

the dtic

2022/23 Annual Report

Presentation to the Portfolio Committee on Trade, Industry & Competition



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, **growing the economy**

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: www.thedtic.gov.za



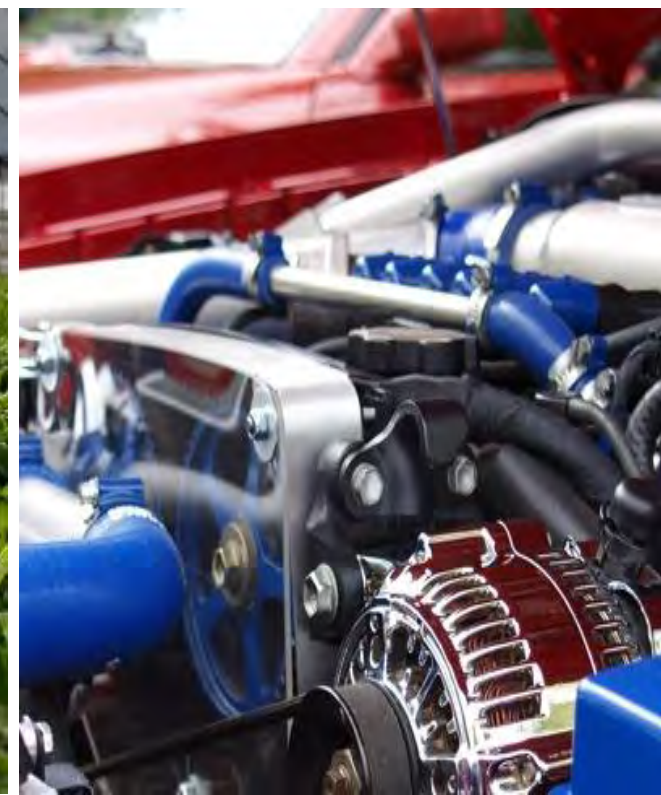
Content

- 01** | Part 1: Introduction and the dtic Portfolio Highlights
- 02** | Part 2: Annual Performance Summary Per Programme
- 03** | Part 3: Financial Performance and Audit Outcomes



Image of **the dtic** Campus

PART 1: INTRODUCTION AND THE DTIC PORTFOLIO HIGHLIGHTS



Context

1. **the dtic** 2022/23 Annual Report is informed by the APP and SONA priorities and provides information on work done in addressing to unemployment, poverty and inequality; improved economic performance and inclusive growth.
2. The Annual Report draws from the three APP **outcomes** in outlining the work done by **the dtic** and entities. It also highlights **the impact of the dtic work** on the lives of South Africans in the period under review.

Outcomes:

Industrialisation

by drawing the link between interventions and patterns of production, investment, export and job creation



Capable state

by reporting on improved performance and deeper partnerships

Transformation

by connecting interventions to empowering black South Africans, women and workers

50 Highlights – selected examples

1. **Unqualified audits for 18** of the 19 dtic-group entities and clean-up in progress with the NLC to root out poor governance and impact of corruption
2. Investment Conference (2022) secured **commitments to invest R322bn**
3. **Seven masterplans implemented**, generating new investment, jobs and production, and covering more than 600 000 workers
4. **65 000 jobs created** through the Social Employment Fund
5. **178 000 jobs covered by competition job guarantee** provisions
6. Inaugural **Black Industrialist Conference** convened, showcasing 150+ black industrialists
7. **120 000+ workers secured shares in the companies they work for**, broadening the base of empowerment
8. **R200m raised for localisation** support fund
9. **1000 pro-bono surgeries** secured as a commitment from large hospital group
10. More than **548 500 cars, bakkies and taxis produced in SA**, maintaining our status as Africa's largest auto-producer
11. Launch in January 2023 of a **South African developed satellite** for agriculture monitoring, built by Dragonfly, with capacity to monitor one million square miles daily of agricultural areas
12. **Court case won by dtic/SARS on illegal imports**, enabling SARS to confiscated millions of rands of goods
13. **Flood relief provided** to businesses affected by devastating floods in KZN
14. **R200m provided to small-scale black farmers** as part of sugar masterplan
15. **New undersea cable** connecting South Africa with west Africa and Europe, completed by Google following investment pledge

50 Highlights – selected examples

1. SA leads and concludes a **global deal on right to produce covid-vaccines** through waiver of intellectual property rights at the World Trade Organisation (WTO)
2. **AfCFTA tariff offer agreed** within SACU for the African Continental Free Trade Area
3. **Business Forums** held with investors from, among others
 - Saudi Arabia, Japan
 - Botswana, Cote D'Ivoire, Kenya
 - Spain, UK
4. **Exports of apples crossed the R3bn threshold**, making SA the fifth largest exporter globally in 2022
5. **Sunflower oil exports surpassed the R1 billion mark** in 2022, with major new market access in UAE, Spain, Malaysia, Australia and the UK
6. **Black Exporters Network** launched, enabling more South Africans to participate in global markets
7. Shoprite-Checkers commit within 5 years to **localise R500m additional food products** previously imported and **create 18,500 new jobs**
8. Langeberg-Ashton **factory saved from closure**, with 4 000 seasonal workers jobs saved
9. Heineken commits to **export products from SA** and build a new maltery
10. SA **films produced with dtic-support** include Silverton Siege, Umbrella Man, The Woman King and Blood Psalms
11. **R1,3 bn energy-resilience Fund designed** and launched in new financial year
12. **School uniform investigation** by competition commission concluded and remedies implemented
13. **Clothing retailers commit to local production** and industry records jobs growth
14. **Scrap-metal export prohibition introduced** to deal with cable and metal theft
15. Some **383 000 new companies registered** through CIPC, using same-day registration portal

50 Highlights – factory openings and production milestones

Launch of new factories, production or investment

1. **Isuzu D-Max bakkie** SA production started in April 2022
2. **Corobrick** opens a new bricks production facility, with capacity for 102 m bricks a year, in May 2022
3. **VW Polo** exports its one-millionth Polo produced in SA and exported to 38 countries, in May 2022
4. **Kerry Foods** opened a manufacturing facility in Hammersdale in May 2022
5. **Sigma** launched a new call centre in Mitchells Plain to service global customers in July
6. **Metair** wire-harness factory officially opened in KwaDukuza in September 2022
7. **SAPPI-Saiccor** pulp production new facility opened in Umkomaas in September 2022
8. **Sandvik** opened a capital equipment plant in Ekurhuleni in September 2022
9. Mpact Plastic Containers expanded production in Brits, with R500m to **make wheelie bins in SA**
10. **Lactalis SA** completed the construction of the cheese production facility
11. **Daimler Truck** distribution centre built and opened
12. **Consol** expansion of its Nigel bottle-making facility and produces SA-made drinking glasses
13. **Arcelor Mittal** produced mainline rail in SA for the first time in many years, with capacity to do import replacement of R500m per year
14. **New Ford Ranger** produced in Silverton from November 2022, following a R16 billion new investment
15. Local production of **solar panels**, from October 2022
16. Construction of a **new steel mill** in Wadeville commences, with R3,3 billion invested
17. **Plastic injection company** opens in Tshwane SEZ
18. Floor carpets company **Feltex** opens a plant in Tshwane SEZ
19. **Thermoforming and blow-moulding company**, ADT Alliance opens a plant in Tshwane SEZ
20. Structural steel work for **Msikaba bridge on N2** in E Cape is done locally, at Highveld Steel plant

Highlights: Unqualified Audit Outcomes

18

Unqualified Audits

the dtic achieved 18 unqualified audit outcomes across its Portfolio **out of 19 entities**.
One entity received a qualified audit outcome (NLC)



Highlights: Unqualified Audit Outcomes

2-YEAR (2022-23 & 2021-22) AUDIT OUTCOMES the dtic PORTFOLIO

	Unqualified with no findings (Clean audit)	Unqualified with findings	Qualified	Total
2021-22	12	5	1	18
2022-23	14	4	1	19

Focus for the new year is to address the PFMA and PPPFA challenges faced by the two DFIs (IDC and NEF) and to improve control environment in entities where gaps have been identified. The next phase of SABS reforms will be to address financial management.

When compared with the previous year, overall portfolio achievement on unqualified audit outcomes in the 2022-23 remained broadly constant.

*The Takeover Regulation Panel was listed as an entity of **the dtic** from 28 March 2023 and is therefore not included in the previous cycle.

The total number of dtic-entities in current year is 18, an increase from 17 entities in the previous year (2021-22).

The NLC was qualified on the allocation of grants. A material irregularity was identified for the NLC. The cleaning-up of the NLC is now underway and it is expected that a significant improvement will be effected in the systems and controls over financial decisions. This is the priority within the dtic-group for 2023/24.

R322.2 billion

New investment pledges from 2022 Investment Conference

the dtic hosted the Investment Conference on behalf of the Presidency & worked with other departments to secure pledges.

- **231** - Number of projects are being tracked
- **83** - Number of projects completed of the 231 announcements previously made
- **R1.14 trillion** - Total value of investment pledges made

79 firms and entities

made new investment announcements to the value of R332.2 billion.

	Number	Value	Amount flowed	% Flowed
Projects announced	79	R332,2	R106bn	31,9%
Completed	22	R17,1bn	R14,8bn	86,4%
Under construction	33	R171bn	R78,3bn	45,8%
Early stages	14	R45,5bn	R0,5bn	1,2%
Delayed	3	R2,3bn	R0,3bn	10,8%
DFI	6	R93,1bn	R11,5bn	12,3%
Private finance	1	R3,3bn	R0,7bn	21,2%

As at 8 September 2023,
R106 billion of investment
has flowed = 32%.

investSA
ONE STOP SHOP

R21.7 billion

Approvals by IDC in loans and equity support investments
(R20,7 billion on-balance and R1 billion off-balance)

R20.4 billion Disbursements (R17.8 billion on-balance and R2.6 billion off-balance)

R5.6 billion approval for **black-owned companies** (R4.8 billion on-balance and R800 million off-balance)

R4.8 billion approved for **black industrialists** (R4.6 billion on-balance and R600 million off-balance)

R1.2 billion approved for **women and youth-owned businesses** (on-balance and off-balance)

R 1.2 billion - Approvals by NEF

R692 million - Disbursements by NEF

Detailed case studies were provided to Parliament on projects supported by the dtic-group during the past financial year. More than 150 case studies were contained in presentations to the Portfolio Committee on Quarterly Performance and the Black Industrialist Conference.



R30 billion -

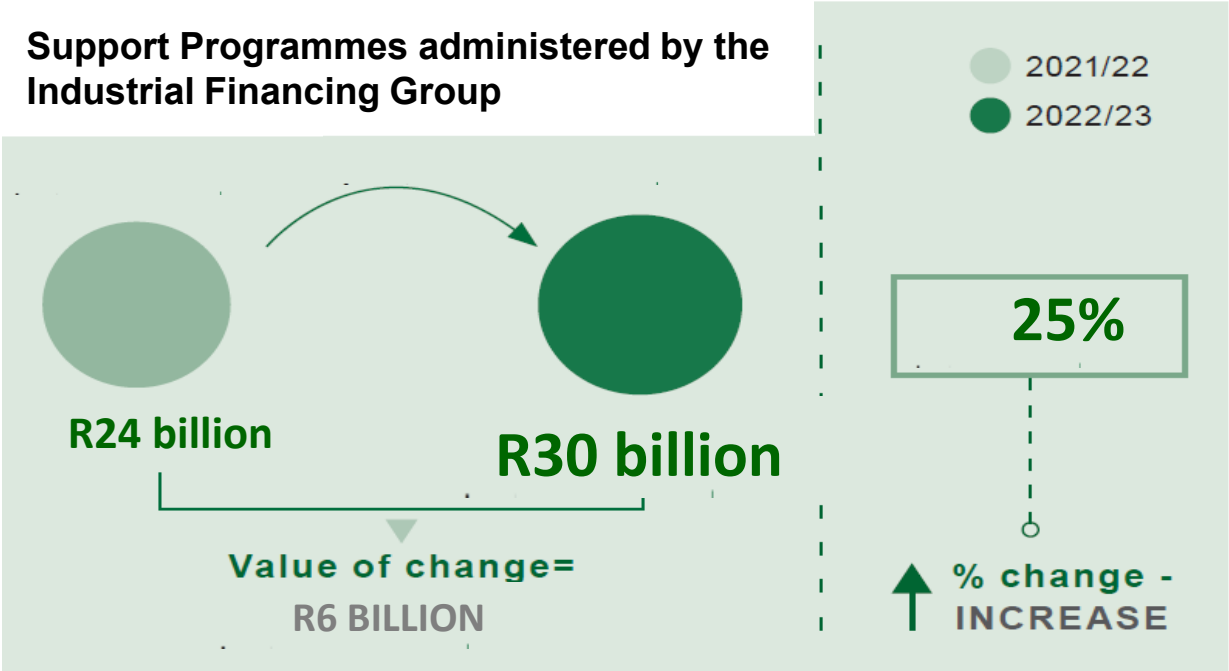
Industrial financing approvals by **the dtic** (dtic incentives, IDC and NEF)

The department (dtic incentives, IDC and NEF)

- **683** of enterprises/organisations approved for industrial financing funding
- **R85 billion** investment secured for approved projects in South Africa
- **Over 1 000** enterprises/organisations received disbursements of R26,2 billion
- All eight metros supported and **42 out of 44** district municipalities supported
- **29 000 (85% youth)** active jobs supported through GBS and **R7,9 billion** worth of service exports generated through GBS
- **R1,5 billion** disbursements to renewable energy projects (solar power, wind power, biofuels, and hydrogen fuel cells)

Highlights: Support Programmes by the Industrial Financing Group

Support Programmes administered by the Industrial Financing Group



R12,5 BILLION

Support programmes to enterprises in areas outside the 5 main metros

R7 BILLION

Financial support to SMMEs, women and youth empowered businesses

R8,5 BILLION

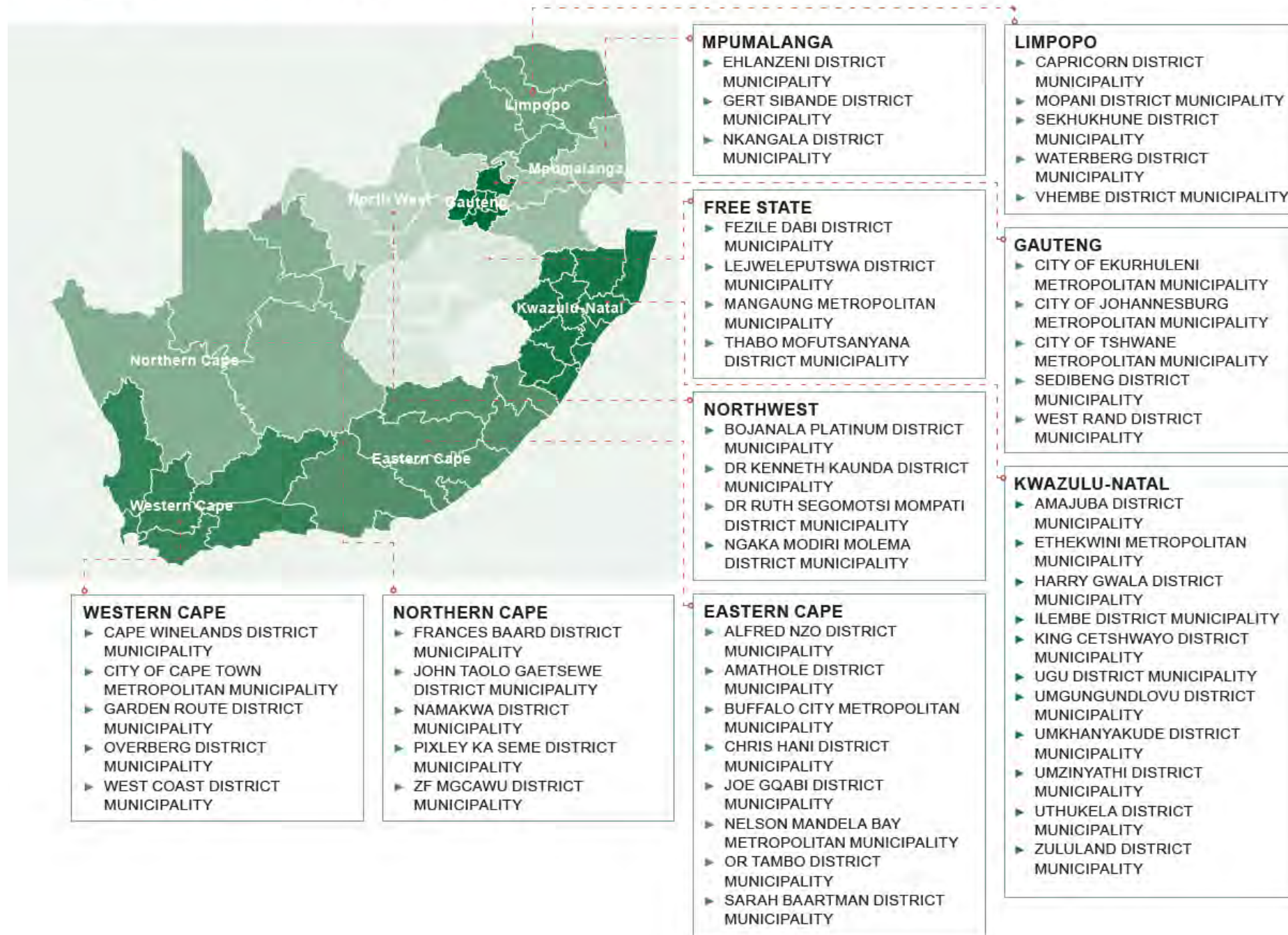
Support to black industrialist and black owned firms

R7 BILLION

Financial support to enterprises in labour absorbing sectors

Highlights: Industrial Financing at metros and districts

All eight metros were supported, and 42 out of 44 district municipalities were supported.



R724 million-

Value of approvals by **the dtic** portfolio towards economic recovery

- **114** Number of enterprises/intermediaries supported
- **More than 5 100 jobs** covered by support programme

Highlights: Master Plans

Sugar, Poultry and Automotive

01

Poultry

R1.8 billion investment in poultry which contributed to **3 888** jobs created with a capacity of **2.8 million** birds per week created.

02

Sugar

R215 million spent in the commitment to industry transformation over a period of five years.

SIMP commitments:
R800 million spent from Transformation Initiative Fund

03

Automotive

R1.2 billion as a result of investment announced in 2019, the D-max Isuzu light delivery van was launched in Gqeberha, Eastern Cape

R1.4 billion as a result of a 2020 SAIC announcement - expansion and localisation of the new Ford Ranger, Hestos Harness plant launched in Kwa-Dukuza, KZN on 13 September 2022.

Highlights: Master Plans

Automotive



Automotive Master Plan

- Total Ford investment for Metair South-African-based subsidiaries equals **R1.4 billion** and the total Hesto Ford Investment equals to **R804 million**.
- On 14 November 2022, the first next-generation Ford Ranger was built at the Silverton Plant in Pretoria. This follows Ford Motor Company of South Africa's (FMCSA) capital investment of US\$1.05 billion (**R15.8 billion**).
- The plant has increased capacity, with capacity for **200 000** vehicles to be built annually and exported to more than 100 global markets.
- **R3.62 billion** in investment made by the 10 suppliers within the Tshwane Automotive Special Economic Zone (TASEZ).

Highlights: Master Plans

Steel and Metal Fabrication Master Plan

Steel and Metal Fabrication Master Plan

- Construction at the first and largest scrap-based new flat steel plant commenced. The **total investment** for the plant including all the supporting infrastructure was confirmed at **R3.3 billion**, of which R500 million is funded by the IDC. The commercial plant will produce 500 000 tons/annum of flat steel. About **250 permanent jobs** will be created when the plant is operational adding to 5000 employees already employed by Scaw and Barnes group.
- In October 2022, AMSA launched a **re-branded rails mill at Highveld complex** with the capacity to manufacture **15 000 tons** of rails per month. The re-opened mill has the capabilities to supply the greater part of the SA rail network and rail infrastructure projects on the Continent. At full production, the plant can create **250 jobs**; with potential annual import replacement of R1 billion on structural steel and about R500 million on mainline rails.

Highlights: Jobs Created through Master Plans

Jobs created through Master Plans

- **4 848** - construction jobs (12% women and 53% youth) were achieved
- **1 000** - through the launch of D-max Isuzu light delivery van in Gqeberha, Eastern Cape.
- **1 200** - created through the FMCSA's own facilities, bringing its total workforce to **5 500**.
- **10 000** - in addition, an estimated **10 000** new jobs were created across Ford's local supplier network.



Highlights: EEIP investments achieved

Equity Equivalent Investment Programme (EEIP)

R1.14 billion

EEIP investment achieved in localisation

46 490

Jobs created in 12 industrial parks (7 provinces)

2 453

Additional construction related jobs created during revitalization period.

The B-BBEE Act affords multinational companies not able to sell equity in a local subsidiary, or where a measured entity cannot effect a direct equity interest by black South Africans, an opportunity to contribute towards transformation through the EEIP);that is, allowing multinationals to promote and advance the critical areas of ESD and support for black industrialists.

Highlights: Value of Global Manufactured Exports

Engagement With International Markets

In its broader international work, the department included more targeted work to obtain opportunities in markets in the United States, Asia, Europe, the Middle East and Latin America.

R700+ billion

Value of manufactured exports to the rest of the world for the 2022/23 financial year.

320

SA Companies financially supported to participate in twenty two (22) exhibitions globally covering sectors, which include Food and Beverages, Oil and Gas, Footwear and Leather, as well as Automotive and Components.

R143 million

Value of export sales generated in 2022/23 FY through these events and others held in previous years.

Additionally, South African companies were supported through State Visits with Germany, Saudi Arabia, Spain and the United Kingdom.

Highlights: Cartels administrative penalties

The Commission Vs. Asib & Sprinkler Installers

The Tribunal heard a complaint referral against ASIB (Automatic Sprinkler Installation Bureau) and all sprinkler installers listed with ASIB as sprinkler installers, the Tribunal's judgment is reserved.

Out of the 17 respondents initially referred to the Tribunal for prosecution, 7 respondents faced prosecution, while the remaining 10 settled with the Commission.

The allegations against ASIB and its listed Installers is that they agreed not to conduct business in territories (provinces/regions) where they were not listed (registered with ASIB). The alleged agreement is in contravention of the Competition Act.

The ten listed installers who settled with the Commission agreed to pay administrative penalties. Additionally, they undertook to discontinue adhering to ASIB rules that divided markets, thereby ending their anti-competitive practices.



competition commission
south africa



competition tribunal
SOUTH AFRICA



Highlights: Heineken merger

Mergers and Acquisitions

INVESTMENT OVER/WITHIN 5 YEARS

- R10 Bn
- + R3.8 Bn greenfield brewer
- + R1.7 Bn greenfield Maltery

ENTERPRISE SUPPORT

- Local sourcing of key inputs committed to R9.5 Bn over 5 years
- HDP procurement over 5 years, commitment of R4.7 Bn

COMPETITION CONCERNS

To address competition concerns, the merged entity agreed to sell the Strongbow Brand to a majority HDP owner

SUPPLIER DEVELOPMENT FUND

- R400 million over 5 years for SME and Historical Disadvantaged Persons (HDP) to promote supply in the agricultural value chain
- R200 million localisation fund
- R175 million support to 1 000 Traven

ESOP AND EMPLOYMENT COMMITMENT

- Establish an ESOP (Employee share ownership scheme of approximately 6.33% valued at approximately R3.5 bn
- Maintain aggregate job numbers for 5 years



Highlights: School Uniform Procurement Guidelines Changes Lives

Competition Commission

Case study of the impact of the revised guidelines



Pamela Luthuli, an entrepreneur from Tshwane was selling school uniforms from her car, struggling to make sales. Today she successfully runs a business supplying school uniforms to 10 schools in Tshwane. Her company Panda Uniforms and Projects, manufactures and supplies school uniforms, tunics, golf shirts, blazers, tracksuits, and related clothing items, and employs five workers.



Key outcomes of the joint Commissions and Department of Basic Education's National Guidelines on School Uniform Procurement:

- Promote pro-competitive procurement practices that support SMEs and offer parents and guardians more choices when buying school uniform
- Schools have removed exclusivity clauses in contracts with suppliers, adopted a competitive bidding practices
- The change is benefitting SMEs and enhances choices for parents and guardians when purchasing school uniforms

Highlights: Guideline on Small Merger Notification

Red Tape Reduction:



competition commission
south africa

REVISED SMALL MERGER GUIDELINE

The Competition Commission of South Africa amended its Guideline on Small Merger Notification, effective from 1 December 2022.

- These guidelines were developed in response to concerns that certain potentially anti-competitive acquisitions, particularly in digital or technology markets, were escaping regulatory scrutiny. Such acquisitions often occurred early in the target firm's life, before they had generated significant turnover or accumulated the required capital and assets to trigger mandatory merger notifications based on traditional turnover or asset thresholds.
- The new small merger guidelines close this gap by stating that the Commission must be notified of any mergers where the acquiring company's turnover or asset value alone is higher than the combined turnover or asset value for a large merger (currently set at R6.6 billion).
- Furthermore, if the consideration for the transaction exceeds the target firm's asset or turnover threshold for large mergers (currently set at R190 million) or effectively values the target firm at this threshold, it must also be notified to the Commission.
- The Commission commits to determining the necessity of notification within 30 days.

Highlights: Trade instruments to support domestic industries

Trade policy

Trade instruments to support domestic industries by leveling the playing field with imports and increasing competitiveness include:

Implemented 2 tariff adjustments and 3 rebates provisions

- **Customs duty adjustments** for combined refrigerator-freezers, fitted with separate external doors and demineralised whey powder used for the manufacture of prepared infant's food.
- **Duty rebates** for primary flat steel products, weapons, weaponry systems, ammunition and related items used for testing purposes and titanium dioxide for use in the manufacture of paints, varnishes and prepared driers.

Implemented 4 trade remedy measures and 6 provisional measures

- **1 Anti-dumping:** float glass (Malaysia)
- **3 Sunset reviews of anti-dumping duties** to extend protection against unfair imports on cement, unframed mirrors (India) and polyethylene terephthalate (PET).
- **6 provisional anti-dumping duties** on windscreens; galvanized steel coil, welded chain link, garden tools, frozen potato chips and tyres.

Social Compacting:

R97 million in new investment commitments by firms based on International Trade Administration Commission of South Africa (ITAC) work.

128 311 Jobs supported which were covered by new trade interventions and past anti-dumping and safeguard duties.

R258 billion of exports and domestic sales of **motor vehicles**, automotive components and tooling manufacturing enabled by the Automotive Production Development Program.

Highlights: Ease of doing business, debt management & standards

Entities: CIPC, NCT & SABS

383 870

New companies registered with CIPC, within one day
(equal to 95% of 404 095 companies registered)

27 889

Debt rearrangement matters finalised by the NCT

404

Technical standards published by SABS, 145
publications developed in SA

Highlights: Improving state capacity

- DTIC changes to structure, with ten Programmes reduced to nine to enable greater impact on connected work areas and reduce organisational silos
- Review of the posts in the Department, with unfunded posts removed from the system and new adverts issued to reflect changing organogram
- Refocus of separate entities into a new dtic-group identity, with three cross-cutting goals, namely industrialisation, transformation and a capable state
- While work was done on potential consolidation of entities, this was not completed in the financial year.
- Work completed on a revamped and new Annual Performance Plan (APP) for 2023/24
- Quarterly reports to Portfolio Committee changed to evaluating impact rather than process
- New case studies provided in each Quarterly report to show the impact of dtic-work on the lives of South Africans
- Appointment processes strengthened to identify talented persons to serve in the dtic-group
- Though the changes are having a positive impact, there is still considerable scope to improve the functioning of the Department and many of the entities – one of the country's most significant challenges is to build strong capability in the public sector.

Highlights: Improving state capacity through appointments

More than 70 key appointments made across dtic-group, including

- **National Lotteries Commission:** New Board appointed, with six persons, chaired by Dr Barney Pityana. Commissioner subject to investigation and resigned. Measures against Board members taken by the SIU for recovery of monies. Outstanding criminal prosecution awaited. New Commissioner Jody Scholtz appointed.
- **SABS Board:** new Board appointed with 8 members, chaired by Dr Sandile Malinga and SABS taken out of administration
- **Competition Commission:** Doris Tshepe appointed as new Commissioner from September 2022
- **Competition Tribunal:** Key appointments include Dr Liberty Mncube as deputy chair, Prof Imraan Valodia and bench acting appointments of Adv Geoff Budlender, Adv Tembeka Ngukaitobi, Adv Jerome Wilson and Ms Sha'ista Goga.
- **Companies Tribunal:** 11 Tribunal members appointed, chaired by Judge Dennis Davis.
- **CIPC:** Commissioner Rory Voller appointed for second term in July 2022
- **ITAC:** Ayabonga Cawe appointed as new Chief Commissioner
- **Export Credit Insurance Corporation (ECIC):** Mr Mandisi Nkuhlu appointed as CEO. He subsequently sadly passed away.
- **BEE Commissioner:** Tshediso Matona appointed as new Commissioner in September 2022
- **DTIC:** new CFO appointment recommendation awaiting Cabinet approval
- **Financial Standards Reporting Council:** 17 Board members appointed wef 1 July 2022, chaired by Dr Len Konar
- **National Consumer Tribunal:** 11 Tribunal members appointed July 2023, chaired by Trevor Bailey
- **B-BBEE Council** appointed, with representatives across the South African economic spectrum

Highlights: Global Economic Outlook & Risks

Global Economic Outlook:

- Global economy is projected to grow by 3.0% in 2023 and 3.0% in 2024, upward revision of 0.2 and no revision for 2024 (from April' 2023 forecast).

Risks to the outlook have increased and they include:

- The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions.
- Inflation remains high, hence compelling monetary policy tightening for both developing and developed economies. This raised the cost of borrowing, constraining economic activity.
- The ongoing risk that the world economy will separate into blocs amid the war in Ukraine and other geopolitical tensions could intensify, with more restrictions on trade in minerals, capital, technology, labour and international payments.
- Risk of volatility in commodity prices and hamper multilateral cooperation on providing global public goods.

Source: 1. International Monetary Fund, World Economic Outlook (July, 2023)

Highlights: Headwinds to Domestic Economic Context

Challenges

Since the start of the reporting period, the country faced headwinds that impacted on the economy and our well-being:

- The economy avoided a recession in the first quarter despite severe load-shedding.
- Import levels grew faster than exports, in the period
- The Reserve Bank increased the repo rate, with the prime rate rising from 8.25% in the beginning of the FY, reaching 11.25% at the end of the year.
- GFCF activity remains well below pre-Covid-19 levels, as expectations of weak economic growth prospects keep the private sector hesitant to expand its production capacity.

Highlights: Domestic Economic Context

Growth Drivers

- 1 In the FY under review, growth was driven by eight sectors, with trade (11.6%) and mining (6.6%) showing the strongest expansion.
- 2 Manufacturing grew by 3.1% in the same period and generated R850 billion in annual value-add (2023 prices)
- 3 Growth for the FY was weighed down by two sectors, led by agriculture (-26.7%) and electricity, gas & water (-1.7%)
- 4 Growth forecasts for the current calendar year (2023) is 0.4% and for next year it is 1.0% (SARB, 2023).

Source: 1. Statistics SA , Gross Domestic Product (GDP), 1st Quarter 2023 (June 2023); 2. SARS; Quantec 2023 3. The SARB, July 2023 MPC)

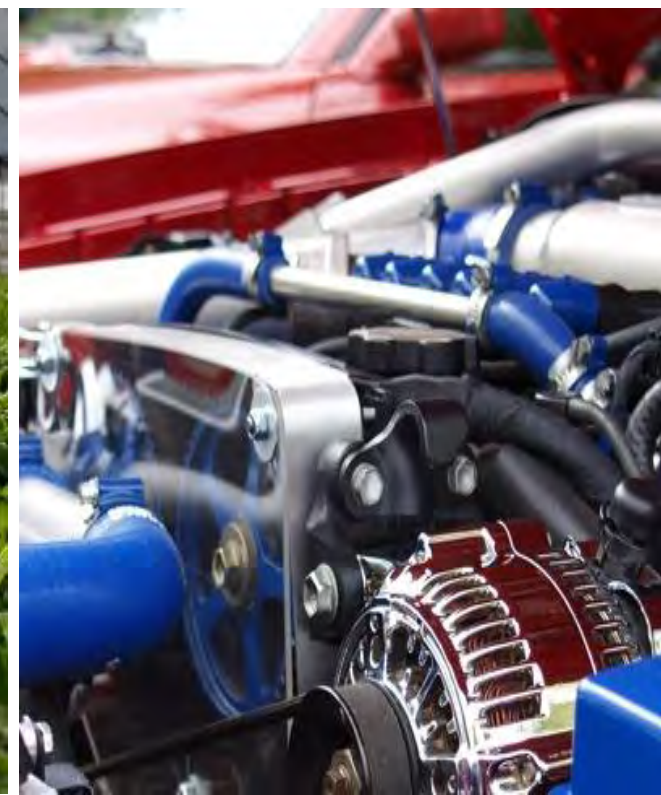
Highlights: Lessons from new shocks

Systemic shocks: Climate change & Covid-19 pandemic

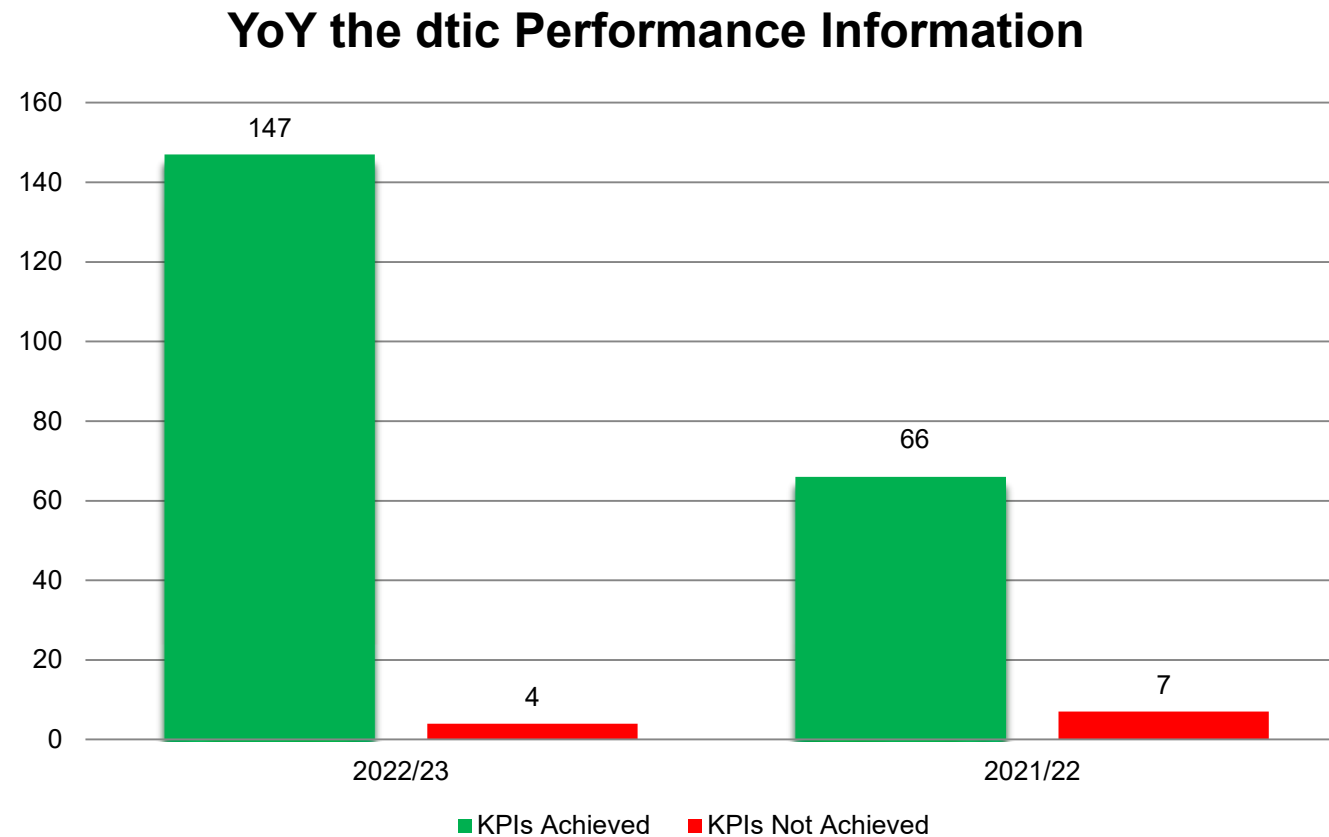
There are three standout lessons from the new shocks of the past year, which reinforce what we have learnt from the systemic shocks of climate change and the Covid-19 pandemic:

- 1st, economies and supply-chains are vulnerable and that building greater industrial resilience needs greater prominence in policy-making;
- 2nd, societies need capable states, that is responsive and agile, and equipped to quickly marshal what is needed when risks materialize.
- 3rd, the absence of economic justice places the burdens of climate, social or geopolitical disruptions on those in society that can least afford to shoulder these burdens.

PART 2: ANNUAL PERFORMANCE SUMMARY 2022/23



Highlights: dtic Performance Outcomes



The department achieved 147 targets of the 151 planned targets set out in the 2022/2023 Annual Performance Plan.

Annual Performance Summary 2022/23

Performance Report Summary	Annual KPIs	Annual Targets	Targets Achieved	Percentage (%) Achievement	Budget Spent (%)
	151	151	147	97%	99%

PROGRAMME	KPI	ANNUAL TARGET	ACHIEVED
1: Administration	26	26	26
2: Trade Policy	24	24	21
3: Spatial Industrial Development	17	17	17
4: Sectors	18	18	17
5: Consumer and Corporate Regulation	10	10	10
6: Industrial Financing	11	11	11
7: Exports	13	13	13
8: Investment	12	12	12
9: Competition Policy	9	9	9
10: Research	11	11	11
Total	151	151	147

Non-Achieved Targets

Four out of 151 targets were not achieved.

Programme	Reasons for targets not achieved
Trade Policy	<ol style="list-style-type: none">1. Draft regulation on anti-dumping, safeguard measures and on tariff investigations not finalised due to further consultations required.2. Draft Patents Bill not finalised – work was done on the Bill but the Department decided to prioritise the Companies Amendment Bill in order to have it tabled in Parliament during FY2023/343. Draft Designs Amendment Bill not finalised – for the same reason as above
Sectors	<ol style="list-style-type: none">4. Publishing of NEV roadmap not finalised due to cost of initial proposals and the need to redesign the package to be more affordable. This work is expected to be completed in the current FY.

Programme 1: Administration

Employment Equity

4.2% People with a Disability employed by 31 March 2023
0.7% above the quarterly as well as the annual target of
3.5% above the Cabinet target of 2%.

55% of Women in SMS employed by 31 March 2023.
5% above the quarterly as well as the annual target
50% above the Cabinet target of 50%.

2022/24 intake, **31 Interns** assumed duty on 1, 4 and 6 July 2022.
One intern left the department with effect 1 January 2023 for an employment opportunity, leaving the department with 30.
One intern from a previous intake (2021/23) is still employed until May 2023.
Total number of interns employed by the department is 31.

Creditors Payments

All eligible creditor **payments** were processed **within 30 days**



the dtic interns

Programme 2: Trade Policy & Negotiations

AfCFTA

- Finalization and submission of SACU's tariff offer covering 90% of tariff book.
- Finalisation and adoption by AU Heads of State and Government of Phase II Protocols on Investment, Competition and Intellectual Property Rights with agreed built-in agenda for the finalization of outstanding issues.

SACU

- SACU member states held a Ministerial Investment Roundtable in Gaborone, Botswana on 12-13 April 2022.
- The SACU Summit adopted the SACU Strategic Plan 2022 – 20227. The strategic plan will guide the implementation of the Refocused Work Programme of SACU over the next five years.

SADC

- Conclusion of long standing matter of non-recognition of SADC certificates of origin on petroleum products from South Africa and exported to Zambia.
- Entry into force of amendments to the SADC Protocol on Trade incorporating provisions to implement electronic certificate of origin.

Programme 2: Trade Policy & Negotiations

Bilateral engagements: Rest of the World

- Resolved market access barriers for SA export of greasy wool to China
- Resolved the Saudi meat ban impasse, whereby Saudi Arabia committed to expedite the inspection of SAs meat facilities in order to finalise the outstanding meat protocols.
- Various bilateral meetings held with the EU to find solutions for trade concerns including on citrus
- Bilateral engagements with the following key countries: Spain, UK, Saudi Arabia, China, Korea, Japan, Vietnam, USA, Cuba, Philippines, Switzerland, and Russia.

Multilateral engagements

- **WTO** - At the 12th WTO Ministerial Conference in June 2022 a decision on the TRIPS Agreement was taken to reaffirm and clarify existing flexibilities and to ease some onerous notification requirements for compulsory licenses. The Decision enables the production and supply of COVID-19 vaccines, their ingredients, as well as components that are under patent, without patent holders authorisation.
- **EU** - On the SADC-EU EPA the Parties concluded the dispute process initiated by the EU regarding bilateral safeguard measure imposed on bone-in poultry products imported from the EU. The dispute was concluded in favour of SACU on the majority of claims made by the EU.

Programme 2: Trade Policy & Negotiations

Multilateral engagements

Non Proliferation

- Analytical Skills Development Course held from 23 May to 3 June 2022 for African States Parties to the Chemical Weapons Convention: The Non-Proliferation Council, together with Protechnik Laboratories and the Organisation for the Prohibition of Chemical Weapons hosted an Analytical Chemistry Course to increase analytical chemistry skills and capabilities under the laboratory capability enhancement programme.
- The Non-Proliferation Council, together with the National Institute for Communicable Diseases (NICD), and the United Nations Office for Disarmament Affairs (UNODA) hosted a basic training course within the framework of the United Nations Secretary-General's Mechanism to carry out investigations in response to allegations of the possible use of chemical and bacteriological (biological) and toxin weapons. The course was held at the NICD from 20 June to 01 July 2022. This was the first course of this kind to be held in Africa.

BRICS

- SA chaired the 31st Contact Group on Economic and Trade Issues session virtually from 14-15 March 2023
- Concept notes on BRICS response to under-invoicing, BRICS Diversification of Supply Chain for resilience, BRICS cooperation on MSME's and BRICS cooperation on MTS and WTO Reform all adopted by members states.

G20

- G20 Trade Ministers meeting was held on 21-23 September 2022 under the Indonesian Presidency. In the engagements SA advocated for measures that would promote industrialisation and would allow developing countries to move up the global value chain and capture a higher share of its benefits. SA also advocated for addressing the growing digital divide between developed and developing countries.

Programme 3: Spatial Industrial Development

Special Economic Zones

R 28.3 Billion

Cumulative value of the 194 SEZ based investments

The estimated cumulative rand value of SEZ based operational investments is reported to have grown from R20,961 billion to R28,397 billion during the 2022/23FY, which is a net growth of R7,436 billion. Similarly, the number of direct operational jobs during the same period increased from 19 344 to 22 870, which is a net gain of 3 526 new gainful j

Designation Applications

Application for the designation of the **Namakwa SEZ** was resubmitted in February 2023, and it is currently going through an approval processes.

The application for designation of the **Coega Vaccine and Pharmaceutical SEZ** was submitted on 5 December 2022. The application is currently going through a review process

CEO Forums and Project Development

4 CEOs Forum took place in the FY 2022/23

Approximately 15 projects are at different stages of development (i.e. construction & commissioning phases) across the different SEZs.

Programme 4: Industrial Policy

Poultry

- From 2019 to 2022 the poultry industry financed R466-million to cover the cashflow for emerging black contract growers & total poultry feed (Layer, Broiler & Breeder) increased by 5% (from 6 715 435 tons in 2019 to 7 047 840 tons in 2022).

Furniture

- The PG Bison eMkhondo plant is scheduled to commission in mid-2024, Civil works for the project have commenced.
- FX Group, commissioned the 4.5 Mw woody biomass-fed steam turbine power plant to run the particle board line, sanding line, and melamine..

Agro Processing and Resource Based Industries

- Astral Foods, committed R350 million to expand and upgrade their broiler breeding capacity. This will supply additional day-old broiler chickens into the industry which will support an increase in slaughter numbers beyond what was envisaged through the masterplan. To date 1365 jobs were created, 13 contract growers fully established with a further 5 farms being built

Programme 4: Industrial Policy

MULTI- SECTORAL HIGHLIGHTS

Chemicals

- Fuchs Lubricant South Africa officially launched its newly built head office and warehouse in Isando, Johannesburg. The company has invested over R250 million in the expansion at its existing location and this forms part of Phase 1 of the company's expansion of its facilities.
- Phase 2, will involve an investment of about R500 million and would comprise a new lubricants plant to bolster the company's strong growth and expansion plans for the continent.
- Anchor Chemicals is part of Hobart Enterprises, the holding company of numerous importing, manufacturing and distributing companies and based in Pietermaritzburg.. On the 2nd February 2023 an injection and a blow moulding plant were opened, with 5000 square meters and 550 tons storage capacity respectively. The company employed 25 additional staff

Pharmaceuticals and Medical Devices

The National Biological Institute of South Africa indicated that they are in the process of expanding their current blood fractioning and blood products manufacture capacity in Pinetown, KwaZulu-Natal. This is the only facility of it's kind on the Continent. The project is split in two parts that is being run concurrently i.e. the plasma from Africa for Africa and the expansion of manufacture capability (new production facility). NBISA have acquired the SANBS land adjacent to their current facility for the expansion. The total value of the expansion is R1.5m

The new production facility will be able to fractionate 1.2 million of plasma per annum and is estimated to cost R1.5 billion.

Programme 4: Industrial Policy


MULTI- SECTORAL HIGHLIGHTS

Pharmaceuticals and Medical Devices

Unveiling of the Pfizer/Biovac Freezer Farm on 09 March 2023 in Cape Town by Minister Patel:

- The seven-year Biovac/Pfizer Prevenar 13 technology transfer journey was successfully completed and Biovac is now able to formulate, fill, finish and distribute Prevenar 13, and has secured supply to support the NDoH in the EPI program. Over three million vaccine doses of this locally made vaccine are administered to South African newborn children each year.
- On the back of successfully executing the technology transfer for Prevenar 13 with Pfizer, Biovac was also able to rapidly accelerate and finalise an agreement for local manufacturing of the Pfizer/BioNtech COVID-19 vaccine. 28 million doses of Comirnaty were administered in South Africa. This equates to 75% of all COVID 19 vaccine doses administered since the beginning of the pandemic. The agreement with Pfizer for this mRNA technology transfer is not only the first in the Southern hemisphere but is the only one of its kind in the continent.

Electro-technical and White Goods

 At the back of the Medium Voltage Switchgear designation, Schneider Electric South Africa and Eya Bantu Switchgear launched the local assembly of the PIX Easy Air Insulated Switchgear in Gqeberha in May 2022. This investment was worth R10 million and created an additional 15 jobs.

 Nyamezela Metering, a 100% black woman owned business, received approval from the Black Industrialists Scheme and IDC to the amount of R72 million to expand into a new CKD factory in Gauteng, City of Johannesburg. The factory will fully manufacture electricity meters. About 112 new jobs to be created by this investment.

Programme 4: Industrial Policy

Primary Minerals Processing and Construction

Launch of the Sandvik R350 million investment with three large workshop areas and office space on a 62,000 square metre site:

- Two of the workshops dedicated to refurbishment and rebuilding of local equipment for the Southern African region.
- The first workshop has 23 bays for machines to be refurbished.
- The second workshop is specially equipped with 100 tonne capacity flooring for the heavier tracked equipment such as underground continuous miners and surface drill rigs.
- The third workshop focuses on local assembly of equipment for both South African, as well as global markets.
- Sandvik is the largest mining equipment OEM in the world and employs just over 1 000 people in SA.



Primary Minerals Processing and Construction

Scaw Metal R1.9 Billion investment in Flat steel production

- Scaw metals flat steel plant is in construction due for completion May 2023.
- The R1.9 billion investment was partly supported by the IDC.
- The commercial plant will have 500 000 tons/annum capacity of flat steel production capacity.
- Construction of commercial plant began 2022 and is expected to be completed in Q2 in 2023.
- About 300 permanent jobs will be created when the plant is operational adding to the 5000 employees already employed by Scaw and Barnes group.
- The plant is an expansion of Barnes group into the flat steel market which is only occupied by Arcelor Mittal bringing fair competition to the monopoly of flat steel production in South Africa.



PROGRAMME 4: INDUSTRIAL POLICY

Steel and Metals Fabrication Masterplan

Rebuilding the rail infrastructure while supporting local manufacturing; services and jobs

- **PRASA awarded five companies** (Armature Technology; CTE Investment; Karabo Nhlamolo Projects Cooperative; TMH Africa; and YNF Engineering) **5 year general overhaul contracts** for its older rolling stock to the **value of R7.5-billion**. The contracts will support the maintenance and repairs of PRASA existing train sets, while also clearing the backlog in rolling-stock repair and refurbishment as well as improve the commuter service. The work packages are expected to **create around 2 000 jobs**.
- **Pandrol SA, a local rail fastening system manufacturer** located in Isando Ekurhuleni, was **awarded a contract of about R200m** for the supply and delivery of railway fastening system by Transnet. The company employs about 112 employees. Through this contract, Pandrol prevented 3 days short time for waged employees, salary cuts as well as potential resignation for some trained key personnel. As the demand grow, there is a potential to bring at least 20 temporary workers.
- In October and November 2022, **PRASA reopened rail lines serving Pretoria and Soweto corridors** after months of not being operational due to *inter alia* destruction and vandalism on the infrastructure. The reopening of the lines included building a new rail-line system (which includes a brand new rail track, fixing of cables, rebuilding of sub-stations, signaling, and telecommunications systems). In March 2023, **PRASA partially opened Cape Town's Central Line**. The line was suspended since 2018 and completely closed since October 2019. This was the busiest line in Cape Town, serving the poorest communities, and used to serve Khayelitsha and Mitchells Plain. The **trains manufactured at the Gibela Facility in Nigel** have been deployed on these revamped lines. The use of these trains creates an opportunity to local suppliers to participate during the maintenance cycles, especially on products that are already localised.



PROGRAMME 4: INDUSTRIAL POLICY

Steel and Metals Fabrication Masterplan

Additional Trade Measures Implemented:

- Following Cabinet's approval, on the 30th November 2022 the dtic gazetted a comprehensive package of measures to address damage to public infrastructure and the economy, by restricting trade of waste, scrap and semi-processed metals. The measures included a 3 phase implementation approach (details were reported in the Q3 departmental report to the PPC).
- The following 7 additional trade measures were implemented to support the value chain competitiveness:
 - In July 2022, a general rebate facility on various primary steel products to address supply shortages was created. Subsequently, ITAC published guidelines to guide the process to use this temporary facility.
 - In July 2022, amendments to the fasteners safeguard provision were made to include developing countries that were initially excluded.
 - In August 2022, Despite SA having lost manufacturing capacity, import duty on taps and mixers, classifiable under tariff subheading 8481.80.79 were maintained to support the SACU production.
 - In December 2022, amendment of the anti-dumping duty on stainless steel sinks originating in or exported from China was implemented in order to give effect to name change of manufacturer/exporter from China initially excluded from payment of duties.
 - In March 2023, Anti-Dumping duties on imports on various garden tools originating from People's Republic of China and India were imposed.
 - In March 2023, SARS imposed provisional duties of 35.9% against imports of coated coils steel (under tariff heading: 72104910) against imports from China for a 6 months period, while the investigation is being finalised.
 - Additionally, in March 2023, anti-dumping duties on welded link chains were rejected due to insufficient evidence provided to support the ITAC recommendation.



Programme 5: Consumer & Corporate Regulation

Companies Amendment Bill

General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act, Act No. 22 of 2022 (GLAA), has amended the Companies Act on the requirements to know shareholders through the disclosure of beneficial interest in securities of companies.

The Department developed the Regulations to respond to the SA greylisting issue and to give effect to the GLAA. The Regulations were Gazetted for public comment by end of March 2023.

Copyright Amendment Bill & Performers' Protection Amendment Bill

National Assembly adopted the Remitted Bills in September 2022. The Bills were referred to NCOP for concurrence. Extensive Parliamentary processes have been underway in NCOP, Select Committee from October 2022. The Branch briefed the Select Committee on the remitted Bills and briefed Provincial 9 Legislatures. Provincial public hearings were held across provinces. More than 30 public hearings were held by end of March 2023.

Implementation of the Merchandise Marks Act: Rugby Sevens World Cup Tournament

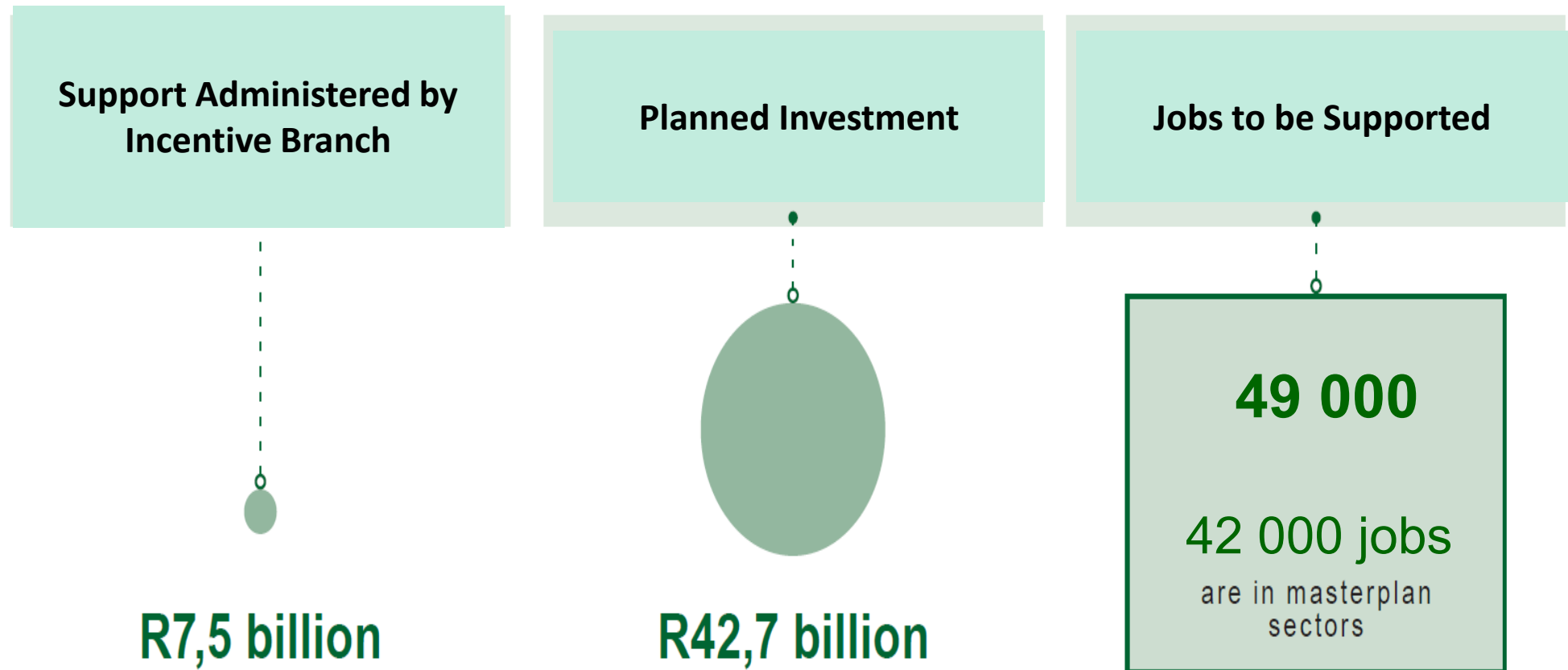
The Rugby World Cup Sevens event was hosted in South Africa from 9-11 September 2022. The Tournament was a protected event & its related marks (logos) applications were approved in terms of the Merchandise Marks Act of 1941, by the Minister.

Appointment of Financial Reporting Standards Council Members

17 members of Financial Reporting Standards Council appointed in July 2022. A significant milestone for the Department.



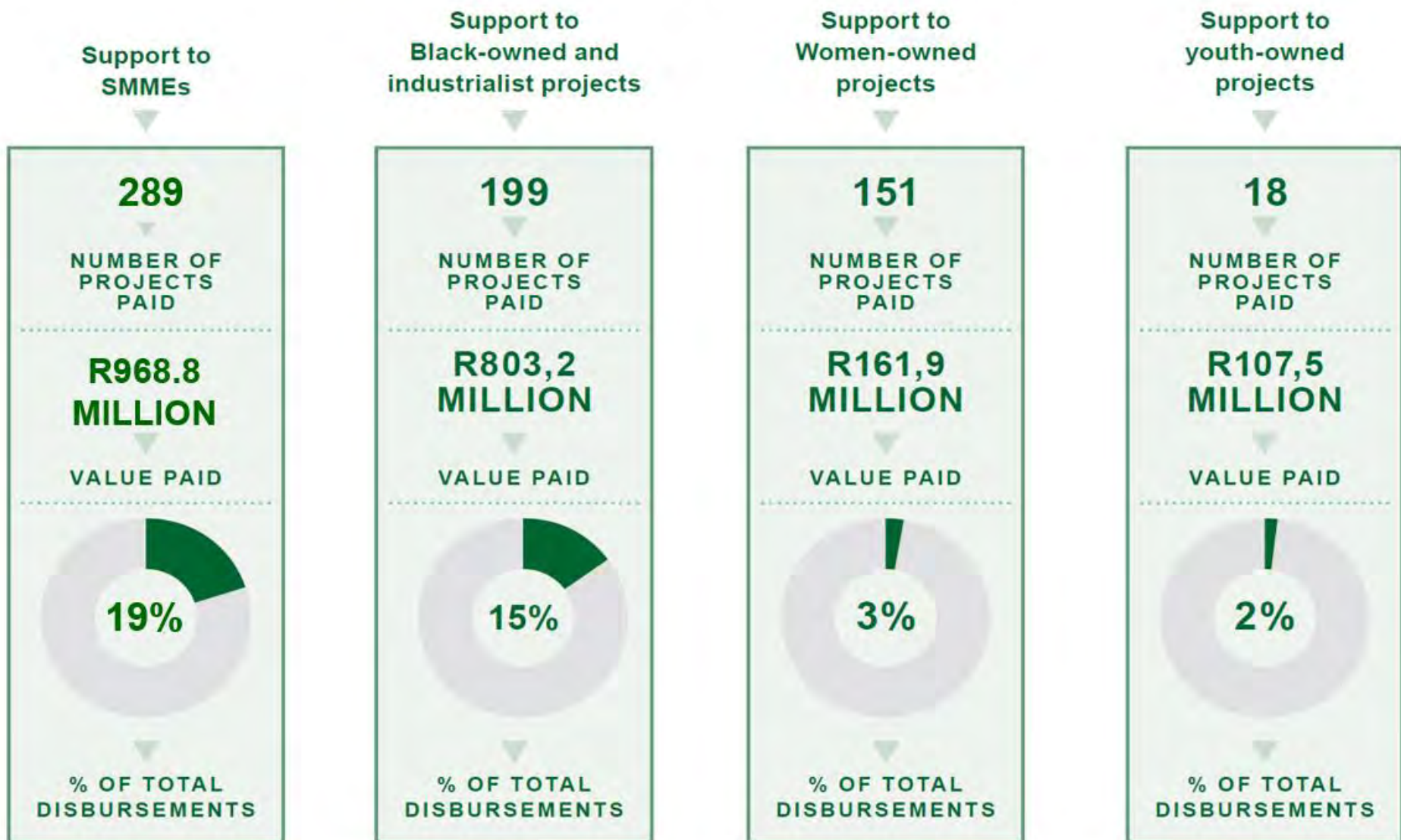
Programme 6: Industrial Financing



Programme 6: Industrial Financing

About R5,2 billion has been paid to 421 projects through the IFB

Ensuring inclusive economic growth by broadening ownership base of enterprises



Programme 7: Exports

GLOBAL MARKETS

- Broader international work, the department have included more targeted work to obtain opportunities in markets in the United States, Asia, Europe, Africa the Middle East and Latin America.
- During 2022/3 financial year, the value of manufactured exports to the world totaled **R733 billion**.
- A total of **320 SA companies** have been financially supported to participate in **twenty two exhibitions** globally covering sectors, which include Food and Beverages, Oil and Gas, Footwear and Leather, as well as Automotive and Components globally.
- Through these events and events held in previous years, a total of **R142.951 million** was generated in export sales in the 2022/23 FY.
- Additionally, outside Africa, South African companies were supported to participate in State Visits with Germany, Saudi Arabia, Spain and the United Kingdom.



PROGRAMME 7: EXPORTS

AFRICA

In advancing the African agenda, **the dtic** focus has been to unlock the opportunities in the African market, so that our export efforts complement the Trade Policy work on the African Continental Free Trade Area (AfCFTA).

(6)
State
Visits

The branch facilitated six (6) State Visits with Botswana, Mozambique, Kenya, Cote d'Ivoire, Tanzania & Uganda.

SA /
Egypt
MOU

Signed with Egypt a Memorandum of Understanding (MoU) on Mutual Regulation of Financial Sector Conduct, 09 June 2022

134
Compa
nies

Financially supported 134 companies to participate in eight (8) exhibitions in Africa to profile their value added products and services.

R74M
Export
Sales

R74.8 million in exports sales to Africa were generated through exhibitions and missions held in 2022/23 and previous years, covering the following sectors: Mining; Rail; Aerospace and Defence; Medical Supplies and Equipment; Chemicals; Skincare; Clothing & ICT.

Programme 7: Exports

AFRICA



Programme 7: Exports

OTHER INITIATIVES

Black Exporters Network

- The Black Exporters Network (BEN) was formally launched with the President in attendance at the Black Industrialists and Exporters Conference hosted in Sandton on 20 July 2022. The Minister and a BEN representative signed a declaration to affect the formal launch.
- The Black Exporters Network (BEN) was launched for members to exchange information with each other, sharing business opportunities and engage Government on areas that require support and interventions to facilitate exports of their products and services.



Japan – SA Forum

- The Japan - South Africa Business Forum was launched by Minister on 6 June 2022. A number of key work streams were announced, which included but not limited to Business Visas, Improving Investment by Japanese Companies, Improvement of Market Access, Automotive Skills Programme etc.



Programme 7: Exports

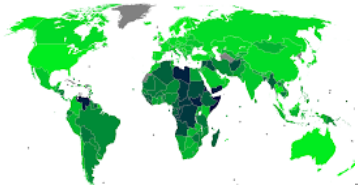
Black Industrialist and Exporters Conference

- The Black Industrialist and Exporters Conference was held on 20 July 2022. The Branch contributed to the following main areas:
 - The launch and signing ceremony of the Black Exporters Network Declaration.
 - The branch in partnership with the IDC financially supported **139 black owned entities** to showcase their products during the Black Industrialist and Exporter Conference. Of the **139 entities, 27 were women owned.**



R129, 8 billion - Investment Pipeline Achieved

Ease of Doing Business, Investment Unblocking's & Facilitation



17 Inter-departmental & joint project engagements participated in to accelerate investments

30 Companies assisted with unblocking of regulatory issues

669 Stakeholder engagements participated in

322 Investor inquiries facilitated

129 Company site visits conducted

Facilitated the Investment Seminar at the Africa Mining Indaba

Launch of Phase II of **Ease of Doing Business** Programme

11 Ease of Doing Business Engagement i.e Technical Working Groups, Business Meetings, Stakeholder Engagements



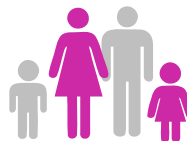
752 investor consultation engagements for rapid implementation



464 - Assisted with evaluation of 464 visa recommendations for technical experts of various companies



1112 intra-company transfers, critical skills & permanent residency visas facilitated



Programme 8: Investment



Measures to Improve Impact of Investment Projects

#	Name of company	Brief Summary	Status
1	HESTO	HESTO Harness experienced damage to their generator which had an impact on production. The company needed loadshedding concessions from ESKOM which was granted.	Resolved
2	Caterpillar	The delayed visa applications for Caterpillar staff were approved by the Department of Home Affairs.	Resolved
3	BIO2WATT	The delayed visa application for an expert in Bio Gas was approved by the Department of Home Affairs.	Resolved
4	JETRO	The delayed list of visa applications for various Japanes companies were approved by the Department of Home Affairs	Resolved
5	ILLOVO	The delayed visa applications for ILLOVO officials were approved by the Department of Home Affairs.	Resolved
6	LULU Group	The delayed visa applications for the LULU Group officials was approved by the Department of Home Affairs.	Resolved
7	PEPSICO	The PEPSICO application for a construction permit was approved by the Ekurhuleni Municipality through the InvestSA facilitation	Resolved
8	SBA Communications	The delayed visa applications for SBA Communications officials were approved by the Department of Home Affairs.	Resolved
9	FORD	The delayed visa applications for FORD officials was approved by the Department of Home Affairs.	Resolved
10	Flexipak	The applicant ban as undesirable was lifted by the Department of Home Affairs through the InvestSA facilitation.	Resolved

Measures to Improve Impact of Investment Projects

#	Name of company	Brief Summary	Status
11	FOSKOR	The delayed e-visa application for the FOSKOR official was approved by the Department of Home Affairs.	Resolved
12	Natal Portland Cement	The delayed visa application for the CEO of the company was approved by the Department of Home Affairs.	Resolved
13	AMAZON	The delayed visa applications for AMAZON officials were approved by the Department of Home Affairs.	Resolved
14	CCMG	The delayed ICT visa application for the CCMG official was approved by the Department of Home Affairs.	Resolved
15	Parksafe Protective and Safetyware CC	The company requested urgent assistance with the release of a shipment from SARS Customs. The delay would've caused business interruption and excessive storage costs. The matter was escalated to SARS and NCC and resolved.	Resolved
16	PharmaQ	InvestSA escalated the delay in the issuance of a multi-entry visa application for the MD of the company to the DHA who assisted with the resolution.	Resolved
17	Bosch	InvestSA facilitated the permanent residency visa application from the company in pursuance of the collaboration between Southern African-German Chamber of Commerce, GIZ and South Africa on solar, wind and hydrogen energy.	Resolved
18	P&G	InvestSA facilitated deliberations between the company and NRCS on the non-compliance of the Ariel product in the market to avoid a national recall. This would further have impacted negatively on productivity to the potential shutdown of the plant. The matter was resolved amicably through the issuance of sales permit by the NRCS.	Resolved

Measures to Improve Impact of Investment Projects

#	Name of company	Brief Summary	Status
19	Illovo South Africa	InvestSA facilitated engagements with SAPHRA for the issuance of a GMP certificate as the company's one expired in April 2022. This also included a request for the issuance of Manufacturing Licence (ML). This matter was amicably resolved.	Resolved
20	Bio2Watt	InvestSA escalated the investor request for a No Objection Letter to the Department Forestry, Fisheries and Environment. This will enable South Africa to benefit from the C11 and C12 funding available for green projects.	Resolved
21	YFPO	InvestSA escalated the challenges the company experienced with the registration of a foreign company in South Africa to the CIPC who intervened and rapidly resolved the matter.	Resolved
22	Real Epic Dog	InvestSA facilitated deliberations between the company and Alfred Duma Municipality who refused to issue a certificate of occupation notwithstanding full compliance. Escalation of this matter to the KZN HOD of Economic Development resulted in the amicable resolution of this matter.	Resolved
23	Kamal Steel	InvestSA and WESGRO facilitated deliberations between ESKOM and Kamal Steel on the incremental payment of their outstanding utility account to avoid the shutdown of their plant. This matter was subsequently resolved amicably.	Resolved
24	MOZAL / IDC	InvestSA escalated the delay in obtaining a Power of Attorney for the Mozambican Regulatory Authorities for its MOZAL transaction. The matter was escalated to DIRCO who facilitated it successfully.	Resolved
25	TNV Plastics	InvestSA facilitated the shipment delays for Thai Nam Plastic (Public) Co. LTD Pty who experienced delays at the Port of Cape Town. The raw material shipment for the production of synthetic leather (PU leather) was diverted and offloaded in Port Elizabeth successfully.	Resolved

Programme 9 : Competition Policy

MERGERS

- 49 Mergers participated in based on public interest considerations (Table below)
- 48 Large and intermediate mergers approved by Competition Authorities which Ministry participated in during financial year (1 merger decision pending)
- 271 Merger notifications received during the financial year. Participated in 49 based on public interest considerations that included employment, localisation, and Historically Disadvantaged Persons (HDP) /worker ownership.

Public Interest outcomes achieved in mergers participated in			
Sec 12A(3)	Description	Grounds for DTIC's participation	% of total
(a)	effect on a particular industrial sector, or region	15	18
(b)	employment	16	19
(c)	the ability of small and medium businesses, or firms controlled or owned by historically disadvantaged persons to effectively enter into, participate in or expand within a market	13	16
(d)	the ability of national industries to compete in international markets	3	4
(e)	the promotion of a greater spread of ownership, in particular to increase the levels of ownership of historically disadvantaged persons and workers in firms in the market	36	43
TOTAL		83	100

The difference between the 49 mergers participated in and the 83 public interest outcome is as a result of achieving more than one public interest outcome in some of the mergers that the dtic participated in, also note that a decision is pending in one merger in which the department participated in

Programme 9 : Competition Policy

Public Interest Outcomes on Selected Mergers

Significant merger public-interest outcomes for the period under review:

1. Ardagh / Consol

- BEE and employee stock ownership plan (ESOP)
- No merger-related retrenchments for three years
- Investment in production capacity of R3 billion
- Procurement of recycled glass from black suppliers
- Localisation of dining glassware

2. Shoprite

- Employment protection: No retrenchment as a result of the merger; transfer of about 4 480 Massmart staff to Shoprite from the 94 stores acquired.
- Employment creation: An additional 18 500 jobs are to be created over five years, with 3 880 new jobs created in the past six months.
- Shoprite set up an ESOP for employees who have worked for the company for at least two years at no cost to the employees, and which will immediately benefit 85 000 Shoprite workers.

2. Shoprite: Localisation and enterprise development

- Shoprite undertakes to localise and spend an additional R500 million annually on the procurement of South-African-produced food, which will be achieved five years' post-merger approval.
- Shoprite will promote procurement from SMMEs and HDPs.
- It will invest in the development of independent retailers and spaza shops, micro caterers and SMME suppliers.
- This support amounts to **R350 million** over three years

Programme 9 : Competition Policy

Public Interest Outcomes on Selected Mergers

3.Implats:

- **Employment:** No retrenchment as a result of the merger, for five years from the date of the merger approval.
- **Worker ownership:** Implats will give workers an option to retain their current Royal Bafokeng Platinum ESOP or replace it with the Implats Employee Share Ownership Trust.
- **Support for SMME and HDP suppliers:** Implats will not terminate any contracts in place with SMME and HDP suppliers that are SMMEs.
- Implats will maintain and increase its spending on this target group.
- **Localisation:** Implats will maintain and improve the level of localisation over a period of five years, where local capital equipment is available at competitive pricing.
- **Investment:** Implats will maintain or increase its capital expenditure (using 2021 as a base).
- **Support for green industry:** Implats will co-fund projects with the IDC on hydrogen technology or its commercialisation in South Africa, subject to Implats acquiring majority shares in Royal Bafokeng Platinum



Royal Bafokeng Platinum operation in the North West province

Programme 9 : Competition Policy

Public Interest Outcomes on Selected Mergers

4. MediClinic

- **Employment:** 11 881 workers to benefit from an employee benefit scheme.
- **Investment:** Commitment to a capital expenditure of R5 billion over five years, starting 1 April 2023; R5 billion will be spent over five years on procurement from black-owned businesses, of which R2.5 billion will be procured from black-owned exempted micro enterprises (EMEs) or qualifying small enterprises (QSEs).
- **To address surgical backlogs in the public health sector,** Mediclinic will provide 1 000 pro-bono surgeries at its South African facilities over five years, and will further engage doctors and encourage them to assist with pro-bono surgeries.
- **Skills development:** 1 700 nurses will receive training over five years, at a cost of R80 million; R45 million in medical training grants will be provided in consultation with the national Department of Health; R15 million will be provided to the national Department of Health as a medical training grant; R22.5 million will be spent on medical training at the Wits Donald Gordon Medical Centre; and R40 million will be spent over five years on grants and loans to support Unjani Clinics or similar facilities in underserved communities.

Localisation initiatives successfully implemented

AMRAS – mainline rail

- On 1 August 2022, Highveld's Structural Mill was sold to ArcelorMittal Rail and Structures (AMRAS), and Minister Patel formally opened the facility on 20 October 2022.
- Approximately 250 workers are employed at the AMRAS facility, which has a production capacity of 15 000 tons a month.
- The facility has the ability to produce mainline rail – the only facility of its kind on the African continent.
- Annual import replacement on structural steel amounts to R1 billion, and mainline rail R500 million (import cost for the same quantity of mainline rail is R1 billion per year).

Consol – dining glasses

- Dining glassware that is currently imported will once again be produced in South Africa.
- The merged entity has already purchased the moulds and a test run has been completed.
- Full production of dining glass began in early February 2023.

Programme 9 : Competition Policy

Social Employment Fund



On 3 June 2022, the Social Employment Fund announced the names of the successful Strategic Implementing Partners (SIPs), that will be receiving funding from the Fund to assist social enterprises through job creation.

The IDC contracted 26 SIPs, with **R800 million committed** to the Fund for 2022/23.

50 000 jobs for communities largely based in rural and semi-urban areas were created.

Programme 10: Economic Research

Policy Research Briefs Produced (5):

- Progress towards the reduction of South Africa's greenhouse gas emissions; improving the localisation of digital products in South Africa; and the rationalisation of **the dtic** entities.
- Developed an ESOP register that records progress on ownership and participation measures in terms of transformation.
- In support of the **District Development Model**, **52 district-level dashboards of the dtic** and its entities' interventions were developed.
- Reports on best practice in the international experience of regulatory reform and regulatory red tape in South Africa with reference to the electricity sector were produced, contributing to red-tape reduction initiatives.
- Signed a Memorandum of Understanding with the North-West University for collaboration on skills for capacity development for the department



Programme 10: Economic Research

Opinion Pieces Published (10)

- Infrastructure-led growth and youth entrepreneurial development support;
- Positioning the local API industry as a regional development and manufacturing hub for the African continent;
- Energy storage solutions: An opportunity to grow the local battery storage industry;
- South Africa's construction sector performance: What could have gone wrong?
- South Africa's scrap metal policy: Quo vadis?
- Black Industrialists Programme;
- Ban on South African vegetables by Namibia and Botswana;
- Assessment of the effectiveness of the SAIC as a national investment instrument;
- Africa agricultural intra-trade to advance food security and Industrial development;
- Evaluating the poultry feed industry and alternatives for the future.

Research reports and factsheets on investment, master plan sector profiles, localisation and exports:

- Master plan sectoral performance reports (Q1-Q4 2022), including progress on the implementation and operationalisation of the R-CTFL Master Plan, the South African furniture industry, the poultry industry value chain, progress report on the implementation and operationalization of the Automotive Masterplan and implementation of the South African Sugar Value Chain Master Plan.
- Factsheets on sustainable aviation fuel (SAF) production and its potential impact on the sugar industry; the localisation of plastic equipment for chicken production; and enhancing localisation and demand for electric vehicles in South Africa.

Programme 10: Economic Research

Scrap Metal:

Following the Cabinet decision for research and policy work to be undertaken to identify measures, the prohibition in the trade or export of scrap metals, and appropriate interventions the dtic worked with other Departments and agencies to identify possible measures and commissioned research on the scale of the problem and potential measures to combat the practices:

- Cabinet approved **policy measures to combat infrastructure theft and damage** after extensive public consultations.
- Six month scrap metal export ban was imposed.
- Further work is currently being undertaken on the metals trade licensing policy.

Worker Ownership

450,000 workers – Number of workers employed by the 72 companies tracked on the **dtic** register of companies known to have ESOPs.

Our journey thus far

- The Report and the results this year reflect the progress of a four-year journey since the start of the administration in 2019.
- Within nine months of the start of the new Administration, South Africa was exposed to the first of **five** major shocks to the economy, these being:
 - the pandemic (with associated lockdowns and global recession),
 - the July 2021 civil unrest in parts of KZN and Gauteng,
 - the war in Ukraine,
 - the April 202 floods on the eastern seaboard and
 - the extensive load-shedding due to the energy crisis.
- In this time, **the dtic** has continued to improve on our core delivery, unlocking R128 billion in investment through financial and incentive support, and continuing to work with firms to invest, reach new markets, and transform their business.
- But we have changed in significant ways, reinventing and reinvigorating our work through a number of landmark shifts. These include the areas highlighted in the following slides.

From IPAP to Masterplans

From IPAP to Masterplans:

- In four years, we introduced our new Reimagined Industrial Policy, and developed seven Masterplans through a process of consultation and partnership building with business and labour.
- These agreements have laid the groundwork for a continued partnership for growth, which is already delivering concrete results. In the Automotive Masterplan, production reached 556 000 units per year in 2022 after the decline during the pandemic, as global OEMs like Mercedes-Benz, Toyota, Ford and other have invested in new models and factories, across both traditional and next-generation hybrid-vehicles.
- Two major new car manufacturing plants (BAIC and Stellantis) may be able start production in the next Administration, based on groundwork laid in the past five years.
- Significant additional component manufacturing was announced – like the opening of a wire-harness factory employing 4 000 workers. Steel, a sector that has weathered a global oversupply crisis for many years, has seen factories such as Highveld Steel and CISO Steel exit business rescue, with a new steel mill in Germiston under construction; while in poultry, a balanced approach including funding from the IDC and protection from unfair competition by ITAC, has resulted in the creation of 1 900 additional jobs in the poultry producers sector and 2000 additional jobs in the animal feed sector. The opening of the new Sappi-Saiccor facility will see an expected R5,5 billion in output and exports.

Trade and investment

- **From 48 countries to 89 countries with preferential market access:** Just one year before the start of the Administration, the AU's Kigali Declaration announced our joint intention to build the African Continental Free Trade Area (AfCFTA). In the four years since, we have collaborated with our partners in the rest of Africa to build an agreement that is ready for South Africans to start trading. With the UK – South Africa Economic Partnership Agreement helping shore-up our existing market access, the AfCFTA once fully implemented, will let us build on our existing preferential access to 48 markets, and reach a further 41. This market access, combined with efforts to build continental frameworks on crucial issues like investment, competition and digital trade, will help South Africa grow as Africa does.
- **From no investment target to R1.5 trillion in commitments in the Investment Drive:** Just before the start of this Administration, President Ramaphosa set the ambitious target of attracting R1.2 trillion in new investment over a five-year period. This target was made even more challenging by the unprecedented global economic shocks of those years, with COVID foremost among them. Despite this, the investment facilitation work of InvestSA and the coordinated whole-of-group efforts to drive investment resulted in us reaching and surpassing the investment target – with a final total of R1.5 trillion in new investment announced at the fifth Investment Conference in April 2023. With 205 of the 371 announced projects already finalised or under construction, this investment is being directly translated into job and growth opportunities. These include current and planned pharmaceutical production (covid and meningitis vaccines as well as human insulin), vehicle production and the completion of digital infrastructure investment, including a Google undersea cable linking SA, west Africa and Europe.

Reciprocal commitments and partnership

- **From unilateralism to mutual commitment:** While **the dtic** has worked in partnership with companies and social partners, our work over the last four years has aimed to deepen this, to ensure the department's decisions are based on a collaborative effort with mutual commitment from both ourselves and our partners. This has meant that crucial processes like deciding tariff levels and reviewing mergers are not simply defined by unilateral decisions by **the dtic**, but are the result of a more nuanced process of consideration in which applicants make active commitments to contribute to South Africa's common prosperity. This system of mutual commitment has helped protect local firms from unfair trade, while protecting consumers from unfair prices. It has helped protect local firms from unfair competition, while protecting and empowering workers during often disruptive mergers. And it has helped ensure that the investment made by **the dtic** through incentives, financing and support has been met with real growth in projects that benefit all South Africans.
- **From crisis to growth:** As the COVID-19 crisis took hold, global growth in 2020 fell by the greatest amount since comparable records began in the 1960s. With the global economy contracting by 3.1%, and with South Africa's economy shrinking by 6%, the pandemic appeared to herald a period of prolonged recession. But despite numerous shocks in the years since COVID-19, South Africa's economy has rebounded strongly, with GDP bouncing back with growth of 21% between the lows of Q2 2020 and the start of the next Financial Year in Q2 2023. In 2022, exports in US dollar terms were 36% higher than in the pre-COVID period, while manufacturing exports grew by 14%. And while there is still a way to go in fully recovering from the crisis and those shocks that followed it, employment levels across the economy are now at their levels prior to COVID – demonstrating the resilience and enterprise of all South Africans.

Addressing concentration and transformation

- **From a highly-concentrated economy to boosting structural transformation:** significant steps were taken during the Administration to tackle high levels of product and market concentration, including greater transparency with publication of the Competition Commission's Economic Concentration Report, to implementation of a major regulatory reform programme, the launch of a number of market inquiries with far-reaching outcomes (data prices were slashed, online eCommerce markets are being opened up) and major agreements on public interest conditions in mergers that will effect structural transformation in the economy.
- These include supplier development funds for small and medium businesses, corporate procurement policies to deepen South Africa's industrialisation, investment commitments and protection of employment.
- More than 140 000 workers are now shareholders in the companies they work for and major corporations such as PepsiCo, Coca-Cola, Shoprite and Heineken have agreed to worker directors on company boards.
- Black industrialists have expanded production and jobs, participating in exports and deepening their presence in key productive sectors of the economy.

Laying the basis for growth and jobs

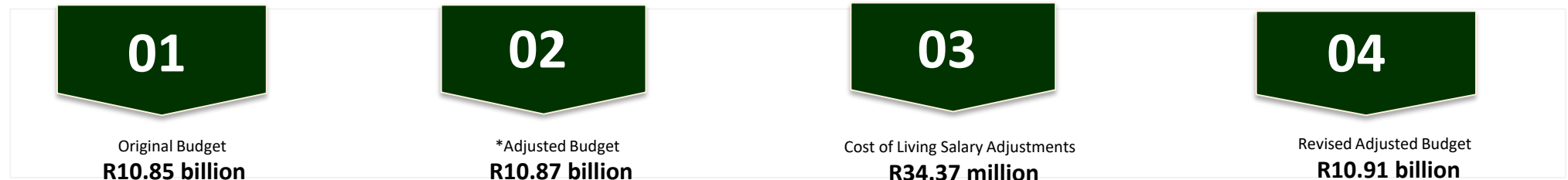
- **From nineteen institutions to one group:** the **dtic** began life as two separate Departments at the start of the administration, with 18 entities between them, and has undertaken a complex merger at the same time as we have introduced efforts to strengthen state capacity and reform how measure our impact. This has included tackling the stubborn legacy of state capture, combating and rooting-out corruption at the National Lotteries Commission and helping the South African Bureau of Standards to exit a period under administration. Restoring strained institutions was accompanied by further empowering those that were doing well, and better coordinating our efforts through the shared impact targets detailed above. This institutional transformation has built a **dtic-group** that is working ever more closely together to deliver real value.
- In addition to these efforts, a strong foundation is being laid for future growth, jobs and economic inclusion, with initiatives launched that will bear fruit in future years. In the final year of the Administration, we hope to take yet further steps along these varied pathways, and to deliver a transformed Department and economy that will keep working for South Africans in the years ahead.

PART 3: FINANCIAL PERFORMANCE



Budget Highlights

Key Budget interventions



- *An additional R19.87 million is allocated as self financing:
 - Revenue of R 10.6 million - for the Voluntary Rebuild Programme Settlement Agreement, reached between Government and seven (7) Construction Companies, Murray & Roberts (M&R), Stefanutti Stock(S&S), Basil Read, WBHO, Group 5 and Aveng, in 2016.
 - Revenue of R 9.2 million - for rental payable by the department's public entities and DSBD.
- Budget re-allocation of R313.9 million towards the incentives programmes : Services Sector Development and Manufacturing Development.

Financial Performance

Total Budget

R10.9bn

2022/23 budget is R10.9 billion, a decrease from R11.8 billion in 2021/22

-8%

Total Spent

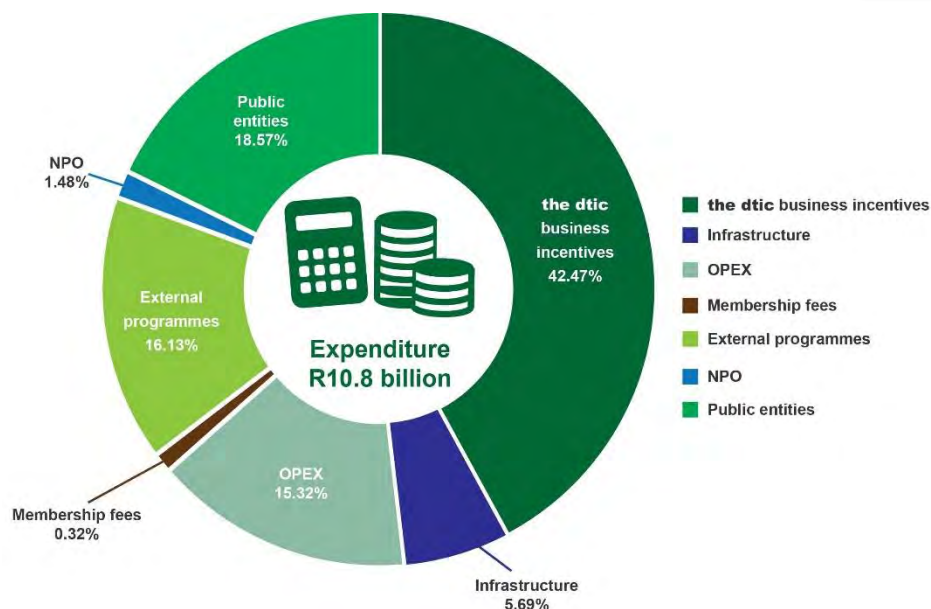
R10.8bn

Spending in 2022/23 reported a 7% decrease when compared to 2021/22 (R11.6bn).

-7%

Spent as % of
budget

99%

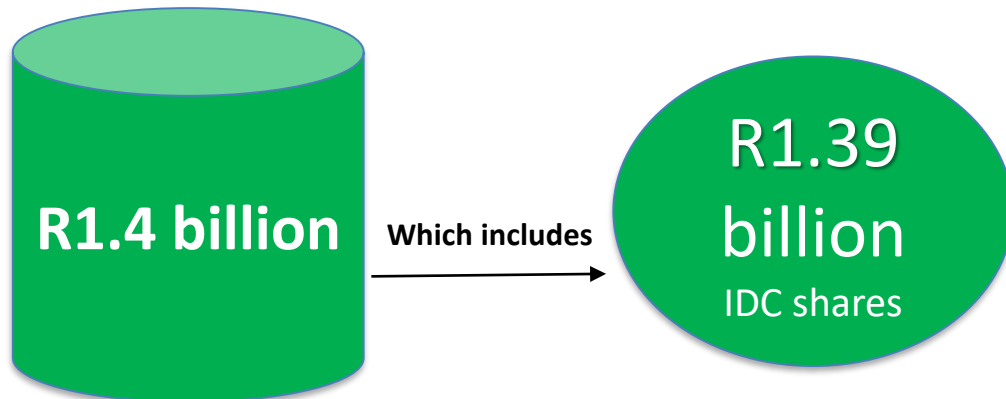


The R10.8 billion spent was disbursed as follows:

- **R5.2 billion** or **48.2%** - Beneficiaries across various incentive programmes
- **R2 billion** or **18.6%** - Public entities
- **R1.7 billion** or **16.1%** - External programmes at the IDC and CSIR
- **R194.8 million** or **1.8%** - Non profit and international organisations of which South Africa is a member.
- **R1.6 billion** or **15.3%** - Operational costs

Financial Position

Net Assets



Contingent Liabilities

R8.7 billion

2022/23 contingent liabilities is R8.9 billion, up from R8.7 billion in 2021/22.

Financial Performance per Programme & Economic Classification

Description	Final Budget 2022/23	Actual expenditure 31 March 2023	Expenditure as % of budget	Variance	% Variance
	R'000	R'000		R'000	
Programme 1: Administration	795 278	759 928	95,6%	35 350	4,44%
Programme 2: Trade Policy	227 645	222 660	97,8%	4 985	2,19%
Programme 3: Spatial Industrial Development	153 623	146 928	95,6%	6 695	4,36%
Programme 4: Industrial Policy	1 734 126	1 730 512	99,9%	3 614	0,21%
Programme 5: Consumer and Corporate Regulation	332 001	331 511	99,9%	490	0,15%
Programme 6: Industrial Financing	5 411 439	5 363 087	99,1%	48 352	0,89%
Programme 7: Trade and Investment South Africa	398 232	397 829	99,9%	403	0,10%
Programme 8: Invest South Africa	69 180	56 293	81,4%	12 887	18,63%
Programme 9: Competition Policy	1 742 951	1 741 447	99,9%	1 504	0,09%
Programme 10: Economic Research	49 078	48 237	98,3%	841	1,71%
Total	10 913 553	10 798 433	98,9%	115 120	1,05%
Economic classification					
Current payments	1 684 110	1 639 376	97,3%	44 734	2,66%
Compensation of employees	1 081 666	1 046 433	96,7%	35 233	3,26%
Goods and services	602 444	592 943	98,4%	9 501	1,58%
Transfers and subsidies	9 214 868	9 153 747	99,3%	61 120	0,66%
Incentive payments	5 249 361	5 201 069	99,1%	48 292	0,92%
Department entities	2 005 744	2 005 744	100,0%	0	0,00%
External Programmes	1 748 516	1 742 164	99,6%	6 352	0,36%
Non profit organisations (Partnerships with business associations, NEDLAC)	159 801	159 801	100,0%	0	0,00%
Membership fees (International organisations)	41 173	35 009	85,0%	6 164	14,97%
Households	10 273	9 961	97,0%	312	3,04%
Payments for capital assets	13 074	4 118	31,5%	8 956	68,50%
Payments for financial assets	1 501	1 191	79,4%	310	20,63%
Total	10 913 553	10 798 433	98,9%	115 120	1,05%

Trade, Industry and Competition Group (the dtic group) **Audit Outcomes**



2-YEAR (2022-23 & 2021-22) AUDIT OUTCOMES

the dtic PORTFOLIO

	Unqualified with no findings (Clean audit)	Unqualified with findings	Qualified	Total
2021-22	12	5	1	18
2022-23	14	4	1	19

In the 2022-23, **the dtic** portfolio achieved 18 unqualified audit outcomes

The total number of entities under the control of **the dtic** increased from 17 in previous year (2021-22) to 18 in the current year (2022-23)

When compared with the previous year, overall portfolio achievement on unqualified audit outcomes in the 2022-23 remained constant at 17*.

*The Takeover Regulation Panel was listed as an entity of **the dtic** from 28 March 2023 and is therefore not included in the previous cycle.

The total number of entities under the control of **the dtic** in current year is 18. An increase from 17 entities in the previous year (2021-22).

The NLC was qualified on the allocation of grants. A material irregularity was identified for the NLC.

2-YEAR (2022-23 & 2021-22) AUDIT OUTCOMES

the dtic PORTFOLIO

AUDIT OUTCOMES		2022-23	2021-22	Movement
Department of Trade, Industry and Competition				Unchanged
Entities				
1	Companies and Intellectual Property Commission (CIPC)			Unchanged
2	Companies Tribunal			Unchanged
3	Competition Commission			Unchanged
4	Competition Tribunal			Unchanged
5	Export Credit Insurance Corporation (ECIC)			Unchanged
6	National Metrology Institute of South Africa (NMISA)			Unchanged
7	National Consumer Commission (NCC)			Unchanged
8	National Consumer Tribunal (NCT)			Unchanged
9	National Credit Regulator (NCR)			Improved
10	National Regulator for Compulsory Specification (NRCS)			Improved
11	National Gambling Board (NGB)			Unchanged
12	South African National Accreditation System (SANAS)			Unchanged
13	The Takeover Regulation Panel (TRP)		Listed on 28 March 2023	N/A
1	International Trade Administration Commission (ITAC)			Unchanged
2	National Empowerment Fund (NEF)			Regressed
3	South African Bureau of Standards (SABS)			
4	The Industrial Development Corporation (IDC)			Unchanged
1	National Lotteries Commission (NLC)			Unchanged

Legends

Unqualified with no findings	
Unqualified with findings	
Qualified	

A collage of 12 images representing various aspects of the agricultural and food processing industry. The images are arranged in a grid-like fashion, with some overlapping. The top row shows a close-up of a combine harvester's header, a large industrial silo or storage tank, and a close-up of a person's face. The middle row features a combine harvester in a field, a large industrial silo or storage tank, and a close-up of a person's face. The bottom row includes a combine harvester in a field, a close-up of a person's face, and a close-up of a person's face. The collage is set against a background of a stylized map of the United States.

