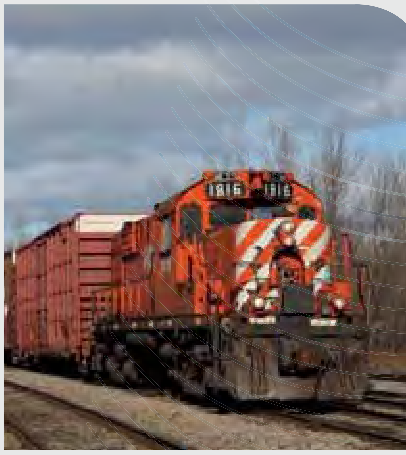
ITAC

International Trade Administration Commission of South Africa



2019/20 ANNUAL REPORT

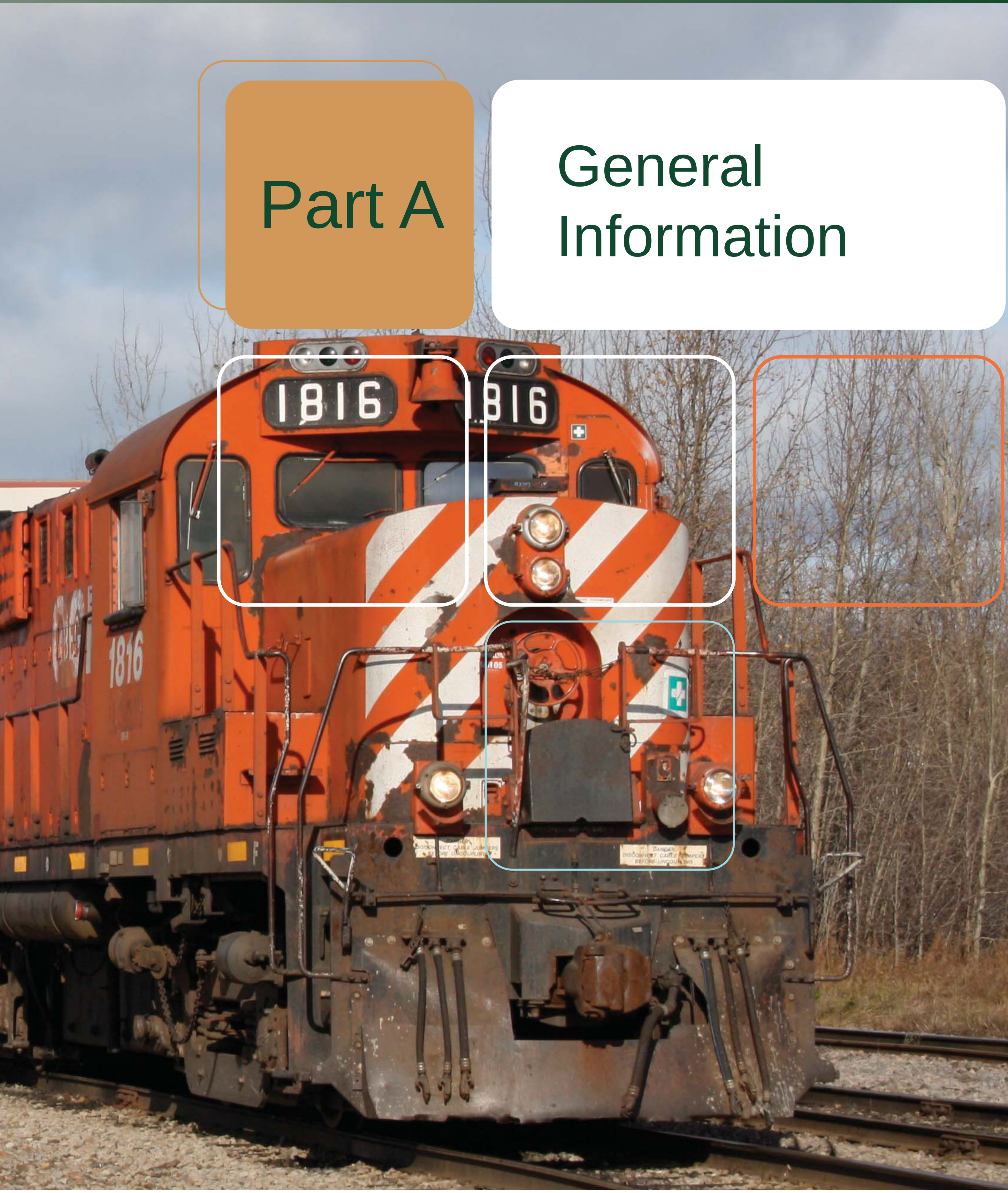
enabling FAIR TRADE

CONTENTS


EXCESS HEIGHT CAR

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 effcient 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:

Auditor-General of South Africa

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

LIST OF ABBREVIATIONS:

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
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
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
USA	United States of America
WTO	World Trade Organisation

FOREWORD

BY THE MINISTER OF TRADE, INDUSTRY & COMPETITION

Mr Ebrahim Patel

This Annual Report provides an account of the International Trade Administration Commission (ITAC) for the past financial year ending March 2020. In the last month of the financial year, the effects of the pandemic began to influence the work of agencies.

The last financial year started well: the sixth government administration took office following the national elections in May 2019, with a re-imagined industrial strategy for the country focused on localisation and a renewed promise, passion and urgency to address long standing socio-economic challenges.

The 2019 Presidential Investment Conference, held in November 2019 demonstrated sustained commitment and productive partnerships between the public and private sector in rebuilding the economy. Some R364 billion of further commitments were made (21% higher than at the inaugural Conference the previous year), with potential to create over 400 000 jobs over a five year period. This brings the total of investment commitments made at the two Conferences (2018 and 2019) to R664 billion, more than 50% of the five-year target set by the President in 2018.

The new dtic family accelerated the development and implementation of sector masterplans, completing these 'industry social pacts' in the automotive, poultry, sugar and clothing and textile sectors. These serve as a blueprint to harness energies amongst industry players for investment and increased output and jobs in sectors which together employ some 500 000 people. The Master Plans set out practical and reciprocal actions that each social partner at industry level would take to build more resilient businesses and industries. We are now working on sector masterplans in the steel and furniture sectors, which we expect to complete in the coming year.

Significant progress was made with the finalisation of the modalities of the new African Continental Free Trade Area (AfCFTA), and with a trade agreement to address access to the United Kingdom in the event of a no-deal Brexit. Discussions on bilateral trade took place with a number of countries, and the focus of discussion in some cases was on the challenges of under-invoicing.

ITAC used its trade instruments to support industry, in particular, the manufacturing and agricultural sectors. These included trade remedies to combat unfair trade practices or disruptive import competition. The strengthening of enforcement actions by ITAC, working with other agencies and the dtic, is notable. On the governance front, ITAC performed well in the year under review with the Auditor General of South Africa awarding it a clean audit status.

Covid-19 interrupted the rollout of the new industrial strategy. The economic environment brought on by Covid-19 has dented growth both locally and globally. The pandemic and its economic fallout have been described by leading economists as unprecedented in our generation. Across the world, countries are reporting or forecasting their lowest growth in at least a generation. China, for example, is experiencing its slowest annual growth since the death of Mao Zedong in 1976. In May this year, the Bank of England said the UK might experience its worst recession in 300 years and the US has recorded its highest level of unemployment since the Great Depression

For public entities, the pandemic principally impacted on their work beyond the financial year, placing pressure on delivery platforms and in a number of cases, on their finances.

To repair the damage of Covid-19 and reconstruct the economy to create more jobs, bring more young people into entrepreneurship and increase economic inclusion, we need to think boldly and implement smartly.

To address the immediate and urgent challenges of the economy, government and its social partners have agreed to an Economic Reconstruction and Recovery Plan. The Plan includes structural reforms and a commitment to greater levels of localisation and infrastructure investment. These measures will impact and shape the work of the dtic and its agencies.

Every agency of the dtic will be required to play its role in ensuring a steady recovery from the pandemic, and to continue execution of the re-imagined industrial strategy, outlined by President Ramaphosa at the start of this administration.

In the year ahead, ITAC should continue its cost containment measures and implement its revenue generation project in order to supplement its allocation from National Treasury. The use of trade instruments has become more important but these need to be used to build deeper competitiveness and resilience. Firms who benefit from trade support should more actively commit to invest in innovation and upgrading of plant and equipment; as well as expanding markets.

Despite the tough challenges anticipated in the future, ITAC is well positioned to succeed. I would like to thank the Chief Commissioner, Mr Meluleki Nzimande, the Deputy Chief Commissioner and the ITAC's staff, for their important work this past year. I also extend my thanks to Chairperson of the Commission, Chairperson Ambassador Faizel Ismail and the part-time Commissioners who bring a wealth of knowledge and insight to the work of this important agency.

Mr Ebrahim Patel
Minister of Trade, Industry and Competition

REPORT

BY THE CHIEF COMMISSIONER

Mr Meluleki Nzimande

It is a time like no other in international trade, and for ITAC, which is charged with leveraging international trade instruments under its control for the benefit of the economies and peoples of South Africa, Botswana, Namibia, Lesotho and e-Swatini. The multilateral trading system organized under the auspices of the World Trade Organisation is strained to the limit, owing to a number of important factors, namely: Unilateralism by the major trading countries epitomized by the raging trade war between the People's Republic of China and the United States of America; rising protectionism as countries protect their local industries from the fall out of this trade war and the uncertainty around the multilateral trading system as the Appellate Body of the World Trade Organisation continues to be non-quorate due to the refusal by the US to fill its quota of member appointments; and the global economic crisis and disruption to international trade and supply chains caused by the outbreak of the Covid-19 pandemic.

In his State of the Nation Address of 7 February 2019 the President, Mr Cyril Ramaphosa, called for a re-imagined industrial policy, pursuant to which call, the Minister of Trade, Industry and Competition, Mr Ebrahim Patel, embarked upon a process to establish sector master plans in order to reinvigorate and grow the South African manufacturing sector as well as the agro-processing sector. The success of the master plans should position local manufacturers favourably in relation to the proposed establishment of a continental free trade area (CFTA). The CFTA has the potential to provide South African producers with a much bigger market and an opportunity to leverage economies of scale which should reduce their unit costs of production, thus making them competitive in international markets.

The South African economy continued its lackluster performance, and in its 2019 medium-term budget policy statement (MTBPS), the National Treasury revised down South Africa's economic growth forecast for 2019 from 1.5 percent in the 2019 Budget to 0.5 percent, with growth expected to reach 1.7 per cent in 2022. However, in his supplementary budget speech on 24 June 2020, Minister Tito Mboweni laid out the full extent of the impact of the Covid-19 pandemic on the South African economy which, has been forecast to contract by 7.2% in 2020.

Fiscal allocations to ITAC declined in real terms in the last financial year, continuing the trend of the several preceding financial years.

That is the backdrop against which ITAC executed its functions in the recent past and is likely to do for the foreseeable future. To recall, ITAC is a schedule 3A public entity under the Public Finance Management Act, No 1 of 1999 (PFMA). It is a creature of statute established in terms of the International Trade Administration Act, No 71 of 2002 (ITA Act). The object of the ITA Act is instructive in appreciating the work that ITAC does as well as its role and mandate. Section 2 of the ITA Act describes the object as being: *"to foster economic growth and development in order to raise incomes and promote investment and employment in the Republic and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade subject to this Act and the SACU agreement"*.

In fulfilling its mandate ITAC executes three core functions, namely: customs tariff investigations; trade remedies investigations; and import and export control. ITAC is reconfiguring itself as an organisation that not just excels in executing investigations but also in monitoring and measuring the impact of its instruments. In this regard, ITAC is marrying its interventions in support of firms to the policy interests of government.

ITAC realises that in order for its instruments to be more impactful, it should coordinate its efforts with those of other government institutions which seek to improve the performance of firms while also extracting public interest.

ITAC follows a developmental or strategic approach to tariff setting with the objective of promoting domestic manufacturing activity, employment creation and retention, and international competitiveness. It continues to intensify its efforts to link tariff support to reciprocal commitments from beneficiaries of tariff support. In this regard, beneficiaries are required to commit to overall government objectives of job creation, investment, competitiveness and increased local production. Unlike in the past where tariff support was seen to be a permanent feature in sectors where there is domestic production, ITAC's tariff interventions are now temporal. Recipient firms of tariff support are required to justify continued tariff support after a specified period.

For the period under review, ITAC conducted nineteen tariff investigations. The majority of applications for tariff support were as a result of a fragile global and domestic economic environment, and were in response to relatively low-priced imports from emerging economies.

The highlights from these investigations include the investigation on top loader washing machines not exceeding 10kg where ITAC recommended an increase in duties from free of duty to *30% ad valorem*. The beneficiary of this support, Defy, invested and commenced manufacturing locally fully-automatic top loader washing machines which were previously imported. This represents a successful policy outcome in relation to the white goods sector consistent with the DTIC's efforts of localising the manufacture of these products and job creation. The reciprocal commitments by the beneficiary include the sourcing of components (including steel) to manufacture these products from domestic firms. This should contribute positively to the beneficiation of iron ore and scrap metal which are raw materials South Africa has in abundance. ITAC will closely monitor compliance with these reciprocal commitments.

Another highlight was the investigation on frozen meat of fowls of the species *Gallus Domesticus*, bone-in portions and boneless cuts where ITAC recommended and increase in duties from *37% ad valorem* (bone-in portions) and 12% *ad valorem* (boneless cuts) to 62% and 42% *ad valorem*, respectively. This forms part of government interventions contemplated in the Poultry Master Plan which seeks to create a competitive, sustainable and growing industry within the SACU region.

The focus on reciprocal commitments as part of the implementation of the developmental tariff policy has at times led to protracted negotiations between ITAC and applicants. This has had a negative impact on the timelines targeted by ITAC to complete investigations as negotiations took time to bear fruit. Going forward ITAC needs to strike a balance between meeting its obligations on timeframes and ensuring that recipients of tariff support do contribute to government's overall policy objectives.

ITAC also conducts impact assessments to gauge the performance of firms which receive tariff support against governments overall policy objectives. In this reporting period, ITAC conducted four impact studies which included Bead Wire, Heat Exchange Units, Set Top Boxes, and Coated Steel. The findings of these assessments assisted ITAC to identify opportunities for further policy interventions in the relevant industries. For instance, in the case of bead wire, ITAC is considering leveraging the Automotive Production and Development Programme (APDP) to support the industry.

As regards trade remedies, ITAC conducts these investigations in accordance with policy, the ITA Act and regulations, having regard to the rules-based system under World Trade Organisation, of which South Africa is a member. Applications to ITAC, in the main, are for two types of trade remedies, namely, anti-dumping and safeguard measures. Countervailing measures are a form of trade remedy but are hardly ever used.

Anti-dumping duties may be imposed where dumped imports have caused (or threatened to cause) material injury to the SACU industry. Dumping occurs where foreign producers are exporting their goods to an importing country at prices which are lower than prices they charge for the same product in their country. There were no new anti-dumping investigations initiated in this reporting period. Preliminary anti-dumping duties were imposed on imports of Polyethylene Terephthalate (PET) from China. This is a significant development as there had been a dearth of anti-dumping applications (other than sunset reviews) in the recent past, particularly in respect of products originating from China.

Definitive anti-dumping duties were imposed on imports of Clear Float Glass from Saudi Arabia and the United Arab Emirates. Following the imposition of these duties, it was discovered that the exporters from the two countries were evading them by switching the source of supply to Egypt. An anti-circumvention review was initiated in order to extend the scope of the anti-dumping duties to Egypt.

This species of anti-dumping investigations is rarely used however, it is important in ensuring the effectiveness of anti-dumping duties.

A Sunset Review (another species of anti-dumping investigations) is undertaken when the SACU industry provides *prima facie* evidence that the expiry of existing anti-dumping duties (which should remain in place for five years) would likely lead to the continuation or recurrence of dumping and continuation or recurrence of material injury. ITAC conducted six Sunset Reviews during the financial year and returned duties in two (viz, Wheel Barrows from China and Soda Ash from the US). The other four investigations are continuing.

ITAC has seen an increase in the use of the safeguards instrument which in the past was rarely used. Even though safeguards may only be imposed for a limited period, they play a significant role in assisting firms that are suffering serious injury (or facing a threat thereof) as a result of an unforeseen surge in import volumes and the effect of the country's obligations under the World Trade Organisation. Safeguards are applied to a broad spectrum of countries, with exemptions granted only to those developing countries which individually account for not more than three percent and collectively, not more than nine percent, of total imports of the product under consideration over the particular period of investigation. This is important in the context of South Africa because its obligations under the World Trade Organisation have, for most products, set a relatively low ceiling to which South Africa may raise ordinary customs duties. Therefore the combination of ordinary customs duties and trade remedies has a much greater impact. This is evident in relation to the fastener industry where local production was resuscitated following interventions recommended by ITAC, which included the use of ordinary customs duties and safeguards.

The import and export control regime administered by ITAC regulates the movement of specific goods across the borders of South Africa, enforcing health, environmental, security and safety, and technical standards. In some cases, the control seeks to support particular economic objectives as is the case with the control on exports of waste and scrap metal. ITAC uses a permit system, for example, for the purpose of complying with international agreements, such as the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, and the Montreal Protocol substances that depletes the ozone layer. During the reporting period, 18 785 import permits and 15 158 export permits were issued. The bulk of the import permits, namely 3 227, were issued for the importation of used or second-hand machinery and mechanical appliances, equipment and parts thereof.

As regards scrap metal export control, ITAC conducted an investigation to explore the desirability of replacing the Price Preference System (PPS) with an export duty. Currently, the PPS requires exporters to first offer scrap metal to local consumers at a discounted price set by ITAC. Only if local consumers do not purchase the material on offer, will the exporter be issued with a permit authorising the export of the said material provided that such an exporter is compliant in all other respects. ITAC submitted its report on the proposed export duty to the then Minister of Economic Development. National Treasury (working with the DTIC) is now seized with the task of exploring the feasibility implementing of an export duty on scrap metal exports.

ITAC is part of an Inter-Agency Working Group (IAWG) which was created by the Minister of Trade, Industry and Competition. The IAWG consists of SARS, DTIC, ITAC and works with other government departments and agencies such as the South African Police Service (SAPS). The mandate of the IAWG is to strengthen enforcement of customs control in order to combat the illicit economy. The IAWG has made a significant impact in the enforcement of the PPS. Containers of illegal scrap metal were seized as a result of the work of this group and criminal cases were registered against the suspects. Anecdotally, these successes seem to have contributed positively to the availability of scrap metal at relatively affordable prices in the local market.

ITAC's decisions often have a direct impact on the profitability of firms. Therefore interested parties often contest ITAC's decisions and at times apply to court for judicial review. It is commendable that ITAC has lost only one case in the past two financial years, which is an indication of the rigour of ITAC's investigation and decision making process. As regards the case it lost, ITAC is currently awaiting the outcome of an application for leave to appeal to the Supreme Court of Appeal, appealing the judgement of the lower court.

ITAC's finances were well controlled despite severe budgetary constraints.

Overall, ITAC's performance in this reporting period is pleasing. The future looks tough however, ITAC will continue to rise to the challenges.

Mr Meluleki Nzimande
ITAC Chief Commissioner

COMMENTARY

BY THE CHAIRPERSON OF THE COMMSSION

Mr Faizel Ismail

The period 2019-2020 has not been short on challenges for the Commission. First and foremost, the COVID-19 pandemic caused not only widespread and severe human suffering, but also saw domestic economies go into tailspins and trade-restrictive import and export measures on the rise, at least initially.

The pandemic represents an unprecedented disruption to the global economy and world trade. According to data compiled by the WTO, global trade was already slowing in 2019 before the pandemic, weighed down by trade tensions and slowing economic growth. Specifically, world merchandise trade registered a slight decline for 2019 of 0.1% in volume terms, after having risen by 2.9% in 2018. This represents the first decline in such trade since 2009. In dollar terms, the value of world merchandise exports in 2019 fell by 3% to approximately US$ 19 trillion.

Reflected in these figures are historically high levels of trade-restrictive measures. Looking at the G20 economies, which are responsible for a large portion of global merchandise trade, for the most recent period analysed by the WTO in its 23rd *Annual Report on G20 Trade Measures* (mid-October 2019 to mid-May 2020), 154 new trade and trade-related measures were implemented, of which 95 measures were trade-facilitating in nature and 59 were trade-restrictive. According to the WTO, 93 measures (roughly 60 per cent), were linked to the COVID-19 pandemic. Of the 93 measures, 65 facilitated trade while 28 restricted trade.

Apart from COVID-19-related trade measures, the G20 economies implemented 61 trade and trade-related measures during the aforementioned period. These included 30 new measures aimed at facilitating trade. The trade coverage of these non-COVID-19 trade-facilitating measures is estimated at US$ 735.9 billion, which represents the highest figure for such measures recorded by the WTO since November 2014.

The G20 economies also put in place 31 new trade-restrictive measures unrelated to the pandemic. The trade coverage for these measures is estimated at US$ 417.5 billion, which is the third highest value recorded by the WTO since May 2012. As noted by the WTO, the trade coverage of trade-restrictive measures has increased significantly since May 2018 as a result of global trade tensions. The WTO estimates that 2.8% of G20 trade was affected by trade-restrictive import measures during the reporting period and that trade-restrictive import measures imposed since 2009 and still in force affect approximately 10.3 per cent of G20 imports, or US$ 1.6 trillion).

In South Africa, in addition to the Covid-19 pandemic and a difficult economic climate, which saw the gross domestic product decline in the first three months of 2020 compared with the last quarter of 2019, domestic manufacturers faced at times significant competitive pressures from imports. It is in this challenging environment that ITAC intervened in the area of tariffs, trade remedies and import and export control during the past fiscal year to assist domestic industries.

Reflecting on the Commission's activities, it issued 14 investigation reports and approximately 18 785 import and 15 158 export permits. As discussed in detail in this Report, ITAC's recommendations were directed at a variety of sectors of the South African economy, including steel, automotive, chemical sector and agricultural sectors.

Also noteworthy was the Commission's continued emphasis on reciprocal commitments from industries to which tariff assistance was provided. This reciprocity requirement follows from then Minister of Economic Development's 2016 trade directive, which sought to enhance growth and development by aligning company commitments with national objectives in terms of job creation (and retention), investment, worker training and company production levels.

The sum total of these activities point to an organisation that continues to manage its trade instruments efficiently and effectively. ITAC is thereby doing its part to enhance economic growth and development in South Africa and the SACU.

To conclude, I would like to thank the Chief Commissioner and the Deputy Chief Commissioner, my fellow Commissioners, as well as the entire staff of ITAC, for their dedication 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 2020.

Yours faithfully

Chief Commissioner
(Accounting Authority) Meluleki Nzimande
30 September 2020

Chairperson of the Commission
Faizel Ismail
30 September 2020

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 effcient and effective administration of its trade instruments, and technical advice to the Economic Development Department and the Department of Trade and Industry.*

Core Values

ITAC is guided by the following set of core values:

Integrity

Trust

Accountability

Commitment

**The department of trade and Industry merged with the Econimic Development department .*

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 Offcer 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 and Industry. 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 effcient and effective system for the administration of international trade, subject to the ITA Act and the SACU Agreement 2002.

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.

ITAC executes its mandate within a set policy framework. The New Growth Path (NGP), in setting out the trade policy trajectory, places employment at the centre of economic policy and calls for developmental trade policies.

Commissioners


Faizel Ismail
Chairman

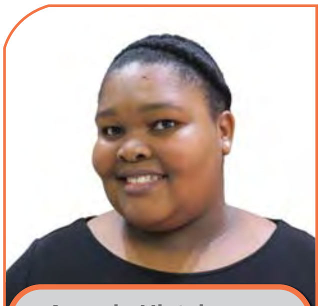

Meluleki Nzimande
Chief Commissioner


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 Mbiko
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

Ntsobe Nkoana
Chief Financial Officer

Rika Theart
Senior Manager
Tariff Investigations I

Nomonde Somdaka
Senior Manager
Tariff Investigations II

Carina Janse Van Vuuren
Senior Manager
Trade Remedies I

Zoleka Xabendlini
Senior Manager
Trade Remedies II

Marius Collins
Senior Manager
Import & Export Control

Alexander Amrein
Senior Manager
Policy & Research

Bhekithemba Kgomo
Senior Manager
Internal Audit

Averil Munsami
Senior Manager
Legal Services

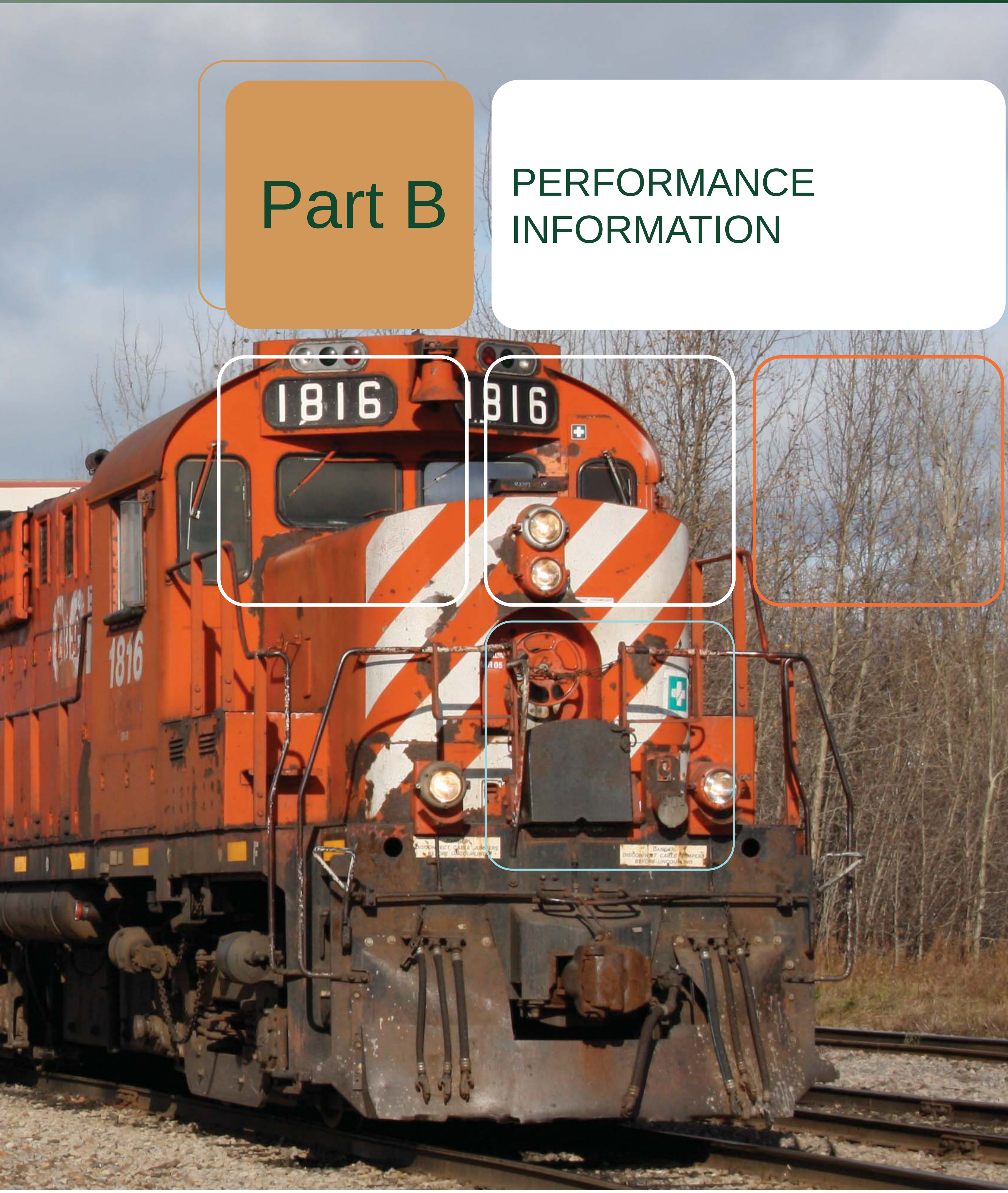
Vacant
Human Resources
Manager

Russel Nelson
Chief Information Officer


EXCESS HEIGHT CAR

Part B

PERFORMANCE INFORMATION



ANNUAL PERFORMANCE INFORMATION

LISTS OF REPORTS ISSUED BY ITAC IN 2019/2020

REPORT NO.	REPORT TITLE
568	Reduction in the rate of customs duty on distributors and ignition coils identifiable for use solely or principally with motor vehicle engines, classifiable under tariff subheading 8511.30.30.
597	Creation of a rebate facility for the importation of aluminium bars, rods, and profiles classifiable under tariff subheadings 7604.29.15 and 7604.29.65 used in the manufacture of stabilization fins.
598	Review of the description of tariff subheading 6210.10.20 in part 1 of schedule No. 1 to the Custom and Excise Act, No. 91 of 1964.
601	Increase in the rate of customs duty on certain tubes, pipes and hollow profiles, seamless, of iron (excluding cast iron) or steel.
602	Sunset review of the anti-dumping duties on garden picks, spades and shovels, rakes and forks originating in or imported from the People's Republic of China (PRC): Final Determination.
603	Creation of a rebate provision for the importation of certain input materials used in the manufacture of optical fibre cables and optical ground wire cables.
605	Investigation into remedial action in the form of a safeguard measure against the increased imports of threaded fasteners of iron or steel: bold ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for air craft): Preliminary Determination.
606	Increase in the rate of customs duty on tinplate.
607	Investigation into the alleged dumping of polyethylene terephthalate originating in or imported from the People's Republic of China: Preliminary Determination.
608	Increase in the general rate of customs duty on frozen meat of fowls of the species gallus domesticus; bone-in portions classifiable under tariff subheading 0207.14.9 and boneless cuts classifiable under tariff subheading 0207.14.1.
609	Increase in the rate of customs duty on fully-automatic top loader washing machines of a dry linen capacity not exceeding 10kg.
610	Increase in the rate of customs duty on polyethylene terephthalate (PET) classifiable under tariff subheadings 3907.61.10, 3907.69.10, 3907.61.90 and 3907.69.90.
615	Investigation into the alleged dumping of clear float glass originating in or imported from Saudi Arabia and the United Arab Emirates: Final Determination.
616	Sunset review investigation of the anti-dumping duties on disodium carbonate (Soda Ash) originating in or imported from the United States of America (USA): Final Determination.

Tariff Investigations

As enunciated in the New Growth Path and the Trade Policy and Strategic Framework, the Commission follows a developmental or strategic approach to tariff setting with the objective of promoting domestic manufacturing activity, employment retention and creation, and international competitiveness.

An increase in customs duties is considered, on a case-by-case basis, to support domestic producers, particularly those that are important from an employment or value-addition perspective and that are experiencing adverse import competition.

Tariffs for mature, resource-based capital-intensive upstream industries are selectively reviewed and in some cases reduced or removed in the interest of lowering input costs into labour-intensive, employment creating, downstream activities.

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

During the 2019/20 financial year, customs duty increases recommended by the Commission were implemented on certain tubes, pipes and hollow profiles, seamless, of iron (excluding cast iron) or steel from 10% *ad valorem* to 15% *ad valorem;* Top loader washing machines not exceeding 10kg from free of duty to *30% ad valorem;* Tinplate from free of duty to 10% *ad valorem;* Frozen meat of fowls of the species Gallus domesticus; bone-in portions ("BIP") and boneless cuts (BLC) from 37% *ad valorem* and 12% *ad valorem* to 62% *ad valorem* and 42% *ad valorem*, respectively; Polyethylene Terephthalate (PET) classifiable under tariff subheadings 3907.61.10 and 3907.69.10 from free of duty and tariff subheadings 3907.61.90 and 3907.69.90 from 10% *ad valorem* to 15% *ad valorem*, and Review of the description of tariff subheading 6210.10.20 in Part 1 of Schedule No. 1 to the Custom and Excise Act, No. 91 of 1964, which increased the duty on disposable underwear of heading no. 56.03 from free of duty to 40% *ad valorem*.

In line with the Government's Industrial Policy Action Plan (IPAP), ITAC seeks to support local manufacturing of white goods products through the facilitation of a favourable tariff regime. This will assist in expanding the domestic manufacturing base in the white goods industry and localisation of components required in the assembly of final goods for both the domestic and export markets.

Defy is a case in point, as it has recently invested and commenced the manufacturing of fully-automatic top loader washing machines, which were previously not manufactured by the domestic industry. Prior to 2019, Defy was an importer of top loader washing machines, importing mainly from the Turkish home appliance group, Arçelik. After investing and setting up a production line in its Jacobs factory located in Durban, Defy commenced the manufacturing of fully-automatic top loader washing machines with a dry linen capacity of less than 10kg in February 2019. The increase in customs duty on top loader washing machines is intended to protect such domestic investment, leading to the creation of additional job opportunities and further boost SACU's position as an investment ready destination of choice for multinational corporations. The local industry's strategy is to take advantage of the African market for exportation of the subject product. This will be made possible by its distribution footprint already established by the local manufacturers in the Sub-Saharan region.

The Commission also considered an application by the South African Poultry Association. The application was for an increase in the general rate of customs duty on bone-in portions (BIP) and boneless cuts (BLC) from 37% *ad valorem* and 12% *ad valorem*, respectively, to the World Trade Organisation (WTO) bound rate level of 82% *ad valorem.*

During its deliberations and in arriving at its recommendation, the Commission considered the information at its disposal, including comments received during the investigation, and had due regard to food security and the effect on downstream consumers of a tariff increase, especially the poor who consume poultry as one of their main sources of protein. South Africa remains the major broiler producer in Southern Africa. Broiler production dominates the agricultural sector and it remains the cheapest source of protein when compared to all other animal proteins followed by beef. Information at the Commission's disposal indicated that there was an average decline in domestic demand for the products concerned, as well as a decline in the participating producers' production volume, capacity utilisation, sales and market share, while importers' market share for BIP and BLC has been on an upward trend. Despite the fact that the participating producers' investment levels increased for the period under investigation, they continued to experience price disadvantages *vis-à-vis* foreign producers.

The imposed levels of customs duty of 62% *ad valorem* on BIP and 42% *ad valorem* on BLC should provide relief with regard to current industry pressures. However, broader structural reforms, which include, among others, investment in industry technology, research developments as well as a meaningful transformation program to accommodate new entrants in the industry, are still required to complement the protection and encouragement afforded the domestic industry.

In line with Government's articulation in 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, combined with annual monitoring of the sector's performance to monitor compliance with their reciprocal commitments.

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

A number of rebate of duty provisions have been recommended and implemented over the 2019/20 period to assist producers in reducing their cost of production and increasing their international competitiveness. These include rebate of duties on certain input material used in the manufacture of optical fibre cables and optical ground wire cables; aluminium bars, rods and profiles for use in the manufacture of stabilisation fins.

No applications for the creation of rebate provisions were rejected by the Commission.

Apart from the industrial policy considerations in the case of the intermediate input materials manufactured by the resource-based, capital-intensive industries mentioned above, 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. During the period in question, only a single tariff reduction was recommended and implemented, namely on Distributors and ignition coils identifiable for use solely or principally with motor vehicle engines.

No application for a reduction in duties were rejected 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.

Trade Remedies

ITAC is responsible for conducting trade remedy investigations in accordance with policy, domestic law and regulations and consistent with World Trade Organisation (WTO) rules. Trade Remedies consists of anti-dumping, countervailing and safeguard instruments. In the 2019/20 period the instruments utilised were anti-dumping, sunset review, anti-circumvention reviews and safeguards.

A. Anti-dumping investigations

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 South Africa at prices (called the "export price") lower than what they charge for the same product in their country (called the "normal value"). There was no anti-dumping investigation initiated in 2019/20.

The following anti-dumping investigations were carried over from 2018/19.

Table A.1 Anti-dumping investigations carried from previous year

Product	Applicant	Country	Initiation	Status
Polyethlyne terephthalate	Hosaf (Pty) Ltd	China	23/11/2018	On-going
Clear Float Glass	PFG Building Glass (Pty) Ltd	Saudi Arabia and the United Arab Emirates (UAE)	17/08/2018	Duty imposed 17/02/2020

B. Published (anti-dumping) preliminary decisions

The following preliminary determination of an anti-dumping investigation was published in 2019/2020:

Table B.1 Published preliminary decisions of anti-dumping investigations

Product	Applicant	Country	Initiation	Preliminary decision publication
Polyethlyne terephthalate	Hosaf	China	23/11/2018	02/08/2019

C. 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. These related to: Frozen bone-in pieces of fowls of the species gallus domesticus (frozen bone in chicken) imported from Germany, the Netherlands and the United Kingdom (UK); Wire ropes and cables of a diameter exceeding 32 mm originating in or imported from the United Kingdom (UK) and Germany and on stranded wire of a diameter exceeding or equal to 12.7mm originating in or imported from the People's Republic of China (PRC) (wire ropes); Frozen Potato chips originating in or imported from Belgium and the Netherlands; Gypsum plasterboard originating in or imported from Indonesia and Thailand; and Disodium carbonate (soda ash) originating or imported from the United States of America (USA). Of these investigations, the investigation on Soda Ash is the only one finalised during the financial year. The others are ongoing.

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 (UK) was initiated in February 2020. This sunset review investigation was still ongoing at the end of the financial period.

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 UK and Germany and on stranded wire originating in or imported from the PRC was initiated in July 2019. This sunset review investigation was still ongoing at the end of the financial period.

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.

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 still ongoing at the end of the financial period.

Soda Ash

An application was lodged by The Government of Botswana on behalf of Botswana Ash (Pty) Ltd (Botash). The Government of Botswana requested the Minister of Trade and industry to instruct the Commission, in terms of the ITA Act, to consider this application. An instruction was received from the Minister of the EDD (merged with the DTI to form the DTIC) for the Commission to consider the application from Botash. A sunset review investigation on soda ash originating in or imported from the USA was initiated in April 2019. This investigation was completed during the financial year. The Commission's recommendation to the Minister of Trade and Industry that the anti-dumping duties on soda ash originating in or imported from the USA be maintained was approved. The investigation was finalised in March 2020.

Table C.1 Sunset Review investigations initiated in 2019/20

Product	Applicant	Country	Initiation	Status	Type
Frozen bone-in chicken portions	South African Poultry Association	Germany, Netherlands, UK	24/02/2020	On-going	Sunset review
Wire ropes	Scaw	Germany, UK, China	26/07/2019	On-going	Sunset review
Frozen potato chips	McCain (Pty) Ltd	Belgium and Netherlands	26/07/2019	On-going	Sunset review
Gypsum plasterboard	Saint Gobain	Thailand, Indonesia	26/07/2019	On-going	Sunset review
Soda ash	Botswana	USA	26/04/2019	Duty maintained	Sunset review

C.2 Sunset Review investigation carried forward from previous year

The following sunset review investigation initiated in the previous financial year was finalised in 2019/20.

Table C.2 Sunset reviews carried from previous year

Product	Applicant	Country	Initiation	Finalisation	Outcome
Garden picks, spades and shovels, rakes and forks	Lasher Tools	People's Republic of China	28/09/2018	12/07/2019	Duties increased

D. Anti-circumvention reviews

An anti-circumvention review is conducted where following imposition of anti-dumping duties it is discovered that the exporters are evading the payment of anti-dumping duties by changing the source of supply to another country. One anti-circumvention review was initiated in 2019/20.

Table D.1 Anti-circumvention review

Product	Applicant	Country	Initiation	Status
Clear float glass	PFG Building Glass (Pty) Ltd	Egypt	23/08/2019	On-going

E. 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 considered a fair trade action taken to enable the domestic industry to adjust. No safeguard investigation was initiated or finalised in 2019/2020.

E.1 Safeguard investigation carried forward from previous year

The following safeguard investigation was carried over from 2018/19 and is on-going.

Table E.1 Safeguard investigation carried forward from previous year

Product	Applicant	Country	Initiation	Status
Fasteners (Threaded rod and nuts)	South African Institute of Steel and Iron	All countries	01/03/2019	On-going

E.2 Safeguard preliminary decisions published

During the financial period 2019/2020 the following preliminary decision was made with regards to safeguard investigations:

Table E.2 Safeguard preliminary decision

Product	Applicant	Country	Initiation	Imposition
Fasteners (Threaded rod and nuts)	South African Institute of Steel and Iron	All countries	01/03/2019	26/07/2019

F. Interim reviews

Interim reviews of anti-dumping and countervailing duties are conducted at the request of any interested party to determine whether the continued imposition of anti-dumping or countervailing duties is justified at the existing level. An interested party requesting an interim review must prove that there are changed circumstances that have led to the change in the margin of dumping, the margin of subsidy or the injury experienced by the SACU industry. No interim reviews were initiated or finalised in 2019/2020.

G. Countervailing investigations

Countervailing investigations are conducted to determine whether to impose countervailing duties to protect the SACU industry against unfair trade practices where foreign producers export their products to SACU at subsidised prices, thereby causing material injury to the SACU industry.

There was no countervailing investigation initiated in 2019/20 and no countervailing investigation was carried forward from previous years.

H. Summary of investigations conducted in 2019/2020

Investigations conducted in 2019/2020 are the following:

Product	Applicant	Initiation	Country	Status	Type
Frozen bone-in chicken portions	South African Poultry Association	24/02/2020	Germany, Netherlands, UK	On-going	Sunset review
Clear float glass	PFG Building Glass (Pty) Ltd	23/08/2019	Egypt	On-going	Sunset review
Wire ropes	Scaw	26/07/2019	Germany, UK, China	On-going	Sunset review
Frozen potato chips	McCain (Pty) Ltd	26/07/2019	Germany, Netherlands, UK	On-going	Sunset review
Gypsum plasterboard	Saint Gobain	26/07/2019	Thailand, Indonesia	On-going	Sunset review
Soda ash	Botswana	26/04/2019	US	Maintained	Sunset review
Garden tools	Lasher tools	28/09/2018	China	Increased	Sunset review
PET	Hosaf (Pty) Ltd	23/11/2018	China	On-going	Anti-dumping
Threaded fasteners	South African Institute for Steel and Iron	01/03/2019	All countries	On-going	Safeguard

Import & Export Control

ITAC administers an import and export control regime in terms of the provisions of the ITA Act. In this regard, the cross-border movement of certain goods are controlled in terms of a permit system, for the purpose of for example, 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 the PPS 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.

During the reporting period, 18 785 import permits and 15 158 export permits were issued. As can be seen from the table below, the bulk of the import permits, namely 3 227, 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 import 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	3 227
Rubber and articles thereof, including tyres	Chapter 40	2 349
Marine resources	Chapter 03	2 232
New and used arms and ammunition	Chapter 93	1 685
Mineral fuels, mineral oils and products of their distillation	Chapter 27	1 751
Used vehicle and parts thereof	Chapter 87	1 497
Metals including waste and scrap	Chapter 72 to 81	1 022
Used electrical machinery and equipment and parts thereof	Chapter 85	1 118
Organic and inorganic chemicals	Chapters 28 and 29	693

As detailed in the table below, the bulk of export permits were issued for the exportation of used motor vehicles of chapter 87 namely 6 239 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
Used motor vehicles	Chapter 87	6 239
Ferrous and non-ferrous waste and scrap	Chapters 72 to 81	5 900
Organic and inorganic chemicals	Chapters 28 and 29	1 738
Mineral fuels and products of their distillation	Chapter 27	939

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. During the 2019/20 financial year, 683 scheduled inspections were conducted, 2911 unscheduled inspections and 26 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 (SARS) and the South African Police Service (SAPS).

Economic Impact Assessments

During the 2019/20 financial year, a total of four impact studies were conducted to give an industry perspective: Bead wire; heat exchange units; set top boxes and coated steel.

The assessments were based on the support provided by ITAC during 2012−2015 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 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.

1. BEAD WIRE STUDY

Natstan Wire (Pty) Ltd is a key player in the bead wire industry in South Africa, particularly in that it is the only known manufacturer of the subject product in the SACU region. The subject product is used in the manufacture of all types of pneumatic tyres. The industry plays a key role in supporting a value-adding and capital-intensive downstream sector. However, imports have posed major problems for the domestic industry, as tyre manufacturers looking to absorb production costs have sourced their bead wire inputs from low-cost producing countries. This then resulted in the erosion of Natstan's market share, production and sales volumes.

Subsequent to that, in 2014, ITAC recommended that the general rate of customs duty on bead wire 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, create and retain jobs.

Highlights of the bead wire study are presented below:

- The tariff increase on the subject product resulted in a significant decline in imports during 2015-2018, thus enabling Natstan to reclaim its lost market share as production, domestic sales, profit margins and employment increased. Notwithstanding the challenges that continue to face the industry such as the continued sourcing of bead wire from foreign competitors by local tyre manufacturers despite local producers meeting the minimum standards, the industry stabilized following duty increase in 2014.

  On its reciprocity commitments on investment and employment, Natstan was able to maintain the latter and fell short on investment. However, investment remained stagnant due to overcapacity as a result of the company ceding the production of copper-coated wires used in telephone lines, as the product became obsolete and the market opted for a superior alternative namely optical fibre cables. In addition, overcapacity resulted from the closure of Apollo Durban plant that Natstan supplied with bead wire for the manufacture of truck tyres.

- The tariff increase contributed to the industry, managing to create 24 jobs after recording successive declines in employment pre-tariff support. Employment decreased by 25 in the period 2011-2015. Investment remained stagnant due to excess capacity as highlighted above, however, Natstan instead invested in skills development training of its workforce post duty support.

2. HEAT EXCHANGE UNITS

Kelvion Services Solutions (Pty) Ltd, a major producer of heat exchange units in the SACU region, remains a key player within the heat exchange industry as its performance has a bearing on the performance of both upstream and downstream industries. The domestic heat exchange units' manufacturing industry has been under severe strain, leading to a closure of several companies. Currently, Kelvion is one of the only three remaining companies in the industry and have subsequently geared the company towards more service related work, as there is not enough new equipment being built.

In light of this, on 25 April 2014, ITAC recommended that the general rate of customs duty on heat exchange units be increased from free of duty to *15% ad valorem*. The aim of the tariff support was to assist the company to improve its competitiveness.

Highlights of the heat exchange unit study are presented below:

- The tariff increase granted was unable to positively contribute to the firm's competitive position. This is due to the fact that despite the tariff support, total imports of heat exchange units continued to rise. Two main factors contributed to the observed increase in imports, namely, the diversion of dutiable imports from non-EU region (excluding SADC) to non-dutiable EU region, and the possibility of heat exchange units being imported under alternative tariff subheadings.

  As a result of the continued rise in imports, several key performance indicators remained constrained. Notably, production and sales volumes declined in the period following the tariff support (2015 – 2018). In addition, Kelvion's existing production capacity is currently highly under-utilised. Consequently, profit margins fluctuated and were negative between 2016 and 2017; there was a slight improvement in 2018 on the back of a decline in the cost of domestically sourced input which offset a decline in ex-factory selling price and sales volumes in 2018.

- Investment was severely curtailed owing to the company's attempts to keep operations running. During this time, Kelvion consolidated and moved more towards the service-side of heat exchange business and disposing some of its key assets. Employment levels at Kelvion declined from a total of 92 employees in 2014 to 67 employees in 2018.

3. SET TOP BOX STUDY

In 2011 the then department of trade, industry and competition, formerly known as the department of trade and industry requested ITAC to consider imposing a customs duty on finished set top boxes. This was to serve as a market opportunity for local producers of STBs created by the broadcasting digital migration process. Following an extensive investigation, ITAC recommended an increase in the rate of duty on STBs with a value (for duty purposes) not exceeding R5 000 classifiable in tariff subheading 8528.71.10, from free of duty to 15% *ad valorem*, which recommendation was implemented on 21 December 2012.

Notwithstanding the above mentioned developments leading to STBs industry wide tariff support, the digital migration process in South Africa has been marred by delays and complications in the Broadcasting Digital Migration (BDM) Policy, coupled with court challenges and general confusion which have resulted in South Africa missing the International Telecommunication Union (ITU) deadline of 17 June 2015. As things stand, the country is now targeting 2021 to complete the digital migration process.

The STBs study was conducted using information from the three known local manufacturers, namely: Yekani Manufacturing (Pty) Ltd formerly Vektronix Yekani, Leratadima Tellumat Manufacturing (Pty) Ltd, a joint venture between Leratadima marketing Solutions and Tellumat and CZ Electronics manufacturing (Pty) Ltd.

Highlights of the set top box study are presented below:

- Import volumes of STBs recorded a significant decline over the period 2013-2018, declining by 69% (equivalent to 583 817 units). The duty increase therefore had a significant impact on import volumes, notwithstanding a peak of 843 039 units of STBs reached in 2013.

- Production and sales volumes increased on the back of the government tender despite delays in the Digital Migration Process rollout. However, for the year 2019, production capacity utilisation remained well below 25%. Notwithstanding the largely positive impact of the tariff, the fast-paced nature of the electronics industry in terms of its evolution of technology has over time rendered the STBs no longer mandatory for digital migration. Thus going forward, industry local sales volumes of STBs will largely depend on MultiChoice subscriber growth and Etv's Openview decoders. However, the reliance on MultiChoice is not sustainable given that it (the company) intends to roll out dish-less and decoder-less viewer packages in 2020.

- Despite total industry investment showing an upward trend since the duty was increased, LTM has been liquidated and Yekani also faces a threat of liquidation and possible closure. While the industry was able to create 54 jobs between 2015 and 2019, the impact of firm closures and looming liquidation has put over 400 jobs risk.

4. COATED STEEL INDUSTRY STUDY

Arcelor Mittal South Africa Limited (AMSA) and Safal Steel (Pty) Ltd (SAFAL) are two major players in the coated steel manufacturing industry, supporting the downstream sector. However, low-priced steel imports had posed major problems for the domestic industry, resulting in lost market share, which in turn negatively affected production and sales volume and saw mostly declining profit margins for the two companies since 2012.

During 2012-2015, the industry experienced increasing levels of imported coated steel into the SACU market, eroding both AMSA and SAFAL's market share, which led to constrained production and sales volumes and falling capacity utilisation rates.

Subsequently, on 25 September 2015, ITAC recommended an increase in the general rate of customs duty on zinc coated/galvanised steel, aluminium zinc coated steel and painted steel, to be increased from free of duty to the WTO bound rate of *10% ad valorem*. The aim of the duty was to help the constrained domestic steel industry by curbing the rising levels of imports.

Highlights of the coated steel study are presented below:

- The tariff support afforded in 2015 to the coated steel manufacturing industry appears to have had the desired impact on curbing imports, albeit marginally. The rate of decline following tariff support is lower than the rate of increase pre-tariff support in 2015. Thus, the domestic industry's total production and sales volumes remained constrained despite the tariff support, leaving a minimal impact on the domestic industry's competitiveness. More needs to be done to improve the industry's profitability.
- It is the domestic manufacturing industry's view that the slowdown in import volumes could have been more significant had it not been because of alleged circumvention of the duty. Following the implementation of the tariff support, import volumes on certain tariff lines that are free of duty began to surge. This includes tariff heading 7225.99, 7210.30, and 7210.69. The industry has since brought an application for a duty increase on these tariff lines, which ITAC has already initiated.
- The industry shed 47 jobs following the tariff support, amounting to an average decline of 3% during 2016-2018. AMSA continues to invest in new equipment to improve its competitiveness in line with its reciprocal commitments; the same cannot be said with Safal due to the depressed trading environment.
- Thus, the tariff support has not been adequate in assisting the industry to achieve better performance and enable it to improve its competitiveness. Overall, the industry has only partly met its reciprocal commitments. More needs to be done in order to support this industry to keep the domestic manufacturing capacity in the country, especially now that the tariff rates are at WTO bound rates.

Performance against predetermined objectives

STRATEGIC OBJECTIVE 1

Strategic Outcome Oriented Goal 1	Contribute to employment, creating growth and development				
Goal statement 1.1	Effective administration of trade instruments: Customs Tariffs, Trade Remedies and Import and Export Control				
STRATEGIC OBJECTIVE 1	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure contribution to employment creating growth and development through effective delivery of international trade instruments	**Customs Tariff Reduction Investigations:**				
	Investigations under consideration	Turnaround times of Customs Tariff Reduction Investigations.	80% of the final decision within 6 months.	100% of the final decisions were made within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants, interested parties.
	Customs Tariff Increase Investigations:				
	Investigations under consideration	Turnaround times of Customs Tariff Increase Investigations.	80% of the final decision within 6 months.	13% of the final decisions were made within 6 months.	Target not achieved. Protracted engagements with applicants, interested parties, as well as litigation during the process of investigation.
	Customs Tariff Rebates Investigations:				
	Investigations under consideration	Turnaround times of Customs Tariff Rebate Investigations.	80% of the final decision within 6 months.	88% of the final decisions were made within 6 months.	Target achieved. There were no protracted engagements with applicants, interested parties, and no litigation during the process of investigations in the period under review.
	Customs Duty Rebate and Drawback permits				
	Rebate and drawback permits	Turnaround times of Customs Duty Rebate and Drawback Permits.	80% of the permits issued within 2 weeks.	95% of the permits issued were within 2 weeks.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
	Automotive Production Development Programme (APDP)				
	Eligible Production Certificates (EPCs)	Turnaround times of EPCs.	80% of the certificates issued within 10 days after technical working group or factory visit and all outstanding information issubmitted.	97% of the 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.

Note: *Dti was merged with the EDD to form DTIC*

Strategic Outcome Oriented Goal 1	Contribute to employment, creating growth and development				
Goal statement 1.1	Effective administration of trade instruments: Customs Tariffs, Trade Remedies and Import and Export Control				
STRATEGIC OBJECTIVE 1	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure contribution to employment creating growth and development through effective delivery of international trade instruments	Production Rebate Credit Certificates (PRCCs)	Turnaround times of PRCCs.	80% of the certificates issued within 30 days.	94% of the certificates issued were within 30 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
	APDP Verifications conducted to ensure compliance to the programme	Turnaround times of APDP Verifications.	80% of the verifications completed within 3 months.	94% of the verifications finalised were completed within 3 months.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
	Anti-Dumping Investigations:				
	Investigations under consideration	Turnaround times of Anti-Dumping investigations.	80% of Preliminary determination within 6 months of initiation. 80% of Final determinations within 10 months of initiation.	No Preliminary determination made within 6 months of initiation. No Final determinations made within 10 months of initiation.	Target not achieved Only one preliminary determination was made on PET. This exceeded time frame since large number of exporters participated in the investigation. Only one final determination was made: Float Glass. This exceeded time frame due to a large number of exporters' participation and long approval and implementation process outside ITAC's control.
	New investigations initiated	Turnaround time from acceptance of properly documented application to initiation of Anti-Dumping investigations.	80% of properly documented application accepted, initiated within 2 months	No properly documented applications received.	Progress against the target could not be evaluated. No investigations were initiated as no properly documented applications were received.
	Countervailing Investigations:				
	Investigations under consideration	Turnaround times of Countervailing investigations.	80% of Preliminary determination within 6 months of initiation. 80% of Final determinations within 10 months of initiation.	No preliminary determination or final determinations made.	Progress against the target could not be evaluated. No Countervailing investigations were carried over from the previous financial year, and no new investigations were initiated in 2019/20 financial year.

Note: *Dti was merged with the EDD to form DTIC*

Strategic Outcome Oriented Goal 1	Contribute to employment, creating growth and development				
Goal statement 1.1	Effective administration of trade instruments: Customs Tariffs, Trade Remedies and Import and Export Control				
STRATEGIC OBJECTIVE 1	MEASURABLE OBJECTIVES	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
To ensure contribution to employment creating growth and development through effective delivery of international trade instruments	New investigations initiated	Turnaround time from acceptance of properly documented application to initiation of countervailing investigation.	80% of properly documented application accepted, initiated within 2 months.	No properly documented applications received.	Progress against the target could not be evaluated. No investigations were initiated as no properly documented applications were received.
	Sunset Review Investigations:				
	Investigations under consideration	Turnaround times of Sunset Review investigations.	80% of Final determinations within 10 months of initiation.	50% of Final determinations within 10 months of initiation.	Target not achieved. • Garden Tools: initiation on 28/09/18 and finalized on 12/07/19. • Soda Ash: Initiation 26/4/2019 and finalised on 30/3/2020. Time frames on this investigation were not achieved due to long approval and implementation process outside ITAC's control.
	New investigations initiated	Turnaround time from acceptance of properly documented application to initiation of Sunset Review investigation.	80% of properly documented application accepted, initiated within 2 months.	100% of properly documented applications initiated within 2 months of acceptance.	Target achieved. The process of initiation was executed efficiently with no delays. Soda Ash; Gypsum Plasterboard; Wire Ropes; Potato chips and Chicken investigations were initiated within 2 months of acceptance.

Note: *Dti was merged with the EDD to form DTIC*

Strategic Outcome Oriented Goal 1	Contribute to employment, creating growth and development				
Goal statement 1.1	Effective administration of trade instruments: Customs Tariffs, Trade Remedies and Import and Export Control				
STRATEGIC OBJECTIVE 1	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure contribution to employment creating growth and development through effective delivery of international trade instruments	**Safeguard Investigations:**				
	Investigations under consideration	Turnaround times Safeguard investigations.	80% of Preliminary determination within 6 months of initiation. 80% of Final determinations within 10 months of initiation.	100% of Preliminary determination within 6 months of initiation. No final determinations made during this period.	Target achieved. Preliminary determination was made within 6 months of initiation: Fasteners initiated on 01/03/19, and Provisional measures imposed on 26/07/19. No final determinations made during this period.
	New investigations initiated	Turnaround time from acceptance of properly documented application to initiation of Safeguard investigation.	80% of properly documented application accepted initiated within 2 months.	No properly documented applications received.	Progress against the target could not be evaluated. No investigations were initiated as no properly documented applications were received.
	Import Control Permits:				
	Import Control Permits	Number of import control permits issued.	16 000	18 785	Target achieved. Number of import permits issued depends on number of import permit applications received.
	Export Control Permits:				
	Export Control Permits	Number of export control permits issued.	12 000	15 158	Target achieved. Number of export permits issued depends on number of export permit applications received.

Note: *Dti was merged with the EDD to form DTIC*

Strategic Outcome Oriented Goal 1	Contribute to employment, creating growth and development				
Goal statement 1.1	Effective administration of trade instruments: Customs Tariffs, Trade Remedies and Import and Export Control				
STRATEGIC OBJECTIVE 1	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure contribution to employment creating growth and development through effective delivery of international trade instruments	**Enforcement of Import and Export Control Permit Conditions:**				
	Inspections and Investigations	Number of Scheduled Import and Export Control Permit inspections.	500	683	Target achieved. Increase in the number of scheduled inspections as a result of additional capacity and operational requirements.
		Number of Unscheduled Import and Export Control Permit inspections.	1000	2911	Target achieved. Increase in the number of unscheduled inspections as a result of additional capacity and operational requirements.
		Number of Import and Export Control Investigations.	20	26	Target achieved. The number of investigations depends on the number of detected contraventions. In the year under review, more contraventions were detected.

Note: *Dti was merged with the EDD to form DTIC*

STRATEGIC OBJECTIVE 2

Strategic Outcome Oriented Goal 2	**Ensure strategic alignment and continued relevance to the Economic Development Department and the national agenda, particularly the National Growth Path**				
Goal statement 2.1	**Provision of technical advice in respect of tariffs, trade remedies and Import and Export Control to the Economic Development Department and the dti**				
STRATEGIC OBJECTIVE 2	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure strategic alignment with and continued relevance to the Economic Development Department and National Agenda, particularly the New Growth Path	Participation in the dti's multilateral negotiations	Input papers finalised and presented to the dti. Participation in the dti's multilateral engagements.	ITAC staff provides input into and attend 80% of dti arranged multilateral engagements.	No input or requests to attend multilateral engagements were received from the dti.	Progress against the target could not be evaluated, as no input or requests to attend multilateral engagements were received from the dti.
	Participation in the dti's bilateral negotiations	Input papers finalised and presented to the dti. Participation in the dti's bilateral engagements.	ITAC staff provides input into and attend 80% of the dti arranged bilateral engagements.	ITAC staff provided inputs into and attended 100% of the dti arranged bilateral engagements.	Target achieved. ITAC provided inputs into and attended all of the dti arranged bilateral engagements
	Technical advice provided regarding international trade instruments	Participate in strategic departmental and agency meetings providing technical inputs as requested.	8 engagements for Tariff Investigations Unit. 8 engagements for Trade Remedies Unit. 8 engagements for Import and Export Unit.	8 engagements for Tariff Investigations Unit 8 engagements for Trade Remedies Unit. 8 engagements for Import & Export Control	Target achieved. No variance recorded.

Note: *Dti was merged with the EDD to form DTIC*

STRATEGIC OBJECTIVE 3

Strategic Outcome Oriented Goal 3	Ensure organisational efficiency and effectiveness of ITAC				
Goal statement 3.1	Development and review of policy regulations in respect of tariffs, trade remedies and Import and Export Control				
STRATEGIC OBJECTIVE 3	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure organisational efficiency and effectiveness of ITAC	Reviewed Trade Remedies Policy and Regulations.	Reviewed Policy and/or Regulations submitted to the Minister of Economic Development for approval.	Reviewed Anti-Dumping Policy submitted to the Chief Commissioner for approval.	The Reviewed Anti-dumping Regulations were submitted to the Chief Commissioner and forwarded to the dti for its review and recommendation to the Minister.	Target was not achieved The focus was placed on finalising the Reviewed Anti-dumping Regulations (ADR), which would inform the Anti-dumping policy. Hence Anti-Dumping policy could not be finalised.
	Reviewed Import and Export Control Policy and Regulations.	Reviewed Import Control and/or Export Control Policy and/ or Import Control and/or Export Control Regulations submitted to Minister of Economic Development for approval.	1 This target is subject to policy directive from EDD (merged with the DTI to form the DTIC)\Other National departments.	1 reviewed Import Control regulation and Export Control regulation submitted to Minister for approval.	Target achieved. The amendments of both the import control and the export control regulations were submitted to the Minister on 10 October 2019.
	Ad - hoc research papers (Reviewed Import and Export Control)	Finalised research papers submitted to Chief Commissioner for approval	1 research paper finalised and submitted to the Chief Commissioner for approval.	The research paper on hospital beds and earthmoving machine parts being buckets, shovels, grips and grabs was not finalised.	Target not achieved. Research on hospital beds and earthmoving machine parts being buckets, shovels, grips and grabs is still in progress. It could not be finalised because of vacancies in the unit.
	Conduct impact assessments of ITAC's instruments	Reports presented to relevant stakeholders and the final annual consolidated impact evaluation report submitted to EDD (merged with the DTI to form the DTIC) and the dti.	5 product specific impact assessments.	4 product specific impact assessment reports were issued.	Target not achieved. The following 4 product specific impact reports were issued: • Bead wire • Heat Exchange Units • Set Top Boxes • Coated Steel

Note: *Dti was merged with the EDD to form DTIC*

Strategic Outcome Oriented Goal 3	**Ensure organisational efficiency and effectiveness of ITAC**				
Goal statement 3.1	**Development and review of policy regulations in respect of tariffs, trade remedies and Import and Export Control**				
STRATEGIC OBJECTIVE 3	**MEASURABLE OBJECTIVES**	**PERFORMANCE INDICATORS**	**TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2020**	**ANNUAL PERFORMANCE (Progress to date)**	**REASONS FOR VARIANCE**
To ensure organisational efficiency and effectiveness of ITAC	Quarterly Trade Monitoring reports	Annual consolidated Trade Monitoring Report.	Annual and quarterly Trade Monitoring Reports.	Only two quarterly trade-monitoring reports on cement and poultry were finalised in the period under review.	Target not achieved. The vacancy rate in the Economic Research and Analysis resulted in ITAC missing this target. In particular, the Chief Economist position which is vacant. Only two quarterly trade-monitoring reports on cement and poultry were finalised in the period under review.
	Strengthen systems on reciprocal commitments by tariff adjustment beneficiaries on new investment, job creation and industrial expansion.	Bi-Annual report on the performance of the selected sector against reciprocal commitments by tariff adjustment beneficiaries on new investment, job creation and industrial expansion.	Bi-Annual report on the performance of the selected sector against reciprocal commitments by tariff adjustment beneficiaries on new investment, job creation and industrial expansion.	Bi-Annual reports on the performance of the selected sector against reciprocal commitments by tariff adjustment beneficiaries on new investment, job creation and industrial expansion were released.	Target achieved. Two impact assessments reports also dealing with reciprocal commitments were released. These were Beadwire and Coated Steel reports.
	Administration of scrap metal price preference system to achieve intended objectives, as well as successfully opposing litigation against the system	Reports (Bi-Annual) on the administration of scrap metal price preference system to achieve intended objectives, as well as litigation outcomes against the system.	Reports (Bi-Annual) on the administration of scrap metal price preference system to achieve intended objectives, as well as litigation outcomes against the system.	Bi-Annual reports on the administration of scrap metal price preference system to achieve intended objectives, as well as litigation outcomes against the system were issued.	Target achieved. No variance recorded.

Note: *Dti was merged with the EDD to form DTIC*

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 and Risk 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.

1. Internal Controls

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

2. Risk Management

ITAC has a Risk Management Framework and Policy that guide the approach and processes 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 and 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 a sub-committee of the Audit Committee and reports to the Audit Committee on implementation of Risk Management Framework, 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.

3. 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 adopted annually.

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

4. Internal Audit and the Audit and Risk Committee

The primary function of the Internal Audit is to give objective assurance to the Accounting Authority and Audit and Risk 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 2019/20 financial year, Internal Audit performed audits in the following areas as per the approved annual plan:

- Performance against predetermined objectives.
- Financial Management.
- Core Business.

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.

4.1. Audit and Risk Committee

Name	Qualifications	Internal/ External	Date appointed	Date Resigned
R Govender (Chairperson)	CA (SA)	External	1 December 2018	N/A
E Pillay (Member)	CA (SA)	External	1 December 2018	N/A
R Nhlapo (Chair of Risk Management Committee)	M Tech	External	1 August 2016	N/A

5. 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 2020.

1. Operating results

The surplus for the period ended 31March 2020 was R3 802 674 (31 March 2019: R3 370 923). The interest received for the period was R1 458 154 (31 March 2019: R912 555).

2. Review of activities

Main business and operations

ITAC used to fall under the Economic Development Department (EDD). EDD merged with the Department of Trade and Industry (the dti) to form the Department of Trade, Industry and Competition (the dtic). Now ITAC falls under the dtic.

The table below reflects actual revenue and expenditure amounts for the 2019/20 financial year:

	2020	2019
Total revenue (actual)	113 022 507	107 640 056
Total expenditure (actual)	(109 219 833)	(104 269 133)
	3 802 674	3 370 923

ITAC continued to receive its annual grant allocation from the dtic. A conditional grant was also received to cover employee related costs for the Price Preference System contract workers as per the scrap metal directive issued by the Minister for the dtic. ITAC's total expenditure was R109 million which represents 96.6% of the actual revenue. Employee related costs represent 79% of the total expenditure with a vacancy rate of 19.8% at year end. Stringent cost containment measures were implemented to manage expenditure levels and ensure that ITAC remains within budget.

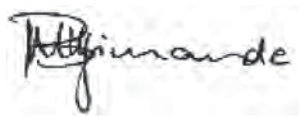
3. Executive management emoluments

Diclosure of the Executive Management remuneration is detailed in note 23 of the annual financial statements.

4. Materiality and significance framework

ITAC has developed and adopted a materiality and 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 29 of 1999). The materiality amount for the period under review was R544 500. This represents 0.5% of ITAC's total approved revenue budget for the period. ITAC's total approved revenue budget for the period was R108 900 000.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 September 2020 and were signed on its behalf by:



Mr M. Nzimande
Chief Commissioner
30 September 2020

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 Accounting Authority is required by the Public Finance Management 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, the Chief Commissioner in this case, 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 auditor was engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

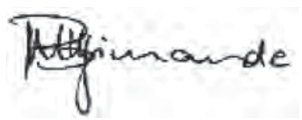
The Chief Commissioner has reviewed ITAC's budget and cash flow forecasts for the period ending 31 March 2021. On the basis of this review, and in view of the current financial position and existing resources of the parent department by way of transfer payments to ITAC, the Chief Commissioner has every reason to believe that ITAC will be a going concern in the year ahead and the going concern basis has therefore been adopted in preparing the financial statements.

To enable the Chief Commissioner to meet these responsibilities, senior management sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout ITAC and all employees are required to maintain the highest ethical standards in ensuring that ITAC's business is 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 the entity. While operational risk cannot be fully eliminated, ITAC endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The internal controls contain self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or overriding of controls. An effective system of internal control, therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statements presentation. Furthermore, because of changes in the operating and control environment, the effectiveness of internal controls may vary over time.

The Executive Committee has reviewed ITAC's systems of internal control and risk management for the period ending 31 March 2020, and is of the opinion that ITAC's systems of internal control and risk management were effective for the period under review.

I am satisfied that these financial statements represent a fair reflection of the results of ITAC for the period ending 31 March 2020.



Mr M. Nzimande
Chief Commissioner
30 September 2020

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2020.

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	Number of meetings attended
R Govender (Chairperson – appointed November 2018)	6
R Nhlapo (Chairperson of Risk Management Committee)	6
M Pillay (Appointed – November 2018)	4

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 the governance report on page 42 and 43 of the annual report. Internal Audit completed work in the areas of financial management, financial statements, performance information 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 the performance management and pre-determined objectives, there were no significant issues of concern to the Committee. The Audit Committee has discussed the findings with management and are 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 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. There has been a notable improvement especially on the quality of financial statements.

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 Auditor-General South Africa and the Accounting

Authority; and made certain recommendations for improvement;

- Reviewed the Auditor-General South Africa'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 Auditor-General South Africa'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 Auditor-General South Africa.

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.

Auditor-General South Africa

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 29 of the financial statements.

The Audit Committee has analysed the root causes of the new findings and management responses in the Auditor General South Africa'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 2019/20 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 September 2020

Report of the auditor-general to Parliament on the International Trade Administration Commission of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the International Trade Administration Commission of South Africa set out on pages 57 to 89, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Trade Administration Commission of South Africa as at 31 March 2020, 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 of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of 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 appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

12. I 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 strategic objective presented in the annual performance report of the public entity for the year ended 31 March 2020:

Strategic objective	Pages in the annual performance report
Strategic objective 3 - To ensure organisational efficiency and effectiveness of ITAC	38-39

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I 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. I did not identify any material findings on the usefulness and reliability of the reported performance information for Strategic objective 3: To ensure organisational efficiency and effectiveness of ITAC.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 32 to 39 for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number 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, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. I 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 the selected strategic objective presented in the annual performance report that has been specifically reported in this auditor's report.

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

21. In connection with my audit, my 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 strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. The other information I obtained prior to the date of this auditor's report is the general information, performance information excluding the selected strategic objective reported on in this auditor's report, corporate governance report and human resource management information. The foreword by the Minister, commentary by the Chairperson of the Commission, Accounting Authority's report and Audit Committee report are expected to be made available to us after 30 September 2020.

23. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

24. When I do receive and read the outstanding information, if I conclude that there is a material misstatement therein, I am 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, I 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

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

Auditor-General.

Pretoria
30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor general's responsibility for the audit

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

Financial statements

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

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

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

   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the International Trade Administration Commission of South Africa to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

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

Communication with those charged with governance

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

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

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 employee well-being, underpinned by our pursuit to deploy a highly committed and capable workforce. The department seeks to create and 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.

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. Financial constraints have adversly impacted ITAC's ability to fully implement its WSP.

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. The purpose of the programme is to provide preventative, consultative and information services to all employees of ITAC and their families who may encounter personal problems.

Employment

ITAC's workforce as at 31 March 2020 was 105 and comprises of the following:

Core Business	Support Services
58	44

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 2020, there were 26 vacant positions, excluding contract positions. This scenario puts the vacancy rate at 19.84% for the 2019/20 financial year.

Employment Equity (EE)

In accordance with the Employment Equity Act, of 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 - 2022.

Employee Profile

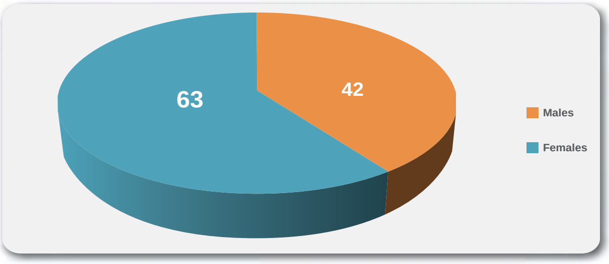
The following graphs present ITAC's employee profile in terms of a) gender; b) race; and c) Job classifications.

a. Gender profile

The table below shows the gender profile as at 31 March 2020:

Males	Females
42	63

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.

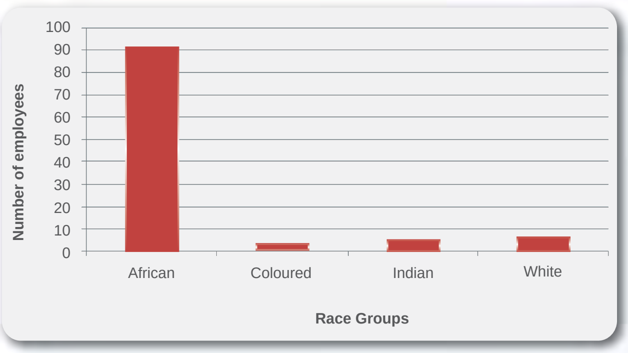
b. Race Profile

The table below shows the race profile as at 31 March 2020:

Table 2.

African	Coloured	Indian	White
91	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 table below shows the job profile as at 31 March 2020:

Top Management	Senior Management	Professionals	Skilled	Semi-Skilled	Unskilled	Total
3	10	24	36	29	3	105

In graph format:

The graph above depicts the percentages of employees across 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 across all occupational categories.


SOUTH AFRICAN
flysaa.com

Part E

FINANCIAL INFORMATION

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	6	115 317	100 150
Receivables from exchange transactions	7	246 769	420 999
Prepayments	5	428 224	13 914
Cash and cash equivalents	8	24 533 700	17 431 955
		25 324 010	**17 967 018**
Non-Current Assets			
Property, plant and equipment	3	918 383	1 489 910
Intangible assets	4	22 307	174 121
		940 690	**1 664 031**
Total Assets		**26 264 700**	**19 631 049**
Liabilities			
Current Liabilities			
Operating lease liability	9	-	1 216 431
Payables from exchange transactions	11	5 579 100	2 646 284
Provisions	10	12 592 574	11 477 982
		18 171 674	**15 340 697**
Total Liabilities		**18 171 674**	**15 340 697**
Net Assets		**8 093 026**	**4 290 352**
Accumulated surplus		8 093 026	4 290 352

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Other income	12	136 353	143 366
Interest received - call account	12	1 458 154	912 555
Total revenue from exchange transactions		**1 594 507**	**1 055 921**
Revenue from non-exchange transactions			
Transfer revenue			
Conditional grant	14	4 500 000	4 393 135
Government grants and subsidies	12	106 928 000	102 191 000
Total revenue from non-exchange transactions		**111 428 000**	**106 584 135**
Total revenue	**12**	**113 022 507**	**107 640 056**
Expenditure			
Employee related costs	15	(86 165 105)	(84 432 633)
Depreciation and amortisation	16	(735 892)	(802 028)
Lease rentals on operating lease	13	(6 685 118)	(6 537 921)
General expenses	17	(15 633 718)	(12 496 551)
Total expenditure		**(109 219 833)**	**(104 269 133)**
Surplus for the year		**3 802 674**	**3 370 923**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2018	**919 429**	**919 429**
Changes in net assets		
Surplus for the year	3 370 923	3 370 923
Total changes	3 370 923	3 370 923
Opening balance as previously reported	4 270 915	4 270 915
Adjustments		
Correction of error	19 437	19 437
Restated* Balance at 01 April 2019 as restated*	**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
Balance at 31 March 2020	**8 093 026**	**8 093 026**

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Grants		106 928 000	102 191 000
Interest income		1 458 154	803 799
Other receipts		292 716	238 532
Conditional grants		4 500 000	4 393 135
		113 178 870	107 626 466
Payments			
Employee costs		(84 619 169)	(84 224 155)
Suppliers		(21 463 273)	(18 778 807)
		(106 082 442)	(103 002 962)
Net cash flows from operating activities	19	**7 096 428**	**4 623 504**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(12 550)	-
Proceeds from disposal of assets		17 867	18 565
Net cash flows from investing activities		**5 317**	**18 565**
Net increase in cash and cash equivalents		**7 101 745**	**4 642 069**
Cash and cash equivalents at the beginning of the year		17 431 955	12 789 886
Cash and cash equivalents at the end of the year	8	**24 533 700**	**17 431 955**

Statement of Comparison of Budget and Actual amounts

Budget on cash basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actuala mounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Other income	227 000	-	**227 000**	136 353	**(90 647)**	30
Interest received -call account	1 745 000	-	**1 745 000**	1 458 154	**(286 846)**	30
Total revenue from exchange transactions	**1 972 000**	**-**	**1 972 000**	**1 594 507**	**(377 493)**	
Revenue from non-exchange transactions						
Transfer revenue						
Conditional grant	-	-	**-**	4 500 000	**4 500 000**	30
Government grants and subisidies	106 928 000	-	**106 928 000**	106 928 000	**-**	
Total revenue from non-exchange transactions	**106 928 000**	**-**	**106 928 000**	**111 428 000**	**4 500 000**	
Total revenue	**108 900 000**	**-**	**108 900 000**	**113 022 507**	**4 122 507**	
Expenditure						
Personnel	(86 978 000)		**(86 978 000)**	(86 165 105)	**812 895**	30
Depreciation and amortisation	-	-	**-**	(735 892)	**(735 892)**	30
Lease rentals on operating lease	(8 503 076)	-	**(8 503 076)**	(6 685 118)	**1 817 958**	30
General Expenses	(13 418 924)	-	**(13 418 924)**	(15 633 718)	**(2 214 794)**	30
Total expenditure	**(108 900 000)**	**-**	**(108 900 000)**	**(109 219 833)**	**(319 833)**	
Surplus for the year	**-**	**-**	**-**	**3 802 674**	**3 802 674**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**3 802 674**	**3 802 674**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (1 of 1999).

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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. Unless otherwise stated, financial figures have been rounded off to the nearest R1.

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 at least the next 12 months.

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 makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Most of the ITAC’s trade receivables are staff debtors and collected through payroll deductions.

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 and interest rate used for discounting.

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 10 - Provisions.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of Property, plant andequipment

ITAC's management determines the estimated useful lives 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. 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 useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and 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.

Going concern assumption

The President announced a R500 billion fiscal support package that includes spending towards covid-19 priorities following the declaration of a national state of disaster in South Africa due to the global covid-19 pandemic. To give effect to this, R300 billion will be funded through baseline reprioritisation in the 2020/21 financial year and to this end, public spending priorities have been adjusted to respond to the health crisis. ITAC, like all other government institutions have received a reduction in the baseline budget allocation. Management have revised cash flow projections and cost containment measures to align with the current funding from National Treasury. ITAC is also requesting approval from the Minister of dtic to charge fees for certain permits it administers. Although management at this stage cannot predict the unknown factors or all possible future implications for the economy and government, they have concluded, due to the funding secured that ITAC will continue to operate as a going concern for the next 12 months.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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 their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Furniture and fittings	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.

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

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

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

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

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

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.

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

ITAC's intangible assets include computer software and the development cost of the website. Computer software that is not an integral 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	Straight line	5 years

Intangible assets are derecognised:

- on disposal;or
- when no future economic benefits or service potential are expected from its 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

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

A financial asset is:

- cash;
- a residual interest of another entity;or
- a contractual rightto:
  - receive cash or another financial asset from another entity;or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity;or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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 fair value
Trade and other receivables	Financial asset measured at fair value

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

Class	Category
Trade and other payables	Financial liability measured at fair value

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.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR 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 directly OR 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 orwaived;
- it transfers to another party substantially all of the risks and rewards of ownership of the financial asset;or
- 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 thetransfer.

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

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

Financial liabilities

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

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.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, andrequiresettlementby another entity in cash or another financial asset. Statutory receivables includes taxes, fines, penalties, grants and fees charged to regulated activities. ITAC's statutory receivables will most likely be the grants, as the dominant legislated transactions emanate from the budget allocation that comes via dtic. Accordingly ITAC's transactions are accounted for as non- exchange in nature or exchange nature, whichever is applicable.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers);or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

Entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

Entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (whereapplicable);
- impairment losses;and
- amounts derecognised.

Impairment losses

ITAC assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. Statutory receivables from non-exchange transactions like grants are unlikely to be impaired as they originate from another state institution. Guidelines as per the applicable standard will be applied to assess impairment on statutory receivables from exchange transactions.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

Derecognition

entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- entity transfers to another party substantially all of the risks and rewards of ownership of the receivable;or
- ITAC despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable;and
  - recognise separately any rights and obligations created or retained in the transfer.

1.8 Tax

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

1.9 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.

1.10 Inventories

ITAC's inventory consist 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 net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or 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 net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity;or
- the number of production or similar units expected to be obtained from the asset by the entity.

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) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-retirement benefits: Defined contribution plans

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

ITAC provides a defined scheme for its employees, which is the Government Employees Pensionable Fund (GEPF). The funded by payments from employees and ITAC. 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 for any deficit due to the difference between the present value of the benefit obligations and the fair value of the assets managed by the GEPF. Any potential liabilities are disclosed in the financial statements of ITAC.

1.13 Provisions and contingencies

Provisions are recognised when:

- 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

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 required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services);and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments areexcluded.

1.15 Revenue from exchange transactions

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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

Interest received from call account

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

- Itis probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

1.16 Revenue from non-exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.ITAC's revenue from non-exchange transactions consists of transfers received from the dtic.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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 theentity,
- 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 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

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

All expenditure relating to 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, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act;or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act;or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Budget information

Entity is subject to budgetary limits in the form of appropriations or budget authorisations from National Treasury via the dtic.

ITAC provide financial reports providing information on whether resources were obtained and used in accordance with the legally adopted budget.

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 2019/04/01 to 2020/03/31.

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.

1.21 Related parties

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

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

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

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

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

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

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

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

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

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

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 2020 or later periods:

Standard/ Interpretation:	Effectivedate: Years beginning on or after	Expected impact:
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37:Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	974 851	(807 769)	167 082	962 300	(720 577)	241 723
IT equipment	4 644 420	(3 893 119)	751 301	4 644 420	(3 396 233)	1 248 187
Total	**5 619 271**	**(4 700 888)**	**918 383**	**5 606 720**	**(4 116 810)**	**1 489 910**

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**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	336 666	-	(94 943)	241 723
IT equipment	1 755 485	(1 849)	(505 449)	1 248 187
	2 092 151	**(1 849)**	**(600 392)**	**1 489 910**

Pledged as security

Property, plant and equipment is not pledged as security for any financial liability.

Compensation received for losses on property, plant and equipment – included in operating profit.

	2020	2019
IT equipment	17 867	18 565
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
IT equipment	14 776	8 551
Furniture and fixtures	4 807	-
	19 583	**8 551**

Notes to the Annual Financial Statements

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 344 575	(1 322 268)	22 307	1 344 576	(1 170 455)	174 121

Reconciliation of intangible assets - 2020

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

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	375 756	(201 635)	174 121

Pledged as security

No intangible assets were pledged as security for any financial liabilities.

5. Prepayments

	2020	2019
Parking	11 592	10 626
Subscriptions	3 783	3 288
Group Life	13 471	-
Medical aid contributions	399 378	-
	428 224	**13 914**

Medical aid contributions and group life payments for April 2020 were made in March 2020 to mitigate the possible work disruptions emanating from covid-19 emergency and lockdown.

6. Inventories

	2020	2019
Stationery and consumables	115 317	100 150

Notes to the Annual Financial Statements

7. Receivables from exchange transactions

FIGURES IN RANDS	2020	2019
Cellphones	35 318	35 318
Bursaries	51 631	107 549
Accrued interest	-	108 756
Other debtors	289 582	299 138
Provision for bad debts	(129 762)	(129 762)
	246 769	**420 999**

No trade and other receivables were pledged as security for any financial liability.

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

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

Other debtors consists mainly of telephone and payroll related debtors.

Trade and other receivables past due but not impaired

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

	2020	2019
1 month past due	-	1 669
2 months past due	-	10
3 months past due	376 531	370 905

The amount of the provision was R129 762 as of 31 March 2020 (2019: R129 762). The provision was made in the prior financial years for former ITAC employees. A debt collector was appointed to trace and collect from these debtors and a write- off will be considered where debt collection measures failed.

Trade and other receivables neither past due nor impaired

	2020	2019
Current	-	178 177

8. Cash and cash equivalents

	2020	2019
Cash and cash equivalents consist of:		
Cash on hand	1 938	7 900
Current account	97 830	98 015
Call account	23 945 336	17 326 040
CPD account	488 596	-
	24 533 700	**17 431 955**

Management considers that all the above cash and cash equivalent 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 daily interest earned was 5.65%. The cash and cash equivalents were not pledged as security for any financial liabilities.

Notes to the Annual Financial Statements

9. Operating lease liability

FIGURES IN RANDS	2020	2019
Current liabilities	-	1 216 431
	-	**1 216 431**

The average lease term was 5 years and the escalation rate was 10% per annum. The current lease agreement expired on 31 March 2020 and a new agreement will be effective from 1 April 2020.

10. Provisions

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**

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	3 617 834	3 462 038	(2 170 979)	-	4 908 893
Performance bonus	1 345 346	1 315 382	(1 341 051)	(4 295)	1 315 382
Leave pay	4 368 543	4 583 352	(4 452 203)	-	4 499 692
Workmens Compensation	322 578	197 812	(122 675)	(78 581)	319 134
Housing allowance	324 144	177 792	(67 055)	-	434 881
	9 978 445	**9 736 376**	**(8 153 963)**	**(82 876)**	**11 477 982**

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. An EXCO decision was taken that employees will forfeit the benefits if they exit ITAC without utilising the benefit. A reversal was made for all employees that left ITAC without utilising the benefit.

Notes to the Annual Financial Statements

11. Payables from exchange transactions

FIGURES IN RANDS	2020	2019
Trade payables	666 690	588 801
13th cheque accruals	1 694 567	1 816 343
Other payables	3 217 843	241 140
	5 579 100	**2 646 284**

Creditors are paid within 30 days of receipt of invoice. Trade and other payables are interest free and unsecured. Other payables includes accruals, sundry payables and the GEPF employer additional liability.

The ageing of trade and other payables is as follows:

	2020	2019
Current	2 933 130	2 514 255
1 month	9	39 022
over 3 months	2 645 961	93 007
	5 579 100	**2 646 284**

12. Revenue

	2020	2019
Other income	136 353	143 366
Interest received - call account	1 458 154	912 555
Conditional grant	4 500 000	4 393 135
Government grants and subsidies	106 928 000	102 191 000
	113 022 507	**107 640 056**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	136 353	143 366
Interest received - call account	1 458 154	912 555
	1 594 507	**1 055 921**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Conditional grant	4 500 000	4 393 135
Government grants and subsidies	106 928 000	102 191 000
	111 428 000	**106 584 135**

Other income consists of recoveries from staff debts and insurance claims

13. Lease rentals on operating lease

	2020	2019
Premises	6 110 277	6 110 277
Motor vehicles	286 166	94 542
Equipment	288 675	333 102
	6 685 118	**6 537 921**

Notes to the Annual Financial Statements

14. Conditional grant

FIGURES IN RANDS	2020	2019
Operating grant		
Conditional grant - PPS Salaries - Scrap metal	4 500 000	4 393 135

15. Employee related costs

	2020	2019
Basic	61 740 567	61 814 208
Bonus	771 656	1 311 087
Medical aid - company contributions	869 390	886 148
Unemployment Insurance Fund	211 933	223 660
Workmens Compensation	106 290	126 636
Leave pay provision charge	576 628	384 247
Post retirement benefit expenses	9 851 651	7 332 933
13th Cheques	3 907 132	4 038 505
Car allowance	451 992	451 992
Housing benefits and allowances	1 067 596	1 121 144
Group life	166 764	175 014
Non-pensionable cash allowance	6 443 506	6 567 059
	86 165 105	**84 432 633**

Number of employees as at 31 March 2020 was 105 (2019 was 110).

An employer liability to the GEPF of R2 552 954 (principal amount and interest) was included in post retirement benefit expenses. The employer additional liability relates to the former ITAC Commissioner. Certain instances of additional liability towards the GEPF occurs when a member of the GEPF, retires or is discharged from public sector prior to normal retirement age. The GEPF uses actuarial valuations to determine the amount of the liability.

16. Depreciation and amortisation

	2020	2019
Furniture and Fittings	87 192	94 944
IT equipment	496 886	505 449
Computer software	151 814	201 635
	735 892	**802 028**

Notes to the Annual Financial Statements

17. General expenses

FIGURES IN RANDS	2020	2019
Advertising	156 175	309 969
Auditors remuneration	1 304 697	1 562 933
Bank charges	32 932	34 679
Cleaning	-	120
Consulting and professional fees	3 324 716	963 069
Catering	130 137	126 574
Repairs and maintenance	23 171	8 551
Flowers	-	24 300
Insurance	384 709	390 092
IT expenses	45 998	192 114
Promotions and sponsorships	-	28 841
Legal fees	4 130 184	3 462 039
Motor vehicle expenses	141 600	80 418
Recruitment and resettlement expenditure	40 517	2 206
Postage and courier	135 320	153 254
Printing and stationery	348 785	439 697
Employee wellness	65 669	67 141
Subscriptions and membership fees	1 227 651	973 105
Telephone and fax	749 891	957 963
Training	-	17 208
Travel - local	2 087 439	1 939 470
Travel - overseas	588 325	156 908
Assets expensed	-	1 750
Personal protective equipment	700	-
Staff bursaries	12 775	9 846
Offsite storage documents	188 758	175 798
Audit Committee remuneration	119 038	77 742
Part-time Commissioners	369 420	312 465
Workshops and conferences	25 111	26 450
Loss on disposal of assets	-	1 849
	15 633 718	**12 496 551**

Notes to the Annual Financial Statements

18. Operating lease expenses (lessee)

At year-end there were outstanding commitments under non-cancellable operating leases, which fall due as follows:

2020	Up to 1 year	2 to 5 years	Total
Premises- rent	9 840 662	39 362 650	49 203 312
Office equipment	288 675	24 056	312 731
	10 129 337	**39 386 706**	**49 516 043**

2019	Up to 1 year	2 to 5 years	Total
Premises - rent	6 110 277	-	6 110 277
Office equipment	302 917	656 320	959 237
Vehicles	247 438	-	247 438
	6 660 632	**656 320**	**7 316 952**

ITAC is renting office accomodation from the dtic. The lease term was for 5 years and expired in March 2020. A new agreement for 5 years will be effective from 1 April 2020, at a possible escalation rate of 10%.

The lease for motor vehicles ended in March 2020.

19. Cash generated from operations

	2020	2019
Surplus	3 802 674	3 370 923
Adjustments for:		
Depreciation and amortisation	735 892	802 028
Movements in operating lease liability	(1 216 431)	(550 364)
Movements in provisions	1 114 592	1 499 537
Loss on disposal of assets	-	1 849
Proceeds from insurance	(17 867)	(18 565)
Changes in working capital:		
Inventories	(15 167)	16 797
Receivables from exchange transactions	174 230	18 888
Prepayments	(414 310)	(13 914)
Payables from exchange transactions	2 932 815	(503 675)
	7 096 428	**4 623 504**

Notes to the Annual Financial Statements

20. Financial instruments disclosure

Categories of financial instruments

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

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	420 999	420 999
Cash and cash equivalents	17 431 955	17 431 955
	17 852 954	**17 852 954**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	2 646 284	2 646 284

21. Commitments

	2020	2019
Authorised operational expenditure		
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	-
Vodacom	300 000	114 777
	548 032	**236 320**
2019	**Up to 1 year**	**After 1 year**
Employee health and wellness programme	60 996	324 797
Parking	10 626	-
Records management	144 000	166 301
Software subcriptions	759 102	-
Vodacom	523 404	175 498
	1 498 128	**666 596**

Notes to the Annual Financial Statements

22. Contingencies

A cash surplus amounting to R6 252 667 for the 2019/20 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 No.6 of 2017/18 as follows: Cash and cash equivalents plus receivables less current liabilities less commitments.

23. Related parties

Relationships	
Department of Trade, Industry and Competition	Parent Department
Department of Justice and Trade Constitutional Development	National Department in National Sphere
IDC	Public Entity in National Sphere
Competition Commission	Public Entity in National Sphere
Companies Tribunal	Public Entity in National Sphere
Companies and Intellectual Property Commission	Public Entity in National Sphere
Companies Tribunal	Public Entity in National Sphere
National Empowerment Fund	Public Entity in National Sphere
Export Insurance Credit Corporation of South Africa	Public Entity in National Sphere
South African Bureau of Standards	Public Entity in National Sphere
National Credit Regulator	Public Entity in National Sphere
National Gambling Board	Public Entity in National Sphere
South African National Accreditation System	Public Entity in National Sphere
National Consumer Tribunal	Public Entity in National Sphere
National Consumer Commission	Public Entity in National Sphere
National Metrelogy Institute of South Africa	Public Entity in National Sphere
National Regulator for Compulsory Specifications	Public Entity in National Sphere
National Lotteries Commission	Public Entity in National Sphere
Member of key management	Members of Executive Management

	2020	2019
Related party balances		
Department of Trade, Industry and Competition (the dtic)		
Payable at year end - Telephone and internet payments	(173 093)	(29 937)
Department of Justice and Constitutional Development		
Payable at year end - Legal fees	-	(76 795)
Related party transactions		
Department of Trade, Industry and Competition (the dtic)		
Office rental payments	6 110 227	6 110 227
Telephone and internet payments	465 766	376 935

Notes to the Annual Financial Statements

23. Related parties (continued)

	2020	2019
Economic Development Department		
Transfer payments received	(106 928 000)	(102 191 000)
Conditional grant	(4 500 000)	(4 393 135)
Department of Justice and Constitutional Development		
Legal costs incurred	4 130 184	3 462 039

Remuneration received

Audit and Risk Committee members

2020

Name	Meeting Fees	Total
R Govender	31 043	31 043
R Nhlapo	68 838	68 838
M Pillay	19 157	19 157
	119 038	**119 038**

2019

Name	Meeting fees	Total
R Govender (Chairperson)	11 904	11 904
R Nhlapo (Member)	58 509	58 509
M Pillay (Member)	7 326	7 326
	77 739	**77 739**

Part-time Commissioners

2020

Name	Meeting fees	Total
F Ismail (Chairperson)	90 774	90 774
B Mokgatle (Member)	83 854	83 854
V Ncwaiba (Member)	91 596	91 596
J de Beer (Member)	103 196	103 196
	369 420	**369 420**

2019

Name	Meeting fees	Total
F Ismail (Chairperson)	87 965	87 965
N Khumalo (Member)	59 978	59 978
B Mokgatle (Member)	84 842	84 842
V Ncwaiba (Member)	38 894	38 894
J de Beer (Member)	40 787	40 787
	312 466	**312 466**

23. Related parties (continued)

Executive management

2020

Name	Basic salary	Performance bonus	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	Other benefit received	Total
Mr. Meluleki Nzimande (Chief Commissioner)	1 490 027	-	-	149 167	1 785	-	-	1 640 979
Mr. Dumisani Mbambo (Deputy Chief Commissioner)	1 124 711	-	-	122 205	1 785	96 000	-	1 344 701
Mr. Phillip Semela (General Manager: Corporate Services)	1 150 675	23 798	83 453	131 651	1 785	79 992	84 504	1 555 858
Ms. Ntsobe Nkoana (Chief Financial Officer)	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**

2019

Name	Basic salary	Performance Bonus	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	Total
Mr. Meluleki Nzimande (Chief Commissioner)	1 416 376	-	-	141 793	1 785	-	1 559 954
Mr. Dumisani Mbambo (Deputy Chief Commissioner)	1 051 462	-	-	114 872	1 785	96 000	1 264 119
Mr. Phillip Semela (General Manager: Corporate Services)	1 076 832	42 392	76 232	123 751	1 785	79 992	1 400 984
Ms. Ntsobe Nkoana (Chief Financial Officer)	1 013 274	-	-	85 722	1 785	-	1 100 781
	4 557 944	**42 392**	**76 232**	**466 138**	**7 140**	**175 992**	**5 325 838**

*Refer to note "Employee related costs"

Notes to the Annual Financial Statements

24. Change in estimate

Property, plant and equipment

The useful life of furniture and fittings was reviewed and increased with 1 year. The effect of this revision has increased the depreciation charge for the current and future periods by R 5 677.

25. Prior period error

The re-assessment of useful lives of certain items of property, plant and equipment in the prior year was not implemented appropriately and resulted in wrong calculation of depreciation.

	2020	2019
The correction of the error resulted in adjustments as follows:		
Statement of financial position		
Accumulated Depreciation: Furniture and Fittings	-	6 599
Accumulated Depreciation: Computer Equipment	-	12 838
Statement of financial performance		
Depreciation expense	-	(19 437)

26. Risk management

Financial risk management

ITAC is exposed to interest rate changes in respect of returns on its investments with financial institutions. ITAC's exposure to interest risk is managed by making short-term investments with Standard Bank and the Reserve Bank. There was a significant reduction in interest rates due to the global decline in economic activities due to covid-19. ITAC minimise the potential adverse effects on the entity's financial performance by only making short-term deposits which are low risk and the capital is secured.

Sensitivity analysis

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

2019	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

2019	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	1 %	174 320	174 320

Credit risk

ITAC's receivables consist largely of staff debtors. For staff in the current employment of ITAC, recoveries are made through the payroll system and the risk is very minimal. ITAC's exposure is for staff that resigned or retired with positive balances. A debt collector was appointed to trace and collect from all staff no longer employed by ITAC. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. ITAC's exposure to credit risk is very minimal.

Notes to the Annual Financial Statements

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

Financial instrument	2020	2019
Call account	23 945 336	17 326 040
Current account	97 830	98 015
Receivable from exchange transactions	246 796	420 999
CPD account	488 596	-

27. Events after the reporting date

The nature of the event is a non-adjusting event. Finance Minister delivered a supplementary budget on 24 June 2020, highlighting that business will remain near historic lows, with investment and unemployment remaining constrained. This emergency budget came only four months after the National Budget which has been left defunct in the wake of COVID-19 and a three month lockdown which has taken a severe toll on the economy.

The Minister announced a number of COVID-19 economic relief measres, which others will be funded through budget reprioritization. The effect of the budget repriotization was reduced budget allocation from National Treasury for the 2020/21 financial year. Although ITAC was also affected by the reduction of transfer payment, the financial statements were still prepared on a going concern basis. The financial effect on ITAC was the reduction of 10% transfer payment amounting to R12 million.

28. Fruitless and wasteful expenditure

	2020	2019
Opening balance as restated	**-**	**-**
Add: Fruitless and Wasteful Expenditure - prior period	10 177	-
Less: Amounts recoverable - current	(10 177)	-
Closing balance	**-**	**-**

The fruitless expenditure relates to instances of missed flights by employees on official trips. The matters were investigated and the employees acknowledged liability and the recovery is taking place through the payroll system.

29. Irregular expenditure

	2020	2019
Opening balance as restated	**-**	**-**
Add: Irregular Expenditure - prior period	17 555	-
Add: Irregular Expenditure - relating to current year	57 357	-
Closing balance	**74 912**	**-**

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

	Disciplinary steps taken/criminal proceedings
Travel management service fees	The case is still under investigation

	2020	2019
Cases under investigation		
Travel management service fees	57 357	17 555

Notes to the Annual Financial Statements

30. Reconciliation between budget and statement of financial performance

	2020	2019
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	3 802 674	3 370 923
Adjusted for: Conditional grant	(4 500 000)	(4 393 135)
Other income	90 647	71 634
Interest income	286 846	739 445
Payroll expenditure in excess of / (lower than) budget	(812 895)	1 133 633
Operational expenditure in excess of / (lower than) budget	2 214 794	(811 531)
Depreciation	735 892	802 028
Lease rental on operating lease	(1 817 958)	(912 997)
Net surplus per approved budget	-	-

31. Budget differences

Material differences between budget and actual amounts

Other income was under budget as other debtors decreased significantly in the current period. Other debtors consist mainly of staff debtors. Interest received was lower than budget as a result of a decrease in interest rates. Conditional grant was received from EDD (merged with the DTI to form the DTIC) for salaries of the PPS on scrap metal contract workers. The amount was not included in the budget as commitment was not received when the budget was finalised and subject to funds availability. Employee related costs were lower due to higher vacancy rates. A partial morotarium was placed on filling of vacant positions to manage budget shortfalls. General expenses were higher than budget as a result of a significant increase in professional and legal matters during the year.There was a signficant increase in the number of labour related matters in the current reporting period. Lease rental on office equipment and vehicles were lower as the number of devices and rental were cut down due to limited financial resources.

Notes

Notes

Notes

Notes

Notes

Notes

Notes

CONTACT US

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

TELEPHONE
+27 (0) 12 394 3688

RP126/2020
ISBN: 978-0-621-48316-1