors and deposits        |  | 354          | 30 073        |
|                                    |  | <b>1 309</b> | <b>30 763</b> |

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, R108 (2022: R147) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|                             |     |     |
|-----------------------------|-----|-----|
| 1 month past due            | 31  | 30  |
| more than 3 months past due | 108 | 147 |

**Trade and other receivables impaired**

As of 31 March 2023, trade and other receivables of – (2022: R300) were impaired and provided for. The amount of the provision was R300 as of 31 March 2023 (2022: R300).

The ageing of these trade and other receivables is as follows:

|               |     |     |
|---------------|-----|-----|
| Over 6 months | 300 | 300 |
|---------------|-----|-----|

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**4 Receivables from non-exchange transactions**

|                             |            |            |
|-----------------------------|------------|------------|
| Sundry debtors and deposits | 827        | 827        |
| Non-current assets          | -          | -          |
| Current assets              | <b>827</b> | <b>827</b> |

**5. Prepayments**

|                                |               |              |
|--------------------------------|---------------|--------------|
| Marketing expenses             | 11 468        | 1 398        |
| Workshops, seminars and events | -             | 275          |
| General expenses               | 1 199         | 570          |
|                                | <b>12 667</b> | <b>2 243</b> |

**6. Property, plant and equipment**

|                                    | 2023                |   |                   | 2022                |   |                |
|------------------------------------|---------------------|---|-------------------|---------------------|---|----------------|
|                                    | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying<br>value | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value |
| Furniture and fixtures             | 2 097               | (1 351)   | 746               | 1 856               | (1 183)   | 673            |
| Motor vehicles                     | 1 642               | (690)   | 952               | 1 642               | (405)   | 1 237          |
| Office equipment                   | 656                 | (487)   | 169               | 618                 | (402)   | 216            |
| IT equipment                       | 5 452               | (2 597)   | 2 855             | 3 922               | (1 824)   | 2 098          |
| Leasehold<br>improvements          | 3 249               | (2 493)   | 756               | 2 541               | (1 920)   | 621            |
| Projects furniture and<br>fittings | 1 591               | (826)   | 765               | 1 591               | (683)   | 908            |
| Projects office<br>equipment       | 1 274               | (980)   | 294               | 1 274               | (801)   | 473            |
| Projects leasehold<br>improvements | 844                 | (715)   | 129               | 844                 | (583)   | 261            |
| Project computer<br>equipment      | 468                 | (156)   | 312               | 126                 | (74)  | 52             |
| <b>Total</b>                       | <b>17 273</b>       | <b>(10 295)</b>   | <b>6 978</b>      | <b>14 414</b>       | <b>(7 875)</b>  | <b>6 539</b>   |

**Reconciliation of property, plant and equipment – 2023**

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**6. Property, plant and equipment (continued)**

|                                 | Opening balance | Additions    | Depreciation   | Total        |
|---------------------------------|-----------------|--------------|----------------|--------------|
| Furniture and fixtures          | 673             | 241          | (168)          | 746          |
| Motor vehicles                  | 1 237           | -            | (285)          | 952          |
| Office equipment                | 216             | 38           | (85)           | 169          |
| Computer equipment              | 2 098           | 1 530        | (773)          | 2 855        |
| Leasehold improvements          | 621             | 708          | (573)          | 756          |
| Projects furniture and fittings | 908             | -            | (143)          | 765          |
| Projects office equipment       | 473             | -            | (179)          | 294          |
| Projects leasehold improvements | 261             | -            | (132)          | 129          |
| Project computer equipment      | 52              | 343          | (83)           | 312          |
|                                 | <b>6 539</b>    | <b>2 860</b> | <b>(2 421)</b> | <b>6 978</b> |

**Reconciliation of property, plant and equipment – 2022**

|                                 | Opening balance | Additions    | Disposals    | Depreciation   | Total        |
|---------------------------------|-----------------|--------------|--------------|----------------|--------------|
| Furniture and fixtures          | 864             | -            | (26)         | (165)          | 673          |
| Motor vehicles                  | 969             | 786          | (236)        | (282)          | 1 237        |
| Office equipment                | 292             | 3            | -            | (79)           | 216          |
| Computer equipment              | 2 419           | 487          | (140)        | (668)          | 2 098        |
| Leasehold improvements          | 932             | -            | -            | (311)          | 621          |
| Projects furniture and fittings | 1 051           | -            | -            | (143)          | 908          |
| Projects office equipment       | 670             | -            | (14)         | (183)          | 473          |
| Projects leasehold improvements | 393             | -            | -            | (132)          | 261          |
| Project computer equipment      | 129             | -            | (40)         | (37)           | 52           |
|                                 | <b>7 719</b>    | <b>1 276</b> | <b>(456)</b> | <b>(2 000)</b> | <b>6 539</b> |

The fixed asset register includes PPE belonging to Wesgro, purchased with project funding.

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

## 7. Intangible assets

|                          | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying<br>value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying<br>value |
|--------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| Computer software, other | 3 099               | (2 091)   | 1 008             | 2 126               | (1 179)   | 947               |

### Reconciliation of intangible assets – 2023

|                          | Opening<br>balance | Additions | Amortisation | Total |
|--------------------------|--------------------|-----------|--------------|-------|
| Computer software, other | 947                | 951       | (890)        | 1 008 |

### Reconciliation of intangible assets – 2022

|                          | Opening<br>balance | Additions | Amortisation | Total |
|--------------------------|--------------------|-----------|--------------|-------|
| Computer software, other | 37                 | 1 457     | (547)        | 947   |

The fixed asset register includes PPE belonging to Wesgro, purchased with project funding.

## 8 Provisions

### Reconciliation of provisions – 2023

|                               | Opening<br>Balance | Additions    | Total        |
|-------------------------------|--------------------|--------------|--------------|
| Leave pay provision           | 1 852              | 934          | 2 786        |
| Occupational injury provision | 872                | 158          | 1 030        |
|                               | <b>2 724</b>       | <b>1 092</b> | <b>3 816</b> |

### Reconciliation of provisions – 2022

|                               | Opening<br>Balance | Additions  | Reversed<br>during the<br>year | Total        |
|-------------------------------|--------------------|------------|--------------------------------|--------------|
| Leave pay provision           | 2 419              | -          | (567)                          | 1 852        |
| Occupational injury provision | 701                | 171        | -                              | 872          |
|                               | <b>3 120</b>       | <b>171</b> | <b>(567)</b>                   | <b>2 724</b> |

The Compensation for Occupational Injuries and Diseases Act of 1997 provides for and deals with injuries, disablement, disease and death caused by work-related activities. The Agency annually completes the return based on the salary bill. The Department of Labour assesses the return and invoices the Agency. Payment must be made annually before the end of September.

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**9. Payables from exchange transactions**

|                 |              |               |
|-----------------|--------------|---------------|
| Trade payables  | 2 114        | 35 983        |
| Accrued expense | 3 069        | 3 449         |
|                 | <b>5 183</b> | <b>39 432</b> |

Trade payables are non-interest bearing and are normally settled on 30-day terms.

**10. Operating lease asset (liability)**

|                         |              |              |
|-------------------------|--------------|--------------|
| Non-current liabilities | -            | (550)        |
| Current liabilities     | (550)        | (305)        |
|                         | <b>(550)</b> | <b>(855)</b> |

**Operating lease smoothing**

|                            |              |              |
|----------------------------|--------------|--------------|
| - within one year          | (550)        | (305)        |
| - within two to five years | -            | (550)        |
|                            | <b>(550)</b> | <b>(855)</b> |

The operating lease related to premises utilised for office space. The Agency entered into an operating lease with the Reserve Bank of South Africa (SARB) during February 2019. The agreement is for 5 years and has fixed annual escalation. SARB duly appointed Ryden International Property Consultants to manage the leases within the Reserve Bank Tower Block. The expected termination date is 29 February 2024.

**11. Unspent conditional grants**

**Unspent conditional grants and receipts comprises of:**

|  |               |               |
|--|---------------|---------------|
| <b>Unspent conditional grants and receipts</b> |               |               |
| Department of Economic Development and Tourism | 33 856        | 47 671        |
| Department of Trade and Industry               | 9 308         | 10 020        |
| Department of Agriculture                      | 4 204         | 3 758         |
| Other  | 4 511         | 2 169         |
|  | <b>51 879</b> | <b>63 618</b> |

**Movement during the year**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 63 618        | 51 044        |
| Current year receipts                | 134 349       | 124 325       |
| Interest income                      | 976           | 1 364         |
| Refunds                              | (13 953)      | (7 175)       |
| Income recognition during the year   | (133 111)     | (105 940)     |
|                                      | <b>51 879</b> | <b>63 618</b> |

## Notes to the annual financial statements (continued)

### for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

#### 11. Unspent conditional grants (continued)

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

#### 12. Income received in advance

##### City of Cape Town

|   |              |              |
|---|--------------|--------------|
| Balance unspent at beginning of year    | 3 029        | 3 004        |
| Current-year receipts                   | 21 000       | 14 540       |
| Conditions met – transferred to revenue | (19 766)     | (14 642)     |
| Interest                                | 881          | 127          |
|   | <b>5 144</b> | <b>3 029</b> |

Conditions met – transferred to revenue (see note 14).

#### 13. Other financial liabilities

##### At amortised cost

|                                       |   |        |
|---------------------------------------|---|--------|
| Atlantis Special Economic Zone (ASEZ) | - | 13 959 |
|---------------------------------------|---|--------|

The ASEZ appointed Wesgro to provide shared administrative support services with effect from 1 April 2021. The services provided by Wesgro under the shared Service Agreement include the provision of IT support services, Human Resource and payroll administration, office rental & related services. The closing balance of the ASEZ project was transferred to a related party liability loan account – DEDAT. The settlement of the liability was done in line with arrangements contained in the ASEZ transfer payment agreement on 30 November 2022.

##### Current liabilities

|                   |   |        |
|-------------------|---|--------|
| At amortised cost | - | 13 959 |
|-------------------|---|--------|

#### 14. Government grants and subsidies

|                   |        |        |
|-------------------|--------|--------|
| City of Cape Town | 19 766 | 14 642 |
|-------------------|--------|--------|

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**15. Government grants and subsidies**

**Operating grants**

|                              |                |                |
|------------------------------|----------------|----------------|
| DEDAT (Trade and Investment) | 46 705         | 48 989         |
| DEDAT (DMO)                  | 54 218         | 36 723         |
| Project funding              | 33 502         | 20 228         |
|                              | <b>134 425</b> | <b>105 940</b> |

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

|                             |         |         |
|-----------------------------|---------|---------|
| Conditional grants received | 134 425 | 105 940 |
|-----------------------------|---------|---------|

**Department of Economic Development and Tourism**

|  |               |               |
|--|---------------|---------------|
| Balance unspent at the beginning of year | 47 671        | 34 555        |
| Current-year receipts                    | 125 686       | 115 754       |
| Conditions met – transferred to revenue  | (125 919)     | (96 356)      |
| Interest                                 | 371           | 893           |
| Refund                                   | (13 953)      | (7 175)       |
|  | <b>33 856</b> | <b>47 671</b> |

Conditions still to be met – remain liabilities (see note 11).

**Department of Trade and Industry**

|  |              |               |
|--|--------------|---------------|
| Balance unspent at the beginning of year | 10 020       | 7 968         |
| Current-year receipts                    | 2 000        | 2 000         |
| Conditions met – transferred to revenue  | (3 013)      | (239)         |
| Interest                                 | 301          | 291           |
|  | <b>9 308</b> | <b>10 020</b> |

Conditions still to be met – remain liabilities (see note 11).

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**15. Government grants and subsidies (continued)**

**Department of Agriculture**

|  |              |              |
|--|--------------|--------------|
| Balance unspent at the beginning of year | 3 758        | 1 985        |
| Current-year receipts                    | 2 000        | 2 716        |
| Conditions met – transferred to revenue  | (1 740)      | (1 066)      |
| Interest                                 | 186          | 123          |
|  | <b>4 204</b> | <b>3 758</b> |

Conditions still to be met – remain liabilities (see note 11).

**Other**

|  |              |              |
|--|--------------|--------------|
| Balance unspent at the beginning of year | 2 169        | 6 536        |
| Current-year receipts                    | 4 662        | 3 855        |
| Conditions met – transferred to revenue  | (2 438)      | (8 279)      |
| Interest                                 | 118          | 57           |
|  | <b>4 511</b> | <b>2 169</b> |

Conditions still to be met – remain liabilities (see note 11).

**16. Employee related costs**

|   |               |               |
|---|---------------|---------------|
| Basic                                   | 54 365        | 49 861        |
| Bonus                                   | -             | 274           |
| Medical aid – company contributions     | 565           | 529           |
| Unemployment Insurance Fund (UIF)       | 162           | 152           |
| Workmens Compensation Association (WCA) | 158           | 171           |
| Skills Development Levies (SDL)         | 418           | 374           |
| Leave pay provision charge              | 1 010         | 643           |
| Defined contribution plans              | 5 866         | 4 743         |
| Long-service awards                     | 8             | 8             |
|   | <b>62 552</b> | <b>56 755</b> |

Most employees are members of a defined contribution plan administered by Old Mutual. The plan is governed by the Pension Funds Act of 1956. Provident fund contributions are made by the Agency only plus administration costs of the fund. In the current financial year total contributions amounted to R5 866 (2022: R 4 743).



Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**16. Employee related costs (continued)**

**Remuneration of executive management**

|   | Salary       | Pension<br>Contribution | Other    | 2023          | 2022         |
|---|--------------|-------------------------|----------|---------------|--------------|
| Chief Executive Officer – Wrenelle Stander<br>(Appointed 1 October 2021)                      | 2 317        | 379                     | -        | 2 697         | 1 170        |
| Chief Executive Officer – Timothy Harris<br>(Resigned 30 June 2021)                           | -            | -                       | -        | -             | 958          |
| Chief Financial Officer – Sandiso Gcwabe<br>(Appointed 1 January 2023)                        | 354          | 64                      | -        | 418           | -            |
| Acting Chief Financial Officer – Elroy Makok<br>(28 July 2022 to 31 December 2022)            | 411          | 60                      | -        | 471           | -            |
| Chief Financial Officer – Kholeka Zama<br>(Resigned 27 July 2022)                             | 658          | 90                      | -        | 747           | 1 388        |
| Chief Business Development Officer –<br>Yaw Peprah (Resigned 30 April 2022)*                  | 254          | 19                      | -        | 273           | 1 822        |
| Chief Marketing Officer – Monika Luel   | 1 352        | 228                     | -        | 1 579         | 1 451        |
| Chief Strategy Officer – Labeeqah Schuurman<br>(Resigned 30 November 2022)                    | -            | -                       | -        | -             | 845          |
| Chief Marketing and Innovation Officer –<br>Jean Scheltema (Appointed 1 April 2022)           | 1 300        | 195                     | -        | 1 495         | -            |
| Chief Trade & Investment Officer –<br>Garth vd Horst (Appointed 1 July 2022)                  | 1 218        | 197                     | -        | 1 416         | -            |
| Chief Assurance & Business Enablement<br>Officer – Jacyntha Twynam (Appointed 1 June<br>2022) | 1 176        | 215                     | -        | 1 391         | -            |
|   | <b>9 040</b> | <b>1 447</b>            | <b>-</b> | <b>10 487</b> | <b>7 634</b> |

\*Acted as Chief Executive Officer from 1 July 2022 to 20 September 2022 and received R124 000 in acting allowance.

**17. Remuneration of non-executive directors and independant committee member's fees**

**Non-executive**

**2023**

|                 | Members'<br>fees | Committees<br>fees | Total |
|-----------------|------------------|--------------------|-------|
| David Green     | 126              | -                  | 126   |
| Ian Bartes      | 112              | -                  | 112   |
| Paul Bannister  | 31               | -                  | 31    |
| John van Rooyen | 51               | -                  | 51    |
| Geoffrey Jacobs | 47               | -                  | 47    |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**17. Remuneration of non-executive directors and independent committee member's fees (continued)**

|   |            |           |            |
|---|------------|-----------|------------|
| Sazi Ndwandwa                           | 55         | -         | 55         |
| Michael Spicer (Deceased February 2022) | 36         | -         | 36         |
| Johny Copelyn                           | 8          | -         | 8          |
| Paul Slack*                             | -          | 20        | 20         |
| Ayanda Mvandaba*                        | -          | 8         | 8          |
|   | <b>466</b> | <b>28</b> | <b>494</b> |

**2022**

|   | Members' fees | Committees fees | Total      |
|---|---------------|-----------------|------------|
| David Green                             | 128           | -               | 128        |
| Ian Bartes                              | 116           | -               | 116        |
| Paul Bannister                          | 35            | -               | 35         |
| John van Rooyen                         | 82            | -               | 82         |
| Andrea Böhmert                          | 47            | -               | 47         |
| Geoffrey Jacobs                         | 39            | -               | 39         |
| Sazi Ndwandwa                           | 16            | -               | 16         |
| Michael Spicer (Deceased February 2022) | 216           | -               | 216        |
| Johny Copelyn                           | 23            | -               | 23         |
| Paul Slack*                             | -             | 23              | 23         |
| Danny Naidoo* (Resigned March 2021)     | -             | 4               | 4          |
|   | <b>702</b>    | <b>27</b>       | <b>729</b> |

\*Independent member of the Audit, IT and Risk Committee

**18 Depreciation and amortisation**

|                               |              |              |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | 2 421        | 2 000        |
| Intangible assets             | 890          | 547          |
|                               | <b>3 311</b> | <b>2 547</b> |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

| Figures in Rand thousand                  | 2023          | 2022          |
|---|---------------|---------------|
| <b>19 Marketing expenses</b>              |               |               |
| Advertising                               | 8 300         | 10 056        |
| Communication agency fees                 | 508           | 456           |
| Hosting                                   | 302           | 993           |
| Promotional material                      | 10 997        | 12 724        |
| Sponsorship                               | 3 680         | 3 216         |
| Other                                     | 9 002         | 9 075         |
|   | <b>32 789</b> | <b>36 520</b> |
| <b>20. Workshops, seminars and events</b> |               |               |
| Exhibitions                               | 6 958         | 4 846         |
| Seminars and workshops                    | 6 727         | 4 242         |
|   | <b>13 685</b> | <b>9 088</b>  |
| <b>21. Audit fees</b>                     |               |               |
| External audit fees                       | 3 637         | 2 755         |
| Internal audit fees                       | 851           | 430           |
|   | <b>4 488</b>  | <b>3 185</b>  |
| <b>22. General expenses</b>               |               |               |
| Bank charges                              | 101           | 97            |
| Computer expenses                         | 91            | 62            |
| Consulting and professional fees          | 12 066        | 14 456        |
| Insurance                                 | 248           | 248           |
| IT expenses                               | 765           | 955           |
| Fuel and oil                              | 86            | 55            |
| Placement fees                            | 25            | 768           |
| Postage and courier                       | 14            | 89            |
| Printing and stationery                   | 896           | 601           |
| Repairs and maintenance                   | 73            | 93            |
| Software expenses                         | 41            | 475           |
| Telephone and fax                         | 1 036         | 987           |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

| Figures in Rand thousand                            | 2023            | 2022          |
|---|-----------------|---------------|
| <b>22. General expenses (continued)</b>             |                 |               |
| Training  | 376             | 882           |
| Travel – local                                      | 1 263           | 286           |
| Travel – International                              | 4 841           | 1 630         |
| Electricity   | 1 702           | 1 709         |
| Board expenses                                      | 14              | 2             |
| Subscriptions and membership                        | 2 219           | 2 458         |
| Other expenses                                      | 1 278           | 207           |
|   | <b>27 135</b>   | <b>26 060</b> |
| <b>23. Cash (used in) generated from operations</b> |                 |               |
| Surplus (deficit)                                   | 10 161          | (45 093)      |
| <b>Adjustments for:</b>                             |                 |               |
| Depreciation and amortisation                       | 3 311           | 2 547         |
| (Loss) gain on sale of assets and liabilities       | (273)           | 316           |
| Loss on Foreign exchange                            | 19              | 16            |
| <b>Changes in working capital:</b>                  |                 |               |
| Receivables from exchange transactions              | 30 407          | (27 556)      |
| Prepayments   | (10 424)        | (793)         |
| Provision   | 1 092           | (130)         |
| Payables from exchange transactions                 | (34 249)        | 63 470        |
| Operating lease liability                           | (305)           | (19)          |
| Unspent conditional grants                          | (10 938)        | 12 951        |
| Fair value adjustment                               | -               | (559)         |
|   | <b>(11 199)</b> | <b>5 150</b>  |

**24. Risk management**

**Financial risk management**

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

**Liquidity risk**

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

## Notes to the annual financial statements (continued)

### for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

#### 24. Risk management (continued)

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

|  |        |        |
|--|--------|--------|
| Financial instrument                   | 2023   | 2022   |
| ABSA Bank                              | 34 511 | 44 845 |
| South African Reserve Bank             | 26 424 | 44 447 |
| Receivables from exchange transactions | 1 309  | 30 067 |

##### Market risk

##### Interest rate risk

As the entity has no significant interest-bearing independent of changes in market interest rates. assets, the entity's income and operating cash flows are substantially

The entity's interest rate risk arises from cash in the current banking institution and call deposit investments. This financial asset is at variable rates thus exposes the entity to cash flow interest risk.

At 31 March 2023, if interest rates on Rand-denominated financial asset had been 1% higher/lower with all other variables held constant, surplus for the year would have been R609 (2022: R892) lower/higher, mainly as a result of higher/lower interest income on the financial asset at variable rates.

##### Cash flow interest rate risk

| Financial instrument                 | Current interest rate | Due in less than a year | Due in one to two years | Due in two to three years | Due in three to four years | Due after five years |
|--------------------------------------|-----------------------|-------------------------|-------------------------|---------------------------|----------------------------|----------------------|
| Cash in current banking institutions | 6,00 %                | 34 516                  | -                       | -                         | -                          | -                    |
| Short-term deposits                  | 6,04 %                | 26 424                  | -                       | -                         | -                          | -                    |

##### Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**25. Financial instruments disclosure**

**Categories of financial instruments**

**2023**

**Financial assets**

|  | At amortised cost | Total         |
|--|-------------------|---------------|
| Trade and other receivables from exchange transactions | 1 309             | 1 309         |
| Other receivables from non-exchange transactions       | 827               | 827           |
| Cash and cash equivalents                              | 60 940            | 60 940        |
|  | <b>63 076</b>     | <b>63 076</b> |

**Financial liabilities**

|   | At amortised cost | Total |
|---|-------------------|-------|
| Trade and other payables from exchange transactions | 5 183             | 5 183 |

**2022**

**Financial assets**

|  | At amortised cost | Total          |
|--|-------------------|----------------|
| Trade and other receivables from exchange transactions | 30 763            | 30 763         |
| Other receivables from non-exchange transactions       | 827               | 827            |
| Cash and cash equivalents                              | 89 297            | 89 297         |
|  | <b>120 887</b>    | <b>120 887</b> |

**Financial liabilities**

|   | At amortised cost | Total         |
|---|-------------------|---------------|
| Other financial liabilities                         | 13 959            | 13 959        |
| Trade and other payables from exchange transactions | 39 432            | 39 432        |
|   | <b>53 391</b>     | <b>53 391</b> |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

## 25. Financial instruments disclosure (continued)

### Financial instruments in Statement of financial performance

#### 2023

|  | At amortised cost | Total |
|--|-------------------|-------|
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 2 554             | 2 554 |

#### 2022

|  | At amortised cost | Total |
|--|-------------------|-------|
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 1 346             | 1 346 |

## 26. Contingent Liabilities and Commitments

Authorised capital expenditure

### Already contracted for but not provided for

|                                 |     |     |
|---------------------------------|-----|-----|
| • Property, plant and equipment | 380 | 551 |
| • Intangible assets             | 999 | 133 |

### Total capital commitments

1 379 684

Already contracted for but not provided for

1 379 684

### Operating leases – as lessee (expense)

#### Minimum lease payments due

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| - within one year                   | 4 232        | 4 532        |
| - in second to fifth year inclusive | -            | 4 232        |
|                                     | <b>4 232</b> | <b>8 764</b> |

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

### Rental expenses relating to operating leases

|                        |       |       |
|------------------------|-------|-------|
| Minimum lease payments | 4 232 | 8 764 |
|------------------------|-------|-------|

### Contingent liabilities

No contingent liabilities were identified for the current financial year.

Notes to the annual financial statements (continued)  
**for the year ended 31 March 2023**

Figures in Rand thousand

**2023**

**2022**

**27. Related parties**

Relationships

|   |  |
|---|--|
| Western Cape Provincial Minister of Finance and Economic Opportunities  | Mireille Wenger (16 May 2022 – Current)          |
| Western Cape Provincial Minister of Finance and Economic Opportunities  | David Maynier (01 February 2019 – 16 May 2022)   |
| Wesgro and DEDAT (Custodial Department) are subject to common control   | DEDAT  |
| Wesgro and DoA are subject to common control (Provincial legislature)   | DoA  |
| Wesgro and PT are subject to common control   | PT   |
| Wesgro and ASEZ are subject to common control   | ASEZ   |
| 13 Western Cape Provincial Departments and 11 Public Entities are related to Wesgro as they are under common control (Provincial legislature) | All Western Cape Departments and Public Entities |
| Board members   | Refer to note 15                                 |
| Members of key management   | Refer to note 15                                 |

**Related party balances at arms length**

**Unspent conditional grants**

|       |        |        |
|-------|--------|--------|
| DEDAT | 33 856 | 47 671 |
| DOA   | 4 204  | 3 758  |

**Government grants and subsidies**

|       |         |        |
|-------|---------|--------|
| DEDAT | 125 919 | 96 356 |
| DOA   | 1 740   | 1 066  |



Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

## 27. Related parties (continued)

### Other financial liabilities

|      |   |        |
|------|---|--------|
| ASEZ | - | 13 959 |
|------|---|--------|

### Transfers payable (non-exchange)

|       |   |        |
|-------|---|--------|
| DEDAT | - | 30 000 |
|-------|---|--------|

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| Debt owed by key management | Opening balance | Closing balance |
|-----------------------------|-----------------|-----------------|

|  |     |     |
|--|-----|-----|
| Chief Executive Officer – Timothy Harris (Resigned 30 June 2021) | 101 | 101 |
|--|-----|-----|

## 28. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

### Statement of financial position

#### 2021

|                               | Note | As previously reported | Correction of error | Restated       |
|-------------------------------|------|------------------------|---------------------|----------------|
| Property, plant and equipment |      | 3 499                  | 4 220               | 7 719          |
| Employee benefits             |      | 2 854                  | 266                 | 3 120          |
| Intangible assets             |      | 80                     | (43)                | 37             |
| Deffered income               |      | 41 851                 | 9 193               | 51 044         |
| Income received in advance    |      | 2 621                  | 383                 | 3 004          |
| Prepayment                    |      | 1 450                  | 26                  | 1 476          |
| Accumulated surplus           |      | 57 631                 | (5 539)             | 52 092         |
|                               |      | <b>109 986</b>         | <b>8 506</b>        | <b>118 492</b> |

#### 2022

|  | Note | As previously reported | Correction of error | Restated |
|--|------|------------------------|---------------------|----------|
| Property, plant and equipment              |      | 3 782                  | 2 757               | 6 539    |
| Intangible assets                          |      | 865                    | 82                  | 947      |
| Prepayments                                |      | 1 290                  | 953                 | 2 243    |
| Deffered income/ Unspent conditional grant |      | (40 301)               | (23 317)            | (63 618) |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**28. Prior-year adjustments (continued)**

|                            |              |                 |                 |
|----------------------------|--------------|-----------------|-----------------|
| Income received in advance | (572)        | (2 457)         | (3 029)         |
| Payables                   | (8 816)      | (30 616)        | (39 432)        |
| Provisions                 | (2 287)      | (437)           | (2 724)         |
| Accumulated surplus        | 53 435       | (46 439)        | 6 996           |
|                            | <b>7 396</b> | <b>(99 474)</b> | <b>(92 078)</b> |

**Statement of financial performance**

2022

|  | Note | As previously reported | Correction of error | Re-classification | Restated |
|--|------|------------------------|---------------------|-------------------|----------|
| Revenue from exchange transactions   | -    | 17 549                 | (2 907)             | -                 | 14 642   |
| Government grants and subsidies Revenue from non-exchange transactions - Government grants and subsidies Interest received |      | 126 406                | (20 466)            | -                 | 105 940  |
| Gain on disposal of assets   |      | 250                    | (250)               | -                 | -        |
| Fair value adjustments   |      | 559                    | -                   | -                 | 559      |
| Other revenue  |      | 2 152                  | -                   | (640)             | 1 512    |
| Exhibition stands  |      | -                      | -                   | 640               | 640      |
| Depreciation and amortisation  |      | (1 706)                | (841)               | -                 | (2 547)  |
| Other operating expenses   |      | (26 090)               | -                   | 26 090            | -        |
| Bad debt   |      | (300)                  | -                   | -                 | (300)    |
| Loss on Foreign Exchange   |      | (16)                   | -                   | -                 | (16)     |
| Nett Loss on disposal of assets  |      | -                      | (316)               | -                 | (316)    |
| Marketing cost   |      | (39 223)               | 2 703               | -                 | (36 520) |
| Employee related costs   |      | (56 588)               | (167)               | -                 | (56 755) |
| Workshops, seminars and events   |      | (7 052)                | (2 036)             | -                 | (9 088)  |
| Audit Fees   |      | (2 977)                | (208)               | -                 | (3 185)  |
| Administrative expenses  |      | (11 335)               | -                   | 11 335            | -        |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

| <b>28. Prior-year adjustments (continued)</b> |              |                 |          |                 |
|---|--------------|-----------------|----------|-----------------|
| Remuneration of non-executive directors       | -            | -               | (729)    | (729)           |
| Surrender of investment proceeds              | -            | -               | (30 000) | (30 000)        |
| Lease rentals on operating lease              | -            | -               | (4 216)  | (4 216)         |
| General expenditure                           | -            | (23 580)        | (2 480)  | (26 060)        |
| <b>Surplus for the year</b>                   | <b>2 834</b> | <b>(47 927)</b> | <b>-</b> | <b>(45 093)</b> |

**Cash flow statement**

**2022**

|                                     | Note | As previously reported | Correction of error | Restated       |
|-------------------------------------|------|------------------------|---------------------|----------------|
| Cash flow from operating activities |      |                        |                     |                |
| Cash receipts from funders          |      | 185 924                | (47 059)            | 138 865        |
| Interest                            |      | 1 205                  | 1 632               | 2 837          |
| Other Cash item                     |      | 2 159                  | (7)                 | 2 152          |
| Cash paid to suppliers              |      | (127 799)              | 46 728              | (81 071)       |
| Employee related cost               |      | (56 588)               | (1 045)             | (57 633)       |
|                                     |      | <b>4 901</b>           | <b>249</b>          | <b>5 150</b>   |
| Cash flow from investing activities |      |                        |                     |                |
| Purchase of PPE                     |      | (919)                  | (908)               | (1 827)        |
| Purchase of Intangible assets       |      | (878)                  | (589)               | (1 457)        |
| Other cash item                     |      | 10                     | -                   | -              |
|                                     |      | <b>(1 787)</b>         | <b>(1 497)</b>      | <b>(3 284)</b> |
| Cash flow from financing activities |      |                        |                     |                |
| Related party financial liability   |      | -                      | 1 248               | 1 248          |

**Errors**

The restatement of PPE was due to the disclosure of PPE balances in the prior year, as a result of the revision of the estimated useful lives of the assets that were not conducted. In addition to this the entity did not previously apply residual values to all classes of assets and this error was corrected in the current year. The entity also had to process journals for the reversal of cost adjustments that was processed through accumulated depreciation accounts.

## Notes to the annual financial statements (continued)

### for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

#### 28. Prior-year adjustments (continued)

The restatement of Intangible assets was due to the fact that software and licences that qualify as assets, were previously expensed by the Agency. The reclassification of these led to a prior period error and an increase in the prior year closing balance.

Prepayments not previously recognised have been corrected.

The accounting for unspent conditional grants has been corrected to align to the requirements of GRAP 23 that were previously not applied.

The accounting for income received in advance grants has been corrected to align to the requirements of GRAP 23 that were previously not applied.

A payable from the prior year was corrected for the R30million received from the Cape Town Film Studio that was payable to DEDAT at the end of March 2022 but not recognised. The amount was previously disclosed as a contingent liability incorrectly.

The provision for workmen's compensation was recalculated based on the contributions still due to the fund.

The government grants and subsidies has been corrected to align to the requirements of GRAP 23 that were previously not applied.

The correction of asset values resulted in the recalculation of gains on disposal of assets. The correction of asset values resulted in the recalculation of depreciation and amortisation.

The repayment of funds to DEDAT was incorrectly accounted for as operating expenses instead of a repayment of a conditional grant.

The surrender of investment proceeds was not accounted for during the prior year.

#### Reclassifications

The expenses were reclassified in the statement of financial performance to give more useful information to users to help them better understand the operations of the Agency.

#### 29. Fruitless and wasteful expenditure

|  |            |            |
|--|------------|------------|
| Opening balance as previously reported   | 142        | -          |
| Add: Fruitless and wasteful expenditure identified – current                                       | 15         | 41         |
| Add: Fruitless and wasteful expenditure identified – prior period Less: Amount recovered – current | (4)        | 101        |
| Closing balance  | <b>153</b> | <b>142</b> |

Fruitless and wasteful expenditure is presented inclusive of VAT

During the 2022 financial year, the Agency was a victim of cyber attack. A fraudulent email was received indicating to change the banking details of one employee. Efforts were made to recover funds but unfortunately no funds were recovered and this resulted in fruitless and wasteful expenditure of R40 734.

## Notes to the annual financial statements (continued)

### for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

#### 29. Fruitless and wasteful expenditure (continued)

During the current financial year, the entity paid traffic fines related to employees of Wesgro on official business trips, which was issued by the relevant local municipality where the traffic violation occurred, amounting to R4 400. This expenditure could have been avoided had the employees complied with the traffic laws. All traffic fines paid has been recovered by the respective employees during the financial year.

During the current financial year, the entity paid interest on late rental payments to the landlord of the building whereby Wesgro operates from, amounting to R10 310. The original lease agreement indicates that the due date of the rental payment is the 1st of every month, however the rental was not paid by this date, but rather a few days late in certain instances. The agreement does allow for interest to be charged by the landlord in the event of late payments of the rental. The agreement, however is in contradiction to the general 30 day payment rule, as by the 1st of the month, the 30 days of invoice date has not been reached. A process of negotiation with the landlord is underway to ascertain whether a credit note can be issued in this regard.

During the 2020/21 financial year, the former CEO, Mr Tim Harris did not return two assets (MacBook and Screen) when he left Wesgro. The value of the assets was R47 504. A membership fee to the Young Presidents Organisation (YPO) was paid by Wesgro on behalf of the former CEO, after his resignation. The value of the membership fee was R54 321. Management has raised the amounts as a receivable, and efforts are being made to recover the funds thereon.

Following the completion of an asset count performed by the entity, it was identified that there were 176 assets that could not be located and verified. An investigation into this matter will be conducted in accordance with the compliance framework issued by National Treasury to determine if there were any losses incurred. The cost of these assets are R1 111 635 with an accumulated depreciation amount of R763 715 and a carrying value of R355 920. This amount has not been included in the balance of fruitless and wasteful expenditure as it is still under investigation.

#### 30. Irregular expenditure

|   |               |               |
|---|---------------|---------------|
| Opening balance as previously reported          | 47 320        | 500           |
| Correction of prior period error                | -             | 26 859        |
| <b>Opening balance as restated</b>              | <b>47 320</b> | <b>27 359</b> |
| Add: Irregular Expenditure – current            | 24 540        | 20 022        |
| Less: Amount condoned by the relevant authority | (71 860)      | (61)          |
| <b>Closing balance</b>                          | <b>-</b>      | <b>47 320</b> |

Irregular expenditure is presented inclusive of VAT

During the 2021/22 external audit, the Auditor General of South Africa (AGSA) identified irregular expenditure transactions related to non-compliance to the following legislative requirements.

- National Treasury Regulations 16A 3.1
- Regulation 3 of the Preferential Procurement Regulations, 2017
- Regulation 5 of the Preferential Procurement Regulations, 2017

In the prior year, irregular expenditure amounting to R5 225 776, was disclosed in the annual financial statements. Management, along with the assistance of officials from the Western Cape Department of Economic Development and Tourism (DEDAT) as part of the remedial action activity committed to perform a full population evaluation, to identify the full quantum of irregular expenditure. The outcome of this resulted in a revised figure amounting to R20 022 141.

## Notes to the annual financial statements (continued)

### for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

#### 30. Irregular expenditure (continued)

Management identified two (2) contracts that were non-compliant in a repeated manner over a significant number of years, as a result of procurement processes not being followed. The impact of this assessment resulted in a prior period opening balance adjustment of R26 858 631.

A similar exercise was performed by management for the current year which the outcome resulted in irregular expenditure amounting to R24 540 283. The current year irregular expenditure comprises the following:

Preference criteria not published and proper procurement process not followed resulting in non-compliance to Regulation 3 of the PPPFA 2017 regulations (pre 16 January 2023) and Regulation 16A 3.1(a) of the National Treasury regulations, amounting to R8 157 502.

Awards made to suppliers whom tax matters were not in order by SARS with non-compliance to Regulation TR16A9.1(d) of the National Treasury regulations, amounting to R64 480.

BAC not properly constituted in terms of SCM policy with non-compliance to Regulation 16A6.2(b) & (c) of the National Treasury regulations, amounting to R16 318 301.

The root causes of the transgressions is that there was a failure by the entity to implement proper procurement processes and systems that support the policy requirements. These include, but not limited to the following:

- Lack of design of standard operating procedures for procurement sourcing processes.
- Lack of design of standardized procurement templates for request for quotations (RFQ).
- Lack of compliance and control evaluation checklists for during and post procurement transaction awards.
- Overall poor administrative management of the end to end procurement process.
- Negligence of performance of duties and responsibilities by key SCM officials.
- An incorrect application of the SCM policy specifically to the BAC quorum requirements.
- The Provincial Treasury's electronic procurement solution portal was not used to advertise RFQs.

None of the transgressions relate to fraud, corruption or other criminal conduct. Accordingly, it is not required to refer any of the transgressions to the South African Police Services (SAPS) for further investigation. It is certain that these transgressions would not impact on whether or not value for money was achieved, and furthermore, whether the goods/services were actually delivered. Accordingly, it does not question the competitiveness of the suppliers quotation thus no losses were incurred by the Agency in this regard. In all instances the requisite goods/services were delivered, as the invoices were received and approved for payment.

The prescribed consequence management processes were followed against the key SCM officials, which resulted in the dismissal two officials. The former CFO resigned from the Agency. The irregular expenditure of R71,8 million has been condoned by the Western Cape Provincial Treasury on 31 May 2023, in accordance with the National Treasury irregular expenditure framework. Provincial Treasury agreed with management's assessment that there were no losses incurred by the Agency and that the irregular expenditure was not as a result of fraud. The entity received value for the amount of expenditure incurred.

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**31. Reconciliation of actual results to a comparable basis for budget comparison**

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

|  |              |            |
|--|--------------|------------|
| Net surplus (deficit) per the statement of financial performance | 10 161       | (45 093)   |
| <b>Adjusted for:</b>   |              |            |
| Loss on foreign exchange   | 19           | 16         |
| Depreciation and amortisation                                    | 3 311        | 2 547      |
| (Loss) gain on the sale of assets                                | (273)        | 316        |
| Receivables from exchange transactions                           | 29 454       | (27 556)   |
| Prepayments  | (10 424)     | (793)      |
| Fair value adjustment  | -            | (559)      |
| Provision  | 1 092        | (130)      |
| Payables from exchange transactions                              | (34 249)     | 63 470     |
| Unspent conditional grants and receipts                          | (9 991)      | 12 951     |
| Payment of capital assets  | (3 199)      | (3 251)    |
| Settlement of the financial liability                            | 13 959       | (1 248)    |
| Operating lease liability  | (305)        | (19)       |
| <b>Net (deficit) surplus per approved budget</b>                 | <b>(445)</b> | <b>651</b> |

**a – Sale of goods and services** other than capital assets: The variance is mainly due to revenue generated through the sale of exhibition space which increased due to the pick-up in activities post-COVID19.

**b – Transfers** – The under collection is as a result of conditional grants that were anticipated to be received by year-end. An amount of R5 million was received from the City of Cape Town was only received after year-end in April 2023.

**c – Compensation of employees** – The variance was due to unplanned vacancies that arose during the financial year. The CFO role was vacant for 5 months and the Agency has a vacancy rate of 14% at year-end.

**d – Goods and services** – The underspending largely relates to expenses funded from the City of Cape Town which the Agency has until 30 June 2023 to finalise the related projects. It is anticipated that the related project will be finalised before 30 June 2023.

**e – Payments for capital assets** – Expenditure on capital assets were at levels higher than anticipated due to the acquisition of additional ICT equipment for new staff members during the financial year that resulted in overspending on the planned.

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

### 32. Segment information Identification of segments

#### General information

#### Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: investment and trade promotion, destination marketing and support services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Segment surplus or deficit

#### 2023

| Revenue                                      | Investment and trade promotion | Destination marketing | Support services | Total          |
|--|--------------------------------|-----------------------|------------------|----------------|
| Revenue from government grants and subsidies | 46 705                         | 54 218                | 53 268           | 154 191        |
| Interest received                            | -                              | -                     | 2 554            | 2 554          |
| Exhibition stands                            | -                              | 1 457                 | -                | 1 457          |
| Gains on disposal of assets                  | -                              | -                     | 273              | 273            |
| Other revenue                                | -                              | -                     | 183              | 183            |
| <b>Total segment revenue</b>                 | <b>46 705</b>                  | <b>55 675</b>         | <b>56 278</b>    | <b>158 658</b> |
| <b>Entity's revenue</b>                      |                                |                       |                  | <b>158 658</b> |
| <b>Expenditure</b>                           |                                |                       |                  |                |
| Employee related costs                       | 10 887                         | 14 686                | 36 979           | 62 552         |
| Remuneration of non-executive directors      | -                              | -                     | 494              | 494            |
| Depreciation and amortisation                | -                              | -                     | 3 311            | 3 311          |
| Marketing expenses                           | 1 965                          | 23 687                | 7 137            | 32 789         |
| Lease rentals on operating lease             | -                              | -                     | 4 024            | 4 024          |
| Workshop, seminars and events                | 1 881                          | 5 749                 | 6 055            | 13 685         |
| Audit fees                                   | -                              | -                     | 4 488            | 4 488          |
| Loss on foreign exchange                     | -                              | -                     | 19               | 19             |
| General expenses                             | 8 598                          | 4 650                 | 13 887           | 27 135         |
| <b>Total segment expenditure</b>             | <b>23 331</b>                  | <b>48 772</b>         | <b>76 394</b>    | <b>148 497</b> |
| <b>Total segmental surplus/(deficit)</b>     | <b>23 374</b>                  | <b>6 903</b>          | <b>(20 116)</b>  | <b>10 161</b>  |

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.



Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**32. Segment information (continued)**

| 2022                                     | Investment and<br>trade promotion | Destination<br>marketing | Support<br>services | Total           |
|--|-----------------------------------|--------------------------|---------------------|-----------------|
| <b>Revenue</b>                           |                                   |                          |                     |                 |
| Revenue from non-exchange transactions   | 48 989                            | 36 723                   | 34 870              | 120 582         |
| Interest received                        | -                                 | -                        | 1 346               | 1 346           |
| Exhibition stands                        | -                                 | 640                      | -                   | 640             |
| Other revenue                            | -                                 | -                        | 1 512               | 1 512           |
| Fair value adjustments                   | -                                 | -                        | 559                 | 559             |
| <b>Total segment revenue</b>             | <b>48 989</b>                     | <b>37 363</b>            | <b>38 287</b>       | <b>124 639</b>  |
| <b>Entity's revenue</b>                  |                                   |                          |                     | <b>124 639</b>  |
| <b>Expenditure</b>                       |                                   |                          |                     |                 |
| Employee related costs                   | 12 334                            | 15 431                   | 28 990              | 56 755          |
| Remuneration of non-executive directors  | -                                 | -                        | 729                 | 729             |
| Depreciation and amortisation            | -                                 | -                        | 2 547               | 2 547           |
| Marketing expenses                       | 2 922                             | 24 124                   | 9 474               | 36 520          |
| Lease rentals on operating lease         | -                                 | -                        | 4 216               | 4 216           |
| Workshop, seminars and events            | 1 059                             | 4 018                    | 4 011               | 9 088           |
| Audit fees                               | -                                 | -                        | 3 185               | 3 185           |
| Bad debt written-off                     | -                                 | -                        | 300                 | 300             |
| Loss on foreign exchange                 | -                                 | -                        | 16                  | 16              |
| Surrender of proceeds from investment    | -                                 | -                        | 30 000              | 30 000          |
| General expenses                         | 5 105                             | 3 927                    | 17 028              | 26 060          |
| Loss on disposal of assets               | -                                 | -                        | 316                 | 316             |
| <b>Total segment expenditure</b>         | <b>21 420</b>                     | <b>47 500</b>            | <b>100 812</b>      | <b>169 732</b>  |
| <b>Total segmental surplus/(deficit)</b> | <b>27 569</b>                     | <b>(10 137)</b>          | <b>(62 525)</b>     | <b>(45 093)</b> |

Notes to the annual financial statements (continued)  
for the year ended 31 March 2023

Figures in Rand thousand

2023

2022

**33. B-BBEE Performance**

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





**Western Cape  
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**CITY OF CAPE TOWN  
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