ITAC

International Trade Administration Commission of South Africa

ANNUAL REPORT 2021/22

enabling FAIR TRADE

CONTENTS

PART A:
GENERAL INFORMATION

Public Entity's General Information

Country of incorporation and domicile:

Republic of South Africa

Legal form of entity:

PFMA - Schedule 3A Public Entity

Nature of business and principal activities:

The aim of ITAC, as mandated by the International Trade Administration Act 71, 2002 (the ITA Act), is to foster economic growth and development in order to raise income and promote investment and employment in South Africa and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade subject to the ITA Act and the Southern African Customs Union (SACU) Agreement, 2002.*

Business address:

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

Postal address:

Private Bag X 753 Sunnyside Pretoria
0002

Website:

www.itac.org.za

Bankers:

Standard Bank

Auditors:

Nexia SAB&T

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

List of Abbreviations:

COMMISSION	ITAC or the body comprising the Commissioners of ITAC, acting together
DTIC	Department of Trade, Industry and Competition
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


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FOREWORD BY MINISTER OF TRADE, INDUSTRY AND COMPETITION

Mr Ebrahim Patel

It is my pleasure to present the Annual Report of the International Trade Administration Commission of South Africa (ITAC) for the 2021/22 financial year. The report sets out the work performed in a tumultuous trade and economic environment.

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

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

ITAC's work supported the growth and competitiveness goals of the masterplans.

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

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

Trade measures in the steel industry are expected to complement the strategic set of actions to rebuild the competitiveness of firms in the sector through the Steel Masterplan.

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

The Annual Report also reflects the work of ITAC's Import and Export Control Unit, which issued 17 066 import permits and 19 271 export permits during the period 2021/22. In addition to issuing permits, the Unit also plays an important role in curbing illegal and fraudulent trade, and to this end conducted 66 scheduled inspections, 649 unscheduled inspections and 7 investigations during this time period.

In the new financial year, the work of **the dtic** and its entities will be evaluated in relation to three over-arching Outcomes namely:

- industrialisation;
- transformation; and
- building state capability.

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

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

Ebrahim Patel
Minister of Trade, Industry and Competition

REPORT BY THE DEPUTY CHIEF COMMISSIONER

Mr Dumisani Mbambo

The International Trade Administration Commission of South Africa's (ITAC) enabling statute, the International Trade Administration Act, 2002 (ITA Act), sets out the mandate of ITAC, which is "to foster economic growth and development in order to raise income and promote investment and employment, by establishing an efficient and effective system for the administration of international trade". In fulfilling this mandate, ITAC executes three core functions: customs tariff investigations, trade remedies investigations, and import and export control. Despite the lingering effects of the Covid-19 pandemic and other challenges, the 2021/22 reporting period was a demanding one for ITAC in all three areas.

ITAC's tariff instruments are used to support the domestic industry by means of increases, reductions, rebates or drawbacks of customs duties. In providing duty relief, ITAC seeks to increase the competitiveness of local industries with a view to creating, amongst others, increased employment, production and investment.

During the period 2021/22, ITAC implemented 7 tariff investigations: four investigations for an increase in duties, 1 investigation for a reduction in duty and 2 investigations for the creation of rebate provisions. ITAC's tariff investigations focused on diverse sectors of the South African economy, including the chemical, metals and textile sectors. The applications for tariff support were principally the result of a difficult domestic economic environment and were in response to comparatively low-priced imports from emerging economies.

ITAC also conducted 19 trade remedies investigations during the financial year under review. ITAC conducts these investigations in accordance with South African legislation, the ITA Act and the Anti-Dumping Regulations, and with regard to the Anti-Dumping Agreement of the World Trade Organisation.

The trade remedy applications received by ITAC were for two types of trade remedies: anti-dumping and safeguard measures. Countervailing measures are also a form of trade remedy, but have not been used in the recent past. Anti-dumping duties may be imposed where dumped imports, meaning foreign-produced goods which are sold in South Africa at a lower price than the price the same good is sold in the (foreign) country of origin caused, cause (or threatened to cause) material injury to the SACU industry that produces like products. Safeguard measures may be imposed where a surge of imports causes or threatens to cause serious injury to the domestic industry that produces like or directly competitive products. The past year continues the recent trend of a renewed interest in this trade remedy instrument.

ITAC's anti-dumping investigations covered a range of industries and products. Specifically, ITAC conducted 8 original investigations and 9 sunset review investigations, some of them still ongoing. These investigations involved diverse products such as pasta, chicken, laminated safety glass, garden tools, frozen potato chips, tyres and cement. Added to this list of products are bolts and set screws, which were the subject of ITAC's two safeguard investigations.

The Annual Report also reflects the work of ITAC's Import and Export Control Unit. In terms of this function, ITAC regulates the movement of certain goods across the borders of South Africa to enforce, amongst others, health, environmental, technical and security and safety standards. In carrying out this function, the Unit issued over 33 000 permits during the period 2021/22: 18 749 imports permits and 15 100 export permits.

In addition to issuing permits, the Import and Export Control Unit also plays an important role in curbing illegal and fraudulent trade. During the period under review, the Unit conducted 494 scheduled inspections, 1 442 unscheduled inspections and 6 investigations.

In determining the effectiveness of its various interventions, such as the issue in this Report, ITAC conducts so-called impact assessments. The assessments gauge the performance of industries given support against government policy objectives that include employment, investment and production, thereby reaffirming ITAC's commitment to fulfil its mandate. The results of these intervention are detailed in this Report.

As a public institution, ITAC must not only carry out its core functions efficiently and effectively, but it must also ensure that it adheres to rigorous corporate governance standards. Importantly, for the financial period 2021/22, ITAC received an unqualified audit opinion with findings. ITAC managed its budget carefully and despite the various demands placed on its financial resources ended the period under review with a measured surplus.

Finally, concerning human resources management, to ensure workplace excellence, ITAC continued to support and invest in the well-being and professional skills of its employees during 2021/22. Highlights included employee performance management reviews, information sharing sessions and an employee engagement survey.

In conclusion, for the reporting period 2021/22, it can be fairly said that ITAC delivered on its mandate. In so doing, it will hopefully have assisted in creating a stronger and more resilient South African economy.

DMbambo

Dumisani Mbambo
ITAC Deputy Chief Commissioner

COMMENTARY BY THE CHAIRPERSON OF THE COMMISSION

Dr Faizel Ismail

In his State of the Nation Address, President Cyril Ramaphosa offered the following observation about the role of government:

> *The key task of government is to create the conditions that will enable the private sector – both big and small – to emerge, to grow, to access new markets, to create new products, and to hire more employees.*

The President also noted efforts made by certain sectors of the South African economy, such as the poultry industry, to increase investment and improve productivity. Not coincidentally, the poultry sector is one of the sectors in South Africa that have seen interventions by the Commission – based on the results of its fact-based investigations - to enhance the sectors competitiveness in the face of imports.

In addition to import competition, during the period 2021/22, South African industries also had to deal with the lingering effects of the Covid-19 pandemic and other challenges, such as the July 2021 unrest in Kwa-Zulu Natal. Regarding the latter, in partnership with the Department of Trade, Industry and Competition, the Commission undertook to provide tariff assistance to domestic manufacturers that had been significantly affected by the unrest in that province in an effort to safeguard investment and employment.

It is against this challenging backdrop that the Commission executed its core functions: tariff amendments, trade remedies and import and export control. Over the past year, ITAC conducted numerous tariff and trade remedy investigations and issued a vast number of import and export permits. The interventions by the Commission were directed at various sectors of the South African economy, including the agricultural sector (chicken), the steel sector (tubes and pipes) and the chemical sector (caustic soda).

In addition to these activities, the Commission continued to regulate the exportation of waste and scrap metal in response to a directive from the then Minister of Economic Development (currently the Minister of Trade, Industry and Competition). This regulatory system, known as the price preference system, seeks to ensure that domestic consumers of waste and scrap metal are able to obtain this input, used in the manufacturing of finished and semi-finished products, at competitive prices.

The Commission also continued to administer one of the Government's premier industrial development programmes, the

Automotive Production and Development Programme (APDP). In terms of the programme, the Commission administers rebates of customs duties to encourage the localisation of the production of automotive vehicles and other automotive products. Amongst other tasks, the Commission's staff conducts verifications to ensure that programme participants are in compliance with all aspects and requirements of the programme. This is no small endeavour given the complexity and size of the APDP.

Continuing with the theme of enforcement, the Commission also played an active role in combatting illicit trade through its participation in the Inter-Agency Working Group on Illicit Trade (IAWG), which includes the South African Revenue Service, the Department of Trade, Industry and Competition, as well as other law enforcement agencies. Successes of the IAWG to date include the seizure of containers of misdeclared waste and scrap metal destined for export.

To conclude, I believe the period 2021/22 was a very productive year for the Commission despite numerous challenges. I would therefore like to take this opportunity to express my sincere appreciation to my fellow Commissioners, the Chief Commissioner who resigned from ITAC on 30 April 2022 and the Deputy Chief Commissioner and the staff of the Commission for their diligence and perseverance over the past year.

Dr 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 Nexia SAB&T.
- 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 2022.

Yours faithfully

Deputy Chief Commissioner

(Accounting Authority) Dumisani Mbambo

29 July 2022

Chairperson of the Commission Dr Faizel Ismail

29 July 2022

Strategic Overview:

Vision

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

Mission

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

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 71, 2002 (ITA Act), which took effect on 1 June 2003.

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

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

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

Commissioners

Dr Faizel Ismail
Chairman

Meluleki Nzimande*
Chief Commissioner

Dumisani Mbambo
Deputy Chief Commissioner

Boikanyo Mokgatle
Part-time Commissioner

Tanya van Meelis
Part-time Commissioner

Etienne Vlok
Part-time Commissioner

Ayanda Hlatshwayo
Part-time Commissioner

Vuyolwethu Ncwaiba
Part-time Commissioner

Jacobus De Beer
Part-time Commissioner

Phozisa Mbiko
Part-time Commissioner

Anthony Ehrenreich
Part-time Commissioner

Wandile Sihlobo
Part-time Commissioner

(*Resigned from ITAC on 30 April 2022)

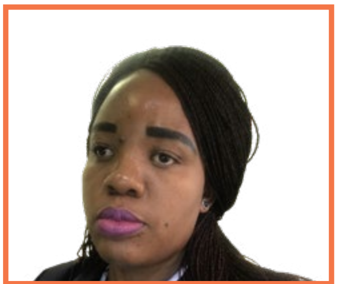
Executive and Senior Management

Meluleki Nzimande*
Chief Commissioner

Dumisani Mbambo
Deputy Chief Commissioner

Phillip Semela
General Manager: Corporate Services

Alexander Amrein
Senior Manager: Policy and Research



Ntsobe Nkoana
Chief Financial Officer

Rika Theart
Senior Manager: Tariff I

Phatheka Busika
Senior Manager: Tariff II

Zoleka Xabendlini
Senior Manager: Trade Remedies II

Carina Janse Van Vuuren
Senior Manager: Trade Remedies I

Marius Collins
Senior Manager: Import & Export Control

Bhekithemba Kgomo
Senior Manager: Internal Audit

Averil Munsami
Senior Manager: Legal Services

Koena Phukubye
Senior Manager: Human Resources

Russell Nelson
Chief Information Officer

(*Resigned from ITAC on 30 April 2022)

PART B:
PERFORMANCE INFORMATION

Annual Performance Information

LIST OF REPORTS ISSUED BY ITAC IN 2021/2022

Report 611	Reduction in the rate of customs duty on other safety headgear classifiable under tariff subheading 6506.10.90.
Report 617	Creation of a rebate provision for sodium hydroxide "caustic soda" for the aqueous solution used for the manufacture of semi-chemical fluting paper.
Report 635	Increase in the general rate of customs duty on foot-operated grease guns, classifiable under tariff subheading 8479.89.90.
Report 638	Increase in the General Rate of Customs Duty on High Chrome Grinding Balls.
Report 643	Increase in the rate of customs duty on certain tubes, pipes and hollow profiles, seamless of iron (excluding cast iron) or steel.
Report 647	Creation of a full duty rebate facility on warp knit fabrics (including those made on galloon knitting machines) excluding those of headings 60.10 to 60.04, of synthetic fibres, dyed or printed, laminated with another fabric that is either knitted or woven, of mass exceeding 410 g/m2 but not exceeding 450g/m2 and having a width exceeding 120cm but not exceeding 150cm, classifiable in tariff heading 6005,3, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.
Report 648	Sunset review of the anti-dumping duties on stainless steel sinks originating in or imported from China and Malaysia: Final Determination.
Report 651	Increase in the general rate of customs duty on certain tinplate cans, pails and aerosol cans classified under tariff subheadings 7310.21 and 7310.29 by way of creating 8 digit tariff subheadings.
Report 655	Investigation into the alleged dumping of Pasta originating in or imported from Egypt, Latvia, Lithuania and Turkey: Preliminary Determination.
Report 656	Investigation into remedial action in the form of safeguard measures against increased imports of U,I,H,L and T sections of iron or non-alloy steel.
Report 657	Sunset review - anti-dumping duties on frozen potato chips originating in or imported from Belgium and the Netherlands: Final determination.
Report 659	Sunset review of the anti-dumping duties on wheelbarrows originated in or imported from People's Republic of China: Final determination.
Report 661	Investigation into remedial action in the form of a safeguard heads of iron steel: Final Determination.
Report 663	Sunset review of anti-dumping duties on fresh or chilled garlic originating in or imported from the People's Republic of China: Final determination.
Report 664	Investigation into the alleged dumping of clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm imported from Malaysia: Final Determination.
Report 666	Sunset review investigation of the anti-dumping duties on frozen bone-in portions of fowls of species gallus domesticus originating in or imported from Germany, Netherlands and UK: Final Determination.
Report 668	Investigation into the extension of the safeguard measure on other screws fully threaded with hexagon heads made of steel: Final determination.
Report 669	Investigation into the alleged dumping of Pasta originating in or imported from Egypt, Latvia, Lithuania and Turkey: Final Determination.
Report 678	Investigation into the alleged dumping of frozen bone-in portions of fowls of the species gallus domesticus originating in or imported from brazil, Denmark, Ireland, Poland and Spain: Preliminary Determination.
Report 687	Investigation into the alleged dumping of laminated safety glass originating in or imported from the People's Republic of China (PRC): Preliminary Determination.

Tariff Investigations

ITAC is responsible for conducting tariff amendment investigations in accordance with policy, domestic law and regulations and consistent with World Trade Organisation (WTO) rules.

As a general matter, ITAC's tariff instruments are all used in support of domestic industries, seeking to ensure a level playing field with imports and increase competitiveness. The intended result is increased domestic employment, production and investment.

Amendments comprise of investigations of increases in ordinary customs duties, reductions in ordinary customs duties, as well as the creation of rebate and drawback provisions. Besides the customs duty amendments, the Unit also administers various kinds of rebate and drawback provisions falling under Schedules 3, 4, and 5 of the Customs and Excise Act 91, 1964. This administration is done by issuing permits and certificates in accordance with the Customs and Excise Act, 1964, and setting guidelines for a variety of industrial sectors to clear imported goods, free of duty. The ITAC Tariff Investigations Unit also administers rebate provisions provided for under the Automotive Production Development Program (APDP).

Increase: ordinary customs duties

An increase in the customs duties rate is considered for the purpose of granting relief to domestic producers that may be experiencing threatening import pressures. This would be in order to allow producers to adjust and restructure so that they could become internationally competitive in the medium to long term without any support in the form of customs duty protection, which is capped with the applicable WTO bound rate. Tariff increases are made possible by the fact that there is a difference between the general applied rates and the WTO bound rates. The WTO bound rates act as a ceiling beyond which customs duty increases cannot go.

1. Increase in the general rate of customs duty on foot operated grease guns: ITAC Report 635

The Commission considered the application by Gurtech (Pty) Ltd ("Gurtech") for an increase in the rate of customs duty on foot-operated grease gun, classifiable under tariff subheading 8479.89.90, from free of duty to the World Trade Organisation ("WTO") bound rate of 10% *ad valorem*, by way of creating a separate 8-digit tariff subheading.

The subject product is used for quick greasing in lubrication applications, such as greasing of excavators and other earth moving equipment, used in the construction, agriculture, engineering equipment and automotive vehicles.

Gurtech is the sole patent holder, designer and manufacturer of the foot-operated grease guns in the Southern African Customs Union ("SACU") region. The applicant also manufactures and distributes a grease coupler, a component of the grease gun for replacement. The applicant's manufacturing facility is located in the KwaZulu-Natal province (Howick).

As motivation for the application, Gurtech stated that it is the only manufacturer of foot-operated grease guns in the SACU region. Gurtech, through its sourcing strategy, supports the growth and sustainability of intermediate manufacturers of its input products; since the patent to manufacture the subject product lapsed, international manufacturers of lubrication equipment copied the Gurtech foot-operated grease gun and are aggressively targeting the Gurtech client base; the domestic industry is experiencing decreased sales volumes, revenue, and production. This is negatively affecting the industry's ability to retain employment; and an increase in the rate of customs duty will enable the applicant to retain domestic volumes, increase capacity utilisation, and improve sustainability of the industry's manufacturing input products.

In terms of reciprocal commitments, the applicant submitted that it would increase investments in terms of plant and machinery in order to improve the efficiency of its operations. The applicant also committed to create additional employment over the three years following tariff support.

The Commission concluded that an increase in the general rate of customs duty on foot-operated grease guns, classifiable under tariff subheading 8479.89.90 from free of duty to the WTO bound rate of 10% *ad valorem*, will improve the domestic industry's price-competitiveness position against foreign competition. The support would assist the domestic industry to maintain its capability to manufacture the subject products; increase local content; encourage value-addition; improve production capacity utilisation; achieve economies of scale; sustain current employment; and create new job opportunities.

The Commission recommended that the rate of customs duty on foot-operated grease guns, classifiable under tariff subheading 8479.89.90, be increased from free of duty to the WTO Bound rate of 10% *ad valorem*. The Commission further recommended that the duty structure on the subject products be reviewed after three (3) years from the date of implementation or such period as deemed appropriate by the Commission.

2. Increase in the rate of customs duty on grinding balls- ITAC Report 638

The Commission considered an application by Grinding Media South Africa (Pty) Ltd ("GMSA") for an increase in the general rate of customs duty on high chrome grinding media balls classifiable under tariff subheading 7325.91 from free of duty to the World Trade Organisation ("WTO") bound rate of 15% *ad valorem*.

The subject products are used in various applications such as, grinding mills for grinding and crushing limestone and clinker in cement plants, and mineral ore in mines and coal in thermal power plants. The subject products are also used in the ceramic industry and in chemical engineering.

In terms of ownership, the Industrial Development Corporation (IDC) is the majority shareholder with 59% shareholding, followed by Main Street at 26% and Magotteaux at 15% and these entities are Strategic Equity Partners (SEP) in GMSA. The company is also a Broad-Based Black Economic Equity ("BBBEE") level: 4 contributor. GMSA is located in the Gauteng Province under the Ekurhuleni metropolitan municipality.

As motivation for the application, GMSA stated that it manufactures forged and high chrome grinding media balls for the platinum, gold ferrochrome, base metals and cement industries. The company continuously invests in new technology ensuring that it remains relevant and can compete fairly in the global market. There has been an increase in low priced imports of high chrome grinding media balls between 2018 and 2019, putting pressure on the company's output, capacity utilisation, profit margins as well as the viability of local manufacturing. The Southern African Customs Union ("SACU") industry is struggling to compete with similar low priced imported products due to cost-push pressures, with contributing factors, which includes the price of scrap, ferrochrome and electricity. The current trend also poses a threat of large scale job losses and reduces the applicant's ability to re-invest in machinery.

In terms of reciprocal commitments, the applicant committed to making additional investments in terms of capital machinery and skills development over a period of three years following tariff support. The applicant further committed to retain existing jobs.

The Commission concluded that the recommended tariff support should improve the price competitiveness of the domestic industry in the face of foreign competition; encourage beneficiation; improve production capacity utilisation; achieve economies of scale; sustain current employment; and create new opportunities. It is envisaged that the tariff support would arrest the decline in the levels of manufacturing experienced by the domestic industry and assist in maintaining domestic capability as well as capacity.

The Commission therefore decided to recommend that the rate of customs duty on high chrome grinding media classifiable under tariff subheading 7325.91, be increased from free of duty to the WTO bound rate of 15% *ad valorem*. The Commission further recommended that the duty be reviewed after a period of three years from the date of implementation or such period as deemed appropriate by the Commission.

3. Increase in the rate of customs duty on certain tubes, pipes and hollow profiles, seamless of iron (excluding cast iron) or steel- ITAC Report 643

The Commission considered an application by Hall Longmore (Pty) Ltd ("Hall Longmore") for an increase in the general rate of customs duty on certain tubes, pipes, and hollow profiles, seamless, of iron (excluding cast iron) classifiable under tariff headings 7304.19.90, 7304.23.90, and 7304.29.90, from 10% *ad valorem* to 15% *ad valorem*, and those classifiable under tariff subheading 7304.39.35 from free of duty to 15% *ad valorem* by way of creating additional 8-digit tariff subheadings.

The subject products are used for high pressure applications, generally in the petrochemical industry. These products can withstand high pressure levels and their thickness tolerates abrasive materials. Seamless tubes are extruded and drawn from steel billets, contrary to welded tubes which are produced from strip, coil-formed and welded to produce a tube.

Hall Longmore's manufacturing plant is located in the Gauteng Province in Germiston under the Ekurhuleni metropolitan municipality. The company manufactures Electric Resistance Welding ("ERW") and Submerged Arc Welding ("SAW") classifiable under tariff heading 73.04.

As motivation for the application, the applicant cited that imported seamless tubes and pipes of equivalent diameters to domestically manufactured welded tubes and pipes compete directly for market share in many applications; the increasing levels of imports of seamless tubes since 2012, coupled with the decreasing price levels at which these are being imported, has put the viability of the SACU industry manufacturing welded tubes and pipes at risk; there is an anomaly in the tariff structure across the value chain, wherein the upstream raw material (hot rolled steel) is subject to the same level of tariff protection as the downstream final products (welded tubes and pipes), which places the downstream industry at a competitive disadvantage; the tariff increase requested will prevent imports from entering the country at impermissible low prices; and an increase in the general rate of customs duty on the subject products will protect the domestic industry manufacturing welded tubes and pipes against severe competition from low priced imports from Asian countries.

In terms of reciprocal commitments, the applicant committed to increase its levels of employment over a period of three years following tariff support. Hall Longmore also committed to make additional investments in plant and machinery over a 3-year period following tariff support in order to increase capacity and improve efficiencies.

The Commission concluded that tariff support should enable the domestic industry manufacturing tubes and pipes to utilise its existing under-utilised production capacity, achieve economies of scale, resulting in security of volumes coupled with a marginal reduction in the cost of production.

The Commission recommended an increase the rate of customs duty on certain tubes, pipes and hollow profiles classifiable under tariff subheadings 7304.19.90, 7304.23.90, 7304.29.90, from 10% *ad valorem* to 15% *ad valorem*, and those classifiable under tariff subheading 7304.39.35, from free of duty to 15% *ad valorem*, by way of creating additional 8-digit tariff subheadings. The Commission further recommended that the duty will be reviewed after a period of three (3) years from the date of implementation or such period as deemed appropriate by the Commission.

4. Increase in the general rate of customs duty on certain tinplate cans, pails and aerosol cans- ITAC Report 651

The Commission considered an application by Rheem SA (Pty) Ltd ("Rheem") and SA Steelpack Solutions (Pty) Ltd ("Steelpack") for an increase in the general rate of customs duty on certain tinplate cans, pails and aerosol cans classifiable under tariff subheadings 7310.21 and 7310.29, from free of duty to 15% *ad valorem*, by way of creating additional 8-digit tariff subheadings.

The subject products are used for packaging various products. Tinplate cans and pails are commonly used to contain paints, solvents, glues, lubricants, resins and grease. Tinplate aerosol cans are commonly used to contain cleaning products, lubricants, air fresheners, deodorants and hair sprayers.

Rheem manufactures tinplate cans, pails, steel tins and steel drums in South Africa at its plant located in the KwaZulu-Natal Province (Durban - eThekwini Metropolitan Municipality).

The company cuts the tinplate used in the manufacture of the subject products at its plant located in Gauteng (Alberton-Ekurhuleni metropolitan municipality). Steelpack manufactures tinplate cans, pails, and steel aerosol cans at its manufacturing plant in the KwaZulu Natal Province (Durban- eThekwini Metropolitan Municipality).

As motivation for the application, the applicant cited that local manufacturers of tinplate cans, pails, and aerosol cans have, over the recent years, lost market share due to low priced imports from China; low priced imports of the subject products are currently free of duty and enable importers to sell cans locally at drastically reduced prices; this has impacted negatively on plant capacity utilisation, leading to higher unit costs of production, reduced profitability, and little or no return on investment; low priced imports have resulted in the downsizing of local production and subsequently led to job losses; and that tariff support will allow the domestic industry to compete favourably with imported products, increase market share and result in increased job opportunities.

In terms of reciprocal commitments, Rheem and Steelpack committed to create additional jobs and to make additional investments in terms of plant and machinery.

The Commission concluded that tariff support should improve the price competitiveness of the domestic industry against foreign competition; encourage value-addition; improve production capacity utilisation; achieve economies of scale; sustain current employment; and create new job opportunities.

The Commission recommended that the rate of customs duty on certain tinplate cans, pails, and aerosol cans, classifiable under tariff subheadings 7310.21 and 7310.29, be increased from free of duty to the WTO bound rate of 15% *ad valorem*, by way of creating additional 8-digit tariff subheadings. The Commission further recommended that the duty be reviewed after three years from the date of implementation or such period as deemed appropriate by the Commission.

Rebate Provisions Created

Linked to customs duties as a trade policy instrument are duty rebate and drawback provisions for products for which amongst others detailed separate tariff lines are impractical for tariff administration purposes. The primary aim of these provisions is to provide a customs duty waiver and therefore an availability at world competitive prices of products that attract duties but are not produced or insufficiently produced domestically as an industrial or agricultural input for certain critical applications, as capital items, or as agricultural products for consumption. Rebates and drawbacks form a key pillar of certain industrial development programmes, such as the APDP program for motor vehicles.

1. Creation of a rebate provision for sodium hydroxide (“Caustic Soda”) in aqueous solution used for the manufacture of semi-chemical fluting paper. ITAC Report 617

Sappi Southern Africa (Pty) Ltd T/A Sappi Tugela Mill (“Sappi” or the “Applicant”), applied for the creation of a rebate provision for sodium hydroxide (“Caustic Soda”) in aqueous solution, classifiable under tariff subheading 2815.12 with a rate of duty 20 per cent *ad valorem*, used for the manufacture of semi-chemical fluting paper, classifiable under tariff subheading 4805.11.

The reason for the application, as stated by the Applicant, is that the local manufacturers of Caustic Soda cannot meet the domestic demand. The Applicant further stated that the creation of a rebate provision would improve the company’s competitiveness, job opportunities and would increase the company’s cash flow which can be used for expansion purposes.

There are currently three local manufacturers of Caustic Soda in the SACU, namely, Mondi Ltd, NCP Chlorchem (Pty) Ltd and Sasol Ltd. However, Caustic Soda manufactured by Mondi Ltd is captive as it is used in the production of its own paper products.

Total imports of Caustic Soda account for approximately 47% of the total SACU market, while the domestically produced Caustic Soda accounts for 55% of the total SACU market. There is a structural shortage of Caustic Soda in the SACU and the supply of Caustic Soda is dependent on the demand for chlorine in the SACU.

In terms of reciprocal commitments, the Applicant envisaged to increase its levels of output and total employment.

On balance, the creation of a rebate provision for the importation of Caustic Soda would enable producers of semi-chemical fluting paper to source their primary input at a lower price to increase both the industry’s competitiveness and job opportunities. The rebate provision is subject to an ITAC permit issued in terms of Guidelines, Rules and Conditions relating to the specific rebate provision.

2. Creation of a full duty rebate facility on warp knit fabrics (including those made on galloon knitting machines) (excluding those of headings 60.01 to 60.04), of synthetic fibres, dyed or printed, laminated with another fabric that is either knitted or woven, of a mass exceeding 410 g/m² but not exceeding 450 g/m² and having a width exceeding 120 cm but not exceeding 150 cm, classifiable in tariff heading 6005.3, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01. ITAC Report 647

The Commission considered an application by Bravo Group Manufacturing (Pty) Ltd, (the “Applicant” or “Bravo Group”), for the creation of a rebate facility on warp knit fabrics classifiable under tariff heading 60.05 for use in the manufacture of upholstered furniture classifiable in tariff headings 9401.61 and 9401.71.

The Bravo Group consists of two business divisions, namely Bravo Group Lounge and Bravo Group Sleep Products. In this regard, the Applicant is Bravo Group Lounge, a Division of the Bravo Group. Bravo Group Lounge is further divided according to its main brand divisions including Alpine Lounge and La-Z Boy, Grafton Everest and Destiny Seating and Gommagomma.

The Applicant manufactures a wide range of furniture pieces in three factories around the country which are located in Cape Town, Durban and Isithebe. The Applicant’s products are distributed nationally and to several countries in Africa and the United Kingdom.

As reasons for the application, Bravo Group stated, *inter alia*, that the furniture manufacturing industry faced increasing input costs in the manufacture of lounge furniture, which exceeds the rise in the Consumer Price Index ("CPI"), which makes it challenging for the industry to manufacture on a sustainable basis.

In terms of Alpine Lounge's reciprocal commitments based on its expected business outlook for the period of 2021 to 2023, the manufacturer expects to increase its investment in supply-side measures (skills development and training) as well as its exports. This is owing to restructuring process undertaken by Alpine Lounge during 2019 due to prevailing market conditions. In particular, Alpine Lounge's target market was submitted to be for the higher end of the market, therefore the economic climate (even pre Covid-19) put extreme pressure on expanding its business. In terms of Grafton Everest's reciprocal commitments, it expects to increase levels of production and employment. The Applicant included in its reciprocity commitments, its expected procurement and/or off-take of other fabrics manufactured domestically that may be used in the manufacture of furniture. Everest has submitted its off-take commitments on PVC and chenille fabrics manufactured locally. The Applicant also submitted a sample of purchase orders for fabrics sourced from local textile manufacturers.

The Commission found that:

- There is currently no local manufacturer of the subject product in the Southern African Customs Union ("SACU"). Standerton Mills has submitted that they no longer manufacture similar warp knit fabrics locally.
- The furniture industry's core challenges include, *inter alia*, high input costs as well as increased furniture imports from the East.
- It is envisaged that should the rebate facility concerned be created, it be made subject to an ITAC permit with specific Guidelines, Rules and Conditions, as to allow ITAC to monitor the use and limit possible abuse of the provision.

On balance, the Commission decided to recommend that a rebate facility be created to enable the domestic furniture industry to eliminate unnecessary cost rising pressures and increase production of upholstered furniture. The rebate provision is subject to an ITAC permit issued in terms of Guidelines, Rules and Conditions relating to the specific rebate provision.

Reduction: Ordinary Customs Duties

A reduction or removal of duties is considered, in cases where goods, consumption goods, intermediate or capital goods are not manufactured domestically or unlikely to be manufactured domestically. A customs duty usually serves as a protective measure for an existing industry and in the absence of such an industry or if there is no potential or plans in place to grow that particular industry, then a reduction is considered, as the duty will otherwise only have a price raising effect.

1. Reduction in the rate of customs duty on other safety headgear classifiable under tariff subheading 6506.10.90: ITAC Report 611

The Commission considered an application by the Association of Motorcycle Importers and Distribution (AMID) for a reduction in the rate of customs duty on other safety headgear classifiable under tariff subheading 6506.10.90 from *25% ad valorem* to free of duty through the creation of an additional tariff subheading, which reads as follows: "Other helmets for motorcyclists or other motorsports (including motorboat activities)".

The wearing of a motorcycle helmet is compulsory and an essential piece of safety equipment when using a motorcycle. It was established that there are no local manufacturers and Armscor confirmed that future manufacturing is unlikely. ITAC has been directed by the Minister to monitor reciprocal commitment(s) made as part of an investigation.

This applies fully to the confirmed price-related commitments made in this investigation, i.e. that a reduction in the relevant duty will result in a reduction of the selling price of the subject products to the end-user/consumers, which would make an essential safety product more affordable.

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 2021/22 period, the instruments utilised were anti-dumping; sunset review and safeguard.

Anti-Dumping

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

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

The following anti-dumping investigation was carried over from 2020/2021:

Product	Applicant	Country	Initiation	Status
Pasta	Tiger Brands Ltd, Pioneer Foods (Pty) Ltd, Bolux Group (Pty) Ltd and Namib Mills (Pty) Ltd	Egypt, Latvia, Lithuania and Turkey	18/09/20	17/03/22 Duties imposed

Pasta

An investigation into the alleged dumping of pasta originating in or imported from Egypt, Latvia, Lithuania and Turkey was initiated on 18 September 2020. The application was lodged by the Bolux Group (Pty) Ltd, Namib Mills (Pty) Ltd and Tiger Brands Limited. The final duties were imposed on 17 March 2022.

Frozen bone-in portions

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

This investigation was initiated on 5 February 2021. The Commission made a preliminary determination and provisional measures were imposed on 17 December 2021. The investigation is still ongoing.

Float glass

On 19 March 2021 an investigation was initiated on clear float glass of a thickness of 3mm, 4mm, 5mm,6mm, 8mm,10mm and 12mm originating in or imported from Malaysia. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. The Commission made a preliminary determination and provisional measures were imposed on 20 August 2021. This investigation is still ongoing.

Chain links

On 26 October 2021, an investigation was initiated on chain links originating or imported from the People's Republic of China. The application was lodged by McKinnon Chain, a Division of Scaw South Africa (Pty) Ltd. The Commission made a preliminary determination and provisional measures were imposed on 18 March 2022. This investigation is still ongoing.

Laminated safety glass

On 22 October 2021 an investigation was initiated on laminated safety glass originating or imported from the People's Republic of China. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. The Commission made a preliminary determination and provisional measures of 232.78% were imposed on 18 March 2022. This investigation is still ongoing.

Garden tools

On 22 October 2021 an investigation was initiated on garden tools originating or imported from the People's Republic of China and India. The application was lodged by Lasher tools. This investigation is still ongoing.

Frozen Potato Chips

On 19 November 2021, an investigation was initiated on frozen potato chips originating or imported from the Netherlands, Belgium and Germany. This investigation was self-initiated by the Commission. The investigation is still ongoing.

Tyres

On 31 January 2022, an investigation was initiated on tyres originating or imported from the People's Republic of China. The application was lodged by South African Tyre Manufacturers Conference (SATMC). This investigation is still ongoing.

Summary of Anti-Dumping investigations

Product	Country	Date initiated	Outcome
Pasta	Egypt, Latvia, Lithuania and Turkey	18/09/20	Duties imposed
Frozen bone-in Chicken	Brazil, Denmark, Ireland, Poland, Spain	05/02/21	Ongoing
Float Glass	Malaysia	19/03/21	Ongoing
Laminated safety glass	People's Republic of China.	22/10/21	Ongoing
Chain links	People's Republic of China	26/10/21	Ongoing
Garden tools	People's Republic of China and India	22/10/21	Ongoing
Frozen potato chips	Netherlands, Belgium and Germany	19/11/21	Ongoing
Tyres	People's Republic of China	31/01/22	Ongoing

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.

Bolts with hexagon heads of iron or steel

A safeguard investigation against the increased imports of bolts with hexagon heads of iron or steel was initiated on 15 May 2020. The application was lodged by the South African Fasteners Manufacturers' Association (SAFMA)

The preliminary determination was made on 13 November 2020. The final duties were imposed on 10 December 2021.

Set screws (Extension of safeguard measure)

An investigation into the extension of a safeguard measure on imports of set screws was initiated on 21 May 2021. The investigation was lodged by SAFMA. The final determination to extend the safeguard measure was published on 2 August 2021.

Summary of Safeguard investigations

Product	Country	Initiation	Finalisation	Outcome
Bolts with hexagon heads of iron or steel	All countries	15/05/20	10/12/21	Duties imposed
Set screws (Extension of safeguard measure)	All countries	21/05/21	02/08/21	Duties extended

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 of material injury.

Three sunset review investigations were initiated during the financial year. They are polyethylene terephthalate (PET) originating in or imported from Chinese Taipei, India and South Korea; unframed glass mirrors originating in or imported from India; and Portland cement originating in or imported from Pakistan.

The sunset review investigations on float glass; frozen bone-in chickens; stainless steel; wheelbarrows; and garlic were finalised in the current financial period. The sunset review investigation on frozen potato chips was terminated. The sunset review investigations on PET; unframed mirrors; and cement were ongoing at the end of the financial year.

Cement

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

This investigation is still ongoing.

A sunset review of the anti-dumping duties on PET originating or imported from the Chinese Taipei, India, and Korea was initiated on 18 June 2021. The application was lodged by Safripol.

This investigation is still ongoing.

A sunset review of the anti-dumping duties on unframed glass mirrors originating or imported from India was initiated on 18 June 2021. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. This investigation is still ongoing.

Summary of Sunset reviews

Product	Country	Initiation	Finalisation	Outcome
Frozen potato chips	Belgium and the Netherlands	26/07/19	09/07/21	Terminated
Frozen bone-in chicken portions	Belgium, the UK and the Netherlands	24/02/20	24/08/21	Duties maintained
Float glass	China and India	19/06/20	09/04/21	Duties maintained
Stainless steel sinks	China and Malaysia	03/07/20	03/12/21	Duties maintained
Wheelbarrows	China	07/08/20	03/12/21	Duties maintained
Garlic	China	23/10/20	18/02/22	Duties maintained
Cement	Pakistan	11/12/20	On-going	On-going
PET	Chinese Taipei, India, and Korea	18/06/21	On-going	On-going
Unframed Glass Mirrors	India	18/06/21	On-going	On-going

Summary of investigations conducted

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

Product	Investigation	Country	Date initiated	Finalisation date	Outcome
Pasta	Anti-Dumping	Egypt, Latvia, Lithuania and Turkey	18/09/20	17/03/22	Duties imposed
Frozen bone-in Chicken	Anti-Dumping	Brazil, Denmark, Ireland, Poland, Spain	05/02/21	On-going	On-going
Float Glass	Anti-Dumping	Malaysia	19/03/21	On-going	On-going
Laminated safety glass	Anti-Dumping	People's Republic of China	22/10/21	On-going	On-going
Chain links	Anti-Dumping	People's Republic of China	26/10/21	On-going	On-going
Garden tools	Anti-Dumping	People's Republic of China and India	22/10/21	On-going	On-going

Product	Investigation	Country	Date initiated	Finalisation date	Outcome
Frozen potato chips	Anti-Dumping	Netherlands, Belgium and Germany	19/11/21	On-going	On-going
Tyres	Anti-Dumping	People's Republic of China	31/01/22	On-going	On-going
Frozen potato chips	Sunset review	Belgium and the Netherlands	26/07/19	26/07/21	Terminated
Frozen bone-in chicken portions	Sunset review	Belgium, the UK and the Netherlands	24/02/20	24/08/21	Duties maintained
Float glass	Sunset review	China and India	19/06/20	9/04/21	Duties maintained
Stainless steel sinks	Sunset review	China and Malaysia	03/07/20	3/12/21	Duties maintained
Wheel barrows	Sunset review	China	07/08/20	3/12/21	Duties maintained
Garlic	Sunset review	China	23/10/20	18/2/22	Duties maintained
Cement	Sunset review	Pakistan	11/12/20	On-going	On-going
PET	Sunset review	Chinese Taipei, India, and Korea	18/06/21	On-going	On-going
Unframed Glass Mirrors	Sunset review	India	18/06/21	On-going	On-going
Bolts with hexagon heads of iron or steel	Safeguard	All countries	15/05/20	10/12/21	Duties imposed
Set screws (Extension of safeguard measure)	Safeguard	All countries	21/05/21	02/08/21	Duties extended

Import and Export Control

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

Import control measures or restrictions in a more globally integrated economy are limited to those allowed under the relevant World Trade Organisation (WTO) Agreements. Import control measures are essentially for health, safety, environmental and strategic reasons. In this regard, ITAC contributes to the green economy. In the enforcement of standards and the curbing of illegal and fraudulent trade, ITAC has positioned itself to play a more strategic role with regard to import and export control measures and enforcement.

Minerals beneficiation has been identified as one of the areas for job creation and this has required an alignment of ITAC's export control measures to give support to beneficiation. ITAC has strengthened its export control measures on scrap metal through the introduction of a price preference system to promote investment and employment opportunities in the domestic metals beneficiation and fabrication industries.

This followed a policy directive by the Minister of Economic Development aimed at enabling affordable access to quality scrap metal by the domestic consuming industry. The focus has been on ensuring its effective administration and on managing litigation.

On 15 March 2020 the Minister of Cooperative Governance and Traditional Affairs declared a national state of disaster in terms of the Disaster Management Act, 57 of 2002. As a result, on 27 March 2020, the Minister of Trade, Industry and Competition amended the ITAC export control Regulations to regulate the exportation of COVID-19 essential goods in an effort to prevent the unregulated exportation of essential medicines, sanitizers, masks and ventilators that were required in South Africa and SACU to combat the COVID-19 pandemic. On 26 November 2020, the Minister of Trade, Industry and Competition amended the COVID regulations in Notice No. R. 1268 to exempt the exportation of COVID essential goods from control when exported to SADC or SACU member states.

For the reporting period, a total number of 669 export permits were issued for the exportation of COVID-19 controlled goods to countries outside SADC and SACU.

During the reporting period, 18 749 import permits and 15 100 export permits were issued. As can be seen from the table below, the bulk of the import permits, namely 3 239, were issued for the importation of used or second-hand machinery and mechanical appliances, equipment and parts thereof of chapter 84 of the Harmonised Customs Tariff. The next largest categories of imports permits are also detailed in the table.

IMPORTED GOODS	HARMONISED CUSTOMS TARIFF CLASSIFICATION	NUMBER OF IMPORT PERMITS
Used machinery and mechanical appliances, equipment and parts thereof	Chapter 84	3 239
Rubber and articles thereof, including tyres	Chapter 40	2 277
Marine resources	Chapter 03	2 066
New and used arms and ammunition	Chapter 93	1 683
Mineral fuels, mineral oils and products of their distillation	Chapter 27	1 743
Used vehicle and parts thereof	Chapter 87	1 245
Metals including waste and scrap	Chapter 72 to 81	811
Used electrical machinery and equipment and parts thereof	Chapter 85	1 560
Organic and inorganic chemicals	Chapters 28 and 29	588

As detailed in the table below, the bulk of export permits were issued for the exportation of used motor vehicles of chapter 87 namely 9 427 export permits. The next largest categories of export permits are also set forth in the table.

EXPORTED GOODS	HARMONISED CUSTOMS TARIFF CLASSIFICATION	NUMBER OF EXPORT PERMITS
COVID-19 essential goods	Various tariff headings of chapter 21, 29, 30, 38, 39, 63, and 90.	669
Used motor vehicles	Chapter 87	9 427
Ferrous and non-ferrous waste and scrap	Chapters 72 to 81	2 808
Organic and inorganic chemicals	Chapters 28 and 29	1 161
Mineral fuels and products of their distillation	Chapter 27	608

The enforcement component of the Import and Export Control Unit conducts enforcement activities in terms of Section 41 of the International Trade Administration Act, (71 of 2002). 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.

- Scheduled inspections are inspections and verifications that are pre-arranged with the importer or exporter.
- Unscheduled or surprise inspections are inspections that are not pre-arranged where the ITAC enforcement officers visit premises, yards, container depot's and the likes for inspection of imported goods or goods destined for export.
- Investigations are conducted when *prima facie* evidence is obtained of a contravention of the provisions of the ITA Act, regulations and/or import, export or rebate permit conditions.

During the 2021/22 financial year, 494 scheduled inspections were conducted, 1 442 unscheduled inspections and 6 investigations were conducted. Industry sectors inspected were, *inter alia*, clothing, ferrous and non-ferrous scrap metals, automotive, pneumatic tyres, and machinery and equipment.

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

Economic Impact Assessments

Introduction

During the 2021/22 financial year, a total of two impact assessment studies were conducted. The assessments were based on the support provided by ITAC during the period 2014−2017. The reports gauged the performance of the industries concerned 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"), as well as the Re-imagined Industrial Strategy.

Whether or not ITAC's trade instruments have made a positive impact depends on the extent to which tariff support or relief in the form of rebate provisions has resulted in reduced levels of import volumes, increased domestic manufacturing, investment, employment, value addition, and competitiveness after the support was given in comparison to the periods before the support.

The realisation of these policy objectives is critical as it reassures ITAC that trade instruments are efficiently and effectively utilised towards the realisation of the Government's set policy objectives.

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

1. Rebate Provision for Fabrics used in The Manufacture Of Upholstered Furniture

Bravo Group Manufacturing (Pty) Ltd ("Bravo") is a critical player within the upholstered furniture manufacturing value chain. In order to reduce manufacturing costs and enable the industry manufacturing upholstered furniture to increase production and market share, ITAC recommended the creation of the rebate of full customs duty on other woven fabrics, other textile fabrics, impregnated, coated or covered or laminated with polyurethane and other rubberised textile fabrics classifiable under tariff subheadings 5407.61, 5903.20.90 and 5907.00.90, respectively, used in the manufacture of upholstered furniture. The said recommendation was implemented on 04 April 2014.

The performance of Bravo in respect of set government objectives indicates that the rebate facility did not fully enable the firm to contain inputs costs, stabilise, and improve on several key performance indicators.

Prior to the creation of the rebate facility, the industry manufacturing upholstered furniture experienced fierce competition from abroad with concomitant gradual erosion in market share. Therefore, the aim of the tariff relief was to enable the industry to recapture the domestic market share, increase investment, create and retain jobs.

Highlights of the impact assessment study are presented below:

- Imports of the qualifying fabrics under rebate increased significantly. Bravo utilises a larger proportion of Polyurethane ("PU") fabrics classifiable under tariff subheading 5903.20.90 when compared to imports of "suede" like fabrics classifiable under tariff subheading 5407.61.00. Due to diminished popularity, the rebate facility remains under-utilised in terms of fabrics classifiable under tariff subheading 5907.00.90.
- Imports of furniture competing with Bravo increased steadily during the period 2017-2019. However, imports declined significantly between 2020 and 2021 and according to the Furniture Master Plan, it is not clear whether this was as a result of disruptions to supply chains due to the COVID-19 pandemic or a sustained shift in sourcing.
- Prior to the introduction of the rebate facility, Bravo's production volume experienced a decline over the period 2012-2014 attributed partly to the economic slowdown. Bravo's production volume continued to experience contractions during the period 2015-2016 despite the introduction of a rebate facility in 2014. Production volumes recorded improved performance during the period 2017-2019. Despite short-lived improvement in production volumes, capacity utilisation remains very low at below 50%.

- Sales volumes increased gradually between 2016 and 2019. However, sales volumes experienced a sharp decline from 2019 onwards. The significant decline in sales volumes and profit margins between 2019 and 2020 coincides with the onset of the COVID-19 pandemic wherein trade was adversely affected as supply chains were disrupted. On the other hand, the Rand/Dollar exchange rate depreciated significantly during the period 2014-2020, partly negating some of the benefits afforded by the rebate facility. However, had it not been for the rebate facility, Bravo's rising total costs could have been exacerbated by the depreciating exchange rate.

- Bravo's price competitiveness weakened between 2015 and 2020. Bravo's ex-factory selling price has been on an upward trend between 2015 and 2020, increasing faster than FOB prices of furniture imports. Despite the cost benefit afforded by the rebate facility, the price-gap between Bravo's ex-factory selling price and FOB import prices has been widening since 2015, increasing from 0.4% in 2015 to 63% in 2020.
- Bravo made notable investments in upgrading machinery and equipment, research and development and skills development and training following the implementation of the rebate in 2014, particularly in 2016 to 2018 and 2020.
- Bravo experienced employment gains following the implementation of the rebate facility. Employment increased steadily from 2 366 employees in 2014 to a high of 3318 employees in 2019. However, in line with the decline in production volumes experienced from 2019 onwards, Bravo's employment level declined in 2020 to 2 774 employees, which is equivalent to 544 job losses between 2019 and 2020. Nonetheless, in terms of reciprocal commitments, Bravo's employment in 2020 was 17% higher than the level recorded in 2014, far higher than the 7% contained in their reciprocal commitments to government set policy objectives.
- The domestic demand is expected to recover following the easing of COVID-19 restrictions. The Furniture Master Plan estimated that imports account for about one third of sales with a value of about R1.5 billion per year. As such, competing with and replacing such imports represent a great opportunity for expansion. This is expected to be bolstered further by commitments by retailers to reduce imports over time and to promote South African suppliers as well as state procurement of furniture.

2. The Impact of the Customs Duty Increase on the Gas Stoves Industry

Defy Appliances (Pty) Ltd ("Defy") is one of the market leaders in the white goods sector, not only in South Africa, but in Southern Africa as a whole and supports a number of small components manufacturing companies in the value chain.

On 07 February 2017, ITAC recommended an increase in the general rate of customs duty on Stoves for gas fuel, having two or more plates with gas burners and a gas oven with a gross capacity not exceeding 100 litres, classifiable under tariff subheadings 7321.11, from 15% to the WTO bound rate of 30% *ad valorem*, by way of creating an additional 8-digit tariff sub-heading. The recommendation was implemented on 25 August 2017. The Commission concluded that additional tariff support would significantly improve the competitive position of the gas stove manufacturing industry, thereby ensuring economic viability and sustainability of the industry.

The company's performance in respect of government set policy objectives indicates that the desired impact of the tariff increase was only partly realised. While demand for gas stoves increased over the years, the company's production and sales volumes, as well as employment did not respond as anticipated, with imports capturing a significant share of the domestic demand.

Highlights of the impact assessment study are presented below:

- The tariff support appears to have had a negligible impact on import volumes. On average, total aggregate import volumes increased significantly post tariff support, recording an average increase of 57 per cent over the period 2018-2021.
- Contrary to the rapid increase in import volumes following the tariff support, Defy's total production volumes declined marginally over the same period. In line with declining production volumes during 2018-2020, capacity utilisation levels declined to unsustainably low levels in 2020 despite some notable improvements in 2018.
- Following the tariff support in August 2017, total sales volumes declined marginally over the period 2018-2020, leading to an associated increase in the market share of imports and a decline thereof of the domestic manufacturing industry.

- Following an initial improvement in the year following the additional tariff support (2018), Defy's profitability has seen a decline during the period 2019-2020 despite some significant improvement recorded in 2018. Profit margins, however, still remain in the positive territory. Amongst other factors, the decline in the company's profit margins is because of price suppression and increased costs on major inputs such as steel and glass.
- On average, total cumulative investment by Defy on all supply-side measures was up 32 per cent for the period following the additional tariff support in 2018 to 2020.
- Defy's total employment in its gas stoves manufacturing line initially declined following the tariff support, from 36 employees in 2018 to 30 employees in 2020. The company has managed to recover some of the jobs, moving beyond the pre-tariff support levels of 36. The company currently employs a total of 40 employees in its gas stoves manufacturing line, a significant progress with regards to the company's reciprocal commitments on employment.
- Overall, the performance of Defy in respect of set government objectives, specifically, the reciprocal commitments made when the tariff support was granted, indicates that the tariff support alone has not been adequate in assisting the firm to achieve better performance and enable it to improve its competitiveness. While demand for gas stoves has increased, imports appear to have captured most of the growth in demand. As such, Defy did not meet some of its reciprocal commitments. The additional tariff support, however, still remains very crucial and has been one of the main factors keeping the company's manufacturing line for gas stoves in operation. If anything, more needs to be done to slow down the significant import competition and enable the domestic manufacturing industry to thrive.
- There could be a need for Customs to assess whether there is under-invoicing of the products concerned, particularly from China, and consider including the products under the South African Revenue Service ("SARS") risk engine.
- The industry should be engaged regarding the possibility for additional protection in the form of anti-dumping duties.

Performance Against Predetermined Objectives

PERFORMANCE INFORMATION

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Efficient administration of trade instruments: customs tariffs.	**Customs Tariff Investigations.**	Final decisions made within 6 months on Custom Tariffs Reduction Investigations.	80% of the final decisions made within 6 months on Custom Tariffs Reduction Investigations.	66% of the final decision within 6 months.	Target not achieved. Protracted engagements with applicant regarding the confidential agreement. This delayed the process of investigation.
		Final decisions made within 6 months on Custom Tariffs Increase Investigations.	80% of the final decisions made within 6 months on Custom Tariffs Increase Investigations.	100% of the final decision within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants, interested parties.
		Final decisions made within 6 months on Custom Tariffs Rebates Investigations.	80% of the final decisions made within 6 months on Custom Tariffs Rebates Investigations.	100% of the final decision within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants, interested parties.
	Customs Duty Rebate and Drawback permits.	Customs Duty Rebate and Drawback permits issued within 14 days.	80% of Customs Duty Rebate and Drawback permits issued within 14 days.	94% of Customs Duty Rebate and Drawback permits were issued within 14 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	Automotive Production Development Programme (APDP).	Eligible Production Certificates (EPCs) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	80% of certificates (EPC) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	93% of certificates were issued within 10 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		Company Specific Percentages (CSPs) issued within 10 working days.	80% of certificates (CSPs) issued within 10 working days.	93% of certificates (CSPs) issued within 10 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		Production Rebate Credit Certificates (PRCCs) issued within 30 days.	80% of the certificates (PRCC) issued within 30 days.	94% of certificates (PRCCs) issued within 30 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
		APDP Verifications completed within 90 days.	80% of the APDP Verifications completed within 90 days.	100% of the APDP verifications finalised were completed within 90 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.
Efficient administration of trade instruments: trade remedies.	**Trade Remedies Investigations.**	Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations.	80% of the Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations.	60% of Preliminary determination decisions were made within 6 months.	Target not achieved. Delays in making Preliminary determinations were due to a number of countries and exporters involved in some investigations (i.e. Pasta; and Frozen bone-in Chicken)

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
				Pasta (Anti-Dumping) Initiated: 18/9/2020 Preliminary determination: 1/4/2021.	Preliminary determination 6 months and 14 days. Delay due to 4 exporters that had to be verified before preliminary determination could be made by Commission.
				Float Glass (Anti-Dumping) Initiated: 19/3/2021 Preliminary determination: 20/08/2021.	Preliminary determination within 6 months of initiation.
				Frozen bone-in Chicken (Anti-Dumping) Initiated: 5/2/2021 Preliminary determination: 17/12/2022.	The investigation involves 4 countries and 34 exporters participated in the investigation.
				Laminated Safety Glass (Anti-dumping) Initiated 22/10/2021 Preliminary determination 18/3/2022.	Preliminary determination within 6 months of initiation.
				Chain links (Anti-dumping) Initiated: 26/10/21 Preliminary determination: 18/3/2021.	Preliminary determination within 6 months of initiation.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
		Final determinations decisions made within 10 months of initiation of Trade Remedy Investigations.	80% of the Final determination decisions made within 10 months of initiation on Trade Remedy Investigations.	22% of final determinations were made within 10 months of initiation.	Target not achieved. Delays in making final determinations were due to a number of countries and exporters involved in some investigations (i.e. Frozen bone-in-chicken)
				Float Glass (Sunset Review) Initiated: 19/6/2020 Final determination: 9/4/2021.	The investigation was finalised within 10 months.
				Set Screws (Extension of Safeguard Measure) Initiated: 21/5/2021 Final determination: 2/08/2021.	The investigation was finalised within 3 months.
				Frozen bone-in chicken (Sunset Review) Initiated: 24/02/2020 Final determination: 24/08/2021.	The investigation involved 3 countries and 8 exporters participated in the investigation. The Commission finalised the investigation in 15 months. Approval and implementation took 3 months.
				Frozen Potato chips (Sunset Review) Initiated: 26/7/2019 Final determination: Terminated 9/7/2021.	Terminated: Investigation exceeded 18 months

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
				Stainless steel sinks (Sunset Review) Initiated: 3/7/2020 Final determination: 3/12/2021.	The Commission finalised the investigation in 5 months. Approval and implementation took 12 months.
				Wheelbarrows (Sunset Review) Initiated: 24/7/2020 Final determination: 3/12/2021.	The Commission finalised the investigation in 10 months. Approval and implementation took 7 months.
				Bolts (Safeguard) Initiated: 15/4/2020 Final determination: 10/12/2021.	The Commission finalised the investigation in 11 months. Approval and implementation took 7 months.
				Garlic (Sunset Review) Initiated: 23/10/2020 Final determination: 18/2/2022.	The Commission finalised the investigation in 10 months. Approval and implementation took 6 months.
				Pasta (Anti-Dumping) Initiated: 18/9/2020 Final determination: 17/3/2022.	The Commission completed the investigation in 11 months. Approval and implementation took 7 months.
Effective administration of trade instruments: Import and Export Control.	**Import Control Permits.**	Number of Import Control Permits issued.	16000	18 749	Target achieved. Number of permits issued depends on the number of applications received. In the year under review, more applications were received.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
		Number of Export Control Permits issued.	12000	15 100	Target achieved. Number of permits issued depends on the number of applications received. In the year under review, more applications were received.
		Number of Scheduled -Inspections conducted.	120	494	Target achieved. Scheduled inspections increased as a result of intensified compliance checking.
		Number of Un-scheduled -Inspections conducted.	1800	1 442	Target not achieved. Increase in scheduled inspections resulted in decrease of unscheduled inspections. Decline also due to Covid and financial restrictions.
		Number of Import and Export investigations conducted.	12	6	Target not achieved. Number of investigations depends on the number of contraventions detected. In the year under review, there were fewer contraventions detected.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Provide Technical Advice to the dtic.	Formal submissions written to the dtic depending on requests received.	Percentage of formal submissions written to the dtic relative to requests received.	Formal submissions written to dtic for 80% of requests received.	Formal submissions written to dtic for 100% of requests received.	Target achieved.
	Attendance of the dtic arranged multilateral, regional and bilateral negotiations.	Percentage of attendance of the dtic arranged multilateral, regional and bilateral negotiations.	ITAC attended 80% of the dtic arranged multilateral, regional and bilateral negotiations	ITAC attended 100% of the dtic arranged multilateral, regional and bilateral negotiations	Target achieved.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
Monitoring and Evaluation	Impact Studies	Number of Impact Studies conducted.	4 Reports issued	2 Impact Study Reports were issued.	Target not achieved. The following are the reasons for variance: • The impact of COVID-19 pandemic meant it was difficult to conduct physical verifications at manufacturing facilities; and • Companies' willingness to provide data and information required to conduct an impact assessment. However, the following reports were issued during 2021/22 financial year: • The impact of the customs duty implemented had on the industry manufacturing gas stoves. • The impact of creating a rebate provision for fabrics used in the manufacture of upholstered furniture.

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	Trade monitoring	Trade monitoring Reports released.	2 Reports issued	2 Reports issued	Target achieved. Report on Covid Stats Med was issued. Status report presented to the Program Management Office of the R-CTFL Masterplan at the DTIC re: Number of permits issued under rebate item 311.40 for clothing, which was created in line with the R-CTFL Masterplan.
	Reciprocal Commitments	Reciprocal Commitment Reports issued.	2 Reports issued	2 Reports issued	Target achieved. The above impact study reports issued have a dual purpose, which also cover reciprocal commitments.
	Integrated Support to Drive Industrialisation.	Reports released on ITAC's Contribution to Integrated Support to Drive Industrialisation..	4 Reports issued	4 Reports issued	Target achieved
	The AfCFTA Export Plan.	Reports released on ITAC's Contribution to the AfCFTA Export Plan.	4 Reports issued	4 Reports issued	Target achieved
	Investment Facilitation and Growth.	Reports released on ITAC's Contribution to Investment Facilitation and Growth.	4 Reports issued	4 Reports issued	Target achieved

OUTCOME	OUTPUT	PERFORMANCE INDICATORS	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2022	ANNUAL PERFORMANCE (Progress to date)	REASONS FOR VARIANCE
	District Development Model and Spatial Equity.	Reports released on ITAC's Contribution to District Development Model and Spatial Equity.	4 Reports issued	4 Reports issued	Target achieved
	Actions to Promote Transformation.	Reports released on ITAC's Contribution to the Promotion of Transformation.	4 Reports issued	4 Reports issued	Target achieved
	Growing the Green Economy and Greening The Economy.	Reports released on ITAC's Contribution to Growing the Green Economy and Greening The Economy.	4 Reports issued	4 Reports issued	Target achieved
	Strengthening and Building a Capable State.	Reports released on ITAC's Contribution to Strengthening and Building a Capable State.	4 Reports issued	4 Reports issued	Target achieved
	Developed and/or reviewed policies/ regulations in respect of ITAC instruments.	Developed and/or reviewed policies/ regulations in respect of ITAC instruments.	Reviewed Safeguard Regulations submitted to the Minister for approval.	Reviewed Safeguard Regulations were submitted to the Minister for approval.	Target achieved.
	Strengthening coordination capabilities to support trade and protect South Africa's industrial base.	Reports released to Trade Policy, Negotiations and Cooperation (TPNC) in order to strengthen coordination capabilities to support trade and protect South Africa's industrial base.	Quarterly performance reports submitted to TPNC in order to strengthen coordination capabilities to support trade and protect South Africa's industrial base.	Quarterly performance reports were issued.	Target achieved.

Linking performance with budgets

	2020/2021		2021/2022	
Program/ activity/ objective	Budget	Actual expenditure	Budget	Actual expenditure
	R'000	R'000	R'000	R'000
Administration	34 279	50 097	44 185	44 523
Tariff investigations	29 026	23 173	29 958	23 213
Trade remedies	18 773	13 827	19 760	14 084
Import and Export control	13 744	12 077	14 477	16 795

Due to the highly technical and knowledge based nature of the Commission's work, the Commission employs highly skilled and qualified individuals. For this reason, compensation of employees is its largest driver of expenditure and contributor to the achievement of planned targets. Expenditure such as administration, travel and subsistence as well as legal are key to the Commission in conducting trade instruments investigations, inspections and ensuring efficient administration of trade instruments.

ITAC also spent funds on information technology in an effort to leverage technology to improve efficiencies and productivity.

PART C:
GOVERNANCE

Corporate Governance Report

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

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

Internal Controls

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

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

Risk Management

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

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

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

The following achievements can be highlighted amongst others:

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

Fraud and Corruption

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

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

Internal Audit and the Audit and Risk Committee

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

During the 2021/22 financial year, Internal Audit performed audits in the following areas as per the approved annual plan:

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

The Audit and Risk Committee reviewed the following:

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

Audit and Risk Committee

Name	Qualifications	Internal/ External	Date appointed	End of term
R Govender (Chairperson)	CA(SA)	External	1 November 2018	N/A
M Pillay (Member)	CA(SA)	External	1 November 2018	31 October 2021
VA Makaleni (Chairperson: Risk Management Committee)	Masters in Public Administration (MPA) B. Com (Accounting) Postgraduate Diploma in Management (Corporate Governance)	External	1 April 2020	N/A
P Sibiya (Member)	CA(SA)	External	1 January 2022	N/A

Compliance with laws and regulations

ITAC has an approved Compliance Policy. 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 Acting Chief Commissioner for the year ended 31 March 2022.

1. Operating results

The surplus for the period ended 31 March 2022 was R16 246 710 (31 March 2021 was a deficit of (R1 216 302)). The interest received for the period was R2 244 343 (31 March 2021: R1 785 358).

2. Review of activities

Main business and operations

ITAC's actual total revenue for the 2021/22 financial year was R114,86 million.Transfer payments were adjusted upwards from the 2020/21 revised allocations. An additional R5.5 million was received for assisting ITAC in implemeting the Price Preference System for scrap metal. The additional transfer was received in February 2022. A higher than projected surplus was achieved as most of the procurements above R30 000 were not finalised due to the morotorium placed on procurement above a transaction value of R30 000. The budget for goods and services was underspent.

3. Going concern

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

4. Subsequent events

The Chief Commissioner, Mr Meluleki Nzimande resigned from ITAC employment on 30 April 2022.

5. Accounting policies

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

6. Executive management remuneration

Disclosure of the Executive Management's remuneration is included in the related parties note, note 21 of annual financial statements.

7. Materiality and significance framework

ITAC has developed and adopted a materiality significance issues framework for reporting losses through criminal conduct, irregular, fruitless or wasteful expenditure, as well as for significant transactions envisaged as per section 55 (2) of the Public Finance Management Act (Act No 29 of 1999). The materiality amount for the period under review was R541 900. 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 380 000.

The annual financial statements, which have been prepared on the going concern basis, were approved by the Acting Chief Commissioner on 29 July 2022.

Mr D Mbambo

29 July 2022

The Accounting Authority's Reponsibility 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 2023. 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 2022, 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 2022.

Deputy Chief Commissioner
Mr Dumisani Mbambo

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee members and attendance.

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

Name of member	Meetings attended
R Govender (Chairperson – appointed November 2018)	6
V Makaleni (Member of Audit Committee and Chairperson of Risk Management Committee Appointed April 2020)	6
M Pillay (Member–term ended October 2021)	4
P Sibiya (Member –appointed January 2022)	2

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 work performed by Internal Audit, any External assurance work undertaken during the year, the assurance received from ITAC Management and the independent chairperson of the ITAC Risk Management Committee in overseeing the internal control environment.

The internal audit work completed during the year under review is detailed in page 46 of the governance report. Internal Audit completed work in the areas of financial management, Information Technology, performance information, Human Resources, Governance and core business activities. Our review of the findings of the risk based Internal Audit reviews revealed that the control environment needs improvement in specific areas. Areas requiring some improvement include financial reporting and management, in particular the 2020/21 bonus calculation errors which were identified prior to payments and legal provisioning, management of performance information and general asset management. The Audit Committee has discussed the findings with Management and is satisfied that appropriate interventions have been considered in addressing areas of improvement.

Based on the above together with a number of additional control deficiencies identified by the external auditors, the systems of internal control applied by ITAC over governance including financial reporting and risk management have deteriorated to an extent. In line with the PFMA and best practice in public sector, the Internal Audit Unit has provided the Audit Committee and Management with assurance that the internal controls are partially adequate and partially effective.

Risk Management

The Audit Committee is responsible for the oversight of the risk management function. The ITAC has adopted a risk management framework, 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 which includes capacity building, a focus on the strategic risk process and enhancement of the governance and compliance framework and processes.

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. Recommendations were made to improve the financial reporting including enhancing on forecasting.

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 to be inadequate during the year. The contributing factors include less than optimal capacity and inadequate review and oversight over the financial reporting process which led to a deterioration of the quality of the final annual financial statements;

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the External Auditors and the Accounting Authority; and made certain recommendations for improvement. Various changes were made to the AFS approved by the Audit Committee for submission to the external auditors that were not brought to the attention of the Audit Committee. This led to quality issues on the version submitted to the external audit for review and contributed to findings being reported;
- Reviewed the External Auditor's Management Report and Management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarified and assessed the completeness of disclosures and whether disclosures made have been described properly in context;
- Assessed compliance with accounting standards and legal requirements;
- Reviewed significant adjustments and/or unadjusted differences resulting from the audit;
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Obtained reasons for major year-on-year fluctuations, including variances of actual versus budget; and
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.

The Audit Committee concurs with and accepts the External Auditor's report on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the External Auditors. The Audit Committee requested Management to prepare a detailed plan of action that addresses the various findings reported by internal and external audit and concerns raised by the Audit Committee.

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 performance information audits issued by the internal audit function; and
- Reviewed the quarterly performance reports and made recommendations for improvement on performance management.

The Audit Committee has taken note of findings raised by external audit on the quality of the annual performance information and has requested Management to prepare a detailed action plan to address the findings. Internal Audit is expected to ensure that there is a more comprehensive review of the quarterly performance information in providing assurance to the Audit Committee.

Internal Audit

The Audit Committee is satisfied that the Internal Audit function is operating independently. The Audit Committee is of a view that the function was not sufficiently resourced based on the approved plan and has not been fully effective in identifying control gaps and reporting thereon. The Audit Committee made recommendations to further improve the effectiveness of the Chief Audit Executive and the quality of internal audit. The Audit Committee has determined, through its review of internal audit, that improvement is required.

External Audit

The Audit Committee has analysed the root causes of the new findings and management responses in the External Auditor's Management Report to ensure that they address the key risk areas and has requested Management to prepare a detailed action plan to address root causes..

Conclusion

The Audit Committee wishes to thank Management and the external auditors for their efforts during the year. Whilst the Audit Committee is concerned regarding the deterioration in the quality of the financial statements audited as well as the increased number of findings pertaining to the financial management and the performance information, the Committee is confident that Management is able to restore the governance and control environment to the adequate state of prior years.

Romeshni Govender CA(SA)
Chairperson of the Audit Committee
Date: 29 July 2022

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** ***(include a discussion on your response and indicate what measures have been taken to comply)***
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	ITAC implement Preferential Procurement Regulations and its implementation guidelines to ensure compliance with the PPPFA.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not applicable

During the financial period ending 31 March 2022, ITAC was not compliant with the requirements of the B-BBEE Act and is finalising its assessment. ITAC is committed to ensuring compliance with the requirements of the B-BBEE Act.

Report of the External Auditor to Parliament On International Trade Administration Commission Of South Africa

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the International Trade Administration Commission of South Africa set out on pages 62 to 93, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Trade Administration Commission of South Africa as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements Public Finance Management Act of South Africa, Act No. 1 of 1999 (PFMA).

Basis for opinion

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

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

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

Responsibilities of 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 SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on the audit of the annual performance report Introduction and scope

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

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

12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme (outcome) presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme (outcome)	Pages in the annual performance report
Programme (outcome) 1 – customs tariffs	34 – 35

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

14. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme (outcome) 1 – customs tariffs

Indicator 4 – Customs Duty Rebate and Drawback permits issued within 14 days

15. The achievement of 94% was reported against a target of 80% in the annual performance report. However, the supporting evidence provided did not agree to the reported achievement and materially differed from the reported achievement.

Other matters

16. We draw attention to the matters below.

Achievement of planned targets

17. Refer to the annual performance report on pages 34 to 44 for information on the achievement of planned targets for the year and management's explanations provided for the under/ over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 15 of this report.

Adjustment of material misstatements

18. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme (outcome) 1 – customs tariffs. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

20. The material finding on compliance with a specific matter in key legislation is as follows:

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

22. 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 programme presented in the annual performance report that have been specifically reported in this auditor's report.

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

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

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

Internal control deficiencies

26. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and compliance with legislation included in this report.

27. Non-compliance with laws and regulations could have been prevented had the financial statements been thoroughly reviewed.

28. Management did not maintain an adequate system for reporting on performance information.

Auditor tenure

29. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of the International Trade Administration Commission of South Africa for 2 years.

Nexia SAB&T

29 July 2022

119 Witch-Hazel Avenue
Highveld Technopark
Centurion
0146

Annexure – Auditor's responsibility for the audit

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

Financial statements

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

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

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

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

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

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

- Communication with those charged with governance

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

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

PART D:
HUMAN RESOURCES MANAGEMENT

Human Resources Management

The human resources unit (HR unit) endeavours to drive workplace excellence in an environment that supports and develops professional skills and employees wellbeing, underpinned by our pursuit to deploy a highly committed and capable workforce. The unit seeks to create an environment that supports and develops the well-being and professional skills of ITAC's employees. The HR unit 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 that balance the needs of employees and the employer while ensuring compliance with all relevant legislation are developed.

During the period under review, information sessions on approved policies were conducted with staff to create awareness and ensure compliance. An employee engagement survey was also conducted to determine the level of employee satisfaction on a number of aspects within ITAC. The survey consisted of six themes which had questions regarding the Job, the Team, the Manager, Remote Work Arrangements Vaccination and Overall Organisation. The majority of the respondents indicated that they are satisfied with the six themes indicated above.

HR had engagements with all ITAC Senior managers on the challenges regarding workload in their respective units and a report with recommendations was submitted for implementation.

Due to budgetary constraints, ITAC could not fill a number of vacant positions which resulted in the organisation having a high vacancy rate.

Workforce planning

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

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

Central to ITAC's workforce planning strategy is the achievement of a diverse workforce. It has been shown that employees from diverse backgrounds contribute to improved innovation, creativity and knowledge generation. This is complemented by implementing an array of affirmative policies to promote access to equal employment opportunities and benefits.

Employee performance management

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

Employee Health and Wellness

The Human Resources unit 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. ITAC has appointed a service provider to provide preventative, consultative and information services to all employees and their families who may encounter personal problems.

Employment

ITAC's organisational structure consists of 131 approved posts with 98 filled posts and 33 vacant posts. The workforce as at 31 March 2022 was 98 and comprises of the following:

Core Business	Support Services
50	45

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 2022, there were 33 vacant positions, excluding contract positions. This scenario makes the vacancy rate for the period under review to be 25.19 % which is considerably high. The MTEF allocation on Compensation of employees (COE) was reduced significantly and as a result of the budgetary constraints the recruitment process for most of the vacant positions could not be initiated.

Employment Equity (EE)

In accordance with the Employment Equity Act, 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 until 2022.

Employee Profile

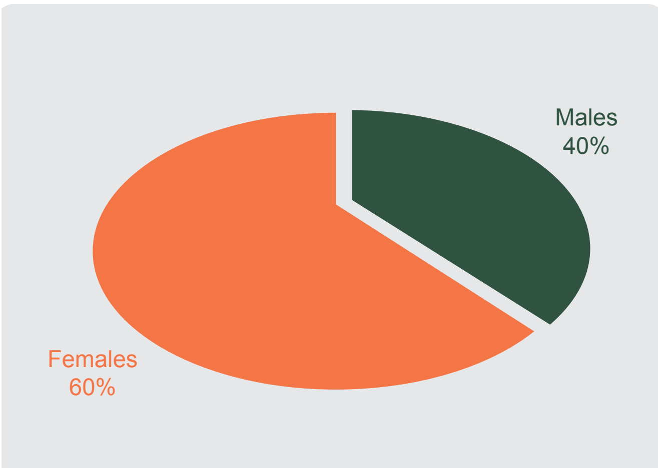
The following graphs present ITAC's employee profile in terms of a) gender; b) race; and c) Job classifications.

a. Gender profile

The table below shows the gender profile as at 31 March 2022:

Males	Females
39	59

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.

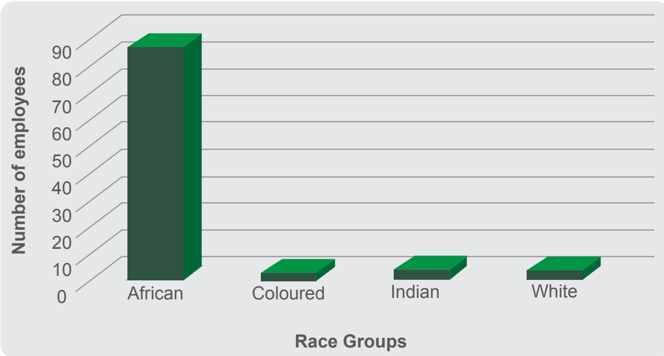
b. Race Profile

The table below shows the race profile as at 31 March 2022:

Table 2.

African	Coloured	Indian	White
87	3	4	4

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 2022:

Top Management	Senior Management	Professionals	Skilled	Semi-Skilled	Unskilled	Total
3	11	22	31	28	3	98

In graph format:

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

PART E:
FINANCIAL INFORMATION

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	3	84 635	88 196
Receivables from exchange transactions	4	226 726	263 722
Prepayments	5	156 971	137 977
Cash and cash equivalents	6	37 806 720	24 169 765
		38 275 052	**24 659 660**
Non-Current Assets			
Property, plant and equipment	7	1 262 270	352 241
Intangible assets	8	2 581	12 035
		1 264 851	**364 276**
Total Assets		**39 539 903**	**25 023 936**
Liabilities			
Current Liabilities			
Operating lease liability		859 667	832 802
Payables from exchange transactions	9	3 117 821	1 277 663
Provisions	10	2 758 507	6 482 314
Employee benefit obligation	11	9 675 957	9 549 916
		16 411 952	**18 142 695**
Total Liabilities		**16 411 952**	**18 142 695**
Net Assets		**23 127 951**	**6 881 241**
Accumulated surplus		23 127 951	6 881 241
Total Net Assets		**23 127 951**	**6 881 241**

Statement of Financial Performance as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Other income	12	139 472	174 785
Interest received - investment	12	2 244 343	1 785 358
Total revenue from exchange transactions		**2 383 815**	**1 960 143**
Revenue from non-exchange transactions			
Transfer revenue			
Conditional grant		5 500 000	1 692 000
Government grants and subsidies	12	106 978 000	94 306 000
Total revenue from non-exchange transactions		**112 478 000**	**95 998 000**
Total revenue	**12**	**114 861 815**	**97 958 143**
Expenditure			
Employee related costs	13	(82 681 611)	(81 923 002)
Depreciation and amortisation	14	(249 627)	(580 925)
Lease rentals on operating lease		(9 011 921)	(9 220 907)
Debt Impairment	15	(45 609)	(9 506)
General Expenses	16	(6 626 337)	(7 440 105)
Total expenditure		**(98 615 105)**	**(99 174 445)**
Surplus (deficit) for the year		**16 246 710**	**(1 216 302)**

* See Note 28

Statement of Changes in Net Assets as at 31 March 2022

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2020	**8 097 543**	**8 097 543**
Changes in net assets		
Deficit for the year	(1 216 302)	(1 216 302)
Total changes	(1 216 302)	(1 216 302)
Correction of errors 28	(97 265)	(97 265)
Restated* Balance at 01 April 2021	**6 881 241**	**6 881 241**
Changes in net assets		
Surplus for the year	16 246 710	16 246 710
Total changes	16 246 710	16 246 710
Balance at 31 March 2022	**23 127 951**	**23 127 951**

* See Note 28

Cash Flow Statement as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Grants		106 978 000	94 306 000
Interest revenue		2 244 343	1 785 358
Other receipts		176 468	148 327
Conditional grant		5 500 000	1 692 000
		114 898 811	97 931 685
Payments			
Employee costs		(82 555 570)	(79 913 194)
Suppliers		(17 556 084)	(18 382 426)
		(100 111 654)	(98 295 620)
Net cash flows from operating activities	17	**14 787 157**	**(363 935)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1 150 202)	-
Net increase/(decrease) in cash and cash equivalents		**13 636 955**	**(363 935)**
Cash and cash equivalents at the beginning of the year		24 169 765	24 533 700
Cash and cash equivalents at the end of the year	6	**37 806 720**	**24 169 765**

Statement of Comparison of Budget and Actual amounts

Budget on Accrual Basis Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	220 000	-	**220 000**	139 472	**(80 528)**	26
Interest received - investment	1 182 000	-	**1 182 000**	2 244 343	**1 062 343**	26
Total revenue from exchange transactions	**1 402 000**	**-**	**1 402 000**	**2 383 815**	**981 815**	
Revenue from non-exchange transactions						
Transfer revenue						
Conditional grant	-	5 500 000	**5 500 000**	5 500 000	**-**	26
Government grant and subsidies	106 978 000	-	**106 978 000**	106 978 000	**-**	26
Total revenue from non- exchange transactions	**106 978 000**	**5 500 000**	**112 478 000**	**112 478 000**	**-**	
Total revenue	**108 380 000**	**5 500 000**	**113 880 000**	**114 861 815**	**981 815**	
Expenditure						
Personnel	(86 762 000)	(5 072 000)	**(91 834 000)**	(82 681 611)	**9 152 389**	26
Depreciation and amortisation	(424 000)	-	**(424 000)**	(249 627)	**174 373**	26
Lease rentals on operating lease	(9 010 351)	-	**(9 010 351)**	(9 011 921)	**(1 570)**	26
Debt Impairment	-	-	**-**	(45 609)	**(45 609)**	
General Expenses	(12 183 649)	(428 000)	**(12 611 649)**	(6 626 337)	**5 985 312**	26
Total expenditure	**(108 380 000)**	**(5 500 000)**	**(113 880 000)**	**(98 615 105)**	**15 264 895**	
Surplus before taxation	**-**	**-**	**-**	**16 246 710**	**16 246 710**	
Surplus for the year	**-**	**-**	**-**	**16 246 710**	**16 246 710**	
Actual Amount on Comparable - Basis as Presented in the Budget and Actual Comparative Statement		**-**	**-**	**16 246 710**	**16 246 710**	

Accounting Policies

1. Basis of preparation

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

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

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.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management 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 ITAC's trade receivables are staff debtors and collected through payroll deductions. Staff debtors and other debtors are stated at cost less provision for doubtful debts. The provision is made on an individual basis and based on expected cash flows.

Fair value estimation

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

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

Impairment testing

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Useful lives and residual values of property, plant and equipment

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus 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 As most ITAC's debtors are staff debts, an allowance is raised when the employee had left ITAC employment, and collection prospects are remote. The debts are first referred to the debt collector and when collection fails, an allowance for the full amount is raised.

Going concern assumption

The outbreak of the COVID-19 pandemic resulted in a downward adjustment of baseline allocations during the 2020/21 financial year. The allocations were revised upwards for the 2021/22 financial year, although the allocation was increased, the increase was from a lower base. Management determined that ITAC will be a going concern for the foreseeable future based, amongst other considerations, the approved budget allocation, total assets exceeding total liabilities, current assets exceeding current liabilities and available reserves to meet obligations as they become due.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

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

The entity assesses at each reporting date whether there is any indication that the entity 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 7).

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

Intangible assets are derecognised:

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

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

Classification

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

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Measurement of financial assets and financial liabilities

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

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

Subsequent measurement of financial assets and financial liabilities

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

Impairment and uncollectibility of financial assets

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

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

Derecognition

Financial assets

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

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

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

Financial liabilities

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

Presentation

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

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

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

1.7 Tax

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

1.8 Leases

Operating leases - lessee

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

1.9 Inventories

ITAC's inventory 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 current replacement cost.

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.

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

1.10 Impairment of non-cash-generating assets

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

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

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

1.11 Employee benefits

Short-term employee benefits

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

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

Post-employment benefits

ITAC provides a defined scheme for its employees through the Government Employees Pension Fund (GEPF). ITAC's contributions to the GEPF are charged to the statement of financial performance in the year to which they relate. ITAC's contributions to the fund are established in terms of the GEPF rules.

1.12 Provisions and contingencies

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

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

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

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

1.13 Commitments

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

Disclosures are made in respect of unrecognised contractual commitments.

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

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

1.14 Revenue from exchange transactions

ITAC's revenue from exchange transactions consists of revenue from interest received on call accounts and other income. Revenue is recognised when it is probable that future economic benefits will flow to the entity and the benefits can be measured reliably.

Measurement

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

Other income

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

Interest received

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

1.15 Revenue from non-exchange transactions

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

Measurement Government grants

Government grants recognised as revenue when:

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

1.16 Fruitless and wasteful expenditure

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

1.17 Irregular expenditure

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

Irregular expenditure is removed from the notes when it is either:
- condoned by National Treasury or the relevant authority,
- transferred to receivables for recovery, or
- it is not condoned and it is irrecoverable.

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

1.18 Segment information

ITAC manages its operations as a single segment. The Chief Commissioner makes key financial and operational decisions for all ITAC's strategic objectives. ITAC's core objectives are: Efficient administration of trade instruments (customs tariffs, trade remedies, import and export control), Providing technical advice to the dtic, and Monitoring and evaluation. Resource allocation, assets and liabilities are managed on a combined basis.

Geographical information is not provided as ITAC operates from one location, although services are rendered through out the country. Actual performance outcomes are used by management as a basis for evaluating each strategic objective's performance and for making decisions about the allocation of resources. The disclosure of information about these strategic objectives are considered appropriate for external reporting purposes.

1.19 Budget information

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

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

The approved budget covers the fiscal period from 1 April 2021 to 31 March 2022.

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

1.20 Related parties

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

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

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

1.21 Events after reporting date

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

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Not applicable to ITAC
• GRAP 25 (as revised): Employee Benefits	Effective date still to be determined	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Effective date still to be determined	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Effective date still to be determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Inventories

	2022	2021
Stationery and consumables	84 635	88 196

Inventory is not pledged as security for any financial liabilities.

4. Receivables from exchange transactions

	2022	2021
Cellphones	25 198	38 395
Bursaries	18 235	39 631
Other debtors	228 902	324 964
Provision for bad debts	(45 609)	(139 268)
	226 726	**263 722**

Trade and other receivables past due but not impaired

Staff debtors for employees presently in the ITAC employment which are more 3 months are not considered to be impaired.

The ageing of amounts past due but not impaired are as follows:	2022	2021
Current	18 672	3 568
1 month past due	2 570	-
3 months past due	251 093	399 422

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

4. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 31 March 2022, trade and other receivables of R45 609 - (2021: R139 268) were impaired and provided for. The amount of the provision was R45 609 as of 31 March 2022 (2021: R139 268).

The ageing of these receivables are as follows:

Over 6 months	45 609	139 268

Reconciliation of provision for impairment of trade and other receivables		
Opening balance	139 268	129 762
Provision for impairment	45 609	9 506
Amounts written off as uncollectible	(139 268)	-
	45 609	**139 268**

5. Prepayments

Parking	16 092	15 375
Subscriptions	128 239	122 602
Training	12 640	-
	156 971	**137 977**

6. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	7 900	7 900
Current accounts	99 031	119 419
Call account	37 040 598	23 407 641
Corporation of Public Deposits (CPD) account	659 191	634 805
	37 806 720	**24 169 765**

Management considers that all the above cash and cash equivalents categories are of good quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above. During the year cash and cash equivalents were kept in the call and current accounts at Standard Bank and average daily interest earned was 3.76% and the CPD account at the Reserve Bank at an average daily interest rate of 4.17%. The cash and cash equivalents were not pledged as security for financial liabilities.

Notes to the Annual Financial Statements

7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	694 775	(642 929)	51 846	928 006	(838 122)	89 884
IT equipment	5 156 626	(3 946 202)	1 210 424	4 644 420	(4 382 063)	262 357
Total	**5 851 401**	**(4 589 131)**	**1 262 270**	**5 572 426**	**(5 220 185)**	**352 241**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	89 884	22 550	(60 588)	51 846
IT equipment	262 357	1 127 652	(179 585)	1 210 424
	352 241	**1 150 202**	**(240 173)**	**1 262 270**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Total
Furniture and fixtures	167 981	(78 097)	89 884
IT equipment	751 301	(488 944)	262 357
	919 282	**(567 041)**	**352 241**

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

IT equipment	37 950	24 319

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
IT equipment	13 268	15 202

Notes to the Annual Financial Statements

8. **Intangible assets**

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	627 853	(625 272)	2 581	1 344 575	(1 332 540)	12 035

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, internally generated	12 035	(9 454)	2 581

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	25 921	(13 886)	12 035

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

9. Payables from exchange transactions

Trade payables	209 213	104 989
Other payables	2 908 608	1 172 674
	3 117 821	**1 277 663**

The ageing of trade and other payables is as follows:		
Current	3 117 821	1 277 487
Over 3 months	-	176
	3 117 821	**1 277 663**

Creditors are paid within 30 days of receipt of invoice.

10. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	6 246 197	2 326 514	(2 381 817)	(3 671 655)	2 519 239
Workmens Compensation	236 117	179 927	(113 821)	(62 955)	239 268
	6 482 314	**2 506 441**	**(2 495 638)**	**(3 734 610)**	**2 758 507**

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	6 496 080	2 459 038	(1 848 410)	(860 511)	6 246 197
Workmens Compensation	306 369	173 861	(122 741)	(121 372)	236 117
	6 802 449	**2 632 899**	**(1 971 151)**	**(981 883)**	**6 482 314**

Legal fees

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

Workmens compensation

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

11. Employee benefit obligation

Reconciliation of employee benefit obligation - 2022	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	6 840 559	7 962 791	(1 698 990)	(5 477 184)	7 627 176
Performance bonus	430 165	-	(397 758)	(32 407)	-
Service bonus	1 679 729	1 658 501	(1 679 729)	-	1 658 501
Housing allowance	599 462	126 497	(250 898)	(84 781)	390 280
	9 549 915	**9 747 789**	**(4 027 375)**	**(5 594 372)**	**9 675 957**

Reconciliation of employee benefit obligation - 2021	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	4 697 494	6 924 219	(2 383 847)	(2 397 307)	6 840 559
Performance bonus	652 335	430 165	(634 867)	(17 468)	430 165
Service bonus	1 694 567	1 679 730	(1 694 567)	-	1 679 730
Housing allowance	440 296	186 143	(26 977)	-	599 462
	7 484 692	**9 220 257**	**(4 740 258)**	**(2 414 775)**	**9 549 916**

Leave

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

Performance bonus

Performance bonus represents amounts that may be payable to qualifying employees who meet the predetermined performance targets for the period under review. In the current year, no performance bonus was due as per the DPSA's circular.

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.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Revenue		
Other income	139 472	174 785
Interest received - investment	2 244 343	1 785 358
Government grant - Conditional	5 500 000	1 692 000
Government grants and subsidies	106 978 000	94 306 000
	114 861 815	**97 958 143**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	139 472	174 785
Interest received - investment	2 244 343	1 785 358
	2 383 815	**1 960 143**

12. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grant - Conditional	5 500 000	1 692 000
Government grants and subsidies	106 978 000	94 306 000
	112 478 000	**95 998 000**

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
13. Employee related costs		
Basic	59 084 524	59 035 236
Bonus	(32 451)	414 587
Medical aid - company contributions	806 387	833 523
Unemployment Insurance Fund	225 638	203 892
Workmens Compensation	113 821	52 489
Leave pay provision charge	1 698 990	2 383 847
Post retirement benefit expenses	6 959 739	7 110 862
13th Cheques	3 662 901	3 790 278
Car allowance	435 326	451 992
Housing benefits and allowances	1 068 594	1 165 794
Group life	170 857	160 053
Non-pensionable cash allowance	8 487 285	6 320 449
	82 681 611	**81 923 002**

Number of employees as at 31 March 2022 was 98 (2021- 101). The vacancy rate as at 31 March 2022 was over 25%. A temporary moratorium was placed on filling vacant positions due to budget contraints.

14. Depreciation and amortisation		
IT equipment	179 585	488 943
Furniture and Fittings	60 588	78 096
Intangible assets	9 454	13 886
	249 627	**580 925**

15. Debt impairment		
Debt impairment	45 609	9 506

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

16. General expenses

Advertising	401 507	397 049
Auditors remuneration	1 030 132	1 381 406
Bank charges	54 530	29 088
Legal fees	511 213	1 598 527
Consulting and professional fees	787 599	858 705
Catering	374	1 094
Repairs and maintenance	13 268	15 202
Insurance	391 747	389 658
IT expenses	43 431	90 316
Motor vehicle expenses	13 209	12 283
Recruitment and resettlement expenditure	70 640	42 527
Postage and courier	2 551	1 359
Printing and stationery	204 391	138 661
Employee wellness	71 089	65 987
Subscriptions and membership fees	362 286	368 846
Telephone and fax	497 626	641 778
Training	152 630	-
Travel - local	1 057 901	447 373
Travel - overseas	6 295	40 562
Personal protective equipment	50	26 281
Offsite storage documents	194 066	172 475
Audit Committee remuneration	244 804	359 924
Part-time Commissioners	514 998	361 004
	6 626 337	**7 440 105**

17. Cash generated from (used in) operations

Surplus (deficit)	16 246 710	(1 216 302)
Adjustments for:		
Depreciation and amortisation	249 627	580 925
Debt impairment	45 609	9 506
Movements in operating lease liability	26 865	832 802
Movements in provisions	(3 723 807)	1 759 925
Changes in working capital:		
Inventories	3 561	27 121
Receivables from exchange transactions	(8 613)	(26 458)
Prepayments	(18 994)	290 247
Payables from exchange transactions	1 840 158	(2 621 701)
Employee benefit obligation	126 041	-
	14 787 157	**(363 935)**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

18. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	226 726	226 726
Cash and cash equivalents	37 806 720	37 806 720
	38 033 446	**38 033 446**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3 117 821	3 117 821

2021

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	263 722	263 722
Cash and cash equivalents	24 169 765	24 169 765
	24 433 487	**24 433 487**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 277 663	1 277 663

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Commitments

Authorised and contracted expenditure

2022	**Up to 1 year**	**2 to 5 years**
Employee health and wellness programme	69 033	40 269
Parking	16 092	-
Records management	107 939	431 754
Subscriptions	17 388	-
External audit services	1 074 675	-
Mobile communication services	228 000	684 000
	1 513 127	**1 156 023**

2021	**Up to 1 year**	**2 to 5 years**
Employee health and wellness programme	69 033	109 302
Parking	15 375	-
Records management	121 543	-
Subscriptions	14 490	-
External audit services	1 024 190	-
	1 244 631	**109 302**

Operating leases - as lessee (expense)

Minimum lease payments due 2022	**within 1 year**	**2 to 5 years**	**Total**
Premises - rent	9 751 848	-	9 751 848
Office equipment	72 170	18 042	90 212
	9 824 018	**18 042**	**9 842 060**

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

Operating lease payments represent rental payable by the entity for its office premises at the dtic campus and office equipment. The lease term for office premises is three years and an annual escalation rate is 10% annually. Office equipment lease was extended for a period of twenty four months.

20. Contingencies

A cash surplus amounting to R21 621 493 for the 2021/22 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 National Treasury Instruction Note No.12 of 2020/21 as follows: Cash and cash equivalents plus receivables less current liabilities.

A claim for compensation of legal fees incurred by an employee in a disciplinary matter was submitted and the matter is still under consideration by management. The claim if successful, will result in an outflow of economic benefits.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

21. Related parties

Relationships

Department of Trade, Industry and Competition	Parent Department
Department of Justice and Constitutional Development	National Department in National Sphere
Department: Government Printing Works	National Department in National Sphere
Industrial Development Corporation	member of the dtic group
Competition Commission	member of the dtic group
Companies and Intellectual Property Commission	member of the dtic group
Export Credit Insurance Corporation of South Africa	member of the dtic group
South African Bureau of Standards	member of the dtic group
National Credit Regulator	member of the dtic group
National Gambling Board	member of the dtic group
South African National Accreditation Sytems	member of the dtic group
National Consumer Commission	member of the dtic group
Competition Tribunal	member of the dtic group
National Metrology Institute of South Africa	member of the dtic group
National Regulator for Compulsory Specifications	member of the dtic group
National Lotteries Commission	member of the dtic group
South African Bureau of Standards	member of the dtic group
National Empowerment Fund	member of the dtic group
Companies Tribunal	member of the dtic group
B-BBEE Commission	member of the dtic group
Members of key management	Members of Executive Management

	2022	2021
Related party balances		
Department of Trade, Indsutry and Competition		
Payable at year end -Telephone and internet	(15 088)	(11 285)
Related party transactions		
Department of Trade, Industry and Competition		
Office rental payments	8 865 316	8 059 378
Telephone and internet payments	141 042	171 033
Transfer payments received	(106 978 000)	(94 306 000)
Conditional grant	(5 500 000)	(1 692 000)
Department of Justice and Constitutional Development		
Legal costs incurred	511 212	1 598 527
Audit and Risk Committee members		
R Govender (Chairperson)	103 608	138 461
R Nhlapo (Member) (Resigned on 30 April 2020)	-	44 379
M Pillay (Member)	51 459	72 900
V Makaleni (Member) (Appointed on 1 April 2020)	138 033	104 184
P Sibiya (Appointed 01 January 2022)	10 476	-
Part-time Commissioners		
F Ismail (Chairperson)	156 926	142 052
B Mokgatle (Member)	87 723	55 434
V Ncwaiba (Member)	98 415	78 465
J de Beer (Member)	123 820	85 052
P Mbiko (Member) (Remuneration started in 2021/22)	48 114	-

ITAC has 10 Part-time Commissioners, and five are not remunerated.

Notes to the Annual Financial Statements

21. Related parties (continued)

Remuneration of management

Management class: Executive management

2022

Name	Basic salary	Bonus and performance related payments	13th Cheque	Post-employment benefits	Un-employment Insurance Fund	Car Allowance	Total
M Nzimande (Chief Commissioner)	1 532 718	-	-	151 404	2 069	-	1 686 191
D Mbambo (Deputy Chief Commissioner)	1 204 994	-	-	128 206	2 069	96 000	1 431 269
P Semela (General Manager: Corporate Services)	1 242 712	17 686	85 886	138 114	2 069	73 326	1 559 793
N Nkoana (Chief Financial Officer)	1 201 805	7 041	-	99 845	2 069	-	1 310 760
	5 182 229	**24 727**	**85 886**	**517 569**	**8 276**	**169 326**	**5 988 013**

2021

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

22. Change in estimate

Property, plant and equipment

The useful life of computer equipment, furniture and fittings as well as intangible assets were reviewed. In the current period management have revised the estimate of computer equipment with 2 years, furniture and fittings and intangible assets with 3 years. The effect of this revision has decreased the depreciation and amortisation charges for the current and future periods by R24 683.

23. Risk management Financial risk management

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

Liquidity risk

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

Credit risk

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

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

Financial instrument	2022	2021
Call account	37 040 598	23 407 641
Current account	99 031	119 419
CPD account	659 191	634 805
Receivables	226 726	263 722

Market risk

Interest rate risk

ITAC is exposed to interest rate changes in respect of returns on its investment with financial institutions. The risk arises when there are interest rate changes, as this will affect the interest revenue on call accounts. ITAC's exposure to interest risk is managed by making short-term investments with Standard Bank and the Reserve Bank. The short-term deposits made are low risk and the capital is secure.

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

Sensitivity analysis

Financial instrument	Change in investments	Increase / decrease in net surplus for upward change	Increase / decrease in net surplus for downward change
Cash and cash equivalents	1,00 %	378 067	(378 067)

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
24. Irregular expenditure		
Opening balance as previously reported	74 912	74 912
Opening balance as restated	**74 912**	**74 912**
Less: Amounts condoned	(74 912)	-
Closing balance	**-**	**74 912**

Irregular expenditure is presented inclusive of VAT. The irregular expenditure related to travel management service fees, a new travel contract was not finalised in time and that resulted in irregular expenditure as a result of quotations that were processed above the National Treasury threshold.

25. Reconciliation between budget and statement of financial performance

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

	2022	2021
Net surplus (deficit) per the statement of financial performance	16 246 711	(1 216 302)
Adjusted for:		
Conditional grant	-	(1 692 000)
Other income	80 528	62 215
Interest income	(1 062 343)	(506 358)
Payroll expenditure in excess of (lower than) budget	(9 152 389)	(4 109 998)
Operational expenditure in excess of (lower than) budget	(5 985 313)	6 510 942
Depreciation	(174 373)	149 039
Lease rental on operating lease	1 570	792 956
Debt impairment	45 609	9 506
Net surplus per approved budget	**-**	**-**

26. Budget differences

Material differences between budget and actual amounts

An additional amount of R5.5 million was received towards assisting ITAC in implementing the Price Preference System for scrap metal. The amount was for funding the employee related costs for the programme's contract workers.

Interest income was significantly higher than budget as the full transfer payment was received in April 2021 and increased cash balances significantly. Although the interest rates remained low, the higher cash balances resulted in an increased interest received. Other income consists mainly of staff debtors and the debtors balances decreased from prior periods.

Employee related costs variance is as a result of vacant positions. There were 33 vacant positions at year end with a vacancy rate of 25,19%. A temporary moratorium was placed on filling certain vacant posts, only critical positions were advertised and the recruitment process was still ongoing at year end.There was also an increase in terminations during the year.

The spending under general expenses was lower than the previous financial year. Auditors remuneration decreased from prior financial years as ITAC appointed an external auditor in terms of section 4 (3) of the Public Audit Act and the proposed fee was lower than the previous years. Legal fees decreased as a number of cases were finalised during the year. Cellphone costs increased as a number of employees continue to work from home and reimbursed for data costs. Staff attended training in the current year, as no training was attended last year. Travel and subsistence costs increased as travel slowly resumed in the current financial year, as last year there were still travel restrictions. Professional fees decreased as some procurement could not be finalised because of the National Treasury Advisory Note in relation to the Preferential Procurement Policy Framework as the moratorium was issued just before the appointments were finalised. A number of procurement above R30 000 were then halted.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

27. Events after reporting date

The Chief Commissioner, Mr Meluleki Nzimande resigned from ITAC employment on 30 April 2022.

28. Prior period errors

The useful lives of items of property, plant and equipment and intangible assets were not properly implemented in the prior financial year and were corrected in the current year.

Cellphone hardware invoice for expenditure relating to prior years, which was not accrued for was received in the current year.

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

Statement of financial position		
Accumulated depreciation		(1 532)
Accumulated amortisation		(3 097)
Accruals		101 894
Statement of financial performance		
Depreciation		(1 532)
Amortisation		(3 097)
Cellphones		101 894

29. Comparative figures

Certain comparative figures have been reclassified.

The reason for reclassification was to comply with requirements of GRAP 25 - Employee benefits requirements of disclosing material employee benefit obligations separately. Leave pay, service bonus, performance bonus and housing allowance were reclassified to Employee benefit obligation and disclosed separately on the face of the statement of financial position.

The effects of the reclassification are as follows:

Employee benefit obligation		9 549 916
Provisions		(7 870 187)
Payables from exchange transactions		(1 679 729)
		-

Notes to the Annual Financial Statements

30. Segment information

General information

Identification of segments

ITAC manages its operations as a single segment. The Chief Commissioner makes key financial and operational decisions for all ITAC programmes based on strategic outcomes. ITAC's main programmes are Efficient administration of trade instruments (customs tariffs, trade remedies, import and export control), Providing technical advice to the dtic, and Monitoring and evaluation. Resource allocation, assets and liabilities are also managed on a combined basis.

Geographical information is not provided as ITAC operates from one location, although services are rendered throught out the country. Programme performance information segments is used by management as a basis for evaluating the programmes' performances and for making decisions about the allocation of resources. The disclosure of information about these programmes is also considered appropriate for external reporting purposes.

Notes

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