

the dtic

Annual Performance Plan 2023/24

**Presentation to the Select Committee on Trade
and Industry, Economic Development, Small
Business Development,
Tourism, Employment and Labour
9 May 2023**



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 the Annual Performance Plan (APP) of the dtic for the period 2023/2024 and is organised into **10 sections**, covering:

01

Introduction and Context

02

Re-imagined Industrial Policy and Strategy

03

The role and evolution of the APP

04

New APP: core outputs

05

New APP: all outputs

06

Implementation

07

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08

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09

Risks, assumptions and partnerships

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Financial Overview

1. The context – what the APP is responding to

SA ENERGY
challenges, sluggish
economy and need
for job creation

... Slow **GLOBAL**
GROWTH...

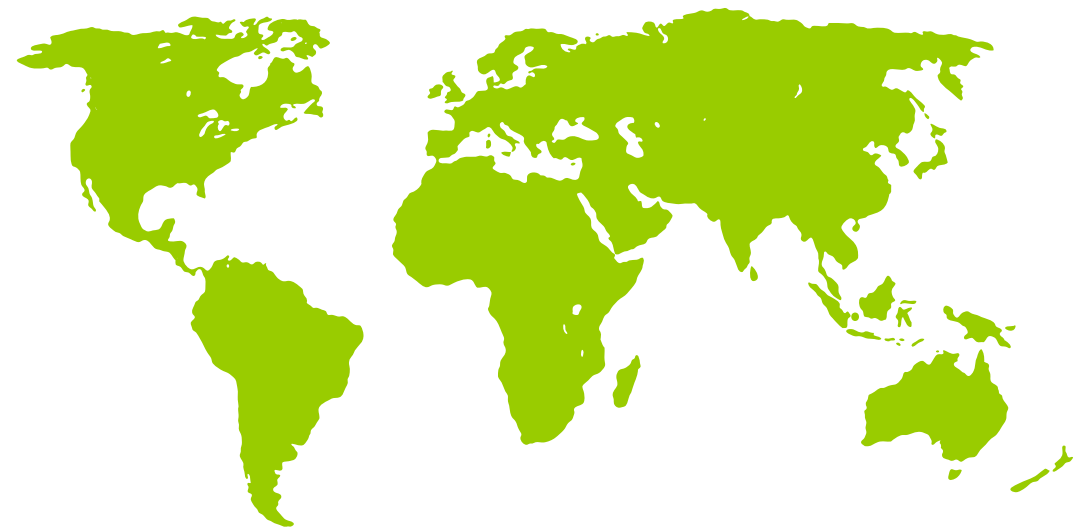
But opportunities
with **AFRICAN**
TRADE and new
sectors

BIG SHIFTS:

Geo-political landscape

Technology

Climate change



2. The platform: an industrial policy with accompanying strategy

A South African industrial strategy has to:



Promote industrialisation with higher levels of growth and investment.



Overcome the core socio-economic challenges of deep levels of inequality and joblessness.

- These changes all require disruptive and far-reaching structural changes in long-standing economic patterns.
- At the same time, the changes wrought by the pandemic, slower international trade growth and heightened tensions amongst major economies is profoundly changing the context for industrial policy.

What we mean by industrial policy

Industrial Policy refers to efforts by the state to shape the sectoral allocation of the economy and promote structural transformation, by targeting specific industries, firms, or economic activities. These include both firm-focused measures and general efforts to improve economic performance, such as:

- Shaping infrastructure and supply chain logistics to ensure that the output of emerging manufacturing industries can move cheaply and quickly between countries and from production centers to markets.
- Innovation and R&D as well as technology policies that deepen the local technological base especially by diffusing production and product innovations on a large scale or that addresses climate change challenges.
- Education, skills, and productivity policies that identify the best ways to empower workers and entrepreneurs.
- Competition policies that simultaneously improve market access and act against abuse of market power, not as aims in themselves but as tools to promote employment and industrial capacity.
- Trade policies that integrate markets, creating the critical mass and economies of scale, while maintaining space for new industries to emerge especially on a regional basis.
- Macro-policies that ensure stability and a competitive exchange rate.
- Financial policies that ensure access to finance at affordable terms, even by small and medium-sized enterprises.

An industrial policy to address economic structure

Addressing economic structure

Research done by international and domestic agencies have pointed to the constraining effects of the economic structure on growth and its negative distributional effects. By structure we refer inter alia to:

- Unusually large **income and wealth disparities** by international standards
- High levels of **joblessness**
- **Low savings and high consumption** levels
- The associated **high levels of economic concentration** in product markets with a weak small and medium business sector
- A trade structure that still relies on significant **export of raw materials and import of capital and consumer goods**
- a high **carbon-intensive economy** and
- **Over-reliance on a few geographic areas** for economic output

Changing industrial policy

A

Changes to domestic needs and international shocks:

- Covid-19 pandemic and supply-chain disruptions,
- Extraordinary fluctuations in export markets,
- Growing geo-political tensions between major trading blocs,
- Persistent & deepening challenges facing the national electricity grid.

B

The Reimagined Industrial Strategy aimed to focus more clearly on strategic value chains, including:

- Promoting localisation and sector masterplans,
- To ensure that more South Africans benefit directly from the industrialisation process through job creation and more broad-based ownership of businesses,
- To promote the legal and other modalities required to increase trade within Africa, through the AfCFTA.

C

The Reimagined Industrial Strategy incorporates key aspects of national policy documents:

- National Development Plan,
- New Growth Path framework,
- Industrial Policy Action Plans
- Economic Reconstruction and Recovery plan.

D

Expanded aspects are set out in three dtic policy statements of May 2021:

- Localisation for Jobs and Industrial Growth,
- Trade Policy for Industrial Development and Employment Growth, and
- Competition Policy for Jobs and Industrial Development.

Aims of industrial policy

The three outcomes

In 2022, the dtic introduced three apex outcomes to consolidate the efforts of all programmes and entities of the dtic group. These apex outcomes are

- **Industrialisation** to promote jobs and rising incomes,
- **Transformation** to build an inclusive economy, and
- **A capable state** to ensure improved impact of public policies.

Their introduction aimed to: introduce focus; improve coordination; align resources to priority areas; and increase implementation efficiencies.

Pillars to support the three outcomes

The three apex outcomes have six underlying pillars that reflect the core aims of our re-imagined industrial strategy:

1. To combine **growth with transformation**.
2. To boost **local production**
3. To **grow exports** and expand African trade
4. To increase **investment**
5. To establish a more reliable and low-cost **energy system** while greening the economy overall; and
6. To **grow employment**.

Details of each of these are set out in the APP.

From policy to strategy

The South African strategy involves, inter alia

1. Building **industrial resilience and competitiveness** through workplace-level support for structural transformation
2. Developing **partnerships based on mutual commitments** from business, labour and government set out in sector masterplans or social compacts
3. Applying **competition policies to address some structural constraints** to growth, including through measures by the competition authorities to enhance SMME participation and new entrants in markets
4. Utilising **trade policies directed to growing the industrial base**, with an evidence-led approach
5. Accessing **markets through preferential trade agreements**, particularly where there is industrial complementarity
6. Pivoting to **African-led trade and investment**, through the AfCFTA
7. Promoting **economic inclusion and transformation in the economy**, through measures that promote a wider pool of industrialists (the black industrialist programme); a deeper shareholding through worker ownership schemes; and a broader skills base
8. Promoting greater levels of **innovation and technological development**, by linking research with commercialisation strategies
9. Greater levels of **local procurement** by the state and major firms, coupled with supplier development initiatives
10. Identifying and backing **new sources of growth** (digital economy, green industrialisation) while retaining employment in traditional sectors
11. Adjusting strategy to **contemporary pressures**, eg implementation of the measures to deal with energy supply or logistics challenges

Aims of industrial policy and strategy

The South African Re-Imagined Industrial Strategy seeks to:

- 1. Deepen** the domestic market by growing employment, increasing productivity and undertaking other measures to improve equity and income distribution; and
- 2. Widen** the market for South African goods and services through a stronger focus on exports to the region and other rapidly growing economies.

Supply-side measures seek to improve competitiveness, build resilience and strengthen the agility and innovation at firm-level.

3. The role and evolution of the APP

An Annual Performance Plan sets out the activities, outputs and outcomes that an entity seeks to achieve, with the resources available and the timeframes within which targets are to be met.

At the start of the Sixth Administration, the Department began a process of refocusing our work on collaborative, shared objectives. This required a continued evolution of our APP:

- **In 2019/20**, while we retained the two separate APPs of the Department of Trade and Industry (**the dti**) and the Economic Development Department (**EDD**), we undertook the transition to the new, combined department, bringing staff, mandates and resources together.
- **In 2020/21**, the first combined APP of the new department - **the dtic** - mainstreamed the strategic direction set out by the President in the inaugural State of the Nation Address, namely the Reimagined Industrial Strategy.
- **In 2021/22**, we introduced shared performance indicators across all programmes of the Department and the eighteen entities of **the dtic** Group.
- **In 2022/23**, we consolidated this approach with the introduction of three shared outcomes: Industrialisation, Transformation and building a Capable State.

The previous APP

The **dtic group** in previous APPs targeted *inputs and activities* that would have a beneficial outcome and impact on jobs, industrial output, exports, and investment.

This was done because many external factors driving the outcomes were outside the control or influence of the **dtic-group**.

The **output** was often in the form of reports

While these factors impact on outputs and outcomes, a focus on inputs/activities can distort resource allocation (time, human resources, and finances) to what has been done in the past, or to internal lobbying or to ease of achievement or compliances with audit, rather than those actions that can help to achieve the key outcomes. It also limits accountability on the impact of use of public resources.

To address both these concerns, a new high impact-based and outcome focussed approach was developed.

In this Financial Year, we have built on the progress made since 2019 with the dtic APP but with a significant new element: meaningful **outputs** that more closely track to the three **outcomes** to measure success of dtic work.

Examples of external factors include:

1. Global economic performance (growth rates, recessions, central bank decisions which impact on demand for SA products and the appetite of investors)
2. geo-political developments (wars and conflict)
3. Shock events (banking crises)
4. Climate change events (floods or droughts)
5. Domestic external factors (energy availability, transport logistics, crime or confidence perceptions).

4. The new APP: Core outputs and targets

The new approach focuses on meaningful **outputs** (referred to as targets).

Ten core targets represent the real impact we aim to achieve in the economy, and measure crucial indicators like local output, job creation, and the performance of black industrialists. While all our targets are important, these Core targets are the apex priorities for the Department, and all programmes of **the dtic** are expected to contribute to the achievement of these essential Outputs.

R200 billion

In investment pledges secured across the state

R40 Billion

In additional local output committed or achieved

R700 Billion

In manufacturing exports

R300 Billion

In manufacturing exports to other African countries

R2.5 Billion

In exports of Global Business Services (GBS)

R40 Billion

In Black Industrialist Output Achieved

1 Million

Jobs Supported or covered by Master Plans

100 000

Jobs to be created (50 000 SEF & 50 000 full-time jobs)

23 000

Jobs in Black Industrialists firms

20 000

Additional workers with shares in their companies

5. The new APP: All output Targets

These 10 core outputs are part of 45 output and targets have been clustered into 12 functional focus areas:

01	Investment	07	Energy
02	Industrial production	08	Green economy targets
03	Exports	09	Stakeholder engagement and impacts
04	Industrial support	10	Addressing crime
05	Transformation	11	Red tape and state capability targets
06	Jobs	12	Improving the capacity and responsiveness of the state and social partnership

Outputs: Investments

- The following tables indicate the functional focus of these outputs. Output numbering refers to the classification found in the APP
- Pillar numbering references the section dealing with the aims of industrial policy.
- Outcome numbers refer to: Industrialisation (1), Transformation (2) and Capable State (3) though it should be seen as indicative, as an Output intended to cover a particular Outcome can and does have positive spillover effects on the other Outcomes.
- The following section and tables will highlight the twelve output areas /clusters.

Investments

Number	Output	Pillar	Outcome
Output 1	R200 billion in investment pledges secured across the state	4	1
Output 23	100 Investor facilitation and unblocking interventions provided	4	1
Output 17	2 new SEZs designated and support work with provinces related to industrial parks	4	1,2

Outputs: Industrial production & Exports

Industrial production

Number	Output	Pillar	Outcome
Output 2	R40 billion in additional local output committed or achieved	2	1
Output 11	R40 billion in Black Industrialist output achieved	1	1,2

Exports

Number	Output	Pillar	Outcome
Output 3	R700 billion in manufacturing exports	3	1
Output 4	R300 billion in manufacturing exports to other African countries	3	1,2
Output 5	R2.5 billion in exports of Global Business Services (GBS)	3	1
Output 27	1 Implementation of the AfCFTA	3	1
Output 28	10 High impact trade interventions completed	3	1,3
Output 41	4 Protocols finalised under the AfCFTA	3	3

Outputs: Industrial support & Transformation

Industrial Support

Number	Output	Pillar	Outcome
Output 6	R30 billion in support programmes administered by or in partnership with the dtic group	1	1,2,3
Output 7	R15 billion support programmes to enterprises in areas outside the 5 main metros	1	1,2
Output 8	R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses	1	1
Output 9	R7.5 billion in financial support programmes to enterprises in labour absorbing sectors	1, 6	1
Output 43	Promotion of a transparent and just adjudication process for incentive applications	1	1, 3

Transformation

Number	Output	Pillar	Outcome
Output 10	R800 Million in Equity Equivalent Investment Programme agreements agreed or administered	1	1,2
Output 15	20 000 additional workers with shares in their companies	1	1
Output 16	10 high-impact outcomes on addressing market concentration, at sector or firm level.	1	1,2

Outputs: Jobs and Energy

Jobs

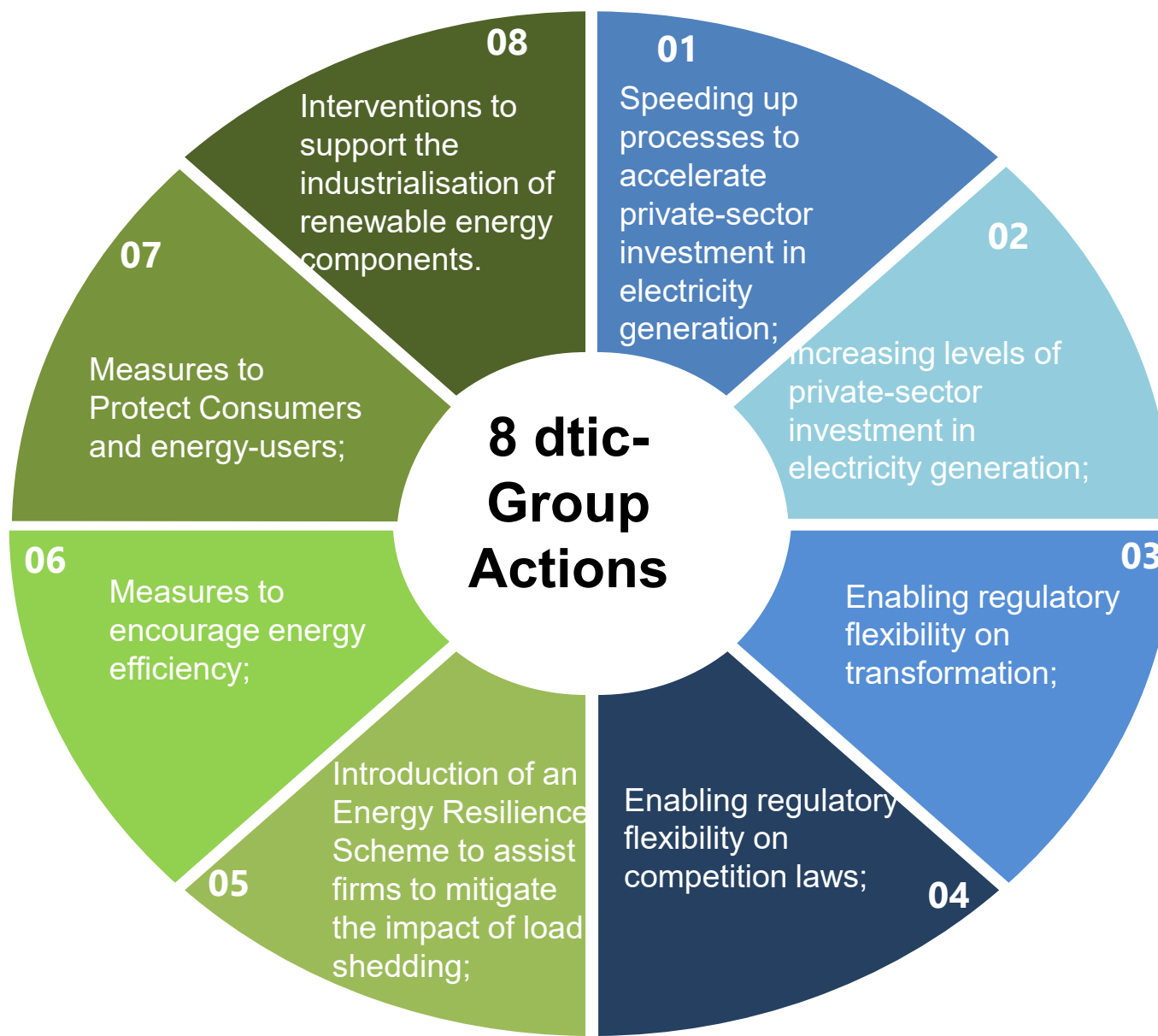
Number	Output	Pillar	Outcome
Output 12	1 million jobs supported or covered by Master Plans	6	2
Output 13	100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	6	1,2
Output 14	23 000 jobs in Black Industrialists firms	1, 6	1,2

Energy

Number	Output	Pillar	Outcome
Output 18	R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund	5	1,2
Output 19	1400 Megawatts of energy from projects facilitated	5	1,3
Output 20	550 Megawatts of energy available for the grid	5	1,3
Output 21	1 Energy One-stop Shop operational	5	3
Output 22	Expedited regulatory amendments and flexibility, to promote energy efficiency	5	1,2,3

The dtic Energy Action Plan

The energy outputs are part of the **the dtic group's** eight high-impact interventions to support the Energy Action Plan launched by the President with coordination through the National Electricity Crisis Committee (NECOM) to close the energy gap.



Outputs: Green economy & Stakeholder engagement

Green economy targets

Number	Output	Pillar	Outcome
Output 29	1 Strategy and advocacy finalised responding to green trade barriers (Carbon Border Adjustment Mechanism (CBAM))	5	1
Output 30	1 EV Strategy finalised	5	1
Output 31	1 Finalisation of green hydrogen commercialisation framework	5	1

Stakeholder engagement and impacts

Number	Output	Pillar	Outcome
Output 25	10 Business Forums hosted aimed at supporting increased FDI, exports and outward investment.	1	1,2,3
Output 32	1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures: including 12 local films/documentaries telling the SA story	1	1
Output 33	52 Community outreach programmes by the dtic group	1	1,2,3
Output 37	5 Conferences, summits, and international forums hosted	1	1,2,3
Output 45	10 Successful actions completed on price monitoring and excessive pricing or price gouging	1	1,2,3

Outputs: Addressing crime & Red tape and state capability

Addressing crime

Number	Output	Pillar	Outcome
Output 24	Grey-listing: Publication of 'Know Your Shareholder' Regulations and Follow Ups	1	3
Output 42	1 Metal trading system developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry	1,5	1,2,3

Red tape and state capability

Number	Output	Pillar	Outcome
Output 39	4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.	All	3
Output 40	10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies	1,4	1,2,3
Output 44	6 Impact Assessments or enhancements of trade instruments or measures	2,3	1,2,3

Outputs: State capacity/responsiveness and social partnership

Improving the capacity and responsiveness of the state and social partnership

Number	Output	Pillar	Outcome
Output 26	4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.	All	1,2,3
Output 34	7 Master Plans managed and 1 new masterplan to be finalised.	All	1,2,3
Output 35	Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved	All	1,2,3
Output 36	Oversight of other entities to ensure that at least 95% of planned KPIs are achieved	All	1,2,3
Output 38	50 Mergers and acquisitions where public interest conditions have been incorporated	All	1,2

Outputs: four types

45 Outputs -

Have been developed to guide the work of **the dtic**-group in the financial year. These targets are divided into four types:



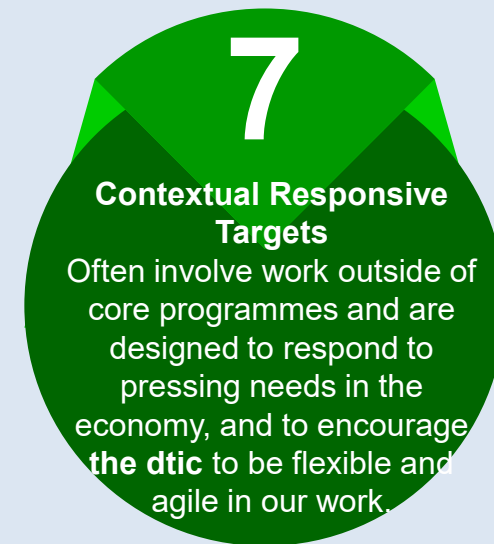
10
Core Targets
Measure the performance and transformation of the economy and reflect some of the ultimate objectives we are trying to achieve.



13
Programmatic Targets
Help to achieve the aims of Core targets, but directly measure the impact of specific activities, such as providing industrial finance



15
Enabling Targets
Enable the achievement of Programmatic targets, by creating the systems and environment that make our activities work.



7
Contextual Responsive Targets
Often involve work outside of core programmes and are designed to respond to pressing needs in the economy, and to encourage **the dtic** to be flexible and agile in our work.

6. New approach: implementation

The new approach:

- Plans for results and impact; and not for audit outcomes.
- Sets out the sensitivities, co-dependencies or external factors that may affect outputs.
- Is ambitious and will require a break in the dtic's traditional ways of working.
- Requires that some existing activities be discontinued or reduced to refocus resources
- Ensures that **the dtic** plans and functions account for the economic returns against public resources invested in pursuit of those goals.
- Requires active engagement not just about what has been achieved (or not), but about what we are doing, what we are learning, how we are responding when we miss targets, and about the quality of the decision-making and resource allocation.
- Will enable the APP to be adjusted in light of experience, opportunities and new challenges experienced. It is a version 1.0.

Operationalising the new approach

To enhance the delivery, a number of internal refinements of functions and resources will be made:

- **Staffing:** re-assignment of human resources and provision of specialists for identified core outputs
- **Skills needs:** focus on skills in key areas eg project management, monitoring, financial evaluation
- **Vacancies:** 25% of critical vacancies to be filled per quarter, based on new skills required
- **Funding:** Re-prioritisation of the funding through shifting and virements of the budget to the core programme
- **ICT:** Automation of manual customer-facing systems and provision of reliable internet capability
- **Programmes:** consolidate from 10 to 9 programmes
- **Accommodation:** a new Ops Centre as the implementation coordinating space for managers
- **Systems:** Reduced bureaucracy on staffing and finance
- **Reporting:** integrated reporting internally and externally

Role of Programmes

Of the nine Programmes, six are core drivers of the targets, namely the Programmes on

- Trade;
- Investment/Spatial Industrial Development;
- Sectors; Incentives;
- Exports; and
- Competition/ Transformation.

The integrated approach requires that each Programme contributes outside its traditional core area. For example, the Trade branch will not focus only on negotiation and administration of trade agreements, but will also have a mandate to contribute to jobs, investment, community outreach and writing up of case studies of impact of trade policies on the lives of South Africans. The Sector Programme's targets will be reviewed to shift the programme from notionally a 'coordinating role', to a programme of more active front-line company support across different sectors.

Two Programmes are essential support services to the core programmes: Administration; and Research. They provide overall coordination, external stakeholder management, monitoring and evaluation, human resource enabling, financial management, ICT, legal, office facilities and fit-for-purpose research, all to be provided in innovative ways to support the new targets. In addition, the Administration Programme, through the Office of the Director General provides oversight support on all entities that report to the Ministry.

Implementation Plan

1. Chief Directorates to conduct staff training sessions on APP targets and develop action plans
2. Programme Heads to produce output dashboards tracking the impact of work undertaken
 - a. Weekly, for their own management purposes
 - b. Fortnightly, for Accounting Officer and the Executive team and for information for the Ministry
 - c. Monthly, for review by the Ministry
 - d. Quarterly, for the reporting within Government and to Parliament
3. Resource allocations to be reviewed and aligned to priorities, within and between programmes.
4. General review of **the dtic** funding programmes, including to non-profit institutions to:
 - Determine the scope for redirecting funds and to effect such changes; and second,
 - identify HR resources needed for output targets and deploy resources to critical needs.
5. Engage with the external stakeholders to achieving the targets, within government (across the three spheres) and the private sector and organised labour
6. Organogram to be adjusted where needed; one programme has already been merged, into:
 - Investment (which will include spatial industrial development); and
 - Competition (which will include transformation).

7. Cross cutting focus 1: gender mainstreaming

The APP outputs ensure focus on women-empowerment and gender mainstreaming through the work of **the dtic**, by:

- Prioritisation of empowering women as workers, entrepreneurs, managers and deployment of targeted resources.
- Use of regulatory power and coordination functions to support meaningful participation of designated groups.
- Re-alignment of procurement practices in order to meet the 40% target of public procurement awarded to women-owned enterprises.
- Focus on interventions that benefit women indirectly such as industrial finance, masterplans, empowerment funding and export promotion which benefit sectors which employ large numbers of women.

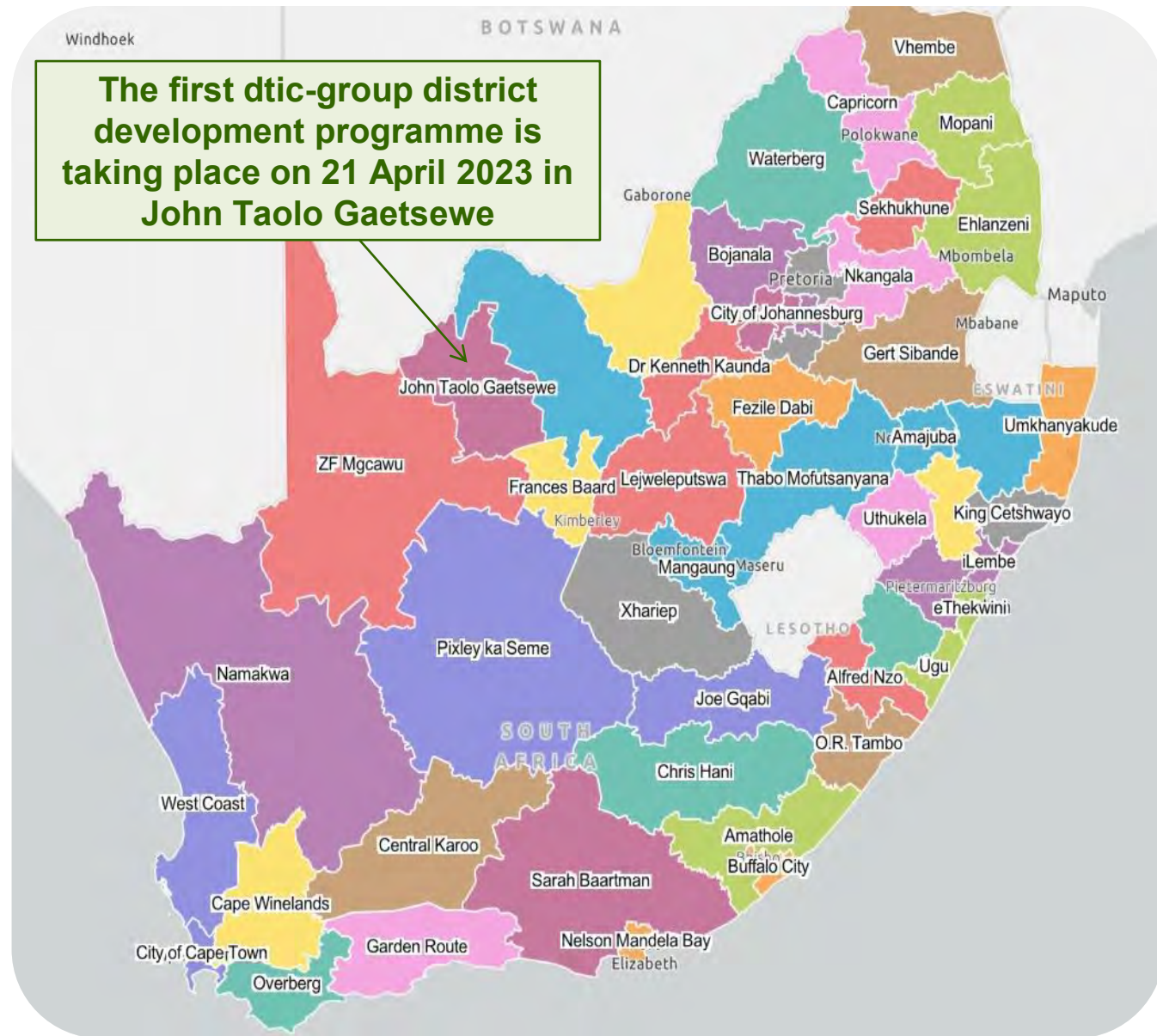


Cross cutting focus 2: District Development Model

The Department will mainstream the District Development Model (DDM) through coordination of **the dtic's** work with other spheres of government with a renewed outreach programme which takes **the dtic group's** services to the 52 districts and metros.

The department will allocate all chief directors to districts as district champions for rural and under serviced district municipalities.

These activities will be monitored through DDM dashboards which locate key departmental activities and impacts in districts and metros and will be used to identify catalytic projects in districts with a limited industrial base.



8. APP and the dtic-group

The dtic began alignment of entity APPs with strategic goals from 2019. The next step is the output-driven planning system, to combine efforts to create real impact for South Africans.

1. The Executive Authority approved the 2023/24 APPs and Corporate Plans of the entities.
2. However, entities are expected to further align their work to meet these common objectives of the revised output-driven planning system.
3. Specifically, entities were directed to incorporate the 45 outputs and targets into their respective Corporate Plans and or Annual Performance Plans.
4. The proposed revisions must be submitted to the Executive Authority to better align with the vision of these targets within one month.
5. Implementation of these plans must take account of the challenging fiscal environment.
6. Entities have been asked to undertake a further review of their spending plans and to submit final, revised financial plans before the end of April 2023.



Alignment with entity plans (ECIC)

EXAMPLE:



ECIC ALIGNMENT WITH THE DTIC GROUP OUTPUTS

Contribution to the dtic Key Performance Indicators

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
R300 billion in manufacturing exports to rest of Africa	This is an outcome of projects approved by the ECIC in prior years. The ECIC mandate is for 50% SA Content on transactions approved. From this SA Content an estimate of manufactured exports has been calculated based on actual reporting to the Minister during 2022/23. Jobs supported is calculated using the ECIC Economic Impact Assessment Model.						USD9,8 million/ R163 million	USD9,8 million/ R167 million	USD9,8 million/ R167 million
Jobs supported by interventions							2 163	2 163	2 163
R27 billion in support programmes	Facilitation of exports and cross border investments	Value of approved transactions	USD27,5 million	USD894 million	USD250 million	USD550 million	USD560 million/ R9,3 billion equivalent	USD570 million/ R9,7 billion equivalent	USD580 million/ R9,9 billion equivalent

9. Risks, assumptions and partnerships

- ❑ We are implementing the new approach despite obvious political risks because it is important to shift the foundations of our economic social compact to one based on more openness and engagement – and that means we embrace the new approach with all its imperfection and ambiguity and invite our partners in business, labour and civil society to join us on this journey.
- ❑ The risk of not investing in change-management is that work will be done in the old ways and results will reflect these. To mitigate, various training and communication measures have been identified.
- ❑ Recognising the dtic's fundamental role: to establish, administer and develop the enabling conditions and micro-economic context in ways that shape, facilitate and catalyse firm-level competitiveness and activity in order to drive a vibrant economy that delivers accelerated economic growth, inclusion and transformation.

The APP sets out key assumptions underlying the targets, including on:

1. Global growth
2. Geo-political factors
3. No major new shock events
4. Energy availability
5. Transport and logistics infrastructure
6. Implementation of the AfCFTA

State coordination

There are co-dependencies and contributions across the state that will be required to achieve the outcome. The Operational Plan will set out the partnerships and contributions of among others:

1. National departments, including Energy, National Treasury, Public Enterprises, Electricity, Transport, Environment, Small Business, Science & Technology
2. Provinces and local government
3. State-owned enterprises and regulators.

Risks and external environmental support

Cross Cutting Co-dependencies include:

- Functional Municipal Services
- Port infrastructure and logistics
- Law enforcement and stability to support investment
- Legal certainty and compliance
- Timely allocation of resources
- Organs of state develop a Framework for local content and effective monitoring
- Addressing corruption and business forums (extortion), business and social unrest

Social partnership will be critical: with firms, investors and business associations; and with unions. Private sector resources and drive will need to be strongly tapped

External Environment:

- Global & Domestic Environment;
- Reliable supply of energy;
- Efficient and responsive visa system;
- Good market access;
- Consistent water supply; and
- Supply chain stability.

The external environment in this context refers to developments in the global and domestic economy which may impede or assist the dtic to meet the output target. It includes factors which are outside of the direct control of the dtic but which may be within the control of another government department. By identifying these, the responsibility of the dtic-group officials is to seek to influence as many of these as possible

10. FINANCIAL OVERVIEW

Budget at a glance – 2023/24 to 2025/26

Description	2023/24	2024/25	2025/26	TOTAL
	R'000	R'000	R'000	R'000
Baseline	10 922 547	10 588 687	11 061 989	32 573 223

The department will prioritize funding towards the 45 key targets that have been set for the department.

- **Impact-focused APP** provides the framework in which the department will align and utilize its financial and human resources more effectively to achieve impactful targets.
- To drive the integrated work of the department, **R10.9 billion** is allocated for the 2023/24 financial year.
- The department will focus on key priorities across **the dtic** group; improve coordination within the department; align resources to priority areas; and increase implementation efficiencies by drawing on the available resources of **the dtic**.
- The department will optimise the financial resources to actively support the work of **the dtic**, by identifying where resources are needed for the output targets and deploy resources to the critical needs.

Budget at a glance – 2023/24 to 2025/26

Programme	Adjusted appropriation	Medium-term expenditure estimate			Average growth rate (%)
		2022/23	2023/24	2024/25	
R million					
Programme 1: Administration	864,0	840,3	877,8	961,8	3,6%
Programme 2: Trade	235,8	244,2	248,5	256,9	2,9%
Programme 3: Investment and Spatial Industrial Development	181,2	168,6	173,5	194,5	2,4%
Programme 4: Sectors	1 749,5	1 722,4	1 789,5	1 865,1	2,2%
Programme 5: Regulation	343,8	359,6	373,2	386,8	4,0%
Programme 6: Incentives	5 317,0	5 391,4	5 652,1	5 848,9	3,2%
Programme 7: Export	365,8	407,6	428,4	458,8	7,8%
Programme 8: Transformation and Competition	1 805,8	1 728,1	980,4	1 021,9	-17,3%
Programme 9: Research	50,5	60,4	65,4	67,3	10,0%
Total	10 913,6	10 922,5	10 588,7	11 062,0	0,5%

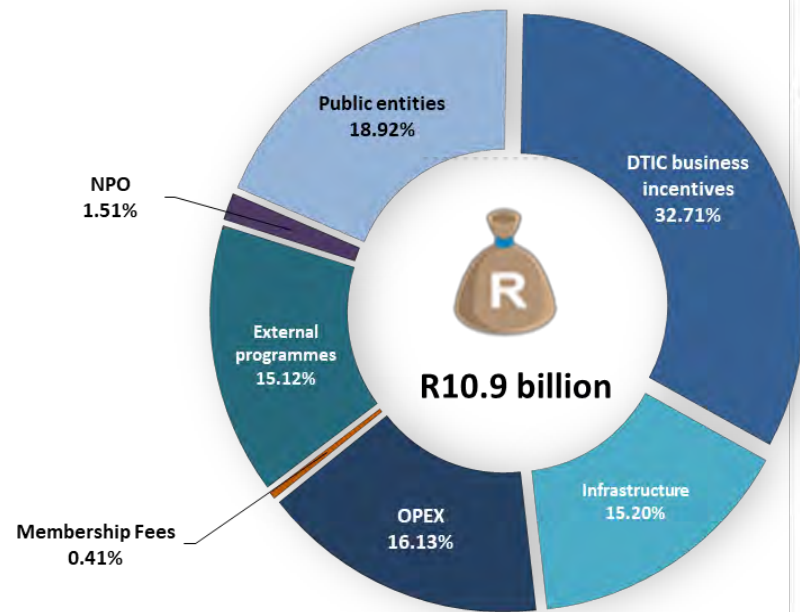
Economic classification

Current payments	1 769,8	1 745,3	1 815,2	1 957,6	3,4%
Compensation of employees	1 081,7	1 066,1	1 081,2	1 128,6	1,4%
Goods and services	688,1	679,2	734,1	829,0	6,4%
Transfers and subsidies	9 130,7	9 161,5	8 755,4	9 085,4	-0,2%
Departmental agencies and accounts	1 247,8	1 265,3	1 313,4	1 372,0	3,2%
Foreign governments and international organisations	44,1	44,5	46,4	48,4	3,2%
Public corporations and private enterprises	7 670,6	7 685,7	7 226,4	7 488,6	-0,8%
Non-profit institutions	165,4	165,1	168,2	175,4	2,0%
Households	2,8	1,0	1,1	1,1	-26,6%
Payments for capital assets	13,1	15,7	18,1	18,9	13,1%
Total	10 913,6	10 922,5	10 588,7	11 062,0	0,5%

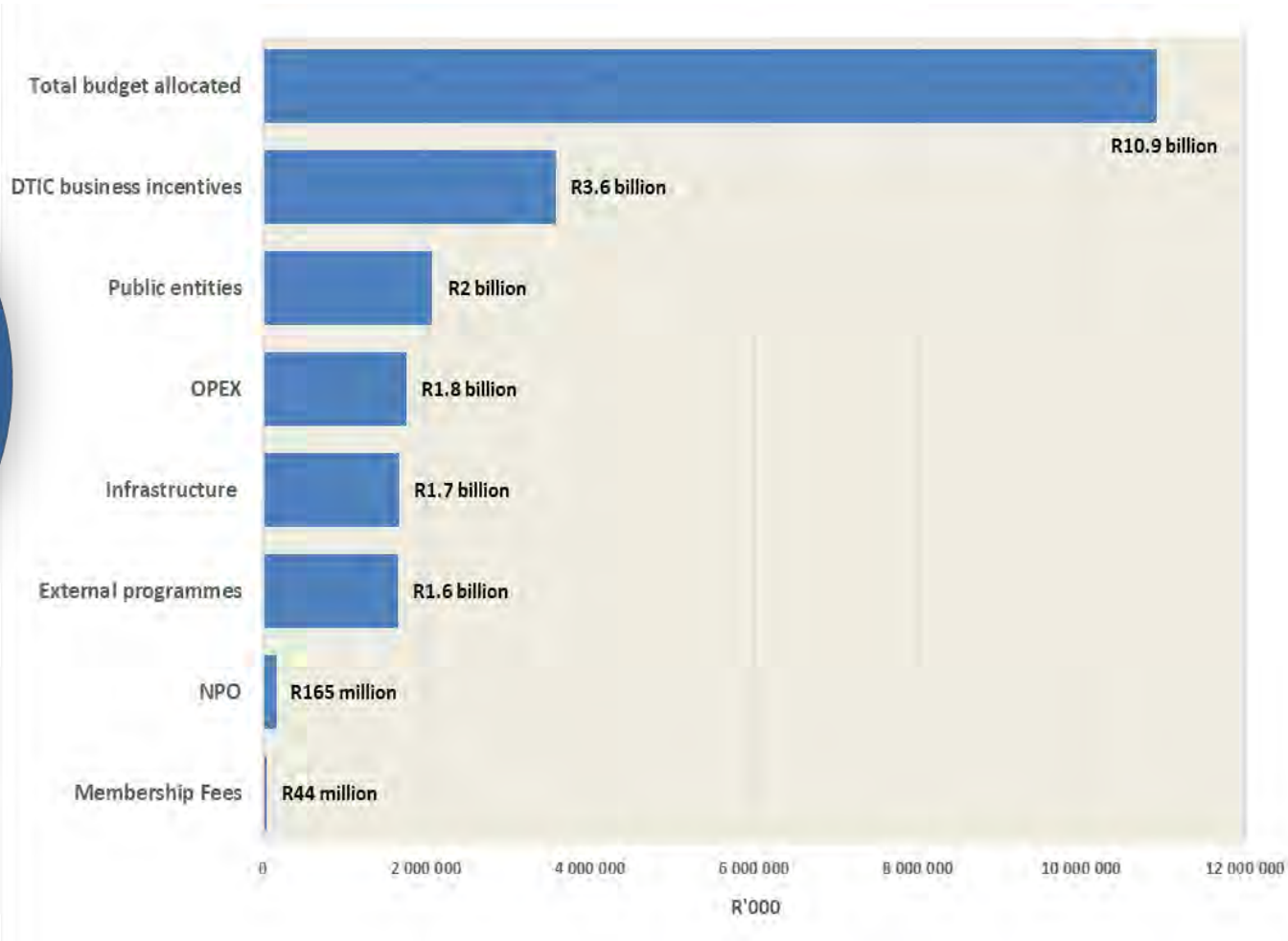
- The department's total expenditure is expected to increase at an average annual rate of **0.5 per cent**, from **R10.9 billion** in 2023/24 to **R11.1 billion** in 2025/26.
- The Transformation and Competition programme's baseline is expected to decrease at an annual average rate of **17.3 per cent**, due to the Social Employment Fund for the Presidential employment initiative not being extended beyond 2023/24.
- Spending in the Incentives programme is expected to increase at an average annual rate of **3.2 per cent** from **R5.3 billion** in 2023/24 to **R5.8 billion** in 2025/26.
- Allocations to the *Incentives* programme account for an estimated **51.1 per cent (R16.9 billion)** of the department's expenditure over the MTEF period, mainly to fund incentive programmes.

2023/24 Budget by type of expenditure

2023/24 budget % by type of expenditure



Rand value of the 2023/24 budget by type of expenditure



THANK YOU