



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION 208

DATE OF ORAL REPLY: 17 NOVEMBER 2021

Inkosi R N Cebekhulu (IFP) to ask the Minister of Trade, Industry and Competition:

Whether, with regard to the R36 million economic relief package which was announced in July in response to COVID-19 and the civil unrest which affected businesses and jobs, his department is aware that there were incidents where businesses were making fraudulent claims; if not, what measures is his department taking to uncover and/or investigate possibilities of fraudulent claims; if so, what were the nature of the specified claims? NO2674E

REPLY

The IDC, NEF and the dtic launched a support Fund after the July 2021 unrest to help rebuild industries and firms affected by the unrest. To date and in a very short period of time, more than R2,5 billion has now been approved to 165 applicants, covering 386 business premises or sites of operations. These companies employ more than 18 000 jobs. Of the approved sum, more than R1,2 billion has already been paid out to the affected firms.

The IDC, NEF and the dtic identified a number of risks in administering a support programme on scale and with a faster turnaround time than what normally applies. Both the IDC and NEF has put in place risk-mitigation measures, and these are detailed. In light of the limited available time, I will point to a few examples from the IDC that I have been provided with.

1. Double-dipping by firms from more than one public Fund, for example, claiming from both IDC and NEF

To address this risk

- Beneficiaries are required to sign undertakings to either not apply to another public institution or where appropriate, to fully declare it
- The agencies share information with each other within **the dtic** group and they reach out to other public agencies like SASRIA to identify early risks
- They engage with UIF in instances where funding is provided for salaries and where risk exists of similar claim being submitted to UIF.

2. Claims for firms not affected by unrest or over-estimating the extent of damage suffered.

To address this risk, an affidavit, duly commissioned by the SAPS, is obtained which indicates that the entity was negatively affected by the unrest (looting, vandalism, theft, etc.) and the insurance status of the entity, i.e. insured, under-insured or not-insured. Random samples are checked in this regard by on-site visits and inspections by IDC employees. It also looks at insurance loss assessor's report, site visits etc

3. Applicants may falsely claim that they await insurance payouts, in order to access bridge funding.

To address this risk, where a client claims to have an insurance claim lodged, this is verified with claim number and with SASRIA/insurance brokers by the team

4. The potential for public officials to be conflicted or act corruptly.

To address this risk, Declaration of interest by staff: both IDC and intermediaries. The entity uses a multidisciplinary team to conduct assessments/ due diligence. Know your client checks for both loan and grant funding are conducted that includes: FICA compliance and due-process screening of politically-exposed or influential persons

In addition, capex payments are paid against confirmed invoices or directly to suppliers; firms are required to provide Undertakings to provide on-going reporting.

I am advised that the systems were able to identify problems before approvals were made or before payments were made to potential recipients. We must however remain vigilant as there will no doubt be further attempts to improperly access public resources and if any example is found, the police must arrest the guilty parties and they should be prosecuted.

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