

the dtic

Fourth Quarter Performance Report – 2022/23

**Presentation to the Portfolio Committee on
Trade, Industry & Competition**



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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

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OUTLINE

This report covers **1 January to 31 March 2023** (Quarter 4 of the financial year):

It is organised into **12 sections**, covering:

- Introduction and context
- Energy interventions
- 3 months impact overview on industrialisation
- Jobs, ownership and transformation
- Innovation And Technology, Skills Development And Competitiveness Enhancement Programmes
- Masterplans
- Film Production
- Regulation
- Governance
- International trade and investor engagements
- Annual Performance & Financial Report

The Report covers work done by **the dtic-group**.

It contains **35 case studies**.

PART 1: INTRODUCTION AND CONTEXT

INTRODUCTION

The Q4 report provides information on the impact of the work performed by **the dtic** in the period under review, including the impact on the lives of South Africans.

The report fits within **the dtic's** strategic priorities:

- **Industrialisation** by drawing the link between interventions and patterns of production, investment, export and job creation
- **Transformation** by connecting interventions to empowering black South Africans, women- and workers
- **Capable state** by reporting on improved performance and deeper partnerships.

The Economic overview is based on Q4 of 2022/23 government's financial year (FY), which coincides with Q1 2023 calendar year (CY) – January to March 2023.

Where there is reference to a quarter, without a year, the year is 2022/23 FY.

ENERGY CHALLENGES 1

2023

Days with loadshedding: **124**

January

MTWTFSS



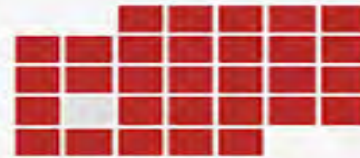
February

MTWTFSS



March

MTWTFSS



April

MTWTFSS



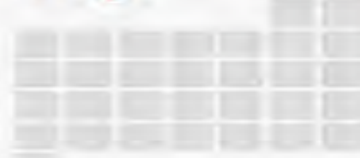
May



June



July



August



September



October



November



December



OTHER CHALLENGES

- Domestic inflationary pressures have begun to dissipate although food inflation remains a serious concern.
- The combination of electricity challenges and inflationary pressures, coupled with higher interest rates, impacts on business confidence.
- The SA GDP declined by 1,3% in the quarter, leading to fears of a recession. However, as GDP data for Q1 of the new financial year registered a 0,4% growth, SA avoided a technical recession.
- Germany has gone into a recession, together with the 20-member Eurozone group of countries. This may affect SA's exports to a large market for both commodities and manufactured products.

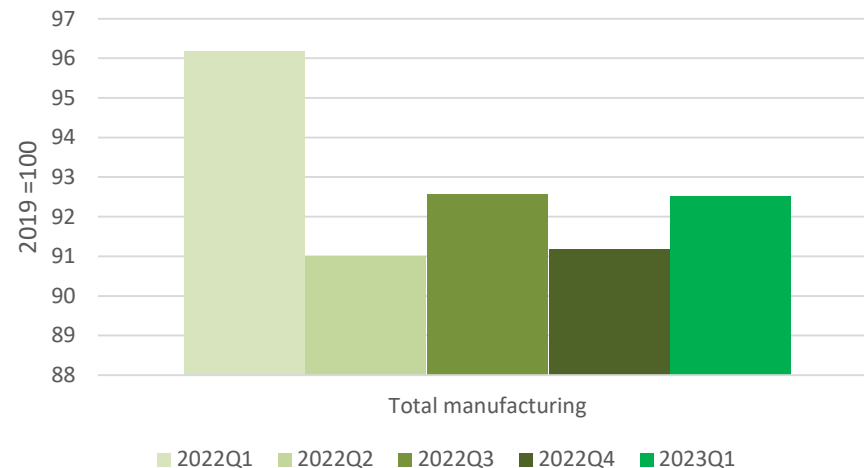
ECONOMIC PERFORMANCE

Source: StatsSA

Manufacturing output

- Manufacturing production for Q4 increased by 1.4% from the previous quarter.
- This follows a decline of 1.5% in Q3.
- Four of the subsectors recorded positive growth, while the remainder declined.

Manufacturing Production (seasonally adjusted)



+7.3%

Food & beverages

+4.3%

Petroleum
products, rubber &
plastics

+1.9%

Electrical
machinery

-6.7%

Glass & non-
metallic minerals

-3.3%

Wood & paper
products

ECONOMIC PERFORMANCE

Source: StatsSA

Manufacturing sales

- Manufacturing sales increased by 4.6% in Q4 from the previous quarter.
- This follows a growth of 1.0% in Q3.
- Seven subsectors recorded positive growth, with three subsectors having a negative growth in the latest quarter.



+7.5%

Petroleum
products

+7.0%

Furniture

+6.3%

Both Food &
beverages and Motor
vehicles

-3.6%

Glass & mineral
products

-2.7%

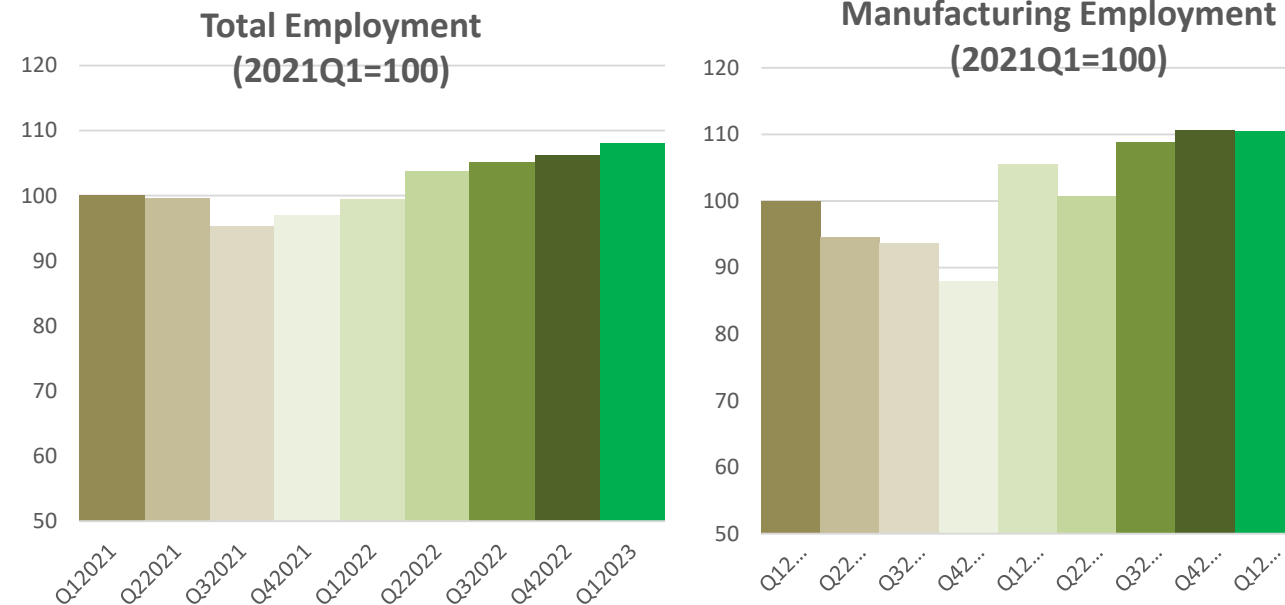
Wood & paper
products

JOB CREATION

Source: StatsSA

Employment grew in Q4

- Employment for the quarter grew by 1.6%, an improvement from the previous quarter growth of 1.1%.
- Employment in the current quarter is 8.6% higher than the same period in 2022.
- Employment growth for the extended an employment growth streak to straight seven quarters.



+8.7%

Utilities

+7.4%

Finance & Business
Services

+4.7%

Community &
Social Services

+3.2%

Agriculture

-7.5%

Private households

+1.6%

Mining

PART 2: ENERGY INTERVENTIONS

ENERGY ACTION PLAN - DTIC INTERVENTIONS

the dtic-group supports the wider effort to address the energy challenges and in addition, did work on the following fronts, in Q3 and part of Q4:

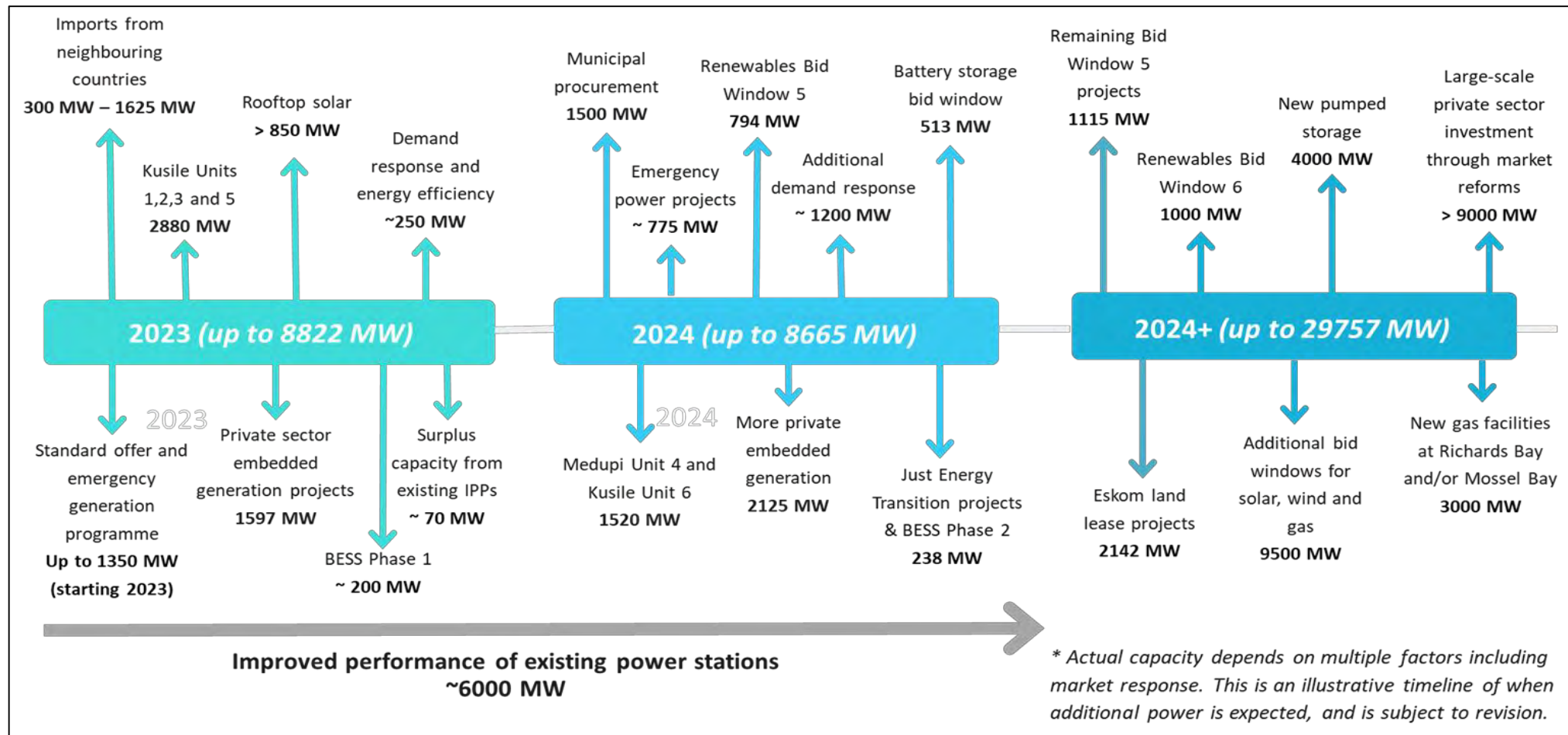
1. Support for **new energy generation** through measures such as unblocking and promoting investment and addressing regulatory challenges
2. Assisting **firms with adaptation strategies**, such as the energy resilience scheme
3. Promoting **longer-term energy-efficiency** in the economy through technical standards work
4. Promoting industrialisation to ensure that SA can develop security of supply of components and create jobs in the process.

the dtic further developed 8 interventions which it detailed during the Q3 presentation to the PC on 14 March 2023.

Progress on these will be included with the 2023/24 Q1 report.

ENERGY RESPONSE

Roadmap To End Load Shedding



PART 3: THREE-MONTH IMPACT OVERVIEW ON INDUSTRIALISATION

- Manufacturing output estimates, StatsSA
- Production in the auto sector
- Investments
- Additional local output and localisation
- Special Economic Zones
- Incentives mobilised
- Export performance

OVERVIEW ON LOCAL PRODUCTION, EXPORTS AND SUPPORT

the dtic mobilises incentives through the fiscus and partnerships with the private sector, to enable structural transformation and support to firms to enhance their competitiveness. In addition, it has a range of non-financial support schemes, ranging from rebates on duties, to trade tariff support and actions by the competition authorities and development finance institutions.

While the incentive programme requires administrative efficiency, the real test of the impact is on increased local production for the domestic market and for exports.

The following slides provide details of the work done and the impact in the following areas:

1. Manufacturing output estimates, StatsSA
2. Production in the auto sector
3. Investments
4. Additional local output and localisation
5. Special Economic Zones
6. Incentives mobilised
7. Export performance

PRODUCTION IN THE AUTOMOTIVE SECTOR

548 536 units

Number of vehicles (passenger cars, light motor vehicles and medium and heavy vehicles) produced during April 2022 to March 2023. This is an **increase of 10.62%** compared to 495,860 in the previous 12-month period.

140 455 units

Number of vehicles (passenger cars, light motor vehicles and medium and heavy vehicles) produced during Jan 2023 to March 2023. This is a **decrease of 2.17%** compared to 143,576 in the previous quarter

Production in the auto industry is enabled by the Auto Masterplan.

*New vehicle sales declined as well as exports in Q4 2021 vs Q4 2022 and hence the decline in vehicle production.

Toyota lost approximately 47000 units as a result of the flooding

OVERVIEW ON INVESTMENTS

the dtic supports increased investment in the economy through a number of ways, including:

1. IDC and NEF funding both from their balance-sheets and through **the dtic** incentives they administer
2. **the dtic** direct incentives provided, through industrial funding, SEZ support and other administered measures
3. **the dtic** through the Investment and Spatial Industrial Development Branch, supports employment creation, industrial development, transformation and broadening the levels of empowerment and economic inclusion.
4. Trade and competition commitments made by private firms
5. Unblocking efforts undertaken by **the dtic**, mainly through InvestSA
6. Work done to secure, monitor and unblock investment pledges made at the Investment Conferences convened by the President

The following slides provide details of the impact of the work done.

INVESTMENTS

Total Investment Target
R120 000 000 000

Investment Goal

Increase the level of investment in the economy, by securing **pledges for fresh investment in South Africa of at least R120 billion** largely from the private sector, during the 12-month period and work with private firms to enable pledged investment to be realised

Sum of Pledge Rands – Q4	
Industrial Policy (Sectors)	435 860 731
Industrial Financing	1 000 000 000
IDC	8 600 000 000
NEF	597 000 000
InvestSA	91 734 013 839
Competition Policy	5 000 000 000
Total	107 366 874 570

Lactalis is a French company, which has been in the dairy business for 90 years. They have facilities in the Western Cape, Gauteng, Eastern Cape and KwaZulu Natal. The company has employed 825 people to date at the Bonnievale plant in the Western Cape.

The Bonnievale facility holds valid Export certificates to all African countries.

Lactalis SA Uitsig cheese production facility has entered commissioning phase and handover took place in May 2023. The company has thus far spent up to R100m of the project value. The company hosted the plant inauguration on 4 April 2023.

An Evaporator Dryer Plant (Powder Plant Facility) at the cheese manufacturing plant in Bonnievale has been commissioned.

Project Status	Construction Completed
Value of Project	R140 million (R100 million spent to date)
Job Creation	21





Name: Mrs Mohlekhu FAGAN

Age: 45

Designation: Legal, Risk & Audit Director

Highest qualification: Masters

Years at Lactalis: 6 years

Mohlekhu Fagan comes from a village 26km outside of Polokwane, west-bound. She now lives in Cape Town

“I am responsible for Audit and Risk Management. We manage a portfolio of projects at Lactalis worth R11 billion that includes implementation of impactful BBBEE transactions that involves employees and the community. Over the year we have affected approximately R11 million in project savings.”



Name: Mrs Nontobeko ZWANE

Age: 28

Designation: Jnr Project Manager

Highest qualification: B-Tech Mech Eng

Years at Lactalis: 1,3 years

I am Nontobeko Zwane. I was born and raised in small town called Glencoe in KwaZulu-Natal.

I assist in the management of Capex Projects at Lactalis SA. My role involves taking each project through the project management life cycle, from inception, planning, execution, monitoring and control straight to close-out.

Some of my key achievements were creating and implementing a quality control and monitoring system for a R200m high risk project, that went on to win an International award in 2019.

DAIMLER TRUCK DISTRIBUTION CENTRE

Daimler Truck separated from the parent company Mercedes Benz in 2022 and are now operating as a stand alone company internationally. During the 2022 SA Investment Conference they announced their investment in the expansion of their Midrand Facility with an investment value of R190 million. It is the main distribution centre for South and Southern Africa

The facility was completed at the end of 2022 and the launch was attended by senior executives from Germany. **the dtic** was represented by Deputy Minister Gina. Daimler Truck has the biggest market share in the truck and bus segment in SADC and globally. This new facility will be home to 300 employees out of a total of 800 people employed by Daimler Truck in SA.

Project Value: R190 million
Jobs: 300

752 solar panels with a battery bank capacity of 400kwp were installed on the parking bays 7 roof areas to generate around 300kwp electricity.

The energy generated from the above installations power 3 of the 4 main buildings on the campus being, DTSA HQ, Truck store & Business Centre.



ADDITIONAL LOCAL OUTPUT

R 20.9 billion -

Value of additional local output
committed or achieved – Q4

Trade	R8.7 billion (Total value-added manufacturing of motor vehicles, tooling, and components)
	R 792 million (Total value addition for textiles in imported under rebate 311.40 to manufacture clothing for retail)
Investment	R2 billion (This Q4 local output value figure is only limited to TASEZ. Notably, it's an aggregated value that covers the months of November (start of the production) to March 2023).
Sectors	R570 million (Total contribution from sectors towards localisation)
Financing	R110 million
IDC	R3.5 billion
Investment	R 322.3 million
Competition Policy	R 5 billion (new brewery and maltery to be established within 5 years of the merger)

PROJECTS ON LOCALISATION

Localisation policy advocacy

Ever since the Constitutional Court's judgment which sets aside the 2017 Preferential Procurement Regulations (PPRs) and the commencement of the 2022 PPRs, **the dtic** has had continuous engagements with key organs of state procuring products designated for local content. The purpose is to make sure that the policy is not dropped in tenders as the 2022 PPRs do not make local content a compulsory tender requirement and leave it upon organs of state to include it or not.

The key outcomes of this advocacy during Q4 has been the issuing of the following Request For Proposals (RFPs) and Request for Information (RFI) with local content requirements:

- Transnet Freight Rail (TFR)'s RFPs for the maintenance of their staged locomotives.
- TFR's RFP for manufacture and supply of rail fastening system for a period of 2 years.
- ACSA's RFI requesting information on local industrial capacity and capabilities to manufacture and supply 955 steel airport luggage trolleys and 4 roll tainers

the dtic is responsible for regulating the national space activities in the Republic. It does so through the South African Council of Space Affairs (SACSA).

In support to the National Space policy, **the dtic** further creates an enabling supportive environment for the development of the industry.

For the period under review, **the dtic** through the SACSA facilitated the launch of the 1st commercial Earth Observation satellite **AGRISAT-01/ZA-008** which is the first imaging satellite designed and built by Dragonfly, and the first manufactured in South Africa since 2009.

The satellite was launched in orbit on 3 January 2023 and can monitor up to one million square kilometers daily and is geared towards monitoring plants, specifically for the purpose of improving agriculture from the standpoint of plant health and stress. The data gathered will help increase the yield of agriculture areas while reducing water usage and the use of harmful pesticides.



Team assembling and Integrating the satellite in a clean room meeting International Standardisation of Organisation of various systems preparations for exporting to the USA.

The launch involved the procurement of components and services worth about R10million, from local suppliers, amongst others the Cube Space, JJ Harnessing, Barracuda, Shrike Marine, CHG Engineering, Daliff and SANSA Space Science.

It will further enable companies to continue with future projects of building a constellation of satellites, whilst firming up localisation through involvement of other companies in this sector and related sectors.

The successful launch of the satellite boosts South Africa's credibility for investment in the space industry. The launch of AGRISAT resulted in an investment amount of R250 million(USD13.8 million) for the delivery of AGRI-SAT-1, including the launch costs (USD1.65 million) and insurance of (USD1.34 million) and R27 m in infrastructure development



Space-X first 2023 rideshare mission, with AGRISAT -1 featuring a successful landing back



AGRISAT-1 /EOS Sat-1 during separation from the Falcon 9 launch vehicle on share drive mission from Space X Rocket

the dtic worked extensively with DoT, PRASA and the Gibela consortium in the building of its assembly lines in Nigel and suppliers to increase local manufacture of components used in PRASA's ongoing passenger rail build programme. The work follows from the signed contract in 2014 for the delivery and maintenance of 600 trains over 20 year period. In addition, the team continues to provide support to PRASA in the re-building of the stations.

Trains manufactured at the Gibela Facility have been deployed in the March 2023 re-opening by PRASA of its Cape Town's Central Line. The line had been suspended since 2018 and completely closed since October 2019. This is the busiest line in Cape Town, serving the poorest communities, including Khayelitsha and Mitchells Plain.



RAIL SECTOR

NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME (NIPP) -WABTEC INVESTMENT TO LUCCHINI SA – WHEELS PROJECT

NIPP is a procurement lever aimed at offsetting the impacts of imports in the South African public procurement system. In this case, it was applied in a contract awarded by Transnet to Wabtec, a global rail technology company.

The contract incurred a NIPP obligation, which led to an investment pledge of R28.5 million or USD 1.6 million for the purchase of a Computer Numerical Control (CNC) machine for Lucchini SA, a manufacturer of forged freight and passenger railway wheels based in Germiston, Gauteng. Lucchini SA is part of the global LUCCHINI RS S.p.A, which is based in Via Giorgio Paglia, Italia. In South Africa, it has a B-BBEE ownership of 30% owned by Kusini investments (Pty) Ltd.

The automated CNC machine will enable the production of high quality standard forged blank steel wheel, thus reducing the production cost, poor quality and improving the output. The economic benefit to the South African economy is the reduction in the importation of finished or fully functional forged railway wheels.



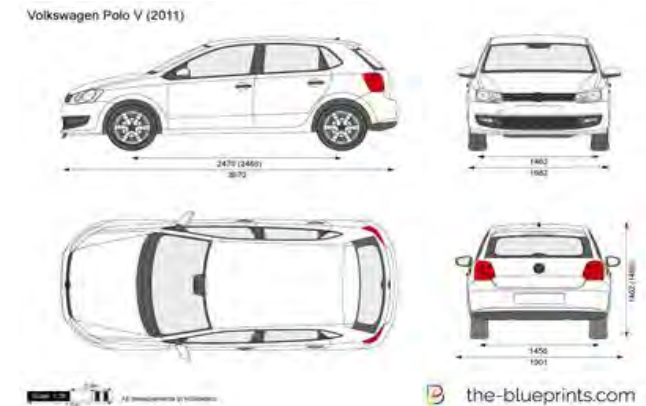
Direct impact of the investment

AUTOMOTIVE

NIPP AND THE LOCALISATION OF THE AUTOMOTIVE COMPONENTS BY VOLKSWAGEN SA

VWSA is one of the suppliers of motor vehicles to the South African government under the transversal contract managed by the National Treasury (i.e. RT 57 Tender). VWSA has incurred a NIPP obligation as it imports some vehicles in the country.

As a way of offsetting its NIPP Obligation, VWSA is sourcing automotive components from local manufacturers such as Formex, Benteler, First National Battery and Feltex, especially for the Polo Vivo Model. Components which have been sourced are the: **sealing part; cross-member cover part; battery; variable load bay; seat plastics; brackets; metal bolster brackets**



Total revenue R826 million

Jobs

*Press operators,
maintenance managers,
logistics, process engineers*

International Certification Achieved for TrewFit Controls

The Aerospace Industry Support Initiative supported TrewFit Controls an SMME, based in Johannesburg, Gauteng with international certifications for IECEx and ATEX to the value of R444 993. TrewFit manufactures valve position indicators, proximity switches and solenoids.

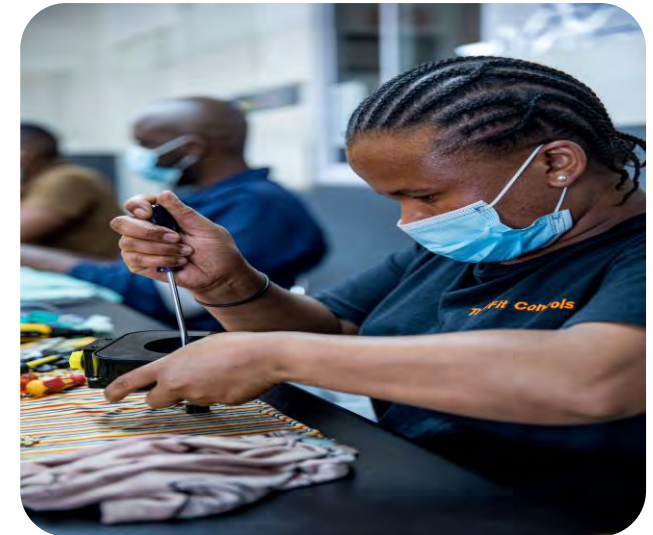
The certificates are expected to facilitate international market access for TrewFit's products.

The certifications were recently awarded and has resulted in R600 000 local revenue as well as R100 000 in exports in Quarter 4 .

The benefits of the certifications are expected to increase over time. TrewFit Controls is a 51% black owned (by the employees) and 17% is black female owned.

*R600 000 local
revenue to
date.
R100 000 in
exports*

*IECEx and ATEX
certifications will
facilitate access
to International
markets for
TrewFit Controls"*



Ms Justina Matsau and Mr Zack Mangena are assembling a valve position indicator

PROJECTS ON LOCALISATION



R 54.6 million

South African goods & services procured
R 54.6 million in Q4

Local procurement linked to **4** insurance cover projects in **Q4**. The ECIC has minimum local content requirements for goods and services that applicants must meet to receive insurance coverage. **Examples of South African products procured include:** Electrical Materials and Equipment, Building Materials, Tools and Equipment, Steel Products, Surveying Equipment, Jointing Materials, Air conditioner and Ventilation Equipment, Steel Covers.

** Amounts reported to ECIC by companies approved for risk cover.*

SPECIAL ECONOMIC ZONES

COEGA SEZ secured investors with a combined capital investment of **R892 million** (against a target of **R110 million**). This was largely attributed to the following: Agro-processing (citrus processing), Manufacturing (cement manufacturer), and Logistics investment projects:

- (a) CEMZA - will invest **R100 million** for the expansion, inclusive of a warehouse, plant, and equipment. The expansion of the current facility to include a warehouse will create an additional 25 operational jobs and 50 construction jobs.
- (b) San Miguel - The investor signed a Lease Agreement with for a ready-to-occupy facility for the processing of citrus. San Miguel will invest **R492 million**.

Further development of the processing facility, which would include refrigeration and freezing facilities, will create **112 operational and 50 construction jobs**.

- (c) Vanguard - signed a Lease Agreement for a **storage and repairs facility** within Zone 2 of the Coega SEZ. The project's investment value is estimated to be **R300 million**.



SPECIAL ECONOMIC ZONES

INVESTMENT ATTRACTION: RICHARDS BAY IDZ (RBIDZ)

Wilmar Processing S.A. (Pty) Ltd is a pledged investment in Richards Bay IDZ. Wilmar company operationalised phase 1 of the **Palm Oil Processing Plant**, which is valued at an estimated **R1.2 billion**. In Q4, **21** new permanent jobs were created by the project. Notably, a total of 202 permanent jobs are expected to be created once the plant is fully operational

ProStar Export Paint is a 100% black-owned project, with a total investment value of **R141 million**. The project is at construction stage. Piling has been completed and the foundation is being finalised. **the dtic** has approved top-structure funding of R41.2 million

Start of foundation building



SPECIAL ECONOMIC ZONES

INVESTMENT ATTRACTION: EAST LONDON IDZ (ELIDZ)

ELIDZ Operationalized 2 investment projects, namely:

(a) Bushveld Electrolyte (Chemicals Sector)– **R400 million**; and

(b) Permalox-Pepkor (Logistics Sector) – **R70 million**

The total value of operational investments in ELIDZ is **R5.8 billion**



The effect of the newly operationalized investments was the creation of **885** additional direct jobs. The cumulative number of jobs created by ELIDZ is 4 663.

INCENTIVES: STRENGTHENING FIRMS

R 30.3 billion -

Incentives enabled by **the dtic-group** in Q1 – Q4. For Q4: R6.1 billion.

R 26.2 billion -

Incentives disbursed in Q1 – Q4.

For Q4: R4.1 billion. Annual target exceeded due to partner funds mobilised.

Directly administered funds by **the dtic-group** comprises projects in **49 of the 52 municipalities**. **41** of these are from largely rural districts

INCENTIVES: SUPPORT ACROSS DISTRICTS

NORTH WEST

Bojanala Platinum District

Dr Kenneth Kaunda District

Dr Ruth Segomotsi Mompati District

Ngaka Modiri Molema District

NORTHERN CAPE

Frances Baard District

John Taolo District

Namakwa District

Pixle Ka Seme District

ZF Mgcawu District

WESTERN CAPE

City of Cape Town

Cape Winelands District

Garden Route District

Overberg District

West Coast District

EASTERN CAPE

Buffalo City

Nelson Mandela Bay

Amathole District

Chris Hani District

Joe Gqabi District

OR Tambo District

Sarah Baartman District

GAUTENG

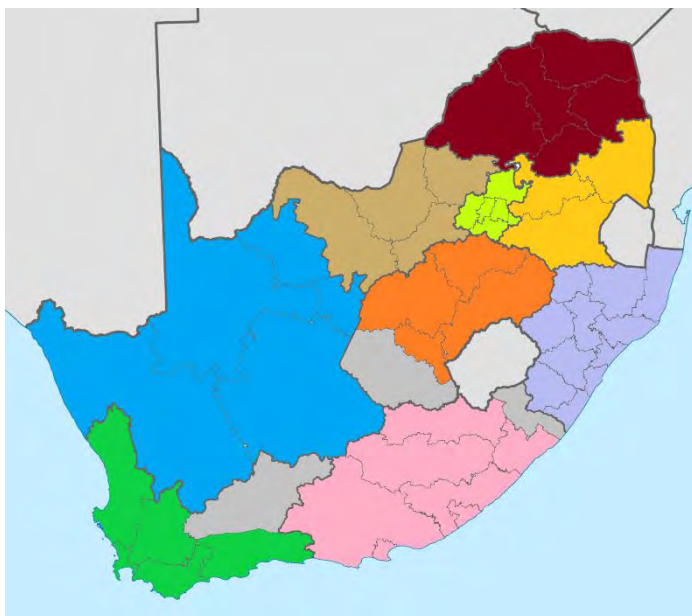
City of Ekurhuleni

City of Johannesburg

City of Tshwane

Sedibeng District

West Rand District



KWAZULU-NATAL

Ugu District

uMgungundlovu District

uMkhanyakude District

uMzinyathi District

uThukela District

Zululand District

LIMPOPO

Capricorn District

Mopani District

Sekhukhune District

Vhembe District

Waterberg District

MPUMALANGA

Ehlanzeni District

Gert Sibande District

Nkangala District

FREE STATE

Mangaung

Fezile Dabi District

Lejweleputswa District

Thabo Mofutsanyana District

KWAZULU-NATAL

eThekweni

Amajuba District

Harry Gwala District

iLembe District

King Cetshwayo District

R5.2bn support provided through IDC for projects located in Angola, Botswana, Uganda, the DRC, Mauritius, Kenya, Ethiopia, Rwanda, Tanzania, Djibouti & Mozambique

EXPORTS

QUARTERLY PROGRESS

R178 billion

Q4 Manufactured Exports*

** SARS provisional data, subject to updates*

EXPORTS

Exports to the rest of Africa hit a new record in 2022/23, as exports exceeded R 100 billion in every quarter of the FY for the first time ever

Figures for **Q4 2022** include:

R24.8 billion

Exports of **ferroalloys** reached an all-time high in Q4, as record chrome prices drove a surge in ferrochrome exports

R18 billion

Exports of **light trucks**, like bakkies and SUVs, had their best fourth-quarter ever, with exports exceeding R18 billion in three consecutive quarters

R3.2 billion

Exports of **cosmetics** had their best Q4 ever, driven by a 21% increase in exports bound for the rest of Africa, with total exports to the continent surpassing R2.5 billion in the quarter

R2.2 billion

Exports of **steel bars and rods** surpassed R 2 billion in exports for the first time.

22 countries

Exports to more than 40% of countries in the **rest of Africa** had their best Q4 ever, half of which were outside of our traditional export region of Southern Africa

R 24.34 billion

Value of exports linked to support provided by the following **dtic** programmes/entities in **Q4**:

- Industrial Financing
- Exports
- ITAC
- ECIC

the dtic and entities supported over **R 20 billion** in exports in two programmes and two entities:

R 18.8 billion

Exports supported through provision of import duty rebates and drawbacks of customs duties for local manufacturers.

R 1.2 billion

Exports supported through the provision of industrial financing for industrial projects, including manufacturers that exported their products.

R 9.4 million

Exports supported through exhibitions and missions funded by **the dtic**.

R 54.6 million

Export orders secured as a result of insurance risk cover provided for export transactions and outward investment projects with South African local content procurement requirements.

R 2.8 billion

the dtic also supported R2.8 Billion in services exports through the financing of Global Business Services (GBS) projects, including call centers.

R 9.4 million

Value of export orders in **Q4** from exhibitions and missions

In support of increasing exports **the dtic**, through the Export Marketing and Investment Assistance (EMIA) scheme, funds the participation of SA exporters in Missions and Exhibitions to profile their products in international markets and link them with international buyers.

- The department funded **95 companies** (28 black-owned, 8 women-owned) to participate in **6 events** in **Q4**.
- Funded exhibitions and missions deliver trade leads, from which companies in instances secure actual export orders over a period following the event.
- Seven export promotion initiatives (*Africa Aerospace and Defense, Africa Health, Africa Oil Week, FACIM, FILDA, MIHAS and Sial*) delivered **R 9.4 million*** from 17 South African companies in export orders in **Q4**
- **Export orders** are in the following products:
 - Spices
 - Dry fruits
 - Dialysis chairs
 - Condiments
 - Industrial kitchen equipment

EXPORTS

Measures taken to support exports by (a) non-metro districts; and (b) metros excluding Johannesburg, Cape Town, Tshwane and eThekweni:

17 Companies from 10 Non-Metro Districts participated in Missions and Exhibitions during Q4

4 Companies from 3 Other Metros** participated in Missions and Exhibitions during Q4

Non-Metro Districts	Other Metros
Q4	Q4
1 - Capricorn 1 - Nkangala District 1 - ZF Sigcawu 3 - Cape Winelands 2 - West Coast 3 - Garden Route 2 - uMgungundlovu 2 - Overberg 1 - Ugu 1 - Mopani	1 - Buffalo City 2 - Ekurhuleni 1 - Nelson Mandela Bay

R 8.8 billion

Approved insurance cover in **Q4**

- ECIC approved **3 transactions for insurance cover** worth **R 8.8 billion** in **Q4**. The insurance covers political and commercial risks for exporters and investors who supply South African goods and services to international markets.
- The total for approved transactions for the 2022/23 year is **5 projects** to the value of **R9.1 billion**.

EXPORT REVENUE EARNED THROUGH GLOBAL BUSINESS SERVICES

Dash BPO South Africa (Pty) Ltd is a multinational company currently receiving support through the Global Business Services programme. It is part of the Dash BPO group headquartered in the USA. Dash started out as a debt collection company and thereafter expanded into the telecommunications sector.

The offshore contact centre in South Africa, supported since 2021, provides sales support, recruitment services, payroll management, agent training as well as performance management services to clients based in the USA and Canada.

Currently 428 of the company's employees are supported through the incentive of which 396 are youth and 300 female. 417 of the jobs are non- complex jobs and 11 are highly skilled jobs. 363 of the youth employees are from historically disadvantaged areas. R118 million was generated in export revenue by the company over the last two years.

R118 million export revenue generated

396 youth jobs supported



Matshidiso Mokhele is a Customer Service Representative. She works on one of the retail projects dealing with customer care for online shoppers.

PART 4: JOBS, OWNERSHIP AND TRANSFORMATION

OVERVIEW ON JOBS, OWNERSHIP AND TRANSFORMATION

The impact of support measures to drive industrialisation for communities is felt through transformation that provides opportunities for jobs and small businesses; and promote broader ownership in the economy.

During Q4 (Jan-March 2023), employment in manufacturing declined by 2 000 jobs, according to StatsSA. For the year-on-year, total employment in manufacturing was **1 654 000** persons, which was an increase of **75 000**

The following slides provide details on:

1. Jobs and employment
2. Worker ownership
3. Competition and public interest conditions
4. Transformation

JOBS IMPACT OF WORK: COVERAGE OF MASTER PLANS

614 457 workers covered by the seven masterplans coordinated by the dtic.

Workers covered by Poultry and Sugar Master Plans

116 000 decrease from last quarter

Workers covered by GBS Master Plan support

52 000 same as last quarter

Workers covered by Auto Master Plan support

113 000* same as last quarter

Workers covered by CTFL & Furniture Master Plans

114 000 increase from last quarter

Workers covered by Steel Master Plan

219 457 decrease from last quarter

* Based on data from industry associations and official data where available. Data will be updated as more recent information becomes available.

JOBS IMPACT BY INCENTIVES

Examples of jobs impact on projects

65 033	Workers covered by Social Employment Fund
178 033	Jobs covered by competition settlement guarantees that are still valid
3 439	New jobs (1 378) and retained jobs (2 061) by Black Industrialists projects
8 545	New jobs (2 412) and temporary construction jobs (6 133) created by investors that received support for Industrial Infrastructure
898	New jobs (414) and retained jobs (484) by Agro-processing and Aquaculture Projects
552	New full-time equivalent jobs created by Film Productions
413	Jobs created (13) – Jobs retained (400) - exports marketing firms
1 424	New jobs created as results of newly operationalized investments in the ELIDZ(885), Coega (21) and TASEZ (518).
124 732	Jobs covered by new trade interventions and past anti-dumping and safeguard duties

JOBS IMPACT OF WORK – SELECTED INDICATORS

Workers covered by new trade interventions and past anti-dumping and safeguard duties:

Jobs retained (new commitment in Q4)

- 790 (manufacture of paints)

TARIFF INCREASES AND REBATES AND DRAWBACKS IN PLACE TO END OF MARCH 2023	
PRODUCT	JOBS SUPPORTED
Acrylic resins increase	
Aluminium rolled products increase	
Woven fabrics for bandages rebate	
Rebate facility for yarns and textiles for use in the manufacture of apparel	
Rebate for caustic soda for semi-chemical fluting paper	
Increase: foot-operated grease guns	
Increase: High Chrome Grinding Balls	
Rebate: Warp knit fabrics for upholstered furniture	
Increase: tinsplate cans, pails and aerosol cans	
Increase: Side-by-side refrigerators	
Rebate: Weaponry for testing purposes	
APDP rebates	
Rebate: Titanium dioxide for paints	
TOTAL	93 126

ANTI-DUMPING DUTIES IN PLACE AS AT THE END OF MARCH 2023	
PRODUCT	JOBS SUPPORTED
Frozen Bone-In Chicken Portions (EU and USA)	
Garlic	
Pasta (some jobs in Namibia)	
Cement	
Soda Ash (Botswana)	
Glass Frit	
PET	
PVC Rigid	
Gypsum	
Float Glass	
Unframed Mirrors	
Stranded wire, rope and cable	
Stainless Steel Sinks	
Wheelbarrows	
TOTAL	31 179

SAFEGUARD DUTIES IN PLACE AS AT THE END OF MARCH 2023	
PRODUCT	JOBS SUPPORTED
Threaded Fasteners	
Bolts	
Set Screws	
TOTAL	427

SOCIAL EMPLOYMENT FUND

OVERVIEW: SOCIAL EMPLOYMENT FUND

The Social Employment Fund (SEF) forms part of **the dtic's** work on the Social Economy. It is administered by the IDC and forms part of the Presidential Employment Stimulus launched in October 2020 as part of the Economic Reconstruction and Recovery Plan. The SEF is overseen by **the dtic** and the partners involved include the Presidency and the IDC.

As at the end of Q4, jobs created by the SEF were 65 033. The target set by the President was a total of 50 000 jobs, and the figures as at the end of Q4, exceeds this by 15 033 jobs. The number of jobs created is higher than the 50 000 target as more applications had been received than anticipated, and the drop off rate was low.

The Social and Solidarity Economy and the SEF was also highlighted during the recent State Visit to South Africa by the Belgium head of state.

PARTICIPANT HOUSEHOLD SURVEY DONE BY THE AFRICAN CONSERVATION TRUST

The African Conservation Trust is one of the Strategic Implementing Partners who received funding from the SEF. Their core focus areas are environmental conservation and the socio-economic upliftment of vulnerable communities.

In November 2022, they conducted a survey of the household size of all SEF participants in order to get a broader view of how many people are actually reached through the SEF.

Their findings show that there is a large number of indirect beneficiaries that the project is impact. Herewith some data from the survey:



Snapshot:

Province	Total SEF Participants	Indirect Beneficiaries	Total Direct & Indirect Beneficiaries	Average Household Size
Free State	502	1936	2438	4,9
KwaZulu-Natal	1823	14854	16677	9,1
Mpumalanga	505	2468	2973	5,9
Total	2830	19258	22088	7,8

COMPETITION AND TRADE

OVERVIEW ON TRADE AND COMPETITION

To boost job creation, support economic growth and inclusion and protect consumers, a number of trade and competition measures were utilized during Q4.

The following slides provide details of the work done and the impact in the following areas:

1. Large mergers involving firms such as Heineken, Distell and Namibian Brewery Merger and Mediclinic Merger.
2. Small business measures
3. Trade measures, including tariff adjustments and anti-dumping duties

Heineken, Distell and Namibian Brewery Merger

The Minister and Department intervened in the large merger between Heineken, Distell and Namibian Brewery.

This has made major advances for public interest:

The merger resulted in significant advances in public interest:
Investment:

- Capex of R10 billion over 5 years
- R3.8 billion investment within 5 years to for a new greenfield brewery
- R1.7 billion investment within 5 years for a new greenfield maltery
- The above investment will :
 - reduce Heineken import of finished products
 - reduce imports of barley
 - support approximately 279 new jobs
 - support approximately 900 indirect agricultural jobs



Heineken, Distell and Namibian Brewery Merger

Enterprise Support

Source more than 80% of key inputs locally which includes – malt, grape and wine, dairy, apple juice concentrate, compounds and flavours and maize etc.

HDP procurement over 5 years, commitment of R4.7 billion

ESOP and Employment Commitment:

Within 3 months of approval the merger parties shall establish a new ESOP (Employee Share Ownership Plan) of approximately 6.33% valued at approximately R3.5 billion.

For 5 years the merged entity shall maintain the total aggregate number of all employees in South Africa.

Supplier Development And Other Funding Support

Commitments Totalling R775 Million

The merging parties will spend R400 million over 5 years for investment in SME and HDP controlled suppliers to promote agriculture, research and development and provide support to black women owned and controlled business.

Contribute R200 million to a localisation and growth fund

Invest R175 million over 5 years to support 1000 Traven owners to create a safe, responsible and sustainable business



Skills development

Train 1 700 nurses over 5 years at a cost of R80 million

Provide R30 million in medical training grants in consultation with NDoH

Provide R15 million to the NDoH as a Medical training grant over a three year period

Spend R22.5 million on medical training at the Wits Donal Gordon Medical Centre over a three year period

Spend R40 million over 5 years on grants and loans to support Unjani Clinics or similar facilities in underserved communities

Key outcomes of the Mediclinic merger:

11 881 employees will benefit from the Employee Benefit Scheme

Commitment to a Capital Expenditure of R5 billion over 5 years starting 1 April 2023

Over a period of 5 years spend R5 billion on procurement from black-owned businesses of which R2.5 billion be procured from Black owned EME (Exempted micro-enterprises) or QSE (qualifying small enterprise)

To address surgical backlogs in the public health sector, over the next 5 years, Mediclinic will provide 1000 pro bono surgeries at its South African facilities and will further engage doctors and encourage them to assist with pro *bono* surgeries

Temporary rebate provision for titanium dioxide used in paints, varnishes and driers set to enable increased production, investment, exports and the retention of jobs

Rebates allow local manufacturers to import critical inputs on a cost competitive basis or in instances where local production has ceased or does not exist.

Subsequent to receiving its first rebate permit, **Kansai Plascon**, a decorative and automotive paint manufacturer already committed to:

- Increase output of its end products for the following three years by approximately 7% from Year 1 to Year 3 commencing in January 2023.
- Maintain total employment at 790 and retain 390 direct factory workers in the manufacturing function for the period of 2022 to 2024.
- Invest R15 million over the next 3 years in plant, machinery and buildings.
- Enter into a Cooperation Agreement with Nyanza Light Metals supporting the technical development of local titanium dioxide grades, thereby enabling local production of titanium dioxide.

The recommendation by ITAC to approve the temporary rebate was in anticipation of local production resuming in Richards Bay within the 30 months from date of implementation.



Kansai Plascon, 2023



Titanium pigment bulk bags being loaded into hoppers and mastermix high speed dispersers and stored

Eligibility assessments of tooling manufacturers that benefit under the APDP2 have shown the diversity of auto-industrial activities enabled by policy support

A key feature of our automotive industrial policy, is the use of rebate facilities such as duty credits to incentivize greater local value addition under the APDP2.

These facilities do not only assist final OEM manufacturers, but also enables automotive tooling and upstream component manufacturers producing eligible products to be globally competitive. During Q4 ITAC approved fifty (50) applications for eligible products from seven (07) final manufacturers that manufacture automotive tooling.

An example of the beneficiaries is Des Group (Pty) Ltd, which is a South African (KZN-based manufacturing plant) tooling company with support offices in USA, Germany, Thailand, and Mexico. Des Group is a manufacturer and supplier of turn-key tooling solutions to the automotive industry and has supplied VW, BMW, Mercedes Benz, Nissan, Toyota and GM globally and locally. The company participates under the APDP2 and employs 464 employees in South Africa, of which 276 employees are youth between the ages of 18-35 and fifty-seven are females.



TARIFF MEASURES IMPLEMENTED

Increase of customs duty

3 finalised

- Thermal paper, including thermocopy paper, in rolls;
- Coated Welded Wire Mesh; and
- Front windscreens

2 implemented

- Withdrawal of a rebate provision for the importation of demineralised whey powder for the manufacture of prepared infant food, since this rebate has not been used since 2018 and it contributed to simplifying the customs tariff.
- Combined refrigerator-freezers, fitted with separate external doors, excluding those with a total capacity not exceeding 400li, given the expectation to increase growth of the local industry, investment and localize the manufacturing of the subject product.

Rebates

Creation of a temporary rebate provision for titanium dioxide used in paints, varnishes and driers given that local production has not yet commenced.

Balancing localisation through off-take of domestically produced fabrics by the apparel sector against alleviating input costs for the sector in order to compete with low priced similar imported clothing products

Keedo, is crucial to the entire baby clothing industry value chain. The rebate facility assisted the firm in reducing production costs and thus increasing production volumes, sales, employment and investment.

Production volumes has increased by 9.1% after the granting of the permit. Sales volumes increased in the first 7-months following the issuing of the permit in 2022 compared to the first 7-months of 2021 by 9.1 percent. Furthermore, 124 new employees were employed.

Keedo supports over a 100 small businesses through its CMT program.

Investment has been increased by approximately 926% from 2020 to 2022.



Photo right: Team 1 specializing in kids wear

WORKER OWNERSHIP IN MERGERS APPROVED

6

Mergers approved in Q4 where
Minister's intervention advanced
worker ownership (ESOPs)

9 509 workers

10 051 Total number of workers covered by ownership measures through actions by the
Ministry and Competition Commission/Tribunal

The following mergers were approved in which dtic participated in that included ESOP conditions:

Alchemy/Amrod	1 011 workers
Heineken/Distell	4 950 workers
EPIROC Holdings	207 workers
One Logics	2 100 workers
NWK / Epko Oil Crushing	1 241 workers

Workers in additional Mergers approved by the CC: **542**

MERGERS: PROTECTING PUBLIC INTEREST

12

Mergers participated in based on **public interest** considerations

13

Large and intermediate mergers decided on by Competition Authorities which dtic participated in during Q4

The Minister's participation in mergers is aimed at ensuring that public interest issues in terms of Section 12(A)(3) of the Competition Act are considered and addressed in the approval of mergers. There were **52** merger notifications received in the quarter.

Key mergers filed during Q4 in which **the dtic** is participating in and in discussions with the merging parties:

- Vox Ventures B.V. / Robertson and Caine (Pty) Ltd
- Vitol Emerald Bidco (Pty) Ltd/ Engen Limited

B-BBEE COMPLIANCE APPROVALS-EQUITY EQUIVALENT INVESTMENT PROGRAMME (EEIP)

B-BBEE ownership can be advanced through director or indirect ownership of a company by black individuals, black-owned companies; trusts; broad-based ownership schemes; employee share ownership schemes; or partnerships.

Where multinationals are not able to sell equity to promote B-BBEE ownership, they can apply to use the **Equity Equivalent Investment Programme (EEIP)**, allows these multinationals to promote and advance Enterprise and Supplier Development; Support for Black Industrialists; Research and Development; and Critical and Core Skills *in lieu* of direct equity ownership.

One case study is highlighted.

B-BBEE COMPLIANCE APPROVALS-EQUITY EQUIVALENT INVESTMENT PROGRAMME (EEIP)

KT Digital

Young entrepreneur – Mr Thoriso Rangata established KT Opportunities in 2017, later renaming it KT Digital. The company advises its clients on IT solutions to help them grow.

Mr Rangata used the EEIP as a catalyst to overhaul the products the company was offering. Before the EEIP, the company employed 6 people and focused on developing software and selling software developed by other companies.

The company used the loan from EEIP to do a 6 month overhaul of its products focusing on developing its own products. The development of internal products helped the company grow dramatically. It has expanded its operations to other African countries (Ghana, Nigeria, Kenya, Zimbabwe and Swaziland). It has a business registered in Eswatini and has also just set up a company in Dubai. Head office remains in South Africa. Employment has also grown to 20 IT specialists including business analysts, user experience and interface designers and developers



Mr Thoriso Rangata studied with CTI/LSBM (London School of Business Management) and also has Higher National Diploma in Information Technology. He established and owns KTO

BLACK INDUSTRIALIST MANUFACTURING PHARMACEUTICAL PLASTIC BOTTLES

Abanqobi Packaging (Pty) Ltd is a 100% black-owned company based in Cosmo City Industrial Park. The company started as a distributor of pharmaceutical plastic bottles which were sourced from a local manufacturing company. Increasing demand resulted in **Abanqobi transitioning from a distributor to a manufacturer of plastic bottles.**

The new project is being supported with R32 million received through the Black Industrialist Scheme, for the purchase of machinery and equipment, leased building improvements and commercial vehicles with an investment value **of R80 million.** It is co-funded by IDC. The project is procuring 100% of raw materials and inputs locally.

The funded machinery uses new technology that is environmentally friendly as it recycles the water used in the cooling system.

The company employs 14 people (direct employment) and 20 indirect employment through sub-contractors working on the project. Once operating at full capacity, the project will employ 27 people on a full-time basis.

Transformation: Black Industrialist



Range of plastic bottles manufactured by Abanqobi

BLACK INDUSTRIALIST MANUFACTURING PHARMACEUTICAL PLASTIC BOTTLES



(Left) Katlego Tshiloane – Machine Operator
(Right) Wellington Dube- Quality Assurance Manager

Katlego is qualified in N2 Electrical Engineering, however with no prior work experience, he was hired as a driver at Abanqobi in January 2022. He says that while working in the company, they identified his potential and gave him an opportunity to be a Machine Operator. Abanqobi sent Katlego to attend the SETA Accredited Courses on Plastics Manufacturing as well as offered him intensive training on how to operate the machines. He worked hard and excelled in his courses resulting in his appointment as a Machine Operator from 1 December 2022.

Before Katlego joined Abanqobi he was unemployed and was facing a bleak future after losing both parents a few years' apart. Katlego said "I really enjoy my work. I never believed that one day I will operate such complicated and expensive machinery, especially since I had no formal work experience and was unemployed for some time."

Wellington who was previously employed as a Quality Controller in one of the competitor companies joined Abanqobi in March 2022. He says he received various SETA trainings in Quality Control and Plastics Manufacturing and was recently promoted to Manager.

Wellington said "I was a Quality Controller but not a Manager. Working here has opened my eyes to a lot of things that Managers do, despite the technical aspect of my job. I am enjoying the lessons and looking forward to the growth of the company". Wellington, who is a breadwinner and a father of one child said that this job opportunity has given him dignity and respect to the community.

LM Diapers is a 100% black-owned company based at the Dube Trade Port in KwaZulu-Natal manufacturing baby diapers. Through support of the Black Industrialist Scheme, the company invested R110 million towards building construction, machinery and equipment, and commercial vehicles to expand on existing operations. The funded machinery will enable the company to manufacture higher quality diapers.

Although production for the expansion is only expected to begin in July 2023, LM Diapers already secured exports of an estimated R36 million to Lesotho and Zimbabwe, as well as signed an agreement with Dischem locally to supply diapers.

Although it is a fairly new company, LM Diapers has contributed to social responsibility programmes by donating the baby diapers to non-profit organisations, such as the Gift of the Givers and other children's organisations and orphanages.

The company has 28 baseline jobs of which 70% is youth jobs and will create 67 new jobs over the next two to three years

Transformation: Black Industrialist

Exports to Africa

Expanded domestic supply



LM Diapers factory warehouse



**Nokubonga Mkhize – Sealer for
diapers pack.**

Nokubonga started as a general assistant In July 2021 and has progressed to the permanent position of a Sealer at LM Diapers. Nokubonga indicated that she has learnt a lot about how diapers are manufactured and the importance of the role she performs in ensuring that customers are getting the best quality diapers. Her job has helped her in taking care of her two children.



**Mnqobi Maphumulo – Junior Machine
Operator**

Mnqobi joined LM Diapers in November 2020 as a Junior Operator. He indicated that working at the factory broadened his knowledge of how to work with complex machines and due to him quickly learning how to operate these machines, he was promoted a Senior Operator in just under a year. His current position afforded him the opportunity to gain skills in team management. On a daily basis he guides his teams through their roles and responsibilities as well as imparts his knowledge about the machinery.



**Nonkululeko Cele – Quality
Controller**

Nonkululeko Cele has been working at LM Diapers since August 2022. She indicated that she is part of the fully funded EDUWISE LM Diapers learnership programme. She is formally from Joburg and has also been trained there for her position as a Quality Controller. Nonkululeko said that completing her studies in Process Plant Operations at Umfolozi TVET college has enabled her to become a skilled quality assurance technician within 2 years. She is also expecting her second baby soon and says that her job has been a major stress reliever knowing that she can financially take care of her family.

DRIVING TRANSFORMATION - CONCLUSION

Assessment and mitigation

Transformation efforts have been focussed in two areas:

- Over the past year, significant progress was made with the empowerment of workers at firms where they are employed, in some cases accompanied by worker nominees on the Boards of the firms. In total, through **the dtic's** interventions in mergers, 132 699 workers have obtained access to ESOPS in 2022/2023; and
- There has been greater emphasis on and support for the growth of black industrialists in productive sectors of the economy, including on enabling diversification of those firms' markets, with exposure to export markets.

Increasing the level of employment is critical – while **the dtic** will need to scale up efforts, loadshedding and slower global growth impact significantly on the economy and has left a number of firms vulnerable. Addressing the energy challenges will therefore be critical to a jobs-rich industrial strategy.

**PART 5: INNOVATION AND
TECHNOLOGY, SKILLS AND
ENTERPRISE CAPABILITY
DEVELOPMENT PROGRAMMES**

OVERVIEW ON INNOVATION AND TECHNOLOGY, SKILLS AND ENTERPRISE CAPABILITY DEVELOPMENT PROGRAMMES

To support job creation / retention, **the dtic** has the following programmes that support innovation, technology, skills and enterprise capability development.

The following slides provide details of the work done in the following areas:

1. Innovation And Technology
 - Grassroots Innovation Facilitation Scheme
 - Intellectual Property and Technology Commercialisation Colloquium (IP&TC)
2. Skills Development Programmes
 - Itukise Internships Programme
 - Textile Centre Of Excellence (TCOE)
 - Fashion Design Innovation Centre (FDIC)
 - INTSIMBI Future Production Technologies Initiative (IFPTI)
3. Enterprise Capability
 - Workplace Challenge (WPC)

OVERVIEW ON INNOVATION AND TECHNOLOGY

the dtic develops & implements policies and instruments that support technology development, commercialisation and industrial innovation for competitiveness.

This is done through providing a platform for innovators to get support, share knowledge and best practice from the different role players in the National System of Innovation

Innovation workshops

For the period under review 2 Innovation workshops were held in the Free State Province (Bethlehem and Ficksburg) on 14-15 March 2023. The objective of the workshop was to share information about the programme and the incentives of the Department. Participants included Entrepreneurs , Science & technology students and existing innovators /inventors

Grassroots Innovation Facilitation Project

The Programme targets Rural and Township designated groups to uncover innovation and facilitate pipeline development for the incentives. The 1st targeted province for the programme was Limpopo and the following slide showcases, one of the companies assisted.

Intellectual Property and Technology Commercialisation Colloquium (IP&TC)

For the period under review , the 4th IP & TC Colloquium was hosted on 28-29 March 2023 in partnership with North-West University, Companies and Intellectual Property Commission (CIPC) and National Intellectual Property and Management Office (NIPMO).

Grassroots Innovation Facilitation Scheme

Motupa PJ Enterprise is a manufacturing company based at Nobody Village in the Capricorn District Municipality in the Limpopo Province established by Puleng Motupa, a 28 year old male, who lives in Nobody, Gamothapo, Limpopo Province. The company was registered in 2014 and formally started trading in 2016 with a start-up capital of R2000, a turnover of R45 000 and a complement of 3 employees.

Motupa manufactures Non-Electric Slow Cookers and Reusable Sanitary Pads selling to the local businesses and inhabitants around Polokwane city. The slow cooker – called Heat Locker Box – plays a crucial role during load shedding.

In February 2022, the Khoebo Innovation Promotion Programme (KIPP) awarded Motupa Enterprise a grant of R700 000 under the Grassroots Innovator Facilitation Scheme to commercialise the product. The funds were utilised to acquire 10 new sewing machines and other production equipment. Also, to buy a generator for backup power; improve production facility to meet health and safety requirements; buy raw materials; improve security; purchase a small delivery vehicle; and provide for operating costs and salaries for the workers.

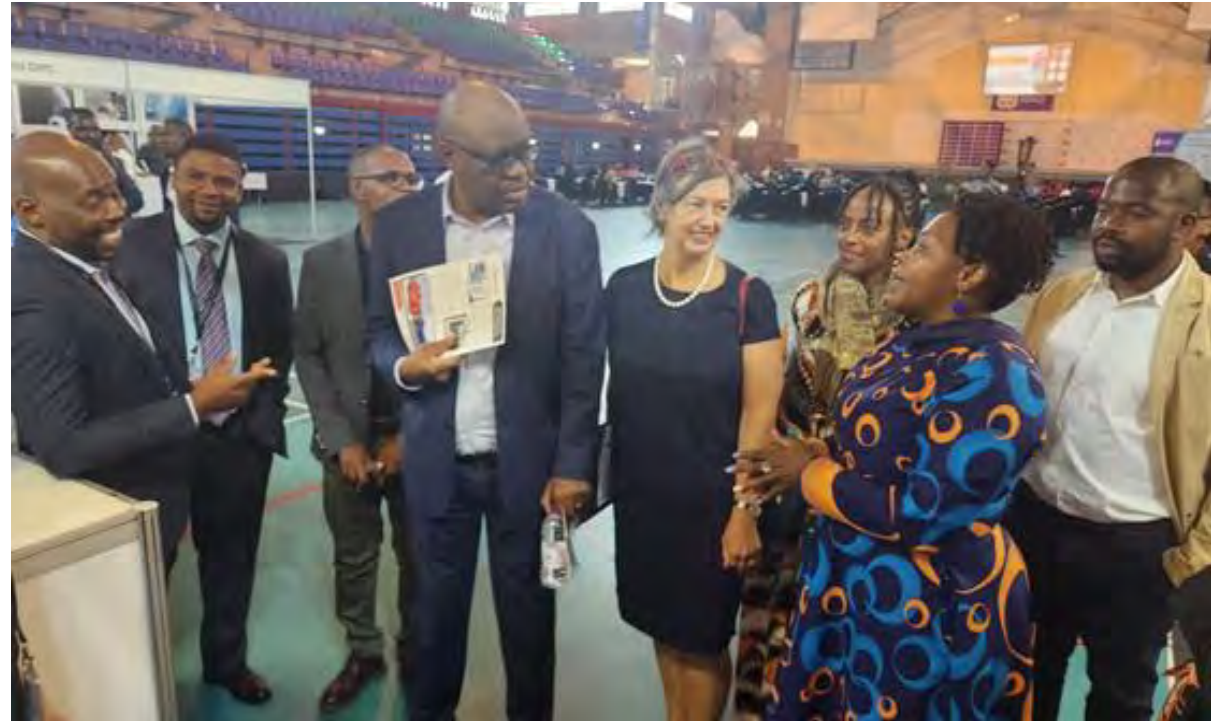


The business has been listed by Shoprite, Makro and Pick 'n Pay, the product is also available online through Takealot. The company increased its capacity from 250 to 2500 unit per month with the turnover also increasing from R140 000/m in 2021 to R284 000/m by November 2022. Previously the company had 3 employees and now have 7 permanent and 4 casual employees from the local community.

Intellectual Property and Technology Commercialisation **Colloquium** was held on 28-29 March 2023 in partnership with North West University, CIPC and NIPMO under the Theme: *Advancing innovation through IP commercialisation for full scale industrialisation*.

Intellectual Property management and commercialisation is critical to grow the South African economy, and is a strategic issue for most SMMEs.

Commercialisation of new IP is essential for companies to become major participants in the economy, thereby contributing directly to the Industrialisation Agenda.



South Africa lags behind on commercialisation of innovative ideas into tangible products for commercial benefit, which makes it critical to continuously raise awareness on IP management.

IP and TC Colloquium: SMME's that exhibited their products



NWU Commercialised educational innovation



SMME's supported by NWU to test and package cosmetic products. Supported by IDC to fast-track commercialisation and manufacturing

SKILLS DEVELOPMENT PROGRAMMES

the dtic partners with the private sector and SETAs (Sector, Education and Training Authorities) to promote more responsive skills and competitiveness to support and advance employment, industrialisation, economic transformation, trade and investment.

ITUKISE INTERNSHIP PROGRAMME: A flagship Internship programme for Unemployed Graduates

The Itukise Internship Programme for Unemployed Graduates programme provides relevant work experience to unemployed graduates and in-service trainees through a 12-36 months' internship in **dtic** – supported companies to promote placement into permanent jobs.

This programme is mostly funded by the National Skills Fund, which is part of the Department of Higher Education and Training. **the dtic** sources internship placements for unemployed graduates in companies and pays the stipend (not a salary) of placed graduates. The participating companies sign a contract with the prospective interns to provide relevant work experience and assign a mentor to closely monitor progress.

The objectives of the programme are to:

- improve the employability of young graduates as a lack of relevant work experience is a key obstacle to employability;
- promote economic inclusion - lack of employability of graduates means they cannot meaningfully contribute towards the economy and their communities; and
- provide practical skills to graduates through real-life exposure to the workplace and build networks for future employment.

In 2022/23 the programme was accessed by 45 women interns out of a total of 78 participants. On 10 March 2023, Deputy Minister Nomalungelo Gina, hosted a graduation ceremony and awarded certificates of completion to Itukise interns.



SUCCESS STORY: MS BOLTINI CHUMA

Ms Chuma, from Mdantsane, Eastern Cape graduated in 2016 with a National Diploma in Mechanical Engineering at Walter Sisulu University. She struggled for three years to be accepted into a professional candidacy programme to gain the regulatory work experience for an engineering technician with the Engineering Council of SA (ECSA).



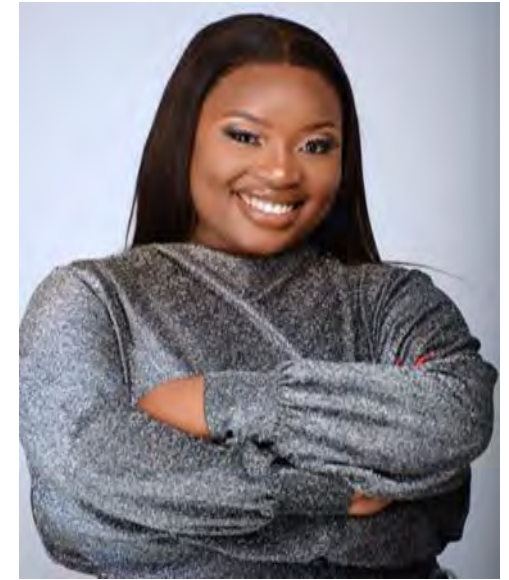
Through the Itukise internship, Ms Chuma was placed on a three-year engineering candidacy internship programme at Delberg Engineering Pty Ltd in Pretoria.

Following the 3 year placement, Ms Chuma got permanent employment at Delberg and the ECSA registration as candidate-engineering technician and professional engineering technician is in process.

At the graduation ceremony, Ms Chuma said:

“When I finally graduated and concluded my Itukise training, the company offered me an opportunity to work permanently with a sizeable income so that I can take care of myself and my family. I am forever grateful for the opportunity granted to me by the dtic and my host company.”

Ms Zizipho Dilika, who hails from the Eastern Cape says the Itukise programme assisted her in building and getting ready for the work environment and giving her work exposure in her career field. According to Dilika (24), who completed her Bachelor of Technology in Communication Sciences in Applied Languages, the programme also taught her the value of creating and working in collaborative, working environment.



“Participating in the Itukise programme empowered me as a leader and team member in the sense that now I realise and advocate for companies that have values and also appreciate talent from all walks of life,” says Dilika. Since completing the programme, Dilika, who is based in East London, started assisting companies and organisations that needed business plans and profiles. She added that her objective of focusing on small businesses was to shape organisations and companies through strategies, messaging creation, creative campaigns and engagement on multiple channels.

Another Itukise graduate, Ms Fezeka Giyose, who hails from the Eastern Cape says the Itukise programme assisted her in building and getting ready for the work environment and giving her work exposure in her career field.

Giyose (25), a qualified accountant currently based in Port Elizabeth, says the programme assisted her in securing permanent employment with SAMET, the company that hosted and trained her under the Itukise programme.

“Starting the internship meant adapting to a new team and working environment. I found that placing emphasis on getting to know my co-workers and learning from them prepared me for the difficult tasks that were allocated to me. The programme really shaped me as a person and a future leader,” says Giyose.



SKILLS DEVELOPMENT PROGRAMMES

TEXTILE CENTRE OF EXCELLENCE (TCOE)

the dtic set up a textile state of the art laboratory for the CSIR to conduct textile and materials research, host PhD students and fund undergraduates at tertiary institutions specializing in textile and clothing research to improve the pipeline of graduates.

FASHION DESIGN INNOVATION CENTRE (FDIC)

The FDIC is a sub-project of the TCOE with a full-fledged training workshop to develop the design capabilities of fashion design graduates from institutions in the Eastern Cape and to train on the latest computer-aided software. The TCOE provides QA training on materials for fashion designers .

For the 2022/23 financial year 75 students and youth received financial support(51 students , 9 fashion designers and 15 seamstresses

SKILLS DEVELOPMENT PROGRAMMES

INTSIMBI Future Production Technologies Initiative (IFPTI)

The IFPTI is a national, multi-stakeholder initiative, established under **the dtic** and Industry through the Production Technologies Association of South Africa (PtSA).

The IFPTI Programme is an industry-driven programme designed and implemented through a partnership model that meets the requirement for integrated On-the-Job-Training in industry-based factories in close cooperation between training institutions and the factory floor.

Qualification accreditation is based on a two-pillar approach where qualifications are built, based on industry needs in a matrix structure of employable skills competencies which can lead to international and/or South African registered and accredited qualifications.

The initiative has 4 State-of-the-art Training facilities in 4 Provinces with advanced manufacturing training capacity and accredited Trade Assessment-centre capacity

Student Demographics for TDM Powered Apprenticeship Programme (Tooling Machinist/Toolmaker and Toolmaker) Quarter 4: Intsimbi Funded Intakes

African	Coloured	Indian/Asian	White.
87%	0%	0%	4%

Gender

Female	Male
73 (45%)	90 (55%)

Puseletso Mmutle qualified as a Toolmaker after completing the PtSA programme in Gauteng.

She started her journey with TDM in 2013 at NECSA. She applied for the programme with limited knowledge of it, but she loved working with her hands, and she knew this was for her. She worked hard and enjoyed every moment of her training.

Practical training (On-the-Job Training [OJT]) was her favourite. Though all her OJT placements were at engineering shops, and she did not have exposure to a metal pressing or moulding company, she used that to her advantage and learnt as much about general machining as possible.

During her final year she was placed at Hentiq in Centurion and was offered employment. After her training, her mentor immigrated, and she was asked to manage the toolroom. Puseletso became the first female, and youngest programmer in the male dominated company at just 22 years of age; she grabbed the opportunity with both hands.

She passed her Trade Test and became a qualified Toolmaker. She was later promoted again to manage, programme, and operate the Wire EDM section of the company, making her the only artisan who manages two sections in the company. She refined her skills in this tough environment and moved on to another company in weaponry manufacturing.

In 2022 she applied for a Lecturer's position at the PtSA Centre of Excellence in Gqeberha.

She is still furthering her studies in Industrial Engineering through UNISA, and her career goal is to become a Chief Operations Officer, and a globally renowned Industrial Engineer. In the past month, she was featured on Lesedi FM, Sowetan (newspaper) and on the national television news programme eNCA, all in celebration of Women's month (as part of an awareness campaign driven by PtSA).



Lance Johnson, (currently a final year student at the PtSA Eastern Cape Centre of Excellence) one of the top performing students, says that he enjoys CNC Turning and is looking forward to completing the two upcoming projects: Progression tool; Mould.



He had the opportunity to complete OJT at Tenneco Ride, Autocast, Hloza Engineering, The Engineering Hub and will soon be completing his final OJT at Jafar Engineering. He looks forward to becoming a SAQA Level 5 Trade Tested Toolmaker, and has already had prospective employers express interest in offering him employment upon completion of the PtSA TDM Powered Toolmaker Apprenticeship Programme.

The “FORD FOUR”

The following four TLMA (Gauteng) students Kelebogile Mafojane, Charmaine Mthimunye, Cynthia Ndhlovu and Phillip Tshabalala were selected for a one-year Ford Toolmaking Learnership programme. These students were selected after interviews with manufacturing experts at the Ford Assembly Plant in Silverton, Pretoria.

The students were selected based on their exposure at different automotive companies, during their On-the-Job Training placement which is a requirement of the PtSA TDM Powered Toolmaker Apprenticeship Programme. During this learnership they will be exposed to the new world class Toolroom and Ford Ranger exterior tooling. The students will still need to complete their outstanding TDM Toolmaker credential requirements, projects and Trade Test.



Kelebogile Mafojane



Charmaine Mthimunye



Cynthia Ndhlovu



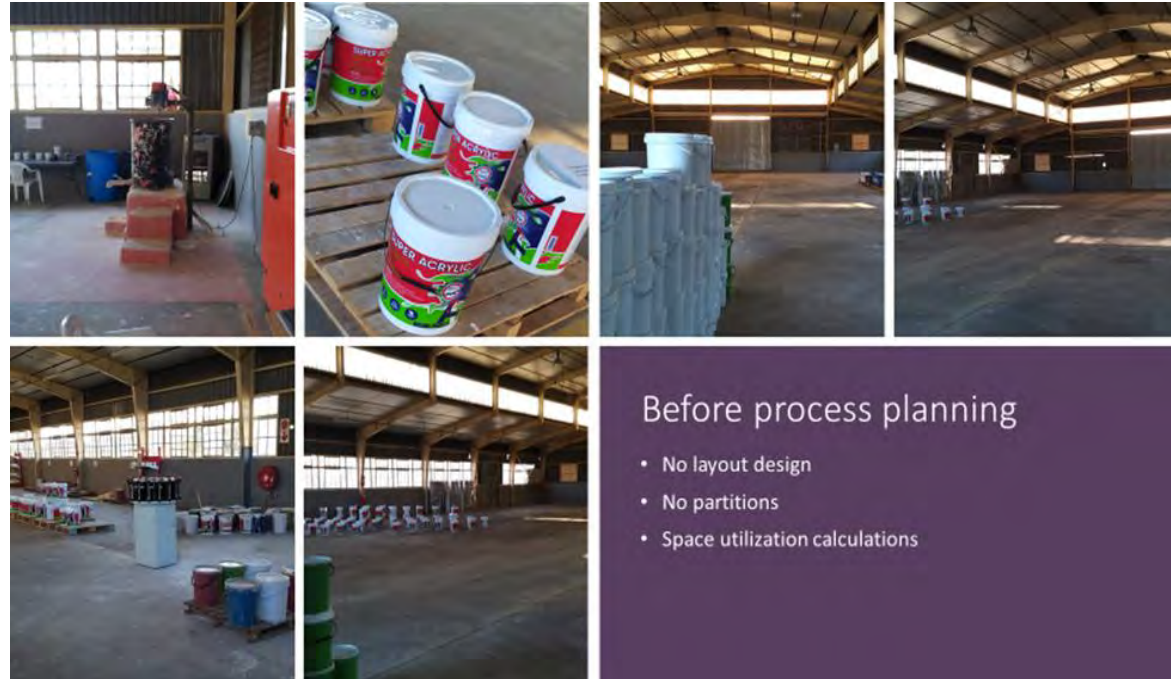
*Phillip
Tshabalala*

WORKPLACE CHALLENGE (WPC)

To improve the productivity and competitiveness of South Africa companies, **the dtic** facilitates the implementation of workplace transformation initiatives by training managers and their employees to adopt world-class productivity enhancement best practices.

WPC is administered by Productivity South Africa. During 2022/23 **57 women out of a total of 101 participants accessed the programme.**

One such beneficiary is Akani Paints (Pty) Ltd, a black woman owned entity which operates in the manufacturing industry and specialises in the manufacturing of water based paint. The business is in Nkowankowa Industrial Park in Tzaneen, Limpopo Province . Akani Paints was approved for the Workplace Challenge - Kaizen six months programme, 100% subsidised by the Department of Trade, Industry and Competition (**the dtic**) Department of Trade, Industry and Competition (**the dtic**).



WORKPLACE CHALLENGE (WPC)

After process improvement:

- Partition is completed.
- Training room has been established for learners.
- Manufacturing stage has been separated.
- Laboratory space allocated (awaiting the purchase of laboratory equipment).



After layout optimization

Akani was further developed in the below mentioned areas as part of the 6 months kaizen intervention:

- Effective Team
- Productivity Measurements
- Clarify roles and responsibilities
- Good Work Environment
- Effective Marketing Strategy

PART 6: MASTER PLANS

OVERVIEW ON MASTERPLANS

Seven Masterplans are being implemented through the deployment of various industrial policy tools and industry commitments in order to develop industry capacity, increase investment and localization, expand exports, preserve and grow jobs.

1. Retail-Clothing, Textiles, Footwear and Leather (R-CTFL)
2. Sugar
3. Poultry
4. Automotive
5. Steel and Metal Fabrication
6. Global business services, and
7. Furniture

Development of SMME's and localisation cut across each Masterplan

- Retail-Clothing, Textiles, Footwear and Leather are labour-intensive sectors with predominantly women workers and entrepreneurs.
- Sugar and Poultry support food security and rural development.
- Automotives is a major earner of foreign exchange for South Africa and platform for advanced manufacturing
- Steel and Metal Fabrication is at the heart of the country's industrialisation drive, with links to many other sectors including construction, automotives, mining and packaging.
- GBS supports with youth and women employment and export revenue earner
- Furniture is an important labour absorbing sector.

MASTER PLAN 1: CLOTHING TEXTILE FOOTWEAR & LEATHER

The Clothing Textile Footwear Leather Growth Programme (CTFLGP) was introduced in 2022-23 to support the objectives of the R-CTFL Masterplan.

Achievements recorded in Q4 include:

- **Investment:** R369 million investment pledged and approved to 36 CTFL industry clients with R210 million disbursed.
- **Transformation:** 16 black-owned businesses supported with R191 million, 8 women-owned businesses with R79 million and 3 early stage start-ups with R14 million.
- **Jobs:** 197 created.

Other interventions

- **Localisation efforts (woven fabric rebate):** 38 Customs Duty Rebate Permits issued for Woven Fabrics worth R375 million to produce garments with a value of R 1.1 billion.
- **Illicit imports interventions:** SARS seized 207 consignments with a value of R142 million in support of customs fraud prevention efforts.

MASTER PLAN 2: SUGAR INDUSTRY

- **Localisation:** SASA reported sugar sales of 1 563 228 in the 2022/23 financial year suggesting an increase of 315 946 tons, which exceeds the sugar master plan targets of additional sugar of 300 000 tons in the local (SACU) market. Sugar cane is a 12-month crop which reaches annual maturity for harvesting in February and March.
- **SACU Harmonisation:** The interim sugar rebate mechanism has been extended to 24 November 2023 pending a long-term solution. This is a transport rebate granted to importers in Botswana, Lesotho and Namibia in order to reduce the burden of transport costs from producers in South Africa and eSwatini.
- **Premium Price Payment** was developed as an interim measure, to stabilise Small Scale Growers, with a minimum premium of R60 million per annum was allocated the 2021/22, 2022/23, and 2023/24. The last tranche was allocated to growers in January 2023.
- **Transformation Fund:** R1 billion was allocated over a 5-year period and has been disbursed as follows FY2022/23 - R215 was allocated at the end of March 2023.

MASTER PLAN 3: POULTRY INDUSTRY

Localisation: The target for 3 years was to increase the production of broilers by 1.7 million birds per week or 20.4 million birds per quarter. This target was exceeded with 2.8 million birds per week or 33.6 million birds per quarter produced in Q4.

Feedstock: The target for year 3 was an increase of 300,000 tons of Broiler Feed equating to quarterly feed consumed of 74 122 tons. SAPA/AFMA reported that Broiler Feed increased by 380 564 tons from 2 674 204 tons in 2019/20 to 3 054 768 tons in 2022/23.

Broiler Feed is a mix of maize and soybean meal which are both harvested once a year. Maize harvested increased from 15 300 000 tons in 2019/2020 to 15 615 000 tons in 2022/2023. Soya harvested increased from 1 245 500 tons in 2019/2020 to 2 651 680 tons in 2022/2023.

Investment: As part of the Poultry Masterplan, IDC approved funding of R525 million since inception in 2021. R179 million was approved in the 2022/23 financial year. R332.5 million of approved funding was disbursed in 2022/23 financial year and R182.8 million was disbursed in Q4.



Ms Lebogang Nkanyezi is a poultry farmer based in Tjakastad, Chief Albert Luthuli local municipality in Mpumalanga. She is the sole owner of the Nkanyezi Chicken farm. The farm was supported with R897 000 investment in Q3 to acquire a new hatchery infrastructure with 5 200 hatching capacity. The project is estimated to create 4 new jobs as part of the industry's masterplan commitment to grow poultry production. Implementation and installation of machine was completed in Q4



MASTER PLAN 4: AUTOMOTIVE INDUSTRY

Production: The sector produced 140 455 vehicles in Q4.

Exports: The sector exported 84 774 vehicles in Q4.

Transformation: The AITF approved two transactions and supported the entities with capacity building. The approved transactions are upstream (logistics and lubricants) with a combined value of R54 million in loans and 140 jobs (created & retained).

MASTER PLAN 5: STEEL AND METALS FABRICATION

A number of **Trade Measures** were concluded in Q4.

- Anti-dumping duties on various garden tools (spades; shovels; forks; picks and racks) from China and India. The duties are expected to protect the garden tools industry and save 56 jobs at Lasher Tools, SA largest garden tools manufacturer.
- An anti-dumping duty application on welded link chains was rejected due to insufficient evidence.
- SARS imposed provisional duties of 35.9% against imports of coated steelcoils from China for 6 months, while the investigation is being finalised.

The IDC administered **Downstream Steel Industry Competitiveness Fund**

- Approved R138million industrial financing support for investments of R149million, supporting 374 existing jobs and creating 52 new jobs.
- R40m disbursements made to support previous R128million projects approved.

The private sector **Steel Fund**, administered by the South African Iron and Steel Institute, was established to be capitalised by a R2 per ton on locally produced steel from local steel mills.

In Q4 **the dtic** secured local content commitments in major RFPs or tenders:

- Transnet Freight Rail (TFR)'s RFPs for maintenance of staged locomotives and the manufacture and supply of rail fastening system.
- ACSA's RFI to manufacture 955 steel airport luggage trolleys and 4 roll-tainers.

- Aumanat (Pty) Ltd specialises in the manufacture of actuators. It is based in Pinetown, Kwazulu-Natal, and employs 8 people. Actuators are used in a number of industries: Power, Water & Waste, Mining, Paper & Pulp, Sugar, Food, Petrochemical, Shipping, Steel Industries
- In Q4, Aumanat obtained an ISO 9001:2015 certification (Quality Management Standard) through R900 000 support received from **the dtic** through a CSIR programme. The certification has enabled Aumanat to improve the quality of their products and services, customer satisfaction, efficiency, and decision-making, given the company a competitive advantage.
- The funds also assisted the company to design and build a test rig, which will be used for endurance testing of locally designed and manufactured rotary pneumatic actuators.
- The company has since secured about R900 000 orders, from Umgeni Water and City of Cape Town for water treatment plants.



Aumanat is owned by Mr Peter Meyer.. His career began at AECI as an unskilled worker loading dynamite.

He has since acquired 36 years experience in the valve and actuator industry.

He holds a Mechanical Engineering Draught Certificate, with strong technical drawing and design skills.





Mr. Gigaba has worked for Aumanat for the past 5 years. He holds a National Diploma in Electrical Engineering from Mangosuthu University.

Mr. Gigaba was recently promoted to site supervisor. As a site supervisor oversees the site's day-to-day operations, ensuring compliance with safety regulations, and managing the team of workers.

As part of the company's professional development programme he recently enrolled in a Programmable Logic Controllers (PLC) course. PLC is a digital computer used for automation of industrial processes, which is crucial for Aumanat.

Grinding Media South Africa (GMSA), one of the largest grinding media producers in the country increased domestic sales by 42% to R2.7 billion and production volumes increased by 20 000 tons (15.9%) in 2022 financial year

GMSA's improved business performance comes at the back of a trade support, import duties on high chrome grinding balls were increased from free of duty to 15% ad valorem in September 2021. 40 jobs saved as a direct result of the intervention and the company has maintained a headcount of 336 in 2022.

The improved business performance has enabled GMSA to support Corporate Social Investment initiatives. GMSA recently embarked on a renovation projects, installing solar panels and a computer lab at the Tembisa Child and Family Welfare Centre.



*Sales increased by 42% and
Production by 15.9% between
2020 and 2022 FY*

*40 direct jobs saved by
intervention. Total headcount
maintained = 336*

MASTER PLAN 6: GLOBAL BUSINESS SERVICES

Global Business Services Reporting from April 2022 to March 2023



CURTLEY NGUBANE: Call Centre Agent at Customer Experience People SA

- **52 000** jobs in the sector as reported by the industry association.
- **29 000** created and retained jobs reported by GBS/BPS projects which is an increase of **7 000** new jobs from the last financial year for GBS incentivised projects.
- **82%** of jobs supported are for youth/
- **63%** of jobs supported are for women.
- **R7.9 billion** services exported to the European Union, United Kingdom, United States of America, Australia and New Zealand.

MASTER PLAN 7: FURNITURE

The FX Group commissioned a 4.5 MW woody biomass-fed steam turbine power plant in October 2022 to run its particle board, sanding, and melamine lines. The plant is in production in Q4.

In 2022 IDC and **the dtic** committed R400 million towards the **Furniture Challenge Fund**. In Q4 44 applications had been received, totalling R620 million and were at various stages of review. **the dtic** is in robust engagement with the IDC on the need to considerably accelerate the pace of processing and disbursements under the fund.

To address the shortage of raw materials in the Furniture sector, PG Bison's eMkhondo plant is expanding to provide an additional 800m³ per day of Medium Density Fibre to the market. R217 million has been spent on civil works which commenced in Q4. 355 construction jobs have been created and employed from the community. 17 permanent jobs have been created.

IMPLEMENTING MASTERPLANS - CONCLUSION

Masterplans require a collaborative effort involving various stakeholders to achieve significant economic objectives. The key areas of focus in each Masterplan include investing in productive assets, creating and retaining jobs, improving efficiency, promoting transformation, encouraging localization, and developing small and medium-sized enterprises (SMEs).

The successful implementation of the Masterplans relies on strong social partnerships between the government, businesses, and labour. These sector masterplans are supported by continuous capacity building to effectively manage the implementation process.

Periodic reviews are necessary due to critically assess the progress made and enhance our efforts, ensuring that the social compacting approach aligns with our shared vision of a more prosperous, equitable, and inclusive South Africa.

PART 7: FILM PRODUCTION

The supported Emerging Black Film, Nelson Mandela's Favourite African Folktales, is a Mini/TV series that was released in July 2022 in South Africa. The **animation**, produced in the Western Cape and KwaZulu-Natal and Gauteng, tells the story about some of the oldest African tales that Mandela heard as he grew up in the village of Qunu.

The production received final payment in January 2023 and reported the creation of 44 full-time equivalent jobs. The total spend in the domestic economy amounted to R3.5 million, all of these goods and services was procured from black suppliers and mainly consisted of spending on art dept. crew, Direction, producers, production staff & story/script development.

The five-part TV series has been well-received at over 76 international film festivals. The company won awards at 26 of these events, including Best Animation, Audience choice awards, Best producer, Best director, Best art director, Best editor, Best music composer and Best Screenplay.

Industrialisation and
Productive Services
Sector

Transformation: Emerging
Black Film-Maker



Group of animators

The supported Emerging Black Film, **Golide**, is a feature film that tells the story about two homeless old timers who join the prospect to earn a living from illegal gold mining.

The film, which received the first milestone payment in March 2023 to start with the production, is creating 14 full-time equivalent jobs. The total spend in the domestic economy to date amounted to R1.6 million of goods and services that comprises props, costumes, make-up artists and the development of the story/script procured..

The production is being filmed in Durban and Johannesburg for a period of 22 days and is expected to be released **mid July 2023**.

Transformation: Emerging Black Film-Maker

Industrialisation and Productive Services Sector



Cast of Golide on set

Black Tax Season 2 funded by the South African Film Incentive, is a Mini/TV series comedy which tells the story about Thuli growing up in a tight-knit black community where she has to help around with school fees and loan repayments for her family.

The total spend in the domestic economy so far, as reported by the production, is **R5.6 million** of goods and services for location facilities, local transport and accommodation. Most of the services were procured from black suppliers.

The production, which was filmed in Johannesburg for a period of 34 days was released in October 2021 and distributed on BET by Viacom International Media Networks Africa (Pty) Ltd as well as on Showmax.

Black Tax Season 2 was nominated for best writing, art direction and Best TV Comedy bringing the show's total to 8 nominations and 1 win.



Transformation:
Emerging Black Film-
Maker

Industrialisation and
Productive Services
Sector

Family Secrets Season 3 is a Mini/TV series drama by an Emerging Black Filmmaker. The production, which is being filmed in Gauteng for a period of 52 days, tells the story about the first black man to own a merchant bank and who is involved in a hit and run car crash that results in a change of his fate.

The series received its initial milestone payments of R2.8 million in March 2023. The total spend in the domestic economy to date is R5.7 million on goods and services that was procured from black suppliers and mainly consisted of spending for location facilities, construction of the set and props as well as the camera crew.

All heads of department for this production are Black South Africans. The expected release date of the series is **June 2023** and it will be distributed by SABC Ltd.

Female Executive producer

Transformation: Emerging Black Film-Maker

Industrialisation and Productive Services Sector



The Bad Bishop supported through the Emerging Black Filmmakers incentive, is a comedy drama feature film telling the story about a man sentenced to prison for beating up his pastor after catching him in an act with his fiancé.

The production reported that local procurement of R16.4 million from black suppliers. This mainly comprises spending on construction of the set and props, studio facilities, local travel and accommodation as well as camera equipment.

The production that was filmed in Makhado, Thohoyando and Nzhelele in Limpopo for a period of 59 days was **released mid 2022** and distributed by Dambuwo TV.



Camera Men on Bad Bishop set

Industrialisation and Productive
Services Sector

Transformation: Emerging Black
Film-Maker



Runs in the family is supported through the South Africa Film incentive and is a comedy feature film. The film tells the story of Varun Chetty, an Indian tailor and reformed con artist, and his trans drag performer son, River, as they embark on a road trip across South Africa to rescue his long lost white ex-girlfriend from a rehab clinic.

The production received its first milestone payment of R1.7 million in March 2023 and to date reported spend in the domestic economy of R8.9 million on goods and services that was procured mainly from black suppliers and consists of props, music, local transport and accommodation.

The production was filmed in the Western Cape over a period of 19 days and in different locations: Tokai, Woodstock, Gouda, Piketberg, Somerset West, Grabouw, Rylands, Wellington and Parow. It will **be released mid- 2023** and distributed by Indigenous Film Distribution.

Industrialisation and
Productive Services
Sector

Transformation:
Emerging Black
Film-Maker



Cast: River (Gabe Gabriel)



Cast: Varun (Ace Bhatti) and River (Gabe Gabriel)

the dtic is supporting the first season of the *Xpats* television series, through the Foreign Film and TV incentive. The production, which started filming in November 2022 in Johannesburg and Durban, is a teen drama about 15-year old Ella as she struggles with the culture shock brought upon a sudden move to join her ex-pat African American family living in South Africa.

The 8-part TV series is currently in the post-production phase and expected to be completed by July 2023. The series will be distributed internationally by Sony. The production plans to spend R116 million in the local economy during filming and it will mainly be spent on casting, art department crew, editing and sound production, as well as travel costs. The TV series will be creating 101 full time equivalent jobs.

**Local spend: Foreign film
supporting the local economy**

**Industrialisation and Productive
Services Sector**



Cast and crew pics during filming

PART 8: REGULATION

REGULATION

Greylisting Regulations and Enforcement

1. Greylisting regulations to know shareholders were Gazetted for public comment in March 2023. CIPC will be monitoring the beneficial ownership data from companies.
2. A report will be tabled in Parliament in June 2023.



REGULATION



CAPE FLORA SA®

- “An unique floral heritage from the Cape Floristic Kingdom of South Africa”-Cape Flora SA
- The Cape Flora, logo application to protect a wide range of fynbos species as uniquely South African was published in February 2023, approved by Minister of Trade, Industry and Competition.



REGULATION



South African Reserve Bank Coins

- An application was made by the South African Reserve Bank for the images of coins in terms of the Merchandise Marks Act. It was Gazetted for public comment in February 2023.
- The application seeks the prohibition of the use of images of certain pre-Reserve Bank era coins.
- Certain coins were issued prior to the existence of the South African Reserve Bank. The images on the coins are unprotected. The coins that were issued prior to the existence of the Reserve Bank (1806-1922) include the (a) + (b) 1974 Burgers Pond Reserve, (a) 1874 Burgers Pond Obverse (fine beard), Burgers pond coarse beard; 1892 Kruger double shaft pond amongst others. The coins images are more than 20.
- Protecting the images on the unprotected coins is a matter of national heritage.
- This prohibition will also protect the coins from counterfeiting due to the fact that the SARB has no rights in terms of the unprotected coins and therefore cannot prevent a third party from replicating the coins.
- A report will be finalized in June 2023.

REGULATION

The Ease of Doing Business

- CIPC Service Centres assisting customers with company registrations and related services.
- The average service standard for a new company registration was 1 day and 96% of companies were registered within the service standard.



REGULATION

Public outreach

Education and awareness

- **578** community participants
- **11** local municipalities from North West, Northern Cape, Western Cape and Kwazulu Natal
- CIPC, NGB, NLC, NCC, and NCR collaborated
- Educating communities on consumer, companies, credit, lotteries and gambling laws.

Copyright Amendment Bill and Performers' Protection Amendment Bill public hearings

- **31** public hearings in 6 provinces (including 2 hybrid/ virtual sessions in Mpumalanga and Northern Cape)
- 2 provincial parliament briefings: Limpopo and North West
- 1 stakeholder engagement event in Gauteng

PART 9: OVERVIEW ON GOVERNANCE

JUDGEMENTS

ITEM	Q1	Q2	Q3	Q4	TOTAL	%
Total Judgements	3	5	1	2	11	100%
1. Judgements in favour of the dtic	2	2	1	2	7	64%
2. Unopposed Judgements	0	1	0	0	1	9%
3. Judgements against the dtic	1	2	0	0	3	27%

JUDGEMENTS

1. Judgements in favour (7 cases)

1.1 Venioscope (Pty) Ltd // The Minister of Trade, Industry and Competition

- This was a Review application lodged in **November 2018** seeking an order to set aside the decision of the DG rejecting a claim for payment of R3 960 000 to the applicant. On **22 April 2022**, the Court dismissed the application with costs.

1.2 National Lotteries Commission // The Minister of Trade, Industry and Competition

- This was an application lodged on **28 May 2022** for leave to appeal the judgment dated 01 February 2022 in favour of the Minister. On **10 May 2022**, the application was dismissed with costs because there are no reasonable prospects of success and there were no compelling reasons for the appeal to be heard.

1.3. Solomon Segalo // The Minister of Trade, Industry and Competition (High Court)

- On **21 December 2021**, Solomon Segalo lodged an application for leave to appeal the judgment dismissing the constitutional challenge of section 386 of Act 61 of 1973. On **19 July 2022**, the court dismissed the Applicant's application for leave to appeal to the full bench.

JUDGEMENTS

1. Judgements in favour

1.4 Shanie Taljaard // The Minister of Trade, Industry and Competition (High Court)

- On **11 October 2022**, the High Court dismissed with costs an application lodged in **June 2022** challenging the constitutionality of chapter 6 of the Companies Act, 2008, which affords protection to companies under business rescue proceedings against legal proceedings

1.5 Moonlighting Films (Pty) Ltd // Broad Based Black Economic Empowerment Commission and two others

- On **14 July 2022**, the High Court dismissed an application lodged by Moonlighting in **February 2022** seeking an order (in Part A) directing the BBBEE Commission to disclose the complaint lodged against it.

1.6 Solomon Segalo vs The Minister of Trade, Industry and Competition (Supreme Court of Appeal)

- During **June 2020**, Mr Solomon Segalo (Applicant) lodged an application in the High Court, Johannesburg seeking amongst others, an order declaring that the failure to provide judicial oversight over sales of residential immovable property of companies under liquidation in terms of section 386 of the Companies Act, 1973 (Act 61 of 1973) (the Act) is unconstitutional and invalid. On **20 December 2022**, the **SCA** dismissed the Applicant's application with costs.

JUDGEMENTS

1. Judgements in favour

1.7 Shanie Taljaard // The Minister of Trade, Industry and Competition (Supreme Court of Appeal)

- On 11 October 2022, the High Court dismissed with costs an application lodged in **June 2022** challenging the constitutionality of chapter 6 of the Companies Act, 2008, which affords protection to companies under business rescue proceedings against legal proceedings. On **20 January 2023**, the SCA dismissed the Applicant's subsequent application for leave to appeal on the basis that there is no reasonable prospect of success on appeal.

JUDGEMENTS

2. Judgement Unopposed (1 case)

2.1 Blind SA vs Minister of Trade, Industry and Competition

- On **21 September 2022**, the Constitutional Court confirmed the High Court ruling that the Copyright Act is unconstitutional. Blind SA had brought an application to the Constitutional Court in **October 2021** to confirm the High Court judgment of 21 September 2021. **the dtic** had not opposed the matter.

JUDGEMENTS

3. Adverse Judgements (3 cases)

3.1 Sasol (Pty) Ltd // B-BBEE Commission

- On **14 June 2022**, the High Court set aside the B-BBEE Commission's decision with costs. The judgment was against the findings of the Commission and does not have a direct impact on **the dtic**. The application to set aside the Commission's findings was lodged in **March 2020**.

3.2 Frey Food's Brands // Minister of Trade, Industry and Competition and Another

- This was a review application lodged in **October 2018** to review and set aside **the dtic**'s decision to reject Frey Food's Brand application for an incentive grant. On **18 August 2022**, the Court ordered **the dtic** to pay the grant. **the dtic** has lodged an application to appeal certain parts of the judgment.

3.3 Cargo Carriers Pty Ltd // Broad-Based Black Economic Empowerment Commission

- On **28 January 2022**, the court reviewed and set aside the findings of the BBEE commission against Cargo Carriers Pty Ltd in respect of fronting practices. The subsequent application for leave to appeal the judgment was dismissed by both the High Court on **18 May 2022** and the SCA on **08 August 2022**.

PARLIAMENTARY COMMITTEES

The Department and its entities briefed the Portfolio and Select Committees at **12** meetings during the period under review, which focused on, amongst others, the following:

National Lotteries Commission Q2&3 2022/23 Performance, 15 March 2023

Trade negotiations & relations; DTIC 3rd quarter 2022/23 performance; with Minister, 14 March 2023

National Credit Regulator & National Consumer Tribunal Q1&2 2022/23 Performance, with Deputy Minister, 08 March 2023

Industrial Development Corporation Q1&2 2022/23 Performance, 28 February 2023

SABS update on implementation of its turnaround strategy, 21 February 2023



PART 10: INTERNATIONAL TRADE AND INVESTOR ENGAGEMENTS

BILATERAL ENGAGEMENTS

SOUTH AFRICA - UGANDA STATE VISIT (27-28 FEBRUARY 2023)

President Ramaphosa hosted President Yoweri Kaguta Museveni, of the Government of the Republic of Uganda during the South Africa - Uganda State Visit was held in Pretoria, South Africa.

The business forum was hosted on the side lines of the State Visit and 300 business executives represented the two countries.

The forum noted and welcomed the ongoing negotiations that will culminate in the signing of a MoU on Trade Facilitation for Quality Infrastructure (Standards, Technical, Regulations, Metrology and Accreditation) between the two governments.

The MoU will oversee the implementation of a Mutual Recognition Agreement that will facilitate the minimization of the cost of trade and doing business between the two countries.

The focus of the business forum was on promoting and facilitating economic exchanges under the theme *“Boosting trade and investment relations between the two countries”*.

The following opportunities were identified:

- Agriculture & Agro-processing
- Healthcare, Medical devices and Pharmaceuticals
- Transport, Logistics & Distribution

SA Imports from Uganda - R305 879 000

- Coffee & Tea
- Spices
- Vegetable roots & tubers
- Tobacco products
- Cocoa products

SA Exports to Uganda - R1 791 398 000

- Fruits & nuts
- Cereals
- Beverages
- Miscellaneous preparations
- Live animals

** Trade data based on SARS provisional data*

SOUTH AFRICA - UGANDA STATE VISIT (27-28 FEBRUARY 2023)



SOUTH AFRICA - TANZANIA STATE VISIT (16TH MARCH 2023)

The South Africa - Tanzania Business Forum took place in Pretoria, South Africa, on the margins of the incoming State Visit by Her Excellency Dr Samia Suluhu Hassan, President of the United Republic of Tanzania.

The focus was on forging a new deal between South Africa and Tanzania towards high levels of trade and investment with the aim to strengthen bilateral trade and investment in the following sectors:

- Agriculture and agro-processing (food security and potential job creation for women and youth);
 - Oil & gas (strengthen cooperation in infrastructure and industrial projects are present in this sector);
 - Mining and minerals beneficiation (import substitution opportunities exist);
 - Construction and infrastructure (potential trade and investment opportunities)
- **A total of 220 South African and Tanzanian delegates** participated in the Business Forum, with **20 companies from both countries** also exhibiting their products and services at the event.

SA Imports from Tanzania - R796 493 000

- Coffee
- Black fermented tea
- T-shirts
- Finishing ceramics
- Fresh & dried avocados

SA Exports to Tanzania - R8 823 564 000

- Semi-finished products of iron
- Motor vehicles for the transport of goods
- Bars and rods
- Wine of fresh grapes
- Prepared explosives

** Trade data based on SARS
provisional data*

SOUTH AFRICA - TANZANIA STATE VISIT (16TH MARCH 2023)



BELGIUM BUSINESS FORUM (23 MARCH 2023)

The Department of Trade, Industry and Competition hosted a Business Forum at the CSIR on the 23 March 2023 on the occasion of the State Visit by the King and Queen of Belgium.

There were more than 150 delegates in attendance that represented the following sectors: Energy, Logistics, Mining, Technology, BioTech, Chemicals and Food Additives

President Ramaphosa and King Philippe addressed the Business Forum that was moderated by Minister Patel. The proceeding of the day included a Business Networking Session and a Panel discussion under the theme “Building Sustainable Partnerships”



Outcomes

- Afrozonkwe met with Nyanza and a business relationship related to Caustic Soda partnership is envisaged
- Afrigen is working with two Belgian Companies on a MRNA Hub :



BELGIUM BUSINESS FORUM (23 MARCH 2023)



BELGIUM BILATERAL MEETING (28 MARCH 2023)

- Minister Patel had a bilateral with Minister Hadja Lahbib, Belgian Minister of Foreign Affairs, European Affairs and Foreign Trade and the Federal Cultural Institutions on 28 March 2023.
- The two sides discussed ways to deepen reciprocal trade and investment and issues that are impacting on the trade relationship, including issues affecting SA's citrus export to the EU.
- The sides also agreed to strengthen cooperation in wind energy and to have future discussion on wind energy related projects.
- Regarding the Bio-pharma collaboration, the sides launched the Afrigen factory, a partnership with Univercells, eTheRNA, to produce COVID-19 vaccines, as well as other vaccines, including immunotherapies for cancer
- Globally, Belgium is South Africa's 11th largest export destination and 17th largest source of imports

Imports from Belgium:

- Petroleum oils
- Insecticides, rodenticides, etc
- Original Equipment Components
- Copper wire
- Human Blood, Animal Blood for therapeutics
- Flat Rolled Steel
- Medicaments

Exports to Belgium:

- Motor Vehicles
- Sulphate
- Diamonds
- Human Blood
- Waste Scrap of Precious Metals
- Coal
- Acyclic Alcohol

UAE MINISTERIAL & BUSINESS FORUM

On the margin of the UAE Business Forum, Dr Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade and Ebrahim Patel, Minister of Trade, Industry and Competition of South Africa witnessed the signing of the Power Purchasing Agreement. (PPA)

AMEA Power of the UAE has signed a Power Purchasing Agreement (PPA) with Greenco Power (PTY) Limited. Greenco is an energy trader and member of the Southern African Power Pool(SAPP). The PPA is for the energy off take for the 85 MW solar PV Plant that will be located in the North West.

The project will begin construction in quarter 3 of 2023 and will start to deliver power into the national grid in early 2025.



OTHER BILATERAL ENGAGEMENTS

- 10th Session of the Joint Economic Committee between Switzerland and South Africa
- 5th South Africa-Philippines Bilateral Consultative Forum
- 17th Session of South Africa- Russia Inter-Governmental Committee on Trade and Economic Cooperation

MULTI-LATERAL ENGAGEMENTS

AfCFTA COUNCIL OF MINISTERS

The 11th Meeting of the AfCFTA Council of Ministers was held in Gaborone, Botswana on 11 - 12 February 2023

Key decisions:

- Finalised the Ministerial Regulation on the Treatment of Products from the Special Economic Arrangements or Zones (SEZs) in Africa, be traded preferentially on condition they meet the agreed Rules of Origin.
- Launched the AfCFTA Automotive Strategy and established an Automotive Task Force responsible for addressing and advising on ROO for the Sector.
- Agreed to conclude the outstanding ROO on Automotive Sector and Textiles and Clothing
- Adopted the Terms of Reference (TORs), Guidelines and Principles for Negotiating the Protocols and the Roadmaps of the Committees on Digital Trade and on Women and Youth in Trade.



AU SUMMIT 18-19 FEBRUARY 2023, ADDIS ABABA, ETHIOPIA

The 36th Ordinary Session of African Union Heads of State and Government held in Addis Ababa, Ethiopia on 18-19 February 2023 (AU Summit)

Key decisions:

- Adopted the AU Theme for 2023 “***Acceleration of AfCFTA Implementation***”, inclusive of roadmap.
- Adopted the Phase II Protocols on Investment, Competition Policy and Intellectual Property Rights with agreed built-in agenda for the finalization of outstanding issues.
- Several bilateral meetings took place on the margins of the AU Summit.



WORLD ECONOMIC FORUM (DAVOS)

SA Country Dialogue Session *The South African Investment Case*

Attended by over 100 Global and SA CEOs

Bilateral Meetings held with

- Saudi Arabia
- Mozambique
- USA and
- UAE

Private Sector Meetings incl

- Walmart,
- Lunit,
- DP World ,
- Lulu,
- Coca-Cola
- ACWA Power and
- JETRO

WTO Ministerial Meeting



WTO – MINISTERIAL MEETING



MINING INDABA

The Department of Trade, Industry and Competition participated in the 2023 Investing in Africa Mining Indaba.

The department hosted an Investment Forum on the side-lines of the Indaba under the theme: Investing in Green Hydrogen in South Africa and was attended by over 200 participants, among them were investors from UK, US, Japan, China, Australia, Canada, India and EU.

Discussions were centred around South Africa's reindustrialisation drive through the move to green hydrogen, innovation, technology, skills as well as the National Hydrogen roadmap, green hydrogen initiatives, infrastructure and best practices in building a green hydrogen economy.

Bilateral Meetings

- USA (AGOA, Critical Minerals Partnership)
- Japan (Japan Business Forum, Visa Facilitation)

Investor Meetings

- Citibank
- Zijin Mining – Zijin Mining are investing R 13 billion at the Nkwe Platinum Mine in Limpopo



PART 11: CONCLUDING REMARKS

PART 13: ANNUAL PERFORMANCE & FINANCIAL REPORT

OVERVIEW OF ANNUAL DEPARTMENTAL PERFORMANCE

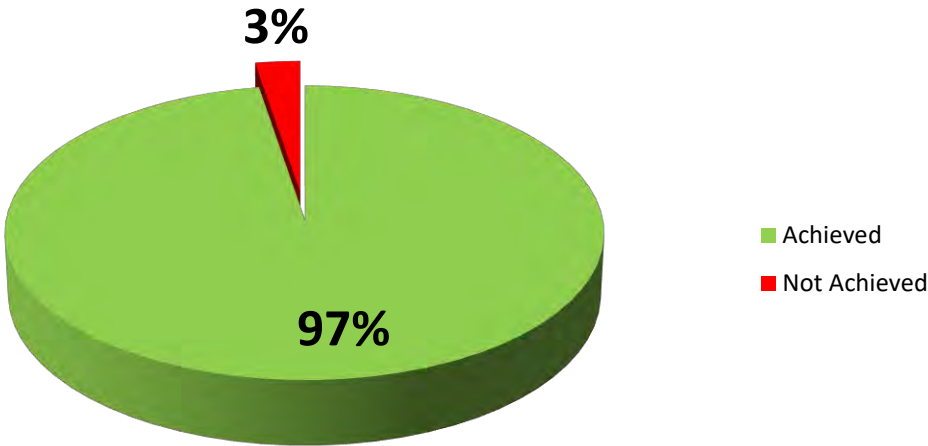
PROGRAMME	KPI	ANNUAL TARGET	ACHIEVED
Programme 1: Administration	26	26	26
Programme 2: Trade Policy, Negotiations and Cooperation	24	24	21
Programme 3: Spatial Industrial Development and Economic Transformation	17	17	17
Programme 4: Industrial Competitiveness and Growth	18	18	17
Programme 5: Consumer and Corporate Regulation	10	10	10
Programme 6: Industrial Financing	11	11	11
Programme 7: Export Development, Promotion and Outward Investments	13	13	13
Programme 8: Inward Investment Attraction, Facilitation and Aftercare	12	12	12
Programme 9: Competition Policy and Economic Planning	9	9	9
Programme 10: Economic Research and Coordination	11	11	11
Total	151	151	147

151 Planned Annual Targets

147 Targets Achieved

4 Targets Not Achieved

Annual Departmental Performance

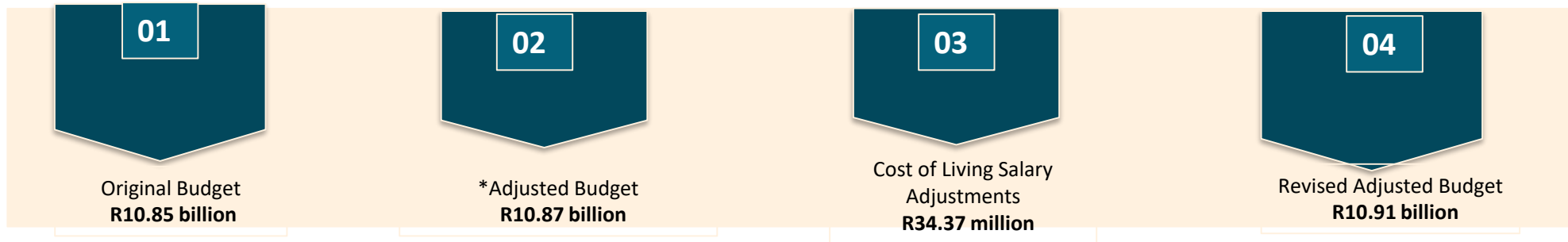


TARGETS NOT MET: ANNUAL DEPARTMENTAL PERFORMANCE

Output	Output Indicator	Annual Targets 2022/23	Actual Achievement
Draft regulations on anti-dumping, safeguard measures and on tariff investigations	Draft regulations on Anti-dumping, safeguard measures and on tariff investigations	3	<p>Draft anti dumping regulations prepared but not yet approved for publication</p> <p>Draft Amended Tariff Investigation Regulations prepared—but not yet approved for publication</p> <p>Draft amended Safeguard Regulations prepared but not yet approved for publication</p>
Draft Bill on Patents and Draft Amendment Bill on Designs	Draft Bill on Patents and full Explanatory Memoranda submitted to Executive Authority and taken through Economic Cluster	1	Draft Patents Bill and full Explanatory Memo was submitted to and approved by the Economic Cluster. Bill not yet been approved for publication
	Draft Amendment Bill on Designs and full Explanatory Memoranda submitted to Executive Authority and taken through Economic Cluster	1	Draft Designs Amendment Bill and full Explanatory Memo was submitted to and approved by the Economic Cluster. Bill not yet been approved for publication
NEV roadmap developed / implemented	NEV roadmap published	Publishing NEV roadmap	Draft Road Map presented to ESIEID Cluster and ongoing engagement with National Treasury on funding model.

IN-YEAR SPENDING ADJUSTMENTS 2022/2023

Key Budget interventions



- *An additional R19.87 million is allocated as self financing:
 - Revenue of R 10.6 million - for the Voluntary Rebuild Programme Settlement Agreement, reached between Government and seven (7) Construction Companies, Murray & Roberts (M&R), Stefanutti Stock(S&S), Basil Read, WBHO, Group 5 and Aveng, in 2016.
 - Revenue of R 9.2 million - for rental payable by the department's public entities and DSBD.
- Budget re-allocation of R313.9 million towards the incentives programmes : Services Sector Development and Manufacturing Development.

OVERVIEW OF THE FINANCIAL PERFORMANCE – 31 MARCH 2023

1 April 2022



31 March 2023



R 10.91 billion

Adjusted Budget

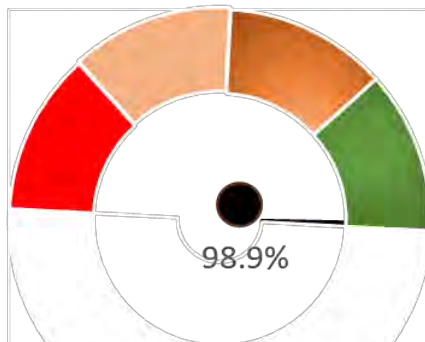
Original budget: **R10.85 billion**



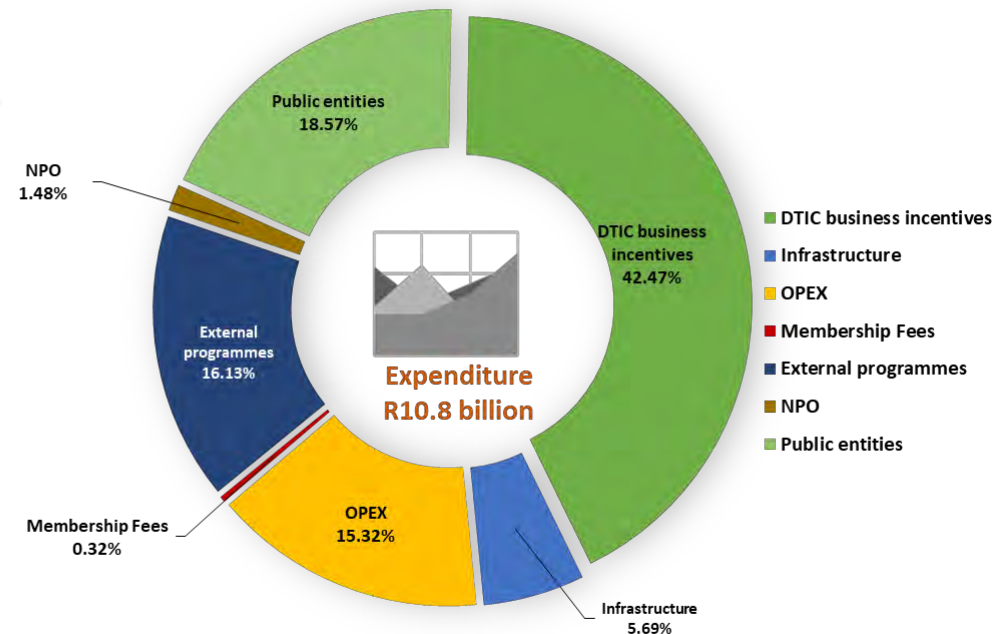
R 10.8 billion

Spent as at 31 March 2023

Spent as % of budget = **98.9%**



When compared to the YTD projections of R10.9 billion, spending is R10.8 billion or 98.9%.



As at the 31st March 2023, the department has spent R10.8 billion – which comprised of R5.2 billion or 48.17% (i.e. business incentives and infrastructure) disbursed to the beneficiaries across the various incentive programmes, followed by R2 billion or 18.57% transferred to the public entities.

Disbursements to the various external programmes at the IDC and CSIR was R1.7 billion or 16.13%; while non-profit organisations and international organizations, which South Africa is a member accounted for R194.8 million or 1.8%. Spending on operational costs was R1.6 billion or 15.32%.

FINANCIAL PERFORMANCE PER PROGRAMME ECONOMIC CLASSIFICATION

	Adjusted Budget 2022/23	Actual expenditure	Expenditure as % of budget	Available Budget	% Budget Available
Description	R'000	R'000		R'000	
Programme 1 : Administration	795 278	759 928	95,6%	35 350	4,44%
Programme 2: Trade Policy	227 645	222 660	97,8%	4 985	2,19%
Programme 3: Spatial Industrial Development	153 623	146 927	95,6%	6 696	4,36%
Programme 4: Industrial Policy	1 734 126	1 730 513	99,9%	3 613	0,21%
Programme 5: Consumer and Corporate Regulation	332 001	331 513	99,9%	488	0,15%
Programme 6: Industrial Financing	5 411 439	5 363 087	99,1%	48 352	0,89%
Programme 7: Trade and Investment South Africa	398 232	397 830	99,9%	402	0,10%
Programme 8: Invest South Africa	69 180	56 293	81,4%	12 887	18,63%
Programme 9: Competition Policy	1 742 951	1 741 447	99,9%	1 504	0,09%
Programme 10: Economic Research	49 078	48 237	98,3%	841	1,71%
Total	10 913 553	10 798 435	98,9%	115 118	1,05%
Economic classification					
Current payments	1 684 110	1 639 376	97,3%	44 734	2,66%
Compensation of employees	1 081 666	1 046 433	96,7%	35 233	3,26%
Goods and services	602 444	592 943	98,4%	9 501	1,58%
Transfers and subsidies	9 214 868	9 153 748	99,3%	61 120	0,66%
Incentive payments	5 249 361	5 201 069	99,1%	48 292	0,92%
Department entities	2 005 744	2 005 744	100,0%	0	0,00%
External Programmes	1 748 516	1 742 164	99,6%	6 352	0,36%
Non profit organisations (Partnerships with business associations, NEDLAC)	159 801	159 801	100,0%	0	0,00%
Membership fees (International organisations)	41 173	35 009	85,0%	6 164	14,97%
Households	10 273	9 961	97,0%	312	3,04%
Payments for capital assets	13 074	4 119	31,5%	8 955	68,49%
Payments for financial assets	1 501	1 191	79,4%	310	20,63%
Total	10 913 553	10 798 435	98,9%	115 118	1,05%

THANK YOU