



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

the dti's SECOND QUARTER REPORT

2019-2020

PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE AND
INDUSTRY

DATE: 12 November 2019

PRESENTATION OUTLINE

- STRATEGIC IMPERATIVES**
- ECONOMIC OVERVIEW**
- SUMMARY OF DEPARTMENTAL PERFORMANCE**
- FINANCIAL PERFORMANCE Q2 2019/20**

STRATEGIC IMPERATIVES

Objectives

Grow the manufacturing sector to promote industrial development, job creation, investment and exports

Improved conditions for consumers, artists and opening up of markets for new patents players

Strengthened capacity to deliver on **the dti** mandate

Goals

1. To facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

2. Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives;

3. Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth;

4. Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner;

5. Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

Vision

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

ECONOMIC OVERVIEW - GLOBAL

Global growth remains skewed & the forecast in October 2019 is revised 0.2 percentage point lower than it was in July 2019, the weakest since 2009.

While the easing of monetary policy in many countries could provide some support to the global growth, downside risks seem to dominate the outlook. Some of these risks include:

- Further disruptions to trade and supply chains;
- The continued build-up of financial vulnerabilities; and
- Geopolitical tensions and domestic political uncertainty.

Some risks peculiar to SA's domestic growth include:

- A highly contested domestic policy environment;
- Subdued growth in private sector fixed investment; and
- Increased risks to the fiscal outlook.

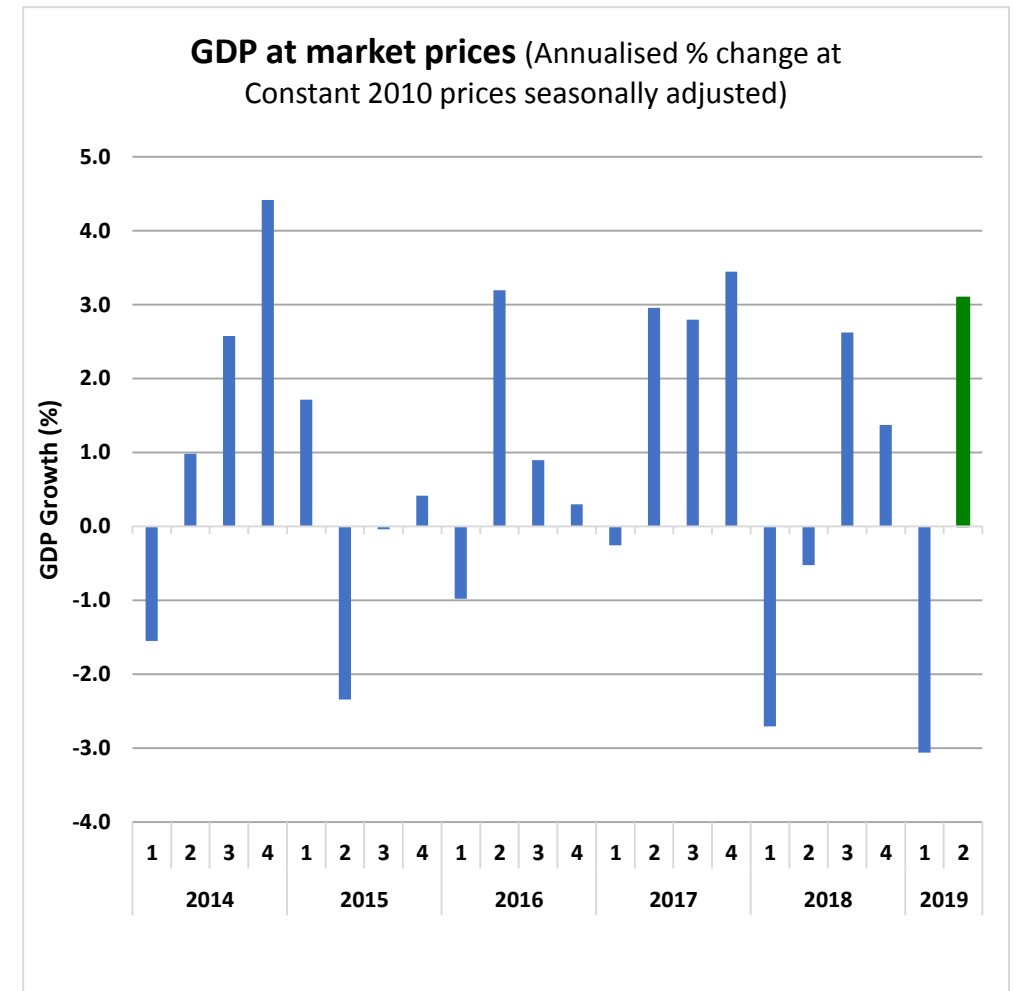
	October 2019 Forecast		
	2018	2019	2020
% y-o-y			
Global GDP	3.6	3.0	3.4
Advanced economies	2.3	1.7	1.7
Emerging economies	4.5	3.9	4.6
Sub-Saharan Africa	3.2	3.2	3.6
United States	2.9	2.4	2.1
Euro Area	1.9	1.2	1.4
Japan	0.8	0.9	0.5
China	6.6	6.1	5.8
South Africa	0.8	0.7	1.1

Source: IMF-WEO October 2019



SA DODGES A TECHNICAL RECESSION

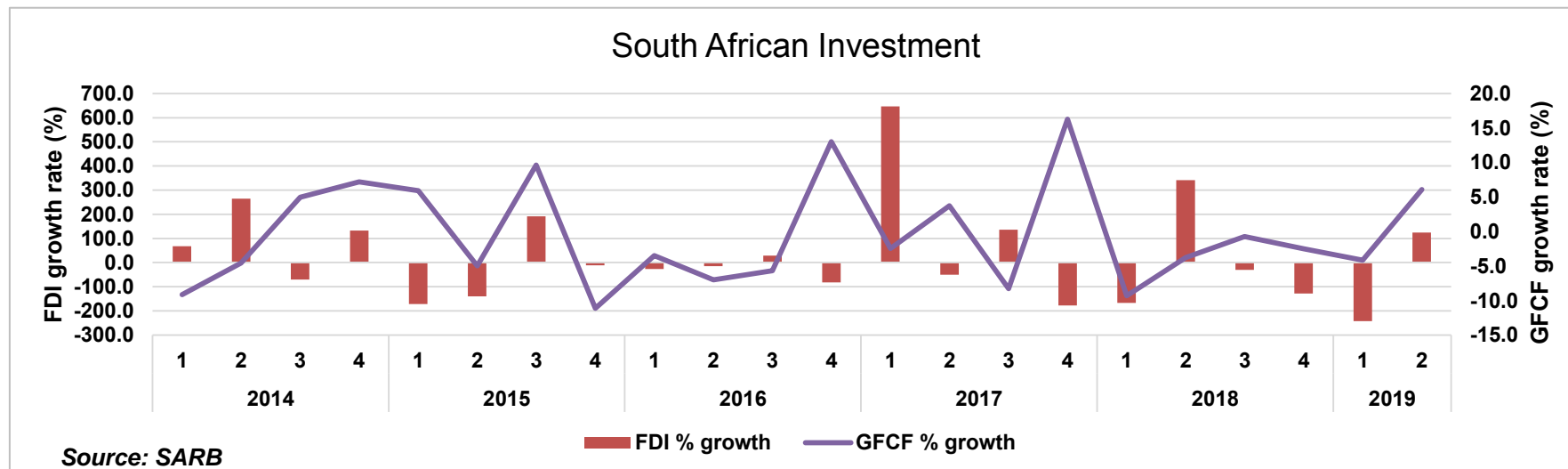
- ❑ Real gross domestic product (GDP) bounced back much stronger than expected in 2019Q2 – registering a 3.1% (q-on-q saar) growth, from a shock contraction in 2019Q1.
- ❑ Most economic research and forecasting engines had anticipated a GDP growth rate of 2.3% during the period of analysis.
- ❑ The unexpected growth 2019Q2 GDP was driven by the recovery in the Mining and Manufacturing sectors, at the back of the restoration of consistent electricity output.
- ❑ On a year-on-year basis, the GDP grew marginally by 0.9%.



Source: Stats SA

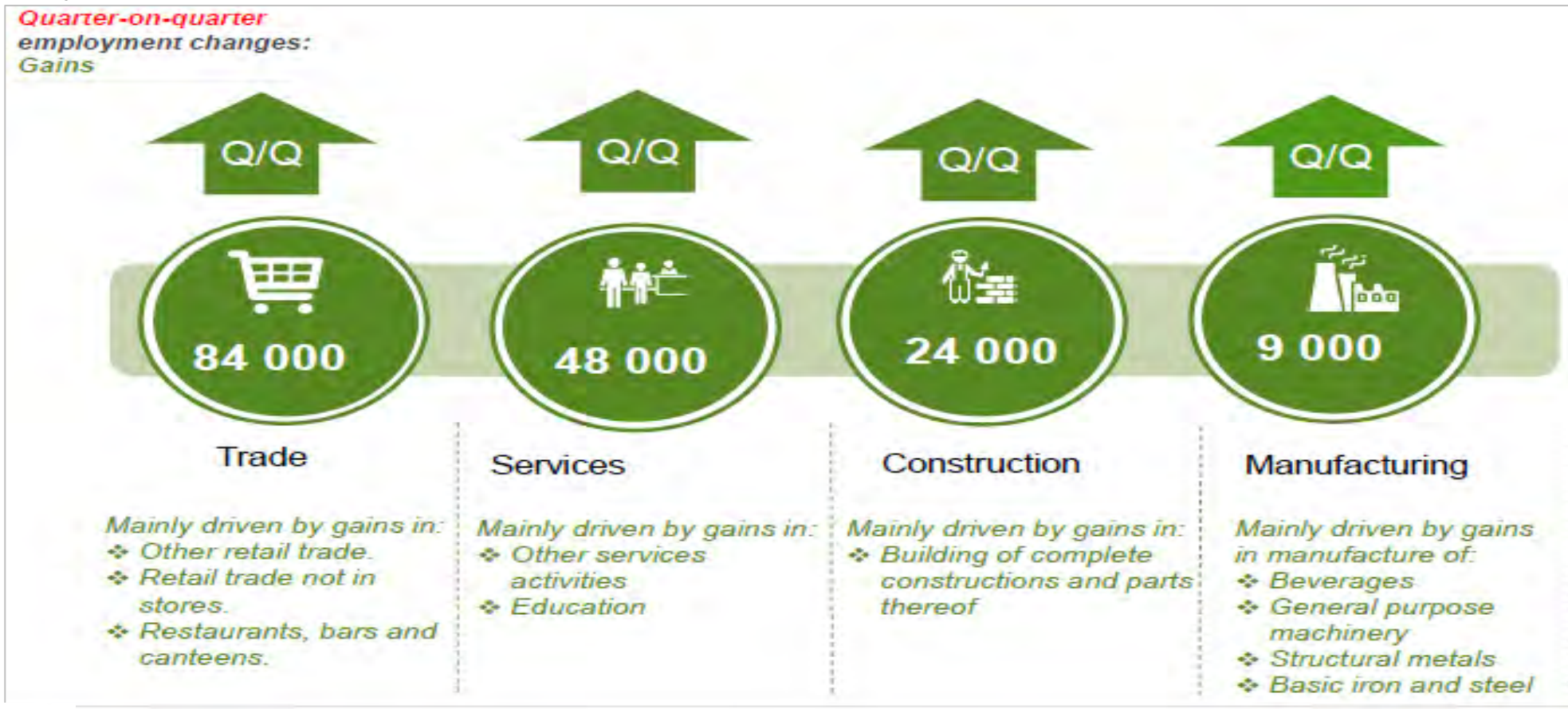
DOMESTIC AND FOREIGN INVESTMENT EDGED UP

- ❑ GFCF grew by 6.1% (q-on-q, saar) in 2019Q2; from R598bn in Q1 to 607bn in Q2.
- ❑ This was a positive growth following declines in the past five consecutive quarters.
- ❑ **Private sector** (15.3% q-on-q), resuscitated total domestic investment while the other two categories declined (**public corporations -6.7%** and **general government -17.3%**).
- ❑ Disappointing investment by the general government and the public corporations was as a result of continuing austerity measures; lower revenue streams collected from taxes; and re-organisation programmes the government plans on embarking upon.
- ❑ FDI inflows increased from R11.7bn in 2019Q1 to R26.3bn in 2019Q2 - driven by domestic private sector companies acquiring debt; equity funding from foreign parent companies, though to a lesser extent; and 17 new projects announced for the quarter to the total value of R25.1 bn.



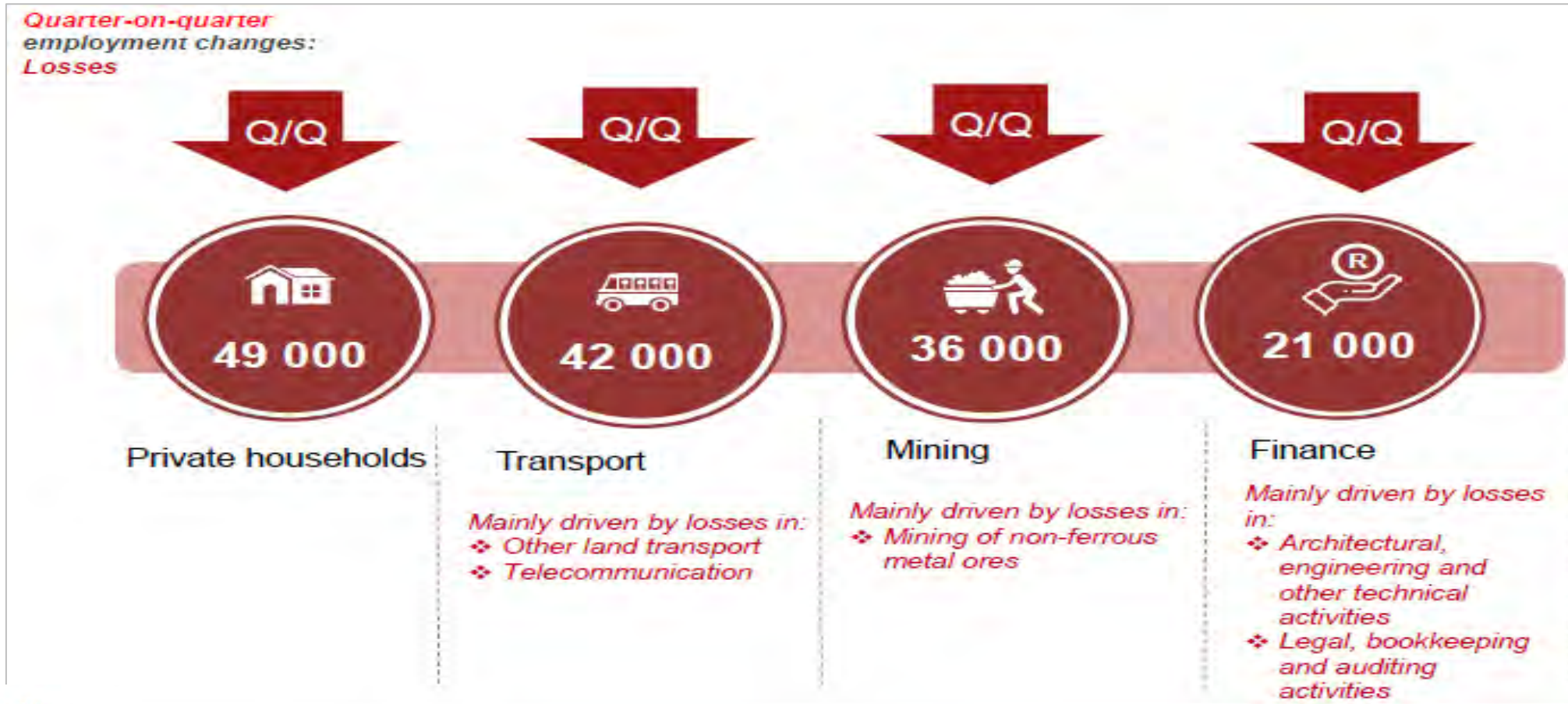
JOBS CREATED IN Q2 2019

- ❑ The net number of employed persons in South Africa increased by 21 000, from 16.29 to 16.31 million (q-on-q) in 2019Q2.
- ❑ The growth in employment primarily came from four sectors – trade, services, construction and manufacturing.
- ❑ Manufacturing employment was driven by the continuous recovery in manufacturing output in 2019Q2 – and businesses were able to stay resilient.



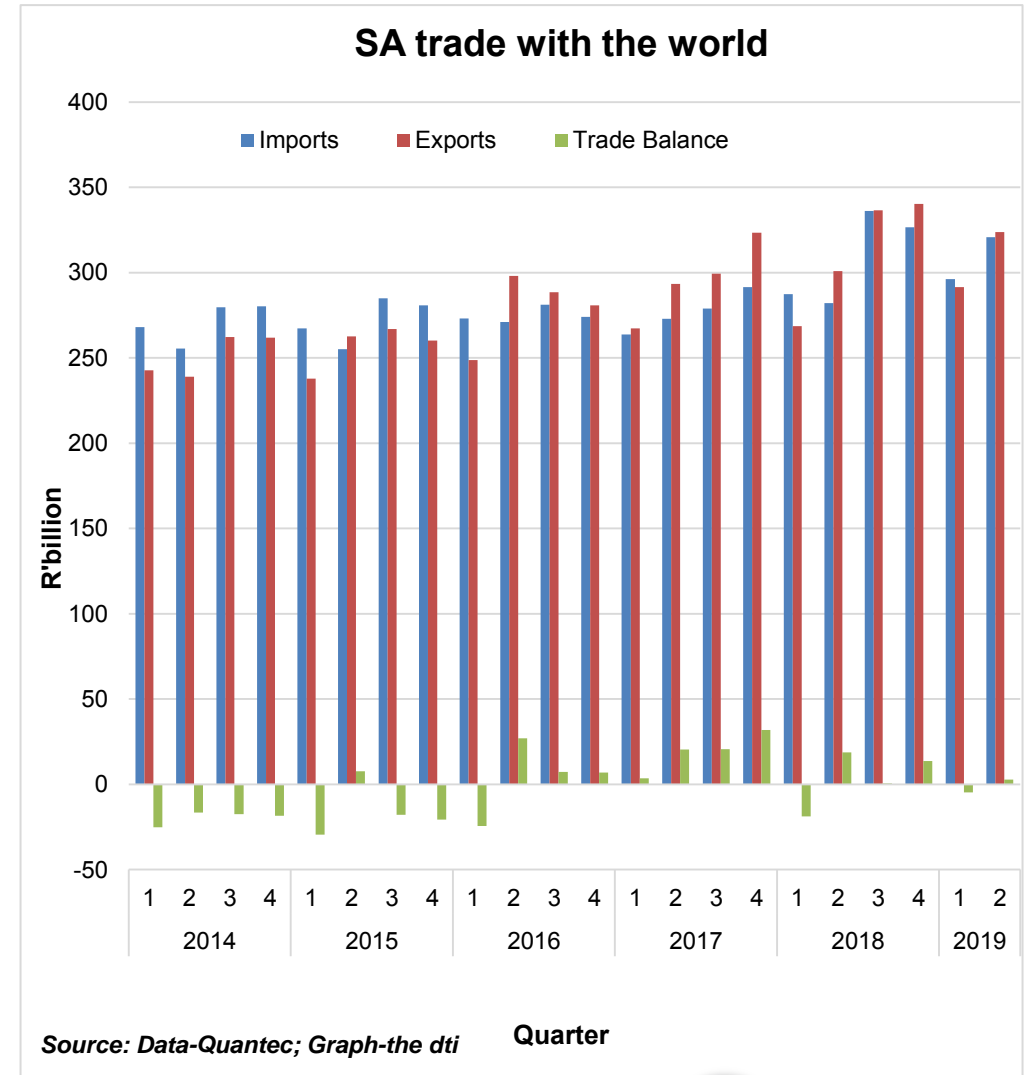
UNEMPLOYMENT RATE REMAINS PERSISTENT

- ❑ Despite employment creation in 2019Q2, the official unemployment rate rose to 29% in 2019Q2 from 27.6% in the previous quarter.
- ❑ This is the highest unemployment rate since 2008Q1.
- ❑ Key drivers for employment losses in Q2 of 2019 were:



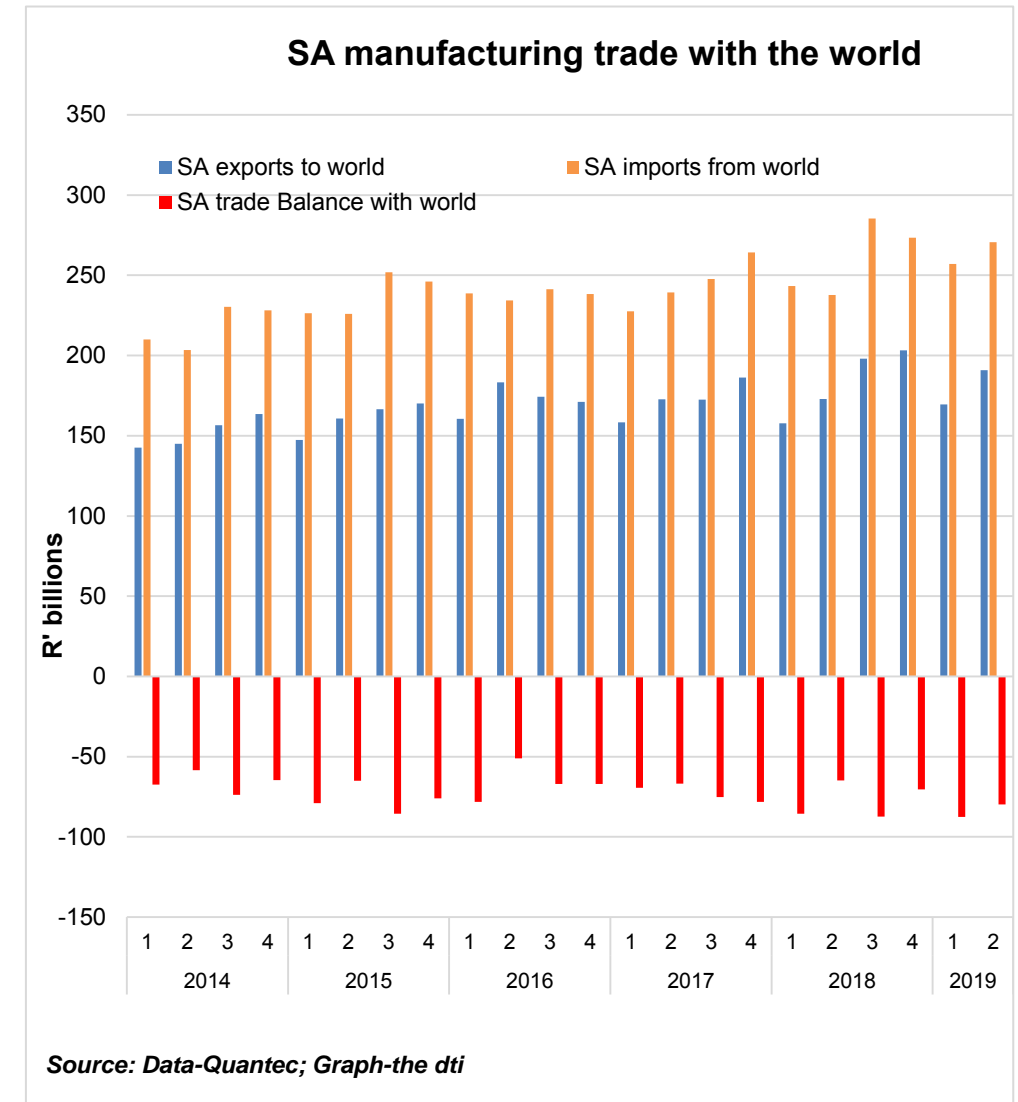
SA RECORDED TRADE SURPLUS WITH THE WORLD

- ❑ In 2019Q2, SA had a trade surplus of R2.8 billion with the rest of the world – after recording R4.8bn deficit in 2019Q1.
- ❑ The positive trade balance was as a result of increased exports for all key sectors of the economy:
 - Mining exports increase was driven by the platinum group metals; iron ore; and coal, which collectively, increased by 59%.
 - Motor vehicles; Basic iron and steel products; Basic chemicals; Coke, petroleum products and nuclear fuel; Parts and accessories contributed 51% to the increase in manufacturing exports.
 - Agriculture, forestry and fishing exports also increased, driven up by Agriculture (94.7%), fishing (3.4%) and forestry (1.9%).



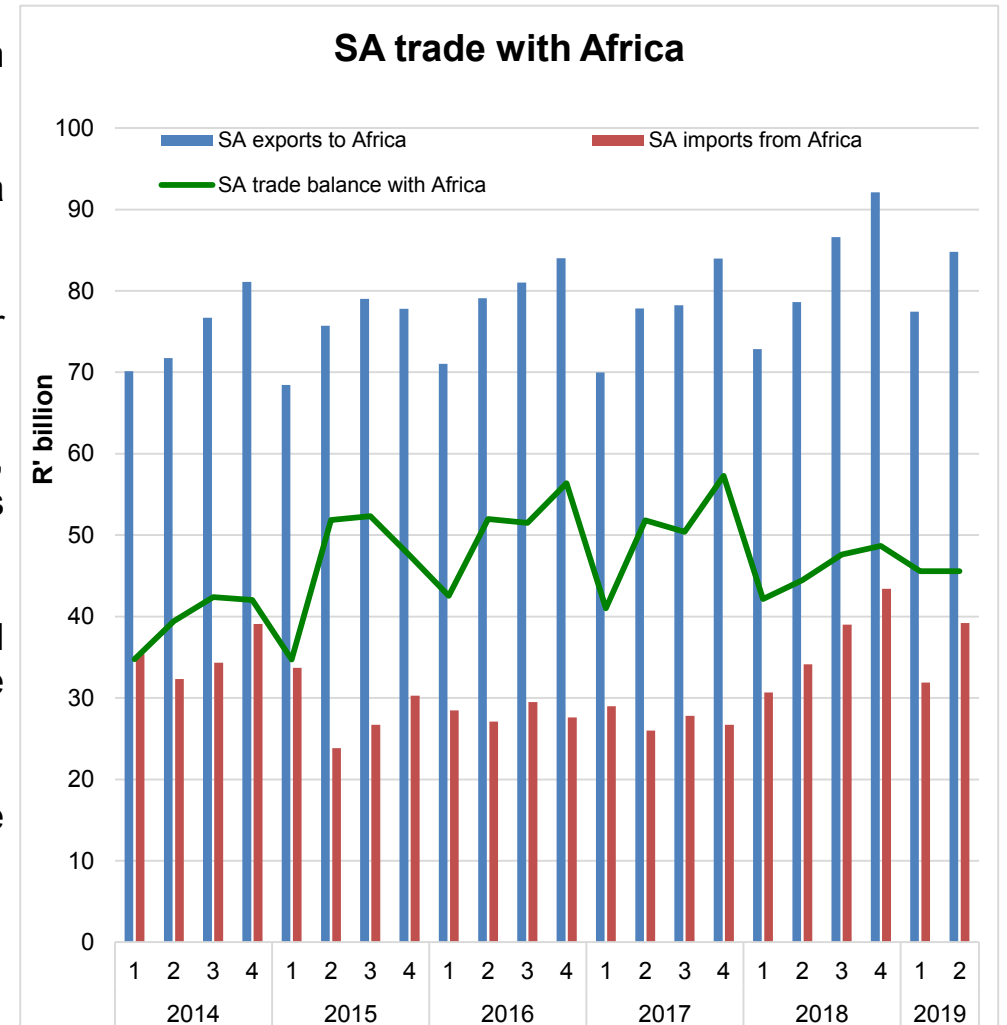
MANUFACTURING TRADE DEFICIT NARROWED

- ❑ The conditions in the manufacturing sector remain largely unfavourable as businesses experienced difficult conditions in the past few years.
- ❑ Several manufacturing sub-sectors are operating below production capacity, largely due to insufficient demand from both local and foreign markets.
- ❑ In 2019Q2, the manufacturing trade deficit narrowed to R79.8bn from R87.5bn in Q1 of 2019. This was a result of increased exports by Motor vehicles; Basic iron and steel products; and Basic chemicals.



SA TRADE SURPLUS WITH AFRICA WIDENED

- ❑ Exports to Africa increased by R7bn to reach R84bn in 2019Q2 from R77bn in 2019Q1.
- ❑ Though exports increased, the trade balance with the rest of Africa remained constant at R45bn in 2019Q2.
- ❑ However, South African exports to the continent were largely destined for the SADC region, principally to SACU member states.
- ❑ With opening of markets in Africa through the Continental Free Trade Area, higher export penetration to other sub-Saharan African economies is anticipated.
- ❑ Despite the positive trade balance with Africa, SA's approach to regional integration is that of investment-led industrial and infrastructure development as key levers to unlock the potential of the African continent.
- ❑ This will rebalance trade with fellow African countries and ensure that the benefits of integration are spread across the continent.

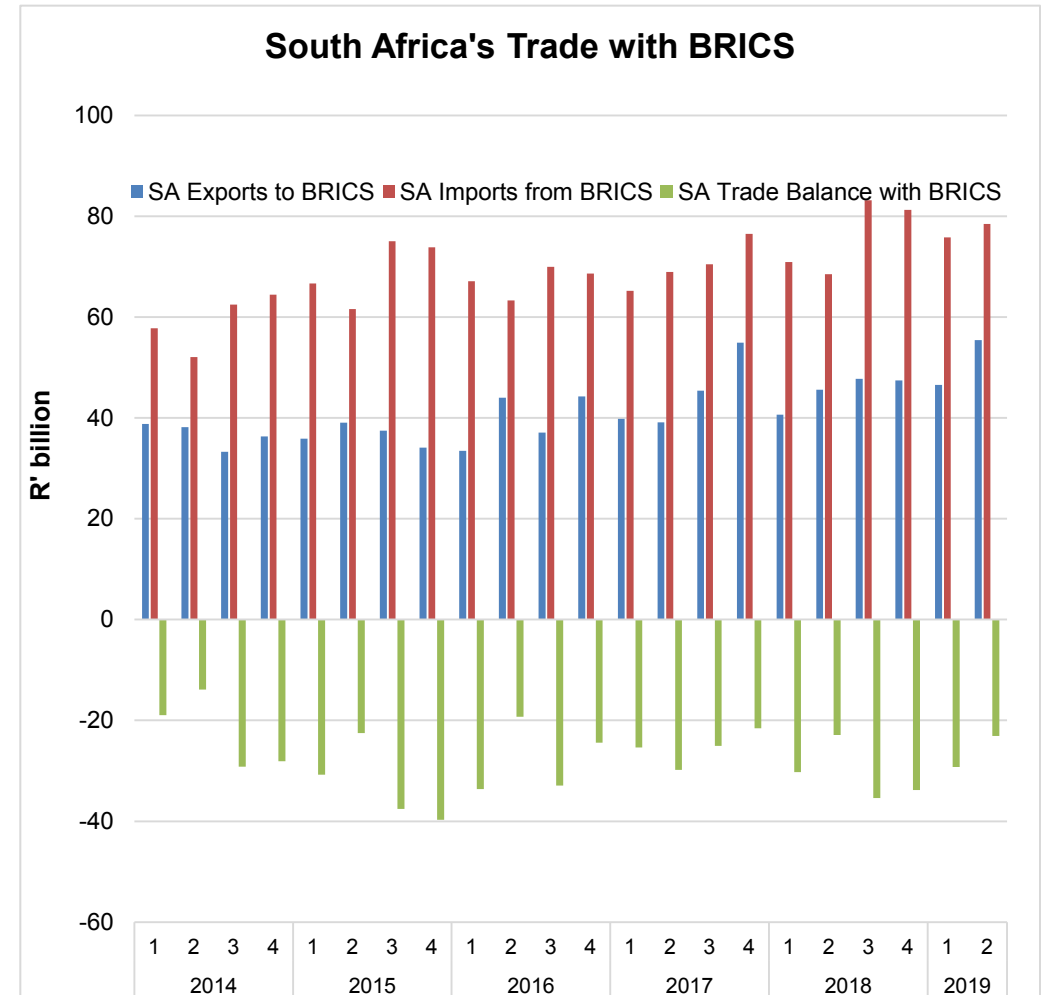


Source: Data-Quantec; Graph-the dti



SA TRADE DEFICIT WITH BRIC NARROWED

- ❑ South Africa's trade response within BRICS has been positive in the past year as reflected by deficit narrowing from R35bn in 2018Q3 to R23bn in 2019Q2.
- ❑ Despite the progress, SA recorded a huge trade deficit with China and Brazil valued at R21bn and R3.6bn in 2019Q2, respectively.
- ❑ However, SA had a trade surplus with India and Russia of R1.7bn and R629mn, respectively.
- ❑ The increase in imports, particularly manufactured imports from BRICS remains four times greater than that of exports on average.
- ❑ This disparity is reflected in the country's trade balance, which has been consistently negative.
- ❑ However, the on-going engagements at BRICS Business Council will address some of the inequalities in trade by developing programmes that support industrialisation amongst member states.



Source: Data-Quantec; Graph-the dti

INDUSTRIAL DEVELOPMENT

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

Re-imagined Industrial Strategy

- ❑ The Re-imagined Industrial Strategy was approved by the Cabinet Lekgotla in June 2019.
- ❑ The Re-imagined Industrial Strategy is the new guiding strategy that will underpin the work of **the dti** and has implications across Government.
- ❑ The emphasis is on developing sector development plans (Masterplans) jointly with all relevant stakeholders.
- ❑ The first workshop to assist Depts, DFIs and SOCs to develop Masterplans was convened in August.
- ❑ An inter-dept SteerCo has been established, chaired by the Presidency to oversee the 15 Masterplans, provide research capacity, technical experts and facilitation support.

INDUSTRIAL DEVELOPMENT

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

Clothing, Textile, Leather & Footwear Masterplan

- The process is on track and masterplan is expected to be launched at the end of October/Nov 2019.

Steel & Metal Fabrication Sector Masterplan

- The steel industry engagement with the Minister took place on 20 August 2019 to develop a common understanding of the planning process.
- Industry was requested to submit inputs and 46 submissions were received and are being reviewed by the task team.

Chemicals and Plastics Masterplan

- The chemicals sector has an industrial strategy that was developed in 2017 and endorsed by the Chemicals and Allied Industries Association. The strategy will inform the development of the Masterplan.



INDUSTRIAL DEVELOPMENT

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

Plastics Masterplan

- ❑ Consultations with Plastics South Africa have begun and the industry association is in support of the Masterplan process.

Poultry Masterplan

- ❑ Ministerial engagements on a bilateral level with each of the value chain participants (commercial/emerging producers, feed companies, processors, importers and exporters etc.) are in progress.
- ❑ Ongoing parallel engagements with big companies such as Astral, Rainbow Chicken, Country Bird, Daybreak etc. underway to understand their long term plans.

Furniture Masterplan

- ❑ **the dti**, Proudly SA and the South Africa Furniture Initiative (SAFI) jointly held a furniture sector forum in July 2019 where more than 200 manufacturers and stakeholders came together to have a conversation on buy local. Companies signed the pledge to improve the buy local proportion in their furniture.

INDUSTRIAL DEVELOPMENT

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

Furniture Masterplan

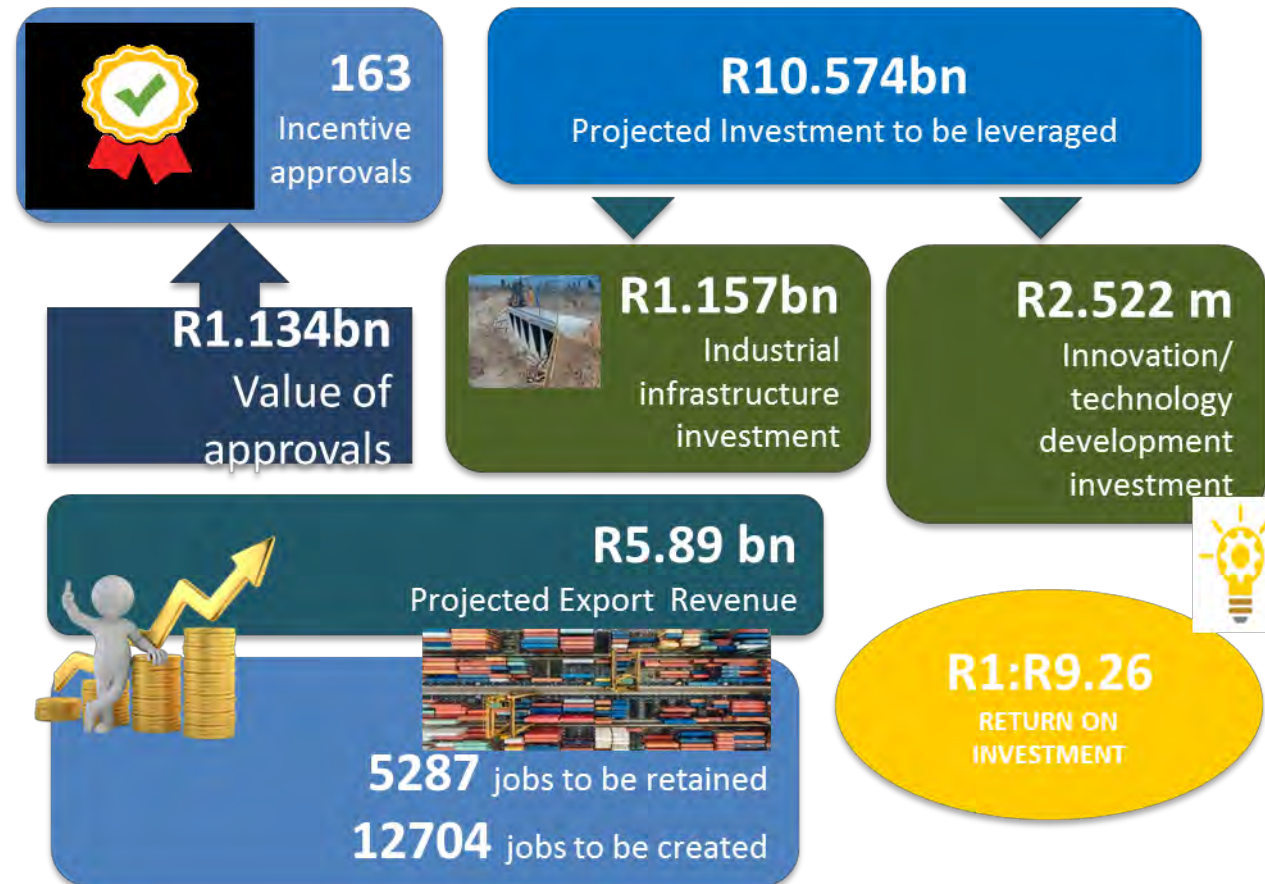
- ❑ The work towards the development of the Masterplan has commenced with consultations with big retailers, Timber SA, Saw Milling Association and large leading companies.
- ❑ **the dti**, Proudly SA and the South Africa Furniture Initiative (SAFI) jointly held a furniture sector forum in July 2019 where more than 200 manufacturers and stakeholders came together to have a conversation on buy local. Companies signed the pledge to improve the buy local proportion in their furniture.

Sugar Diversification Plan

- ❑ Ongoing bilateral meetings with each of the upstream/downstream users ongoing.
- ❑ Engagements with DoE, Tongaat, RCL and Illovo to secure support for diversification of the industry also ongoing.

INDUSTRIAL DEVELOPMENT

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation



TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ **the dti** successfully managed a number interventions which have contributed to alleviating obstacles for investors. This includes the work done internally as well as the Department of Home Affairs Premium Visa Facilitation Centres housed at the established One Stop Shops.
- ❑ 6 Technical Working Group sessions conducted on the Ease of Doing Business.
- ❑ Ministerial visit to Eastern Cape and launch of Aberdare Cables plant in Port Elizabeth, at an investment of R135 million, July 2019.
- ❑ Launch of BFG Composites Plant in Germiston, Gauteng at an investment of R55 million, July 2019.



TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- Hosted CEOs Forum with World Bank from 11-12 September 2019 with the World Bank Group.
- Investment BPS visit to Germany, 14-20 September 2019.
- InvestSA / Brand South Africa Investment Promotion Workshop on 30 September 2019.
- 3 Inward Missions facilitated.
- Participated in 6 local investment conferences.
- 280 meetings with prospective investors.
- Facilitated 38 One Stop Shop Investor Inquiries.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ 193 Clients assisted through the Export Helpdesk against the target of 175.
- ❑ 416 Companies benefitted under the Global Exporter Passport Programme (GEPP) training, against the target of 310 companies, as follows:
 - Phase 1: 112 companies;
 - Phase 2: 265 companies; and
 - Phase 4: 39 companies.
- ❑ Facilitated for 20 emerging exporters to be mentored under the German Managers' Programme scheduled for third quarter in Cologne, Germany.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Europe Desk

- ❑ Participated at Defence and Security Equipment International (DSEI) 2019 in London, UK to organize and manage the National Pavilion at the trade fair and to promote 35 South African Defence Industry (SADI) companies in enhancing high tech, high value exports which took place between the 10-13 September 2019. 440 quality trade leads were gathered and anticipated export sales reported by the respective companies is estimated at R252.9 million, with R11million committed at the National Pavilion.
- ❑ Promoted 35 South African companies at the National Pavilion, World Food Moscow 2019 which took place from 24-27 September 2019. 579 trade leads were gathered by the companies, 499 buyers met with the companies and 105 business to business meetings were facilitated and anticipated export sales reported by the respective companies is estimated at R16,7 million, with R9 million committed at the National Pavilion.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Europe Desk

- ❑ Facilitated and coordinated the roll out of two export seminars in Mpumalanga and Gauteng provinces conducted by Open Trade Gate (OTG) Sweden in collaboration with the Mpumalanga Economic Growth Agency (MEGA), Gauteng Growth and Development Agency (GGDA), SA Embassy in Sweden. OTG offered to conduct these export seminars pro-bono to assist SA potential exporters to penetrate the Swedish market in particular and the EU market in general.
- ❑ Negotiated the revised Declaration of Intent (DOI) signed in July 2016 between Invest SA and Business France to include cooperation on Export Development and Promotion. Possible future cooperation with Business France will entail export development; technical assistance; sharing of best practices; export promotion including matchmaking.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

America

- ❑ Led South African business representatives on Outward Trade and Investment Missions to Santiago in Chile and Lima in Peru from 23 September – 03 October 2019.
- ❑ The objective of the missions were to expose South African Mining and Allied Services companies to the Chilean and Peruvian markets, deepen bilateral trade relations, create greater knowledge of South African products and capabilities, as well as create awareness of investment opportunities in these markets.
- ❑ The structure of the missions included Trade and Investment Seminars, targeted business-to-business meetings and site visits. A total number of 31 South African companies were funded under the EMIA Group Missions Scheme – 17 companies visited Chile and 14 visited Peru, of which one was the South African Capital Equipment Export Council. Rhimak reported on-the-spot sales of US\$30,000.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Asia

- ❑ Led the participation of 26 companies in the Outward Selling Mission to New Delhi and Mumbai in India. The delegation comprised companies in the agro-processing, aerospace and defense as well as electro-technical sectors. In terms of demographic composition, it comprised 8 Black Owned, 5 Women Owned, 1 White Woman Owned, 10 SMMEs and 2 Other Sized companies.

- ❑ The objective of the Missions was to promote SA value added products into the Indian market. The Mission generated 129 trade leads as well as over USD\$ 8 mil export sales. The following on the spot deals were signed during the OSM:
 - SAMO Engineering Group Company TIS Invest secured a contract for USD\$ 7million with Eskom for the supply of distribution Class Surge Arresters in partnership with an Indian manufacturer Raychem RPG. Bayede Marketing appointed an agent in Romin Holdings and signed an on the spot deal to supply a container of products to the value of USD\$ 43 000.

- ❑ Jazz Spirit secured a contract to the value of USD\$1 million with Max Unk Adventure Sports.

TRADE, INVESTMENT AND EXPORT

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Asia

- ❑ Led a 21 member delegation to Fruit Logistica Hong Kong from 4 – 6 September 2019. Fruit Logistica is one of the foremost International Fresh Fruit and Vegetable Exhibitions in Asia. A total of 285 trade leads were generated. The following on the spot deals were signed by SA companies:
 - In2fruit signed a contract to the value of R6 million with a Vietnamese company to supply table grapes.

Middle East

- ❑ Undertook 12 member delegation Outward Selling Mission to Kuwait and Qatar from 13-20 September 2019. Targeted sectors for this Outward Selling Mission were: agro-processing, healthcare and pharmaceutical, automotive, infrastructure development, oil and gas. Project expected exports sales after six month are projected to be R 894 million.

SPECIAL ECONOMIC ZONES AND ECONOMIC TRANSFORMATION

SG3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- ❑ Applications for the expansion of the OR Tambo Special Economic Zone (ORTIA) and Dube Trade Port (DTP) SEZ were approved by the SEZ Advisory Board in August 2019, and both are on 30-day Public Comment process.
- ❑ **the dti** embarked on China – South Africa SEZ investment attraction road show in China, within the Chengdu province in September 2019. Over 150 potential investors attended the road show.
- ❑ **the dti** embarked on China, South Africa, Turkey Investment attraction road show in Adana, Turkey in September 2019. A framework agreement for the SEZ capacity building and knowledge sharing between **the dti** and the Ministry of Trade in Turkey was agreed to, and is still being vetted before signing off.

SPECIAL ECONOMIC ZONES AND ECONOMIC TRANSFORMATION

SG3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- ❑ The Minister approved Pharma Dynamics EEIP with an investment value of over R130 million in July 2019.
- ❑ 96 company registrations through the Youth Employment Service (Y.E.S) digital portal, 3000 jobs created and 13 companies received Y.E.S B-BBEE Recognition.
- ❑ Over 27 000 SMMEs made use of the system that **the dti** created together with CIPC to assist them with B-BBEE compliance.
- ❑ 26 advocacy and educational campaigns on B-BBEE were conducted to ensure standardized implementation.



SPECIAL ECONOMIC ZONES AND ECONOMIC TRANSFORMATION

SG3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- ❑ **the dti** engaged with Sasol to explore the opening up of procurement opportunities for Black Industrialists. The possibility of entering into an MOU is being explored by the two parties.
- ❑ Microsoft EEIP, presented an opportunity for a Digital Transformation program to assist and advance Black Industrialists with transformation from analogue to digital.
- ❑ Two (2) Black Industrialists (Pharmaceuticals and Agro-processing sectors) attended the Innovation Summit held from 11 to 13 September 2019.

LEGISLATION AND REGULATION

SG 4: Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner

- The signing into law of the Credit Amendment Act, 2019 by the President.
- Implementation Plan on Credit Amendment Act, 2019 presented by Minister to the Portfolio Committee.
- Drafted and submitted the Liquor Amendment Regulations.
- Drafted amendment regulations on the provisions of Data Extract and notice to advertise for comments.

ADMINISTRATION AND CO-ORDINATION

SG 5: Promote a professional, ethical, dynamic and competitive and customer-focused working environment that ensures effective and efficient services delivery

Females SMS



Women in SMS at **54%** against quarterly target of **50%**.

- The number of people with **disabilities employed** was at **4%** against quarterly target of **3.6%**.



People with Disabilities

- All eligible creditor payments processed well within 30 days.

SG 1: Facilitate transformation of the economy, to promote industrial development, investment, competitiveness and employment creation

Output	Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective Action
DIVISION: INDUSTRIAL DEVELOPMENT POLICY DEVELOPMENT (IDD)						
Annual rolling IPAP aimed at facilitating a process of structural change, involving upgrading and diversification to achieve sustained growth and job creation	Number of implementation reports on IPAP prepared for the Minister's Review Meetings per year	4 Implementation reports on IPAP prepared for the Minister's Review Meetings per year	1 Implementation report on IPAP prepared for the Minister's Review Meetings per quarter	No Implementation report on IPAP was prepared	<p>The Re-imagined Industrial Strategy was approved by Cabinet Lekgotla in June 2019 and the emphasis is on developing Sector Development Plans (Masterplans).</p> <p>Masterplans Technical Task meetings were convened on the 23 August and on the 19 September 2019.</p> <p>Ministerial engagements were held with the Industry on the various Masterrplans as follows:</p> <p>Clothing, Textile, Leather & Footwear: 16 August 2019</p> <p>Metals & Fabrication: 20 August 2019</p> <p>Poultry: 09 September 2019</p> <p>Sugar & Poultry: 19 August 2019.</p> <p>Sugar: 18 September 2019</p>	APP to be amended.



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SG 1: Facilitate transformation of the economy, to promote industrial development, investment, competitiveness and employment creation

Output	Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: INDUSTRIAL DEVELOPMENT POLICY DEVELOPMENT (IDD)						
Annual rolling IPAP aimed at facilitating a process of structural change, involving upgrading and diversification to achieve sustained growth and job creation	Number of designation requests prepared for Minister per year	2 designation requests prepared for Minister per year	1 designation requests prepared for Minister per quarter	No designation request was prepared for Minister	Research was conducted on 3 designations and a review is underway.	Designation request will be submitted to Minister in Q3.



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SG 1: Facilitate transformation of the economy, to promote industrial development, investment, competitiveness and employment creation

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: INDUSTRIAL DEVELOPMENT: INCENTIVES ADMINISTRATION DIVISION (IDAD)					
Value (Rand) of projected investments to be leveraged from projects/enterprises approved	R18 bn	R4.5 bn	R10.5 bn	Approved AIS , CIP and BPS/GBS projects resulted in high value of projected investments	Approved AIS , CIP and BPS/GBS projects resulted in high value of projected investments
Projected number of new jobs supported from projects/enterprises approved	8 000	1 500	12 704	Approved BPS/ GBS projects contributed to 84% of new jobs supported	N/A
Projected number of jobs retained from approved enterprises	10 000	2 000	5 287	Approved AIS projects are sustaining high number of jobs	N/A
Number of enterprises/projects approved for financial support across all incentives	900	250	163	The number of applications/ projects received during this quarter were less than anticipated hence fewer applications were approved for financial support	Increased incentive specific consultations to encourage enterprises to apply for financial support and ensure compliance with guidelines.

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT (ITED)					
Number of status reports on regional economic integration	2 status reports produced on progress for T-FTA negotiations	Status report on progress on T-FTA negotiations	Status report prepared on progress on T-FTA negotiations	N/A	N/A
	4 status reports produced on progress of CFTA negotiations	1 status report on progress of CFTA negotiations.	1 status report produced	N/A	N/A
Number of reports on Implementation of SADC-EU Economic Partnership Agreement (EPA)	2 reports on implementation of SADC-EU EPA	Status report on implementation of the SADC-EU EPA	Status report provided.	N/A	N/A
Number of status reports on engagements in Global fora (BRICS, G20, AGOA, UK Brexit)	16 status reports produced on engagements in Global Fora	4 status report produced on engagements in each Global Fora	4 status reports produced on engagements in Global Fora	N/A	N/A

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: TRADE INVESTMENT SOUTH AFRICA (TISA)					
Value of export sales generated	R4.25bn	R2.1 bn	R1.014 bn	Our traditional events with high RoI recorded a relatively low export sales this year. Furthermore, no sales recorded for Midest due to sub-contracting nature of business	Aggressive and targeted recruitment of companies to be done for the remainder of the year
Number of companies assisted under EMIA in supporting value added exports	864	216	279 companies financially assisted through EMIA	FACIM National Pavilion in Mozambique was added to the NP list which led to increase in the number of companies assisted.	N/A

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

Output	Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
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DIVISION: INVESTMENT SOUTH AFRICA (ISA)

Investment facilitation in targeted sectors	Value (Rand) of investment projects facilitated in pipeline	R50 bn	R10 bn	R7. 782 bn	Downturn in economy	
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SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: SPECIAL ECONOMIC ZONE ECONOMIC TRANSFORMATION(SEZ &ET)					
Number of SEZs submitted to Minister for designation	1	Nil	Two SEZ Expansion Applications were approved by the SEZ Advisory Board and are both on 30-day Public Comment process (ORTIA and DTP SEZs)	N/A	N/A
Number of implementation reports on the Industrial Parks submitted to Minister	1	1	One (1) implementation report on the Industrial Parks submitted to Minister	N/A	N/A
Number of reports on implementation of the B-BBEE Amendment Act and Regulations submitted to the Minister	2	1	1 implementation report on the B-BBEE Amendment Act and Regulations submitted to the Minister	N/A	N/A
Number of interventions to support BIs in the IPAP Sectors (non-financial)	80 interventions to support BIs in the IPAP sectors (non-financial)	20 interventions to support BIs in the IPAP sectors (non-financial)	21 interventions done to support BIs in the IPAP sectors (non-financial support)	Strategic partnerships with key stakeholders the BI Unit managed to exceed the target	N/A

SG 4: Create a fair regulatory environment that enables investment, trade & enterprise development in an equitable & socially responsible manner

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: CORPORATE AND CONSUMER REGULATION (CCRD)					
Number of Socio-Economic Impact Assessment System (SEIAS) reports (previously RIA reports) developed for Minister's approval	1 SEIAS report on the Companies Amendment Bill developed for Minister's approval	First draft SEIAS report on the Companies Amendment Bill developed for Ministers approval	First draft SEIAS report on the Companies Amendment Bill not developed for Ministers approval	SEIAS report concluded in quarter one	N/A
Number of progress reports developed for Minister's approval	4 progress reports on the development of the Companies Amendment Bill developed for Minister's approval	1 progress report on the development of the Companies Amendment Bill developed for Minister's approval	1 progress report on the development of the, Gambling, Liquor , Credit, Performers Protection, Companies and CopyrightAmendment Bill developed for Minister's approval	The Credit Amendment Bill has been signed into law by the President. The Copyright and Performers Amendment Bill are awaiting the Presidential assent	N/A
Number of education and awareness workshops on policies and legislation conducted and report produced for Minister's approval	24 education and awareness workshops on policies and legislation conducted and report produced for Minister's approval	6 education and awareness workshops on policies and legislation conducted and report produced for Ministers approval	10 education and awareness workshops on policies and legislation conducted and report produced for Ministers approval	The other 2 workshops conducted was to compensate for Q1. The other 2 workshops was requested by adjacent district community members.	N/A

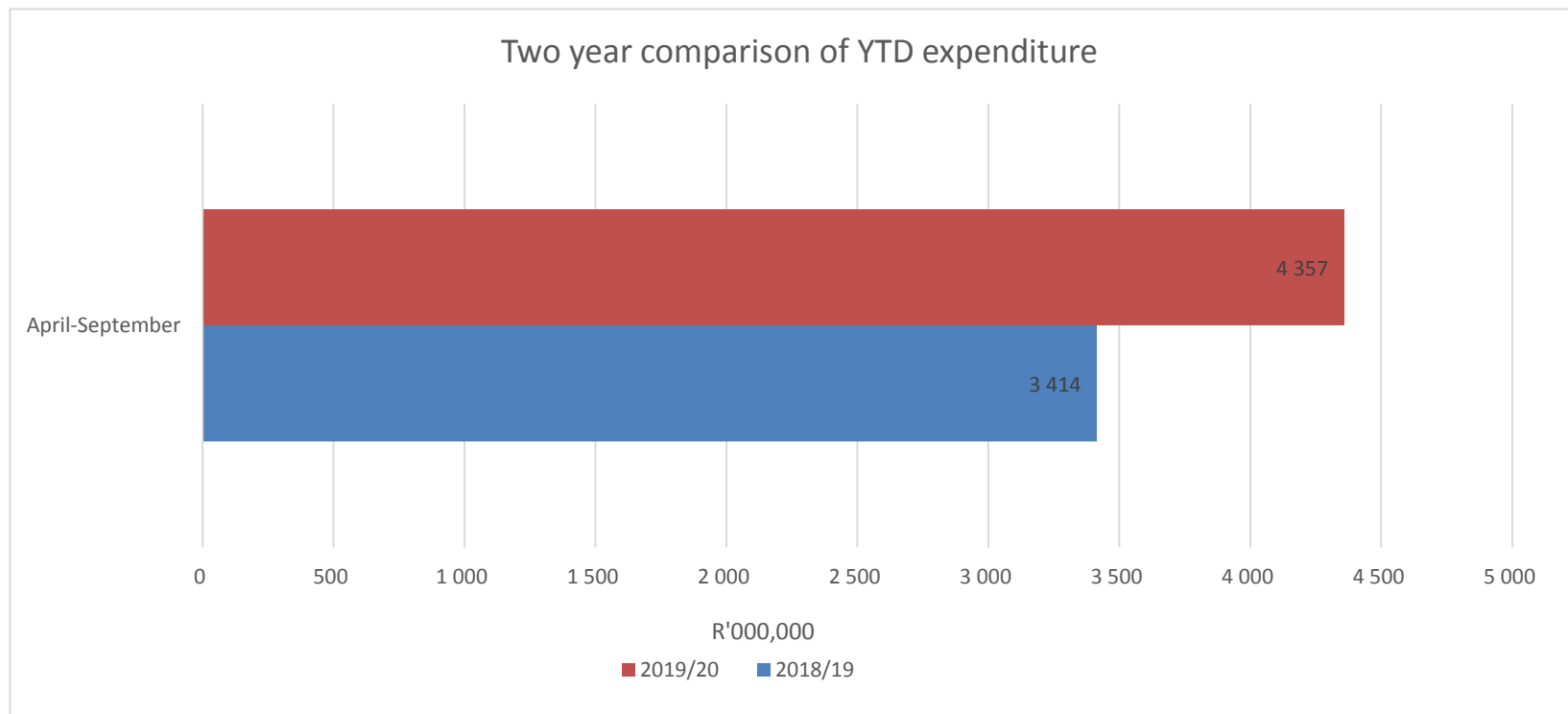
SG 5: Promote a professional, ethical, dynamic, competitive & customer-focused working environment that ensures effective & efficient service delivery

Performance Indicator/ Measure	Annual Targets for 2019/2020	Milestones	Actual Achievement	Reasons for variance	Corrective action
DIVISION: GROUP SYSTEMS AND SUPPORT SERVICES DIVISION (GSSSD)					
Percentage (%) of staff turnover (unexpected)	6.8%	1.7%	Turnover is at 0.4% against the target of 1.7% (permanent positions) for Q2 Cumulative turnover is at 1.3% against the annualised (year to date) target of 3.4%	Actual turnover was less than the target	N/A
Percentage (%) of people with disability employed	3.7%	3.60%	4.0% People with Disability employed	Two additional employees disclosed their disability during Q2	N/A
Percentage (%) of Women employed in senior management positions	50%	50%	54% Women employed in Senior Management	% of women in SMS exceeded due to 1 male SMS member terminated services during Q2. 3 male and 3 female SMS appointments were made in the period, therefore resulting in no change from Q1.	N/A
DIVISION: OFFICE OF THE DIRECTOR GENERAL (ODG)					
Percentage (%) of eligible creditors payments processed within legal timeframes	100% eligible creditors' payments made within 30 days	100% eligible creditors' payments made within 30 days	100% of 6 634 eligible creditors payments were made within 30 days. (65% of 6 634 payments were made within 15 days and reminder was processed within 30 days)	Target exceeded due to more stringent reviews on the turnaround times through daily statistics.	N/A

FINANCIAL PERFORMANCE 30 SEPTEMBER 2019

FINANCIAL PERFORMANCE

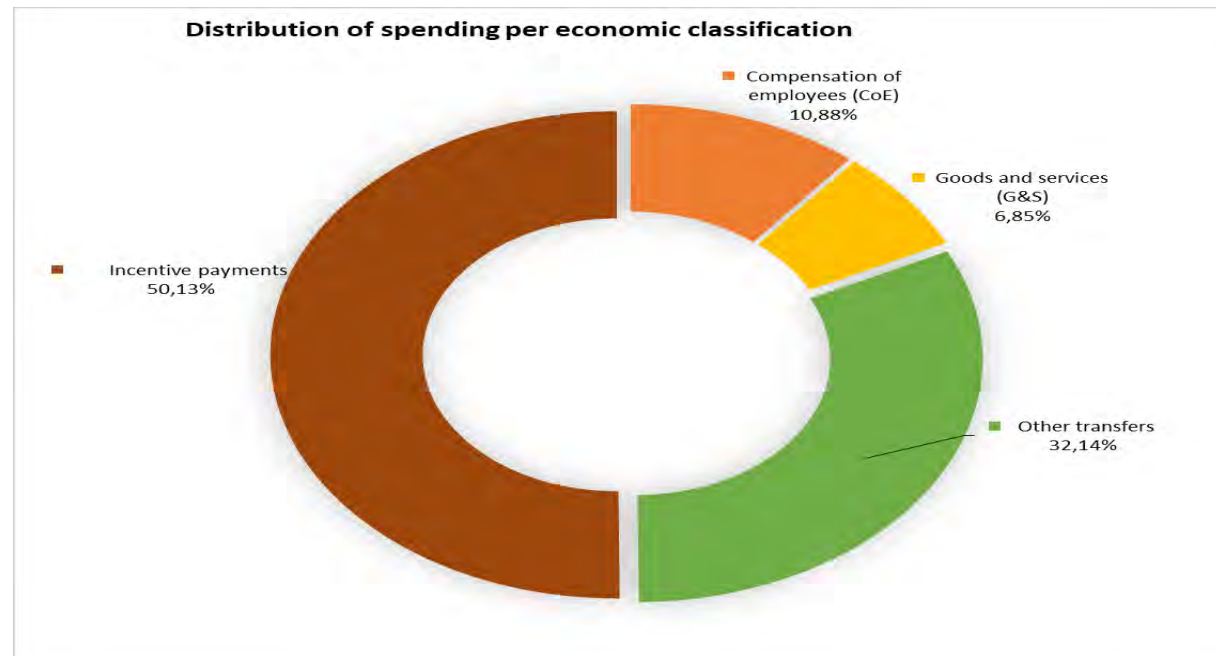
- 30 September 2019 marks the end of the sixth month of the 2019/20 financial year, where expenditure compared with the actual drawings of R4.4 billion is R4.3 billion or 98 per cent. When compared with the same period of the 2018/19 financial year, expenditure was R3.4 billion or 86.6 per cent of the actual drawings of R3.9 billion.



FINANCIAL PERFORMANCE

Financial performance per economic classification

- ❑ Of the R4.3 billion spent by the department, 50.1 per cent or R2.2 billion was disbursed to the beneficiaries across the various incentive scheme programmes - followed by other transfer payments, which includes transfers to departmental entities to aid in the fulfilment of the set mandates at 32.1 per cent or R1.4 billion.
- ❑ Operational spending, which comprises mainly of compensation of employees, and goods and services accounted for 10.9 per cent or R473.9 million and 6.9 per cent or R298.3 million respectively.



FINANCIAL PERFORMANCE

Financial performance per programme

Programme	ENE Budget 2018/19	Year-to-date (YTD)				Available budget	% budget available
		Actual Drawings	YTD Expenditure	Variance (Budget less expenditure)	% variance		
	R'000	R'000	R'000	R'000	%	R'000	%
Administration	803 545	401 280	370 385	30 895	7,70%	433 160	53,91%
International Trade and Economic Development	130 442	51 716	53 658	(1 942)	(3,75%)	76 784	58,86%
Special Economic Zones and Economic Transformation	171 444	57 197	76 159	(18 962)	(33,15%)	95 285	55,58%
Industrial Development	2 100 814	1 688 038	1 683 527	4 511	0,27%	417 287	19,86%
Consumer and Corporate Regulation	328 305	282 430	276 749	5 681	2,01%	51 556	15,70%
Incentive Development Administration	6 026 061	1 625 564	1 574 066	51 498	3,17%	4 451 995	73,88%
Trade and Investment South Africa	440 391	313 583	295 915	17 668	5,63%	144 476	32,81%
Investment South Africa	58 025	24 153	26 837	(2 684)	(11,11%)	31 188	53,75%
Total	10 059 027	4 443 961	4 357 297	86 664	1,95%	5 701 730	56,68%

FINANCIAL PERFORMANCE

- ❑ As depicted on previous slides, expenditure is largely on track with most Divisions spending within a 10% variance of actual drawings. This is an improvement as compared with the same period of the 2018/19 financial year.
- ❑ Recorded expenditure for program 3 is R76 million or 133,2% of the actual drawings. This is due to the projected expenditure which was brought forward from the 3rd Q to the 2nd Q to support the B-BBEE Commission and the National Productivity Institute. The expenditure is however still within the budget for the year.
- ❑ In line with prior years expenditure trends, spending on the incentive programmes is lower at the beginning of a financial year and improves as the year progresses.
- ❑ Spending is closely monitored and there are continuous engagements with Divisions to ensure that spending is largely on track in line with performance objectives.

THANK YOU

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