

Department of Trade, Industry and Competition

First Quarter Performance Report 2020/21

Presentation to the Portfolio Committee on Trade and Industry
06 October 2020



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Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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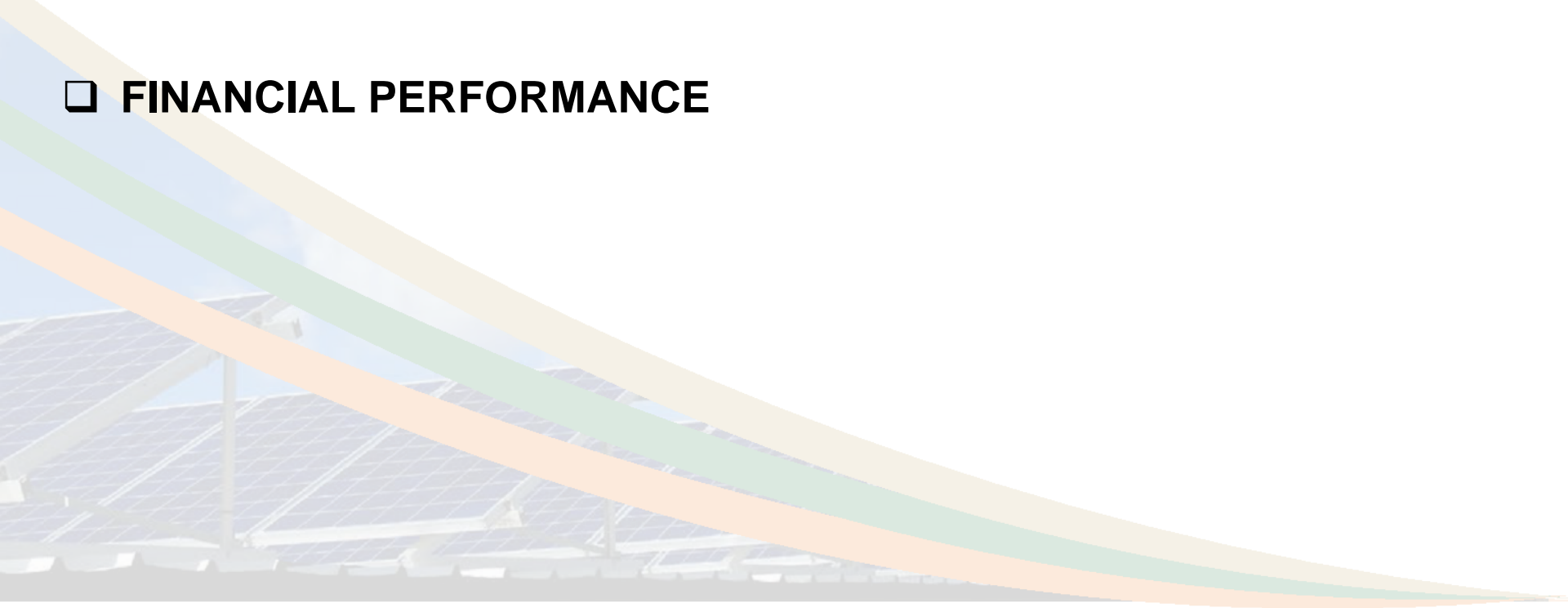
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PRESENTATION OUTLINE

❑ SUMMARY OF FIRST QUARTER PERFORMANCE

❑ FINANCIAL PERFORMANCE



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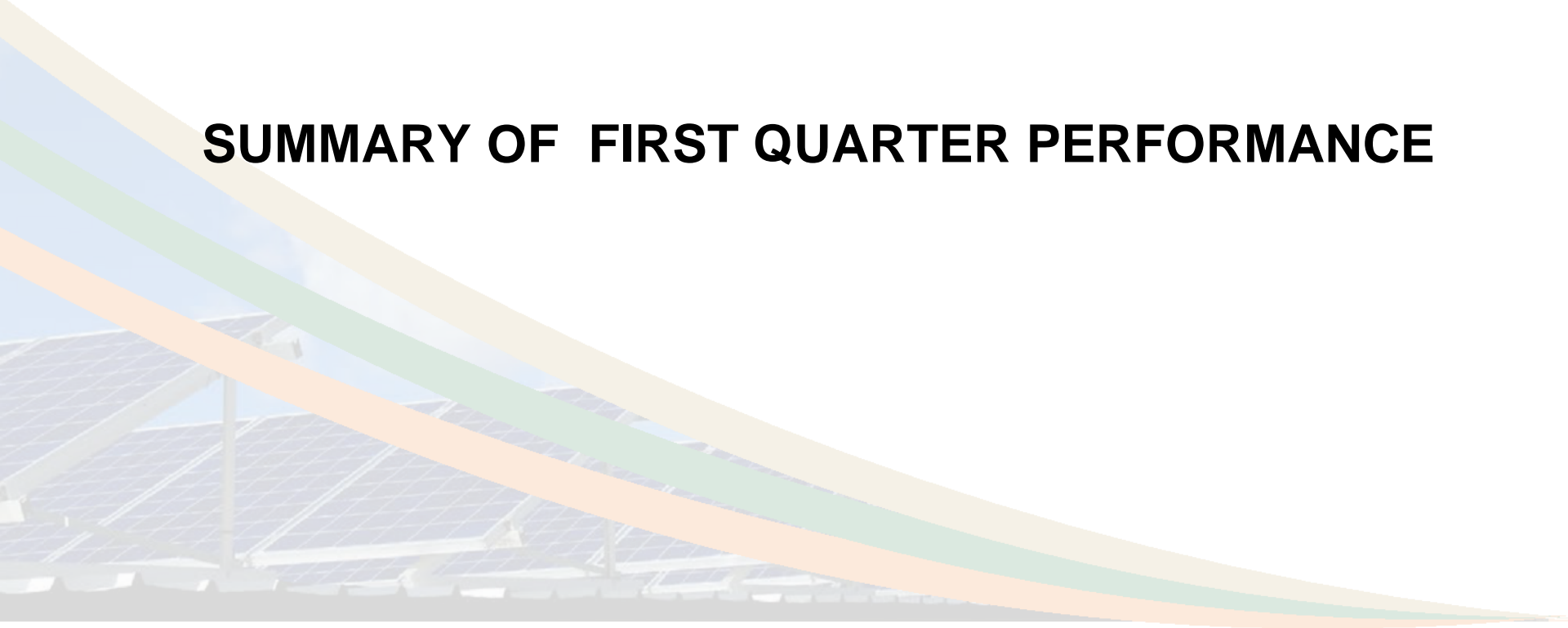
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SUMMARY OF FIRST QUARTER PERFORMANCE



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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



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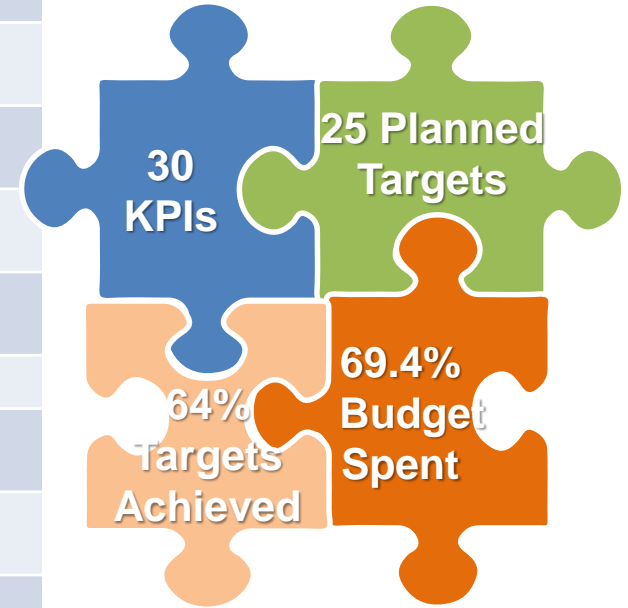
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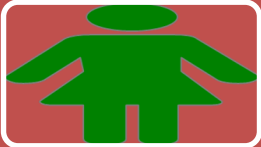
FIRST QUARTER PLANNED TARGETS

PROGRAMME	KPI	Q1 TARGET	ACHIEVED
Programme 1: Administration	4	4	3
Programme 2: Trade Policy, Negotiations and Cooperation	3	4	4
Programme 3: Spatial Industrial Development and Economic Transformation	3	0	0
Programme 4: Industrial Competitiveness and Growth	4	4	3
Programme 5: Consumer and Corporate Regulation	2	2	1
Programme 6: Industrial Financing	4	4	0
Programme 7: Export Development, Promotion and Outward Investments	3	0	0
Programme 8: Inward Investment Attraction, Facilitation and Aftercare	2	2	0
Programme 9: Competition Policy and Economic Planning	3	3	3
Programme 10: Economic Research and Coordination	2	2	2
Total	30	25 (100%)	16 (64%)



PROGRAMME 1: ADMINISTRATION

Purpose: Provide strategic leadership, management and support services to the department



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



Recorded 3.7% of people with disability against the quarterly target of 3.5%



53 interns appointed for 2020/22 against the target of 54



100% of eligible creditors payments were processed within 30 days



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PROGRAMME 1: ADMINISTRATION

Purpose: Provide strategic leadership, management and support services to the department

New **the dtic** website and branding launched

Revised APP to respond to COVID-19

the dtic COVID-19 Toll Free number implemented



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PROGRAMME 2: TRADE POLICY, NEGOTIATIONS AND COOPERATION

Purpose: Build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development cooperation in line with the African Union Agenda 2063

- ❑ African Union (AU) Ministers of Trade engagement on Impact of COVID-19 on African Continental Free Trade Area (AfCFTA) negotiations and implementation, and way forward;
- ❑ G20 Ministers engagements on impact of COVID-19 and agreement on list of collective actions in response to COVID-19;
- ❑ Developed COVID-19 Export Control Regulations to control the exportation of certain goods essential in the fight against COVID-19;
- ❑ Development of the 1st draft Patent Bill and Design Bill that provides for the use of the flexibilities in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement for purposes of public health.



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PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

Purpose: Drive economic transformation and increase participation in industrialisation.

- ❑ Approval of the Business Plan for Special Economic Zone & Industrial Park (SEZ&IP);
- ❑ Memorandum of Agreement (MOA) between **the dtic** and the DBSA focused on infrastructure delivery concluded and signed off;
- ❑ **the dtic** was appointed and participated as a member of the City Economic Development Managers' Forum.

- ❑ A successful SEZ Chief Executive Officers (CEOs') Forum was held in June 2020, amongst key discussions was ways to mitigate risks and challenges associated with the impact of COVID-19 on SEZs and how to maximize on manufacturing opportunities;
- ❑ Established Infrastructure Work-Stream and two Microsoft Teams meetings for the quarter (5 May 2020 and 10 June 2020) convened.



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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

- ❑ Successfully negotiated with York Timbers, South African Forestry Company Limited (SAFCOL) and organized labour to abandon the proposed retrenchment of 700 workers and closure of two mills;
- ❑ The engagements with stakeholders resulted in no jobs being lost and only one mill being closed.

- ❑ Successfully facilitated engagement of Saw Milling South Africa with government with the view to offer a solution of Timber Structures to the much needed homes during the COVID-19 pandemic;
- ❑ The industry is now engaging with Department of Human Settlement to provide a solution of housing;
- ❑ A prototype house has already been constructed.



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Agro Processing and Resource Based Industries

- ❑ Sugar Master Plan - Gazetted Amendments to the Sugar Regulations and Sugar Act 9 (Act No.9 of 1978), which aimed to enhance the transformation agenda in the industry, and extended until 31 March 2024;
- ❑ Gazetted the Competition Authorities exemption to provide a foundation for industry collaboration and implementation of the Master plan.



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



R900 million capital investments; including major investments in greenfield facilities



Over 3300 new employment opportunities generated



Metair to secure between R25 billion to R28 billion of turnover from mid-2022 onwards



Ford new model launched to service the export and local markets



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Chemicals

- ❑ In response to COVID-19, work with Sasol has ensured increased supply of alcohol for the production of 70% alcohol content of sanitisers



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Primary Mineral and Beneficiation

- ❑ **CHEM Energy SA (Pty) Ltd, a subsidiary of CHEM Corporation has completed a high tech state-of-the-art manufacturing facility at the Dube Trade Port SEZ in Durban to manufacture CHEM's latest fuel cell power generator:**
 - Targeting 70-80% localisation.
 - CHEM fuel cell power generators have been supporting nearly 300 sites in the Vodacom SA network since 2011;
 - The fuel cells can also provide power to households, schools, clinics, small businesses, high mast lights (security) in rural communities that cannot be served by the grid.
 - The investment has contributed to economic and Small, Medium and Micro-sized Enterprises (SMME) development - CHEM's sales and service partner, a women owned, Broad-Based Black Economic Empowerment (BBBEE) company, level 2, has experienced a tenfold employment growth in 2 years, expanded its office and depots into 5 provinces and Lesotho to support Vodacom network and has had skills transfer and training.



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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.

Primary Minerals and Beneficiation

Energy Storage/batteries

- ❑ Bushveld Minerals and Energy, a company involved in the mining and production of vanadium is establishing an 8 million litre vanadium electrolyte manufacturing plant in the East London Industrial Development Zone (IDZ)—supported by the Industrial Development Corporation (IDC).



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.

Primary Minerals and Beneficiation

Thakadu's 25 000 tpa pure nickel sulphate plant

- ❑ This has been supported by the Black Industrialist Programme. The plant will process nickel by-product from platinum mining producing battery grade material in Brits, North West Province for export market. The construction of the plant is complete, the plant is running and initial results are already indicating good performance.



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PROGRAMME 5: CONSUMER AND CORPORATE REGULATION

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.



- ❑ The overall process of the Companies Amendment Bill at National Economic Development and Labour Council (NEDLAC) was concluded;
- ❑ The report was finalised and signed by all NEDLAC overall convenors (constituencies);
- ❑ Socio-Economic Impact Assessment System (SEIAS) on the Companies Amendment Bill submitted to the Department Planning Monitoring and Evaluation (DPME) and certificate issued in June 2020.



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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



Implemented COVID-19 Industrial Financing Interventions in partnership with National Empowerment Fund (NEF) and Industrial Development Corporation (IDC) to support manufacturers of essential products to combat the COVID-19 pandemic. A total of **43 companies** have been approved for loan funding.



Completed an Economic recovery support programme consisting of a manufacturing support grant, industrial loan and distress facility to National Treasury for funding. An allocation of **R500 million** has been set aside for implementation of a distress facility to support companies in distress due to COVID-19.



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EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

Programme 7: Increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade offices.

- Participated in drafting the concept strategy on the manufacturing of rail rolling stock in Africa and the process was led by Transnet as mandated by the AU.

PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

Purpose: Support foreign direct investment flows and promote domestic investment by providing a one- stop shop for investment promotion, investor facilitation and aftercare support for investors

Achieved investment pipeline of
R1,359 bn

Assisted **104** companies with various regulatory unblocking requests during the quarter

4 Technical Working Group sessions conducted on the Ease of Doing Business

Conducted **68** meetings with current and potential investors

6 Ease of Doing Business Sensitization Workshops conducted

Participated in **27** stakeholder engagements

PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE

Purpose: Support foreign direct investment flows and promote domestic investment by providing a one- stop shop for investment promotion, investor facilitation and aftercare support for investors

- ❑ Participated in a Webinar with the German Chamber of Commerce and Republic of South Africa (RSA) Mission in Germany;
- ❑ Participated in a global panel discussion hosted by United Nations Conference on Trade and Development (UNCTAD) with Heads of Investment promotion Agencies (IPAs) on the impact of COVID-19 on the economy;
- ❑ Hosted the Provincial Investment Promotion Agencies (PIPAs), SEZs & Industrial Development Zones (IDZs) CEO and General Managers Forum in June in collaboration with the Presidency.

PROGRAMME 9: COMPETITION POLICY AND ECONOMIC PLANNING

Purpose: Develop and roll out policy interventions that promote competition issues, through effective economic planning, spatial implementation and aligned investment and development policy tools



Issuing of COVID-19 Block Exemptions



Designation of the Sugar Industry



Data Price Reduction Agreement with MTN



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PROGRAMME 10 : ECONOMIC RESEARCH AND COORDINATION

Purpose: Develop and roll out legislative processes to facilitate an inclusive economy through interventions to increase competitiveness in the economy.

- ❑ Represented the department in the National Joint Operations Intelligence (Natjoints) and the National Coronavirus Command Center (NCCC).
- ❑ Coordinated the development of the COVID-19 Stimulus Relief Package which were implemented during the lockdown session, undertaken the research on the likely impact of COVID-19 on the South African economy.
- ❑ Coordinated the development of the in-kind donation portal where companies and individual donors could register their donations.



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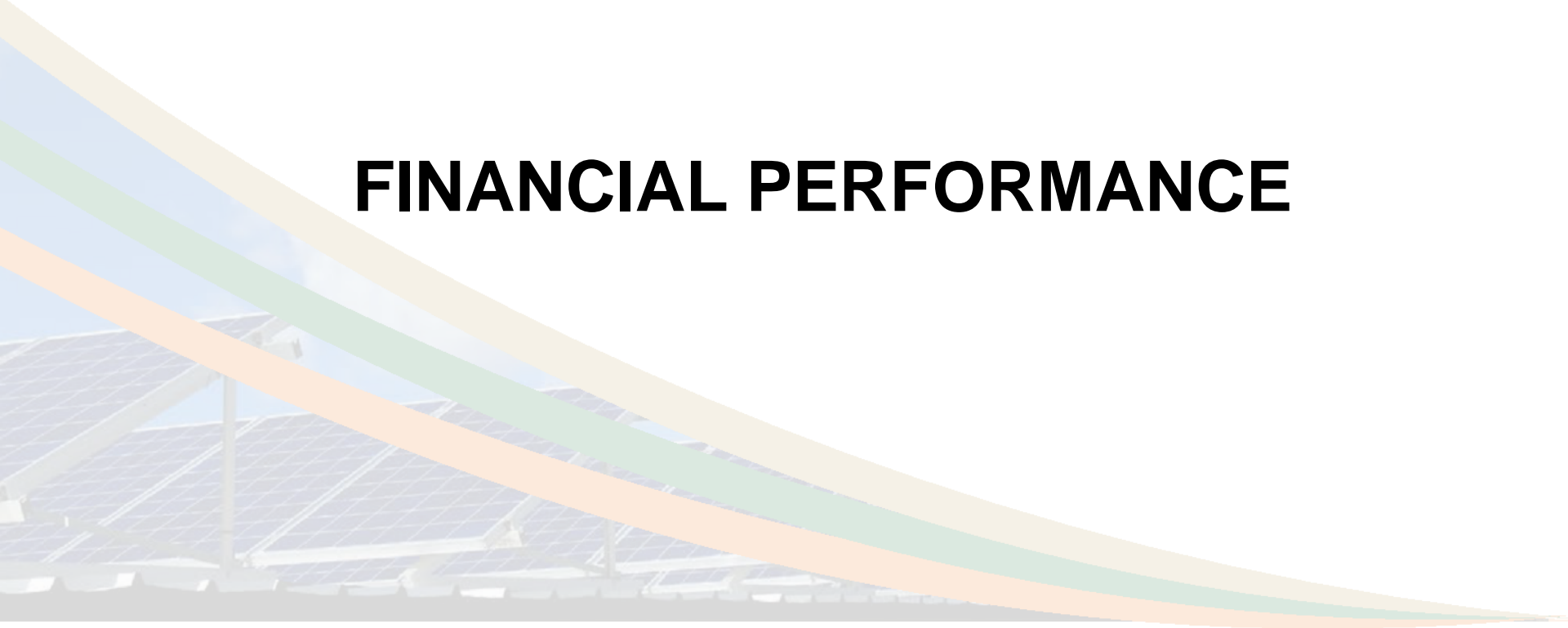


PROGRAMME 10 : ECONOMIC RESEARCH AND COORDINATION

Purpose: Develop and roll out legislative processes to facilitate an inclusive economy through interventions to increase competitiveness in the economy.

- ❑ Participated in all NEDLAC engagements on COVID-19 in both the Joint Technical Committee (JTC) of Jobs Summit & Rapid Response Task team (RRTT).
- ❑ Represented **the dtic** in related task teams including Occupational Health & Safety; Public Transport (road & rail); COVID-Technical Employment Relief Scheme etc.
- ❑ Drafted reports that were submitted and discussed by the National Joint Operation Intelligence (Natjoints) and NCCC.

FINANCIAL PERFORMANCE



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FINANCIAL PERFORMANCE

EXECUTIVE SUMMARY

1 April 2020



30 June 2020

R'000

Total dtic budget	R9 310 710
Expenditure	R2 650 405
Spending as % of budget	28.5%
Variance against the February 2020 projections	30.6% or R1 167 667

Revised Budget: R 9.3 billion

71,5% Available Budget: R 6.6 billion

YTD Projections R 3.8 billion

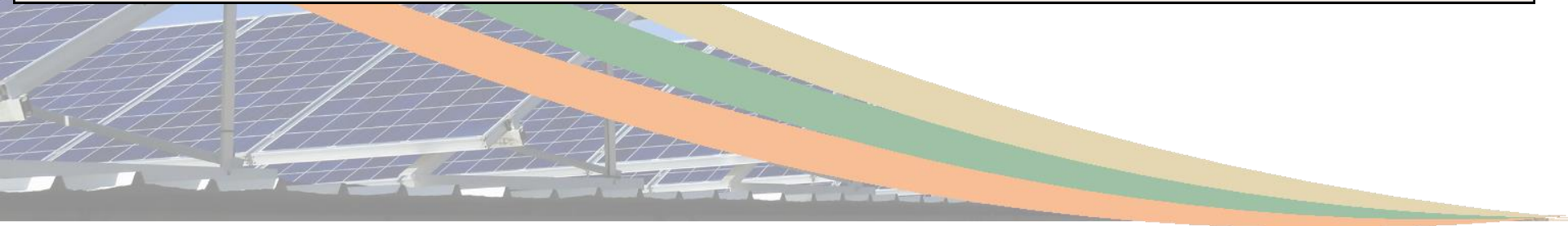
69.4% YTD Spent: R2.6 billion

Following the tabling of the Special Adjusted Budget by the Minister of Finance on 24 June 2020, the **dtic**'s budget was reduced by 16% or R1.77 billion to R9.31 billion. The original total budget was R11 billion.

As at the end of the 1st quarter of the 2020/21 financial year, the **dtic** had spent 28.5% or R2.7 billion of the total budget.

FINANCIAL PERFORMANCE ON PROGRAMME LEVEL

Programmes	Revised Budget 2020/21	YTD Budget	Expenditure as at 30 June 2020	Variance	% variance on YTD projections	Available Budget
	R'000	R'000	R'000	R'000		R'000
Administration	857,590	208,711	172,943	35,768	17.14%	684,647
Trade Policy, Negotiations and Cooperation	128,449	29,534	20,833	8,701	29.46%	107,616
Spatial Industrial Development and Economic Transformation	159,943	36,290	26,990	9,300	25.63%	132,953
Industrial Competitives and Growth	1,653,246	1,380,871	1,261,429	119,442	8.65%	391,817
Consumer and Corporate Regulation Division	312,766	268,629	236,380	32,249	12.01%	76,386
Industrial Financing	4,860,006	1,022,667	376,120	646,547	63.22%	4,483,886
Export Development ,Promotion and Outward Investments	410,889	252,480	26,693	225,787	89.43%	384,196
Inward Investment Attraction , Facilitation and After-care	55,699	14,338	11,454	2,884	20.11%	44,245
Competition Policy and Economic Planning	789,398	572,587	512,862	59,725	10.43%	276,536
Economic Research and Coordination	82,724	31,965	4,701	27,264	85.29%	78,023
Total	9,310,710	3,818,072	2,650,405	1,167,667	30.58%	6,660,305



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FINANCIAL PERFORMANCE ON ECONOMIC CLASSIFICATION

Programmes	Revised Budget 2020/21	YTD Budget	Expenditure as at 30 June 2020	Variance	% of variance on YTD projections	Available Budget
	R'000	R'000	R'000	R'000		R'000
<i>Current payments, which consists of:</i>	1,925,294	460,091	328,623	131,468	28.57%	1,596,671
Compensation of employees	1,171,420	276,072	235,454	40,618	14.71%	935,966
Goods and services	753,874	184,019	93,169	90,850	49.37%	660,705
<i>Transfers and subsidies, which consist of :</i>	7,351,295	3,355,890	2,316,081	1,039,809	30.98%	5,035,214
Incentives	4,660,894	976,257	342,819	633,438	64.88%	4,318,075
Departmental agencies	1,646,943	1,749,751	1,349,174	400,577	22.89%	297,769
Other transfers	1,043,458	629,882	624,087	5,795	0.92%	419,371
<i>Payments for financial assets</i>	-	-	-	-	0.00%	-
<i>Payments for capital assets</i>	34,121	2,091	5,701	(3,610)	-172.64%	28,420
Total	9,310,710	3,818,072	2,650,405	1,167,667	30.58%	6,660,305



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FINANCIAL PERFORMANCE NARRATIVE

It must be noted that the quarter 1 spending comparison is against the projected expenditure in the initial 2020 Budget, as approved during February 2020.

- The global outbreak of COVID-19 affected a number of the **dtic**'s activities including trade export missions and pavilions; international events and foras in the areas of trade and investment; suspension of meetings/engagements such as (negotiations on the AfCFTA and WTO MC12);
 - The contraction in the global and domestic economy, which has resulted in low investment by the private sector as well as the suspension of the economic activities due to the lockdown.
 - 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. Virtual selection processes have been implemented and weekly monitoring of the progress on the filling of the vacancies continues.
- The department recorded capital expenditure of 172.6% or R5.7 million of the YTD projections of R2 million at the end of the 1st quarter of the 2020/21 financial year. The over-expenditure is due to a payment made during May 2020 for ICT equipment, which was scheduled to be delivered in March 2020, but delayed by the global outbreak of COVID-19. It should be noted that although expenditure is more than the YTD projections, it is still within the allocated budget.

THANK YOU

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KE A LEBOGA

SIYABONGA

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NDO LIVHUWA

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