



Companies and Intellectual
Property Commission

a member of the dti group

Companies and Intellectual Property Commission

Strategic Plan for 2019/20 – 2023/24 (Revised)

29 June 2020

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Abbreviations and Acronyms

AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AR	Annual Returns
BEE	Black Economic Empowerment
BR	Business Rescue
CA	Chartered Accountants
CC	Close Corporation
CIPC	Companies and Intellectual Property Commission
CO	Company
DB	Doing Business
DST	Department of Science and Technology
FSCA	Financial Sector Conduct Authority
GCI	Global Competitiveness Index
ICT	Information, Communication and Technology
IFRS	International Financial Reporting Standards
IP	Intellectual Property
IPAP	Industrial Policy Action Plan
IT	Information Technology
JSE	Johannesburg Stock Exchange
MOI	Memorandum of Incorporation
MP	Member of Parliament
NIS	National Innovation System
RIs	Reportable Irregularities
SCM	Supply Chain Management
SOE	State Owned Enterprises
SST	Self-service terminals
the dtic	The Department of Trade, Industry

WIPO	World Intellectual Property Organisation
XBRL	eXtensible Business Reporting Language

Executive Authority Statement



Mr Ebrahim Patel - Minister of Trade, Industry and Competition

The Revised Strategic Plan 2020/21, is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

MR EBRAHIM PATEL

MINISTER OF TRADE, INDUSTRY AND COMPETITION

A handwritten signature in black ink, which appears to read 'Ebrahim Patel', written over a horizontal line.

Mr Ebrahim Patel

Minister of Trade and Industry Date:

Accounting Officer Statement

I present the revised 2019/20 – 2023/24 CIPC Strategic Plan that outlines how the CIPC as a regulator under the conditions presented by the Covid 19 pandemic will continue to give effect to its mandate as derived from the shareholders compact with **the dtic** and the Companies Act, 2008 (as amended), by which it was established.

The CIPC has revised its operations model to include most of the staff to work virtually. Through the K2 project the modernisation of the CIPC and strengthening and expanding of the use of virtual channels such as the website and the mobile App will continue.

The CIPC modernisation strategy includes the automation of repetitive tasks, such that CIPC can focus on strategic tasks making a meaningful contribution to South Africa's developmental goals. A greater regulatory role has been unfolding in recent years and it will continue to do so as processing work will consume less time and in-depth application of the corporate and IP legislation will form the basis of the work done by CIPC.

An opportunity exists for greater scrutiny of the compliance aspects of company registration and amendment services as well as additional services in the IP domains. Already the automated submission of the annual financial statements through the introduction of eXtensible Business Reporting Language (XBRL), put CIPC in a position to exercise a greater role in surveillance of market conduct and the early detection of irregularities in terms of compliance with the Companies Act, 2008 (Act No. 71 of 2008). This role will further expand as additional phases of this functionality will be introduced.

Similarly, the organisation will focus on enhanced virtual education and awareness interventions as its observations of the customer interaction channels indicate a limited understanding of the legislative requirements of running and maintaining a business.

In the IP space, the focus is on enhanced systems to simplify interaction with the CIPC and to continue with the protection of IP rights. Substantive examination of patents remains a key priority and a group of people have been trained to perform this function once the legislative framework is in place.

Underpinning all these intervention is the objective of making it easier to do business in South Africa. Through collaboration with other organisations, continuing to invest in its technology and its people, the CIPC will live its value of passion for service by working towards South Africa becoming one of the nations considered to be the most accessible in starting a business without compromising the regulatory aspects that accompany the rights to owning a business.

We are confident that we will implement this plan as a committed team of people are aligned behind the organisational strategy.



Adv. Rory Voller CIPC Commissioner

Date: 29 June 2020

Official Sign-Off

It is hereby certified that this Strategic Plan:

- ☐ Was developed by the management of the Companies and Intellectual Property Commission (CIPC) under the guidance of the Commissioner, Adv. Rory Voller.
- ☐ Takes into account all the relevant policies, legislation and other mandates for which the CIPC is responsible.
- ☐ Accurately reflects the Impact, Outcomes and Outputs which the CIPC will endeavour to achieve over the period 2019/20 – 2023/24.

Programme 1: Service Delivery Access

Signature: 

Ms Hamida Fakira , Executive Manager: Corporate Services

Date: 29/06/2020

Signature: 

Mr Andre Kritzinger , Executive Manager: Business Information Systems

Date: 29/06/2020

Programme 2: Innovation and Creativity

Signature: 

Ms Nomonde Maimela, Executive Manager: Innovation and Creativity

Date: 29/06/2020

Programme 3: Business Regulation and Reputation

Signature: 

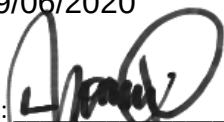
Adv. Rory Voller , Acting Executive Manager: Business Regulation and Reputation

Date: 29 June 2020

Signature: 

Mr Muhamed Jassat, Chief Financial Officer

Date: 29/06/2020

Signature: 

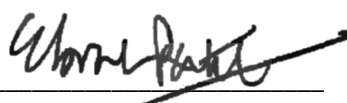
Mr Lungile Dukwana, Chief Strategy Executive

Date: 29/06/2020

Signature: 

Adv. Rory Voller , Commissioner: CIPC (Accounting Officer)

Date: 29 June 2020

Approved by: 

Mr Ebrahim Patel, Minister of Trade and Industry

Date:

Part A: Our Mandate

1. Constitutional mandate

Chapter Section	and	Provision
<i>Chapter 2: Bill of Rights</i>		
Access to information: Section 32.	to	(1) Everyone has the right of access to— (a) any information held by the state; and (b) any information that is held by another person and that is required for the exercise or protection of any rights. (2) National legislation must be enacted to give effect to this right, and may provide for reasonable measures to alleviate the administrative and financial burden on the state.
Just administrative action: Section 33.		(1) Everyone has the right to administrative action that is lawful, reasonable and procedurally fair. (2) Everyone whose rights have been adversely affected by administrative action has the right to be given written reasons. (3) National legislation must be enacted to give effect to these rights, and must— Chapter 2: Bill of Rights 14 (a) provide for the review of administrative action by a court or, where appropriate, an independent and impartial tribunal; (b) impose a duty on the state to give effect to the rights in subsections (1) and (2); and (c) promote an efficient administration.

2. Legislative and policy mandates

2.1 Legislative mandates

The legislative mandate and objectives of the CIPC is provided in Section 186 and 187 of the Companies Act, 2008 (No. 71 of 2008).

The table below provides a summary of all key legislation that the CIPC is mandated to implement.

Legislation	Mandate
Companies Act, No 71 of 2008	Register companies, business rescue practitioners and corporate names; maintain data; regulate governance of and disclosure by companies; accredit dispute resolution agents; educate and inform about all laws; give non-binding opinions and circulars, policy and legislative advice Enforce the Companies Act, 2008 to promote voluntary resolution of disputes arising this Act between companies and directors or shareholders as contemplated in Part C of Chapter 7, monitor proper compliance with the Act, receiving or initiating complaints concerning alleged contravention of this Act, evaluating such complaints, and initiating investigations into complaints.
Close Corporations Act, No 69 of 1984	Maintain data, regulate governance of and disclosure by close corporations
Co-operatives Act, No 14 of 2005	Register co-operatives, maintain data, regulate governance of and disclosure by co-operatives
Share Block Control Act, No 59 of 1980	Regulate conduct and disclosure by share block schemes
Consumer Protection Act, No 68 of 2008	Register business names
Trade Marks Act, No 194 of 1993	Register trade marks, maintain data, resolve disputes
Merchandise Marks Act, No 17 of 1941 (Unauthorized Use of State Emblems Act, No 37 of 1961)	Prevent and enforce the unauthorized use of state emblems
Patents Act, No 57 of 1978	Register patents, maintain data, publish patent journal, administer Court of Commissioner of Patents
Designs Act, No 195 of 1993	Register designs, maintain data, resolve disputes
Copyright Act, No 98 of 1978	Provide non-binding advice to the public
Registration of Cinematography Films Act, No 62 of 1977	Register films, maintain data
Performers Protection Act, No 11 of 1967	Accredit Collecting Societies; regulate their governance, conduct and disclosure
Counterfeit Goods Act, No 37 of 1997	Conduct and co-ordinate search and seizure operations, oversee depots

2.2 Policy mandates and strategies

Apart from the 14 pieces of legislation that the CIPC is responsible for administering, the CIPC also derives its policy mandate from the policies of its responsible department, the Department of Trade, Industry and Competition (**the dtic**). The key policies and strategies of **the dtic** relevant to the CIPC are as follows:

Table 1: Key policies and strategies of the dtic

the dtic policies relevant to CIPC	Summary of Policy
the dtic Medium Term Strategic Plan	To promote structural transformation, towards a dynamic industrial and globally competitive economy and to broaden participation in the economy to strengthen economic development.
Industrial Policy Action Plan 2017/18 – 2019/20	To facilitate diversification by promoting increase value-addition per capita and intensification of South Africa's industrialization process.
Strategy on the Promotion of Entrepreneurship and Small Enterprise	To increase supply for financial and non-financial support services and creating demand for small enterprise products and services through the reduction of small enterprise regulatory constraints.
Corporate Law Reform Policy	To promote growth, employment, innovation, stability, good governance, confidence in the South African business environment, as well as increase international competitiveness
Co-operatives Development Policy for South Africa	Create an enabling environment for co-operative enterprises which reduces the disparities between urban and rural businesses, and is conducive to entrepreneurship and to promote the development of economically sustainable co-operatives
Integrated Strategy for the Development and Promotion of Co-operatives	To grow all forms and types of co-operatives and the co-operatives movement, as well as increase its contribution to the country's GDP growth rate, economic transformation and social impact.

2.3 International Treaties and Agreements

South Africa is a member of various international treaties and agreements in a number of important areas of the economy; such as trade, development, environment and many more. The CIPC is responsible for ensuring compliance with South Africa's obligations in terms of these Treaties or Agreements for several of these, which are summarized in the table below:

Table 2: International Treaties and Agreements

Treaties and Agreements	Summary of Policy
Paris Convention for the Protection of Industrial Property	The Paris Convention, adopted in 1883, applies to industrial property in the widest sense, including: patents, trade marks, industrial designs, utility models, service marks, trade names, geographical indications and the repression of unfair competition. This international agreement was the first major step taken to help creators ensure that their intellectual works were protected in other countries. South Africa's accession to the Paris Convention was in October 1947.
Patent Co-operation Treaty	The Patent Co-operation treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an "international" patent application. Such an application may be filed by anyone who is a national or resident of a PCT Contracting State. It may generally be filed with the national patent office of the Contracting State of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva. South Africa's accession to the treaty was in December 1998.
Berne Convention for the Protection of Literary and Artistic Works	Adopted in 1886, deals with the protection of works and the rights of their authors. It provides creators such as authors, musicians, poets, painters etc. with the means to control how their works are used, by whom, and on what terms. It is based on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries that want to make use of them. South Africa's accession to the treaty was in October 1928.
Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure	Adopted in 1977, the Budapest Treaty concerns a specific topic in the international patent process: microorganisms. All states party to the Treaty are obliged to recognize microorganisms deposited as a part of the patent procedure, irrespective of where the depository authority is located. In practice, this means that the requirement to submit microorganisms to each and every national authority in which patent protection is sought no longer exists.

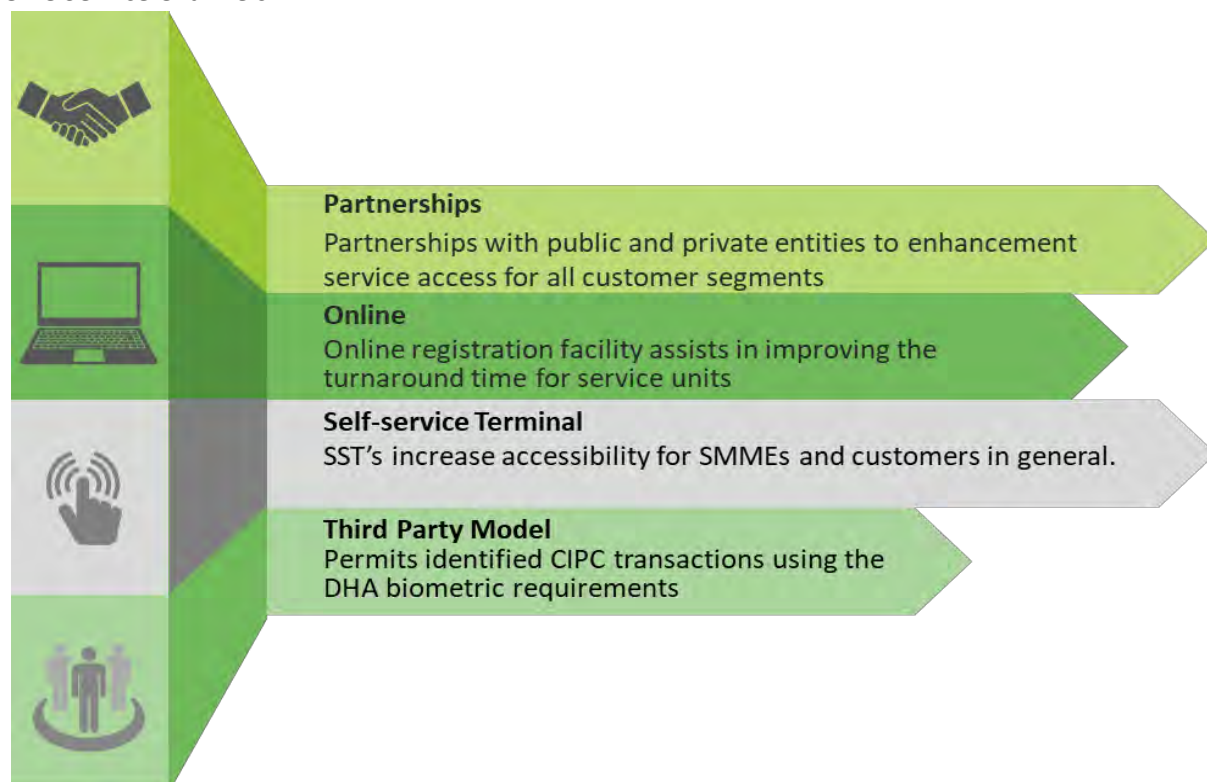
Treaties and Agreements	Summary of Policy
TRIPs Agreement	The TRIPs Agreement is an international legal agreement between all the member nations of the World Trade Organization (WTO). It sets down minimum standards for the regulation by national governments of many forms of intellectual property (IP) as applied to nationals of other WTO member nations. It stems from the desire to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade. South Africa deposited its instrument of acceptance for the 2005 protocol amending the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) on 23 February 2016.

3. Institutional Policies and Strategies over the five year planning period

3.1 Distribution channels - Collaboration and strategic partnerships

The CIPC has a multi-channel strategy for distribution of its services, realised through collaboration and partnerships. The figure below illustrates the CIPC's various distribution channels:

CIPC Service Channels



The CIPC offer its services through partnerships and collaborative initiatives, using multiple channels including Self-Service Terminals (SSTs), Self-Service Centres (SSCs) and Banks. This provides for ease in transacting and accessing the CIPC services throughout the country. SSTs, SSCs and Banks will abide by Covid 19 Regulations to minimise infection through physical contact.

The CIPC will continue to reduce regulatory burdens and indirect costs for customers, while simultaneously adding value to the customers' experience. This premise encouraged the CIPC to explore alternative access channels and partners. The partnership model has had a significantly positive impact on the turnaround times on registrations and has taken CIPC forward in pursuing its goal of creating a 'one stop' shop, with minimum touch points.

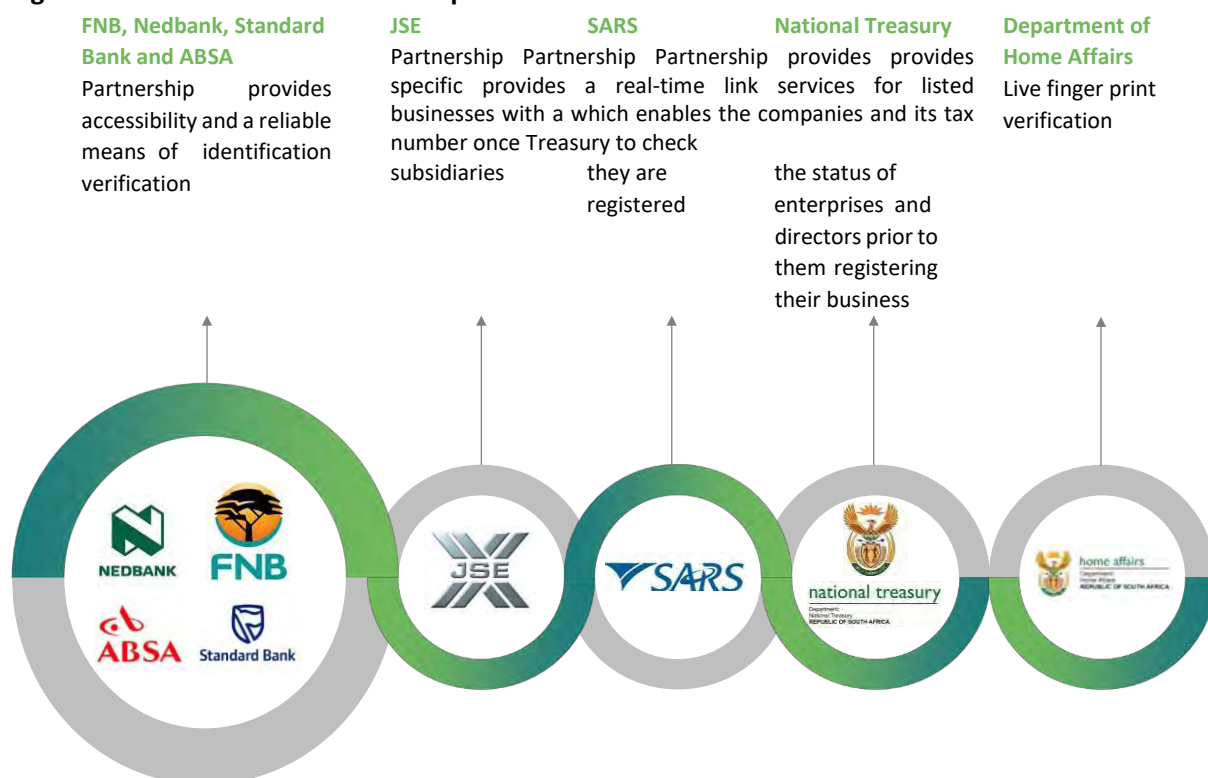
The company registrations are filed and processed through the bank channel, as well as offering a wide range of CIPC products and services including company registration, name reservation, payment integration and B-BBEE certificate application. Banks are specifically selected as they have an extensive branch network and online functionality which is internationally accessible, in addition to this, they provide a reliable identification verification.

In an attempt to differentiate its services for different target markets, the CIPC launched an office in partnership with the JSE. This office provides specific services for listed companies and its subsidiaries, i.e. director and company amendments, advisory services and real-time company registration services (through a SST). JSE office will abide by Covid 19 Regulations to minimise infection through physical contact.

In its efforts to continue providing value-added services, the CIPC also partnered with SARS to offer a tax number when an enterprise is registered.

The partnership between CIPC and the National Treasury provides a real-time link which enables the Treasury to check the status of enterprises and directors prior to them registering the business on the Central Supplier Database. This has resulted in entrepreneurs' deriving cost and time saving benefits as they now only have to register once on the Central Supplier Database, and not register with individual entities and departments.

Figure 10: Indicative CIPC Partnerships



3.2 Automation and Digitization

The CIPC has made drastic improvements in the level of automation and modernization of the organization. Automation has led to the CIPCs registration systems being faster, more cost effective, enhanced data integrity, information security, registration system transparency and verification of business compliance.

3.3 Integrated Registration System

ICT makes registration systems faster, more cost effective, enhances data integrity, information security, registration system transparency and verification of business compliance. The use of technologies also assists countries which face limited human resources to meet customer demand, as well as reducing administrative costs.

An ICT-led registration system is crucial for both the virtual One-Stop-Shops such as the Bizportal. The Bizportal can deliver services faster and more efficiently by using ICT for the back-office workflows. ICT can also play an essential role in developing integrated systems.

The CIPC has ventured into automation of their processes over the past five years, and have made significant strides in achieving automation targets with 28% of processes automated.

3.4 Third Party Model

Over the 2016/2017 financial year, CIPC introduced a new distribution model known as the Third-Party Model. This delivery model permits identified CIPC transactions using the Department of Home Affairs biometric authentication. While this distribution channel is new, it has made positive progress in becoming a key channel of access for the CIPC. In the short year since implementation, the third-party model has managed to register 530 third party partners, with approximately 108 partners currently active and have achieved approximately 4881 company registrations.

The third party model has been discontinued since 2019.

3.5 Standardised incorporation documents

Standard incorporation documents enable a number of key benefits, including:

- Enabling entrepreneurs to ensure legality without having to resort to notaries and lawyers;
- Decreasing the cost burden for the applicant cost for a lawyer is eliminated;
- Decreases the cost burden for the commission as the processing of applications is more efficient;
- Easing the workload at the commissions or registries; and
- Assisting in preventing errors and expediting the registration time.

The move towards a single standardized incorporation document is one which the mature economies subscribe to, and a principle which the CIPC has implemented.

The Companies Act, No. 71 of 2008, as amended, has since replaced the Memorandum and Articles of Association with a single MOI. Since the inception of the CIPC, the number of company registrations has been climbing annually. A contributing factor to the steady increase may be attributed to the introduction of the single, more user-friendly MOI. The new MOI has simplified the registration process for the CIPC's customers and thus made company registration a more accessible option.

3.6 Registration and administrative process

Company registration is an administrative matter, and not a judicial one. Involving courts in the registration process may take an entrepreneur, on average, 70% more time than if it were an administrative process. The CIPC is in alignment with this international practice as there is no requirement to register a company using the court system or a notary in South Africa. South Africa has always implemented the company registration process as an administrative process and not a legal process. It is, and always has been optional to involve a notary in the process and not a mandatory requirement by the Commission.

3.7 Financial Sustainability

The CIPC is funded purely by fees collected from registration services and annual returns. The CIPC have been able to maintain financial self-sustainability, however the future financial sustainability needs to be assessed given the role of the CIPC within government. Research has shown that a Government entity which is self-sustainable is one of the major keys in creating economic development and social value for the citizens of the country.

3.8 Capital Requirement for Start-Ups

Start-up capital is often very limited for SMEs, especially in developing nations such as South Africa, and the minimum capital requirement places constraints on the growth potential of businesses, and often time worsens the resource constraint. Essentially, the capital constraints undercut entrepreneurship in South Africa and globally.

The CIPC is aligned to the best practice of elimination of minimum capital requirements. This has the potential to foster formal economic participation by small and medium enterprises.

4. Relevant Court Rulings

Not applicable.

Part B: Our Strategic Focus

5. Vision

To be a reputable world class regulator of business entities and intellectual property.

6. Mission

In partnership with others, we make it easy and attractive to do business in South Africa.

7. Values

Value	What it means
Passion for service	We work as one to seamlessly serve our Customers with passion, commitment and dedication.
Integrity	We live out fairness, impartiality and respect in all our actions as individuals and as an organisation.
Empowerment	We recognize the value of our employees and partners and provide them with the discretion and tools to effectively deliver on their responsibilities.
Accountability	We hold one another accountable for our commitments. We are responsible and responsive in the execution of our duties.
Collaboration	We believe in the power of teams, teamwork and collaborative effort to deliver exceptional service and to execute our duties effectively.

8. Situational Analysis

8.1. External Environment Analysis

There has been a significant government policy change because of the COVID-19 pandemic. This change is outlined in the Department of Planning, Monitoring and Evaluation (DPME) Circular No. 2 of 2020. Public institutions must incorporate COVID-19 interventions and align to the special budget adjustment issues by the National Treasury (NT). The national state of disaster and the nation-wide lockdown necessitated this change.

On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. Following suit, the President of the South Africa, President Cyril Ramaphosa declare a National State of Disaster on 15 March 2020. Further, on 27 March 2020, the President declared 'lockdown' for the entire country, later named 'Level 5 Lockdown'. On 1 May 2020, the President announced that the 'national lockdown' would move to Level 4, on 01 June 2020, to Level 3, and at the end of June 2020, to 'Advanced Level 3'. All the lockdown levels are accompanied by regulations. The CIPC added a functionality to the *BizPortal* website, for an essential service certificate application for qualifying companies to operate during the national 'lockdown'.

The CIPC strategy is informed by the South Africa's (SA's) National Development Plan (NDP), and the Medium Term Strategic Framework, as well as the Department of Trade, Industry, and Competition current Strategic Plan, strategies and policies. Section 9.3.1 outlines the CIPC alignment to the MTSF.

In 2018/19 reporting period, Cabinet approved the first phase of the draft IP Policy of the Republic of South Africa, which seeks to provide a national IP system that is cognisant of other government priorities and to provide a co-ordinated approach on IP matters by government departments and other organs of state. The IP Policy additionally aims to provide a balanced approach between preserving the rights of creators of IP on the one hand, and providing access to knowledge, technology transfer and safe affordable medicines for the benefit of all South Africans.

One of the key policy instruments emanating from the IP Policy is the envisaged introduction of Substantive Search and Examination (SSE) of patent applications in South Africa. The IP Policy provides for a phased approach to the introduction of SSE, where the Inter-Ministerial Committee on Intellectual Property (IMCIP) established under the IP Policy, will determine the priority sectors in which patent applications will be examined. In terms of the CIPC SSE strategy roll-out, twenty(20) patent searchers were recruited and trained as part of Phase one . Phase two (2) commenced in 2018/19 with the recruitment of thirty (30) interns to train on substantive examination of Patents.

On the international front, South Africa as a member of G20 is bound by the Financial Action Task Force (FATF) requirements. G20 is an international forum for the governments and central bank governors from 19 countries and the European Union (EU). The FATF is the global money laundering and terrorist financing watchdog, which sets international standards that aim to prevent these illegal activities and the harm they cause to society. FATF requires the establishment of a **register of beneficial ownership** in order to mitigate the risk of "Terror Financing and Money Laundering" by legal entities. The Companies Act, 2008 (Act No. 71 of 2008) is therefore undergoing amendment to ensure

alignment with these requirement, thereby implying CIPC would have to develop processes, procedures and systems in order to be able to administer the register.

The organisation plays an active role in a number of international forums related to corporate registers and in the Intellectual Property Space. To this end, CIPC serves on the executive of the Global Corporate Registers Forum and has been elected to serve on the International Trade Marks Association (INTA). It provides an opportunity for South Africa to make relevant input into the protection of IP rights, particularly of trademark holders at an international stage.

In line with international best practice, and as a member of WIPO, CIPC is actively pursuing automating the IP regime using systems that are made available to WIPO members.

CIPC co-hosted the BRICS Examiner training in February this year where trainees for substantive examination of patents received further training. This was well received by all concerned. A focal point meeting was held in March in preparation for the BRICS Heads of IP meeting that was held in April 2019.

The Global Competitive Index 4.0 and the Doing Business Report is a benchmark of how South Africa fairs on the international front on the impact of business and intellectual property regulation. This shows how effective are the policies and strategies of the CIPC and other government agencies in enabling the SA economy and its competitiveness.

Although improved from 67th in 2018 to the 60th place in the 2019 Global Competitiveness Index (GCI) 4.0, South Africa remained at 82nd in both years in the 2019 Doing Business (DB) report. South Africa's ranking had improved from 69th in 2018 to the 55th place in 2019 in the institutions pillar, dropped from 56th to 60th in terms of business dynamism, and remained 46th in terms of innovation capability. Except for reducing regulation burden, which has drastically gone from bad (84th) to worse (101st), the indicators showed that South Africa improved its competitiveness.

Global Competitiveness Index 4.0 South Africa Ranking		
Pillar/Component	2018 Ranking --/140 (Progress score)	2019 Ranking - /141 (Progress score)
Overall	67 th (60.8)	60 th (62.4)
Institution	69 th (54)	55 th (57.1)
Public sector performance	(Median score 45) Country ranking not available	39 th (59.3)
- Burden of government regulation	84 th (37.4)	101 st (36.6)

Global Competitiveness Index 4.0 South Africa Ranking		
Pillar/Component	2018 Ranking --/140 (Progress score)	2019 Ranking - /141 (Progress score)
- Efficiency of legal framework in settling disputes	40 th (42.3)	31 st (59.3)
- E-Participation	38 th (84.8)	38 th (84.8)
□ Future orientation of government	102 nd , (36.5)	51 st (59.0)
- Government ensuring policy stability	-	108 th (38.6)
- Government's responsiveness to change	-	110 th (33.2)
- Legal framework's adaptability to digital business models	-	73 rd (42.4)
- Government long term vision	-	78 th (44.3)
□ Property rights	-	67 th (54.2)
- Property rights	97 th (49.2)	89 th (51.5)
- Intellectual property protection	60 th (56.0)	46 th (61.1)
□ Corporate governance	-	26 th (75.3)
- Strength of reporting auditing and standard	55 th (64.6)	49 th (67.5)
- Shareholder governance	56 th (60.0)	37 th (67.0)
Business dynamism	56 th (61)	60 th (69.1)
□ Administrative requirements	-	82 nd (67.3)
- Cost of starting a business	2 nd (99.9)	4 th (99.9)
- Time to start a business	128 th (55.3)	129 th (60.3)

Global Competitiveness Index 4.0 South Africa Ranking		
Pillar/Component	2018 Ranking --/140 (Progress score)	2019 Ranking - /141 (Progress score)
- Insolvency regulatory framework	24 th (78.1)	38 th (71.9)
- Insolvency recovery rate	77 th (37.0)	78 th (37.1)
Innovation capability	46 th (43.3)	46 th (45.2)
□ Interaction and diversity	-	44 th (46.0)
- International co-inventions	58 th (9.9)	65 th (8.4)
- Multi-stakeholder collaboration	-	39 th (52.6)
□ Research and development	-	44 th (38.4)
- Patent applications	50 th (26.6)	51 st (25.6)
□ Commercialisation	-	64 th (57.1)
- Trademarks applications	58 th (67.6)	73 rd (67.0)

Doing Business Ranking		
Area/Indicator	2018 Ranking --/190 (Score 0 - 100)	2019 Ranking --/190 (Score 0 - 100)
Overall	82 nd (64.89)	82 nd (66.03)
Starting a business	136 th (79.97)	134 th (81.2)
Protecting minority investors	24 th (70.0)	23 rd (73.23)
Resolving insolvency	55 th (57.9)	66 th (54.49)

The economy is expected to contract by 10% and between 400 000 and 1 million job losses are expected. CIPC must carry their mandate most effectively in enabling role in the economic development. Within its mandate, the CIPC must contribute to government's aims is to provide financial relief to businesses affected by the 'national lockdown, as well as drive the country's

economic recovery post the COVID-19 effect. One way that the CIPC will contribute is company registration of those businesses hoping to access government relief fund.

The CIPC might see a spike in company registration because of the grim outlook of the South Africa's economy. Past experience show that as the economy worsened, more survivalist companies are registered. Past experience also show that many of these companies do not survive leading to high de-registration of companies. In addition, if they do survive, they might not be compliant as they lack knowledge of managing formalised businesses.

From the legal front, the CIPC must abide to the COVID-19 regulations. Employers are required measures are in place to ensure that COVID-19 infections are minimised. In general, CIPC strategy and service delivery model has been leaning on automated and on-line service, therefore it has been relatively easy to abide to COVID-19 conditions of minimal physical contact. Below are example of the impact of COVID-19 on services rendered by the CIPC.

Annual Financial Statements, including Financial Accountability Supplements filing as prescribed in terms of Section 30 and 33 of the Companies Act, 2008 (Act No. 71 of 2008) are currently done virtually, online. COVID 19 will therefore not affect the filing capability and the quality of the content filed, however it can affect the volume of filings. The volume will be affected because of the inability by companies to hold annual general meetings, as well as delays in auditors to finalise auditing processes within prescribed timeframes due to lockdown regulations and in other instances due to the "going concern" status of entities not able to be confirmed.

Education and awareness events conducted by the CIPC and with partners, which usually take the form of physical gatherings, will be replaced by various virtual, online interventions, tailored to the specific audience. Some of the CIPC partners, stakeholders and customers are technologically savvy and therefore will transition to the on-line platforms easily. However, other groups are not technologically savvy. The CIPC will have to explore ways to reach these groups without breaking lockdown regulations and risking COVID-19 infections.

8.2. Internal Environment Analysis

Covid 19 Analysis

When South Africa opened to Level 4 of the national lockdown, a risk analysis in relation to COVID 19 was conducted in preparation to open the CIPC to support government interventions (opening of industries on various levels), as well as service provision to the public, bearing in mind the staff and public safety. A high number of staff are at a high risk of contracting Covid 19 as they have comorbidities and over the age of 60. The CIPC has put in place mechanisms for most staff to work remotely, provision of facemasks, screening equipment etc. The CIPC is in a process of formalising a virtual work policy. COVID-19 conditions have impacted activities that require physical contact as the number of staff who can be at the office at a time is limited to 30%. At the expense of other activities, COVID-19 related activities were prioritised.

The changed dynamics of an office environment because of COVID-19 and the standing accommodation requirements for a new building are being addressed by the Department of Public Works. The CIPC is using digital platforms such as Zoom, Microsoft Teams for internal interactions. Training and policies for this new way of working is underway.

The focus of the organisation will continue to be more on its regulatory role. The investment the organisation made over the past seven years in process improvements and emphasis on simplifying registration and related services in the companies and IP space, has started yielding results, therefore strengthen the regulatory role.

CIPC consistently registers companies within an average turnaround time of one day and cooperatives in two days. Related company maintenance services are equally efficient with most services being available through multiple channels.

The introduction of an electronic financial reporting language, eXtensible Business Reporting Language (XBRL), is an important achievement for the organisation and the country. The main purpose of this tool (which enables the electronic submission of financial statements), is to allow for greater transparency into corporate conduct as outlined in the Companies Act, 71 of 2008 (as amended). The market response to this technology has been positive with over 21 258 eligible companies having submitted its financial statements since the launch of XBRL. This also resulted in CIPC introducing measures to encourage businesses to submit annual financial statements (AFS) and Financial Accountability Supplements (FAS) before filing annual returns. The latter is a measure to monitor economic activity and have a relevant updated registry.

Recruitment of an XBRL Specialist as a permanent resource, during the reporting period, will ensure that there is a dedicated resource to oversee the progression of the project to new phases as we strengthen the regulatory oversight role.

In the enforcement environment CIPC has placed significant emphasis on the conduct of state-owned enterprises as well as listed entities to ensure greater compliance through governance. The necessary action are taken as and when required.

Complaints relating to Companies may be filed in writing with the Companies and Intellectual Property Commission ("CIPC"), upon receiving a complaint, the CIPC may resolve: (i) not to investigate, (ii) to refer it to the Companies Tribunal or Accredited Agency or other appropriate regulatory authority or (iii) to direct an investigator or inspector to investigate.

After receiving an investigation report the Commission may:

- (i) excuse a respondent,
- (ii) refer the complaint to the Companies Tribunal;
- (iii) issue a notice of non-referral to complainant, advising the complainant of any rights to seek a remedy in court;
- (iv) propose that the complainant and any affected person meet with the Commission or with the Tribunal, to resolve matter by consent order;
- (v) commence proceedings in a court in the name of the complainant, if the complainant—has a right to apply to a court; and - has consented to the Commission to do so;
- (vi) refer the matter to the NPA, or other regulatory authority, if Commission alleges that a person has committed an offence in terms of this Act or any other legislation; or (vii) issue a compliance notice in terms of section 171.

Digitisation

Digitisation remains key for CIPC and in preparation for the Fourth (4th) Industrial Revolution. A mobile application was launched with basic services as the first phase. Similarly, work is continuing to ensure appropriate IT technology is procured as the organisation is embracing the opportunities of a digital society. The CIPC continued with the stabilisation of its IT systems through investment in improved IT infrastructure and this led to improved functionality and enhanced security. The organisation will continue to invest in modernising its infrastructure in the five-year strategic period.

Financial sustainability

For the period 01 April 2018 to 31 March 2019, a total revenue of ZAR 508.4 million was generated from business activities related to submission of Annual Returns and registrations of companies, patents, designs and trademarks. Revenue generated from other income amounted to ZAR 7.8 million. This is comprised mainly of recognition as revenue of customer deposit balances older than three years, amounting to ZAR 6 million, and other sundry income. Interest of ZAR 50.7 million was earned on the Corporation for Public Deposits (CPD) investment at the South Africa Reserve Bank (SARB) and other related accounts.

It is expected that the CIPC will generate sufficient revenue over the short- to medium-term to sustain its operational activities and to improve its efficiencies in rendering and maintaining quality services, as set out in the Companies Act, 2008 (No. 71 of 2008). If the CIPC is to remain financially sustainable, and to cover the annual cost increase in service delivery, an annual adjustment of fees will be required. In this regard, National Treasury (NT) approved a fee increase for the CIPC. These increases will be implemented after due legal processes are completed. During the previous year, NT approved a fiveyear financial sustainability analysis and funds will be available to achieve the future organisational objectives.

In May 2019, the entity transferred ZAR 240 million accumulated surplus to NT, resulting in a substantial decrease in interest revenue. This will have an impact on revenue going forward and it is therefore necessary for the entity to implement fee increases to remain financially sustainable. The entity envisages implementing these increases within the next financial year.

The 2018/2019 - 2023/2024 Medium Term Revenue and Expenditure Framework (MTREF) for the CIPC was submitted to **the dtic** and NT, in accordance with the Public Finance Management Act (PFMA), 1999 (No. 1 of 1999). The main cost drivers for CIPC as a service organisation relate to employee remuneration, Information Technology (IT) services, office accommodation and service delivery enhancement projects. The remuneration of staff remains the most substantial expense, amounting to ZAR 325 million (67%) of total operating expenditure in the 2018/2019 financial year.

As National Treasury has approved CIPC fee structure, this will make a significant contribution towards the long-term sustainability of the organisation. We are in the process of implementing the structure in the organisation. The digitisation of the organisation will assist in improving efficiencies, while addressing equitable allocation of human resources. Improvement in compliance with prescriptions for Annual Returns will be an added advantage for the organisation.

Organisation Design

In terms of aligning its workforce behind its strategy to become a relevant regulator in the future, the organisation is embarking on an organisational design (OD) process. The OD process should take into consideration the conditions imposed by the Covid 19 pandemic such as virtual offices and channels.

Organisational challenges

CIPC has limited capability to monitor the effects of modernisation. A number of ICT interventions are put in place to address this. The ripple effect of modernisation is staff uncertainty in that their roles have changed and are continually changing as the organisation is preparing for a Fourth Industrial Revolution Organisation. The organisation is addressing these issues through a detailed organisational design process which commenced with extensive staff engagement sessions with all staff, organised labour and the Executive. Internal policies will be updated and where outstanding, drafted, once the organisational design process is completed.

Operational challenges in the business rescue space has resulted in CIPC seeking legal opinion from the State Attorney's Office which will give clarity on certain provisions of Chapter 6, Section 138 of the Companies Act.

CIPC is migrating the patent system to a system provided by WIPO to member organisations, and the migration of data has operational challenges which the organisation is mitigating. In this instance the current patent system service provider is uncooperative and CIPC is working with WIPO to address this issue.

CIPC invests significantly in the patent examiners and runs the risk of these highly qualified individuals being absorbed in the broader patent market.

The processes in trademarks, patents and design registration sections remains largely manual. There is an urgent need to automate all workflow processes to ensure an efficient and seamless operational system that supports implementation of substantial examination in patent applications. There is also a need to ensure examiners are provided with a conducive environment in which to work. The open plan office environment is not favourable for the type of work examiners will undertake, as they require a quiet environment where they can concentrate and focus on their work.

There has been low uptake of the use of Independent Review as a form of assurance, and the low levels of reporting by recognised Independent Review professionals/ practitioners. All Accounting and Auditing Professional Bodies throughout the country were visited to explore ways to address these challenges. Webinar events will be organised to meet targeted audiences and address this challenge

Part C: Measuring Our Performance

9. Institutional Performance Information

9.1 Measuring the Impact

Impact statement (Outcome 1)	To create ease, simplicity and flexibility in the formation and maintenance of companies, as well as protection of intellectual property to reduce the administrative compliance burden for companies and IP owners.
Impact statement (Outcome 2)	CIPC will ensure implementation and compliance with Company and IP Laws to create a reputable Business Regulation and IP Protection environment in South Africa.

9.2 Measuring Outcomes

Outcome	Outcome Indicator	Baseline	Five year target
Outcome1: Reduced administrative compliance burden for companies and IP owners	Key capabilities for 24/7 access	Channels and available products and services: <u>SSCs and SSTs</u> <u>08:00 – 15:30</u> Company Registration, Annual Returns, Tax Number application, BEE certificate <u>Call Centre 08:00 – 16:00</u> CIPC queries related to all products and services <u>Partners 08:00 – 15:30</u> Company Registration	Key capabilities for 24/7 access to all key CIPC products and services developed.

Outcome	Outcome Indicator	Baseline	Five year target
		<u>Third Parties 08:00 – 15:30</u> Company Registration	
		<u>E-mail 24/7</u> Queries, Lodgements	
		<u>USSD 24/7</u> Queries related to company registrations and amendments	
		<u>Website 24/7</u> Customer Registration, Name Search, Name Reservation, Company Registration	
		<u>CIPC Mobile App 24/7</u> Customer Registration, Password Reset, Name Reservation, Company Registration, Annual Returns	
		<u>Bizportal 24/7</u> Customer Registration, Name Reservation, Company Registration, Compensation Fund Registration, UIF, SARS Registration	

Outcome	Outcome Indicator	Baseline	Five year target
Outcome 2: A reputable Business Regulation and IP Protection	Key capabilities for compliance monitoring and enforcement	XBRL Compliance monitoring and	Key compliance monitoring and enforcement

Outcome	Outcome Indicator	Baseline	Five year target
environment in South Africa		enforcement activities conducted throughout the country also in partnerships with professional associations and enforcement agencies.	capabilities developed.

9.3 Explanation of Planned Performance over the Five Year Planning Period

9.3.1 Alignment to the Medium Term Strategic Framework 2019-2024

The table below show the alignment and contribution of the CIPC outcomes towards the achievement of the MTSF 2019-2024.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
Priority 1: A capable, ethical and developmental state	Integrated Monitoring System for public sector accountability	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	Adhere to compliance, governance, and reporting guidelines.
	Modernise service processes in the public sector.	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.1: 24/7 access to all CIPC products and services. Strategic Objective 1.2: Timely delivery of all CIPC products and services.	An service delivery model responsive to customer (public) needs CIPC will continue to invest in ICT assets To ensure multiple access channels to CIPC and other services promoting ease of doing business.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
				- To automate processes to improve speed at which CIPC and other services are delivered. - To partner with government entities and private entities such as banks to innovate ways to provide easy access to CIPC and other integrated services.
	100% reduction of wasteful and fruitless expenditure in the public sector institutions.	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	Monitor expenditure and ensure that adherence to correct procedures.
	Improve financial management capability by implementing the Integrated Financial Management System in the public sector.	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	Implement Integrated Financial Management System when guidelines are received.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
	Implement job competency framework for public sector by 2023 to build a professional public administration.	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	Implement job competency framework when guidelines are received
Priority 2: Economic Transformation and Job Creation	Improve ease of doing business	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.1: 24/7 access to all CIPC products and services. Strategic Objective 1.2: Timely delivery of all CIPC products and services.	CIPC will continue to invest in ICT assets • To ensure multiple access channels to CIPC and other services promoting ease of doing business. • To automate processes to improve speed at which CIPC and other services are delivered • To partner with government entities and private entities such as banks to innovate ways to provide easy access to CIPC and other integrated services.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
	Facilitate and support 200 000 functional small businesses and cooperatives by 2024.	Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Strategic Objective 2.1: Increased knowledge and awareness on Company and IP Laws.	Automation of co-operatives registration and maintenance processes. Conduct education and awareness webinar events for small business and cooperatives on opportunities and compliance with relevant legislation. Conduct virtual media campaigns of CIPC services.
	Create 275 000 jobs per year through Job Summit Commitments, Operation Phakisa and other public sector employment programmes.	Outcome 1: Reduced administrative compliance burden for companies and IP owners Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Strategic Objective 1.1: 24/7 access to all CIPC products and services. Strategic Objective 1.2: Timely delivery of all CIPC products and services.	Through reduction of an administrative burden and building a reputable business regulation and IP protection environment in SA, CIPC will indirectly contribute enterprise efficiencies and credibility resulting in sustainable and

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
			Strategic Objective 2.1: Increased knowledge and awareness on Company and IP Laws.	profitable business contributing job creation.
	Implement Presidential comprehensive youth employment interventions that absorb 1 million youth in NEET in employment by 2024.	Outcome 1: Reduced administrative compliance burden for companies and IP owners Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Strategic Objective 1.1: 24/7 access to all CIPC products and services. Strategic Objective 1.2: Timely delivery of all CIPC products and services. Strategic Objective 2.1: Increased knowledge and awareness on Company and IP Laws. Strategic Objective 2.2: Improved compliance with the Company and IP Laws	Through reduction of an administrative burden and building a reputable business regulation and IP protection environment in SA, CIPC will indirectly contribute enterprise efficiencies and credibility resulting in sustainable and profitable business contributing job creation.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
	Expand government spend on women, youth and persons with disabilities through preferential procurement	Outcome 1: Reduced administrative compliance burden for companies and IP owners	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	CIPC to continue implementing preferential procurement from women, youth and persons with disabilities
Priority 3: Education, skills and health	N/A	N/A	N/A	N/A
Priority 4: Consolidating the social wage through reliable and quality basic services	N/A	N/A	N/A	N/A
Priority 5: Spatial integration, human settlements and local government	Profile and support enterprise development in townships through financial incentives and other non-financial forms of support.	Outcome 1: Reduced administrative compliance burden for companies and IP owners Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Strategic Objective 1.1: 24/7 access to all CIPC products and services. Strategic Objective 1.2: Timely delivery of all CIPC products and services. Strategic Objective 2.1: Increased knowledge and awareness on Company and IP Laws.	To provide non-financial forms of support for enterprise development through easy and quick access to the CIPC services, as well as conducting education and awareness webinar events and media campaigns on Company and IP laws and related opportunities.

MTSF Priority	MTSF Interventions	CIPC Outcome	CIPC Strategic Objective	CIPC Contribution to MTSF Priority and Outcomes
			Strategic Objective 2.2: Improved compliance with the Company and IP Laws	
Priority 6: Social cohesion and safe communities	N/A	N/A	N/A	N/A
Priority 7: A better Africa and world	80% of international standards domesticated, to improve the conditions for all South Africans.	Outcome 1: Reduced administrative compliance burden for companies and IP owners Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Strategic Objective 1.3: Intelligent, innovative, high performance organisational environment.	CIPC to continue to participate in international bodies such as WIPO, BRICS and Corporate Registrars Forum.

9.3.2 The rationale for the choice of the outcome indicators relevant to the respective outcomes.

Outcome Indicator 1: Key capabilities for 24/7 access

This measure shows the extent to which the CIPC has succeeded in putting in place capabilities that will ensure reduction of the administrative burden of transaction with the CIPC its partners. These capabilities should support 24/7 access to CIPC products and services as well shortening the time it takes to deliver the CIPC products and services.

Outcome Indicator 2: Key capabilities for compliance monitoring and enforcement

This measure shows the extent to which CIPC has succeeded in putting in place capabilities that ensure compliance with company and IP laws. These capabilities should support and education and awareness efforts, as well as compliance monitoring and enforcement efforts.

9.3.3 Explanation of enablers to achieve the five-year targets

The CIPC is investing in ICT to capture automation gains of increased speed in transacting with the CIPC, including compliance activities such as filling Annual Financial Statements and Annual Returns. Through collaboration and partnerships, the CIPC use existing resource and platforms of strategically chosen partners to delivery its products and services.

11. Key Risks

Outcome	Key risks	Risk mitigation
Outcome1: Reduced administrative compliance burden for companies and IP owners	Inadequate availability and accessibility of service channels	Improve availability and accessibility of service channels through system enhancement, and introduction of multiple channels.
	COVID-19 infections (customers and staff) - High number of staff have existing illnesses that put them at a higher risk of contracting the virus	Adoption of virtual working polic. Encourage the public to use virtual channels to transact with the CIPC. Webinars and other virtual tools will be used for outreach (education and awareness) activities.
Outcome 2: A reputable Business Regulation and IP Protection environment in South Africa	Ineffective and inefficient enforcement	Collaboration with other enforcement agencies
		Implement additional training of law enforcement agencies on IP enforcement
		To provide formal inputs for legislative review to the dtic

12. Technical Indicator Description (TID)

12. Technical Indicator Description

Indicator Title	Key capabilities for 24/7 access
Definition	Key capabilities include: - ICT infrastructure, systems, and applications - Capacity and skills - Channels
Source/collection of data	Management reports
Method of calculation/Assessment	Assess the appropriateness of infrastructure, systems and applications; capacity and skills; as well as channels for 24/7 access to CIPC data, information and other services.
Assumption	Funding available. Timely execution of plans.
Disaggregation of Beneficiaries (where applicable)	Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Reporting cycle	Annual
Desired performance	Key capabilities appropriate for 24/7 access
Indicator responsibility	The Executive Committee

Indicator Title	Key compliance monitoring and enforcement capabilities developed.
Definition	Key capabilities include: - ICT infrastructure, systems, and applications including case management - Capacity and skills - Channels
Source/collection of data	Management reports
Indicator Title	Key compliance monitoring and enforcement capabilities developed.
Method of calculation/Assessment	Assess the appropriateness of infrastructure, systems and applications; capacity and skills; as well as channels for compliance monitoring and enforcement.
Assumption	Funding available. Timely execution of plans.
Disaggregation of Beneficiaries (where applicable)	Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Reporting cycle	Annual
Desired performance	Key capabilities appropriate for compliance monitoring and enforcement
Indicator responsibility	The Executive Committee