ITAC

International Trade Administration Commission of South Africa

ANNUAL REPORT 2020/21

enabling FAIR TRADE

CONTENTS

PART A
GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

Country of incorporation and domicile:

Republic of South Africa

Legal form of entity:

PFMA - Schedule 3A Public Entity

Nature of business and principal activities:

The aim of ITAC, as mandated by the International Trade Administration Act, 2002 (the ITA Act), is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade subject to the ITA Act and the Southern African Customs Union (SACU) Agreement, 2002.*

Business address:

DTI Campus (Building E)
77 Meintjies Street
Sunnyside
Pretoria
0002

Postal address:

Private Bag X 753
Sunnyside
Pretoria
0002

Website:

www.itac.org.za

Bankers:

Standard Bank

Auditors:

Nexia SAB & T

**Common Customs Area means the combined areas of the Member States of SACU (see section 1(2) of the ITA Act).*

LIST OF ABBREVIATIONS:

ADA	WTO Agreement on the Implementation of Article VI of the General Agreement on Tariffs & Trade, 1994
CHINA	People's Republic of China
COMMISSION	ITAC or the body comprising the Commissioners of ITAC, acting together
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition (merger between the DTI and EDD)
DPSA	Department of Public Service and Administration
EDD	Economic Development Department
ERRP	Economic Reconstruction and Recovery Plan
EPA	Economic Partnership Agreement between SACU countries and Mozambique on the one hand, and the European Union and its member states on the other
EU	European Union
EXCO	Executive Committee of ITAC
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communication Technology
IDC	Industrial Development Corporation of South Africa
ITA Act	International Trade Administration Act, 71 of 2002
ITAC	International Trade Administration Commission of South Africa
MANCO	Management Committee of ITAC
PFMA	Public Finance Management Act, 1 of 1999
PPS	Price Preference System designed to improve the availability of good quality scrap metal to local consumers
SACU	Southern African Customs Union, which consists of South Africa, Botswana, Eswatini, Lesotho and Namibia
SACU AGREEMENT	The SACU Agreement, 2002
SEFA	Small Enterprise Finance Agency
US	United States of America
WTO	World Trade Organisation

FOREWORD

BY THE MINISTER OF TRADE, INDUSTRY AND COMPETITION

Mr Ebrahim Patel

It is my pleasure to present the Annual Report of the International Trade Administration Commission of South Africa (ITAC) for the 2020/2021 financial year. The report sets out the work performed by ITAC, its Commissioners and staff in what was, and continues to be, a tumultuous trade and economic environment, in large part because of the reverberations caused by the COVID-19 pandemic.

The pandemic imposed huge costs on the local economy. It also exposed challenges faced not only by South Africa but by the entire African continent. In light of the disruption cause by the pandemic, the efforts undertaken by the dtic to support and improve the industrial performance and competitiveness of local companies through a series of sectoral masterplans have taken on even greater importance.

Together with the leaders of business and labour, we forged consensus on masterplans to grow jobs and production in six sectors:

- Food security: poultry and sugar
- Consumer goods: clothing and furniture
- Industry: automobiles and steel.

In support of the Masterplans, I directed ITAC to conduct investigations and provide recommendations where necessary.

For the Automotive Masterplan, ITAC recommended the inclusion of semi-knock-down vehicle kits as qualifying products under the Automotive Production and Development Programme, which will present South African automobile manufacturers (OEMs) with export opportunities on the African continent, boosting production volumes and creating additional employment.

To support the Retail-Clothing, Textile, Leather and Footwear Masterplan, which seeks to create a competitive and dynamic value chain, I directed ITAC to investigate the creation of rebate facilities, to address the supply of textiles used in the manufacture of apparel.

While an appropriate set of trade policies will continue to play an important role in the steel industry characterised by global over-supply capacity, the conclusion of a Master Plan in the steel industry represents a shift to a more strategic set of actions to rebuild the competitiveness of firms in the sector.

In addition to industrial issues, throughout 2020/2021 the international trade environment presented South Africa with various challenges. Trade-restrictive measures imposed by South Africa's trading partners have been significant, in some cases effectively closed off their markets to imports. Such actions created the risk of trade diversion, sending such goods to South

African markets.

In addition to shifts in trade flows, domestic manufacturers faced competitive pressures from unfairly traded imports. It is in this environment that ITAC intervened in the area of tariffs, trade remedies and imports and export control during the past fiscal year to support domestic industries.

As set out in its Annual Report, ITAC's interventions included over 30 tariff and trade remedies investigations and the issuing of 14 investigation reports. The investigations targeted, amongst others, the agricultural, chemical, metals and textile sectors.

The Annual Report also reflects the work of ITAC's Import and Export Control Unit, which issued 17 066 import permits and 19 271 export permits during the period 2020/2021. In addition to issuing permits, the Unit also plays an important role in curbing illegal and fraudulent trade, and to this end conducted 66 schedules inspections, 649 unscheduled inspections and 7 investigations during this time period.

On the governance front, ITAC obtained another clean audit. It will need to develop greater responsiveness and agility in dealing with trade matters.

As the society recovered from the first waves of Covid-19, the focus has shifted to economic recovery, in line with the Economic Reconstruction and Recovery Plan (ERRP). In the new financial year ending March 2022, every agency of the dtic has been requested to report on its contribution to South Africa's national development goals, with a focus on seven key areas, which are termed 'joint indicators'. In this way, the combined efforts of all public entities will begin to be aligned to the national priorities in a more explicit manner.

These cover the following areas:

- Joint Indicator 1: Integrated Support to Drive Industrialisation (which includes the work on localisation and sector master plans as well as efforts to support beneficiation)
- Joint Indicator 2: Contribution to the development of an AfCFTA Export Plan
- Joint Indicator 3: Investment Facilitation and Growth
- Joint Indicator 4: Development Model and Spatial Equity to enable the impact of all public sector work to be measured and integrated at district level
- Joint Indicator 5: Actions to Promote Transformation
- Joint Indicator 6: The Green Economy and Greening the Economy
- Joint Indicator 7: Strengthening and Building a Capable State

In respect of building a capable state, for example, all public entities will be required to review their procedures, timeframes for delivery, forms to be filled in and public communication of services to simplify these, make processes expeditious where possible, remove unnecessary red-tape where these exist and make it easier for users to access services.

Following the particularly difficult year in which the country lost many talented persons to Covid-19, I wish to convey my condolences to the friends and families of all of our loved ones who passed away within ITAC and the broader dtic family.

I would like to thank the Chief Commissioner, Mr Meluleki Nzimande, the Deputy Chief Commissioner and the ITAC staff for work this past year. I would also like to acknowledge the work of the Chairperson of the Commission, Ambassador Faizel Ismail, and the part-time Commissioners, whose commitment to the important work of this agency is commendable.

Ebrahim Patel

Minister of Trade, Industry and Competition

REPORT
BY THE CHIEF COMMISSIONER

Mr Meluleki Nzimande

The global pandemic caused by the coronavirus disease 2019 (COVID-19) was a defining feature of the South African economy and life in general in 2020, and continues to be in 2021. Following the outbreak of COVID-19 in South Africa at the beginning of 2020 and the consequent declaration of the National State of Disaster on 15 March 2020, the country was placed under alert level 5 lockdown as part of efforts to contain the spread of the virus and to enable the country to manage the effects of the pandemic. South Africa had to secure the supply of critical goods and medicines necessary to curb the spread of COVID-19 and mount an effective treatment response to its symptoms.

On 25 March 2020, the International Trade Administration Commission of South Africa (ITAC) was declared an essential service by the then Minister of Trade and Industry (now Minister of Trade, Industry and Competition), Mr Ebrahim Patel. The declaration of ITAC as an essential service required it to perform certain essential services during the period of the National State of Disaster in order to assist with combatting the spread and impact of COVID-19, whilst continuing with normal operations. ITAC had to arrange for employees to work from home and to implement office work protocols which provided for a safe environment from a COVID-19 perspective. The aforementioned essential services included: i) the administration of Rebate Item 412.11(a) of the Customs and Excise Act, 1964, which came into effect on 15 March 2020 when a National State of Disaster was declared. The activation of Rebate Item 412.11(a) enabled duty free importation of goods imported for the relief of distress of persons caused by the COVID-19 pandemic; and ii) the control of the exportation of essential goods, equipment and certain medicines as part of efforts to ensure the security of supply of these items for South Africa.

The severity of alert level 5 lockdown meant that most economic activity in the country came to a halt. The gradual approach to the relaxation of the lockdown impacted the pace of restoring normal economic activity. As a result, in 2020, the South African Gross Domestic Product (GDP) contracted by 7% compared to 2019.

Recalling that ITAC's mandate is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa, Botswana, Namibia, Lesotho and Eswatini, by establishing an efficient and effective system for the administration of international trade, the outbreak of COVID-19 had a significant and direct impact on the work of ITAC. When Government prepared a response to mitigate the adverse impact of the COVID-19 pandemic on the economy, ITAC was requested to undertake certain work in support of this effort, and continues to do so. This included assisting local foundries and scrap metal consumers to have access to sufficient quantities of good quality scrap metal at competitive prices by swiftly amending the guidelines on the implementation of the Price Preference System (PPS). The amendments were timed to take effect at the end of the temporary ban on scrap metal, which had been imposed by the Minister of Trade, Industry and Competition.

These interventions align with the South African Economic Reconstruction and Recovery Plan to address the harm which COVID-19 caused to the economy and build a sustainable resilient and inclusive economy. ITAC will continue contributing to the realilsation of this plan, including in such areas as localisation and reindustrialisation and export promotion, and the greening of the economy.

Other work beyond the response to the COVID-19 pandemic continued. Some of the highlights are mentioned below.

In February 2021, the Minister of Finance announced the introduction of an export duty on ferrous and non-ferrous scrap metal. The rate of export duties were determined by ITAC and are scheduled to come into effect in August 2021. This announcement marked the culmination of work, which ITAC, in collaboration with the Department of Trade, Industry and Competition (dtic), the South African Revenue Service (SARS) and National Treasury, conducted in 2019 in order to prepare for the introduction of an export duty on the export of ferrous and non-ferrous scrap metal.

ITAC continued to contribute to the implementation of the country's reimagined industrial strategy as led by the Minister of Trade, Industry and Competition, Mr Ebrahim Patel. ITAC was intricately involved in preparations for the implementation of phase two of the Automotive Development Programme (APDP II), which forms an integral part of the South African Automotive Masterplan (SAAM). SAAM aims to establish a globally competitive and transformed industry, which contributes to the sustainable development of South Africa's productive economy, creating prosperity for industry stakeholders and the broader society. ITAC worked closely with the dtic and SARS to contribute to policy development and the amendment of the Customs and Excise Act, 1964 to ensure the successful implementation of the APDP II. ITAC had to update its APDP Guidelines and Regulations for purposes of administering the programme. The date of implementation of APDP II was June 2021.

As regards the regional market development pillar of SAAM and pursuant to the policy directive by the Minister of Trade, Industry and Competition, ITAC recommended the inclusion of Semi-Knocked-Down (SKD) vehicle kits as qualifying products under the APDP programme. The APDP regulatory framework was amended in order to allow SKD vehicle kits to receive benefits under the programme. The inclusion of SKD vehicle kits presents an opportunity for Original Equipment Manufacturers (OEMs) to grow production volumes and create additional employment within the automotive value chain. The supply of SKD vehicle kits under the APDPII will ensure that South Africa remains a relevant supplier of vehicles and components to other African countries as they develop their own automotive industries.

Under the Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan, Government committed to create an enabling environment for investment and growth in the Clothing, Textile, Footwear and Leather (CTFL) industry. In particular, Commitment 4 of the R-CTFL calls for strategic use of tariffs and rebates. This entails providing fair protection for the domestic CTFL value-chain where local production capacity exists or will be developed, and the strategic use of rebates to support localization of manufacturing. ITAC has already provided broad ranging support in terms of tariff support for domestic producers across the CTFL value-chain. In line with the aforementioned, ITAC contributed to the practical implementation of commitments made in the R-CTFL Masterplan. ITAC recommended the creation of a rebate facility, which follows a phased approach, commencing with the duty free importation of specific textiles used in the manufacture of certain clothing and apparel. The Guidelines, Rules and Conditions which form part of this rebate facility contains certain stringent conditions which are intended to develop the entire value chain and to safeguard the current volume and value offtake from: i) local Textile Mills; and ii) local Yarn Producers.

On the whole, ITAC, as at the end of the financial year, was seized with fifteen tariff amendment investigations. During the period under review, ten increase, six rebate and two reduction investigations were finalised. Two increases in the rate of customs duty applications were implemented as well as four rebate provisions created. No reduction applications were implemented. The work under SAAM and the R-CTFL Masterplan formed part of work concluded by the Tariff Investigations Unit of ITAC.

The Trade Remedies Unit also had a busy year, conducting sixteen investigations in the period under review. Of these, five resulted in trade remedy duties being imposed and the rest are in progress. One of the high profile cases involved an investigation into an extension of safeguard duties on hot-rolled flat steel. It was the first investigation of its nature and ITAC had to develop new guidelines for this species of investigation. This investigation was highly contested (attracting litigation) as interested parties challenged the decision to maintain the existing duties whilst the investigation was in progress. Another extraordinary investigation conducted in this period sought to address the circumvention of anti-dumping duties imposed against certain countries. The form of circumvention at issue in this investigation is also referred to as "country hopping". Egypt, which was used for country hopping in this case, became subject to anti-dumping duties in order to remedy the problem.

ITAC's Import and Export Unit regulates the movement of specific goods across the borders of South Africa, enforcing compliance with health, environmental, security and safety, technical standards and international agreements. Import and Export Control also seeks to support particular economic objectives as is the case with the PPS and for example, the control of importation of second hand goods such as motor-vehicles and clothing. During the period under review, 17 066 import permits were issued. On the export side, there were 19 271 export permits and 4 015 export releases issued. The latter were issued within a very short time frame (just under six weeks), bearing in mind that ITAC typically issues 4000 export permits per quarter.

In general, the core business units (Tariff Investigations, Trade Remedies and Import and Export Control) performed well despite the challenges occasioned by the COVID-19 pandemic and the consequent change in working arrangements. There are areas that need improvement and these will receive due attention.

The global trading environment seems to be improving. The date to commence trade under the African Continental Free Trade Agreement is 1 January 2021. The ascendency of Mr Joseph R. Biden Jr to the Presidency of the United States of America (US) may provide opportunity to resolve the trade war between China and the US, and perhaps lead to a less protectionist stance by the US. Improvement in the global trade environment is likely to benefit exporting South African producers. It remains to be seen how President Biden will respond to the impasse at the World Trade Organisation regarding its Appellate Body which remains non-quorate because the US chose not to fill its quota of members on this body.

On corporate affairs, in the year under review, ITAC had no reported incidents of work-place transmission of COVID-19 amongst its employees, which attests to the effectiveness of the work arrangements which ITAC put in place in response to COVID-19. Regrettably, however, ITAC lost one of its employees to COVID- 19, who by virtue of his age, had not reported to the office since the imposition of alert level 5 lockdown.

ITAC was not spared from the toll which COVID-19 took on the country's finances. When President Cyril Ramaphosa announced a R500 billion package to respond to the COVID-19 pandemic, Government Departments and Agencies such as ITAC were required to reprioritize spending to contribute to this package. In this regard, ITAC returned R12 million to National Treasury, which represented about 11 percent of ITAC's total approved grant allocation for the financial year which ended in March 2021. A further R5.4 million was returned to fund the business rescue of the South

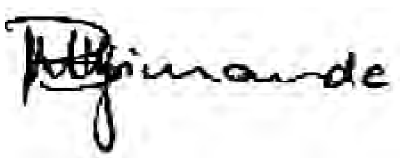
African Airways. This was a substantial reduction in ITAC's budget and required skillful management of ITAC's finances to enable it to continue to execute its work and meet its expenditure obligations, chief amongst which being employee remuneration. In view of the fact that ITAC is an investigative body, which generates information which steers certain interventions in the economy, employee remuneration is the largest budget item. It is important to bear in mind the fact that this unplanned budget reduction occurred against the backdrop of a highly strained financial environment in which ITAC maintains strict cost containment measures. ITAC therefore did well to maintain employee morale in trying circumstances and to continue to execute its functions effectively.

It is pleasing to report that ITAC has once more achieved a clean audit opinion. This is the fourth year in a row that ITAC has achieved an unqualified audit without any material findings. It is yet another record attained following the decision by the Auditor General of South Africa (AGSA) to cease auditing ITAC and to allow ITAC to appoint private sector independent auditors to take over from the AGSA. This attests to the effectiveness of the controls which are in place and the excellent work of ITAC employees, particularly the Finance and Internal Audit Units. In general, ITAC staff is commended for its efforts, without which such positive outcomes would not be achieved.

ITAC's ability to continue operations under COVID-19 was made possible by sterling work of its Information Technology Unit which assisted ITAC employees to work from home using ITAC's information technology equipment and infrastructure. This was achieved despite an extremely constrained budget. ITAC employees are commended for adapting to the new way of working and continuing to execute their work diligently.

The work of ITAC by its nature lends itself to the risk of litigation as its recommendations in any investigation results in winners and losers. ITAC is pleased that in the last financial year it did not lose a court case. In fact, assessed over a period of five years, ITAC only lost one court case. This case is being appealed. Despite the loss, the case had the desirable effect of securing a favourable settlement involving the appeal and other related cases.

In conclusion, the period under review was challenging because of COVID-19. ITAC and its employees had to change working arrangements in order to mitigate challenges posed by the COVID-19 pandemic. The Import and Export Unit and the Tariff Investigations Unit had more work due to their direct involvement in the country's response to COVID-19. ITAC's already strained budget was reduced by approximately 11%, yet, ITAC rose to the challenges and performed well. Whilst there continues to be room for improvement, the overall performance direction is encouraging. ITAC has reason to be optimistic about the future.



Mr Meluleki Nzimande

ITAC Chief Commissioner

COMMENTARY

BY THE CHAIRPERSON OF THE COMMISSION

Mr Faizel Ismail

The COVID-19 pandemic continued to severely impact societies around the globe, as well as international trade flows, during the period covered by this Annual Report. Not surprisingly, South Africa did not remain immune to the contagion of the pandemic. The severity of the disruption caused by the pandemic is reflected not only in the continued contraction in international trade of good and services, but also in the contraction of the South African economy.

According to National Treasury, South Africa's economy contracted by 7.2% in 2020, and is forecast to grow by 3.3% in 2021 and by 2.2% in 2022. In 2020, the International Monetary Fund approved USD4.3 billion in emergency financial assistance under the Rapid Financing Instrument, to support the South Africa's efforts to address the challenging health situation and severe economic impact of the COVID-19 pandemic.

In terms of the international trade in goods, the pandemic weighed heavily on trade flows. According to data compiled by the WTO, world merchandise trade registered a decline of 0.1% in terms of volume and 3% by value in 2019. For the whole of 2020, this trend was more pronounced, with merchandise trade declining by 8% in value and by 5.3% in terms of volume. This decline came on the heels of countries around the globe imposing lockdown and travel restrictions to contain the spread of COVID-19.

The international trade environment presented South Africa with a number of other challenges. Chief among these were trade-restrictive measures imposed by South Africa's trading partners. In certain cases, such measure effectively closed off markets to imports, creating the risk of trade diversion with goods being rerouted to South Africa.

In addition to shifts in trade flows and domestic economic pressures, local manufacturers faced competitive pressures from imports. In response, the Commission deployed its tariff, trade remedies and imports and export control instruments to support domestic industries, where appropriate.

The Commission's interventions included recommending a number of customs duty increases, as well as the introduction of various rebate provisions. The Commission also recommended the imposition of trade remedy measures in response to unfairly traded imports, as well as import surges. All in all, the Commission initiated over 30 tariffs and trade remedies investigations involving, amongst others, the agricultural, metals, chemical and textile sectors.

The Commission's Import and Export Control Unit also witnessed a busy year, issuing 17 066 import permits and 19 271 export permits. The Unit also plays an important role in curbing illegal and fraudulent trade. During 2020/2021, the Unit conducted 66 scheduled inspections, 649 unscheduled inspections and 7 investigations.

On the governance front, ITAC's achievements have been outstanding. The clean audit finding of the Auditor-General for 2020/2021, marks the fourth consecutive financial year that the Commission has achieved this result. This accomplishment, amongst the Commission's other achievements, reflect ITAC's commitment to excellence.

To conclude, I would like extend my gratitude to ITAC's Chief Commissioner and Deputy Chief Commissioner, my fellow Commissioners and ITAC's staff, for their commitment and hard work this past year.

Faizel Ismail

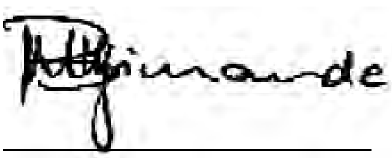
Chairperson of the Commission

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

I confirm that to the best of my knowledge and belief:

- all information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.
- the annual report is complete, accurate and is free from any omissions.
- the annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- the Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to ITAC as a public entity.
- the Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- the Accounting Authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- the external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- in our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of ITAC for the financial year ended 31 March 2021.

Yours faithfully



Chief Commissioner

(Accounting Authority) Meluleki Nzimande

30 July 2021

STRATEGIC OVERVIEW:

Vision

An institution of excellence in international trade administration, enhancing economic growth and development.

Mission

ITAC aims to create an enabling environment for fair trade through efficient and effective administration of its trade instruments, and technical advice to the Department of Trade, Industry and Competition.

Core Values

ITAC is guided by the following set of core values:

Integrity

Trust

Accountability

Commitment

LEGISLATIVE AND OTHER MANDATES

ITAC is a PFMA Schedule 3A Public Entity which was established through an Act of Parliament, the International Trade Administration Act, 2002 (ITA Act), which took effect on 1 June 2003.

The ITA Act makes provision for a Chief Commissioner who serves as the Chief Executive Officer of ITAC. The Chief Commissioner is assisted by a Deputy Chief Commissioner and a maximum of ten other Commissioners, who may serve on a part-time or full-time basis. There is currently a Chief Commissioner, Deputy Chief Commissioner and ten part-time Commissioners.

The Commissioners meet once a month to evaluate investigations conducted by ITAC's investigating teams and make recommendations to the Minister of Trade, Industry and Competition. However, the Commissioners may if necessary, hold a special meeting. The Commissioners have diverse backgrounds including: economics, finance, international trade law, agriculture, business and labour.

The aim of ITAC, as mandated by the ITA Act, is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade, subject to the ITA Act and the SACU Agreement.

ITAC's main investigations involve ordinary customs duties (i.e. import tariffs), trade remedies, and import and export control. The establishment of ITAC was intended to rationalise, streamline and modernise an organisation with a history that dates back to the 1920s. ITAC uses international trade instruments in alignment with trade and industrial policy imperatives having regard to WTO rules and changes to the international trade landscape.

COMMISSIONERS


Dr Faizel Ismail
Chairman


Meluleki Nzimande
Chief Commissioner


Dumisani Mbambo
Deputy Chief Commissioner


Boikanyo Mokgatle
Part-time Commissioner


Tanya van Meelis
Part-time Commissioner


Etienne Vlok
Part-time Commissioner


Ayanda Hlatshwayo
Part-time Commissioner


Phozisa Mabiko
Part-time Commissioner


Vuyolwethu Ncwaiba
Part-time Commissioner


Anthony Ehrenreich
Part-time Commissioner


Jacobus De Beer
Part-time Commissioner


Wandile Sihlobo
Part-time Commissioner

EXECUTIVE AND SENIOR MANAGEMENT

Meluleki Nzimande
Chief Commissioner

Dumisani Mbambo
Deputy Chief Commissioner

Phillip Semela
General Manager
Corporate Services

Alexander Amrein
Senior Manager
Policy and Research

Ntsobe Nkoana
Chief Financial Officer

Rika Theart
Senior Manager Tariff I

Nomonde Somdaka
Senior Manager
Tariff II

Carina Janse Van Vuuren
Senior Manager
Trade Remedies I

Zoleka Xabendlini
Senior Manager
Trade Remedies II

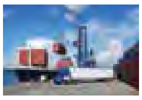
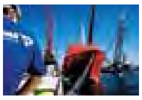
Marius Collins
Senior Manager
Import & Export Control

Bhekithemba Kgomo
Senior Manager
Internal Audit

Averil Munsami
Senior Manager
Legal Services

Koena Phukubye
Senior Manager
Human Resources

Russell Nelson
Chief Information
Officer

PART B
PERFORMANCE INFORMATION

ANNUAL PERFORMANCE INFORMATION

LIST OF REPORTS ISSUED BY ITAC IN 2020/21

Report No.	Report title
Report 600	Increase in the rate of customs duty on acrylic resins classifiable under tariff subheadings 3906.90.20 and 3208.20.90.
Report 620	Investigation into remedial action in the form of safeguard measure against the increased imports of threaded fasteners of iron or steel: Bolts ends and screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft: Final Determination.
Report 621	Investigation into alleged dumping of polyethylene terephthalate originating in or imported from The People's Republic of China: Final Determination.
Report 622	Increase in the general rate of customs duty on certain aluminum rolled sheets, strips, plates, can stock and foil products classifiable under tariff headings 76.06 and 76.07.
Report 623	Investigation into alleged circumvention of anti-dumping duties applicable to imports of clear float glass originating from Saudi Arabia and United Arab Emirates by switching supply to Egypt (Country hopping investigation) : Final Determination.
Report 624	Sunset review investigation of the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia: Final Determination.
Report 628	Amendment of rebate item 306.02/5208.21/01.06 for woven fabrics of cotton, containing 85 per cent or more by mass of cotton, of a mass exceeding 100 G/M^2 bleached, in a plain weave, for the manufacture of wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put in forms or packaging for retail sale, for medical, surgical, dental or veterinary purposes from full duty less 11% to rebate of the full duty.
Report 632	Sunset review of the anti-dumping duties on wire robes and cables of a diameter exceeding 32 mm originating in or imported from Germany and The United Kingdom (UK) and on stranded wire of a diameter exceeding or equal to 12.7 mm originating in or imported from The People's Republic of China (PRC): Final Determination.
Report 634	Application for the creation of rebate provisions on woven fabrics classifiable under tariff subheadings 5513.11, 5210.31, 5209.32, 5208.33 and 5407.82, for use in the manufacture of men's or boy's and women's or girl's trousers and shirts, classifiable in 6203.4, 6203.42.10, 6204.6, 6204.49.10, 6204.62.10, 6204.69.10, 6205.20, 6205.90, 62.6.30 and 6206.90, respectively.

Report No.	Report title
Report 636	Investigation into remedial action in the form of a safeguard measure against the increased imports of bolts with hexagon heads of iron or steel: Preliminary Determination..
Report 639	Investigation for remedial action in the form of safeguard measures against increased imports of U, I, H, L and T sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more and other angles, shapes and sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded steel products: Preliminary Determination.
Report 640	Creation of a temporary rebate facility for the importation of tinplate.
Report 641	Creation of a rebate facility for yarns and textiles for use in the manufacture of apparel.
Report 645	Sunset review investigation of the anti-dumping duties on clear drawn and float glass originating in or imported from The People's Republic of China and India: Final Determination.

TARIFF INVESTIGATIONS

The Government's Economic Reconstruction and Recovery Plan (ERRP), which dovetails both at a macro and micro level with the mandate, policy orientation and international trade-related activities of the Commission, seeks to stimulate equitable and inclusive growth in South Africa through strategic policy interventions in terms of, *inter alia*, tariff setting, which supports localisation.

In line with the New Growth Path, the DTIC's Re-imagined Industrial Strategy in support of key growth sectors and the Trade Policy and Strategic Framework, the Commission follows a developmental approach to tariff setting for both agricultural and industrial goods. This approach recognises that tariffs are instruments of industrial policy. Tariff amendment investigations are supportive of the ERRP's objectives in that they focus on particular outcomes: increased domestic production, investment, the international competitiveness of domestic industries, as well as job retention and creation (targeting "job drivers" such as infrastructure, agriculture, green goods and manufacturing).

To ensure the aforementioned outcomes are realised to the extent possible, ITAC has placed increasing emphasis on the principle of reciprocity, i.e. that beneficiaries (applicants) of tariff support provide commitments on how they will perform against the government's set policy objectives, including plans to improve competitiveness, increase in production and employment creation and retention. Also being considered are steps to strengthen reciprocal commitments and streamlining internal investigation procedures to improve the speed of investigation processes.

To enhance tariff support for domestic industries, ITAC is also reviewing amendments to its legislation and administrative procedures to allow for prompter and more comprehensive interventions.

The vast majority of applications for tariff support during the last year were as a result of a still fragile global and domestic economic environment, and were in response to relatively low-priced imports from emerging economies.

During 2020/21, the customs duty increases recommended by the Commission were implemented on Acrylic Resins from 10% *ad valorem* to 15% *ad valorem*; and certain aluminium rolled sheets, strips, plates, can stock and foil products classifiable under tariff headings 76.06 and 76.07 from free of duty to 15% *ad valorem*.

No applications for an increase of duty were rejected by the Commission.

A number of rebates of duty provisions have been recommended and implemented over the 2020/21 period to assist producers in reducing their cost of production, increasing their international competitiveness and supporting localisation. These include rebate of duties on Aluminium plates, sheets or strips; Amendment of rebate item 306.02/5208.21/01.06 for woven fabrics of cotton, containing 85 per cent or more by mass of cotton, of a mass exceeding 100 G/M2 bleached, in a plain weave, for the manufacture of wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put in forms or packaging for retail sale, for medical, surgical, dental or veterinary purposes by increasing the extent of duty from full duty less 11% to rebate of the full duty; tinplate; and textile yarns and textile fabrics for use in the manufacture of apparel.

One application for the creation of rebate provisions for woven fabrics, for use in the manufacture of men's or boy's and women's or girl's trousers and shirts, and one application for a temporary rebate provision for Hatmaker roller milk preparations were rejected by the Commission. With regard to the fabric rebate application, the

Commission took into account the on-going Retail-Clothing, Textile, Footwear, Leather ("R-CTFL") policy discussions on rebates for fabrics, particularly with regards to modalities and reciprocal commitments. The Commission concluded that this application was premature and against the spirit of the R-CTFL Masterplan, which endeavours to find a balance between rebating duties on fabrics used for apparel and implementing reciprocal commitments that would off-set risks faced by the local textile manufacturing industry while increasing gains within the clothing manufacturing industry.

Apart from the industrial policy considerations in the case of the intermediate input materials manufactured by the resource-based, capital-intensive industries, a reduction or removal of duties is considered, upon application and investigation, in cases where goods, (consumption goods, intermediate or capital goods) are not manufactured domestically or unlikely to be manufactured domestically. Tariffs on products that are not manufactured domestically, and where there is no potential to manufacture domestically, have an unnecessary cost-raising effect.

One application for a reduction in the rate of customs duty on Self-adhesive plates, sheet and film was rejected by the Commission. No reduction applications were approved by the Commission.

On an administrative note, the Commission revised its investigation timeframes, from 12 to 6 and 4 months respectively, for ordinary tariff investigations and for sectors in distress.

In line with the South Africa's Automotive Masterplan pillar of regional market development, the Commission recommended the inclusion of the Semi-Knocked-Down (SKD) vehicle kits as qualifying products under the APDP. In this regard, the APDP regulatory framework was amended. This will allow the SKD vehicle kits to receive benefits under the programme. The inclusion of SKD vehicle kits presents opportunities for Original Equipment Manufacturers to boost their production volumes and create additional employment within the automotive value chain. The supply of SKD vehicle kits under the APDP will ensure that South Africa remains a relevant supplier of vehicles and components to other African countries as they develop their automotive industries.

The following are highlights in respect of those investigations where domestic beneficiaries have made reciprocal commitments that will be monitored and evaluated by the Commission:

1. Increase in the rate of duty on acrylic resins

The Commission considered an application by Ferro Coating Resins (Pty) Ltd, to increase the duty on acrylic resins from free and 10% *ad valorem* to 15% *ad valorem*. Other domestic manufacturers of acrylic resins, which also benefitted from the increased protection are KZN Resins (Pty) Ltd, Synthetic Polymers (Pty) Ltd, PRP Resins (Pty) Ltd, Metallica Chemicals (Pty) Ltd, Olympic Resins (Pty) Ltd, Uniresins and Stoncor Africa (Pty) Ltd.

The recommended increase to 15% *ad valorem* should enable the domestic industry manufacturing acrylic resins to fully utilise existing underutilised production capacity thereby achieving cost advantages arising, inter alia, from increased output.

In line with the New Growth Path ("NGP"), reciprocal commitments were made, particularly with respect to levels of production, investment and employment creation.

In line with ITAC's mandate, the impact on employment, production and investment, will be determined through a review after a period of 3 years, or such other period as decided by the Commission.

2. Increase in the rate of duty on certain aluminium rolled sheets, strips, plates, can stock and foil products classifiable under tariff headings 76.06 and 76.07

In line with the Government's Industrial Policy Action Plan (IPAP), ITAC seeks to support local manufacturing of aluminium rolled products, which are used in a wide range of industries locally including packaging, automotive, transport, building, electrical and general engineering industries. There remains significant opportunities to deepen localisation, such as, an increase in aluminium consumption of automotive components arising from the need for improvements in light weighting, energy consumption, and carbon footprint reductions.

Hulamin Operations (Pty) Ltd is a case in point, which is a vital entity in the Pietermaritzburg community in terms of employment. Since tariff support has been afforded, the company has indicated that there has been a considerable pick up in local demand for its rolled products.

It is noteworthy that the Commission took a balanced approach when increasing the duty on rolled products by ensuring that certain products that are crucial for the downstream industry and are not currently available locally, be exempted through temporary rebate provisions in the short to medium term. Major market segments include aluminium rolled products, which are used in the manufacture of aerospace and auto body sheet due to lack of large scale aircraft manufacture in South Africa and the substantial investment required in comparison to the relatively small market in South Africa.

3. Rebate of the duty on textile yarns and textile fabrics for use in the manufacture of apparel

In line with the Retail-Clothing, Textile, Leather and Footwear Masterplan (R-CTFL Masterplan), ITAC received a policy directive (Directive) from the Minister of Trade, Industry and Competition (Minister), to evaluate and investigate the creation of rebate facilities to address the supply of textiles for use in the manufacture of apparel.

The aim of the (R-CTFL Masterplan) is to establish a competitive, sustainable and dynamic R-CTFL value chain that is invested in growing employment and advancing inclusion and transformation. Commitment 4 of the R-CTFL Masterplan, calls for strategic use of tariffs and rebates (i) where stakeholders set a target to provide fair protection for the domestic Clothing, Textile, Footwear and Leather (CTFL) value-chain, (ii) where local production capacity exists or will be developed, and (iii) where the strategic use of rebates support localisation of manufacturing.

The rebate facility is structured in a manner that accommodates all compliant role players in the value-chain; from textile mills that add value to greige fabric by dyeing and/or printing, to clothing manufacturers that supply retailers, thereby supporting localisation of manufacturing.

The rebate provision is subject to 5 guiding principles, namely:

a) Current volume and value off-take from local textile mills not to be reduced,

b) Current volume and value off-take from local yarn producers not to be reduced,

c) Develop opportunities within the textile sector (i.e. deepen value chain),

d) Price restraint will apply to yarn and textile fabrics produced under Off-take Agreements, and

e) The rebate provision to be time-limited and subject to review.

Although the proposed rebate description appears to be open-ended, in the first phase of administration, the rebate will be limited to woven fabrics under Chapters 51, 52, 53, 54, 55 and tariff heading 58.01 for the manufacture of apparel and clothing accessories classifiable under Chapter 62 as certain fabrics are already manufactured in South Africa in abundance while some fabrics are not suitable for the manufacture of apparel. As such, existing production capacity would need to be protected through Off-take Agreements between retailers, clothing manufacturers and textile mills.

Guidelines, rules and conditions have been developed to ensure the effective and efficient administration of the rebate facility with safeguard measures to minimise the risk of rebate abuse or misuse as well as to avoid unintended consequences.

TRADE REMEDIES

ITAC is responsible for conducting trade remedy investigations in accordance with policy, domestic law and regulations having regard to the World Trade Organisation (WTO) rules. Trade Remedies consists of anti-dumping, countervailing and safeguard instruments. In the 2020/21 period the instruments utilised were anti-dumping; sunset review and safeguard.

Anti-Dumping

The WTO Anti-Dumping Agreement (ADA) and ITAC's Anti-Dumping Regulations (ADR) provide that anti-dumping duties may be imposed where dumped imports have caused material injury to the SACU industry or a threat of material injury exists as a result of the dumping.

Dumping occurs where foreign producers are exporting their goods to our country at prices (called the "export price") lower than what they charge for the same product in their country (called the "normal value"). Thus if the export price is lower than the normal value, dumping has occurred.

The following anti-dumping investigations were carried over from 2019/2020:

Product	Applicant	Country	Initiation	Status
Polyethylene Terephthalate (PET)	Hosaf (Pty) Ltd	China	23/11/2018	19/05/2020 Duties imposed

PET

An anti-dumping investigation on PET originating in or imported from China was initiated on 23/11/18. Duties were imposed on 19 May 2020.

Pasta

An investigation into the alleged dumping of pasta originating in or imported from Egypt, Latvia, Lithuania and Turkey was initiated on 18 September 2020. The application was lodged by the Bolux Group (Pty) Ltd, Namib Mills (Pty) Ltd and Tiger Brands Limited. This investigation is ongoing.

Frozen bone-in portions

The South African Poultry Association (SAPA) submitted an application alleging that frozen bone-in portions of the species *Gallus Domesticus* originating in or imported from Brazil, Denmark, Ireland, Poland and Spain are being dumped on the Southern African Customs Union (SACU) market, causing material injury and a threat of material injury to the SACU industry concerned. This investigation was initiated on 5 February 2021. The investigation is still ongoing.

Float glass

On 19 March 2021 an investigation was initiated on clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm,10mm and 12mm originating in or imported from Malaysia. An application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. This investigation is still ongoing.

Summary of Anti-Dumping investigations

Product	Country	Date initiated	Outcome
Polyethylene terephthalate (PET)	China	23/11/18	Duties imposed
Pasta	Egypt, Latvia, Lithuania and Turkey	18/09/20	Ongoing
Frozen bone-in Chicken	Brazil, Denmark, Ireland, Poland, Spain	05/02/21	Ongoing
Float Glass	Malaysia	19/03/21	Ongoing

Circumvention in the form of country hopping

Country hopping is deemed to take place if imports, following the imposition of anti-dumping duties or provisional payments or the initiation of an anti-dumping investigation, switch to a supplier related to the supplier against which an anti-dumping investigation has been or is being conducted, and that supplier is based in another country or customs territory.

The investigation into the alleged circumvention through country hopping from Saudi Arabia and the United Arab Emirates (UAE) to Egypt of clear float glass was initiated on 23 August 2019. This was done while the original anti dumping investigation on clear float glass imported from Saudi Arabia and UAE was still ongoing.

The investigation on clear float glass resulted in a 27.26% anti-dumping duty on Guardian Egypt – Egyptian Glass Company SAE. This investigation was finalised on 14 August 2020.

Summary of circumvention investigations

Product	Country	Initiation	Finalisation	Outcome
Float glass	Egypt	23/08/2019	14/08/20	Duties imposed

Safeguard investigations

A safeguard investigation is conducted where it is determined that there is a surge of imports causing or threatening to cause serious injury to the SACU industry. It is a fair trade action taken to enable the domestic industry to adjust.

Threaded fasteners of iron or steel

A safeguard investigation on imports of threaded fasteners of iron or steel was initiated in March 2019. The investigation was finalised on 24 July 2020.

Structural steel

A safeguard investigation against the increased imports of U, I, H, L and T sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80mm or more and other angles, shapes and sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded was initiated on 19 June 2020. The preliminary determination was published in the Government Gazette on 6 November 2020. The investigation is still ongoing.

Bolts with hexagon heads of iron or steel

A safeguard investigation against the increased imports of bolts with hexagon heads of iron or steel was initiated on 15 May 2020. The preliminary determination was made on 13 November 2020 and a provisional payment of 31.8% was imposed. The investigation is still ongoing.

Certain flat hot rolled steel products

An investigation into the extension of safeguard duty against imports of certain flat hot- rolled products was initiated on 24 July 2020. Following a legal challenge and an out of Court settlement, the safeguard duties are due to terminate in August 2021.

Summary of Safeguard investigations

Product	Country	Initiation	Finalisation	Outcome
Threaded fasteners of iron or steel	All Countries	01/03/19	24/07/20	Duties imposed
Structural steel	All countries	19/06/20	Ongoing	
Bolts with hexagon heads of iron or steel	All countries	15/05/20	Ongoing	
Flat hot rolled steel products (SG extension)	All	24/07/20	Ongoing	

Sunset reviews

A sunset review is undertaken when the SACU industry concerned submits prima facie evidence that the expiry of the anti-dumping duties after the five years of existence, would likely lead to the continuation or recurrence of dumping and continuation or recurrence material injury.

Five sunset review investigations were initiated during the financial year. They are wheel barrows originating or imported from the People's Republic of China (China); Garlic originating or imported from China; float glass originating or imported from China and India; stainless steel sinks originating or imported from China and Malaysia; and cement originating or imported from Pakistan.

The sunset review investigations on wire ropes and gypsum plasterboard were finalized in the current financial period. The sunset review investigations on frozen potato chips, float glass, stainless steel sinks, wheelbarrows, garlic, cement and chickens were ongoing at the end of the financial year.

Float glass

An application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. A sunset review of the anti-dumping duties on clear gloat and drawn glass of a thickness of 3mm, 4mm, 5mm and 6mm originating in or imported from China and India was initiated on 19 June 2020. This sunset review investigation was still ongoing at the end of the financial year.

Stainless steel sinks

A sunset review investigation of the anti-dumping duties on stainless steel sinks originating in or imported from China and Malaysia was initiated on 3 July 2020. The application was lodged by Franke Kitchen Systems (Pty) Ltd, the only producer of stainless steel sinks in the SACU. This sunset review investigation is still ongoing.

Wheelbarrows

On 7 August 2020 a sunset review investigation of the anti-dumping duties on wheelbarrows originating in or imported from China was initiated. The application was lodged by Lasher Tools supported by Pabar (Pty) Ltd. Lasher Tools represents a major percentage of the SACU production volume of the subject product. This investigation is still ongoing.

Garlic

A sunset review of the anti-dumping duties on fresh or chilled garlic originating in or imported from China was initiated on 23 October 2020. The application was lodged by the South African Growers Association (SAGGA). SAGGA represents 100% of the SACU industry production volume of the subject product. This investigation is still ongoing.

Cement

A sunset review of the anti-dumping duties on Portland cement originating in or imported from Pakistan was initiated on 11 December 2020. The application was lodged by the Concrete Institute NPC (Concrete Institute) on behalf of AfriSam (South Africa) Pty Ltd, Lafarge Industries South Africa Pty Ltd, Intercement (South Africa) Pty Ltd, PPC Limited and Dangote Cement South Africa (Pty) Ltd (also referred to as Sephaku). The application is supported by Mamba Cement (non-participating SACU producer). This investigation is still ongoing.

The following investigations were initiated in the previous financial year and were ongoing during 2020/2021 financial year.

Gypsum plasterboard

An application was lodged by BPB Gypsum, a manufacturer of the product under investigation. A sunset review investigation on the anti-dumping duties on gypsum plasterboard originating in or imported from Indonesia and Thailand was initiated in July 2019. This sunset review investigation was finalised on 28 August 2020 and the antidumping duties were maintained.

Wire ropes

An application was lodged by SCAW South Africa (Pty) Ltd the sole producer of wire ropes in the SACU. A sunset review investigation on the anti-dumping duties on wire ropes originating in or imported from the United Kingdom (UK) and Germany and on stranded wire originating in or imported from the PRC was initiated in July 2019. This sunset review investigation was finalised on 24 December 2020. The anti-dumping duties in place were maintained.

Frozen potato chips

An application was lodged by McCain Foods South Africa (Pty) Ltd representing the SACU industry. The Application is supported by Lamberts Bay Foods and Natures Garden (Pty) Ltd. A sunset review investigation on the anti-dumping duties on frozen potato chips originating in or imported from Belgium and the Netherlands was initiated in July 2019. This sunset review investigation was still ongoing at the end of the financial period.

Frozen bone-in chicken portions

An application was lodged by the South African Poultry Association (SAPA) representing the Southern African Customs Union (SACU) industry. The applicant represents more than 50% by production volumes of the SACU producers of the subject product. A sunset review investigation on the anti-dumping duties on frozen bone-in fowls of the species *Gallus Domesticus* exported from Germany, the Netherlands and the United Kingdom (UK) was initiated in February 2020. This sunset review investigation was still ongoing at the end of the financial period.

Summary of Sunset reviews

Product	Country	Initiation	Finalisation	Outcome
Gypsum Plasterboards	Indonesia and Thailand	26/07/2019	18/08/20	Duties maintained
Wire ropes	UK, Germany and the PRC	26/07/2019	24/12/20	Duties maintained
Frozen potato chips	Belgium and the Netherlands	26/07/2019	Ongoing	
Frozen bone-in chicken portions	Belgium, the UK and the Netherlands	24/02/2020	Ongoing	
Float glass	China and India	19/06/2020	Ongoing	
Stainless steel sinks	China and Malaysia	03/07/2020	Ongoing	
Wheelbarrows	China	07/08/2020	Ongoing	
Garlic	China	23/10/2020	Ongoing	
Cement	Pakistan	11/12/2020	Ongoing	

Summary of investigations conducted

The table below presents a summary of investigations conducted during the financial year under review.

Product	Investigation	Country	Date initiated	Finalisation date	Outcome
Polyethylene terephthalate (PET)	Anti-Dumping	China	23/11/18	Completed	Duties imposed
Pasta	Anti-Dumping	Egypt, Latvia, Lithuania and Turkey	18/09/20	Ongoing	On-going
Frozen bone-in Chicken	Anti-Dumping	Brazil, Denmark, Ireland, Poland, Spain	05/02/21	Ongoing	On-going
Float Glass	Anti-Dumping	Malaysia	19/03/21	Ongoing	On-going
Gypsum Plasterboards	Sunset review	Indonesia and Thailand	26/07/19	18/08/20	Duties maintained
Wire ropes	Sunset review	UK, Germany and the PRC	26/07/19	24/12/20	Duties maintained
Frozen potato chips	Sunset review	Belgium and the Netherlands	26/07/19	On-going	
Frozen bone-in chicken portions	Sunset review	Belgium, the UK and the Netherlands	24/02/20	On-going	
Float glass	Sunset review	China and India	19/06/20	On-going	
Stainless steel sinks	Sunset review	China and Malaysia	03/07/20	On-going	
Wheel barrows	Sunset review	China	07/08/20	On-going	
Garlic	Sunset review	China	23/10/20	On-going	
Cement	Sunset review	Pakistan	11/12/20	On-going	

Product	Investigation	Country	Date initiated	Finalisation date	Outcome
Float glass	Circumvention	Egypt	23/08/19	14/08/20	Duties imposed
Threaded fasteners of iron or steel	Safeguard	All countries	01/03/19	24/07/20	Duties imposed
Structural steel	Safeguard	All countries	19/06/20	On-going	
Bolts with hexagon heads of iron or steel	Safeguard	All countries	15/05/20	On-going	
Certain flat hot rolled steel products	Safeguard extension	All countries	24/07/20	On-going	

IMPORT AND EXPORT CONTROL

ITAC administers an import and export control regime in terms of the provisions of the International Trade Administration Act, 71 of 2002. In this regard, the cross border movement of certain goods is controlled in terms of a permit system, for example, for the purpose of complying with international agreements, such as the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and the Montreal Protocol on substances that deplete the ozone layer.

Import control measures or restrictions in a more globally integrated economy are limited to those allowed under the relevant WTO Agreements. Import control measures are essentially for health, safety, environmental and strategic reasons. In this regard, ITAC contributes to the green economy. In the enforcement of standards and the curbing of illegal and fraudulent trade, ITAC has positioned itself to play a more strategic role with regard to import and export control measures and enforcement. Minerals beneficiation has been identified as one of the areas for job creation and this has required an alignment of ITAC's export control measures to give support to beneficiation. ITAC has strengthened its export control measures on scrap metal through the introduction of a price preference system to promote investment and employment opportunities in the domestic metals beneficiation and fabrication industries. This followed a policy directive by the then Minister of Economic Development aimed at enabling affordable access to quality scrap metal by the domestic consuming industry. The focus has been on ensuring its effective administration and on managing litigation.

On 15 March 2020 the Minister of Cooperative Governance and Traditional Affairs declared a national state of disaster in terms of the Disaster Management Act, 57 of 2002. As a result, on 27 March 2020, the Minister of Trade, Industry and Competition amended the ITAC export control Regulations to regulate the exportation of Covid-19 essential goods in an effort to prevent the unregulated exportation of essential medicines, sanitizers, masks and ventilators that were required in South Africa and SACU to combat the Covid-19 pandemic.

Access to ITAC permit systems were not available during level 5 of the national lockdown due to the closure of the ITAC offices. Arrangements were made with SARS Customs that e-mail clearances would be granted by ITAC to Customs to allow the release of essential goods for exportation. During the initial lockdown period from 30 March 2020 to 11 May 2020 a total of 4 015 export releases were issued by ITAC for clearance of goods at export ports. The e-mail releases were phased out from 1 May 2020 until 11 May 2020 while the ITAC electronic permit systems were gradually phased in from 1 May 2020 onwards. For the reporting period, a total number of 6 992 export permits were issued for the exportation of Covid-19 controlled goods, exclusive of the 4 015 releases referred to above.

During the reporting period, 17 066 import permits and 19 271 export permits were issued. As can be seen from the table below, the bulk of the import permits, namely 3 206, were issued for the importation of used or second-hand machinery and mechanical appliances, equipment and parts thereof of chapter 84 of the Harmonized Customs Tariff.

The next largest categories of imports permits are also detailed in the table.

IMPORTED GOODS	HARMONIZED CUSTOMS TARIFF CLASSIFICATION	NUMBER OF IMPORT PERMITS
Used machinery and mechanical appliances, equipment and parts thereof	Chapter 84	3 206
Rubber and articles thereof, including tyres	Chapter 40	2 142
Marine resources	Chapter 03	1 806
New and used arms and ammunition	Chapter 93	1 510
Mineral fuels, mineral oils and products of their distillation	Chapter 27	1 503
Used vehicle and parts thereof	Chapter 87	1 165
Metals including waste and scrap	Chapter 72 to 81	875
Used electrical machinery and equipment and parts thereof	Chapter 85	1 412
Organic and inorganic chemicals	Chapters 28 and 29	585

As detailed in the table below, the bulk of export permits were issued for the exportation of used motor vehicles of chapter 87, namely, 7 956 export permits. The next largest categories of export permits are also set forth in the table.

EXPORTED GOODS	HARMONIZED CUSTOMS TARIFF CLASSIFICATION	NUMBER OF EXPORT PERMITS
Covid-19 essential goods	Various tariff headings of chapter 21, 29, 30, 38, 39, 63, and 90.	6 992[1]
Used motor vehicles	Chapter 87	7 956
Ferrous and non-ferrous waste and scrap	Chapters 72 to 81	1 853
Organic and inorganic chemicals	Chapters 28 and 29	1 405
Mineral fuels and products of their distillation	Chapter 27	744

[1] another 4015 email authorisations were issued in addition to the 6992 permits.

The enforcement component of the Import and Export Control Unit conducts enforcement activities in terms of Section 41 of the ITA Act. Enforcement is crucial in detecting contraventions of the ITA Act and the Import and Export Control Regulations, and to ensure that there is compliance with the conditions and terms reflected in import, export and rebate permits.

Enforcement activities are made up of scheduled inspections, unscheduled or surprise inspections and investigations. Physical inspections and investigations have been impacted negatively by COVID-19 and the national lockdown which restricted travelling and resulted in many businesses being closed for an extended period during the lockdown. During the 2020/21 financial year, 66 scheduled inspections were conducted, 649 unscheduled inspections and 7 investigations were conducted. Industry sectors inspected were clothing, ferrous and non-ferrous scrap metals, automotive, pneumatic tyres and machinery and equipment.

Investigations conducted were based on *prima facie* evidence of contraventions of the ITA Act and the Import and Export Control Regulations. The Enforcement Unit also participated in enforcement activities with other agencies such as the South African Revenue Service and the South African Police Service.

ECONOMIC IMPACT ASSESSMENTS

INTRODUCTION

During the 2020/21 financial year, a total of two impact studies were conducted. The impact study on gabions of wire netting focused more on firm level data, while the impact study on sugar gave an industry perspective, with a particular focus on imports and the payment of imports duties in a given particular year.

The assessments were based on the support provided by ITAC during 2018–2020 periods. The reports gauged the performance of these industries against set government policy objectives as set-out in the New Growth Path ("NGP"), the Industrial Policy Action Plan ("IPAP") and the South African Trade Policy and Strategic Framework ("TPSF").

Whether or not ITAC's instruments have made a positive impact depends on the extent to which tariff support has resulted in reduced levels of import volumes, increased domestic manufacturing, investment, employment, value addition and competitiveness after the support was given in comparison to the periods before the support. The realisation of these policy objectives is critical as it reassures ITAC that trade instruments are efficiently and effectively utilised towards the realisation of the NGP targets.

The impact assessments reaffirm the commitment of ITAC to fulfil its mandate, which includes promoting manufacturing-based value addition and job creation for sustainable economic growth and development within the common customs union, the Southern African Customs Union ("SACU").

1. Gabions of wire netting

Maccaferri SA (Pty) Ltd ("Maccaferri") one of the two major producers of gabions of wire netting in the SACU region, remains a key major player in the gabion industry and continues to play a key role in supporting the upstream steel sector through local sourcing. Between the period 2014 and 2016, total import volumes of gabions of wire netting classifiable under tariff subheading 7326.20.10 were on an upward trend which resulted in the domestic producers of gabions of wire netting being under severe pressure as a result of low-priced imports undercutting the domestic prices.

Subsequent to that, in 2017, ITAC recommended that the general rate of customs duty on gabions of wire netting be increased from free of duty to 10% *ad valorem*. The aim of the tariff support was to enable the industry to recapture the domestic market share, increase investment, and create and retain jobs.

Highlights of the gabions of wire netting study are presented below:

- The tariff support appears to have had a significant impact on import volumes. On average, total aggregate import volumes declined significantly post tariff support, as imports declined by 64 per cent on average following the duty increase in 2017. Despite this significant impact on import volumes following tariff support, Maccaferri's total production experienced a downward trend before recovering in 2020 following the company restructuring, thus falling short of its reciprocal commitment. In line with declining production volumes during 2017-2019, capacity utilisation almost halved in 2019 and remains unsustainably low despite some improvements in 2020.
- Following the tariff support in 2017, total sales volume declined despite some notable decline in import volumes of the subject product during the same period. This decline in sales volumes could be partly due to weak domestic demand following the tariff support. Meanwhile, it is interesting to note that despite the impact of Covid-19, Maccaferri's total sales improved marginally in 2020, *albeit* remaining below pre-tariff support levels. Maccaferri's exports of the subject product also declined following tariff support despite some improvements in export to

output ratio. Amongst other factors, the increase in average input cost increased at a higher rate that the ex-factory selling price resulting in reduced profit margin for Maccaferri.

- Despite an environment characterised by declining levels of production and sales volumes, Maccaferri exceeded its reciprocal commitments on investment following the tariff support. However, in spite of marginal improvement in 2020 which resulted in additional jobs as the firm restructured its operations, Maccaferri still fell short of its commitment to create additional jobs following tariff support.
- Overall, the performance of Maccaferri in respect of set government objectives, specifically, the reciprocal commitments made when tariff support was granted, indicates that the tariff support alone has not been adequate in assisting the firm to achieve better performance and enable it to improve its competitiveness. Other factors that may weaken domestic demand such the weak state of the economy may negate the anticipated benefits of a duty increase. As such, Maccaferri did not meet the majority of its reciprocal commitments. It can also be concluded that some of the recovery in 2020 could be down to the firm's restructuring of its operations.

2. Sugar

This study evaluated the trend in sugar imports into South Africa, with a view of establishing whether the current tariff support in the form of the Dollar Based Reference Price ("DBRP") has been effective in curbing imports of sugar into South Africa. The study also evaluated whether the applicable duty has been paid, where applicable. These analyses were based on 2018 data, since the customs duties were in place, at various levels, for the whole of 2018 calendar year. In 2017, there were periods where the duty triggers were not implemented and import duties were at zero at some point. As such, the 2017 period is not covered in this analysis, as it would, to some extent, distort the analysis.

In the recent ITAC investigation pertaining to the sugar tariff, the Commission recommended that the DBRP for sugar be increased from US$566/ton to US$680/ton, as set out in ITAC's Report No. 588, which was approved by the Minister of Trade, Industry and Competition on 17 July 2018.

Highlights of the sugar study are presented below:

- The increase in the DBRP from US$566/ton to US$680/ton that came into effect in August 2018 resulted in higher applicable duties, which contributed to a sharp decline in Non-SACU import volumes.
- A large volume of sugar imported in 2018 originated from Brazil, United Arab Emirates (UAE) and Thailand. These three countries, constituted a combined figure of approximately 58 per cent of total Non-SACU imports in 2018. Almost half (49.2 per cent) of all non-SADC imports are imported through the Durban port, followed by Cape Town and East London.
- The study evaluated the calculations of estimated payable duty taking into account the duty paid per kilogram ("kg"), linking the non-SADC imports to the corresponding period that the various levels of duty were in place. It was established that the duties have been paid in line with the various applicable duties. However, the inclusion of sugar imports from "Unclassified" and "Unknown" regions lead to a discrepancy between the specific duties paid for a particular period, and the corresponding applicable duty implemented for that specific period.
- Sugar imports from unclassified origins were on an upward trend in 2018 and the increase in volumes mirrored the increase in various customs duties implemented in 2018. According to the information at the Commission's disposal, over 90 per cent of these unclassified sugar imports entered South Africa through the Oshoek border post, followed by Golela and Skilpadshek.

- The calculated specific duty per kg indicates that imports from an unclassified origin are entering South Africa well below the applicable level of the specific duty. The information at the Commission disposal showed that the volume of imports from "Unclassified origin" originated from South Africa, United States of America (USA), United Arab Emirates (UAE) and Algeria.
- The study found that there is a possibility that some traders are importing sugar of other origin (non-SACU-SADC) and in the process, increase the risk of customs duty circumvention, in particular through the Oshoek border post between South Africa and Eswatini. The study further recommended that SARS conducts further investigations into sugar imports entering South Africa through the Oshoek port of entry, to ascertain whether certain traders are using it as a gateway to circumvent customs duties on imported sugar.

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Efficient administration of trade instruments: customs tariffs.	Customs Tariff Investigations.	Final decisions made within 6 months on Custom Tariffs Reduction Investigations.	70% of the final decisions made within 6 months on Custom Tariffs Reduction Investigations.	100% of the final decision within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants, interested parties.
		Final decisions made within 6 months on Custom Tariffs Increase Investigations.	70% of the final decisions made within 6 months on Custom Tariffs Increase Investigations.	30% of the final decision within 6 months.	Target not achieved. Protracted engagements with applicants, interested parties.
		Final decisions made within 6 months on Custom Tariffs Rebates Investigations.	70% of the final decisions made within 6 months on Custom Tariffs Rebates Investigations.	55% of the final decision within 6 months.	Target not achieved. Protracted engagements with applicants, interested parties.
	Customs Duty Rebate and Drawback permits.	Customs Duty Rebate and Drawback permits issued within 14 days.	70% of Customs Duty Rebate and Drawback permits issued within 14 days.	96% of Customs Duty Rebate and Drawback permits were issued within 14 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Efficient administration of trade instruments: customs tariffs.	Automotive Production Development Programme (APDP).	Eligible Production Certificates (EPCs) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	70% of certificates (EPC) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	99% of certificates were issued within 10 days after technical working group or factory visit.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		Company Specific Percentages (CSPs) issued within 10 working days.	70% of certificates (CSPs) issued within 10 working days.	100% of certificates (CSPs) issued within 10 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		Production Rebate Credit Certificates (PRCCs) issued within 30 days.	70% of the certificates (PRCC) issued within 30 days.	80% of certificates (PRCCs) issued within 30 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		APDP Verifications completed within 90 days.	70% of the APDP Verifications completed within 90 days.	89% of the APDP verifications finalised were completed within 90 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Efficient administration of trade instruments: trade remedies.	Trade Remedies Investigations.	Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations.	70% of the Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations.	100% of Preliminary determinations were made within 6 months of initiation during this period: Structural Steel (Safeguard) Initiated: 19/6/ 20 Preliminary determination: 6/11/20 Bolts (Safeguard) Initiated: 15/5/20 Preliminary determination: 13/11/20.	Target achieved. Prelim determination within 5 months of initiation. Preliminary determination within 6 months of initiation.
		Final determinations decisions made within 10 months of initiation of Trade Remedy Investigations.	70% of the Final determination decisions made within 10 months of initiation on Trade Remedy Investigations.	0% of Final determinations were made within 10 months of initiation during this period: Gypsum Plasterboard (Sunset) Initiated: 26/7/2019 Final determination: 28/8/20	Target not achieved. Finalised, approved and implemented in 13 months. Implementation took 3 months.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
				Clear Float Glass (Circumvention) Initiated: 23/8/19 Final determination: 14/8/ 20	Finalised, approved and implemented in 12 months. Implementation took 5 months.
				Fasteners (Safeguard) Initiated: 1/3/19 Final determination: 24/7/20	Finalised, approved and implemented in 16 months. Implementation took 7 months.
				Wire rope and cable (Sunset) Initiated: 26/7/19 Final determination: 24/12/20	Finalised, approved and implemented in 18 months. Implementation took 10 months.
				PET Initiated: 23/11/18 Final determination: 19/05/20	Finalised, approved and implemented in 18 months. Implementation took 3 months.
Effective administration of trade instruments: Import and Export Control.	Import Control Permits.	Number of Import Control Permits issued.	12000	17 066	Target achieved. Number of permits issued depends on the number of applications received. In the year under review, more applications were received.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
		Number of Export Control Permits issued.	10000	19 271	Target achieved. Number of permits issued depends on the number of applications received. Export control on Covid essential goods increased the number of permits issued.
		Number of Scheduled -Inspections conducted.	60	66	Target achieved.
		Number of Un-scheduled -Inspections conducted.	900	649	Target not achieved. Inspections declined due to Covid lockdown restrictions. Budgetary constraints also affected negatively on inspections.
		Number of Import and Export investigations conducted.	4	7	Target achieved. Number of investigations depends on the number of contraventions detected. In the year under review, more contraventions were detected.
Provide Technical Advice to the dtic.	Formal submissions written to the dti depending on requests received.	Percentage of formal submissions written to the dti relative to requests received.	Formal submissions written to dti for 70% of requests received.	Formal submissions written to dti for 100% of requests received.	Target achieved. ITAC was able to provide written submissions to the dti on formal requests received.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	Attendance of the dti arranged multilateral, regional and bilateral negotiations.	Percentage of attendance of the dti arranged multilateral, regional and bilateral negotiations.	ITAC attended 70% of the dti arranged multilateral, regional and bilateral negotiations.	ITAC attended 100% of the dti arranged multilateral, regional and bilateral negotiations.	Target achieved. ITAC was able to attend all of the dti's arranged multilateral, regional and bilateral negotiations.
Monitoring and Evaluation.	Impact Studies	Number of Impact Studies conducted.	2 Reports issued.	2 Impact Study Reports were issued.	Target achieved. Reports on Gabion of wire netting and Sugar were issued. However, the report on sugar has a dual purpose, and serve both as trade monitoring and as an impact assessment report as well, in that it also looks at whether the duty has had any impact in a given year.
	Trade monitoring.	Trade monitoring Reports released.	2 Reports issued.	2 Trade Monitoring Reports were issued.	Target achieved. The following reports were issued: Analysis of sugar imports into the Southern African Customs Union ("SACU") and South Africa. World wheat prices and SACU tariff implication: a historical trend analysis for the period 2015- March 2020.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	Reciprocal Commitments.	Reciprocal Commitment Reports issued.	2 Reports issued.	2 Reciprocal commitment Reports were issued.	Target Achieved. The Impact Study reports released on Gabion; and Sugar, have a dual purpose, which also cover reciprocal commitments. The impact assessments reports are for gauging the effectiveness of tariff policy towards the achievement of government's main objectives of industrialisation, job creation, employment etc. The recipient firms of tariff assistance commit towards contributing to these objectives, which are in the context of ITAC, also known as reciprocal commitments.
	Contribution to National Sector Masterplans and the Implementation of the African Continental Free Trade Agreement.	Reports issued on ITAC's Contribution to National Sector Masterplans and the Implementation of the African Continental Free Trade Agreement.	2 Reports issued.	2 Reports were issued on ITAC's Contribution to National Sector Masterplans and the Implementation of the African Continental Free Trade Agreement were issued.	Target achieved. The following reports were issued: The Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan. ITAC's contribution to the text of Annexure 9 on Trade Remedies as well as the Draft Guidelines for Implementation of Trade Remedies.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2021	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	Developed and/ or reviewed policies/ regulations in respect of ITAC instruments.	Developed and/or reviewed policies/ regulations in respect of ITAC instruments.	Reviewed Safeguard regulations submitted to the minister for approval.	Safeguard regulations were not submitted to the minister for approval.	Target not Achieved. Revised safeguard regulations related matters deferred to address COVID-19-related matters.
	Strengthening coordination capabilities to support trade and protect South Africa's industrial base.	Reports released to Trade Policy, Negotiations and Cooperation (TPNC) in order to strengthen coordination capabilities to support trade and protect South Africa's industrial base.	Quarterly performance reports submitted to TPNC in order to strengthen coordination capabilities to support trade and protect South Africa's industrial base.	No performance reports were released.	Target not Achieved. ITAC was not called upon to provide inputs in the form of reports to the TPNC during the period under review.

PART C
GOVERNANCE

CORPORATE GOVERNANCE REPORT

ITAC adheres to a comprehensive set of policies designed in accordance with input from all appropriate stakeholders. This contributes towards strategies and is in accordance with the Public Finance Management Act, (No 1 of 1999).

ITAC established various governance structures including the Audit Committee, Risk Management Committee, the Commission, EXCO, MANCO, ICT Steering Committee and various Human Resources related structures. Each governance structure is governed by approved Terms of Reference which have been complied with.

Internal Controls

Internal financial controls focus on the critical risk areas which are identified by management and reviewed by the Audit Committee.

EXCO and other governing structures are confident that policies, procedures and systems are in place and have been implemented to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately protect, verify and maintain accountability for ITAC's assets. The effectiveness of these systems is continuously monitored throughout the year by both management and Internal Audit.

Risk Management

ITAC has a Risk Management Framework and Policy that guides the approach and process of managing risks in the organisation. The review of the Risk Management Framework and Policy is conducted annually to maintain effective, efficient and transparent systems of risk management within ITAC.

Risks identified during the annual assessment are monitored quarterly in line with the organisation's risk management implementation plan. This enables ITAC to keep abreast of emerging risks. ITAC has a Risk Management Committee which is an internal structure aimed at proactively monitoring and evaluating the effectiveness of organisation's risk management activities.

The Risk Management Committee is appointed by Chief Commissioner to report to the Audit Committee on implementation of Risk Management Framework and Policy, Risk Management Implementation Plan, Fraud Prevention Plan and risk monitoring of the organisation.

The following achievements can be highlighted amongst others:

- The review and approval of the risk policy, framework, and implementation plan.
- The annual risk identification and assessment.
- Quarterly monitoring of strategic and operational risk registers.

Fraud and Corruption

ITAC recognizes that fraud and corruption present a significant risk to the organisation's assets, service delivery efficiency and reputation. ITAC has a Fraud Prevention Policy and a Fraud Prevention Plan reviewed and approved annually.

ITAC has declared a policy of zero tolerance towards fraud and corruption and therefore emphasises the use of the Public Service Commission's National Anti-Corruption Hotline (NACH) for reporting information relating to incidents of suspected fraud and corruption.

Internal Audit and the Audit Committee

The primary function of the Internal Audit is to give objective assurance to the Accounting Authority and Audit Committee that adequate management processes are in place to identify, monitor and manage risks. Internal Audit independently audits and evaluates the effectiveness of the organization's risk management, internal controls and governance process.

During the 2020/21 financial year, Internal Audit performed audits in the following areas as per the approved annual plan:

- Performance against predetermined objectives.
- Financial Management.
- Core Business.
- Human Resource Management.
- Governance.
- Information Technology.

The Audit and Risk Committee reviewed the following:

- The effectiveness of the internal control systems.
- Activities of the Internal Audit function.
- Adequacy, reliability and accuracy of financial information.
- Accounting and auditing concerns identified as a result of internal and external audits.
- Compliance with legal and regulatory provisions.

Audit and Risk Committee

Name	Qualifications	Internal/ External	Date appointed	Date Resigned
R Govender (Chairperson)	CA (SA)	External	01 November 2018	N/A
M Pillay (Member)	CA (SA)	External	01 November 2018	N/A
VA Makaleni (Chairperson: Risk Management Committee)	Masters in Public Administration (MPA) B. Com (Accounting) Postgraduate Diploma in Management (Corporate Governance)	External	01 April 2020	N/A

Compliance with laws and regulations

ITAC has an approved Compliance Policy and Framework. Compliance with the relevant legislation is monitored on a quarterly basis by the Risk Management Committee and no significant breaches were identified.

ACCOUNTING AUTHORITY'S REPORT

Report by the Chief Commissioner for the year ended 31 March 2021.

1. Operating results

The deficit for the period ended 31 March 2021 was R1 114 520 (31 March 2020: surplus of R3 802 674). The interest received for the period was R1 785 358 (31 March 2020: interest received of R1 458 154).

2. Review of activities

Main business and operations

ITAC is a PFMA schedule 3A public entity under the Executive Authority of the Department of Trade, Industry and Competition (dtic). ITAC previously reported to the Economic Development Department which was merged with the Department of Trade and Industry to form the dtic.

The operating results and state of affairs of the entity are fully set out in the annual financial statements.

ITAC's total revenue budget for the 2020/21 financial year was revised downwards by R12.7 million during the 2020 Special Adjustments budget tabling. The revision was as a result of government budget reprioritisation towards funding Covid-19 priorities. A further amount of R5.4 million was taken away from ITAC as funds were shifted towards the South African Airways business rescue plan. ITAC's expenditure was revised downwards to align with budget reductions.

3. Going concern

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

4. Subsequent events

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year which has an impact on the financial statements.

5. Accounting policies

The annual financial statements prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 9 (1) of the Public Finance Management Act (Act 1 of 1999).

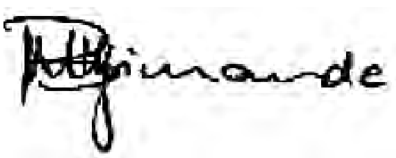
6. Executive management remuneration

Disclosure of the Executive Management's remuneration is detailed in note of the 20 annual financial statements.

7. Materiality and significance framework

ITAC has developed and adopted a materiality significance issues framework for reporting losses through criminal conduct, irregular, fruitless or wasteful expenditure, as well as for significant transactions envisaged as per section 55 (2) of the Public Finance Management Act (Act No 29 of 1999). The materiality amount for the period under review was R479 110. This represents 0.5% of ITAC's total approved revenue budget for the period. ITAC's total approved revenue budget for the period was R95 822 000.

The annual financial statements, which have been prepared on a going concern basis, were approved by the Accounting Authority on 30 July 2021.



Mr M. Nzimande

Chief Commissioner

THE ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The International Trade Administration Act, 71 of 2002 (ITA Act), requires the Chief Commissioner to ensure that ITAC maintains full and proper records of its financial affairs. The Accouting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of ITAC as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

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

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

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

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

The Chief Commissioner has reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

ITAC is wholly dependent on government grants for continued funding of operations. The annual financial statements are prepared on the basis that ITAC is a going concern and has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although the Chief Commissioner as the Accounting Authority is primarily responsible for the financial affairs of the entity, they are supported by the ITAC's external auditors.

The annual financial statements, which have been prepared on a going concern basis, were approved by the Chief Commissioner on 30 July 2021.

Mr M. Nzimande

Chief Commissioner

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee members and attendance.

The Audit Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the current year, six meetings were held, four ordinary quarterly meetings and two special meetings.

Name of member	Meetings attended
R Govender (Chairperson – appointed November 2018)	6
V Makaleni (Member of Audit Committee and Chairperson of Risk Management Committee Appointed 1 April 2020)	6
M Pillay (Member - appointed – November 2018)	6

Audit Committee responsibilities

The Audit Committee completed its annual performance evaluation of the Committee and reports that it has complied with its responsibilities arising from section 51 (1)(ii) and 76(4)(d) of the PFMA and Treasury Regulation 27.1 and reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Audit Committee considered the results of Internal Audit and External work performed, the assurance received from ITAC management and the independent chairperson of the ITAC Risk Management Committee in overseeing the internal control environment.

The internal audit work completed during the year under review is detailed in page 49 of the governance report. Internal Audit completed work in the areas of financial management, annual financial statements, performance information, Human Resources, Governance and core business.

Our review of the findings of the risk based Internal Audit reviews, revealed that whilst some areas of improvement were required in performance management, pre-determined objectives and financial management in so far as capacity is concerned, there were no significant issues of concern to the Committee. The Audit Committee has discussed the findings with management and is satisfied that appropriate interventions have been considered in addressing areas of improvement.

Based on the above, the systems of internal control applied by ITAC over governance including financial reporting and risk management have remained adequate. In line with the PFMA and best practice in public sector, the Internal Audit Unit has provided the Audit Committee and Management with appropriate assurance that the internal controls are appropriate and effective.

Risk Management

The Audit Committee is responsible for the oversight of the risk management function. The ITAC has adopted a risk management framework, strategy and relevant policies, in line with the PFMA. The Risk Management Committee is chaired by an independent Audit Committee member that reports quarterly to the Audit Committee. The risk management processes are reviewed by internal audit. The Audit Committee made recommendations to management during the year to enhance the risk management function.

The quality of in year management and quarterly reports submitted in terms of the PFMA

The Audit Committee reviewed the quarterly reports which included financial statements and performance information of predetermined objectives prepared and issued by the Accounting Authority of ITAC during the year under review, and was satisfied with the content and quality thereof.

Evaluation of Annual Financial Statements

The Audit Committee has:

Assessed the performance of the Chief Financial Officer and the Finance function and found the performance and skills to be adequate and effective despite capacity constraints during the year;

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the External Auditors and the Accounting Authority; and made certain recommendations for improvement;
- Reviewed the External Auditor's Management Report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarified and assessed the completeness of disclosures and whether disclosures made have been described properly in context;
- Assessed compliance with accounting standards and legal requirements;
- Reviewed significant adjustments and/or unadjusted differences resulting from the audit;
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Obtained reasons for major year-on-year fluctuations, including variances of actual versus budget; and
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.

The Audit committee would like to commend the management on the Annual Financial Statements issued which were free of material misstatements. The Audit Committee concurs with and accepts the External Auditor's report on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the External Auditors.

Performance management

The responsibilities of the Audit Committee include the review of performance management. The Audit Committee has, in terms of the performance of the ITAC, performed the following functions:

- Reviewed and commented on compliance with statutory requirements and performance management best practices and standards;
- Reviewed and commented on the alignment of the annual performance plan, budget and strategic plan;
- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to the mandate of the ITAC;
- Reviewed the outcomes of quarterly performance audits issued by the internal audit function; and
- Reviewed the quarterly performance reports and made recommendations for improvement on performance management.

The Audit Committee is satisfied that the annual performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for reporting performance.

Internal Audit

The Audit Committee is satisfied that the Internal Audit function is operating independently and adequately and that it has addressed the risks pertinent to ITAC. The Audit Committee is of a view that the function was not sufficiently resourced based on the approved plan and has made some recommendations to further improve the effectiveness of internal audit.

External Audit

The Audit Committee has reviewed the ITAC implementation plan for audit issues raised in the prior year and is satisfied that those matters were adequately resolved except for the Irregular Expenditure as disclosed in note 25 of the financial statements.

The Audit Committee has analysed the root causes of the new findings and management responses in the External Auditor's Management Report to ensure that they address the key risk areas and is satisfied with management interventions.

Conclusion

The Audit Committee wishes to congratulate the Management Team of ITAC for their commitment in striving towards excellence that has resulted in ITAC receiving an unqualified audit opinion for the 2020/21 financial year. All our efforts are combined to strive towards excellence to learn, grow and serve ITAC.

Romeshni Govender CA(SA)

Chairperson of the Audit Committee

Date: 30 July 2021

REPORT OF THE EXTERNAL AUDITOR TO PARLIAMENT ON INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the International Trade Administration Commission of South Africa set out on pages 63 to 96, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Trade Administration Commission of South Africa as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the public entity in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due

to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

11. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the public entity's annual performance report for the year ended 31 March 2021:

Objective	Pages in the annual performance report
Strategic Objective 1: Efficient administration of trade instruments: customs tariffs	38 – 39

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. We did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective:

- Strategic Objective 1: Efficient administration of trade instruments: customs tariffs.

Other matter

15. We draw attention to the matter below:

Achievement of planned targets

16. Refer to the annual performance report on pages 38 to 45 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

18. We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

20. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

21. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained during the audit or otherwise appears to be materially misstated.

22. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

23. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal controls.

Auditor tenure

24. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of the International Trade Administration Commission of South Africa for 1 year.

Nexia SAB&T

Nexia SAB&T
T. Mpyatona
Registered Auditor
Director
119 Witch-Hazel Avenue, Centurion
30 July 2021

Annexure – Auditor's responsibility for the audit

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on the reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.

- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the International Trade Administration Commission of South Africa to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

PART D

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCES DEVELOPMENT

The human resources department (HR department) endeavours to drive workplace excellence in an environment that supports and develops professional skills and employees wellbeing, underpinned by our pursuit to deploy a highly committed and capable workforce. The department seeks to create an environment that supports and develops the well-being and professional skills of ITAC's employees. The HR department seeks to deliver on this goal by providing quality services in the areas of employee relations, employee wellness, recruitment and selection, employee retention, organisational development and performance management. Policies are developed that balance the needs of employees and the employer while ensuring compliance with all relevant legislation.

During the period under review a total sixteen (16) Human Resources policies were reviewed and approved. The Health Risk Manager was also appointed to assess cases of Incapacity Leave and advise management on the outcome of such assessment. Furthermore an employee wellness service provider was appointed to provide preventative, consultative and counselling to all employees of ITAC and their families who may encounter personal problems.

Workforce planning

The framework for ITAC's workforce planning is underpinned by a commitment to deploy a highly committed and capable workforce. This is achieved, in a first instance, by attracting and retaining a skilled and capable workforce. Attracting skilled employees is achieved through a competency-based recruitment and selection process. In this regard, a combination of values, knowledge, skills, personality attributes and future potential are key determinants in selecting successful candidates.

A Workplace Skills Plan (WSP) is developed and implemented annually as a means to enhance the employees' professional skills. This is to ensure workplace efficiency and performance.

Central to ITAC's workforce planning strategy is the achievement of a diverse workforce. It has been shown that employees from diverse backgrounds contribute to improved innovation, creativity and knowledge generation.

This is complemented by implementing an array of affirmative policies to promote access to equal employment opportunities and benefits.

Employee performance management

ITAC's performance management involves more than simply providing a periodic review for each employee. It is also about identifying strengths and weaknesses in an employee's performance and how to assist such employee to be a more productive and effective worker. In line with this goal, ITAC provides recognition for employees who have attained above-average performance levels.

Employee Health and Wellness

The HR department seeks not only to enhance the professional skills of employees, but also to ensure their well-being. This is achieved by creating a supportive working environment and through the establishment of ITAC's Employee Health and Wellness programme. Given the impact of COVID-19, increasing infection rates and the possibility of employees or members of their family being affected by COVID -19 related illness, ITAC has developed a COVID-19 plan to guide and support its employees during this period. ITAC has also appointed Care Ways as part of the employee wellness programme to provide comprehensive Occupational Health and wellness services.

Employment

ITAC's organisational structure consists of 131 approved posts with 101 filled posts and 30 vacant posts. The workforce as at 31 March 2021 was 101 and comprises of the following:

Core Business	Support Services
55	43

Please note that the ratio excludes the three Executives, i.e. Chief Commissioner, Deputy Chief Commissioner and the General Manager: Corporate Services.

As at the end of 31 March 2021, there were 30 vacant positions, excluding contract positions. This scenario makes the vacancy rate for the period under review to be 22.90% which is relatively or considered to be high.

The MTEF allocation on Compensation of employees (COE) was reduced significantly and as a result of the budgetary constraints the recruitment process for most of the vacant positions could not be initiated.

Employment Equity (EE)

In accordance with the Employment Equity Act, 1998, ITAC is committed to providing and transforming a workforce that is equitably representative of the demographics of South Africa united in diversity through the appointment of suitably qualified people from designated groups in all occupational levels and categories.

The highlights of the year under review includes: a proper functioning EE committee and reporting the EE progress against the EE plan to the department of labour. The current plan was approved from 2019 till 2022.

Employee Profile

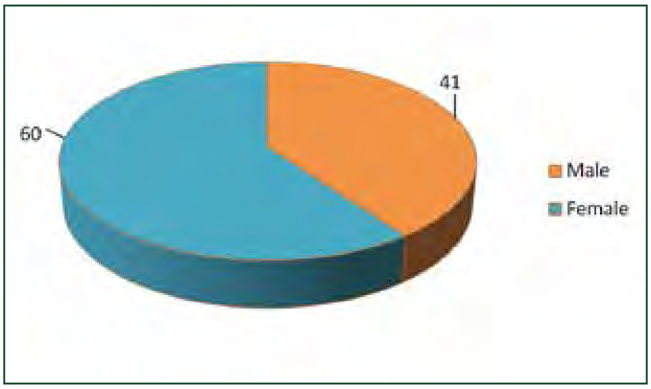
The following graphs present ITAC's employee profile in terms of a) gender; b) race; and c) Job classifications.

a. Gender profile

The table below shows the gender profile as at 31 March 2021:

Male	Female
41	60

In graph format:



The above graph depicts gender representation of employees who are currently employed by ITAC in the period under review. The current status in terms of gender representation is also a consideration in terms of setting up targets for the employment equity plan.

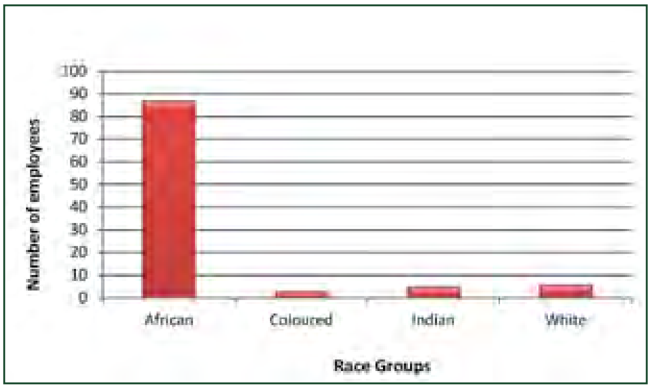
b. Race Profile

The table below shows the race profile as at 31 March 2021:

Table 2.

African	Coloured	Indian	White
87	3	5	6

In Graph format:



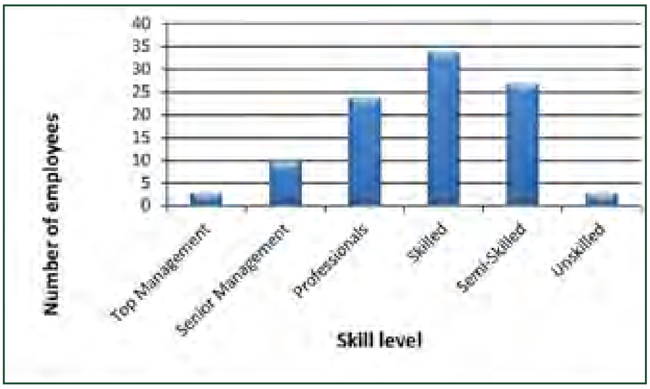
The graph above depicts the racial representation of employees who are currently employed by ITAC in the period under review.

c. Job Profile

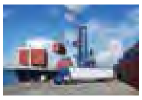
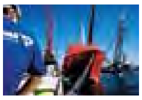
The able below shows the job profile as at 31 March 2021:

Top Management	Senior Management	Professionals	Skilled	Semi-Skilled	Unskilled	Total
3	10	24	34	27	3	101

In graph format:



The graph above depicts the percentages of employees at different occupational categories who are currently employed by ITAC in the period under review. This also informs ITAC's employment equity plan in terms of ensuring that employees are equally represented at all occupational categories.

PART E
FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	5	88 196	115 317
Receivables from exchange transactions	6	263 722	246 769
Prepayments	7	137 977	428 224
Cash and cash equivalents	8	24 169 765	24 533 700
		24 659 660	**25 324 010**
Non-Current Assets			
Property, plant and equipment	3	350 712	918 383
Intangible assets	4	8 938	22 307
		359 650	940 690
Total Assets		**25 019 310**	**26 264 700**
Liabilities			
Current Liabilities			
Operating lease liability		832 802	-
Payables from exchange transactions	10	2 855 502	5 579 100
Provisions	9	14 352 500	12 592 574
		18 040 804	18 171 674
Total Liabilities		**18 040 804**	**18 171 674**
Net Assets		**6 978 506**	**8 093 026**
Accumulated surplus		6 978 506	8 093 026
Total Net Assets		6 978 506	8 093 026

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Other income	11	174 785	136 353
Interest received - investment	11	1 785 358	1 458 154
Total revenue from exchange transactions		**1 960 143**	**1 594 507**
Revenue from non-exchange transactions			
Transfer revenue			
Conditional grant		1 692 000	4 500 000
Government grants and subsidies	11	94 306 000	106 928 000
Total revenue from non-exchange transactions		**95 998 000**	**111 428 000**
Total revenue	**11**	**97 958 143**	**113 022 507**
Expenditure			
Employee related costs	12	(81 923 002)	(86 165 105)
Depreciation and amortisation	13	(581 039)	(735 892)
Lease rentals on operating lease		(9 220 907)	(6 685 118)
Debt Impairment	14	(9 506)	-
General Expenses	15	(7 338 209)	(15 633 718)
Total expenditure		**(99 072 663)**	**(109 219 833)**
(Deficit) surplus for the year		**(1 114 520)**	**3 802 674**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019	**4 290 352**	**4 290 352**
Changes in net assets		
Surplus for the year	3 802 674	3 802 674
Total changes	3 802 674	3 802 674
Restated* Balance at 01 April 2020	**8 093 026**	**8 093 026**
Changes in net assets		
Deficit for the year	(1 114 520)	(1 114 520)
Total changes	(1 114 520)	(1 114 520)
Balance at 31 March 2021	**6 978 506**	**6 978 506**

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Government grants and subsidies		94 306 000	106 928 000
Interest income		1 785 358	1 458 154
Other receipts		148 327	292 716
Conditional grants		1 692 000	4 500 000
		97 931 685	113 178 870
Payments			
Employee costs		(79 913 194)	(84 619 169)
Suppliers		(18 382 426)	(21 463 273)
		(98 295 620)	(106 082 442)
Net cash flows from operating activities	**16**	**(363 935)**	**7 096 428**
Cash flows from investing activities			
Purchase of IT equipment	3	-	(12 550)
Proceeds from disposal of assets		-	17 867
Net cash flows from investing activities		**-**	**5 317**
Net increase/(decrease) in cash and cash equivalents		**(363 935)**	**7 101 745**
Cash and cash equivalents at the beginning of the year		24 533 700	17 431 955
Cash and cash equivalents at the end of the year	**8**	**24 169 765**	**24 533 700**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Other income	237 000	-	237 000	174 785	(62 215)	27
Interest received-investment	1 279 000	-	1 279 000	1 785 358	506 358	27
Total revenue from exchange transactions	**1 516 000**	**-**	**1 516 000**	**1 960 143**	**444 143**	
Revenue from non-exchange transactions						
Transfer revenue						
Conditional grant	-	-	-	1 692 000	1 692 000	27
Government grantand subsidies	112 384 000	(18 078 000)	94 306 000	94 306 000	-	27
Total revenue from non-exchange transactions	**112 384 000**	**(18 078 000)**	**94 306 000**	**95 998 000**	**1 692 000**	
Total revenue	**113 900 000**	**(18 078 000)**	**95 822 000**	**97 958 143**	**2 136 143**	
Expenditure						
Personnel	(91 329 000)	5 296 000	(86 033 000)	(81 923 002)	4 109 998	27
Depreciation and amortisation	(1 391 000)	959 000	(432 000)	(581 039)	(149 039)	27
Lease rentals onoperating lease	(8 495 851)	67 900	(8 427 951)	(9 220 907)	(792 956)	27
Debt Impairment	-	-	-	(9 506)	(9 506)	
GeneralExpenses	(12 684 149)	11 755 100	(929 049)	(7 338 209)	(6 409 160)	27
Total expenditure	**(113 900 000)**	**18 078 000**	**(95 822 000)**	**(99 072 663)**	**(3 250 663)**	
Deficit for the year		-	-	(1 114 520)	(1 114 520)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement		-	-	(1 114 520)	(1 114 520)	

ACCOUNTING POLICIES

1. Basis of preparation

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All financial figures have been rounded off to the nearest one rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for the foreseeable future.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Most of ITAC's trade receivables are staff debtors and collected through payroll deductions. Staff debtors and other debtors are stated at cost less provision for doubtful debts. The provision is made on an individual basis and based on expected cash flows.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price. Unquoted financial assets are measured at fair value using valuation techniques. Inherent in these techniques are certain uncertainties like time of cash flows at the current market interest rate that is available to the entity for similar financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Useful lives of property, plant and equipment

The entity's management, with the assistance of an external valuator, determines the estimated useful lives, residual values and related depreciation charges for property, plant and equipment. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with any changes in estimates accounted for on a prospective basis. Prior year errors are accounted for retrospectively and the comparative amounts for the prior year in which the error occured restated. The estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be utilised. Management will decrease the depreciation charge where useful lives are more than previously estimated.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. As most of ITAC's debtors are staff debts, an allowance is raised when the employee had left ITAC employment, and collection prospects are remote. The debts are first referred to the debt collector and when collection fails, an allowance for the full amount is raised.

Going concern assumption

The outbreak of the COVID-19 pandemic resulted in an adjustment of baseline allocations during the year. The allocations were adjusted upwards for the 2021/22 financial year. Management determined that ITAC will be a going concern for the foreeable future based, amongst other considerations, the approved budget allocation, total assets exceeding total liabilities, current assets exceeding current liabilities and available reserves to meet obligations as they become due.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Property, plant and equipment is depreciated on the straight-line basis over its expected useful life to its estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	6 to 8 years
Office equipment	Straight-line	3 to 8 years
Computer equipment	Straight-line	3 to 5 years
Servers	Straight-line	5 to 7 years
Ipads	Straight-line	2 to 3 years

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

ITAC's intangible assets include computer software internally generated. Computer software that is not an intergral part of the hardware and that can be identified and separated is capitalised as an intangible asset. Costs associated with the development or maintaining in-house computer software programmes are capitalised when they are incurred.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from their use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

ITAC's fnancial assets consist of cash and cash equivalents and receivables from exchange transactions. Financial liabilities consists of payables from exchange transactions.

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Financial assets and financial liabilities are subsequently measured at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review. All financial assets measured at amortised cost, are subject to an impairment review. Impairment and uncollectibility of financial assets

Impairment and uncollectibility of financial assets

When an amount is outstanding for more than 90 days, this is considered by management as objective evidence than an impairment loss has occured. However, there may be other objective evidence that may or may not indicate impairment of a financial asset. Management considers such objective evidence when assessing an impairment of a financial asset. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

ITAC refers doubtful receivables from exchange transactions to a debt collector for recovery. When the debt collection processes fail and the amounts are uneconomical to pursue legal action, the debts are provided for and written-off.

Financial liabilities

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Tax

ITAC is exempt from income tax in terms of section 10 (1) (a) of the Income Tax Act, 1962.

1.8 Leases

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

ITAC's inventory consists of stationery and consumables. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and current replacement cost.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The expenses are recognised when the goods are distributed. The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

The carrying amounts of the entity's cash generating assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU, exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit.

Impairment losses recognised in the prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

1.11 Impairment of non-cash-generating assets

The carrying amounts of the entity's non-financial (non-cash generating) assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the entity will estimate the recoverable service amount of the asset. The recoverable service amount of an asset is the greater of its value in use, and its fair value less costs to sell. In assessing the value in use, the present value of the asset's remaining service potential must be determined.

The present value of the remaining service potential of the asset is determined by using the depreciated replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.

When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss and is recognised in surplus or deficit. An impairment loss recognised in prior years is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. That increase is a reversal of an impairment loss.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

Liabilities for short-term employee benefits which are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Post-employment benefits

ITAC provides a defined scheme for its employees through the Government Employees Pension Fund (GEPF). ITAC's contributions to the GEPF are charged to the statement of financial performance in the year to which they relate. ITAC is not liable to pay further contributions if the fund does not hold sufficient assets to pay all employees their benefits relating to the services rendered. ITAC's contributions to the fund are established in terms of the GEPF rules.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

The determination of provisions, in particular legal provisions remain a key area where management's judgement is required. The resulting provisions could also be influenced by changing economic and statutory considerations. It is envisaged that, based on the current information available, any liability in excess of the amounts provided, will not have a material adverse impact on ITAC's financial position, liquidity or cashflow.

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

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

1.14 Commitments

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

Disclosures are made in respect of unrecognised contractual commitments.

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

- Contracts are non-cancellable or only cancellable at significant cost; and
- Contracts relate to something other than the routine, steady state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

ITAC's revenue from exchange transactions consist of revenue from interest received on call accounts and other income.

Revenue is recognised when it is probable that future economic benefits will flow to the entity and the benefits can be measured reliably.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Other income

Other income from services rendered, cellphone, telephone and bursary recovery is recognised on an accrual basis.

Interest received

Interest received is recognised in surplus or deficit for all financial instruments measured at amortised cost using the effective interest rate method.

1.16 Revenue from non-exchange transactions

ITAC's revenue from non-exchange transactions consists of government grants received from the parent department.

Measurement

Government grants are measured at fair value on acquisition date.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, its is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Confirmed Irregular expenditure is recorded in the notes to the annual financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred unless it is impractical to determine the value thereof.

Irregular expenditure is removed from the notes when it is either:

- condoned by National Treasury or the relevant authority;
- transferred to receivables for recovery; or
- it is not condoned and it is irrecoverable.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and is de-recognised when the receivable is settled or subsequently written off as irrecoverable.

1.19 Budget information

ITAC is subject to budgetary limits in the form of appropriations or budget authorisations, which is given effect through authorising legislation, appropriation or similar.

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

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.20 Related parties

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

ITAC operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

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

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

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

1.21 Events after reporting date

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	No effective date	Unlikely there will be a material impact
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Not applicable
• Guideline: Guideline on Accounting for Landfill Sites	No effective date	Not applicable
• Guideline: Guideline on the application of materiality to financial statements (amended)	No effective date	Unlikely there will be a material impact
• GRAP 25 (amended): Employee Benefits	No effective date	Unlikely there will be a material impact

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	928 006	(839 124)	88 882	928 006	(760 924)	167 082
IT equipment	4 644 420	(4 382 590)	261 830	4 644 420	(3 893 119)	751 301
Total	**5 572 426**	**(5 221 714)**	**350 712**	**5 572 426**	**(4 654 043)**	**918 383**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Total
Furniture and fixtures	167 082	(78 200)	88 882
IT equipment	751 301	(489 471)	261 830
	918 383	**(567 671)**	**350 712**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	241 723	12 550	(87 191)	167 082
IT equipment	1 248 187	-	(496 886)	751 301
	1 489 910	**12 550**	**(584 077)**	**918 383**

Compensation received for items of property, plant and equipment – included in operating deficit or profit.

	2021	2020
IT equipment	24 319	17 867
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
IT equipment	15 202	14 776
Furniture and fixtures	-	4 807
	15 202	**19 583**

4. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1 344 575	(1 335 637)	8 938	1 344 575	(1 322 268)	22 307

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	22 307	(13 369)	8 938

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software, internally generated	174 121	(151 814)	22 307

5. Inventories

	2021	2020
Stationery and consumables	88 196	115 317

6. Receivables from exchange transactions

Figures in Rand	2021	2020
Cellphones	38 395	35 318
Bursaries	39 631	51 631
Other debtors	324 964	289 582
Provision for bad debts	(139 268)	(129 762)
	263 722	**246 769**

Cellphone debtors relates to usage by staff where monthly expenditure limits were exceeded.

Bursary debtors relates to staff where bursary contractual arrangements were not met.

Other debtors consists mainly of telephone and payroll related debtors.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired amounting to R3 568.00 relate to current employees and are collected through payroll deductions. The majority of staff debts relates to former employees and a provision for doubtful debts was raised as the possibility of collection is remote.

Trade and other receivables past due but not impaired.

Trade and other receivables that are past due but not impaired were R260 154 at 31 March 2021

(2020:R376 531).

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

	2021	2020
3 months past due	260 154	376 531

Trade and other receivables impaired.

As of 31 March 2021, trade and other receivables of R139 268 - (2020:R129 762) were impaired and provided for.

The ageing of these receivables is as follows:

	2021	2020
Over 6 months	139 268	129 762

Reconciliation of provision for impairment of trade and other receivables

	2021	2020
Opening balance	129 762	129 762
Provision for impairment	9 506	-
	139 268	**129 762**

7. Prepayments

	2021	2020
Parking	15 375	11 592
Subscriptions	122 602	3 783
Group Life	-	13 471
Medical aid contributions	-	399 378
	137 977	428 224

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	7 900	1 938
Current accounts	119 419	97 830
Call account	23 407 641	23 945 336
Corporation of Public Deposits (CPD) account	634 805	488 596
	24 169 765	24 533 700

Management considers that all the above cash and cash equivalents categories are of good quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above. During the year cash and cash equivalents were kept in the call and current accounts at Standard Bank and average daily interest rate earned was 3.86% and the CPD account at the Reserve Bank at an average daily interest of 3.75% . The cash and cash equivalents were not pledged as security for any financial liabilities.

9. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	6 496 080	2 459 038	(1 848 410)	(860 511)	6 246 197
Performance bonus	652 335	430 165	(634 867)	(17 468)	430 165
Leave pay	4 697 494	6 924 219	(2 383 847)	(2 397 307)	6 840 559
Workmens Compensation	306 369	173 861	(122 741)	(121 372)	236 117
Housing allowance	440 296	186 143	(26 977)	-	599 462
	12 592 574	10 173 426	(5 016 842)	(3 396 658)	14 352 500

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	4 908 893	4 267 669	(2 680 482)	-	6 496 080
Performance bonus	1 315 382	652 335	(1 315 382)	-	652 335
Leave pay	4 499 692	4 781 154	(576 628)	(4 006 724)	4 697 494
Workmens Compensation	319 134	183 049	(119 056)	(76 758)	306 369
Housing allowance	434 881	177 420	(68 907)	(103 098)	440 296
	11 477 982	**10 061 627**	**(4 760 455)**	**(4 186 580)**	**12 592 574**

Legal fees

Legal fees represent amounts payable but not yet invoiced in respect of counsel fees for trade administration litigation matters in progress.

Performance bonus

Performance bonus represents amounts that may be payable to qualifying employees who meet the predetermined performance targets for the period under review.

Leave pay

Leave pay provision represents the potential liability in respect of leave outstanding at year end.

Workmens compensation

Workmens compensation represents an estimate of the amount payable to the Workmens Compensation Commissioner on receipt of final assessment.

Housing allowance

The housing allowance provision relates to amount set aside for staff participation in the Housing Allowance Scheme. ITAC does not provide any guarantees.

10. Payables from exchange transactions

Figures in Rand	2021	2020
Trade payables	105 000	666 690
13th cheque accruals	1 679 729	1 694 567
Other payables	1 070 773	3 217 843
	2 855 502	**5 579 100**

The ageing of trade and other payables is as follows:

Figures in Rand	2021	2020
Current	2 855 326	2 933 130
1 month	-	9
Over 3 months	176	2 645 961
	2 855 502	**5 579 100**

Creditors are paid within 30 days of receipt of invoice. Trade and other payables decreased significantly as the GEPF liability for the prior year was settled in the current period.

11. Revenue

	2021	2020
Other income	174 785	136 353
Interest received - investment	1 785 358	1 458 154
Government grant - Conditional	1 692 000	4 500 000
Government grants and subsidies	94 306 000	106 928 000
	97 958 143	**113 022 507**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2021	2020
Other income	174 785	136 353
Interest received - investment	1 785 358	1 458 154
	1 960 143	**1 594 507**

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue	2021	2020
Government grant - Conditional	1 692 000	4 500 000
Government grants and subsidies	94 306 000	106 928 000
	95 998 000	**111 428 000**

Other income consists of recoveries from staff debts and insurance claims. The conditional grant is restricted towards expenditure related to the Price Preference System adminstered by ITAC. Conditions for revenue recognition were met.

12. Employee related costs

Figures in Rand	2021	2020
Basic	59 035 236	61 740 567
Bonus	414 587	771 656
Medical aid - company contributions	833 523	869 390
Unemployment Insurance Fund	203 892	211 933
Workmens Compensation	52 489	106 290
Leave pay provision charge	2 383 847	576 628
Post retirement benefit expenses	7 110 862	9 851 651
13th Cheques	3 790 278	3 907 132
Car allowance	451 992	451 992
Housing benefits and allowances	1 165 794	1 067 596
Group life	160 053	166 764
Non-pensionable cash allowance	6 320 449	6 443 506
	81 923 002	**86 165 105**

Number of employees as at 31 March 2021 was 101 (2020:105). The vacancy rate as at 31 March 2021 was over 20%. A temporary moratorium was placed on filling vacant positions due to significant budget reductions from National Treasury.

13. Depreciation and amortisation

	2021	2020
Property, plant and equipment	489 471	496 886
Furniture and Fittings	78 200	87 191
Intangible assets	13 368	151 815
	581 039	**735 892**

14. Debt impairment

Debt impairment	9 506	-

15. General expenses

Figures in Rand	2021	2020
Advertising	397 049	156 175
Auditors remuneration	1 381 406	1 304 697
Bank charges	29 088	32 932
Consulting and professional fees	858 705	3 324 716
Catering	1 094	130 137
Repairs and maintenance	15 202	23 171
Insurance	389 658	384 709
IT expenses	90 316	45 998
Legal fees	1 598 527	4 130 184
Motor vehicle expenses	12 283	141 600
Recruitment and resettlement expenditure	42 527	40 517
Postage and courier	1 359	135 320
Printing and stationery	138 661	348 785
Employee wellness	65 987	65 669
Subscriptions and membership fees	368 846	1 227 651
Telephone and fax	539 882	749 891
Travel - local	447 373	2 087 439
Travel - overseas	40 562	588 325
Personal protective equipment	26 281	700
Staff Bursaries	-	12 775
Offsite storage documents	172 475	188 758
Audit Committee remuneration	359 924	119 038
Part-time Commissioners	361 004	369 420
Workshops and conferences	-	25 111
	7 338 209	**15 633 718**

16. Cash (used in) generated from operations

Figures in Rand	2021	2020
(Deficit) surplus	(1 114 520)	3 802 674
Adjustments for:		
Depreciation and amortisation	581 039	735 892
Debt impairment	9 506	-
Movements in operating lease liability	832 802	(1 216 431)
Movements in provisions	1 759 925	1 114 592
Other non cash items	(9 505)	-
Proceeds from insurance	-	(17 867)
Changes in working capital:		
Inventories	27 121	(15 167)
Receivables from exchange transactions	(16 953)	174 230
Prepayments	290 247	(414 310)
Payables from exchange transactions	(2 723 597)	2 932 815
	(363 935)	**7 096 428**

17. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	263 722	263 722
Cash and cash equivalents	24 169 765	24 169 765
	24 433 487	24 433 487

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	2 855 502	2 855 502

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	246 769	246 769
Cash and cash equivalents	24 533 700	24 533 700
	24 780 469	**24 780 469**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	**5 579 100**	**5 579 100**

18. Commitments

	2021	2020
Authorised operational expenditure		
2021	**Up to 1 year**	**After 1 year**
Employee health and wellness programme	69 033	109 302
Parking	15 375	-
Records management	121 543	-
Subscriptions	14 490	-
External audit services	1 024 190	-
	1 244 631	**109 302**

2020	2021	2020
	Up to 1 year	**After 1 year**
Employee health and wellness programme	39 052	-
Parking	11 592	-
Records management	180 000	121 543
Subscriptions	17 388	-
Cellphones	300 000	114 777
	548 032	**236 320**

Operating leases - as lessee (expense)

2021	Up to 1 year	2 to 5 years	Total
Premises - rent	8 865 316	9 751 848	18 617 164
Office equipment	58 771	-	58 771
	8 924 087	**9 751 848**	**18 675 935**

2020	Up to 1 year	2 to 5 years	Total
Premises - rent	8 892 181	17 784 362	26 676 543
Office equipment	288 675	24 056	312 731
	9 180 856	**17 808 418**	**26 989 274**

Operating lease payments represent rentals payable by the entity for its office premises at the dtic campus. The lease term is now three years. The current agreement is effective from 1 April 2020, at an escalation rate of 10%. The previous lease term was 5 years. The prior year disclosure for the operating lease on premises was corrected as it was previously calculated and disclosed using a 5 year lease term. No contingent rent is payable.

19. Contingencies

A cash surplus amounting to R6 392 683 for the 2020/21 financial year, which must be surrendered to National Treasury unless permission is granted to retain the surplus. The cash surplus was calculated using a formula prescribed by National Treasury through the National Treasury Instruction Note No.6 of 2017/18 as follows: Cash and cash equivalents plus receivables less current liabilities.

A claim for compensation of legal fees incurred by an employee in a disciplinary matter was submitted and the matter was referred to the Legal Services unit for confirmation of the validity of the claim. The confirmation by Legal Services unit is still pending. The claim if successful, will result in an outflow of economic benefits.

20. Related parties

		2021	2020
Relationships			
Department of Trade, Industry and Competition (dtic)	Parent Department		
Department of Justice and Constitutional Development	National Department in National Sphere		
Industrial Development Corporation	member of the dtic group		
Competition Commission	member of the dtic group		
Competition Tribunal	member of the dtic group		
Companies and Intellectual Property Commission	member of the dtic group		
National Empowerment Fund	member of the dtic group		
Companies Tribunal	member of the dtic group		
Export Insurance Credit Corporation of South Africa	member of the dtic group		
South African Bureau of Standards	member of the dtic group		
National Credit Regulator	member of the dtic group		
National Gambling Board	member of the dtic group		
South African National Accreditation Systems	member of the dtic group		
National Consumer Commission	member of the dtic group		
National Consumer Tribunal	member of the dtic group		
National Metrelogy Institute of South Africa	member of the dtic group		
National Regulator for Compulsory Specifications	member of the dtic group		
National Lotteries Commission	member of the dtic group		
BBBEE Commission	member of the dtic group		
Members of key management	Members of Executive Management		
Related party balances			
Department of Trade, Industry and Competition			
Payable at year-end - Telephone and internet		(11 285)	(173 093)

Related party transactions

Figures in Rand	2021	2020
Department of Trade, Industry and Competition		
Office rental payments	8 059 378	6 110 227
Telephone and internet payments	171 033	465 766
Transfer payments received	(94 306 000)	-
Conditional grant	(1 692 000)	-
Economic Development Department		
Transfer payments received	-	(106 928 000)
Conditional grant	-	(4 500 000)
Department of Justice and Consitutional Development		
Legal costs incurred	2 459 035	4 130 184
Audit and Risk Committee members		
R Govender (Chairperson)	138 461	30 043
R Nhlapo (Member)(Resigned on 30 April 2020)	44 379	68 838
M Pillay (Member)	72 900	19 157
V Makaleni (Appointed on 1 April 2020)	104 184	-
Part-time Commissioners		
F Ismail (Chairperson)	142 052	90 774
B Mokgatle (Member)	55 434	83 854
V Ncwaiba (Member)	78 465	91 596
J de Beer (Member)	85 052	103 196

Key management information

Remuneration of management

Management class: Executive management

2021

Name	Basic salary	Bonuses and performance related payments	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	Total
M Nzimande (Chief Commissioner)	1 490 027	-	-	149 167	1 785	-	1 640 979
D Mbambo (Deputy Chief Commissioner)	1 129 238	-	-	122 659	1 785	96 000	1 349 682
P Semela (General Manager: Corporate Services)	1 155 237	-	84 704	132 139	1 785	79 992	1 453 857
N Nkoana (Chief Financial Officer)	1 072 829	13 007	-	90 760	1 785	-	1 178 381
	4 847 331	**13 007**	**84 704**	**494 725**	**7 140**	**175 992**	**5 622 899**

2020

Name	Basic salary	Bonuses and performance related payments	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	Other benefits received	Total
M Nzimande (Chief Commissioner)	1 490 027	-	-	149 167	1 785	-	-	1 640 979
D Mbambo (Deputy Chief Commissioner)	1 124 711	-	-	122 205	1 785	96 000	-	1 344 701
P Semela (General Manager: Corporate Services)	1 150 675	23 798	83 453	131 651	1 785	79 992	84 504	1 555 858
N Nkoana	1 065 963	19 232	-	90 179	1 785	-	-	1 177 159
	4 831 376	**43 030**	**83 453**	**493 202**	**7 140**	**175 992**	**84 504**	**5 718 697**

*Refer to note "Employee related costs". There were no salary increases during the 2020/21 financial year.

21. Change in estimate

Property, plant and equipment

The useful lives of furniture and fixtures were reviewed and increased with 2 years. The effect of this revision has decreased the depreciation charge for the current and future periods by R9 562.

22. Prior period errors

The operating lease liability commitment disclosure for Premises for 2020 was previously calculated using a lease term of 5 years. The current lease agreement is 3 years and the minimum lease payments were subsequently recalculated and reinstated. The correction of the error does not have any impact on the statement of financial performance and statement of financial position.

The opening balance of the cost and accumulated depreciation for furniture and fixtures were adjusted as a journal was posted incorrectly in the past and the opening balances differed from the assets register.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Cost - Furniture and fixtures	-	(46 845)
Accumulated depreciation	-	46 845

23. Risk management

Financial risk management

The main risks arising from ITAC's financial instruments are liquidity risk, credit risk and market interest rate risk.

Liquidity risk

The entity's risk to liquidity is as a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and given its current funding structure and availability of cash resources, ITAC regards its liquidity risk as low.

March 2021

	Carrying amount	Total cashflow	Contracted cashflow within 1 year
Trade and other payables from exchange transactions	(2 855 502)	(2 855 502)	(2 855 502)

March 2020

	Carrying amount	Total cashflow	Contracted cashflow within 1 year
Trade and other payables from exchange transactions	(5 579 100)	(5 579 100)	(5 579 100)

Credit risk

ITAC's credit risk consists mainly of cash and cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing (Standard Bank credit rating by Moody's: Ba1) and limits exposure to any one counter- party. The CPD account is held with the South African Reserve Bank.Trade and other receivables consist largely of staff debtors. For staff in the current employment of ITAC, recoveries are made through the payroll system. Trade and other receivables are unrated. ITAC considers its exposure to credit risk as low.

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

Financial instrument	2021	2020
Call account	23 407 941	23 945 336
Current account	119 419	97 830
CPD account	634 805	488 596
Receivables from exchange transactions	249 822	246 769

Market Risk

Interest rate risk

ITAC is exposed to interest rate changes in respect of returns on its investment with financial institutions. The risk arises when there are interest rate changes downward, as this will reduce the interest income on invested funds. ITAC's exposure to interest risk is managed by making short-term investments with the Standard Bank and the Reserve Bank. The short-term deposits made are low risk and the capital is secure. There were significant reductions in interest rates since 2020 due to the global decline in economic activities due to Covid-19.

A change in the market interest rate at the reporting date would have increased / (decreased) the surplus for the year by the amounts below:

Sensitivity analysis

2021	Change in investments	Increase/ decrease in net surplus for upward change	Increase / decrease in net surplus for downward change
Cash and cash equivalents	**1,00 %**	**241 698**	**241 698**

2020	Change in investments	Increase / decrease in net surplus for the year upward change	Increase / decrease in net surplus for the year downward change
Cash and cash equivalents	2%	490 674	490 674

24. Fruitless and wasteful expenditure

	2021	2020
Opening balance as restated	-	-
Add: Expenditure identified - current	-	10 177
Less: Amounts recoverable - current	-	(10 177)
Closing balance	-	-

25. Irregular expenditure

Opening balance as previously reported	74 912	17 555
Opening balance as restated	74 912	17 555
Add: Irregular Expenditure - current	-	57 357
Closing balance	74 912	74 912

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Travel management service fees	Awaiting condonation	-	-

26. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net (deficit) surplus per the statement of financial performance	(1 114 520)	3 802 674
Adjusted for:		
Conditional grant	(1 692 000)	(4 500 000)
Other income	62 215	90 647
Interest income	(506 358)	286 846
Payroll expenditure in excess of / (lower than) budget	(4 109 998)	(812 895)
Operating expenditure in excess of / (lower than) budget	6 409 160	2 214 794
Depreciation	149 039	735 892
Lease rental on operating lease	792 956	(1 817 958)
Debt impairment	9 506	-
Net surplus per approved budget	-	-

27. Budget differences

Material differences between budget and actual amounts

ITAC's original revenue budget was reduced by a total of R18.078 million (16%) as a result of the special budget reprioritisation towards the Covid-19 relief measures during the 2020 Special Adjustments budget tabling and the second revision was a result of reprioritisation of funds towards the South African Airways business rescue plan.

Interest received was higher than budgeted as the remainder of transfer payment was received in July 2020, increasing the bank balances and yielding higher interest rates.

Other income relates to staff debtors and reduced significantly during the period.

Employee related costs decreased as a temporary moratorium was placed on filling vacant positions as a result of budget reductions.

General expenses were revised downwards as a result of the budget reductions.

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