

# Department of Trade, Industry and Competition

## 2020/21 Annual Report Presentation – some highlights

Select Committee on Trade and Industry,  
Economic Development, Small Business  
Development, Tourism, Employment and  
Labour

8 February 2022



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: [www.thedtic.gov.za](http://www.thedtic.gov.za)



# OUTLINE

- ☐ **ECONOMIC OVERVIEW**
- ☐ **STRATEGIC IMPERATIVES**
- ☐ **ANNUAL PERFORMANCE REPORT SUMMARY**
- ☐ **HIGHLIGHTS PER PROGRAMME**
- ☐ **FINANCIAL PERFORMANCE**



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# ECONOMIC OVERVIEW

## Global Economic Outlook

- Global economy contracted by **3.1%** in 2020, reflecting a stronger-than-expected recovery across regions in the second half of 2020.
- The global economic growth rate for 2021 has been revised downward to 5.9% (from April's forecast of 6%) with the 2022 forecast remaining the same at 4.9%.
- The downward revision reflects supply disruptions in advanced economies and worsening pandemic dynamics in low-income developing countries.

## Risks to the Outlook

- However, overall risks have increased due to:
  - The emergence of more transmissible and deadlier COVID-19 variants which threaten the resilience of recovery,
  - More persistent supply-demand mismatches, and shocks leading to inflationary pressures, and
  - The start of monetary policy tightening.

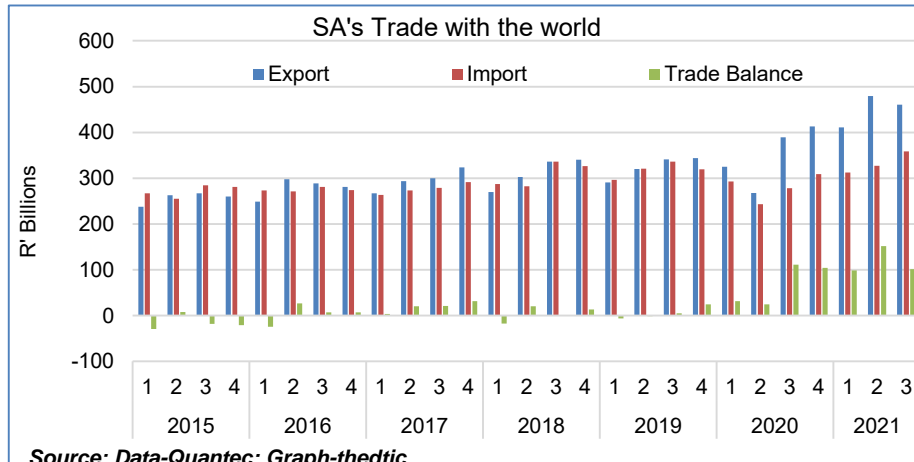


Source: IMF, World Economic Outlook (October 2021)

# ECONOMIC OVERVIEW

## Recovery is underpinned by finance.

- Real GDP decreased by 1.5% in 2021Q3, following four consecutive positive growth rates.
- The unrest that broke out in KZN and parts of Gauteng in July played a significant role in this decline
- However, on a year-on-year (y-on-y) basis, GDP increased by 2.9%.
- The GDP decline in Q3 is seen as a one quarter anomaly induced mainly by the unrest.



## Trade performance eases.

- Following four quarters of strong export growth and import suppression, the third quarter of 2021 saw exports easing to R461 billion, from R479 billion in 2021Q2; while SA imports from the rest of the world edged up to R358 billion, from R327 billion in 2021Q2.
- Despite a moderation in trade surplus, from R151 billion in 2021Q2 to R102 billion in 2021Q3, SA's trade balance with the rest of the world remains positive.
- The value of imports in 2021Q3, was largely driven by imports of machinery mainly from China followed by mineral products.

# the dtic STRATEGIC IMPERATIVES

## Vision

A dynamic industrial, globally competitive South African economy, characterised by meaningful economic transformation, inclusive growth and development, decent employment and equity, built on the full potential of all citizens.

## Mission

- Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the dtic to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;
- Co-ordinate the contributions of government departments, state entities and civil society to effect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate.

## Values

- Promotes the Constitution – with special reference to the chapters on human rights, cooperative governance and public administration;
- Promotes decent work outcomes (more jobs as well as better jobs), industrialisation, equitable and inclusive growth and social inclusion;
- Operational excellence – service delivery standards, international best practice, Batho Pele Principles, continuous improvement and ethical conduct;
- Intellectual excellence – continuous shared learning, innovation, relevant knowledge and skills improvement and knowledge management; and
- Quality relationships – improved and continuous communication, honesty, respect, integrity, transparency, professionalism, ownership, leadership and teamwork.

# ANNUAL PERFORMANCE REPORT SUMMARY 2020/21

PROGRAMME	KPI	ANNUAL TARGET	ACHIEVED
Programme 1: Administration	8	8	7
Programme 2: Trade Policy, Negotiations and Cooperation	3	3	3
Programme 3: Spatial Industrial Development and Economic Transformation	3	3	3
Programme 4: Industrial Competitiveness and Growth	4	4	4
Programme 5: Consumer and Corporate Regulation	1	1	1
Programme 6: Industrial Financing	3	3	3
Programme 7: Export Development, Promotion and Outward Investments	5	5	4
Programme 8: Inward Investment Attraction, Facilitation and Aftercare	3	3	3
Programme 9: Competition Policy and Economic Planning	3	3	3
Programme 10: Economic Research and Coordination	2	2	2
Total	35	35	33

# PROGRAMME 1: ADMINISTRATION

- Target of 50% for women in senior management positions exceeded by 3%.  
53% in Senior Positions
- Creditors payments processed within 30 days
- Recruited 106 employees, of which 53 were interns, 38 were new appointments and 15 were internal promotions
- Percentage 3.9% of the workforce with disability employed, exceeding the 2% target set by Cabinet
- 53 interns were provided with experiential learning
- Shared Services framework developed to increase efficiencies and effectiveness of **the dtic** and its agencies

# PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

- In Sept 2020, AfCFTA negotiations resumed with the objective of operationalizing preferential trade
- SA as newly appointed Chair of the process, oversaw the negotiations that led to a framework Decision endorsed by the AU Summit in December 2020, providing the legal and technical basis for preferential trade under the AfCFTA.
- SA assumed Chairmanship of SACU in July 2020 for a year and successfully advanced more dedicated work on industrialization in SACU as a basis for effective participation in the AfCFTA. Significant progress has been made with Rules of Origin.
- Finalised the entry into force of the Economic Partnership Agreement between SACU, Mozambique and the UK in January 2021. This allowed bilateral preferential trade to continue seamlessly with the UK as it exited the EU
- Submitted, a proposal to the WTO for a time bound, targeted TRIPS Waiver to address Covid-19 by boosting and diversifying the production of vaccines, diagnostics and therapeutics.
  - The proposal is supported by over 100 WTO Members, and from parliamentarians and civil society from around the world. Support continues to grow.



# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## Special Economic Zone Programme

- As at the end of 2020/21, 145 companies with an investment value of R20.2bn were attracted. The cumulative value of operational investment located within the respective zones grew by R2.6bn since the previous FY, creating 15 301 jobs;
- As part of a new approach to SEZs, **the dtic**, in partnership with Tshwane, Gauteng and Ford, established Tshwane Automotive SEZ to house automotive component manufactures;
- The SEZ is fully subscribed with a combined private investment value of R4.33 billion. These investments are projected to create approx 2 100 jobs
- The SEZ has unlocked R16 billion investment injection into the modernisation of Ford Silverton facility.
- The facility will be producing 200 000 units annually (up from 168 000), will be manufacturing Ranger bakkies and Everest SUVs, as well as Volkswagen's Amarok pick-up bakkies. The vehicles will be sold locally as well as in about 100 export markets;
- **The dtic** established SEZ project Management Unit in partnership with IDC, the new Unit is helping us to fastrack implementation of SEZs. It is currently working on Maluti A Phofung in Free State, Nkomazi in Mpumalanga, Tubatse in Limpopo and Vaal in Gauteng.

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## Equity Equivalent Investment Programme (EEIP):

- **the dtic** approved a collective EEIP initiative by automotive industry OEMs: VW, Toyota, Nissan, BMW, Mercedes Benz, Isuzu , and Ford. The collective contribution to be made by the OEMs is over R 6 billion spend over the next ten years.
- R 2.28 billion is for the Automotive Industry Transformation Fund (AITF), while R3.72 will be procurement spend by the OMEs on black owned enterprises.
- The AITF aims to facilitate transformation across the sector's value chain through the provision of access to funding and access to capacity development for qualifying black owned entities.
- It is forecasted that during the ten (10) years of the implementation of tis initiative, more than ninety (90) black owned entities will be funded as well as the creation of more than five thousand nine hundred (5900) direct jobs

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## ▪ **Metals and Metals Fabrication**

- The Steel and Metal Fabrication Masterplan and Implementation Plan was endorsed by the social partners in February 2021 and implementation has commenced.
- Through the NFTN Competitiveness Improvement interventions, Prevail Engineering Foundry based in Vereeniging secured a 7-year supply contract for automotive components with 4 OEMs (Mercedes Benz SA, Ford SA, and Nissan & Isuzu/Bosch). The contract resulted in the preservation of 55 jobs.

## ▪ **Poultry Masterplan**

- Significant progress was made with implementation of the Poultry Masterplan
- In 2021 extra production totalling 200 000 tons of Soya & 3.8 million tons of maize will be available for feed.
- The industry's R1.5 billion investment commitment has been realised, with production increasing by additional 1 million birds per week in 2020 (growth of 5% in volume).

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## ▪ Sugar Masterplan

- Reduction in imports: The total imports came to 500,868 tons in the 2019/2020 season, and total imports came to 436,275 tons in the 2020/2021 season. The net result is a 13% decrease in season-on-season imports.
- Transformation: Effective 1 July 2020, a new Sugar Industry Agreement and SA Sugar Association Constitution was published, providing significant transformation in the institutional arrangements in the sector, with the black, small-scale farmer organisation, SAFDA, now fully incorporated in the South African Sugar Association.
- CCBSA, SA's largest consumer of sugar, has also committed increase procurement of sugar from black farmers over the next 3 years.

## ▪ R-CTFL Masterplan

- Government has established a rebate facility for textiles used in the local manufacture of apparel.
- Bader SA (Pty) Ltd, located in Ga-Rankuwa with 800 employee invested R300 million in additional capacity to manufacture automotive leather and split leather.
- Finalization of NSFAS laptop bag order to two manufacturers in Q1 2021 saving 125 full time jobs.
- Localisation of PPE products continuing.
- CPUT has received funding to expand its laboratory and will be able to test all properties as required by the medical standards.

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## ▪ **Beneficiation**

- Bushveld Minerals has established 8 million litre vanadium electrolyte manufacturing plant in the EL IDZ – supported by the IDC. The plant will process vanadium oxide from South Africa and use other locally manufactured reagents, and is expected to commence production at the end of 2021. Precursor for vanadium redox flow batteries.
- Thakadu has established a R251m, 25 000 tpa pure nickel sulphate plant supported by the Black Industrialist Programme & IDC. The plant processes nickel by-product from platinum mining producing battery grade material in Brits, NW for export market.
- CHEM: \$10 million investment at the Dube Trade Port has created a manufacturing facility with an initial capacity of 1,500 fuel cells per annum. LTPEM fuel cells have platinum and palladium and contribute to the Platinum Group Metals (PGM) beneficiation, increasing demand and supporting the sustainability of the mining industry and mining jobs.

## ▪ **Global Business Services**

- SA awarded the 2021 Most Favoured Global Offshore Location 2021.
- Significant new jobs were created during the financial year

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

In addition to the existing 27 products designated, **3 additional products were identified**, namely, **cement, poultry** and **light motor vehicles**. Over and above this, huge strides have been made in increasing local content in the various sectors which ultimately led to increased jobs. An example of this from the Retail Clothing, Textiles, Footwear and Leather (RCTLF) is indicated as follows:

Proudly SA launched the “buy local” Campaign in August and an online CTFL specific ‘what’s in your Wardrobe’ Campaign at the beginning of September

400 new jobs reported by ATASA in KZN

Woolworths opened new baby products and T-Shirt factory

Forfeiture of illegal 2<sup>nd</sup> hand clothing by SARS in 32 containers

Pepkor investment of R25 million in a flip-flop factory

Glodina invested R184 million

Foschini Group invested R350 million into the opening of new stores



# PROGRAMME 5: CONSUMER AND CORPORATE REGULATION

## ▪ **Companies Amendment Bill**

- work continued with ongoing engagements with constituencies at NEDLAC to address areas of disagreement in the NEDLAC report. The Bill is critical to ensure a sound regulatory environment for companies for the ease of doing business and growing the economy
- Draft amendments prepared in the period under review, were gazetted subsequently, for public comment

## ▪ **Consumer Protection Act**

- Completed a regulatory impact assessment focusing on key provisions of the Act related to enforcement and processes impacting on consumers.
- Completed an audit on the functions and powers of the NCC as prescribed by the Act. The plan is for the studies to culminate to a policy development process that will inform the review of the Act

# PROGRAMME 6: INDUSTRIAL FINANCING

Promoting  
**Industrialisation**  
216 investments  
supported through  
Grants, Loans and Tax  
Allowances

PROJECTS  
SUPPORTED



216

APPROVAL  
AMOUNT



R8,8 bn

PROJECTED  
INVESTMENT



R27,9 bn

NEW JOBS TO  
BE CREATED



18 330

JOBS TO BE  
RETAINED



22 272



GRANT



LOAN



TAX ALLOWANCE



Projects supported

142



Approval amount

R4 660 998 824



Projected Investment

R14 461 559 595



New Jobs to be  
Created

17 055



Jobs to be Retained

13 234

87

7 692

1 188

1 346





84% of 131  
private  
enterprise are  
black-owned

# PROGRAMME 6: INDUSTRIAL FINANCING



Black-owned  
enterprises and  
industrialists

111

Black  
industrialists

20

Black  
emerging  
filmmakers

11

Black  
emerging  
aquaculture  
Farmers

7



Women-owned  
enterprises

43



Women-empowered  
enterprises

17



Youth-owned  
enterprises

20



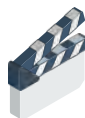
Youth-empowered  
enterprises

6



SMMEs

84



Special purpose corporate  
vehicles for Film and TV  
productions

40

**B-BBEE  
LEVEL 1-4**

88%

**B-BBEE  
LEVEL 5-7**

5%

**B-BBEE  
LEVEL 8**

7%

promoting a  
Strong and  
Inclusive  
Economy

# PROGRAMME 6: INDUSTRIAL FINANCING



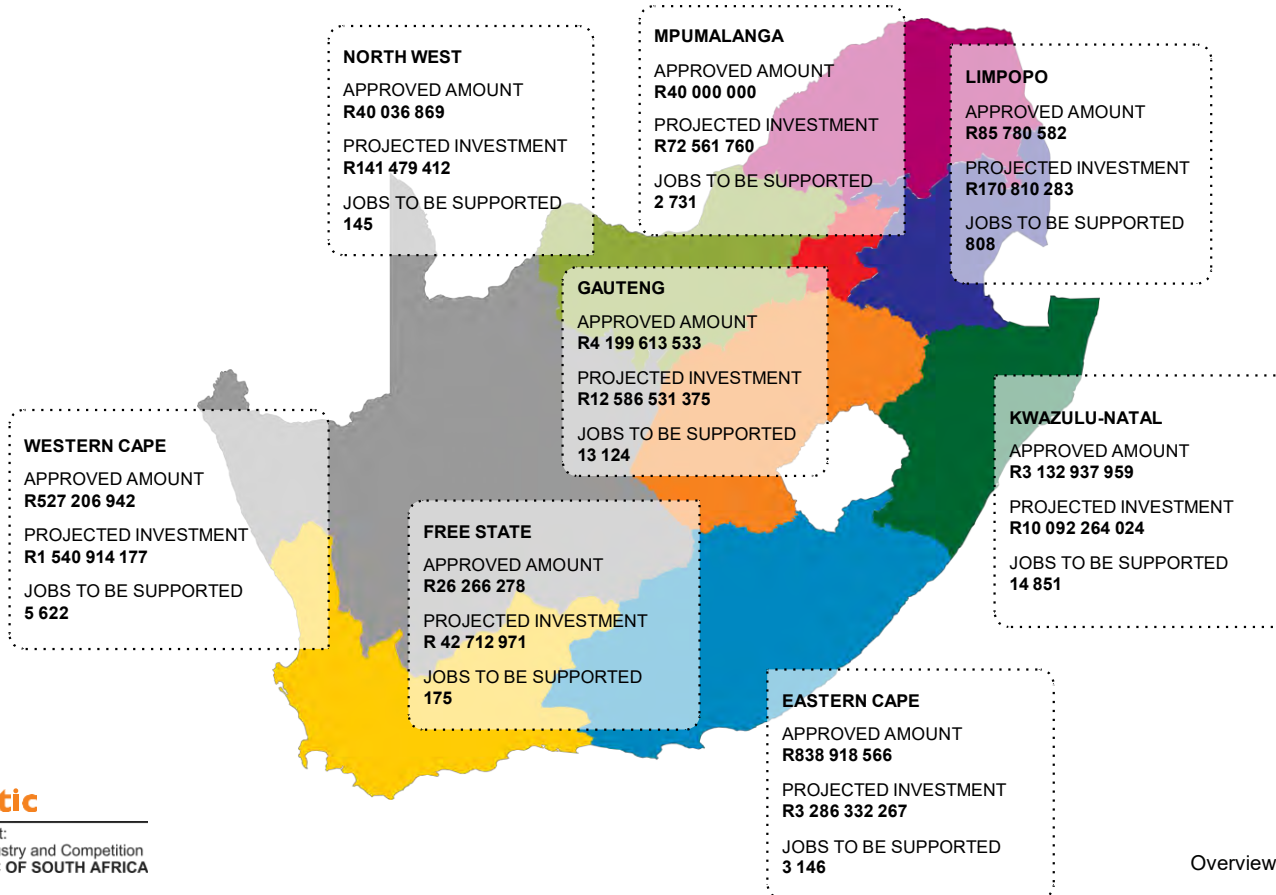
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2020/21 Annual Incentive Report

# PROGRAMME 6: INDUSTRIAL FINANCING

## CONTRIBUTING TOWARDS THE DISTRICT ECONOMIC DEVELOPMENT MODEL



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# PROGRAMME 6: INDUSTRIAL FINANCING

	APPROVAL AMOUNT	PROJECTED INVESTMENT	JOBS TO BE SUPPORTED
<b>EASTERN CAPE</b>	<b>R838 918 566</b>	<b>R3 286 332 267</b>	<b>3 146</b>
Amathole District Municipality	R20 000 000	R465 549 268	224
Buffalo City Metropolitan Municipality	R563 173 772	R2 136 202 608	1 016
Nelson Mandela Bay Metropolitan Municipality	R254 744 794	R683 580 391	1 899
OR Tambo District Municipality	R1 000 000	R1 000 000	7
<b>FREE STATE</b>	<b>R26 266 278</b>	<b>R42 712 971</b>	<b>175</b>
Mangaung Metropolitan Municipality	R7 045 441	*	14
Thabo Mofutsanyana District Municipality	R19 220 837	R42 712 971	161
<b>GAUTENG</b>	<b>R4 199 613 533</b>	<b>R12 586 531 375</b>	<b>13 124</b>
City of Ekurhuleni Metropolitan Municipality	R1 420 878 383	R8 256 485 105	2 761
City of Johannesburg Metropolitan Municipality	R435 650 452	R530 908 636	5 978
City of Tshwane Metropolitan Municipality	R2 328 984 698	R3 765 937 633	4 341
Sedibeng District Municipality	R14 100 000	R33 200 000	44
<b>KWAZULU-NATAL</b>	<b>R3 132 937 959</b>	<b>R10 092 264 024</b>	<b>14 851</b>
eThekweni Metropolitan Municipality	R1 240 181 729	R3 213 386 899	11 884
iLembe District Municipality	R12 494 534	R35 698 669	2 223
King Cetshwayo District Municipality	R1 856 289 194	R6 793 586 161	584
Ugu District Municipality	R3 249 682	R11 283 072	52
uMgungundlovu District Municipality	R20 722 820	R38 309 223	108



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# PROGRAMME 6: INDUSTRIAL FINANCING

<b>LIMPOPO</b>	<b>R85 780 582</b>	<b>R170 810 283</b>	<b>808</b>
Capricorn District Municipality	R55 974 896	R6 000 000	450
Sekhukhune District Municipality	R4 476 139	R22 380 691	10
Vhembe District Municipality	R19 949 547	R115 179 592	148
Waterberg District Municipality	R5 380 000	R27 250 000	200
<b>MPUMALANGA</b>	<b>R40 000 000</b>	<b>R72 561 760</b>	<b>2 731</b>
Ehlanzeni District Municipality	R30 000 000	R62 561 760	2 562
Nkangala District Municipality	R10 000 000	R10 000 000	169
<b>NORTH WEST</b>	<b>R40 036 869</b>	<b>R141 479 412</b>	<b>145</b>
Bojanala Platinum District Municipality	R23 036 869	R84 379 412	144
Ngaka Modiri Molema District Municipality	R17 000 000	R57 100 000	1
<b>WESTERN CAPE</b>	<b>R527 206 942</b>	<b>R1 573 914 177</b>	<b>5 622</b>
City of Cape Town Metropolitan Municipality	R500 188 078	R1 540 125 597	5 545
West Coast District Municipality	R27 018 864	R33 788 580	77

\* Film&TV supported project which reports on domestic spend



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# PROGRAMME 7:EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## EXPORT DEVELOPMENT:

- Exceeded the set target of 100 individuals/companies to be trained annually
- 329 of 619 individuals trained were women, whilst youth constituted 32% of the trainees
- Export training and capacity building contributed to expansion of the exporter base, including women and youth enterprises

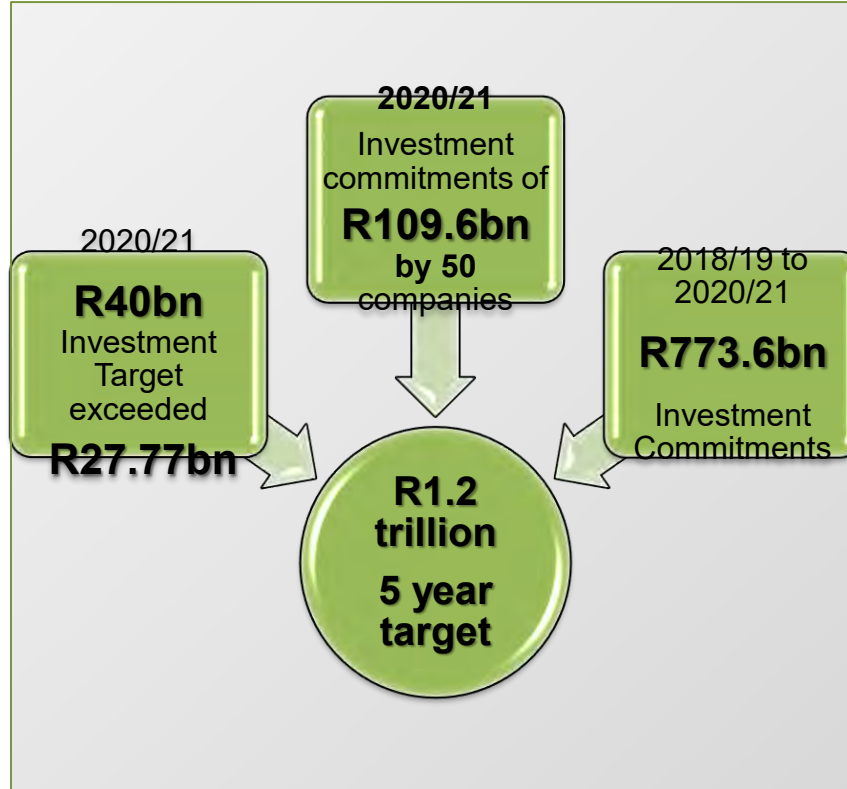
## EXPORT BARRIERS MONITORING MECHANISM (EBMM):

- EBMM launched as single channel for companies to report export barriers and receive assistance
- 168 barriers were registered with 76 related to Covid-19 processed

## EXPORT PROMOTION:

- In response to Covid-19 impact on physical events, hosted more than 15 **virtual** trade events.
- Facilitated sales in South Korea for the following: Signal Hill Products, Devil's Peak LITE, Striped Horse Lager, Striped Horse Pilsner, Amarula Liqueurs.
- Inaugural South Africa - United States Black Business Summit took place in March 2021 with more than 1000 participants in the webinar. SA and US companies to jointly identify and harness business opportunities in a range of sectors including through AfCFTA.
- Insourcing programme with the German Chambers launched. Focused on local sourcing from South Africa companies and integration into German supply chains.
- Collaborated with WESGRO and Swiss Import Promotion Programme (SIPPO) on key events:
  - Cape Agriculture Week Inward Buying Mission. SA companies from several provinces promoted their products to a significant number of international buyers;
  - Biofach eSpecial (organic virtual trade fair). 10 SA exporters identified to further engage with buyers in organic food, cosmetics and natural ingredients.

# PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE



the dtic collaborated with other national government departments / agencies and the Presidency to host the 3<sup>rd</sup> Annual South Africa Investment Conference in November 2020. This hybrid event drew a number of domestic and international investors.

The effective virtual partnerships established since the start of the 2020/21 financial year enabled closer cooperation between the dtic, Provincial Investment Promotion Agencies, SEZs / IDZs and the re-establishment of the CEO / GM Forum.

# PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

## COVID SUPPORT AND FACILITATION

- **9 Virtual Provincial One Stop Shops** were established to support the Disaster Management Act, iro dissemination and explanation of guidelines and directives
- Assisted a number of businesses which had their cargo stuck at port on the date of the lockdown
- Assisted businesses with information on how to register as suppliers of essential goods.
- Assisted a number of businesses to register as suppliers of PPE on governments procurement database and B4SA
- Facilitated registration for Essential Services Certificate through CIPC Bizportal. 490 000 businesses where registered by CIPC for Essential Services
- Provided support to the PPE and Pharma supply chain, sanitizer supply chain and manufacturers of alcohol.
- Provided support to the food supply chain.
- Monitor potential challenges with the supply of wheat, rice and maize to ensure continued food security of staples.
- Facilitation and point of contact for the Consumer Goods Council and all related challenges in the consumer goods value chain, including support to retailers.



# PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

## COVID SUPPORT AND FACILITATION

- Supported the GBS and operators for their call centers operations. Worked on health protocols and for industry to be an Essential Service in Level 5 and 4 of Lockdown
- Anglo American – assistance with export of sanitisers and PPE to their mines in Zimbabwe (facilitated through ITAC).
- Nestle – assistance with transport of workers to and from their plants and intervened with SAPS
- Automotive OEMs (including Ford, VW and Toyota) – assistance on manufacturing, donating of face shields and opening of dealerships.
- NAACAM – assistance to automotive component companies on staff scheduling and work readiness of their plants.
- In2Foods – provided advice on the composition and distribution of food parcels.
- Bbraun – assistance with the production of sanitisers (bottles and alcohol).
- Adcock/Aspen – assistance with the importation of paracetamol ingredients from India.
- PharmaQ – Facilitation with ITAC application.
- Sappi and Mondi – support with issues relating to import and export of paper and pulp products – specifically with the Port of Durban.
- Komatsu – provided support with cross border exports of mining equipment.

# PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION

## COVID SUPPORT AND FACILITATION

- French companies in South Africa – facilitating visa related issues with DHA.
- Assisted companies such as AMKA to set up face mask plants; facilitated importation of machines and linked them with local suppliers of raw materials and components such as melt blown, earlobes and nose pieces and approval with testing and licensing.
- Support provided on the manufacturing of sanitisers and specifically to Sasol for ethanol and suppliers of bottles such as Coca Cola.
- Assisted SAPA member companies with transporting of live chickens across provincial borders (Gauteng/Limpopo and Western Cape/Eastern Cape).
- Provided support to Tiger Brands and Pioneer with the import of wheat and blockages at the Port of Cape Town and Durban.
- Delayed a SAA cargo flight from Frankfurt for half an hour to allow for emergency medicines to be included in the cargo destined for South Africa.
- Ensured that Evergreen received additional energy from Eskom to increase their production capacity by 6 million surgical masks.
- Hisense – facilitated exports to neighboring countries under Level 4. Defy – facilitation between the company and UIF/TERS.

# PROGRAMME 9: COMPETITION POLICY AND ECONOMIC PLANNING

## ▪ **Advancing the Public Interest**

- dtic was advised on 242 mergers and participated in 63 mergers to advance the public interest.
- Major gains included the advancement of worker ownership, saving and creating jobs, and advancing localisation, eg the saving and securing of 5200 jobs in the Edcon/ Reliability merger

## ▪ **COVID 19**

- Covid 19 block exemptions granted to healthcare, retail property and banking
- Took action against companies charging excessive prices of critical Covid 19-related goods.

## ▪ **Social and Solidarity Economy**

- Development of the Social and Solidarity Economy Framework

## ▪ **Market Inquiries**

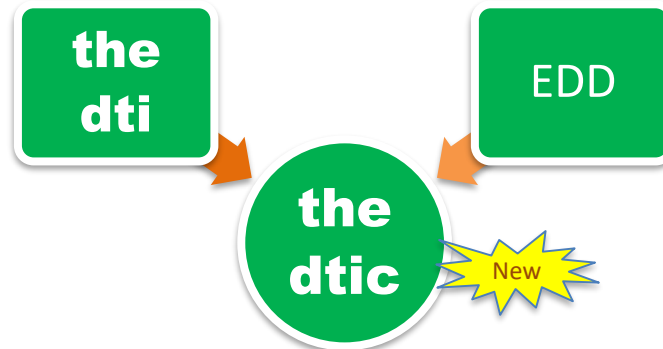
- Collaborated with other departments and Competition Commission to implement recommendations from completed Market Inquiries;
- Data prices were lowered and major retailers (Shoprite and Pick n Pay) have entered consent agreements, phasing out exclusivity agreements in shopping centres thus providing smaller suppliers better access to letting space in shopping centres;
- The Public Passenger Transport Market Inquiry was concluded and published;

# PROGRAMME 10 : ECONOMIC RESEARCH AND COORDINATION

- **Through the Natjoints and NEDLAC engagements the dtic:**
  - Contributed to the development of the Business and Social Relief packages;
  - Undertook research on the likely impact of Covid-19 on the South African economy;
  - Contributed to the discussions in the Economic Work Stream regarding facilitation of operation of spaza shops and general dealers during the 1<sup>st</sup> lockdown and support for the continued operation of the GBS sector, and agricultural/food sector logistics during the lockdown;
  - Assisted in responding to requests from enterprises wishing to be designated as essential services.
  
- **Through its Strategic Research Partners, the dtic supported a number of research projects in the 2020/21 financial year. Research support includes:**
  - Commissioning of the research which underpins the development of Masterplans which are not led by **the dtic**;
  - Capacity building to Government, Business and Labour social partners on how to develop high-impact Masterplans;
  - Research assistance to identify sectoral strengths and opportunities;
  - Convening of consultation fora for social partners to evaluate progress and highlight challenges.

# **FINANCIAL PERFORMANCE**

# Overview



- The 2020/21 financial year marked the 1<sup>st</sup> consolidated set of financial results of **the dtic** following the merger of the then Departments of Trade and Industry and Economic Development.

# APPROPRIATION STATEMENT/ BUDGET HIGHLIGHTS

## Key Budget interventions



- the dtic's priorities and budget were refined given the impact of COVID-19 on the global economy, the domestic socio-economic environment and government's limited fiscal resources.
- Budget reprioritisation of R500 million towards a working capital facility at the IDC and NEF to assist distressed companies as a result of COVID 19.
- Additional funding support of R21 million was allocated to the Competition Commission to enable the commission to carry out new functions assigned to it on 19 March 2020, arising from the State of Disaster and in terms of the Disaster Management Act.
- An additional R120 million allocated to the global business support incentive programme as part of the presidential employment intervention - The Global Business Services Sector is a high growth sector with demand to create 100,000 (plus) new jobs by the end of March 2023 and scale-up to 500,000 jobs by 2030.

# FINANCIAL PERFORMANCE OVERVIEW

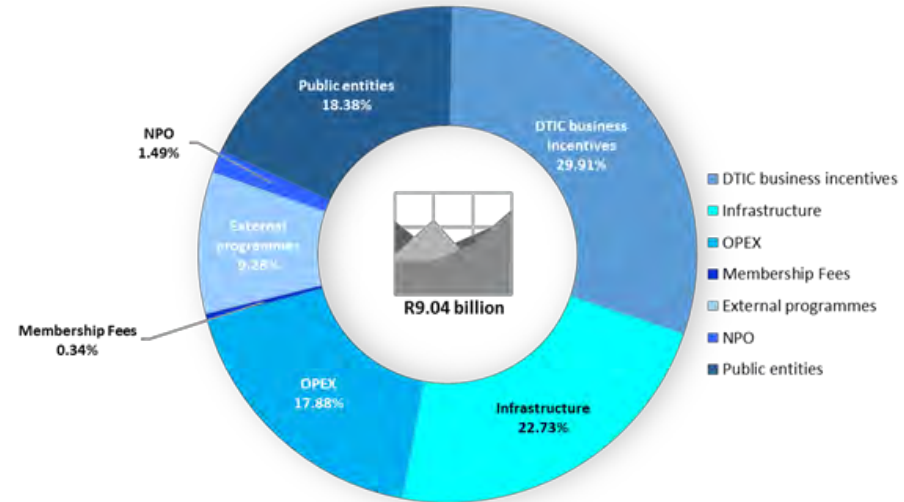
1 April 2020



31 March 2021

R'000

Budget	R9 273 272
Expenditure	R9 039 614
Spending as % of budget	97.5%
Variance	2.52% or R233 658



- The 31<sup>st</sup> of March 2021 marked the end of the 2020/21 financial year, which required **the dtic** to report on its performance for the financial year. The Annual Financial Statements and Annual Performance Reports was audited by the Auditor-General, the results of which are included in the annual report.
- As per the audited results, **the dtic** spent 97.5% or R9.04 billion of its allocated budget of R9.27 billion, whilst achieving 94% of the set performance targets.
- Of the R9.04 billion spent, R4.75 billion or 52.6% was disbursed to beneficiaries across the various incentive programmes, with about 207 projects being supported through funding mechanisms such as grants and loans.

- R1.66 billion or 18.4% was transferred to public entities
- R838.57 million or 9.2% disbursed to various external programmes at the IDC and CSIR, while non-profit organisations and international organisations of which South Africa is a member accounted for R165.08 million or 1.8%.
- Spending on operational costs was R1.61 billion or 17.9%



# PERFORMANCE PERFORMANCE AND ECONOMIC CLASSIFICATION

	Budget	Actual expenditure 31 March 2021	Variance	Expenditure as % of budget	% variance
Description	R' 000	R' 000	R' 000		
Programme 1: Administration	820,518	814,096	6,422	99.2%	0.78%
Programme 2: Trade Policy, Negotiations and Cooperation	109,400	103,059	6,341	94.2%	5.80%
Programme 3: Spatial Industrial Development and Economic Transformation	110,551	105,388	5,163	95.3%	4.67%
Programme 4: Industrial Competitive and Growth	1,642,529	1,626,286	16,243	99.0%	0.99%
Programme 5: Consumer and Corporate Regulation Division	292,289	288,484	3,805	98.7%	1.30%
Programme 6: Industrial Financing	5,012,427	4,921,274	91,153	98.2%	1.82%
Programme 7: Export Development, Promotion and Outward Investments	400,457	377,812	22,645	94.3%	5.65%
Programme 8: Inward Investment Attraction, Facilitation and After-care	58,921	56,735	2,186	96.3%	3.71%
Programme 9: Competition Policy and Economic Planning	775,430	713,548	61,882	92.0%	7.98%
Programme 10: Economic Research and Coordination	50,750	32,932	17,818	64.9%	35.11%
<b>Total</b>	<b>9,273,272</b>	<b>9,039,614</b>	<b>233,658</b>	<b>97.5%</b>	<b>2.52%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>1,653,182</b>	<b>1,568,865</b>	<b>84,317</b>	<b>94.9%</b>	<b>5.10%</b>
Compensation of employees	1,093,049	1,017,876	75,173	93.1%	6.88%
Goods and services	560,133	550,989	9,144	98.4%	1.63%
<b>Transfers and subsidies</b>	<b>7,575,598</b>	<b>7,427,227</b>	<b>148,371</b>	<b>98.0%</b>	<b>1.96%</b>
Incentive payments	3,949,712	3,866,421	83,291	97.9%	2.11%
Department entities	1,661,081	1,661,081	0	100.0%	0.00%
External Programmes	1,788,050	1,730,579	57,471	96.8%	3.21%
Non profit organisations (Partnerships with business associations, NEDLAC)	140,882	134,347	6,535	95.4%	4.64%
Membership fees (International organisations)	31,791	30,733	1,058	96.7%	3.33%
Households	4,082	4,066	16	99.6%	0.39%
<b>Payments for capital assets</b>	<b>43,561</b>	<b>42,693</b>	<b>868</b>	<b>98.0%</b>	<b>1.99%</b>
<b>Payments for financial assets</b>	<b>931</b>	<b>929</b>	<b>2</b>	<b>99.8%</b>	<b>0.00%</b>
<b>Total</b>	<b>9,273,272</b>	<b>9,039,714</b>	<b>233,558</b>	<b>97.5%</b>	<b>2.52%</b>

# KEY HIGHLIGHTS

## Total Expenditure



2020/21 expenditure is R9.03 billion, down from R10.97 billion in 2019/20

## Capital Projects (SEZs and CIP)



This consists of incentives support for bulk infrastructure, top structures and critical infrastructure

**30 days creditors payment period**

Once again the department has achieved payment of creditors within 30 days.

## Contingent liabilities

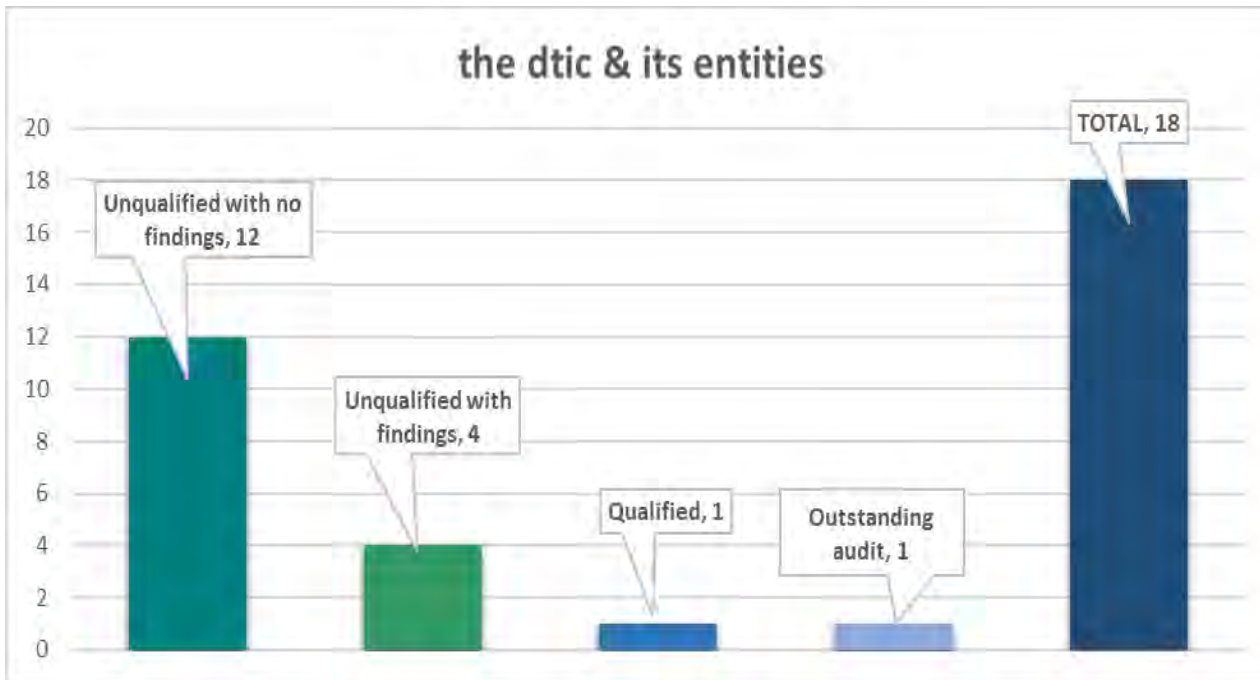


2020/21 contingent liabilities is R9.7 billion, down from R10.27 billion in 2019/20

# **Department of Trade, Industry and Competition (**the dtic**) Entities Audit Outcomes**



# 2020/21 AUDIT REPORT



**16 entities** had unqualified audits (89%)

- 12 of which were unqualified with no findings (the dtic and 11 agencies)
- 4 of which were with findings

**1 entity** had a qualified audit (NRCS)

**1 entity** has its audit still outstanding (NLC )

# 2020/21 AUDIT REPORT

Audit outcome	Institution
Unqualified with no findings	Department of Trade, Industry and Competition
	Companies and Intellectual Property Commission
	Companies Tribunal (CT)
	Competition Commission
	Competition Tribunal
	Export Credit Insurance Corporation (ECIC)
	International Trade Administration Commission
	National Consumer Commission (NCC)
	National Consumer Tribunal (NCT)
	National Empowerment Fund (NEF)
Unqualified with findings	National Gambling Board (NGB)
	South African National Accreditation System (SANAS)
	Industrial Development Corporation (IDC)
	National Credit Regulator (NCR)
Qualified	National Metrology Institute of South Africa (NMISA)
	South African Bureau of Standards (SABS)
Outstanding audit	National Regulator for Compulsory Specification (NRCS)
	National Lotteries Commission (NLC)

IDC, NCR, SABS and NMISA obtained unqualified audit opinions with findings

Entity	Findings
Industrial Development Corporation (IDC)	- Non compliance
South African Bureau of Standards (SABS)	- Material misstatements in the annual performance report - Non compliance with section 55(1)(b) of the PFMA
National Credit Regulator (NCR)	- Material misstatements in the annual performance report - Non compliance with section 55(1)(b) of the PFMA - Material misstatements in the financial statements
National Metrology Institute of South Africa (NMISA)	- Non compliance with section 10 (a) of the Measurement Units and Measurement Standards Act, 2006 (Act No 18 of 2006)

NRCS obtained a qualified audit opinion

Entity	Findings
National Regulator for Compulsory Specification (NRCS))	- material misstatements in the annual performance report - Non compliance with sections 55(1)(b); 51(1)(b)(i) and section 51(1)(b)(ii) of the PFMA

THANK YOU

NGIYATHOKOZA

KE A LEBOHA

KE A LEBOGA

SIYABONGA

INKOMU

NDO LIVHUWA

ENKOSI

NGIYABONGA

DANKIE



the dtic

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: [www.thedtic.gov.za](http://www.thedtic.gov.za)