



Western Cape
Government



ILifa leMveli leNtshona Koloni
Erfenis Wes-Kaap
Heritage Western Cape



Heritage Western Cape

Annual Report
2022/2023

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The images contained on the cover of Heritage Western Cape's Annual Report 2022/2023:

1. Kaaimans River Railway Bridge, George (33°59'52"S 22°33'25"E)
2. Cape St. Blaze Lighthouse and Cave complex, Mossel Bay (34.1860° S, 22.1565° E)
3. Bainskloof Pass, Wellington (33.5797° S, 19.1350° E)
4. NG Church, Swellendam (34.0179° S, 20.4465° E)

PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	Heritage Western Cape
LEGAL FORM OF ENTITY	Public Entity
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	To identify, protect, conserve, manage and promote heritage resources in the Western Cape
REGISTRATION NUMBER	N/A
PHYSICAL ADDRESS	3rd Floor, Protea Assurance Building Greenmarket Square Cape Town 8001
POSTAL ADDRESS	P. O. Box 1665 Cape Town 8000
TELEPHONE NUMBER/S	021 483 9598
FAX NUMBER	021 483 9845
EMAIL ADDRESS	ceoheritage@westerncape.gov.za
WEBSITE ADDRESS	www.hwc.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
NAME AND ADDRESS	19 Park Ln, Milnerton, Cape Town, 7441
BANKERS	Nedbank and ABSA
NAME AND ADDRESS	Nedbank 85 St Georges Mall Cape Town City Centre Cape Town 8001 Absa Private Bag X9067 Corp Gauteng Cape Town
COMPANY/ BOARD SECRETARY	N/A

PART A: GENERAL INFORMATION



2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APM	Archaeology, Palaeontology and Meteorites Committee
BAR	Basic Assessment Report
BELCOM	Built Environment and Landscapes Committee
BID	Basic Information Document
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMF	Conservation Management Framework
CMP	Conservation Management Plan
CoCT	City of Cape Town
DCAS	Department of Cultural Affairs and Sport
DERM	Directorate Enterprise Risk Management, Department of the Premier
EE	Employment Equity
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ERMECO	Enterprise Risk Management and Ethics Committee
EXCO	Executive Committee
FCPD	Fixed Capital Property Development
GRAP	Generally Recognised Accounting Practice
HIA	Heritage Impact Assessment
HWC	Heritage Western Cape
HOMs	Heritage Officers Meetings
IACOM	Impact Assessment Committee
IGIC	Inventories, Grading and Interpretations Committee
MEC	Member of the (Provincial) Executive Council
MTEF	Medium-Term Expenditure Framework
NBRBSA	National Building Regulations and Building Standards Act
NEMA	National Environmental Management Act
NHRA	National Heritage Resources Act
NID	Notification of Intent to Develop
NPA	National Prosecuting Authority
OSD	Occupation Specific Dispensation
PAIA	Promotion of Access to Information Act
PDIA	Problem Driven Iterative Adaptation
SAHRA	South African Heritage Resources Agency
SAHRIS	South African Heritage Resources Information System

3. FOREWORD BY THE CHAIRPERSON

It is my honour to present the Annual Report of Heritage Western Cape for the financial year ending on 31 March 2023, marking my first year as Chairperson of the Council. As appointed by the Provincial Minister of Cultural Affairs and Sport, the Honourable Minister Ms Anroux Marais, our new Council's term, began on 1 November 2022 and will conclude on 31 October 2025.



The Council was inaugurated on 17 November 2022 by the Honourable Minister Anroux Marais. The Council has proceeded with its work in earnest, starting with the appointment of new sub-committee members as from 1 February 2023. The Council has also made some adjustments to its sub-committees to address matters of efficiency and to ensure the smooth operation of these committees, most notable the amalgamation of the Archaeology, Palaeontology and Meteorites Committee (APM) with the Impact Assessment Committee (IACom). The effectiveness of this amalgamation will be monitored.

These committees play a vital role in the delegation of Heritage Western Cape's work, although the final decisions are made by Council. We are immensely grateful to the heritage professionals who volunteer their services on these committees, as managing heritage resources in a rapidly growing province like ours requires diligence and specialised skills.

This Annual Report serves as a crucial document that provides a comprehensive overview of the entity's activities, achievements, challenges, and future outlook. It serves multiple purposes, all aimed at fulfilling HWC's commitment to transparency, accountability, and effective communication with stakeholders, including the public, government officials, heritage professionals, and other interested parties. The report plays a vital role in fulfilling the organisation's mandate and furthering its objectives.

For the year under review, the AGSA changed their audit approach from expressing an audit opinion on the Financial Statements to conducting a review of the financial statements. This is based on the differentiated audit approach, introduced by the AGSA.

I would like to express my gratitude to the outgoing Council members for their outstanding contributions to the smooth functioning of the Council. We understand the immense responsibility placed upon us and are honoured to serve the people of our beloved province. I would like to express our deep appreciation to the Department of Cultural Affairs and Sport's staff members, who have delivered exceptional services during this period.

Furthermore, I would like to acknowledge the invaluable support of the Chief Financial Officer, Ms. Brenda Rutgers, and her division for their efficient and economical management of our finances. Our sincere thanks also go to the Head of Department, Mr. Guy Redman, and the Honourable Provincial Minister, Ms. Anroux Marais, for their unwavering support of Heritage Western Cape. Without their guidance and backing, the achievements reflected in this Annual Report would not have been possible.

Finally, I would like to express my gratitude to my fellow Council members of Heritage Western Cape for their commitment and willingness to serve the entity over the next few years. Together, we will deliver on our mandate to protect, manage and promote the heritage resources in the Western Cape.

Chairperson of Council
Ms. Reyhana Gani
Date: 31 August 2023

PART A: GENERAL INFORMATION

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Introduction

Heritage Western Cape (HWC) is the provincial heritage resources authority responsible for managing heritage resources in the Western Cape. Its key mandate is derived from the Constitution of South Africa, the Western Cape Provincial Constitution, and the National Heritage Resources Act (NHRA). This report highlights Heritage Western Cape's efforts in managing and promoting heritage resources in the Western Cape, as well as the challenges faced and the achievements of the entity during the 2022/2023 financial year.

Challenges

Key challenges faced by the entity during the financial year include:

- 1) The ongoing management of Grade III heritage resources which are of local significance;
- 2) The escalating loadshedding crisis in the country; and
- 3) Retaining appropriately qualified staff.

While HWC's primary responsibility is the management of Grade II heritage resources, it has also been managing Grade III resources (of local significance), which should ideally be managed by local authorities. Significant efforts have been made to delegate functions to local authorities, with positive steps taken in collaboration with the City of Cape Town (CoCT).

A further significant challenge was the escalating energy crisis in the country, which affected our operational schedules and interrupted our service delivery to some extent. However, we implemented a business continuity measures to mitigate these interruptions and ensured that our meetings and engagements with stakeholders continued as planned.

Another ongoing challenge has been attracting and retaining appropriately qualified personnel in heritage resources management. The allure of more competitive salaries in local and national positions often results in staff members leaving for higher-paid opportunities. To address this, we are focusing on the well-being of our staff and implementing incentives that build a healthy and valued organizational culture.

Achievements

Despite the challenges faced, HWC has made significant achievements in the past year. HWC received a total of 2,265 heritage applications; and have streamlined processes by updating application forms to facilitate efficient review. HWC have also conducted site inspections, with a particular focus on significant passes in the province. The resulting reports have guided the entity's engagements with property owners and relevant government departments, such as the Western Cape Department of Transport and Public Works, to ensure the conservation and protection of these sites.

In collaboration with the City of Cape Town (CoCT), HWC have made positive strides in delegating the management of local heritage resources to local authorities. This phased approach strategy aims to enhance efficiency and decision-making at the local level.

HWC have also initiated key activities through our participation in the Fixed Capital Property Development Team (FCPD). These initiatives include exemptions for certain development areas, encouraging local authorities to be declared competent in managing local heritage resources, and streamlining permit application processes.



HWC's service delivery improvement roadmap continues to guide its actions and continue to focus on three key areas: 1) expanding capacity within the organization, 2) promoting heritage, and 3) improving efficiency. This has been made possible through the dedication and collaborative efforts of our team, stakeholders, and interested heritage groups.

Outlook

Looking ahead, HWC recognise the continued high demand for efficient and accessible services that cater to the needs of the public and contribute to economic growth and social well-being. HWC remains committed to building an efficient heritage resources management system that instils confidence in our work. The entity will continue to declare significant heritage resources as Provincial Heritage Sites, reflecting the diversity of our province's heritage. Strengthening relationships with municipalities and conservation bodies is vital to ensure that the objectives of the National Heritage Resources Act (NHRA) are met.

Outreach programmes to communities will remain a priority as we aim to highlight the positive and stabilising effects of heritage in resolving social ills, fostering social inclusion, and building active citizenship. HWC values the active involvement of conservation bodies, interested heritage groups, and engaged communities in the identification, promotion, and management of heritage resources. Together, we can forge a sustainable development approach that places culture and heritage at the heart of our society's development and wellbeing.

As we move forward, HWC remains resolute in our mission to preserve and celebrate the rich heritage of the Western Cape. We are committed to continuously improving our services, enhancing stakeholder engagement, and exploring innovative approaches to heritage management. By embracing the challenges and opportunities ahead, HWC will continue to make a positive impact on the cultural landscape of our province.

Conclusion

In conclusion, I would like to express my sincere gratitude to all our stakeholders, partners, and committee members of HWC. Your support and collaboration have been instrumental in the progress we have made during the past year.

I extend my appreciation to the dedicated team at HWC for their unwavering commitment and hard work in fulfilling our mandate. Their expertise and passion for heritage resources have been the driving force behind our accomplishments. I would also like to acknowledge the invaluable contributions of our partners, including the City of Cape Town, local authorities, conservation bodies, and interested heritage groups. Your collaboration and engagement have been crucial in advancing our shared goals.

I would like to express our gratitude to the public for their active participation and involvement in the heritage conservation process. Your support and feedback have played an integral role in shaping our decisions and ensuring that our actions are aligned with community needs and aspirations.

Lastly, I would like to extend my deepest thanks to the Council of HWC for their guidance, wisdom, and commitment to good governance. Their strategic oversight and support have been instrumental in our achievements and the successful implementation of our initiatives.

PART A: GENERAL INFORMATION



SPENDING TRENDS

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
Goods and Services	2 648	1 585	1 063	2 121	1 945	176
Total	2 648	1 585	1 063	2 121	1 945	176

**The under expenditure is mainly due to fewer committee meetings held than planned.*

Chief Executive Officer
Mr. Michael Janse van Rensburg
Date: 31 August 2023

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

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

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

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

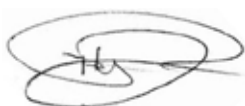
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

In our conclusion, 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.

Yours faithfully



Chief Executive Officer
Mr. Michael Janse van Rensburg
Date: 31 August 2023



Chairperson of Council
Ms. Reyhana Gani
Date: 31 August 2023

PART A: GENERAL INFORMATION

6. STRATEGIC OVERVIEW

6.1. Vision

Inclusive, transformed, people-centred, sustainable management of heritage resources in the Western Cape.

6.2 Mission

Heritage Western Cape ensures and implements the inclusive identification, sustainable and integrated management, conservation and promotion of tangible and intangible heritage resources in order to contribute to transformation and nation building.

6.3 Values

Caring, Competence, Accountability, Integrity, Innovation, Responsiveness, Inclusivity and Respect.

7. LEGISLATIVE AND OTHER MANDATES

Heritage Western Cape as a schedule 3C Public Entity regards the legislative mandate on which its overall functioning is based as binding in terms of the following:

- To promote good governance at all levels;
- To empower communities to nurture and conserve heritage resources so that they may be bequeathed to future generations;
- To lay down general principles for governing heritage resources management throughout the Western Cape; and
- To introduce an integrated system for the identification, protection, conservation, management and promotion of heritage resources in the province in terms of the NHRA and its regulations.

7.1 Constitutional Mandates

Section	Direct Responsibility of Heritage Western Cape
Constitution of the Republic of South Africa, 1996	
Section 24(b)(ii): Environment	Heritage Western Cape must by legislative and other measure regulate and monitor the promotion of conservation of the heritage environment in the Western Cape. This may not be exercised in a manner inconsistent with any provision of the Bill of Rights. Annual reports on this mandate must be submitted to the Western Cape Provincial Parliament.
Section 31: Cultural, religious and linguistic communities	Heritage Western Cape must ensure that its programmes and projects consider the cultural diversity of the population of the Western Cape.
Section 41: Principles of co-operative government and intergovernmental relations	Heritage Western Cape cooperates with all spheres of government. In terms of its mandates, HWC works in close cooperation with the Department of Cultural Affairs and Sport, the South African Heritage Resources Agency (SAHRA) and local authorities in the Western Cape.
Schedule 4A: Functional Areas of Concurrent National and Provincial Legislative Competence	Heritage Western Cape works closely with the South African Heritage Resources Agency regarding heritage matters especially National Heritage Sites that are located within the Western Cape.

Section	Direct Responsibility of Heritage Western Cape
Constitution of the Republic of South Africa, 1996	
Section 195: Basic values and principles governing public administration	Heritage Western Cape officials must adhere to the provisions of section 195, which provides a description of the democratic values and principles governing public administration. Section 195(1)(b) requires the promotion of the efficient, economic and effective use of resources. This implies that programmes undertaken in the public sector should yield maximum benefits at the lowest possible cost.
Section 81	Heritage Western Cape must implement policies to actively promote and maintain the welfare of the people of the Western Cape, specifically regarding the protection and conservation of the natural historical, cultural historical, archaeological and architectural heritage of the Western Cape for the benefit of present and future generations. Heritage Western Cape must implement specific policies in this regard.

7.2 Legislative mandates

National Legislation	Reference	Description
Public Finance Management Act, 1999	Act 1 of 1999	The Public Finance Management Act (PFMA): <ul style="list-style-type: none"> regulates financial management in national and provincial governments, listed or unlisted public entities, constitutional institutions and provincial legislatures. ensures that all revenue, expenditure, assets and liabilities of these institutions are managed efficiently and effectively; and defines the responsibilities of persons entrusted with financial management in these bodies.
Promotion of Access to Information Act, 2000	Act 2 of 2000	This Act gives effect to the right to have access to records held by the state and private bodies. Among other things, HWC and every other public and private body must: <ul style="list-style-type: none"> compile a manual that explains to members of the public how to lodge an application for access to information that the body holds; and appoint an information officer to consider requests for access to information held by the body.
Promotion of Administrative Justice Act, 2000	Act 3 of 2000	This Act: <ul style="list-style-type: none"> sets out the rules and guidelines that administrators must follow when making decisions; requires administrators to inform people about their right to review or appeal and their right to request reasons; requires administrators to give reasons for their decisions; and gives members of the public guidance on the grounds to challenge the decisions of administrators in court.

PART A: GENERAL INFORMATION

National Legislation	Reference	Description
Protection of Personal Information Act, 2013	Act 4 of 2013	<p>This Act places a responsibility on institutions to ensure the following:</p> <ul style="list-style-type: none"> To promote the protection of personal information processed by public and private bodies; and To introduce certain conditions to establish minimum requirements for the processing of personal information. <p>As HWC collects personal information in the processing of applications, the POPI Act needs to be complied with.</p>
National Heritage Resources Act, 1999	Act 25 of 1999	<p>Heritage Western Cape derives its mandate from this legislation. Furthermore, the Act empowers HWC to perform the following:</p> <ul style="list-style-type: none"> To identify, record and assess relevant heritage resources within Western Cape; To protect and manage heritage resources within the Western Cape; and To establish policies, objectives and strategic plans for heritage resources management.
World Heritage Convention Act, 1999	Act 49 of 1999	<p>Heritage Western Cape, in compliance with this Act, ensures that sites that are nominated for World Heritage Site status must be formally protected and where necessary provide support with ongoing conservation and periodic reporting.</p>
Western Cape Heritage Resource Management Regulations	PN 336 of 25 October 2002, PN 298 of 29 August 2003, PN 212 of November 2004, PN 106 of 31 March 2005. PN 7497/2015 of September 2015.	<p>Regulations provide for the practical implementation of heritage management in the Western Cape.</p>
Preferential Procurement Policy Framework Act, 2000	Act 5 of 2000	<p>To give effect to section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution.</p>

7.3 Policy Mandate

Policy	Description
Financial Delegations	Delegations of power issued by the Accounting Authority in terms of section 44(1) and 44(2) of the Public Finance Management Act, 1999.
Supply Chain Management Delegations	Delegations of power issued by the Accounting Authority in terms of section 44(1) and 44(2) of the Public Finance Management Act, 1999.
Materiality Framework	The Accounting Authority is required to develop and agree on a framework of acceptable levels of materiality and significance with the Executive Authority in consultation with external auditors.
Remuneration of Members	To facilitate payment to members of HWC nominated to attend conferences, projects, meetings, and workshops on behalf of the Entity.
Enterprise Risk Management	To give effect to the requirements of the Public Finance Management Act, Act 1 of 1999, Section 51(1)(a)(i) which states that the Accounting Authority must ensure that the Entity has and maintains an effective, efficient and transparent system of financial and risk management and internal control.
Supply Chain Management Policy	To regulate supply chain management within the Entity.

7.4 Case law

Court Case	Reference	Description
Louis Johannes Raubenheimer v the Trustees of the Hendrik Johannes Bredenkamp Trust and Others	Western Cape High Court, case no. 10228/2004	The judgment deals with what constitutes a “bona fide interest” in a decision of a heritage authority which will convey locus standi to appeal in terms of the NHRA. The Court found that it had to be a real interest and not just a sentimental attachment to the heritage resource.
Top Performers (Pty) Ltd v Minister of Cultural Affairs and Recreation	Western Cape High Court, case no. 5591/2005	This judgment had a profound impact on the appeal processes of the tribunals appointed by the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with Regulation 12 of PN 336 of 2003. DCAS and the MEC took corrective steps to ensure fair administrative processes and make provision for the admission of new evidence into the record of a tribunal process, as well as better compliance with the rules of natural justice in terms of the audi alteram partem maxim.
The Chairpersons’ Association v Minister of Arts and Culture	Supreme Court of Appeal, case no. 25/2006	This judgment sets out what constitutes adequate consultation with local communities and other stakeholders in respect of proposed changes to geographical names. DCAS and the Western Cape Provincial Geographical Names Committee established by the MEC are important role players in the implementation of the relevant legislation, especially with respect to the facilitation of consultation with stakeholders and communities. They must take this judgment into account in the processes and procedures they use to manage proposed changes to geographical names.

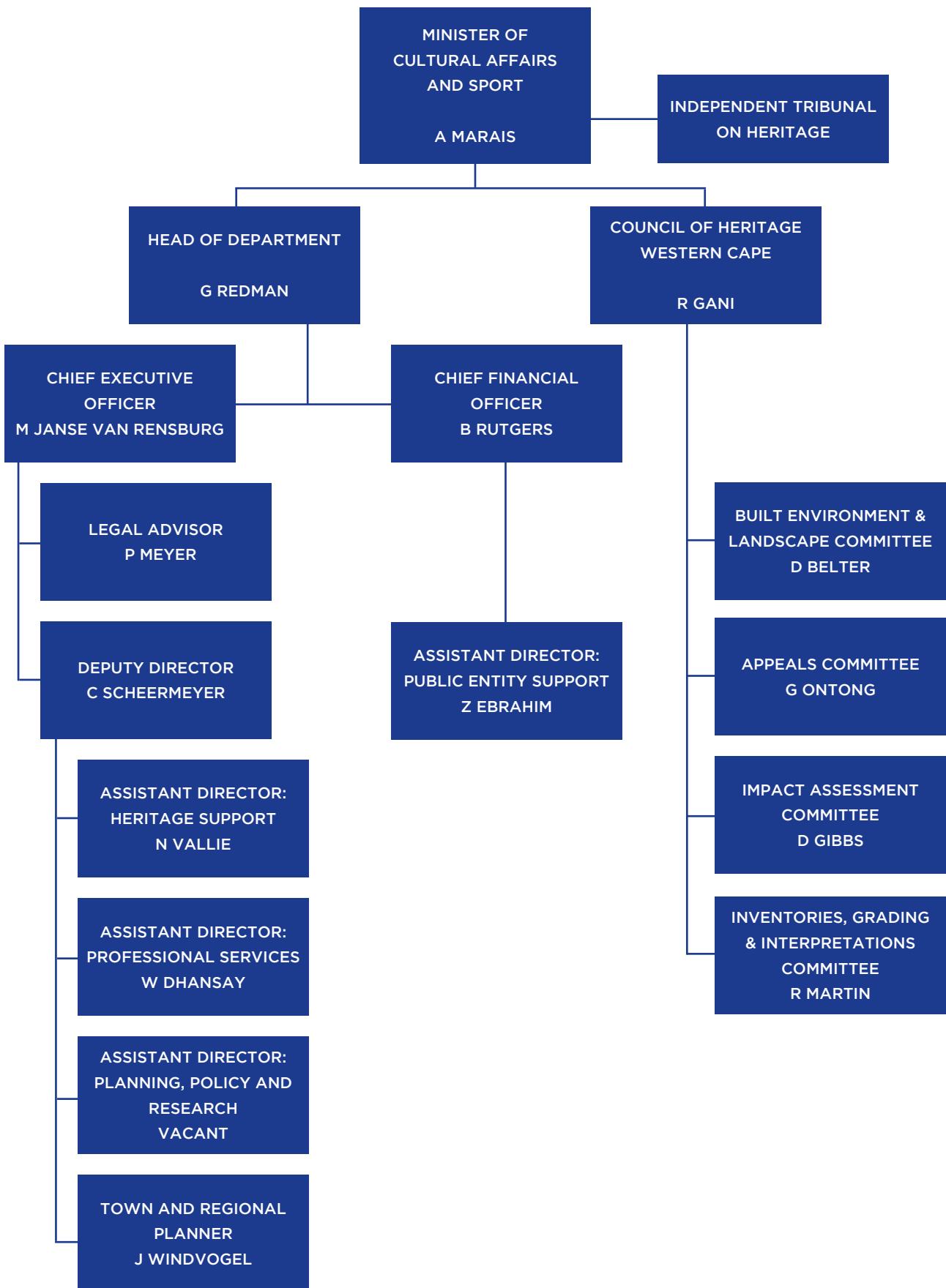
PART A: GENERAL INFORMATION

Court Case	Reference	Description
Qualidental Laboratories v Heritage Western Cape	Supreme Court of Appeal, case no. 647/2006	This judgment confirmed the powers conferred on the MEC and Heritage Western Cape to impose conditions on a development in terms of section 48 of the National Heritage Resources Act, 1999.
South African Heritage Resources Agency v the Arniston Hotel Property (Pty) Ltd and One Other	Western Cape High Court, case no. 5446/2006	The judgment deals with the matter of work approved under the National Building Regulations prior to the institution of a formal protection in terms of the NHRA and issues of validity of a notice of provisional protection.
Willows Properties (Pty) Ltd v Minister of Cultural Affairs and Sport	Western Cape High Court, case no. 13521/2008	The applicant filed an urgent application in the High Court to compel the MEC to make a decision or, alternatively, to issue the Record of Decision in respect of an appeal lodged with the MEC in terms of section 49 of the National Heritage Resources Act, 1999, read with regulation 12(7) of PN 336 of 2003. The impact of the judgment on DCAS is that it must ensure that tribunals issue Records of Decision in good time. Corrective measures have been implemented.
Waenhuiskrans Arniston Ratepayers Association and Another v Verreweide Eiendomsontwikkeling (Edms) Bpk and Others	Western Cape High Court, case no. 1926/2008	The Court considered whether the South African Heritage Resources Agency or Heritage Western Cape have jurisdiction in respect of sites that have been graded by SAHRA as Grade 1 sites in terms of sections 35 and 36 of the National Heritage Resources Act, 1999. The Court found that, in such cases, SAHRA has jurisdiction. The implication of this judgment for HWC is that the Department must provide legal assistance to Heritage Western Cape to interpret the legislation, and it must ensure that HWC acts within its legal mandate.
Peter Gees v the Provincial Minister of Cultural Affairs and Sport, Western Cape, the Chairperson, Independent Appeal Tribunal, Heritage Western Cape, the City of Cape Town, City Bowl Ratepayers; & Residents' Association	Western Cape High Court, case no: 6205/2015	The Court has confirmed that, despite the facts in this case are different than in the Qualidental case, the imposition of conditions are within the parameters of the National Heritage Resources Act, 1999 and are consistent with the overall scheme of the Act. Conditions can be imposed in a permit for demolition of an existing structure older than 60 years in terms of section 34(1) of the Act provided that they are imposed for a clear heritage purpose.
Piketberg Local Heritage Committee and Another v Liebco Vleishandelaars Edms Bpk and others (Heritage Western Cape 2nd Respondent)	Western Cape High Court, case no. 1103/ 2016	Application for review of a decision of HWC's Built Environment and Landscape Committee (BELCom). Permission was granted by BELCom to demolish a building on Erf 207 Piketberg. The Piketberg Heritage Committee applied to the High Court to review the decision as the provisions of PAJA were not complied with. The Court considered HWC's present policy of requiring consultation only with registered conservation bodies and held that, as the decisions taken had the potential to affect members of the general public, broader public consultation was required. This will mean that applicants will be required to advertise proposals for comment from the general public.

Court Case	Reference	Description
Bryer NO and others v HWC	Western Cape High Court, case no. 16392/2017	Application for review of a decision of HWC to impose a stop works order and a declaratory as to whether an application in terms of section 38 of the NHRA was necessary. This hinged on the definition of the trigger factor in S38(1) of a “site greater than 5000m2”. Heritage Western Cape had consistently used the erf size as the trigger. The applicant argued that “site” did not mean “erf”, and that in this specific case, the erf, although larger than 5000m2, it was notionally divisible into two separate sites. The court agreed with this argument. It is important to note that the court did not hold that the site was equivalent to the development footprint. The erf size may still be indicative of the site size, but a more nuanced approach is necessary.
Bo-Kaap Civic and Ratepayers Association v City of Cape Town	Western Cape High Court, case no, 7031/2017	Heritage Western Cape joined as an applicant in this application to review the decision of the City of Cape Town to permit the construction of a multi-storey development on this site, which is partially in an HPOZ, and borders on the historic Bo-Kaap. Heritage Western Cape argued that the proximity of the development to two Provincial Heritage Sites meant that it would “alter” the Provincial Heritage Sites and that a permit in terms of S27 of the NHRA should be obtained. The court did not accept this argument. It also declined to review the decision of the City of Cape Town.
Midnight Storm Investments 170 (Pty) Ltd v Minister of Finance and others	North Gauteng High Court Case no 46055/2015	The plaintiff in this case sought compensation from the State and HWC arising from the declaration of an area of their land as a PHS (The Baboon Point PHS at Elandsbaai). The plaintiffs claimed that the declaration had effectively sterilised their rights to develop the land and that it amounted to either a constructive expropriation or an unlawful taking of their ownership rights as protected by s25 of the Constitution. Alternatively, they asked for a ruling that the NHRA was unconstitutional because it authorised the taking of ownership rights without compensation. The Court found that the declaration was lawful and that it did not amount to constructive expropriation. The Court also found that the protection of property rights in terms of s25 of the Constitution is not absolute but is subject to public interest rights.

PART A: GENERAL INFORMATION

8. ORGANISATIONAL STRUCTURE



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary procedures on the performance information to report on the material findings.

Refer to page 84-88 for the Report of the Auditor-General, published in Part F: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

HWC is the provincial heritage resources authority responsible for the identification, protection, conservation promotion and management of heritage resources in the Western Cape. Its mandate to manage cultural matters in the province is derived from the Constitution of the Republic of South Africa, the Constitution of the Western Cape and the National Heritage Resources Act.

While not its primary responsibility, the demand for services has been in the area of heritage applications for development of structures older than 60 years in terms of section 34 of the NHRA, and larger development applications as triggered in terms of section 38 of the NHRA. Most of the section 34 applications relate to structures which are of local significance and as such these Grade III structures, which should be managed at local municipal level, have been managed by HWC for many years. The intended provisions of the NHRA, in terms of the national and provincial constitutional mandates, sets management of heritage resources at three spheres of government: national (Grade I) as managed by the South African Heritage Resources Agency; provincial (Grade II) as managed by the provincial heritage resources authority (HWC) and heritage resources of local significance (Grade III) as managed by local authorities.

The process of delegating functions to local authorities has been through many interactions and iterations of discussions with various authorities, but positive steps have been made in the last year with the City of Cape Town (CoCT). This municipal area forms the bulk of permit applications processed by HWC. HWC and the CoCT have developed a phased approach strategy to address the delegations pertaining to the management of local heritage resources.

While HWC still carries a great deal of work managing heritage resources of local significance, over and above the management of grade II heritage resources, it continues to be a key role player in the approval processes of developments as triggered in terms of the National Heritage Resources Act.

The need for economic stimulus and growth in the province places an expectation on HWC to respond efficiently to incoming development applications. The entity has streamlined its services as much as possible, but these have been challenged by the escalating loadshedding crises in the country. Business continuity measures are in place and operationally the management team reviews its operational schedules to adjust and limit interruptions to service delivery. This has required review of loadshedding schedules and realigning meeting times and the order of business at meetings of committees to ensure members of the public are hosted to review their permit applications. All required meetings of HWC were successfully undertaken during this financial year. The online meetings have proved very beneficial to stakeholders and interested and affected parties. Previous in-person committee meetings required a presence at the offices of HWC, whereas the current online meetings have allowed for greater accessibility province wide, as such meetings are open to the public to attend.

In response to the nationwide energy crisis and need for homeowners to install alternative power generation mechanisms, HWC have included the installation of solar panels as part of the minor works submission process. This is to ensure the effective and efficient permitting process for the public.

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Furthermore, HWC's service delivery improvement roadmap continues to guide the improvement of services. This has been informed by HWC's work as part of the Fixed Capital Property Development Team (FCPD), which was launched as a pilot phase in 2019 and has continued its work successfully since. The initiative aimed to identify and address blockages in service delivery in various key points of growth for the province. The identified problem the team sought to address relating to HWC was stated as, "Job losses and declining economic activity in the construction and property development industry in the City of Cape Town". The FCPD team adopted the Problem Driven Iterative Adaptation (PDIA) methodology to undertake its work in identifying the main and sub-causes of the problem, entry points for action and change spaces to solve the problem. Through the work of the FCPD team, HWC initiated several key initiatives which continued during 2022/2023. These include:

- the exemption of certain areas or types of development from the need to obtain heritage authorisation. One previous success was the exemption of the Parow Station Precinct from section 34 of the NHRA.
- the engagement with local authorities to encourage them to be declared competent in terms of the NHRA to manage local heritage resources, leading to efficient decision making at a local level.
- continuing to identify areas that can streamline or fast track permit application processes.

These key initiatives have been assimilated into the HWC service delivery improvement plan and assists the entity to focus on three key areas. These are 1) to expand capacity within the entity, 2) promote heritage and 3) improve efficiency.

The needs in the service delivery environment remain high in respect of efficient services which are accessible to the public. Matters such as economic growth, jobs, technology, social welfare, environment, and wellbeing of the people of the Western Cape have been taken into account. The areas of priority as identified in the financial year, which is also reflected in the planning of HWC's Annual Performance Plan, underscore priorities within heritage resources management which continue to receive attention. These include:

1. Building an efficient heritage resources management system that enables stakeholders and communities to have confidence in the work of HWC;
2. The declaration of significant heritage resources as Provincial Heritage Sites (tangible and intangible) in order to reflect the diversity of the province and heritage of communities who were neglected in the past;
3. Reaffirming the relationship with municipalities and conservation bodies in order to ensure compliance with the NHRA,
4. Undertaking outreach programmes to communities in order to highlight the positive and stabilising effects that heritage can have in resolving social ills, creating social inclusion and building active citizenship.

The role of local conservation bodies and interest groups continues to influence and assist in HWC having a collective, integrated approach to managing heritage and to better service delivery of the WCG. In its engagements in the year there have been many discussions related to the significance of intangible heritage resources and the inclusion of first nation groups in such conversations. HWC values the role of conservation bodies, interested heritage groups in local communities and depends on active and engaged communities to assist in the identification, promotion and management of heritage resources in the province. HWC forms an integral part of the value chain in the service delivery context of the WCG and advocates for a sustainable development approach with stakeholders which places culture and heritage as a pivotal arm in the development and wellbeing of society.

Lastly, a continuing challenge within the heritage resources environment is the need for appropriately qualified personnel, and where possible, experienced staff in heritage resources management. Local and national positions in this space often offer more competitive salaries than can be offered at a

provincial level. This inevitably leads to some staff choosing to move to higher paid positions. Part of the HWC service delivery improvement plan includes addressing this potential attrition by focusing on the wellbeing of staff and incentives that are not monetary based but form part of building a healthy and valued organisational culture.

2.1.1 Summary of applications, site inspection reports and enquiries

While the NHRA provides for a variety of activities to be undertaken by a provincial heritage resources authority, the bulk of the work of HWC still comprises the processing of applications under the terms of Chapter II of the Act. During the year under review HWC processed 2 265 heritage applications.

A coordinated site inspection programme was undertaken by HWC officials specifically looking at the status of significant passes in the province. This has also been in response to greater interaction with the Department of Public Works and being proactive in determining the status and conservation needs of passes formally protected in terms of the NHRA. Furthermore, HWC conducted site inspections of PHS as aligned to its APP target for the financial year and undertook site inspection related to reported illegal works.

The following site inspections were conducted as part of the annual performance plan indicator whereby reports were drafted assessing the sites heritage conservation requirements. The sites include, Genadendal Mission Station, Overberg; Seven Passes in the Eden District; CP Nel Museum in Oudtshoorn and the Kleinplasia Museum in the Cape Winelands. The reports have been used for establishing further engagement with the owners of the properties regarding any maintenance and conservation required. Successful engagement with the Western Cape Department of Transport and Public Works regarding various sites under their management, which are formally protected, are ongoing.

Additionally, all application forms have been updated over this period in order to assist the review of applications.

2.1.2 Number of applications per year

The bulk of applications were development applications relating to alterations, additions to, or total demolition of structures older than 60 years in terms of s34 of the NHRA. Of the 2 265 applications processed by HWC, 51 were applications made pertaining to the management of Provincial Heritage Sites, and 21 permit applications for the excavation or research of archaeological or paleontological sites or objects were received. Furthermore, Development applications, Notification of Intent to Develop and Heritage Impact Assessment amounted to, 409 and 85 respectively.

HWC received 61 less applications during 2022/2023 when compared with the previous financial year, however the number of applications is consistent with pre-COVID numbers when considering 2019/2020 and earlier. The increase in applications during 2021/2022 financial year may be attributed to post-COVID recovery factors.

The graph below (figure 1) illustrates the number of applications received over the past five financial years. As can be seen from the graph the number of applications received from 2022/2023 has stabilised in accordance with pre-Covid figures.

PART B: PERFORMANCE INFORMATION

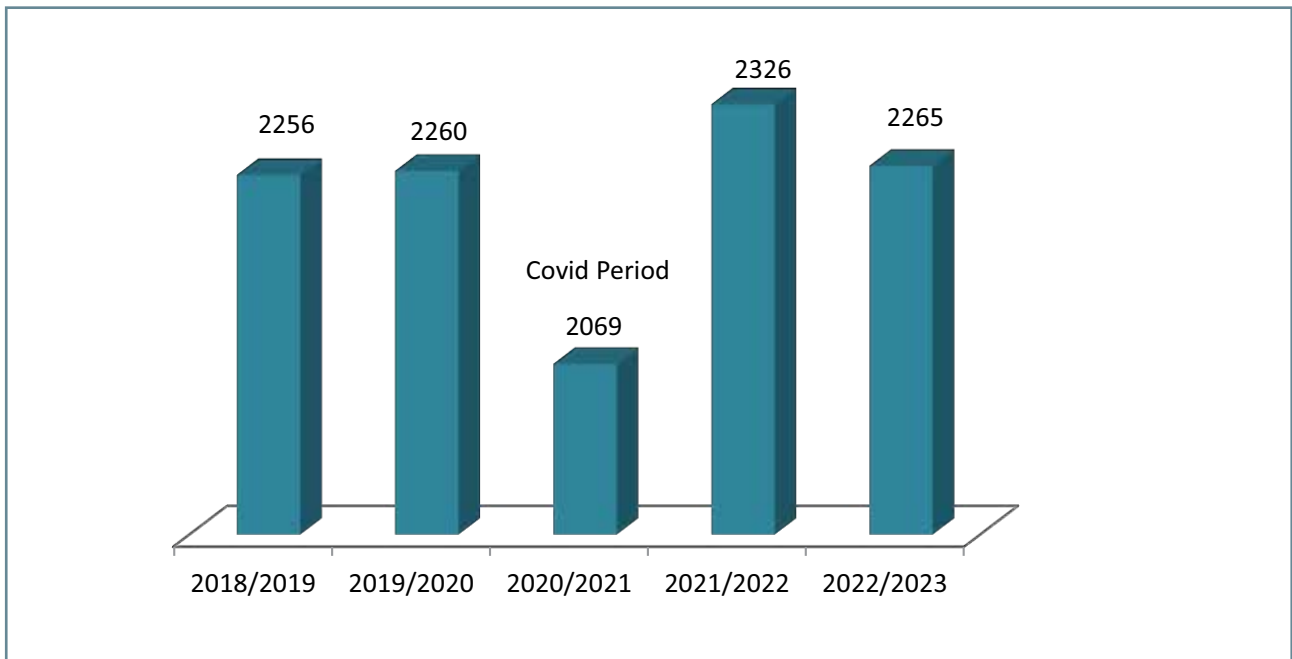


Figure 1: Number of applications processed per year - over the past five financial years

Figure 2 illustrates the proportions of types of applications received by HWC in the year under review. The majority of applications received are for additions and alterations to structures older than 60 years (section 34). A significant percentage of these applications are grade III heritage resources which should be managed by local authorities in terms of NHRA.

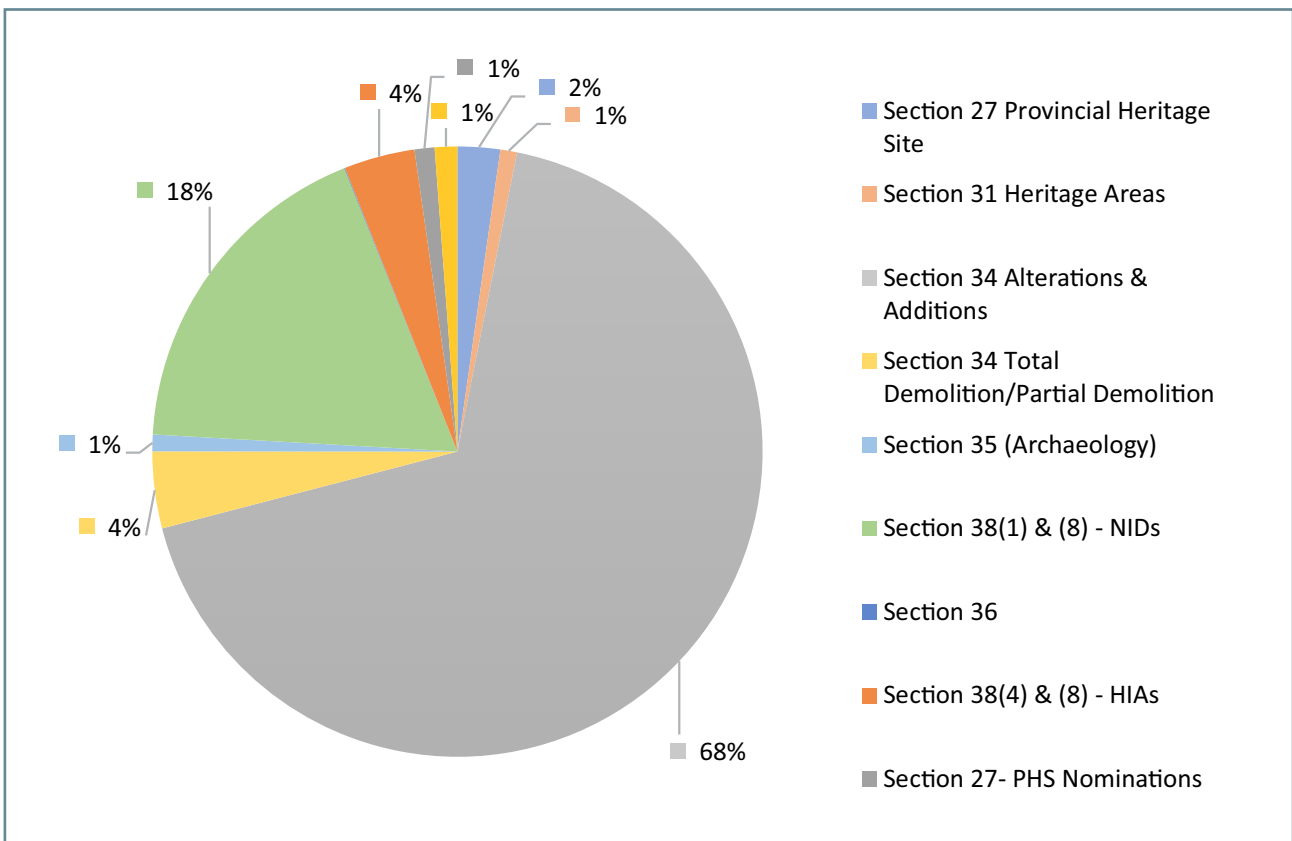


Figure 2: The proportions of the types of applications received by HWC.

2.1.3 Processing of applications by HWC Committees

Applications to HWC are processed by the following committees: Built Environment and Landscapes Committee (BELCom); Inventories, Grading and Interpretations Committee (IGIC), Impact Assessment Committee (IACom); Appeals Committee and Heritage Officers Meetings (HOMs). The agendas for all the meetings are posted on HWC’s website, DCAS website and circulated to parties wishing to attend the meetings and partake in the discussions. The graph below (figure 3) illustrates the percentage of applications considered by each committee. This year the new Council of HWC absorbed the functions of the previous Archaeology, Palaeontology and Meteorites Committee (APM) with that of IACom. The reason was the expanded capacity internally of heritage officers and specialist heritage officer in archaeology, as HWC had four archaeologists full time. All officials assisting with HOMs meetings are internal DCAS staff seconded to HWC while members of committees are appointed by Council. Many cases were processed and finalised at the weekly Heritage Officers Meetings with little to no referrals to the APM committee which had monthly scheduled meetings. This therefore required less meetings of the APM Committee in the year, and its subsequent inclusion into IACom to ensure APM continue being addressed when referred for more specialist or complex applications.

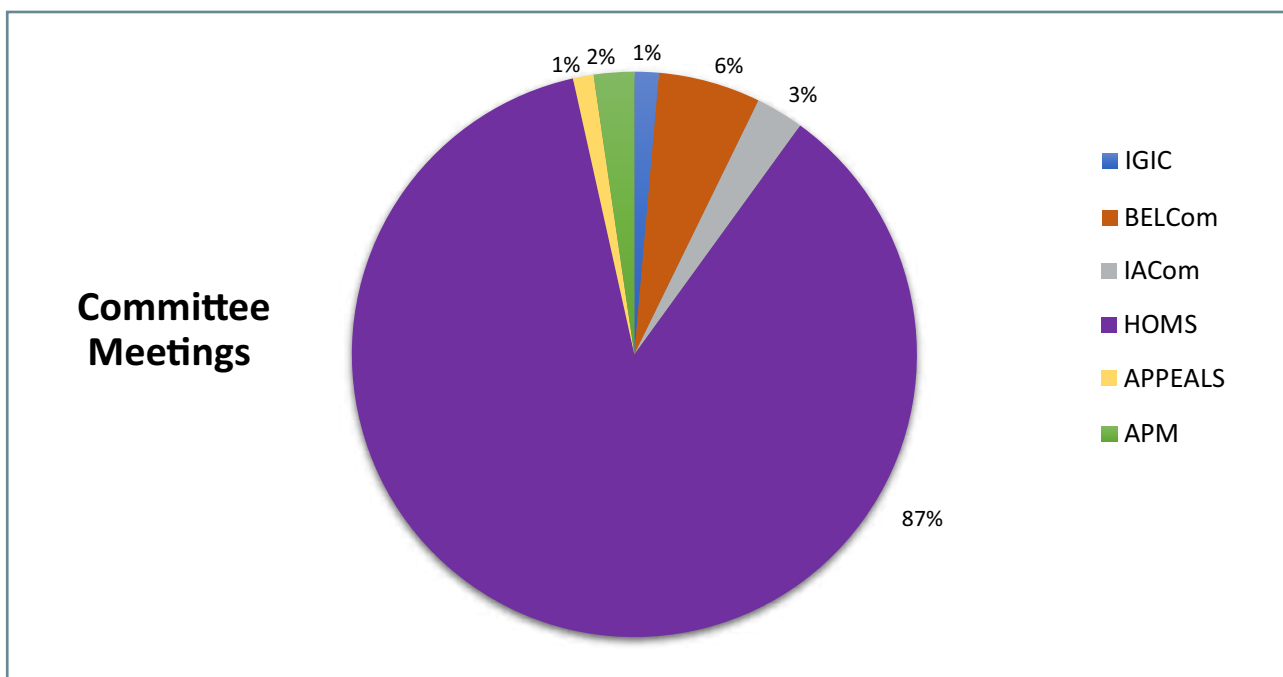


Figure 3: Percentage of applications considered by each committee

2.1.4 Internal appeals process

Section 49 of the NHRA requires HWC to establish an internal system of appeals, which must be considered either by the Council or an Appeals Committee. Regulations made by HWC provide that the Appeals Committee must be comprised of two Council members and up to three additional members. The Appeals Committee considers appeals by any party to an application (applicant or interested and affected parties) dissatisfied with a decision of one of HWC’s committees. During the financial year under review, a total of 27 appeal applications were lodged with the Appeals Committee. The appeals were mostly section 34 applications related to development of buildings older than 60 years. Appeals also included decisions on notification of intent to develop (NID) applications where decisions of the HOMs were appealed in respect of requesting specialist studies where it believed heritage resources would be impacted or where it did not require any further studies.

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2.1.5 Appeals to the Independent Tribunal on Heritage (ITH) (Tribunal)

If any member of the public or an applicant is not satisfied with a decision of the Appeals Committee, they have an opportunity to escalate their appeal to the Minister of Cultural Affairs and Sport in terms of sections 38(6) and 49 of the NHRA. The Minister (Executive Authority) is empowered to establish an Tribunal consisting of three experts having expertise in heritage matters or law. The Tribunal is independent of HWC and the appeal is heard as a wide appeal, meaning the Tribunal can take new information into consideration when reviewing the grounds for appeal. The Tribunal cannot however apply itself beyond the scope of what has been cited by the appellant as its grounds for appeal. During the financial year under review decisions were referred to the Tribunal, of which 12 were considered in that financial year. Of the heard items, rulings have been received for 10 matters, of which 3 were in HWC's favour.

2.2. Organisational environment

On 1 November 2022, the Minister of Cultural Affairs and Sport, appointed a new Council of HWC as the previous Council's term of three years ended on 31 October 2022. The new Council comprises members of various qualifications and expertise ranging from architecture, town planning, structural engineering, heritage resources management, business, law, etc.

The term of the committees of the previous council was extended until the new Council could go through the process of appointing its committees. This process entailed a call for public nominations and the final adjudication of members were appointed by Council in February 2023, with the new committees comprising BELCom, IACom, IGIC and Appeals appointed as of 1 March 2023. The terms of the committees are aligned to the three-year term of Council which will end 31 October 2025. The committee members have skills and expertise relevant to the designated committee in terms of its delegated functions by Council. HOMs is the only committee comprising only of staff appointed by the DCAS, assisting the entity with its functions. HOMs is delegated by Council to make decisions on applications to HWC.

In addition to operational support to HWC, the DCAS provides an annual subsidy to HWC in order to enable it to implement the NHRA. HWC has started assessing its revenue stream in the increase of permit application fees to avoid a scenario where it is heavily dependent on the annual transfer payment of the department. An inherent risk related to contingent liability HWC faces is its decision making of its permit application due to possible legal action. This has been appropriately mitigated within the risk tolerance level, as an appointed legal adviser (Deputy Director) oversees all decisions and meetings of Council and Committee. In addition, recruitment is underway to appoint an Assistant Director as part of the legal team.

During the year recruitment continued to ensure additional staffing capacity was provided to HWC as part of the DCAS capacitation of its Heritage Resources Management Services section within Museums, Heritage and Geographical Names directorate. Staff within this section are seconded to the entity, which includes administrative support. A Specialist Heritage Officer (archaeology) was appointed during the financial year, adding additional capacity to the management of archaeological resources.

Formal protection of heritage resources is tabulated below:

During the year under review, HWC dealt with the protection of heritage resources that are associated with the spatial and social expression of resilience and oppression which dominated the South African settlement morphology. The following sites were formally protected as Provincial Heritage Sites:

Site Name	Provincial Gazette Notice	Abridged statement of significance	Locality & GPS co-ordinates
Erf 2, Nicolaas Cleef House, De Zalze, Stellenbosch	P.N 147/2022	<p>The Nicolaas Cleef House is a rare remaining example (albeit partly reconstructed) of a pioneer building dating to the late 17th or early 18th Century, within a landscape setting that has remained sufficiently intact to provide a unique view of early colonial settlement of the Cape Winelands, it marks a specific moment in the evolution of the Cape Winelands cultural landscape.</p> <p>It is a unique example of a Cape vernacular longhouse, a simple thatched cottage that was constructed by early colonial settlers. It's setting forms an important part of its significance in that it has relatively unmarred views over the Blouklip River which provide a rare opportunity to experience the landscape as it could have been more than a century ago. It is an important element of a Cape farm werf that has evolved over time, with quality buildings representing key architectural periods in the development of South African architecture since colonial occupation.</p> <p>The building contributes to our understanding of the history of human occupation in the local context, from the early colonial occupation of the Eerste River Valley. Each owner was an enslaver and the enslaved people also contributed to the evolution of the farm and the building. Later, the building was occupied by formerly enslaved people and farm workers. The building housed some form of labour (enslaved, so-called apprentices and farm workers) from its inception over a period of three centuries. This continuity of use seems to be very rare, at least in the local context.</p> <p>This building is a rare structure containing very old fabric and is at present the only known example of a fully restored pioneer cottage in the Cape Winelands, if not further afield.</p>	33°58'16.0"S 18°49'02.2"E
Claremont Wash House and Caretakers Cottage, Erf 50406, Claremont	P.N 148/2022	<p>The Claremont Wash House and Caretaker's Cottage is a significant representation of the transitioning lives of the freed enslaved washerwomen who continued to serve the homes they were previously bound to.</p> <p>The washerwomen were formally enslaved people who continued to serve homes in the area by collecting dirty laundry and going to the river to wash it.</p> <p>These women, who had husbands who either worked on distant farms, or as fishermen at sea, became resourceful in their endeavour to provide for themselves and their children in the absence of their men, and extended their services to homes in the area to continue doing the washing, but for a fee.</p>	33°58'30.3"S 18°28'51.8"E

PART B: PERFORMANCE INFORMATION

Site Name	Provincial Gazette Notice	Abridged statement of significance	Locality & GPS co-ordinates
		<p>It was an important social event in the lives of the women and children, and they worked as a group. The day would include fires made to boil water and cook food, while the children played on the banks of the rivers. This caused major dissention as the rivers quickly became polluted which in turn rendered the river water further down useless and caused sickness in the community. The City Council outlawed this practice when it built municipal wash houses.</p> <p>The washerwomen were mandated to use them, but it was managed, and a fee was levied to the women for this service. This made the women unhappy and many of them continued the practice on the riverbanks.</p> <p>The City Council resorted to policing the river which then led to some using the private properties with riparian rights to continue to launder in the river. The washerwomen lived in what is now Harfield Village, (in the Durham Road area), Belletjebos (Cavendish Square area - Bishop Lea) and a settlement near Protea Road in Newlands. With modern technology came washing machines and the wash houses were all closed in the 1940s.</p>	33°56'16.8"S 18°27'42.6"E
Imam Abdol Rakiep grave site only situated at the Muslim Cemetery on Remainder Erf 27440, Mowbray	P.N 36/2023	<p>Imam Abdol Rakiep, the son of Imam Abduroaf, son of Tuan Guru, was a trend setter of his time. He was the progenitor of the Rakiep family, who originally adopted his name as their surname. He was one who showed leadership in the community. As a scholar he broke down the rigid thinking of jurisprudence, despite it being an unpopular position. As a youth, he led the community as the Imam of the Mosque. He preserved the artifacts and literary works of his grandfather, which was ably preserved through his descendants. When he obtained a property in Frere Street in District Six, he developed a model of self-sustaining endowment. It was used as a place of worship, which served as a place for religious learning. He was a spiritualist healer who help all human beings and their animals. The Imam was also instrumental in obtaining a cemetery for the community after the cemetery in Bo-Kaap was closed.</p>	

2.3 Key policy developments and legislative changes

2.3.1 Policy development

During the financial year the following policies were developed and amended by Council:

Policy	Description
Heritage Inspector Policy	The purpose of this policy is to set criteria for appointment and training of Heritage Inspectors, the conducting inspections, and to ensure compliance with Section 50 of the NHRA.

2.3.2 Criminal Charges

Case number	Case name	Status
76/5/2015	State v L Raymond relating to the 191 Main Road, Paarl (a Provincial Heritage Site).	The case was heard by the Magistrates at the Paarl Court where a representative of HWC testified. The matter was postponed until 9 July 2021. The matter was further postponed to 4 October 2021 due to Covid-19 Regulations and once again to 24 February 2022 and on to 14 March 2022 to set a final date for the matter to be heard on 10 May 2022. The matter was then once again postponed until 20 June 2022. A meeting was subsequently held between the Magistrate and the defendant. Thereafter Heritage Western Cape was informed that the case has been withdrawn, without providing the reasons for the withdrawal. Reasons for the withdrawal is being sought from the Magistrate Court.

2.3.3 HWC matters in Courts

During the financial year under review HWC has been involved in the following court actions:

Case Number	Court	Matter	Status
46055/15	North Gauteng High Court	Midnight Storm Investments 170 (Pty) Ltd v Minister of Arts and Culture and Others	<p>The plaintiff in this case sought compensation from the State and HWC arising from the declaration of an area of their land as a PHS (The Baboon Point PHS at Elandsbaai). The plaintiffs claimed that the declaration had effectively sterilised their rights to develop the land and that it amounted to either a constructive expropriation or an unlawful taking of their ownership rights as protected by s25 of the Constitution. Alternatively, they asked for a ruling that the NHRA was unconstitutional because it authorised the taking of ownership rights without compensation. The Court found that the declaration was lawful and that it did not amount to constructive expropriation. The Court also found that the protection of property rights in terms of s25 of the Constitution is not absolute but is subject to public interest rights.</p> <p>The judgment was appealed. The applicant thereafter approached HWC to investigate a proposed settlement and is in the process of submitting an amended application to HWC. The appeal process has been suspended pending the outcome of the application.</p>

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Case Number	Court	Matter	Status
14894/17	Western Cape High Court	Exclusive Access Trading 570 (Pty Ltd) v Chairperson, Independent Tribunal, Minister of Cultural Affairs and Sport and Heritage Western Cape	Still in pleadings stage

2.4 Progress towards achievement of institutional Impacts and Outcomes

HWC has aligned its strategic plan and performance plan to the Provincial Vision Inspired Priorities within the context of its legal mandate to identify, protect, conserve, manage and promote heritage resources as per the National Heritage Resources Act (Act 25 of 1999). The intended strategic impact has been to 'conserve and promote heritage resources that builds a sense of social inclusivity and contribute to economic growth'. The outcome indicators speak to an integrated management of heritage resources, with the first outcome indicator addressing the protection of heritage resources and the second outcome indicator address the management of heritage resources through promotion. Over the past year there has been satisfactory outcomes regarding these strategic indicators, as all targets in the Annual Performance Plan under review were achieved, with an overachieved target on the 'number of Council and Committee meetings hosted in order to make decisions in terms of the NHRA'.

3. PERFORMANCE INFORMATION BY PROGRAMME: HERITAGE RESOURCE MANAGEMENT SERVICES

3.1. Programme/activity/objective

The purpose of Heritage Western Cape is to advise the Minister on the implementation of the National Heritage Resources Act (Act 25 of 1999) and in so doing, protecting and managing the heritage resources of the Western Cape.

Key performance indicators planned targets and actual achievements.

Programme / Sub-programme:									
No.	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
1.1	Integrated management of heritage resources in the Western Cape.	Policies; regulations; guidelines or protocols developed and approved	Number of policies, regulations, guidelines or protocols approved by Council or the Chief Executive Officer	1	1	1	1	-	
1.2	Integrated management of heritage resources in the Western Cape.	Declaration & Identification of Provincial Heritage sites	Number of provincial heritage sites formally protected	5	3	3	4	+1	Due to high volume of applications received by HWC, 1 extra PHS was formally protected
1.3	Integrated management of heritage resources in the Western Cape.	Site inspections undertaken by HWC	Number of site inspections undertaken to provincial heritage sites	2	4	4	4	-	
1.4	Integrated management of heritage resources in the Western Cape.	Scheduled meetings of HWC council and committees in order to implement NHRA	Number of Council and committee meetings hosted in order to make decisions in terms of the NHRA	134	117	110	111	+1	Additional meeting was held due to the complexity of applications received requiring due consideration for heritage decisions to be made.

PART B: PERFORMANCE INFORMATION

Programme / Sub-programme:									
No.	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
1.5	Integrated management of heritage resources in the Western Cape.	The recognition that the site is a declared provincial heritage site by means of unveiling a plaque	Number of provincial heritage sites unveiled	2	2	2	2	-	
1.6	Integrated management of heritage resources in the Western Cape.	Workshops or meetings hosted to create awareness about the importance of conserving heritage resources and management implications of such resources	Number of programmes hosted to promote heritage resources management	1	4	4	4	-	

Strategy to overcome area of under performance

There were no areas of underperformance for the entity in the year under review.

Programme/ Sub Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
N/A								

4. REVENUE COLLECTION

Source of Income	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
Other Operating Income *	750	1 791	(1 041)	1 023	887	136
Transfer Payment	1 537	1537	-	898	898	-
Interest Income **	361	462	(101)	200	201	(1)
Other non-tax revenue	0	25	(25)	0	0	0
Total	2 648	3 815	(1 167)	2 121	1 986	135

* The over collection is mainly due to more Heritage applications received than anticipated.

** The over collection is mainly due to the increase in the interest rate.

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
Goods and Services	2 648	1 585	1 063	2 121	1 945	176
Total	2 648	1 585	1 063	2 121	1 945	176

*The under expenditure is mainly due to fewer committee meetings held than planned.

Heritage Western Cape received an annual transfer payment from the Department to support the work of the entity total R1 537 000.

Linking performance with budgets

The underspend of the entity under goods and services were due to slower than planned progress on projects. The anticipated spend related to the Gugulethu Seven, required conservation intervention on site first by the local authority, which was delayed but progress made towards the end of the financial year for work to commence in 2023/2024. Another ongoing project which relates to conservation work at Diepkloof Rock Shelter has been tentatively slowed as the work must be appropriately undertaken as the site is included in the UNESCO Tentative World Heritage Site list. This underspend has not however affected the outcomes of HWC's APP targets, as these were all achieved.

4.1. Capital investment

Not applicable

PART C: GOVERNANCE

1. INTRODUCTION

Governance, risk management and compliance are three pillars that work together for the purpose of assuring that the Entity meets its objectives. Compliance with the Entity's policies and procedures, laws and regulations that translate into strong and efficient governance is considered key to the Entity's success. This report provides an overview of the governance embedded in the Entity.

2. PORTFOLIO COMMITTEES

The committees of the Provincial Parliament that have oversight of Heritage Western Cape are the Standing Committee on Community Safety, Cultural Affairs and Sport, and the Standing Committee on Public Accounts (SCOPA).

Meeting	Topic
Standing Committee on Community Safety and Cultural Affairs and Sport	
27 October 2022	Discussion on the 2021/22 Annual Reports of the Department of Cultural Affairs and Sport and its entities: Heritage Western Cape, the Western Cape Cultural Commission, and the Western Cape Language Committee.
26 November 2022	Deliberation and finalisation of shortlist for membership to the Heritage Western Cape Council
28 November 2022	Deliberation on Vote 13: Cultural Affairs and Sport in the Schedule to the Western Cape Adjustments Appropriation Bill, 2022.
16 March 2023	Discussion of Vote 13: Cultural Affairs and Sport, in the Schedule to the Western Cape Appropriation Bill, 2023

The Department entities had the following engagements with Provincial Accounts Committee:

Meeting	Topic
Provincial Accounts Committee	
27 October 2022	Deliberation on the 2021/22 Annual Report for the Department of Cultural Affairs and Sport and its Entities, Western Cape Language Committee, Western Cape Cultural Commission and Heritage Western Cape.

3. EXECUTIVE AUTHORITY

The Executive Authority executed oversight responsibility by monitoring financial and non- financial information for the period under review. The following reports were submitted for monitoring purposes:

Quarterly Performance Report	31 July 2022; 31 October 2022; 31 January 2023; 30 April 2023
In-year Monitoring Report	31 July 2022; 31 October 2022; 31 January 2023; 30 April 2023

4. THE ACCOUNTING AUTHORITY

4.1 Introduction

The Council is established in terms of the National Heritage Resources Act, 1999, and regulations published as Provincial Notice 336 of 25 October 2002. The council is appointed for a term of three years.

4.2 The role of the Accounting Authority is as follows:

The Council is the Accounting Authority and decision-making authority on matters of policy and all areas of decision-making in terms of the NHRA that have not been delegated to its committees, staff or municipalities.

During the year under review the entity had two councils whose terms overlapped.

The previous Council's term ended on 31 October 2022 and the current Council was appointed on 1 November 2022 and their term of office will end at 31 October 2025.

4.3 Board Charter

Heritage Western Cape does not have a formal charter but is guided by the National Heritage Resources Act (Act 25 of 1999).

PART C: GOVERNANCE

Composition of the Council (the council whose term expired on 31 October 2022)

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board of Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Ms Emmylou Bailey	Member	1 November 2019	N/A	MA Archaeology and Heritage Management	Cultural landscapes; archaeology	Hearth Heritage	APM Appeals (alternate member)	13
Ms Katherine Dumbrell	Member	1 November 2016	N/A	B. degree in Architectural Studies; Post Graduate Diploma in African Studies; BA (hons) in African Studies	Architecture; documentation of heritage and database	Kathy Dumbrell Architect Historian Aesthetics Committee of Swellendam Local Municipality	Appeals	9
Mr Stuart Hermansen	Member	1 November 2019	N/A	B.A.S and B. Architecture	Heritage resources; heritage architecture	HB Architects (Pty) Ltd	Appeals	8
Mr Graham Jacobs	Member	1 November 2020	N/A	B.Arch MA Conservation Studies (Built Environment)	Architecture; documentation of heritage and database; Development guidelines	Countryside Design CC.	BELCom	11
Mr Jason Knight	Member	1 November 2019	27 May 2022	Master's in city and Regional Planning	Town and Regional Planning; Heritage Resource Management	Greenrock Group (Pty) Ltd.	IACom IGIC	1

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date Resigned	Qualifications	Area of Expertise	Board of Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings attended
Mr Ron Martin	Member	1 November 2019	N/A	Oral History Methodology Certificate (Honours Level); Post Graduate Diploma in Museum and Heritage Studies (Honours Level)	Heritage Resources Management; Memory; indigenous practices; hidden histories	SA First Peoples' Museum Foundation (Pty) Ltd; SA Sendinggestig Trust.	IGIC	6
Adv Mandla Mdludlu	Chairperson	1 November 2019	N/A	BLuris, LLB, Certificate in Labour Law	Law and Property law	Audit Committee (Overstrand Municipality); West Coast TVET; NHBRC; HPCSA	N/A	3
Mr Bongani Mgijima	Member	1 November 2019	N/A	BA, BPA Hons, PG Diploma Museum and Heritage, MPA and MPhil	Museum and Heritage Studies; heritage management and governance; policy development	Amazwi South African Museum of Literature; Yakhani Tourism Solutions; South African Heritage Resources Authority; Western Cape Provincial Geographical Names Committee	N/A	1

PART C: GOVERNANCE

Composition of the current Council (appointed from 1 November 2022 to 31 October 2025)

Name	Designation (in terms of the Public Entity Council structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board of Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings Attended
Mr Siphiso Mavumengwana	Member	1 November 2022	N/A	National Diploma: Marketing Management	Town and Cultural landscapes;	Western Cape Liquor Authority Conbin South Africa	BELCOM	9
Mr Ron Martin	Member	1 November 2022	N/A	Oral History Methodology Certificate (Honours Level); Post Graduate Diploma in Museum and Heritage Studies (Honours Level)	Heritage Resources Management; Memory; indigenous practices; hidden histories	SA First Peoples' Museum Foundation (Pty) Ltd; SA Sendinggestig Trust.	IGIC	6
Adv Mandla Mdludlu	Member	1 November 2022	N/A	Bluris, LLB, Certificate in Labour Law	Law and Property law	Audit Committee (Overstrand Municipality); West Coast TVET; NHBRC; HPCSA	APPEALS (Alternate member)	6
Ms Corlie Smart	Member	1 November 2022	N/A	BProc; LLM	Heritage law and policy formulation	Belvidex PTY LTD	APPEALS	6
Ms Heidi Boise	Member	1 November 2022	N/A	Btech in Architectural Technological and Planning Geomatics; M Phil Conservation Built Environment	Heritage management and policy matters	Patrimoine Concept	BELCOM	6

Name	Designation (in terms of the Public Entity Council structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board of Directorships (List the entities)	Other Committees or Task Teams (e. g. Audit committee / Ministerial task team)	No. of Meetings Attended
Ms Reyhana Gani	Chairperson	1 November 2022	N/A	Chartered Accountant	Finance, internal and external audit, risk management, IT, Disciplinary and Performance Reporting, APP, Strategy	N/A	N/A	4
Mr Dennis Belter	Member	1 November 2022	N/A	MCommPM - Pgrad Dip	Structural Engineer	Gadomski Consulting Engineers	BELCOM	10
Mr Gregory Ontong	Member	1 November 2022	N/A	PTD, BTheology, MCRP (Master of City and Regional Planning) , MPhil(Conservation of the Built Environment)	intangible heritage related to the built environment, its identification, protection and conservation	Ditsong National Museums of South Africa, Pretoria and Committee member at ECPHRA	APPEALS	8
Mr Cedric Daniels	Member	1 November 2022	31 March 2023	Master of City Planning and Urban Design	Built Environment; Landscapes; Intangible Heritage	N/A	IACOM	1

PART C: GOVERNANCE

List of Committee members 2019 - 2022

Committee	No. of meetings held	No. of members	Name of members
BELCOM	18	5	Mr Graham Jacobs (Chairperson) Mr Dennis Belter Mr Shawn Johnston Prof. Walter Peters Ms Helene van der Merwe
APM	7	7	Dr Lita Webley (Chairperson) Dr Jayson David John Orton Mr John Gribble Ms Emmylou Bailey Dr Wendy Black Prof. Simon Hall (appointed on 27 May 2022) Dr Romala Govender (appointed on 27 May 2022)
Appeals	9	5	Ms Katherine Dumbrell (Chairperson) Dr Nicholas Baumann Prof. Andrew van Graan Dr Antonia Malan Mr Stuart Hermansen Ms Emmylou Bailey (Alternate member)
IGIC	5	5	Mr Ron Martin (Chairperson) Ms Maureen Wolters Dr Bongani Ndhlovu Mr Jason Knight (resign on 27 May 2022) Ms Lynn Michelle Abrahams
IACOM	12	11	Mr David Gibbs (Chairperson) Mr Jason Knight (resign on 27 May 2022) Mr Siphiwo Mavumengwana Mr Dave Saunders Mr Mike Scurr Mr Rashiq Fataar Ms Sarah Winter Mr Chris Snelling Ms Janine de Waal Dr Tessa Campbell (appointed on 27 May 2022) Ms Emmylou Bailey (appointed on 27 May 2022)

List of Committee members 2023 - 2025

Committee	No. of meetings held	No. of members	Name of members
BELCOM	2	7	Mr Dennis Belter (Chairperson) Mr Graham Jacobs Mr Shawn Johnston Ms Helene van der Merwe Mr Siphiso Mavumengwana Ms Heidi Boise Ms Athi Njoba
Appeals	2	5	Mr Gregory Ontong (Chairperson) Dr Nicholas Baumann Prof. Andrew van Graan Mr Stuart Hermansen Ms Corlie Smart Adv Mandla Mdludlu (Alternate member)
IGIC	2	5	Mr Ron Martin (Chairperson) Dr Wandile Kasibe Mr Glynn Alard Ms Jenna Lavin Ms Laura Malandri
IACOM	2	7	Mr David Gibbs (Chairperson) Mr Dave Saunders Ms Sarah Winter Mr Cedric Daniels (resign on 31 March 2023) Mr Chefferino Fortuin Ms Katy Smuts Ms Samantha Lee

RENUMERATION OF COUNCIL & COMMITTEE MEMBERS

The service benefit packages for office bearers of certain statutory and other institutions are defined by the Minister of Finance and described in a Provincial Treasury Circular. The Plenary Chairperson's rate is R556.00 per hour, the Committee Chairperson's rate is R486.00 per hour and the rate for members' is R337.00 per hour.

Surname	Name	Remuneration R`000	Other allowance (T&S) R`000	Total R`000
Bailey	Emmylou	31	2	33
Baumann	Nicholas	16	0	16
Belter	Dennis	76	11	87
De Waal	Janine	28	0	28
Dumbrell	Katherine	19	5	24
Fataar	Mogammad Rashiq	18	0	18
Gribble	John	9	0	9
Gibbs	David	40	1	41
Hermansen	Stuart	18	0	18

PART C: GOVERNANCE

Surname	Name	Remuneration R`000	Other allowance (T&S) R`000	Total R`000
Jacobs	Graham	57	13	70
Johnston	Shawn	52	1	53
Knight	Jason	3	0	3
Malan	Antonia	12	0	12
Martin	Ron	34	9	43
Mavumengwana	Siphiwo Innocent	34	5	39
Mdludlu	Mandla	18	6	24
Mgijima	Bongani	3	0	3
Milandri	Laura	5	0	5
Orton	Jayson David John	8	0	8
Peters	Walter	47	2	49
Saunders	Dave	37	1	38
Scurr	Mike	23	1	24
Snelling	Chris	28	0	28
Van Graan	Andre	18	1	19
Van der Merwe	Helene	76	3	79
Webley	Lita	12	0	12
Winter	Sarah	27	3	30
Wolters	Maureen	12	8	20
TOTAL		761	72	833

New members				
Alard	Glynn	2	0	2
Boise	Heidi	14	1	15
Daniels	Cedric	1	0	1
Fortuin	Chefferino	8	1	9
Gani	Reyhana	11	1	12
Govender	Romala	0	1	1
Hall	Simon	6	0	6
Kasibe	Wandile	2	0	2
Lavin	Jenna	5	0	5
Lee	Samantha	0	1	1
Ontong	Tyrone	15	1	16
Smart	Cornelia	8	0	8
Smuts	Katie	5	2	7
TOTAL		77	8	85

5. RISK MANAGEMENT

Heritage Western Cape participates in the Enterprise Risk Management and Ethics Committee (ERMECO) of the Department of Cultural Affairs and Sport to assist the Accounting Authority in executing its responsibilities relating to risk management.

Enterprise Risk Management Policy and Strategy

The Entity adopted an Enterprise Risk Management Policy on 12 April 2021 for the 2021/22 – 2024/25 financial years. This policy articulates the risk management philosophy and captures, on a high-level, the roles and responsibilities of the different role players. It provides the basis for the risk management process which is supplemented with the detail in the strategy.

The Enterprise Risk Management (ERM) strategy and implementation plan outlines how the Public Entity will implement the ERM Policy adopted by the Accounting Authority (AA). This ERM strategy is informed by the Provincial Enterprise Risk Management Policy and Strategy (PERMPS) as well as its own ERM Policy and risk profile.

ERMECO responsibility

The ERMECO reports that it has complied with its responsibilities arising from Section 51 (1)(a)(i) of the Public Finance Management Act, Treasury Regulation 3.2.1 and Public Service Regulations of 2016, Chapter 2, Part 1, 2 and 3. The ERMECO also reports that it has adopted the appropriate formal Terms of Reference (approved by the ERMECO chairperson on 24 May 2022) and regulated its affairs in compliance with this Terms of Reference and has discharged all its responsibilities as contained therein.

ERMECO members

The ERMECO comprises of the AO and selected members of the Department of Cultural Affairs and Sport’s management team and is chaired by the Accounting Officer of the Department of Cultural Affairs and Sport. The Chief Executive Officer of Heritage Western Cape represents the entity on the ERMECO of the Department. As per its Terms of Reference the ERMECO met four times (quarterly oversight a reporting) during the year under review. Most meetings were attended by all members or his/her representative.

The table below discloses relevant information on ERMECO members:

Member	Position	Attended	Date Appointed
Mr G Redman	Accounting Officer (Chairperson)	4	21/08/2021
Ms B Rutgers	Director: Financial Management (CFO)	4	01/04/2019
Ms C van Wyk	Chief Director: Cultural Affairs	3	08/07/2022
Ms C Sani	Director: Library Service	4	01/04/2019
Mr D Esau	Deputy Director: Internal Control (Risk Champion)	4	01/04/2019
Mr D Flandorp	Deputy Director: Corporate Relations Unit (Ethics Officer)	3	01/04/2019
Ms J Boulle	Head Youth and After-School Programme	4	01/04/2019
Ms J Moleleki	Director: Arts, Culture and Language Services	3	01/04/2019
Mr M Janse van Rensburg	Director: Museums, Heritage, and Geographical Names Services	3	29/10/2021
Dr L Bouah	Chief Director: Sport and Recreation	4	01/04/2019

PART C: GOVERNANCE

Member	Position	Attended	Date Appointed
Ms. N Dingayo	Director: Provincial Archive Service	3	12/03/2019
Mr S Julie	Director: Strategic and Operational Management Support	2	01/04/2019
Mr K Blacker	Director: Enterprise Content Management	1	08/07/2022
Mr T Tutu	Director: Sport Promotion	4	01/04/2019
Mr P Hendricks	Director Sport Development	2	01/04/2019

**There has always been representation of the unit when the members were unable to attend the meeting*

The following is an indication of other officials who attended the ERMECO meetings for the year under review:

Name	Position	Attended
Ms A Haq	Director: Enterprise Risk Management	4
Ms C Cochrane	Chief Risk Advisor: Enterprise Risk Management	2
Mr P De Villiers	Deputy Director: Internal Audit	4
Mr P Swartbooi	Director: Internal Audit	1
Ms M Natesan	Deputy Director: Provincial Forensic Services	4
Mr E Peters	IT Risk Practitioner: IT Governance	1

ERMECO key activities

The AO of the Department is the chairperson of the ERMECO and the Deputy Director: Internal Control is the Risk Champion of the department. In executing its function, the ERMECO performed the following key activities during the year:

- Reviewed the ERM Strategy and Implementation Plan before recommendation by the Audit Committee and approval by the AO and AA;
- Monitored and reviewed risks in set grouped categories of appetite ranges, reviewed and applied appropriate risk appetite and tolerances guided by the PERMPS adopted by Provincial Top Management;
- Reported to the AO any material changes to the risk profile;
- Confirmed the citizen centric strategic risks. This illustrates the efforts in addressing the contributing factors and impacts that relate directly to the citizen;
- Received and considered risk intelligence and trend reports;
- Identified emerging risks;
- Reviewed risks that are outside the tolerance levels for further action / attention;
- Monitored the implementation of the Fraud and Corruption Prevention Implementation Plan;
- Monitored the implementation of the ERM Policy, Strategy and Implementation Plan;
- Evaluated the effectiveness and mitigating strategies to address the material, ethics and economic crime risks;
- Provided oversight on ethics management in the department.

Key risks considered and addressed during the year

The following are the key strategic risks for the Entity that were considered and addressed during the year:

- The risk of **Loss of heritage resources through unauthorised alteration/destruction or vandalism** encapsulates destruction of irreplaceable heritage resources and the issue of inadequate capacity to enforce the law when heritage resources are threatened by unpermitted development. Therefore, generic guidelines have been developed and continuous training of HWC officers, including law enforcement officers, are being conducted. Facilitated heritage awareness workshops are held with key stakeholders like host communities, conservation bodies and municipalities.

Quarterly engagements with the City of Cape Town to take over the management of Heritage Grade three resources will commence during the next financial year to address pro-active conservation interventions from Municipalities and the public.

- **Council/Committees take decisions that could be *ultra vires*** due to committee ignorance over applicable legislation. Therefore, the legal advisory team attends all committee meetings to guide decision making within legal parameters. All minutes of committee meetings are also vetted by the legal advisory team and senior DCAS management to ensure legal accuracy. The number of committee meetings were also increased during this financial year, thus shortening the agenda and increasing the ability of the committee to deal with cases adequately in one sitting. A Minor Works Applications process was also put in place to fast-track applications where applicable.

Management of risks

Risk assessments are conducted to determine the effectiveness of the entity's risk management strategy and to identify new and emerging risks because of changes in the internal and/or external environment. Each risk was deliberated and debated during the year and presented at the quarterly ERMECO meetings. Senior managers were required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or the impact should they materialise. ERMECO also referred risks back to the Entity that should be analysed more extensively and recommended additional mitigations or actions to manage risks. Management takes ownership of risks and often discusses risk matters at various platforms as part of its culture in an effort to constrain risks in a collaborative and innovative way. The ERM Policy and Strategy are circulated to all officials on an annual basis for all levels of staff to stay abreast of enhancements that have been effected and as a means of embedding risk management. Bespoke and generic risk awareness sessions were also conducted to share benchmarking elements to aid risk management maturity. Activities detailed in the implementation plan are perpetually monitored and periodically reported on, in the same way that APP deliverables are monitored, to detect potential risks and deviations from indicators and the achievement of outcomes and non-adherence to legislative and policy mandates.

The Social Cluster Audit Committee provided independent oversight of the system of risk management. The Audit Committee was furnished with quarterly ERM progress reports and risk registers to execute their independent oversight role.

Key emerging risks for the following financial year

The Entity is acutely aware of the economic realities and shrinking budget envelope versus societal exigencies. These potential risks are watched with an eagle's eye and are monitored, discussed, and managed.

CONCLUSION

There has been significant progress with the management of risks during the 2022/23 financial year. Good progress was made in embedding risk management and raising the risk maturity level within the Public Entity which has contributed to favourable Public Entity performance. The improvement can be attributed to risk awareness and training programmes provided to officials in the Public Entity via the MS Teams medium / video conference software platform. The Public Entity managed to maintain consistency in respect of application of risk management processes.

The increased risk maturity within the Public Entity has led to improved risk response strategies for risks identified.

6. INTERNAL CONTROL UNIT

It is the responsibility of the Accounting Authority to continually assess and evaluate internal controls to ensure that control activities in place are effective, efficient, and transparent and that they are improved when required. To achieve this, quarterly financial management improvement plan and key control meetings are held with the Auditor-General, Programme Managers of the Department, CEO of HWC and the Minister. This is an ongoing process to ensure that HWC maintain their clean audit outcomes.

The Department devised an Internal Control Strategy and Plan, which were adopted by the Entity, that outlines a high-level plan on the implementation of internal control within its core functions.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Public Entity. It should assist the Public Entity to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes. The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

Internal Audit work completed during the year under review for the Department/Public Entity included six assurance engagements, two transversal engagements and three follow up audits. Details of these engagements are included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Public Entity, which include oversight and review of the following:

- Internal Audit function;
- External Audit function (Auditor General of South Africa - AGSA);
- Departmental Accounting and reporting;
- Departmental Accounting Policies;
- AGSA management and audit report;

- Departmental In year Monitoring;
- Departmental Risk Management;
- Internal Control;
- Pre-determined objectives;
- Ethics, Fraud and Corruption

The table below discloses relevant information on the Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Mr Pieter Strauss (Chairperson)	BCom Accounting; BCompt Honours; CA (SA)	External	N/A	1 January 2022 (2 nd term)	N/A	7
Mr Ebrahim Abrahams	BCom Accounting Honours	External	N/A	1 January 2022 (2 nd term)	N/A	7
Ms Annelise Cilliers	BCompt Honours; CA (SA)	External	N/A	1 January 2022 (2 nd term)	N/A	7
Ms Fayruz Mohamed	BCompt Honours; CA (SA)	External	N/A	1 January 2022 (1 st term)	N/A	6

8. COMPLIANCE WITH LAWS AND REGULATIONS

Systems, policies and processes are in place to ensure compliance with laws and regulations.

9. FRAUD AND CORRUPTION

Fraud and corruption represent significant potential risks to the Entity’s assets and can negatively impact on service delivery efficiency and the Entity’s reputation.

The WCG adopted an Anti-Fraud and Corruption Strategy which confirms the Province’s zero-tolerance stance towards fraud, theft and corruption. In line with this strategy the Public Entity is committed to zero-tolerance with regard to corrupt, fraudulent or any other criminal activities, whether internal or external, and vigorously pursues and prosecutes by all legal means available, any parties who engage in such practices or attempt to do so.

The Entity has an approved Fraud and Corruption Prevention Plan and a concomitant Implementation Plan which gives effect to the Prevention Plan.

Various channels for reporting allegations of fraud, theft and corruption exist and these are described in detail in the Provincial Anti-Fraud and Corruption Strategy, the WCG Whistle-blowing Policy and the Departmental Fraud and Corruption Prevention Plan. Each allegation received by the Provincial Forensic Services (PFS) Unit is recorded in a Case Management System which is used as a management tool to report on progress made with cases relating to the Department and to generate statistics for the WCG and the Department.

Employees and workers who blow the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure (i.e. meets statutory requirements of the Protected Disclosures Act, No. 26 of 2000 e.g. if the disclosure was made in good faith). The WCG Whistle-blowing Policy provides guidelines to employees and workers on how to raise concerns with the appropriate line management, specific designated persons in the WCG or external institutions, where they have reasonable grounds for believing that offences or improprieties have been or are being perpetrated in the WCG. The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and, should they do so in person, their identities are kept confidential by the person to whom they are reporting.

If, after investigation, fraud, theft or corruption is confirmed, the employee who participated in such acts is subjected to a disciplinary hearing. The WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where prima facie evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Service.

10. MINIMISING CONFLICT OF INTEREST

HWC ensures that there is no conflict of interest by ensuring that a Declaration of Interest (WCBD4 form) is obtained from every supplier not registered on the Western Cape Supplier Database/Central Supplier Database.

Provincial Treasury is assisting departments and public entities to reduce the risk of conflicts of interest where owners or directors of companies are also public servants in the Western Cape. This is done by providing information from PERSAL (the Personnel Salary System) about public servants who are registered as owners or directors of companies. HWC ensures that such persons possess a Remunerative Work outside the Public Service (RWOPS) approval letter before doing business with them.

HWC has not found any conflict of interest with any business concluded with suppliers. If such a conflict were to be discovered, the matter will be treated as a fraudulent Supply Chain Management activity and, after a due diligence investigation, the supplier will be identified as a 'non-preferred' service provider.

With regard to the processes conducted by HWC in terms of the NHRA, registering conflict of interest is a standing item on the agendas of the Council and its committees. Issues registered by members are dealt with in terms of relevant provisions of the organisation's 'Rules of Order and Conduct of Meetings of the Council of Heritage Western Cape and its Committees', with any conflict of interest and the action taken in such regard being minuted under the relevant item of business.

11. CODE OF CONDUCT

The policy implemented by DCAS incorporates HWC. The Code of Conduct is distributed to all staff annually. In addition, the Public Service Commission's explanatory manual on the practical implementation of the Code of Conduct has been distributed to staff. All newly appointed PAY interns receive the Code of Conduct as part of their induction pack when assuming duty and the contents are also discussed during the departmental induction process. During the various engagements between senior management and employees of the department, employees were reminded about the departmental sexual harassment policy and the process to follow when reporting such conduct.

In addition, the Council members of Heritage Western Cape are obliged to sign and adhere to a code of conduct pertaining to their area of responsibility.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The DCAS provides HWC with office space, the policy implemented by the DCAS is therefore applicable to HWC.

13. COMPANY /BOARD SECRETARY (IF APPLICABLE)

Not Applicable

14. SOCIAL RESPONSIBILITY

Not Applicable

15. AUDIT COMMITTEE REPORT

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Entity is required to develop and maintain systems of internal control that would improve the likelihood of achieving its objectives, to adapt to changes in the environment it operates in and to promote efficiency and effectiveness of operations, supports reliable reporting and compliance with laws and regulations. The WCG adopted a Combined Assurance Framework which identifies and integrates assurance providers. The first level of assurance is management assurance, requiring of line management to maintain effective internal controls and execute those procedures on a day-to-day basis by means of supervisory controls and taking remedial action where required. The second level of assurance is internal assurance provided by functions separate from direct line management, entrusted with assessing adherence to policies, procedures, norms, standards and frameworks. The third level of assurance is independent assurance providers that are guided by professional standards requiring the highest levels of independence.

A risk-based Combined Assurance Plan was developed for the Entity, facilitated by Internal Audit, who is also an independent assurance provider. Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The following internal audit engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

- DPSA Delegations Framework
- Initiation Practices
- WC Archives and Record Service
- Internal Control Unit Review

PART C: GOVERNANCE

- Conditional Grants – Sport
- Transfer Payments – Libraries

The areas for improvement, as noted by Internal Audit during the performance of their work, were agreed to by Management. The Audit Committee monitors the implementation of the agreed actions on a quarterly basis.

In-Year Management and Monthly/Quarterly Report

The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Authority of the Entity in terms of the National Treasury Regulations and the Division of Revenue Act.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the AGSA's Management Report and management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the Annual Financial Statements
- Reviewed material adjustments resulting from the audit of the Entity.

Compliance

The Audit Committee has reviewed the Entity's processes for compliance with legal and regulatory provisions.

Performance Information

The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report.

Auditor General's Report

The Audit Committee have on a quarterly basis reviewed the Entity's implementation plan for audit issues raised in the prior year. We have met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA are monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the AGSA's conclusion regarding the Annual Financial Statements and proposes that these Audited Statements be accepted and read together with their report.



Mr Pieter Strauss
Chairperson of the Social Cluster Audit Committee
Date: 11 August 2023

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 - 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Entity does not issue licenses, concessions or other authorisations in respect of economic activity in terms of any law
Developing and implementing a preferential procurement policy?	Yes	The SCM policy of the Entity makes provision for the implementation of preferential procurement
Determining qualification criteria for the sale of state-owned enterprises?	No	The Entity does not engage in the sale of state owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	The Entity does not participate in partnerships with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Entity is not involved in the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment.

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Staff are employed by the Department of Cultural Affairs and Sport, and the relevant information appears in the DCAS Annual Report.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

These statistics are reported in the Annual Report of the Department of Cultural Affairs and Sport.

PART E: PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	0	0

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	-	-
Total	0	0

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	0	0

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	-
Total	0	0

PART E: PFMA COMPLIANCE REPORT

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	0	0

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
Total	0	0

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	-	-
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
Not applicable
Total

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

Description
Not applicable
Total

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

Disciplinary steps taken
Not applicable

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	0	0

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	0	0

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	-	-
Total	0	0

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

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	0	0

PART E: PFMA COMPLIANCE REPORT

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	0	0

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

Disciplinary steps taken
Not applicable

1.3. 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	2022/23	2021/22
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	0	0

b) Details of other material losses

Nature of other material losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	0	0

c) Other material losses recovered

Nature of losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	0	0

d) Other material losses written off

Nature of losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	0	0

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	0	0
Invoices paid within 30 days or agreed period	0	0
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
The annual license renewal of the Caseware software	* Adapt IT (Pty)	Limited Bid	HWC0001	R 25
The annual license renewal Of Pastel Accounting Software	**Sage Pastel Accounting	Limited Bid	HWC0002	R 17
The implementation of archaeological conservation measures at the Diepkloof Rock Shelter	*** John Parkington	Limited bid	HWC0003	R 262
Total:				R304

* The supplier is the sole provider for the Caseware software which is used for the compilation of the Annual Financial Statements.

** The supplier is the sole provider for the Pastel accounting software which is used as the primary financial management system for the entity.

*** No responses were received via the Electronic Procurement System when the market was tested. The supplier was subsequently appointed via a limited bidding process.

PART E: PFMA COMPLIANCE REPORT



3.2 Contract variations and expansion

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
None						
Total: 0						

Report of the External Auditor

Report of the auditor-general to Western Cape Provincial Parliament on Heritage Western Cape

Report on the financial statements

1. I have reviewed the financial statements of the Heritage Western Cape set out on pages 91 to 130, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

Conclusion

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Heritage Western Cape 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).

Other matter

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

National Treasury Instruction No.4 of 2022/2023: PFMA Compliance and Reporting Framework

4. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a)p and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures should be disclosed in a note to the financial statements, if UIFW was incurred. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Heritage Western Cape. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of Heritage Western Cape. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

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

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

7. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements. The standard requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements,

Report of the External Auditor

taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

8. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.
9. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to Programme: Heritage Resource Management Services presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - 1.2 Number of provincial heritage sites formally protected.
 - 1.3 Number of site inspections undertaken to provincial heritage sites
 - 1.5 Number of provincial heritage sites unveiled
 - 1.6 Number of programmes hosted to promote heritage resources management.
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as 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.
14. I performed the procedures for the purpose of reporting material findings only.
15. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Report of the External Auditor

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements.

Internal control deficiencies

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

Professional ethics and quality control

24. I am independent of the Heritage Western Cape in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
25. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor General

Cape Town
31 July 2023



Report of the External Auditor

Annexure to the auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c); 18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 29 Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i) Section 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulation 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1; 12.2
Preferential Procurement Regulation 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 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
National Treasury 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; 5.4; 7.2; 7.6
National Treasury SCM Instruction 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); 5.5.1(x);
National Treasury SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
National Treasury 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; 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; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
National Treasury instruction note 4 of 2015/16	Paragraph 3.4
National Treasury instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of National Treasury instruction note 05 of 2020/21	Paragraph 4.8; 4.9 Paragraph 5.1; 5.3
Erratum National Treasury instruction note 5 of 202/21	Paragraph 1

Report of the External Auditor

Legislation	Sections or regulations
Erratum National Treasury instruction note 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; 3.1 (b)
National Treasury instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

Statement of Financial Position as at March 31, 2023

HERITAGE WESTERN CAPE
Annual Financial Statements
for the year ended March 31, 2023

Figures in Rand thousand	Note(s)	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	3	8 882	6 651
Inventories	4	120	121
Receivables from exchange transactions	5	53	39
Receivables from non-exchange transactions	6	-	1 000
		9 055	7 811
Total Assets		9 055	7 811
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	32	2
Unspent conditional grants and receipts	8	167	406
		199	408
Total Liabilities		199	408
Net Assets		8 856	7 403
Accumulated surplus		8 856	7 403
		8 856	7 403
Total Net Assets		8 856	7 403

Statement of Financial Performance

HERITAGE WESTERN CAPE
Annual Financial Statements
for the year ended March 31, 2023

Figures in Rand thousand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Heritage application fees	9	791	887
Interest income	10	476	234
Total revenue from exchange transactions		1 267	1 121
Revenue from non-exchange transactions			
Transfer revenue			
Other income from non-exchange transactions	11	699	618
Transfers and subsidies received	12	1 537	1 898
Utilisation of conditional grant	13	238	-
Total revenue from non-exchange transactions		2 474	2 516
Total revenue		3 741	3 637
Expenditure			
Audit fees	15	(73)	(76)
Consulting and outsourced services	16	(343)	(430)
General expenses	17	(1 034)	(923)
Members fees	18	(838)	(1 136)
Total expenditure		(2 288)	(2 565)
Surplus for the year		1 453	1 072

Statement of Changes in Net Assets

Figures in Rand thousand	Accumulated surplus/ deficit	Total
Balance at April 1, 2021	6 331	6 331
Changes in net assets	1 072	1 072
Surplus for the year	1 072	1 072
Total changes	<u>7 403</u>	<u>7 403</u>
Balance at April 1, 2022		
Changes in net assets		
Surplus for the year	1 453	1 453
Total changes	<u>1 453</u>	<u>1 453</u>
Balance at March 31, 2023	<u>8 856</u>	<u>8 856</u>

Cash Flow Statement

HERITAGE WESTERN CAPE
Annual Financial Statements
for the year ended March 31, 2023

Figures in Rand thousand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Cash received		3 593	1 785
Interest income		462	201
		<u>4 055</u>	<u>1 986</u>
Payments			
Cash paid to suppliers and employees		(1 824)	(1 945)
Net cash flows from operating activities	19	<u>2 231</u>	<u>41</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		6 651	6 610
Cash and cash equivalents at the end of the year	3	<u>8 882</u>	<u>6 651</u>

Statement of Comparison of Budget and Actual Amounts

HERITAGE WESTERN CAPE
Annual Financial Statements
for the year ended March 31, 2023

Budget on Cash Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand thousand

Statement of Financial Performance

Revenue

Non-tax revenue

Sales of goods and services other than capital assets	750	-	750	1 791	1 041	24.1
Entity revenue other than sales	190	171	361	462	101	24.2
Transfers received	1 537	-	1 537	1 537	-	
Other non-tax revenue	171	(171)	-	25	25	24.3
Total revenue	2 648	-	2 648	3 815	1 167	

Expenditure

Current payments

Goods and services	(2 648)	-	(2 648)	(1 585)	1 063	24.4
Total expenditure	(2 648)	-	(2 648)	(1 585)	1 063	

Surplus	-	-	-	2 230	2 230	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement		-	-	2 230	2 230	
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Reconciliation

Basis difference

Sales of goods and services other than capital assets	(1 000)
Goods and services	209
Entity revenue other than sales	14
Other non-tax revenue (Services in-kind)	674
Goods and services (Services in-kind)	(674)

Timing difference

-

Entity difference

-

Actual Amount in the Statement of Financial Performance	1 453
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Note:

The layout and format of the Statement of Comparison of Budget and Actual Expenditure was amended to conform to the GRAP 24 Accounting Standard which requires the Budget format and layout to be consistent with the Approved Budget as published in the Estimates of Provincial Revenue and Expenditure.

Accounting Policies

Figures in Rand thousand	Note(s)	2022	2021
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

All figures have been rounded to the nearest thousand.

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

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Material variances of 5% and above is explained in the notes to the Annual Financial Statements.

1.3 Significant judgements and sources of estimation uncertainty

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Receivables

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

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Accounting Policies



1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for impairment

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for impairment debt shall be calculated on trade receivables only. The total impairment provision of the entity shall be calculated either by individual debtor or at least per risk category.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Accounting Policies

1.4 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Average useful life
Equipment	25%
Computer software	25%

Accounting Policies



1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Financial instruments

The financial instruments of the entity are categorised as either financial assets or liabilities.

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

Accounting Policies

1.5 Financial instruments (continued)

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
Payables from exchange transactions	Financial liability measured at amortised cost

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Accounting Policies

1.5 Financial instruments (continued)

Gains and losses

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

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

Impairment and uncollectibility of financial assets:

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost

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

Derecognition Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Accounting Policies

1.5 Financial instruments (continued)

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.6 Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Accounting Policies

1.7 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Contingent Liabilities

An estimate for contingent liabilities is made when an entity has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made.

Contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.9 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-cancellable or only cancellable 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 or social security benefit commitments are excluded.

1.10 Revenue from exchange transactions Recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and when the amount of revenue can be reliably measured, and specific criteria have been met for the entity's activities. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

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

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

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

Revenue is measured at the fair value of the consideration received or receivable. The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

Interest, royalties and dividends

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

Accounting Policies

1.11 Revenue from non-exchange transactions Recognition

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

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

Measurement

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

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

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity 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.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the liability and if not, it is recognised as interest earned in the statement of financial performance.

Grants that compensate the entity for expenses incurred are recognised in surplus or deficit on a systematic basis in the same periods in which the expenses are recognised.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives. The related revenue is recognise when it is probable that the future economic benefits or service potential will flow to the entity and can be measured reliably. An expense in equal value is immediately recognised for the consumption of the service.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

Service in-kind are services provided by individuals to entities, without charge, but may be subject to stipulations. Public entity financial management staff provide valuable support to the entity in achieving its objectives. The service provided can be measured reliably and therefore it is recognised in the statement of financial performance and disclosed in the notes to the financial statements.

Accounting Policies

1.12 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are charged against surplus/deficit.

1.13 Comparative figures

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

1.14 Expenditure

Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and /or under spending of appropriated funds. The write off occurs at year end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note. All other losses are recognised when authorisation has been granted for the recognition thereof.

Fruitless and Wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

1.15 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.16 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. GRAP 24 requires the budget statement to be disclosed on a comparable basis to the Approved Budget inclusive of the budget classification as published.

The approved budget covers the fiscal period from 4/1/2022 to 3/31/2023.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual amounts.

Management regards a material variance as a variance to the budget of 5% and above. Reasons for material variances are explained in the Notes to the Annual Financial Statement.

Accounting Policies

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 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.

1.19 Value-added Tax (VAT)

The entity is exempt from VAT registration. However, if any funding is received that requires the entity to register as a VAT Vendor, such application will be lodged.

Notes to the Annual Financial Statements



Figures in Rand thousand

2023

2022

2. Standards and interpretations

2.1 Standards and interpretations effective in the current year

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

For the year under review, the following standards were effective. GRAP 1 and GRAP 104 was revised in 2019 with future effective dates as indicated.

Standard / Interpretation:

- GRAP 1: Presentation of Financial Statements (Revised standard will be effective 1 April 2023)
- GRAP 2: Cash Flow Statement
- GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 9: Revenue from Exchange Transactions
- GRAP 12: Inventories
- GRAP 14: Events After the Reporting Date
- GRAP 17: Property, Plant and Equipment
- GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20: Related Parties
- GRAP 23: Revenue from Non-Exchange Transactions
- GRAP 24: Presentation of Budget Information in Financial Statements
- GRAP 104: Financial Instruments (Revised standard will be effective 1 April 2025)
- GRAP 108: Statutory Receivables

Notes to the Annual Financial Statements

HERITAGE WESTERN CAPE
Annual Financial Statements
for the year ended March 31, 2023

Figures in Rand thousand	2023	2022
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2 120	235
Short-term deposits	6 762	6 416
	8 882	6 651
Credit quality of cash at bank and short term deposits, excluding cash on hand		
Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.		
4. Inventories		
Ceramic Tiles	120	121
Inventory consists of ceramic tiles used to identify heritage sites. During the year under review tiles were distributed free of charge.		
5. Receivables from exchange transactions		
Accrued interest	53	39
6. Receivables from non-exchange transactions		
Other receivables from non-exchange revenue	-	1 000
7. Payables from exchange transactions		
Trade payables	32	2
8. Unspent conditional grants		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
National Lotteries Board	144	144
National Department of Tourism	21	21
US Ambassador fund	2	241
	167	406
Conditional grants were received from the National Lotteries Board for the Baboon Point Conservation Management Plan Project; from the National Department of Tourism for the Tourism Interpretive signage at Gugulethu Seven Memorial; and from the US Ambassador fund for cultural preservation for the conservation of Diepkloof Rock Shelter, a Provincial Heritage Site in the process of being nominated as a World Heritage Site.		
9. Heritage application fees		
Application fees	791	887
During the year under review, fewer heritage applications were received compared to the previous financial year.		

Notes to the Annual Financial Statements

Figures in Rand thousand	2023	2022
10. Interest income		
Interest received	476	234
Interest received increased year-on-year mainly due to the increase in the interest rate.		
11. Other income from non-exchange transactions		
Donation: Services in-kind *	674	618
Administrative penalty **	25	-
	<u>699</u>	<u>618</u>
* For the detail on the Donation: Services in-kind, refer to the narrative in note 17.		
** During the year revenue was received for a Breach of a Heritage Agreement.		
12. Transfers and subsidies received		
Departmental transfer received	1 537	1 898
13. Utilisation of Conditional Grant		
Utilisation of Conditional Grant	238	-
The Diepkloof Rock Shelter project which was funded from the US Ambassador grant was initiated during the year under review.		
14. Property, plant and equipment		
Additions	-	7
Disposal	-	(7)
	<u>-</u>	<u>-</u>
To ensure effective asset management, this function is centralised within the department (DCAS). Grap 17, Property, plant and equipment (derecognition of assets), was applied to account for the effect of the donation at carrying value as at the 31 March 2023.		
14. Audit fees		
External audit	73	76
16. Consulting and outsourced services		
Consultants and outsourced services	343	430
Fewer consultants were utilized during the year under review.		

Figures in Rand thousand	2023	2022
17. General expenses		
Advertising	7	1
Bank charges	-	2
Catering	68	16
Communication	75	88
Donations (transfer of asset to DCAS)	-	7
Employee cost: Services in-kind	674	618
Legal fees	-	44
Printing and stationery	71	34
Software Licence renewal	42	39
Travel and subsistence	97	74
	1 034	923

Advertising:

During the year under review, the entity purchased promotional items.

Catering:

During the year under review, catering was procured for induction and orientation meetings for newly appointed committee members. In addition, more face-to-face meetings were held for the year under review, compared to the previous year.

Employee cost: Services in-kind:

Officials of the Department of Cultural Affairs and Sport fulfil the executive and administrative functions associated with Heritage Western Cape. Departmental staff that supports the Public Entity includes the Chief Financial Officer (CFO), Director: Museums, Heritage and Geographical Names, line function in the aforementioned Directorate as well as a dedicated Financial Management team that supports the CFO. Whilst line function staff and Senior Managers fulfil a dual role, the financial management team is dedicated to the Public Entity. Due to dual roles performed by most of the aforementioned staff, it is difficult to apportion the time spent on the operations of the Public Entity. The Services in-kind related to their salaries cannot be measured reliably. The recognition therefore relates only to the dedicated finance team who supports the CFO in the execution of her role as CFO to the Public Entity and the Department. The amount disclosed therefore represents the Services in-kind provided by the finance team only.

Printing and stationery:

The increase is due to more copies printed on the Annual Report and Annual Performance Plan.

Travel and subsistence:

The increase is due to more site visits attended and physical meetings and workshops held during the year under review.

Notes to the Annual Financial Statements

Figures in Rand thousand

2023

2022

18. Members fees

Abrahams, L	-	8
Alard, G	2	-
Bailey, E	31	43
Baumann, N	16	23
Belter, D	76	60
Boise, H	14	-
Buttgens, P	-	25
Carlsen, R	-	30
Collier, M	-	22
Daniels, C	1	-
De Waal, J	28	1
Dumbrell, K	19	41
Fataar, M	18	23
Fortuin, C	8	-
Gani, R	11	-
Gribble, J	9	29
Gibbs, D	40	44
Hall, S	6	-
Hermansen, S	18	33
Jacobs, G	57	73
Johnston, S	52	65
Kasibe, W	2	-
Knight, J	3	41
Lavin, J	5	-
Malan, A	12	27
Martin, R	34	27
Mavumengwana, S	34	21
Mdludlu, M	18	23
Mgijima, B	3	9
Milandri, L	5	29
Muller, C	-	69
Ontong, T	15	-
Orton, J	8	14
Peters, W	47	69
Saunders, D	37	38
Scurr, M	23	40
Smart, C	8	-
Smith, R	-	28
Smuts, K	5	-
Snelling, C	28	1
Van de Merwe, H	76	69
Van Graan, A	18	27
Webley, L	12	33
Williams, G	-	11
Winter, S	27	28
Wolters, M	12	12
	<u>838</u>	<u>1136</u>

During the financial year there was a decrease in the number of meetings held and time spent on meeting preparations. In addition, the number of committees were reduced which contributed to the decrease in expenditure year-on-year.

Figures in Rand thousand	2023	2022
19. Cash generated from operations		
Surplus	1 453	1 072
Adjustments for:		
Distribution of inventory	1	-
Changes in working capital:		
Receivables from exchange transactions	(14)	(33)
Other receivables from non-exchange transactions	1 000	(1 000)
Payables from exchange transactions	30	2
Unspent conditional grants and receipts	(239)	-
	2 231	41
20. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• African Web - Website hosting	16	32
• Archeo - Adventures: CMP for Early Farmsteads	-	33
• Cedar Tower Services Pty Ltd	-	76
• Eco Africa Environmental Consultants (Pty) Ltd	-	86
• Prof John Parkington	85	-
• SSA ADS Pty LTD	-	114
• Yolk designs	-	13
	101	354
Total operational commitments		
Already contracted for but not provided for	101	354
This expenditure will be financed from:		
Total commitments		
Authorised operational expenditure	101	354

Notes to the Annual Financial Statements



Figures in Rand thousand

2023

2022

20. Contingent liabilities

20.1 MIDNIGHT STORM INVESTMENTS 170 (PTY) LTD v MINISTER OF ARTS AND CULTURE and Others, case 46055/15

Midnight Storm Investments 170 (Pty) Ltd v Minister of Arts and Culture and Others which relates to a court case that was lodged at a North Gauteng High Court. The case relates to a decision that was taken by Heritage Western Cape (HWC) not to approve the planned upmarket housing development, rezoning and subdivision rights to a property which is a Provincial Heritage Site (PHS). HWC is cited as a 3rd Defendant and the MEC for Department of Cultural Affairs and Sport of the Western Cape is cited as a 5th Defendant. The owners have issued a summons to recover the costs they have expended on the land as they allege that the declaration limits their property rights and should be seen as a constructive expropriation. The trial was heard in the Gauteng High Court 29 July 2019 to 2 August 2019, and was concluded with the closing arguments in January 2020. The Court ruled in favour of the defendants. After the judgment, Leave to Appeal to the Supreme Court of Appeal was granted on 15 June 2020 by the Gauteng High Court. If the claim succeeds at the Supreme Court of Appeal, HWC's liability is estimated at R8.2million, unless HWC, alternatively the National Minister of Arts and Culture approach the Constitutional Court to make a final pronouncement on the matter. The appellant/applicant has subsequently approached HWC to explore a settlement of the matter and has submitted a further application for a development on the edge of the PHS. The Appeal has accordingly been postponed pending the outcome of this application. Should the matter be settled, the contingent liability would fall away.

HWC Management is of the view that the contingent liability is based on the value of the land which is in question chances of the plaintiff succeeding are minimal, as they have failed in their first attempt and Senior Counsel is confident that the appeal, should it proceed, will not succeed either.

21.2 REVIEW OF DECISION OF COCT RE ERVEN 8100/BO KAAP) BO-KAAP CIVIC ASSOCIATION AND OTHER V CITY OF CAPE TOWN

The case centered around the approval of the City of Cape Town of a large high rise building on the boundary of the Bo-Kaap which would have a significant impact on the historic Bo-Kaap cultural landscape. The initial application did not trigger the NHRA. HWC joined in the review proceedings as it was considered that impact on heritage had not been considered in the original application, and it sought clarity from the court whether S27 of the NHRA could be applicable as the proposed development was located between 2 declared Provincial heritage sites. The Court did not agree with the arguments put forward on behalf of HWC.

Judgement handed down and matter finalized. Cost order against the applicants. Respondent has sought to obtain all costs from HWC. The costs are being taxed. The estimated cost is R1,6million

HWC Management is of the view that the costs are based on the initial cost order, however HWC management is confident that a fair amount will be taxed off in the second taxation. In addition, HWC will be able to claim from the other applicants in the matter for a pro-rata share of the final cost bill.

Figures in Rand thousand

2023

2022

22. Related party

Relationships

Primary Funder	Department of Cultural Affairs and Sport
Strategic Partner	Western Cape Cultural Commission
Strategic Partner	Western Cape Language Committee

The Department of Cultural Affairs and Sport provides accommodation to Heritage Western Cape to execute their administrative and financial operations.

The Minister of the Department of Cultural Affairs and Sport as the Executive Authority is a related person of Heritage Western Cape.

The members of the council of Heritage Western Cape and the entity as disclosed in note 18 are related parties in terms of GRAP 20.

South African Heritage Resources Agency (SAHRS) is mandated by the provisions of section 8(6) (a) and (d) of the NHRA read with Regulation 4 of the Regulations published under GNR 323 on 7 April 2000 to assess and re-assess the competence of provincial heritage resources authorities (PHRAs) such as Heritage Western Cape.

Related party transactions

Income received from related party

Department of Cultural Affairs and Sport	1 537	898
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Receivables from non-exchange transactions

Department of Cultural Affairs and Sport	-	1 000
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23. Risk management

The entity's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate 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.

Sensitivity analysis

At 31 March 2023, if the interest rates on variable rate financial instruments had been 1% higher/lower with all other variables held constant, surplus for the year would have been R88 822 higher/ lower.

Credit risk

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

Credit risk consists mainly of cash deposits, cash equivalents, 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 counterparty.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non- performance by these counterparties.

Maximum exposure to credit risk.

The entity's exposure to credit risk with regards to loans and receivables is limited to the amounts on the balance sheet.

Notes to the Annual Financial Statements

Figures in Rand thousand

2023

2022

23. Risk management (continued)**Market risk**

The entity is not exposed to market risk, due to it being required to settle creditors within 30 days of receiving an invoice as required by the treasury regulations and the PFMA.

Interest rate risk

The entity's risk profile consists of fixed and floating rate loans and bank balances which exposes the entity to fair value interest rate risk and cash flow interest rate risk and can be summarized as follows:

Financial assets

Trade and other receivables are at a fixed rate. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans.

Management also has a policy balancing the interest on asset loans with the interest payable on liabilities.

Cash flow interest rate risk

Financial instrument		Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Normal credit terms: Cash in current banking institutions		8 882	-	-	-	-
Payables - Extended credit terms		(32)	-	-	-	-
Net amount		8 850	-	-	-	-
Past due but not provided for		-	-	-	-	-
Financial instrument 032022	Current	Due in 1-30 days	Due in 31-60 days	Due in 61-90 days	Due in 90+ days	Total
Trade and other receivables - Non exchange transactions	1 000	-	-	-	-	1 000
	1 000	-	-	-	-	1 000

The entity is not exposed to market risk, due to it being required to settle creditors within 30 days of receiving an invoice as required by the treasury regulations and the PFMA.

Figures in Rand thousand

2023

2022

24. Budget variances

Material differences between budget and actual amounts Shifting of funds:

For the year under review, funds were shifted between the classifications “Entity Revenue other than sales” and “Other Non- Tax revenue” to account for the significant increase in interest received. The shifting of funds did not increase or decrease the overall approved budget and was approved as part of the In-Year Monitoring reports by the Accounting Authority

24.1 Sales of goods and services other than capital assets

The variance is due to more Heritage applications received than planned.

24.2 Entity revenue other than sales

The variance is due to the increase in the interest rate for the year under review.

24.3 Other non-tax revenue

For the year under review revenue was received from an applicant due to a breach of a heritage agreement.

24.4 Current payments

The variance relates to members fees due to fewer meetings held than planned.

25. BBBEE Performance

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

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