

Department of Trade, Industry and Competition

Fourth Quarter Performance Report 2020/21

Portfolio Committee on Trade and Industry

18 August 2021



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

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OUTLINE

- ❑ **ECONOMIC OVERVIEW**
- ❑ **STRATEGIC IMPERATIVES**
- ❑ **SUMMARY OF FOURTH QUARTER PERFORMANCE**
- ❑ **FINANCIAL PERFORMANCE**



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ECONOMIC OVERVIEW



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THE GLOBAL ECONOMY CONTINUES TO RECOVER

Global Economic Outlook

- Global economy contracted by **3.2%** in 2020, reflecting a stronger-than-expected recovery across regions in the second half of 2020.
- The global economy is projected to grow by 6% in 2021 with an improved forecast of 4.9% for 2022.
- Almost all advanced economies look forward to further normalisation of activity later this year as vaccines become more accessible.

Risks to the Outlook

- However, risks remain due to:
 - A slower-than-anticipated pace of vaccination in emerging market and developing economies,
 - Spread of new variants of the virus as a result of delays in vaccine procurement and distribution, and
 - Financial conditions tightening abruptly.



Source: IMF, World Economic Outlook, July 2021.

CONTINUED POLICY SUPPORT REQUIRED FOR SUSTAINABLE AND INCLUSIVE RECOVERY

- Most countries deployed a raft of measures to mitigate economic damage of Covid-19.
- This has led to the re-emergence of concerns about debt sustainability especially, for 'emerging market countries'.
- Governments need to be careful not to withdraw stimulus measures too soon.
- Monetary policy should remain accommodative, accompanied by well-targeted fiscal policy that continues to support demand.



The Organisation for Economic Co-operation and Development (OECD) has upgraded its global economic growth forecasts.

— **More jobs, more jobs**

Speeding up vaccine production and rollout is the best economic policy available today to boost growth and job creation.

SA ECONOMIC OUTLOOK

Domestic Economic Outlook

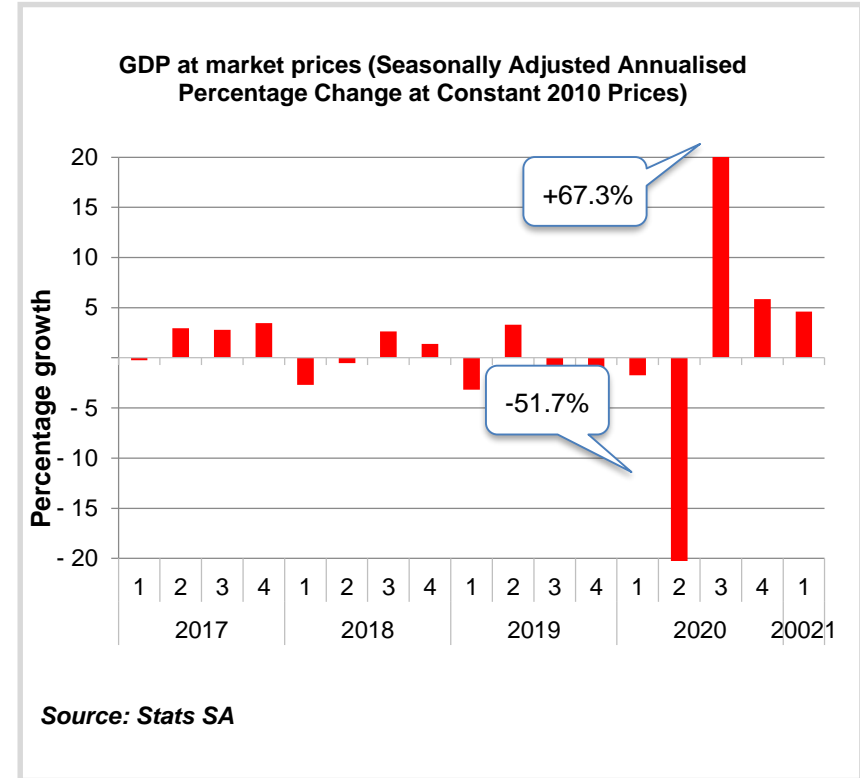
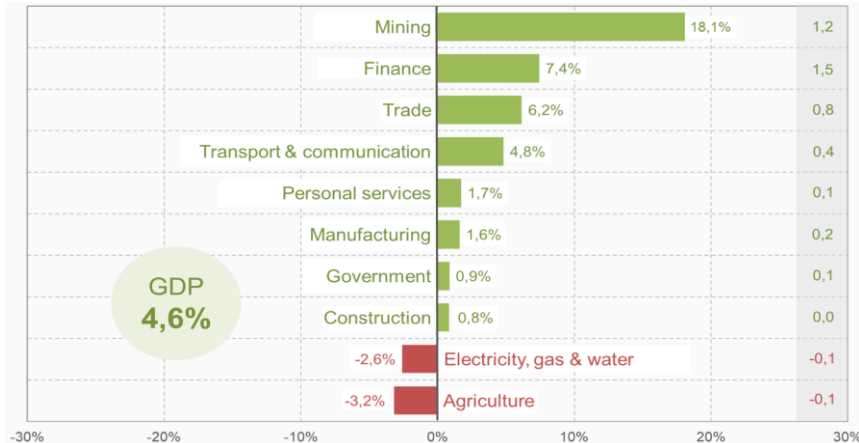
- The South African economy is expected to rebound following recession in 2020, primarily due to the Covid-19 pandemic.
- The SARB, in its statement of the Monetary Policy Committee of July 2021, has kept its forecast growth to a strong 4.2% in 2021 and 2.3% in 2022, followed by 2.4% in 2023.
- This follows a similar assessment by the IMF which also upgraded its forecast in July from 3.1% to 4.0% for 2021.
- The IMF forecasts a more modest growth rate of 2.2% in 2022.

	WEO July 2021 Forecast			
	Projections			
	2019	2020	2021	2022
World Output	2.8	-3.2	6.0	4.9
Advanced Economies	1.6	-4.6	5.6	4.4
Emerging Market and Developing Economies	3.6	-2.1	6.3	5.2
Sub-Saharan Africa	3.2	-1.8	3.4	4.1
United States	2.2	-3.5	7.0	4.9
Euro Area	1.3	-6.5	4.6	4.3
Japan	0.3	-4.7	2.8	3.0
China	6.0	2.3	8.1	5.7
Brazil	1.4	-4.1	5.3	1.9
Nigeria	2.2	-1.8	2.5	2.6
South Africa	0.2	-7.0	4.0	2.2

Source: IMF, World Economic Outlook, July 2021.

RECOVERY IS UNDERPINNED BY MINING

- Real GDP increased by 4.6% in 2021Q1, following positive growth of 5.8% in 2020Q4.
- However, on a year-on-year (y-on-y) basis, GDP contracted by **3.2%**.
- Eight sectors recorded positive growth.
- The largest positive contributors to growth in GDP were the finance & business services, mining and trade.



GDP OUTLOOK IS STRENGTHENING

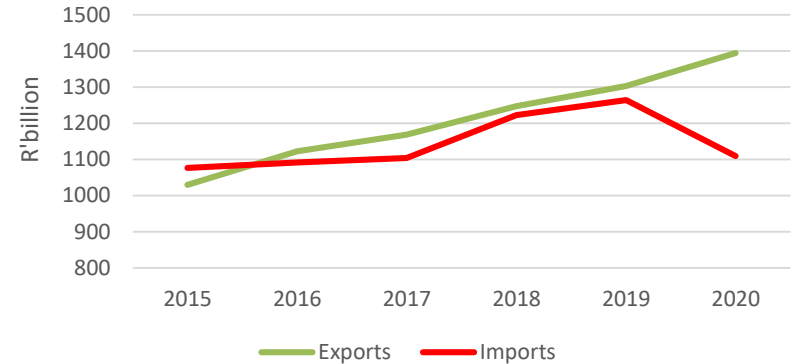
Risks to the outlook include:

- Slow rollout of the vaccine,
- Expected 4th wave during the fourth quarter, and
- Domestic structural challenges including electricity, low consumer confidence, high unemployment, and cybersecurity.

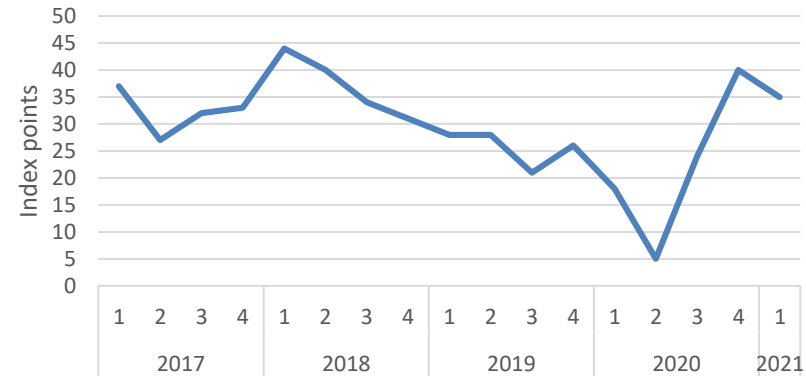
Some 'green shoots' have emerged:

- Manufacturing and mining output is recovering;
- Commodity prices have increased substantially;
- Household consumption expenditure rose by 4.7% in 2021Q1;
- The trade account remains in surplus which is expected to be sustained as key trading partners recover;
- Business confidence has tapered but this appears temporary;
- Improved tax revenue collection; and
- The repo rate remains unchanged at a low of 3.5% with low inflation environment.

Merchandise exports and imports

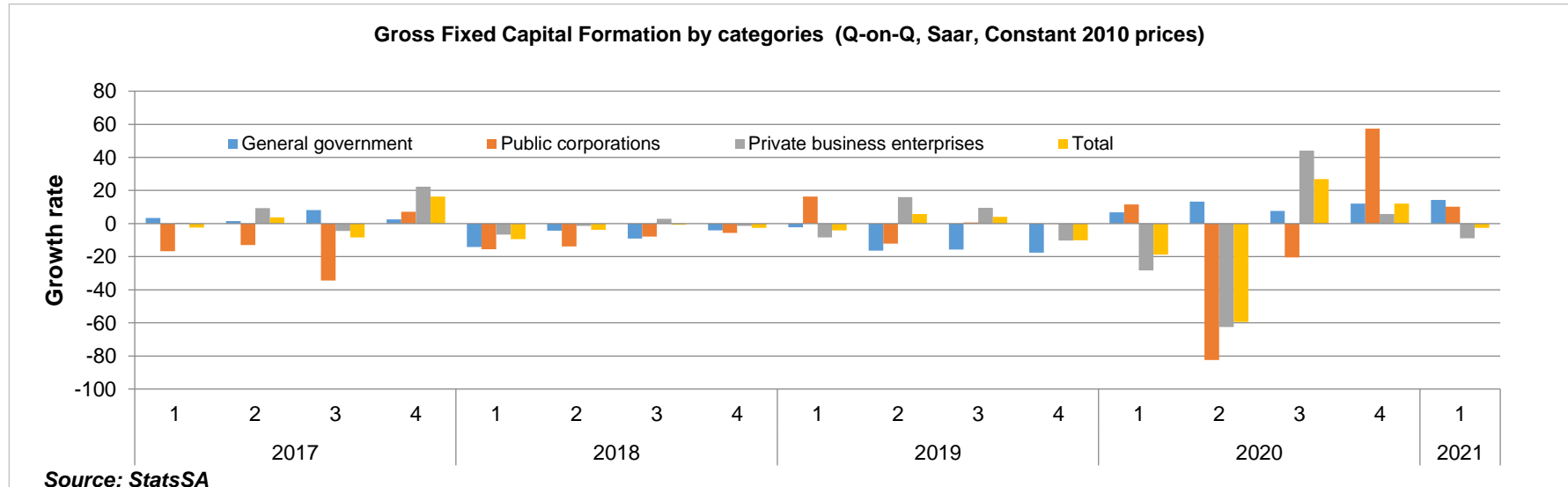


Composite Business Confidence



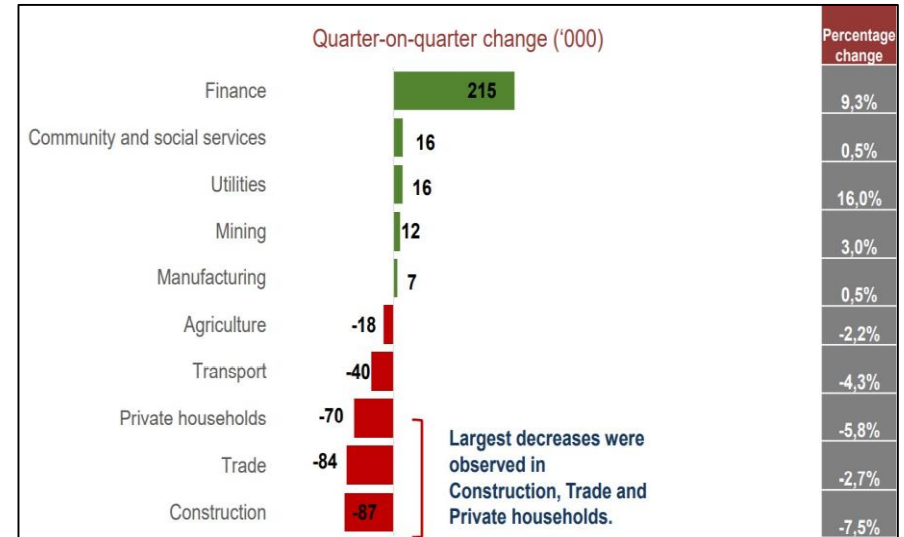
GROSS FIXED CAPITAL FORMATION DECLINED

- Domestic investment decreased by 2.5% in 2021Q1, driven mainly by private-sector investment.
- Investment by private sector enterprises shrunk by 8.9%, as reflected by lower business confidence, moving from 40 to 35 index points.
- Positive growth in investment remains in both public corporations (10.3%) and in government (14.2%).



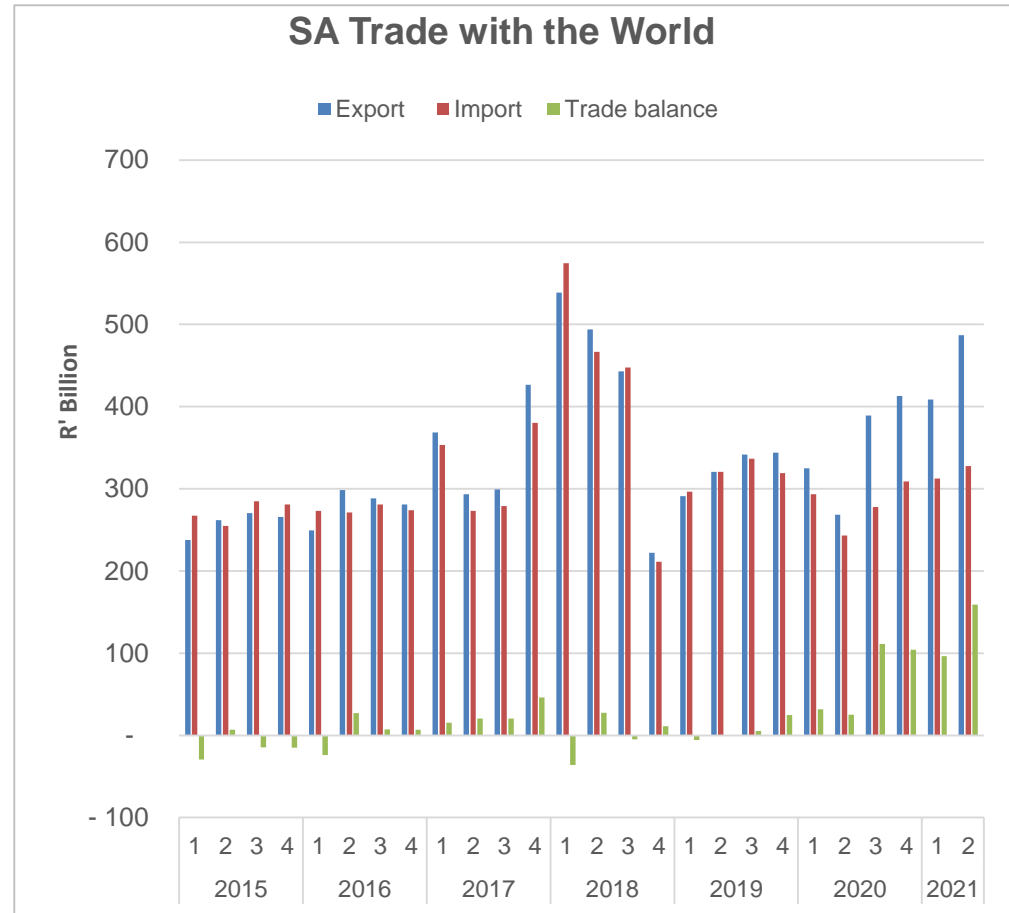
EMPLOYMENT RECOVERY PLATEAUS

- Unemployment increased by 0.1% reaching 7.24 million in 2021Q1.
- As a result, South Africa's unemployment rate increased by 0.1 percentage points to 32.6% in 2021Q1 and is the highest unemployment rate since 2008.
- Employment decreased in five sectors, with construction (-87, 000), trade (-84,000) and private households (-70, 000) experiencing the largest declines.
- This reflects the need for tightening of the COVID-19 lockdown restrictions in the first two months of 2021.



SA TRADE SURPLUS WITH THE WORLD WIDENS

- SA total imports from the rest of the world was R327 billion in 2021Q2, an increase from R312 billion in 2021Q1.
- South Africa's exports to the world increased to R487 billion in 2021Q2, from R406 billion in 2021Q1.
- SA's trade balance with the rest of the world remains in surplus, increasing to R156 billion in 2021Q2, from R96 billion 2021Q1 – a substantial increase of R60 billion.
- The value of exports in 2021Q2, was largely driven by SA exports of mining, manufacturing and agricultural goods, mainly to European and Asian countries.



the dtic STRATEGIC IMPERATIVES

Vision

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

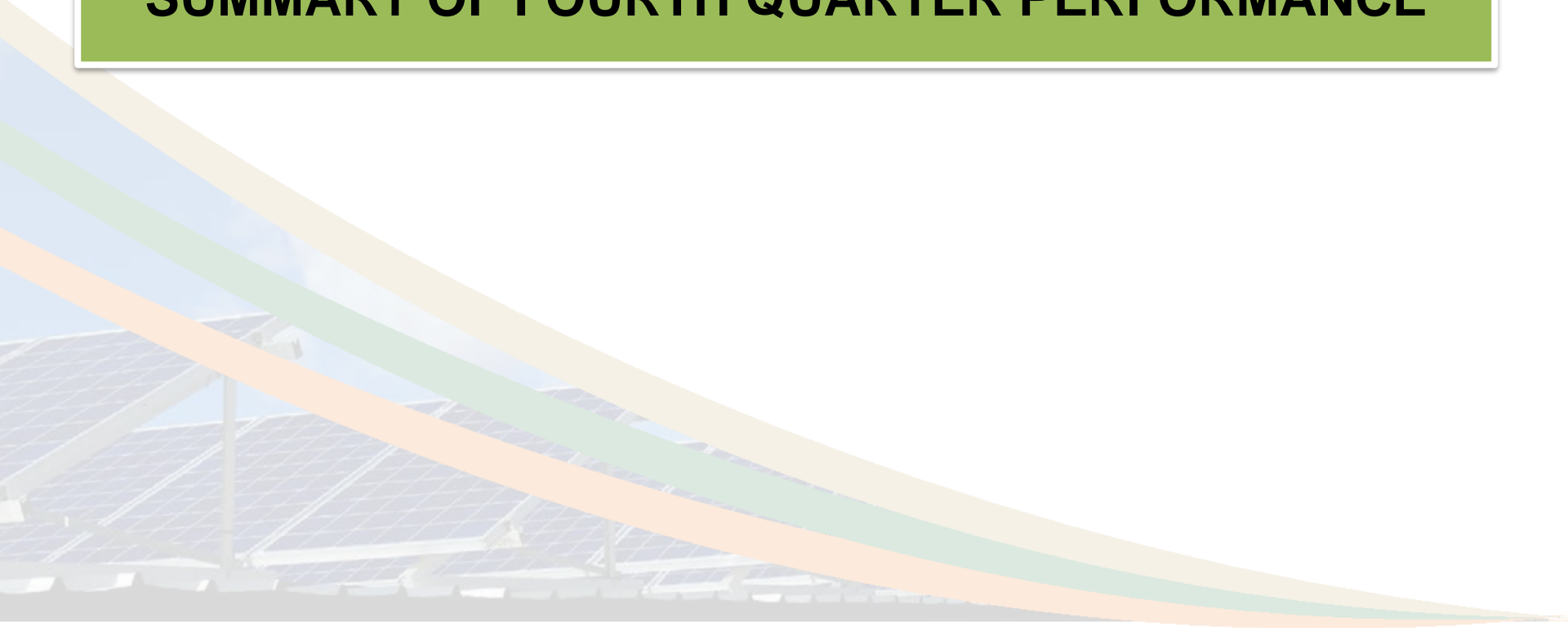
Mission

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

Values

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

SUMMARY OF FOURTH QUARTER PERFORMANCE



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PROGRAMMES

**PROGRAMME 1:
Administration**

**PROGRAMME 2: Trade
Policy, Negotiations and
Cooperation**

**PROGRAMME 3: Spatial
Industrial Development and
Economic Transformation**

**PROGRAMME 4: Industrial
Competitiveness and Growth**

**PROGRAMME 5: Consumer
and Corporate Regulation**

**PROGRAMME 6:
Industrial Financing**

**PROGRAMME 7: Export
Development, Promotion
and Outward Investments**

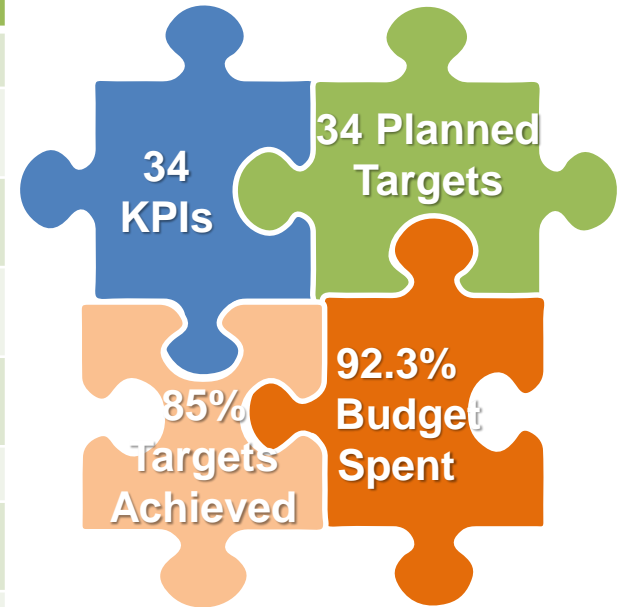
**PROGRAMME 8: Inward
Investment Attraction,
facilitation and Aftercare**

**PROGRAMME 9:
Competition Policy and
Economic Planning**

**PROGRAMME 10:
Economic Research and
Coordination**

FOURTH QUARTER PLANNED TARGETS

PROGRAMME	KPI	Q4 TARGET	ACHIEVED
Programme 1: Administration	7	7	6
Programme 2: Trade Policy, Negotiations and Cooperation	4	4	4
Programme 3: Spatial Industrial Development and Economic Transformation	3	3	3
Programme 4: Industrial Competitiveness and Growth	4	4	3
Programme 5: Consumer and Corporate Regulation	1	1	1
Programme 6: Industrial Financing	3	3	3
Programme 7: Export Development, Promotion and Outward Investments	4	4	1
Programme 8: Inward Investment Attraction, Facilitation and Aftercare	3	3	3
Programme 9: Competition Policy and Economic Planning	3	3	3
Programme 10: Economic Research and Coordination	2	2	2
Total	34	34	29



PROGRAMME 1: ADMINISTRATION



Recorded 53% of women in Senior Management Services (SMS) against the quarterly target of 50%

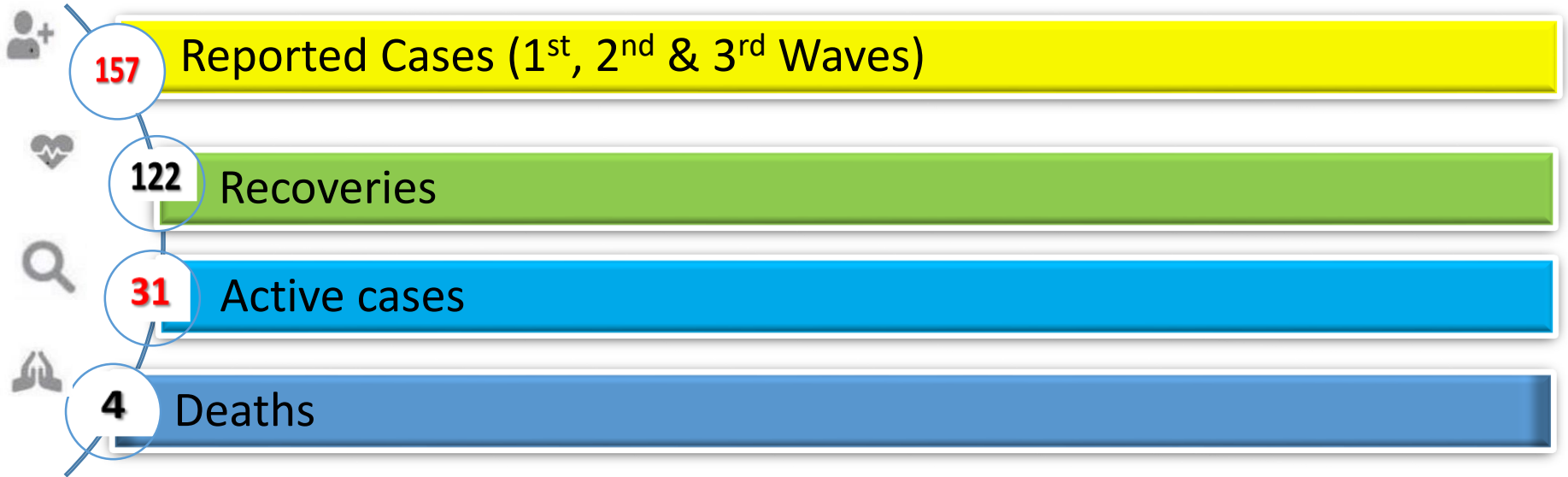


Recorded 3.9% of people with disability against the quarterly target of 3.5%



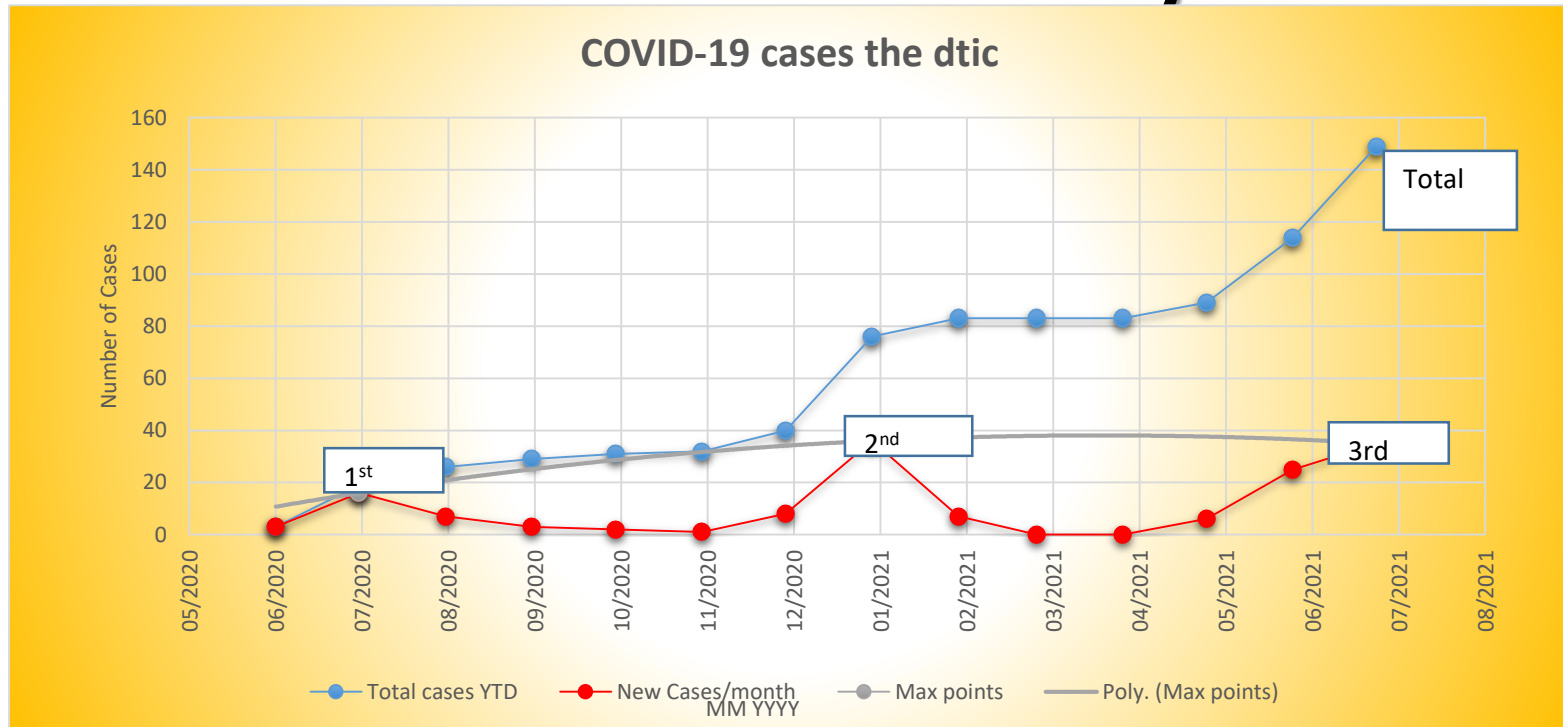
100% of eligible creditors / supplier invoices within 30 days of receipt

COVID-19 status:13 Aug 2021



PROGRAMME 1: ADMINISTRATION

COVID-19 Trend analysis



PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

India and South Africa submitted a proposal for waiver from certain provisions of the TRIPS Agreement for the prevention, treatment and containment of COVID-19, to the WTO TRIPS Council.

- The proposal seeks a temporary waiver from the provisions of TRIPS Agreement related to patents, copyrights, industrial designs and trade secrets, so far as they pose a barrier to accessing COVID-19 products and technologies.
- The objective of the waiver is to ensure that intellectual property rights do not restrict rapid scaling up of manufacturing throughout the globe to aid an equitable, timely and affordable access for all to vaccines.
- Coordinated with DIRCO for the AU decision to support the TRIPS waiver at the WTO.

NATIONAL

France to join South Africa's bid to increase support for Trips waivers at G7 meeting

Tunicia Phillips 1 Jun 2021



28 May 2021, South Africa, Pretoria: Emmanuel

PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

- ❑ SA participated and chaired a series of AfCFTA engagements, including the Council of Ministers meeting in January and subsequent engagements under the AfCFTA;
- ❑ Represented SA at the Davos WTO mini-ministerial in January 2021;
- ❑ Participated in the G20 TWIG in February 2021;
- ❑ Led bilateral engagements with US Department of Commerce and EU head of unit on Africa;
- ❑ Re-started discussions with UAE on investment framework;
- ❑ Meeting with Chinese Ambassador to SA on 1 March 2021 to forge stronger cooperation on issues relating to customs clearance, trade invoicing, mutual recognition of certificates and to address illegal imports;



PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Special Economic Zone Programme

- ❑ President undertook an oversight visit to Tshwane Automotive SEZ (TASEZ) to assess progress, TASEZ is completing the construction of 12 factories with a private investment value of R4. 33 billion. These investments are expected to create approximately 2 088 direct jobs.
- ❑ During the visit, Ford Motor Company's global leadership unveiled their broad automotive plan through a \$1 billion investment injection into the modernisation of Silverton facility.
- ❑ The facility will be producing 200 000 units annually (up from 168 000), will be manufacturing Ranger bakkies and Everest SUVs, as well as Volkswagen's Amarok pick-up bakkies. The vehicles will be sold locally as well as in about 100 export markets



PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

- ❑ **Coega** signed **four (4)** new investors that are estimated to be valued in excess of **R49.81 million** and are expected to create an estimated **101 new jobs**. These investors are in the following sectors, logistics and manufacturing.
- ❑ As part of **the dtic** oversight Programme, the Deputy Ministers visited Saldanha Bay and Atlantis SEZs in February and March 2021. SBIDZ is completing the construction of two manufacturing facilities with an investment value of R380 million. These are expected to create approximately 90 new direct jobs.



- ❑ Richards Bay - Phase 1 of the Titanium Dioxide factory with a private investment value of R150 million started in February 2021. This investment is expected to create approximately 60 direct jobs.

PROGRAMME 3:SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Industrial Parks Programme

- 5th EIP Roundtable held 25th February 2021
- UNIDO GEIPP workshops held in February and March
- UNIDO GEIPP Implementation in progress for Ekandustria and Phuthaditjhaba Industrial Parks through collaboration with NCPC, MEGA and FDC
- GIZ-the dtic Working Committee finalizing ToR

Economic Transformation

- Final approval of all the 7 automotive Original Equipment Manufacturers (OEMs). Systems have already been put in place to implement the R 6 billion investment contribution in cash and market access by the OEMs.

PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

- ❑ Through partnership with Samsung under the EEIP, the **dtic** was involved in the process to select and award two Black Industrialists companies in the E- waste and Recycling sectors. The awarded companies are Matongoni General Trading and iLanga Waste, a small black women owned company in the recycling sector.
- ❑ Granted exemptions from the B-BBEE legislation applications during the quarter. The exemptions were from Department of Mineral and Energy Resources on the Risk Mitigation Independent Power Producer Procurement Programme (“RMIPPPP”), and from the Department of Tourism on the Tourism Equity Fund (“TEF”).



PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

The Poultry Master Plan resulted in:

- ❑ The Poultry Industry pledged to invest R1.5 billion towards expansion and improvement of productive capacity.
- ❑ R1.155 billion investment has been **completed** to grow production capacity by 5% and 980 new jobs were created.



SOUTH AFRICAN POULTRY ASSOCIATION
SUID-AFRIKAANSE PLUIMVEEVERENIGING

Founded 1904 / Gestig 1904

The sugar Master Plan yielded the following achievements:

- Total sales into the market have increased by 14% in 2020 FY.
- In 2020, the Industrial Sector demand for South African-produced sugar increased by 9%.
- The demand from Soft Drink manufacturers increased by 7% year-on-year.



PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Agro Processing and Resource Based Industries

- ❑ The IDC in partnership with DALRRD established the Agri-Industrial Fund to support a wide range of economically viable activities in agro-processing sector.
- ❑ The Furniture Masterplan was approved and signed off by all Stakeholders in March 2021.

Agri Industrial Fund



Industrial Development Corporation

Your partner in development finance



Metals and Metals Fabrication

- ❑ Through the NFTN Competitiveness Improvement interventions, Prevail Engineering Foundry based in Vereeniging secured 7-year supply contract for automotive components with four OEMs (Mercedes Benz SA, Ford SA, and Nissan & Isuzu/Bosch). The contract resulted in the preservation of 55 jobs. The NFTN investment at Prevail Engineering is R684,000.
- ❑ The Steel and Metal Fabrication Masterplan and Implementation Plan endorsed by the social partners in February 2021 and implementation has commenced.

PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Industrial Policy: Localisation

- ❑ Marine Manufacturing and Repairs, a Supplier Development Programme was established to assist SMMEs obtain marine standards, accreditation and technology enhancement to improve local sourcing of components;
- ❑ Since the awarding of the tender worth R 2.4 billion to Damen, significant progress in the built process of the Inshore Patrol Vessels (IPV) has been made and local SMME companies were used to feed into their supply chain. This automatically translate into expanding their international foot print and creation of jobs.
- ❑ Veecraft Marine a local South African ship builder that is a subcontractor for Sandock Astral Shipyards who won the Project Hotel Tender (R1.75 billion) launched the 3rd and final survey motor boat for the South African Navy's Project Hotel hydrographic survey vessel. The vessel was launched in Cape Town in January 2021.



PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Automotives

- ❑ Publication of the regulation of APDP 2 for implementation on 01 July 2021. This is set to provide policy certainty to the industry till 2035.
- ❑ Semi-Knocked Down (SKD) kits support through APDP granted by Minister to scale-up exports efforts in the identified markets. SARS implemented the inclusion of the SKD vehicle kits effective from 5th Feb 2021 and this means exports to the Continent can now benefit under the APDP programme.



PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets

Chemicals, Cosmetics, Plastics and Pharmaceuticals

- ❑ Lindiwe Pads sanitary pads passed SABS tests, the company received a tender of R2.5 million to supply sanitary pads from Eastern Cape.



Green Industries and Energy Efficiency

- ❑ The NCPC-SA has been selected, following a rigorous selection process, as the implementing agent for the UNEP/European Commission InTex Project.
- ❑ InTex is a three-year project to promote sustainable business practices and economic models in the textile value chain.
- ❑ South Africa is one of the three countries selected to implement the InTex project, along with Tunisia and Kenya. The Value of the project is \$230 000 over 3 years.

PROGRAMME 5: CONSUMER AND CORPORATE REGULATION



Companies Amendment Bill, ongoing engagement with constituencies at NEDLAC to address areas of disagreement in the NEDLAC report;



Liquor Amendment Regulations developed and legal opinion received, to be submitted for Ministerial approval;



Draft Timeshare Regulations finalized for National Consumer Commission comments;



Service provider appointment is underway for Regulatory Impact Assessment (for Lotteries Act; and



Education and Awareness session held in Tembisa in March 2021

PROGRAMME 6:INDUSTRIAL FINANCING

Purpose: Stimulate and facilitate the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures, that support national priorities



Over R5 billion projected investment leveraged to support over 13 000 jobs across all incentives;



Development of an Economic Distressed Facility Programme – interest make up scheme to support companies in distress in order to retain jobs and industrial capacity completed in this quarter; and



Consultation with various financial institutions including DFIs and banks is continuing to forge relationship and enhance industrial financing system.

R5.6 bn
projected local
procurement

R3.8 bn
projected export
revenue

Black Entrepreneurs (31%)
Women Ownership (17%)
Youth Ownership (14%)

PROGRAMME 6:INDUSTRIAL FINANCING

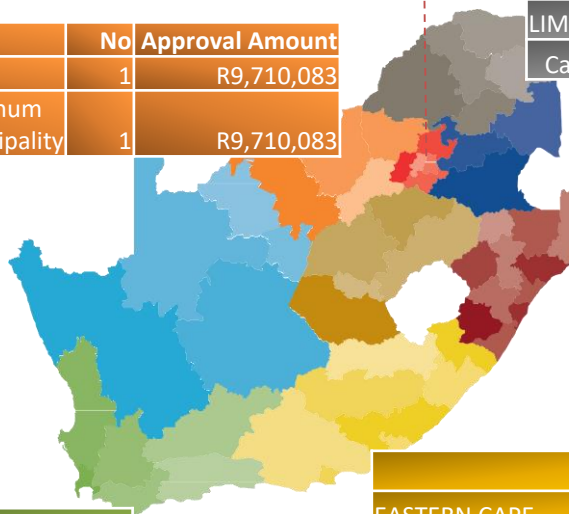
	No	Approval Amount
GAUTENG	15	R445,128,000
City of Ekurhuleni Metropolitan Municipality	2	R302,190,280
City of Johannesburg Metropolitan Municipality	12	R122,801,684
City of Tshwane Metropolitan Municipality	1	R20,136,036

	No	Approval Amount
NORTH WEST	1	R9,710,083
Bojanala Platinum District Municipality	1	R9,710,083

	No	Approval Amount
LIMPOPO	1	R49,974,896
Capricorn District Municipality	1	R49,974,896

	No	Approval Amount
KWAZULU-NATAL	6	R1,507,531,738
eThekweni Metropolitan Municipality	4	R599,366,602
King Cetshwayo District Municipality	1	R905,637,194
uMgungundlovu District Municipality	1	R2,527,942

	No	Approval Amount
EASTERN CAPE	4	R76,669,729
Buffalo City Metropolitan Municipality	2	R64,959,279
Nelson Mandela Bay Metropolitan Municipality	2	R11,710,450



	No	Approval Amount
WESTERN CAPE	11	R155,624,589
City of Cape Town Metropolitan Municipality	11	R155,624,589

PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Export Development

- ❑ 317 individuals were trained and prepared for entering the export market.
- ❑ Of these 134 were women, whilst youth constituted 31% of the trainees.
- ❑ This contributes to growing the exporter base and the realization of the transformation agenda, prioritizing women and youth enterprises through export training and capacity building initiatives.

Export Promotion

- ❑ Continued to stimulate post Covid-19 demand for South African products, Market Access and Business internationalization to market and promote South African Products.
- ❑ Covid-19 has forced a rapid transition to the use of new technologies to ensure we continue to function effectively. **the dtic** has partnered with local and international partners to host several virtual trade seminars and business engagements, wherein South African companies participated virtually.

PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Europe

- ❑ Action Plan developed and signed to implement the joint MoU with Business France following the Ministerial Visit in December 2020. Focus on SMME technical assistance, capacity building, export development and promotion as well as investment.
- ❑ Insourcing Initiative with the German Chambers launched. Focused on linking local sourcing and NIPP integration into German supply chains, as well as supporting export competitiveness and market access through trade fair participation and introduction to the German market.
- ❑ Collaborated with WESGRO and Swiss Import Promotion Programme (SIPPO) on key events:
 - *Cape Agriculture Week Inward Buying Mission*. SA companies from several provinces promoted their products to a significant number of international companies;
 - *Biofach eSpecial (an organic virtual trade fair)*. 10 SA exporters identified to further engage with identified buyers in organic food, cosmetics and natural ingredients.

PROGRAMME 7:

EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Asia and Middle East

- ❑ Successfully facilitated market access to South Korea for the following products which will be on sale at GS Retail Stores effective March 2021: Signal Hill Products, Devil's Peak LITE, Striped Horse Lager, Striped Horse Pilsner, Amarula Liqueurs.
- ❑ Hosted a virtual trade and investment webinar focusing on the food and beverage market opportunities in the UAE. More than 100 South African companies including industry associations, business chambers and PIPA's participated at this event.

Americas

- ❑ Inaugural South Africa – United States Black Business Summit took place in March 2021 with more than 1000 participants in the webinar. SA and US companies to jointly identify and harness business opportunities in a range of sectors including through AfCFTA.
- ❑ Led a Webinar with USAID for funding opportunities for PDI's, SMME and Women owned Enterprise.

PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

Achieved investment pipeline of R11.1 billion.

- ❑ Major investments by:
 - Mapoch Resources,
 - Capita and
 - Dr Oetker.

Unblocking performance.

- ❑ Assisted 11 companies with unblocking of regulatory issues.
- ❑ Assisted with 74 visa recommendations for technical experts of various companies.
- ❑ 14 Technical Working Group sessions and Business seminars conducted with key stakeholders on the Ease of Doing Business.
- ❑ 5 Ease of Doing 58 Intra-company transfers, critical skills & permanent residency visas facilitated.
- ❑ Participated in 573 intergovernmental and task team meetings.
- ❑ Participated in 207 stakeholder engagements.



PROGRAMME 9: COMPETITION POLICY AND ECONOMIC PLANNING

- ❑ Large mergers were concluded with commitments to increase local procurement, saved over 1000 jobs and considered an employee share scheme.
- ❑ A key achievement was reached in the variation in the conditions in the Coca-Cola Beverages SA (CCBSA) merger where:
 - CCBSA will work with government to create a localization platform and will contribute **R80 million** per year for three years to support the localization initiative that forms part of the national efforts to rebuild the economy; and
 - BBEE ownership will increase to 20% with the variation and will benefit employees thus creating a wider spread of ownership;
 - CCBSA will collaborate with its sugar suppliers in South Africa to increase the volume of sugar procured by CCBSA from black sugarcane farmers.



PROGRAMME 10 : ECONOMIC RESEARCH AND COORDINATION

Economic Research

- Developed the 'import tracker' which analyses SA trade data to identify import surges and export market opportunities.
- Concluded a commissioned study on Executive Remuneration trends.
- Finalised the statistical analysis of **the dtic**'s support to women-owned enterprises.

Coordination

- ❑ The branch worked with NEDLAC social partners to respond to the economic impact of COVID-19.
- ❑ Represents **the dtic** on the COVID-19 Temporary Employer-Employee Relief Scheme (TERS) to provide support to workers retrenched, or otherwise affected by COVID-19.
- ❑ A Technical MinMEC meeting was convened on 05 March 2021 to engage provinces on implementation of key elements of economic policy including:
 - Progress on SEZs and the revitalization of Industrial Parks.

FINANCIAL PERFORMANCE



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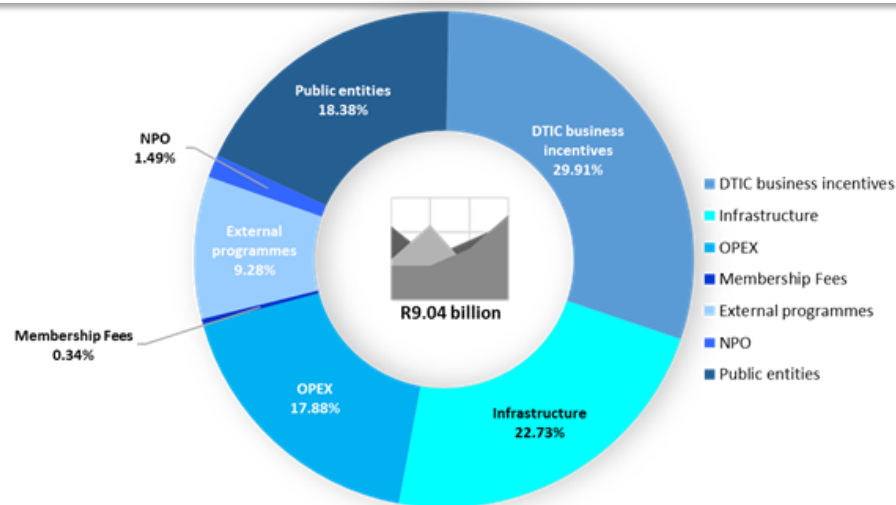
OVERVIEW OF THE FINANCIAL PERFORMANCE

1 April 2020



31 March 2021

R'000	Budget	R9 273 272
	Expenditure	R9 039 614
	Spending as % of budget	97.5%
	Variance	2.52% or R233 658



As at 31 March 2021, **the dtic** had spent 97.5% or R9.04 billion of its allocated budget of R9.27 billion. Of the R9.04 billion spent, R4.75 billion or 52.6% was disbursed to beneficiaries across the various incentive programmes – i.e. R2.70 billion was disbursed to beneficiaries in automotive, Black Industrialist, agro-processing and industrial loans for manufacturers under the manufacturing development incentives, while R2.05 billion was financial support for bulk infrastructure, top structures and critical infrastructure to improve industrialisation, regional development, exports and employment, and attract foreign and domestic direct investment in the SEZs, industrial parks and economic areas of various municipalities.

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

FINANCIAL PERFORMANCE PER PROGRAMME AND ECONOMIC CLASSIFICATION

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

COMMENTS ON THE FINANCIAL PERFORMANCE

The fourth quarter marked the end of the financial year, which requires **the dtic** to report on its performance for the financial year. The Annual Financial Statements and Annual Performance Reports was submitted to the Auditor General for audit. The annual report together with the audited results will be tabled in September 2021.

There is a variance of 2.5% being reported in some of the programmes and economic classification items. This is attributed to, amongst others the following:

- The contraction in the global and domestic economy affected a number of **the dtic**'s activities in the areas of trade export missions and pavilions which were either cancelled or postponed. There was also slower than planned incentive disbursements due to the deferment of investment milestones.
- The National Macro Organisation of Government (NMOG), the mpsa directive not to fill posts on Deputy Director-General level as well as the COVID-19 lockdown resulted in delays and impacted on the filling of vacancies.
- The exchange rate fluctuations during the financial year resulted in savings to certain international organisations, of which South Africa is a member.
- The impact of COVID -19 resulted in the slow disbursement to the Tirisano Construction Fund as some of the construction companies were not able to make the annual financial contributions.
- Certain transfer payments could not be made due to outstanding compliance documentation.

THANK YOU

NGIYATHOKOZA

KE A LEBOHA

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SIYABONGA

INKOMU

NDO LIVHUWA

ENKOSI

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DANKIE



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