

PRODUCTIVITY SOUTH AFRICA

2020/21 ANNUAL REPORT PRESENTATION TO THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR

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CEO

10 November 2021



employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

productivity sa
Inspiring a Competitive South Africa

NATIONAL
DEVELOPMENT
PLAN
2030

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PRODUCTIVITY SA MANDATE

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a schedule 3A Public Entity of the Department of Employment and Labour with the responsibility to fulfil an economic or social **mandate** of government, which is **to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness**



VISION

To lead and inspire a productive and competitive South Africa



MISSION

To improve productivity by diagnosing, advising, implementing, monitoring and evaluating solutions aimed at improving South Africa's sustainable growth, development and employment through increase competitiveness

COUNTRY (MACRO)

Constitution, NDP, MTSF, Competitiveness Indices (e.g. IMD and WEF), PJS etc.



INDUSTRY (MESO)

Sector Master Plans, Productivity Statistics, Sector Studies etc.



(MICRO)

Competitiveness Improvement Services (CIS) and Business Turnaround &

ALIGNMENT TO THE MANDATE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR (DEL)

The mandate of the DEL is: To regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at:

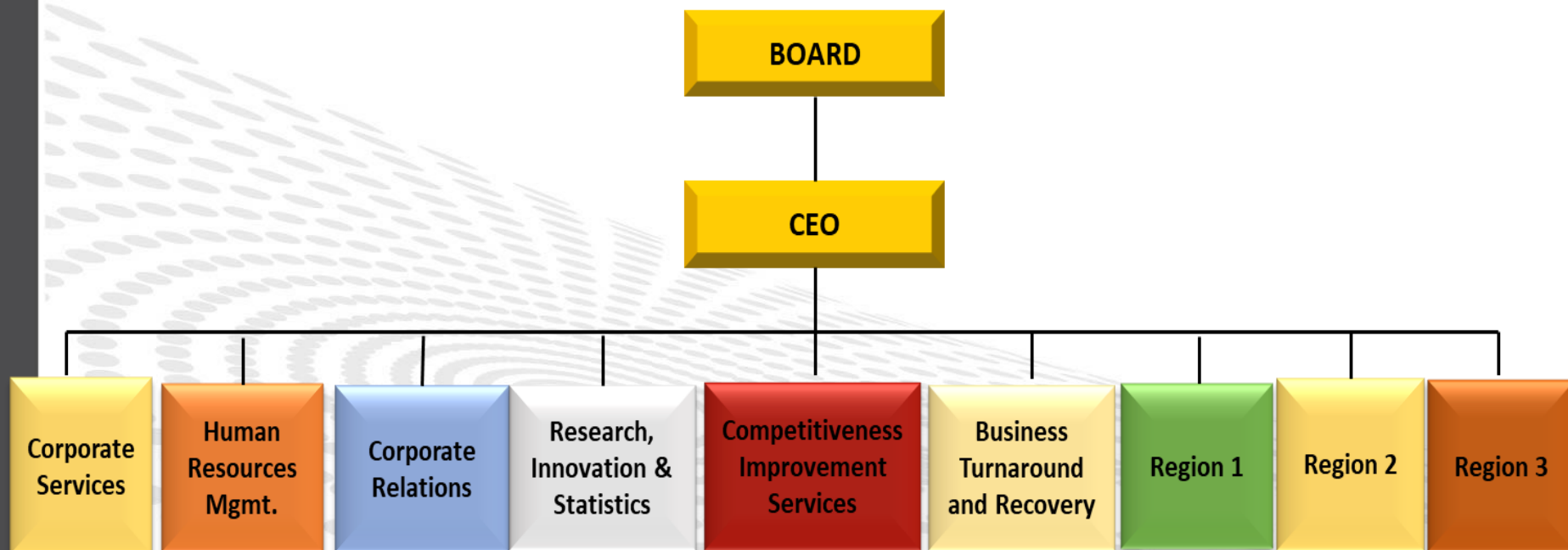
- Improved economic efficiency and productivity.
- Creation of decent employment.
- Promoting labour standards and fundamental rights at work.
- Providing adequate social safety nets to protect vulnerable workers
- Sound labour relations.
- Eliminating inequality and discrimination in the workplace.
- Enhancing occupational health.
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment

ALIGNMENT TO NATIONAL POLICY MANDATES

Re-Imagining the Industrial Strategy and District Development Model	Targeted Enterprise Development Support Programmes to implement the Re-imagining Industrial Strategy to improve the productivity of the priority sectors through the Sector Master Plans, Special Economic Zones, Industrial Parks and, in support of the the District Development Model (DDM), targeting the 44 Districts and 8 metros.
Contribution to the NDP	<p>Chapter 3: Target programmes that contribute to sustainable and inclusive growth and development</p> <p>Chapter 9: Improving productivity and develop world-class system of innovation</p> <p>Chapter 13: Implement programmes that improves efficiency and effectiveness of government</p>
Contribution to the MTSF 2019-2024	<p>Government Priority 1: A capable, Ethical and Developmental State</p> <p>Government Priority 2: Economic Transformation and Job Creation</p>
Contribution to the ERRP	<p>Priority 1: Industrialisation of the economy and a massive increase in local production</p> <p>Priority 2: An employment stimulus to create jobs and support livelihoods.</p>
Contribution to the SDGs, Africa Agenda 2063, and ILO Centenary Declaration for the Future of Work	<p>SDG 8: Promote inclusive and sustainable economic growth, employment, full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>ILO Centenary Declaration for the Future of Work, 2019: An enabling environment for entrepreneurship and sustainable enterprises that creates productive employment and decent work.</p>

GOVERNANCE AND EXECUTIVE STRUCTURE

Governed by a Tripartite Board consisting of 7 Members appointed in terms of s33 of the Act - Chairperson and 6 members (4 from NEDLAC, 2 representing Organised Labour, 2 Organised Business), and 2 members representing the Government; and the Executive Committee comprising of 8 Members.



REGIONAL FOOTPRINT

REGION 1

- **Gauteng, North West, Limpopo**
Office: Midrand
- International Business Gateway Cnr. New Road and Sixth Roads, Midrand, Tel: 011 848 5300

Region 1

Executive Manager

Ms Lalane Janse van Rensburg



REGION 2

- **Western Cape, Free State, Northern Cape**
Office: Cape Town
- Suite 202, 2nd Floor
- Edward III Building, 70 Edward Street Bellville
- Tel: 021 910 1591

Region 2

Executive Manager: Mr Albert Brink



REGION 3

- **KwaZulu Natal, Eastern Cape, Mpumalanga**
Office: eThekweni/Durban
- Suite 201, Cowey Park
- 91-123 Cowey Road
- Essenwood
- Tel: 031 268 9770

Region 3

Executive Manager: Ms Amelia Naidoo



STAFF ESTABLISHMENT: AUG 2021

PROGRAMME	APPROVED ESTABLISHMENT	POSTS FILLED (PERM)	POSTS FILLED (FIXED-TERM)	NUMBER OF VACANCIES	VACANCY RATE
Office of the CEO	4	4	0	0	0%
Office of the CFO	19	16	0	3	16%
Human Resources Management	5	3	0	2	40%
Corporate Relations	8	6	0	2	25%
Competitiveness Improvement Services Head Office	4	2	0	2	50%
Business Turnaround & Recovery Head Office	7	4	3	0	0%
Research, Innovation & Statistics	11	8	0	3	27%
Region 1	20	12	3	5	25%
Region 2	15	9	4	2	13%
Region 3	14	10	2	2	14%
TOTAL:	107	74	12	21	20%

OUR FUNCTIONS

s32 of the Employment Services Act

- a) Promote a culture of productivity in the workplace;
- b) Facilitate and evaluate productivity improvement and competencies in workplaces;
- c) Support initiatives aimed at preventing job losses;
- d) Measure and evaluate productivity in the workplace (and the economy);
- e) Maintain a database of productivity & competitiveness systems & publicise same; and to undertake productivity-related research.

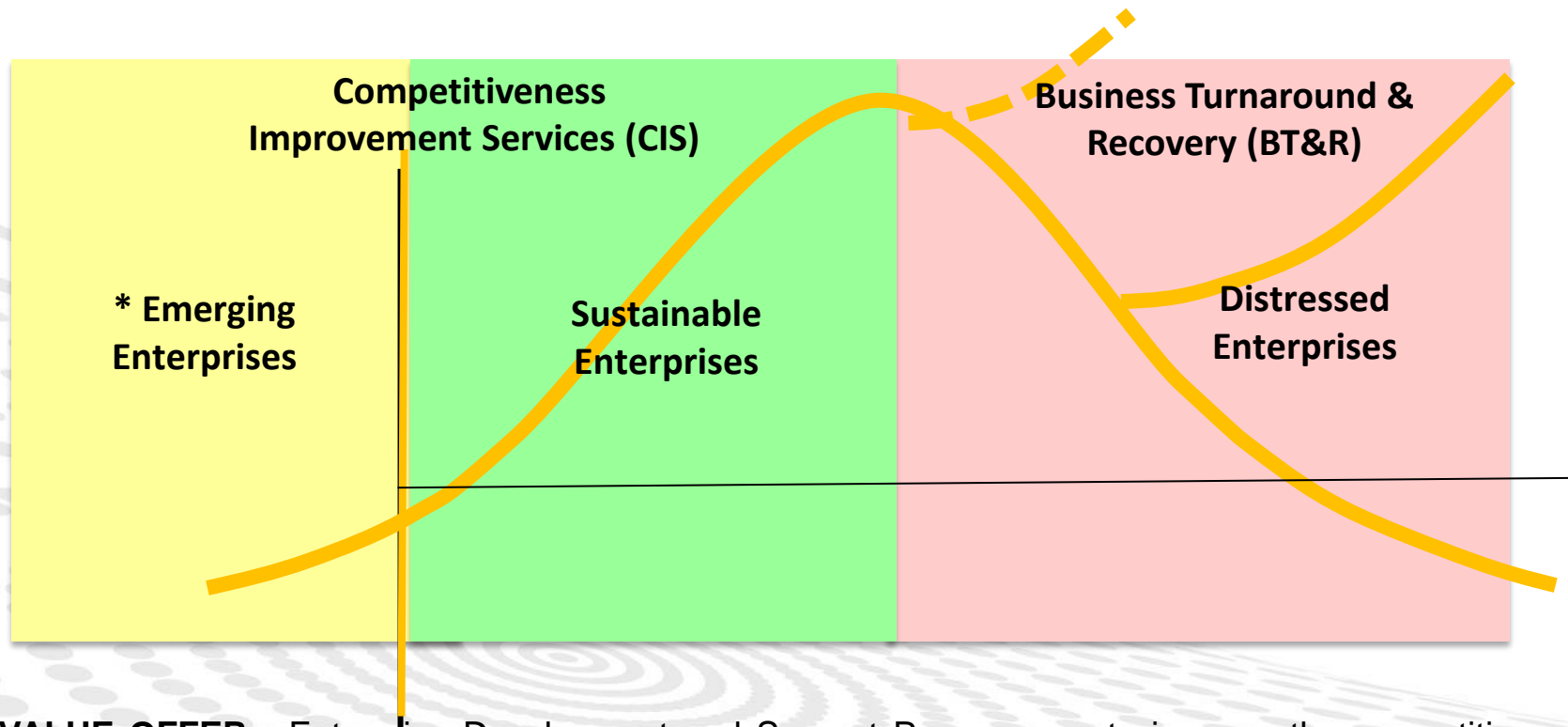
ENTERPRISE DEVELOPMENT AND SUPPORT PROGRAMMES

**1. Competitiveness Improvement
Services (CIS)**

**2. Business Turnaround and
Recovery (BT&R)**

**3. Research, Innovation and
Statistics (RIS)**

PRODUCTIVITY SA ENTERPRISE DEVELOPMENT AND SUPPORT PROGRAMMES – Provide support throughout the business lifecycle



VALUE OFFER - Enterprise Development and Support Programmes to improve the competitiveness and sustainability of enterprises throughout the business lifecycle (targeting SMMEs in the productive sectors) to generate wealth and profits, preserve jobs and create productive employment and decent work and, improve the wellbeing of workers (employment, wages and working conditions).

COMPETITIVENESS IMPROVEMENT SERVICES (CIS) PROGRAMME

The programme focusses on creating an enabling environment conducive to entrepreneurship and sustainable enterprises that are capable of creating productive employment and decent work. Furthermore, CIS supports South Africa's strategic objectives in scaling up efforts to **promote long term industrialisation and transformation** of the economy and to achieve a productive high-income economy which is globally competitive.

Enhancing the appropriate **capacities of SMMEs and Co-operatives** to adopt world-class productivity enhancement best practices, focusing on products, processes and people.

The SMMEs and Co-operatives, particularly in the productive sectors with strong growth and **employment multipliers** within the **priority sectors** are targeted.

CIS prioritises the participation of **historically disadvantaged people** and regions in the economy and thereby support meaningful BBBEE using instruments such as **Special Economic Zones (SEZs), Industrial Parks and Black Industrialists interventions**.

BUSINESS TURNAROUND & RECOVERY (BT&R) PROGRAMME

BT&R Vision

To save jobs and create conditions conducive for job retention and job creation.

Intent

The programme is intended to provide non-financial assistance to different organisations and companies to increase productivity, profitability, and service, as well as to save and retain existing jobs.

The Declaration of the Presidential Jobs Summit (October 1998) outlined a Turnaround Solutions Programme (now called Business Turnaround and Recovery) that aims to prevent job losses or a decline in employment. Supported by recent 2018 Job Summit and are aligned to the economic reconstructing and recovery plan and UIA s5(d) as amended

Assist

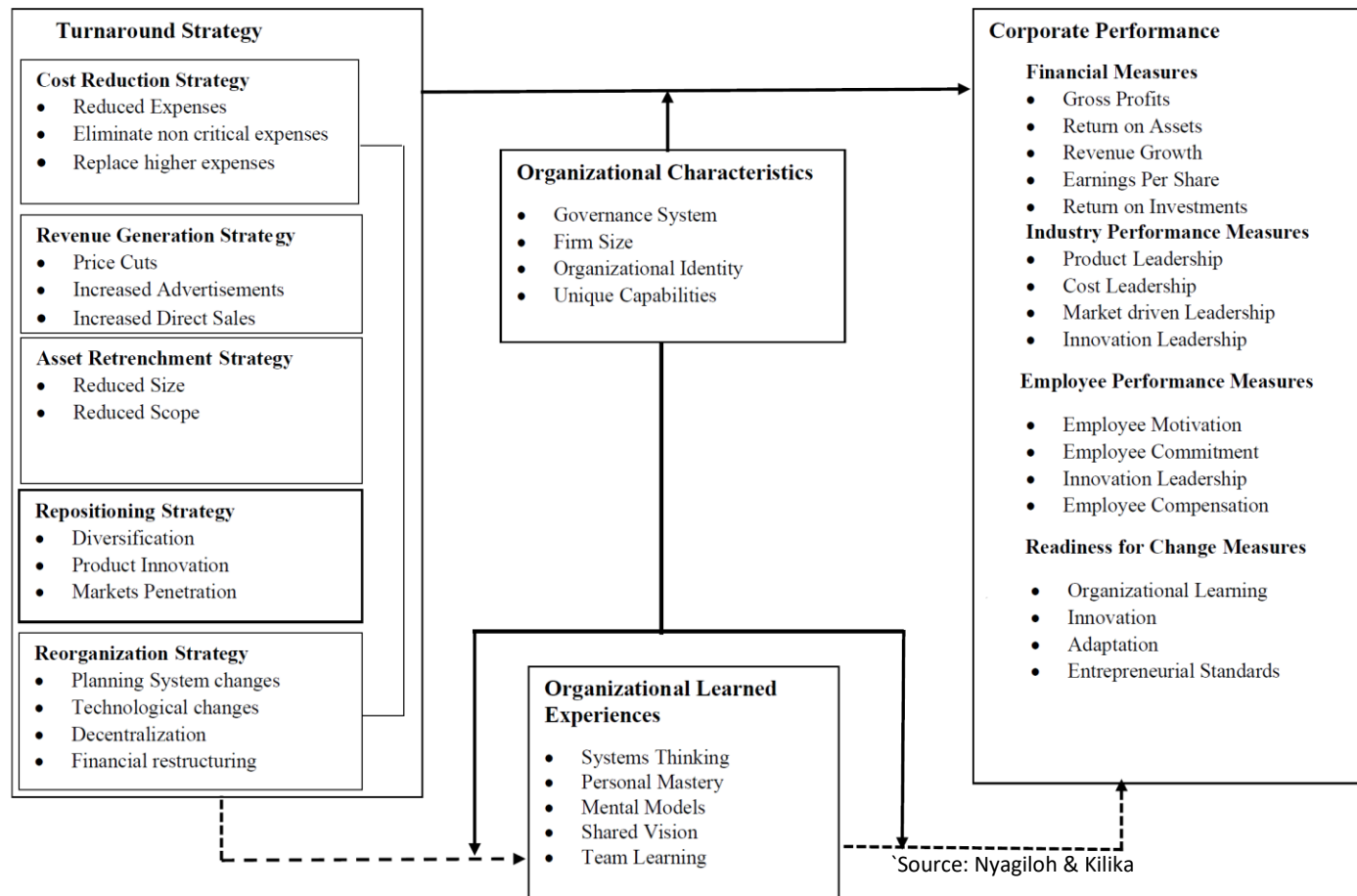
The programme seeks to assist:

- The potential applicant in financial and/or operational distress and/or decline.
- There must be a reasonable prospect to turn the company

around
Inspire

BT&R also seeks to inspire enterprises to be more vigilant about issues relating to job retention to mitigate on-time performance/productivity decline that increases the likelihood of job losses.

LINKAGE BETWEEN TURNAROUND STRATEGY AND CORPORATE PERFORMANCE



RESEARCH, INNOVATION AND STATISTICS (RIS) PROGRAMME

- The programme aims to measure and evaluate productivity in the workplace and overall competitiveness of the economy;
- Develop and maintain databases and best practice productivity and competitiveness systems, and Business Model Innovation including Products and Services Innovation to improve quality and access to services; and
- Undertake Productivity related Research and Statistics and publicise same.

Statistics

- **Productivity Statistics**
- **IMD Competitiveness Report**

Research

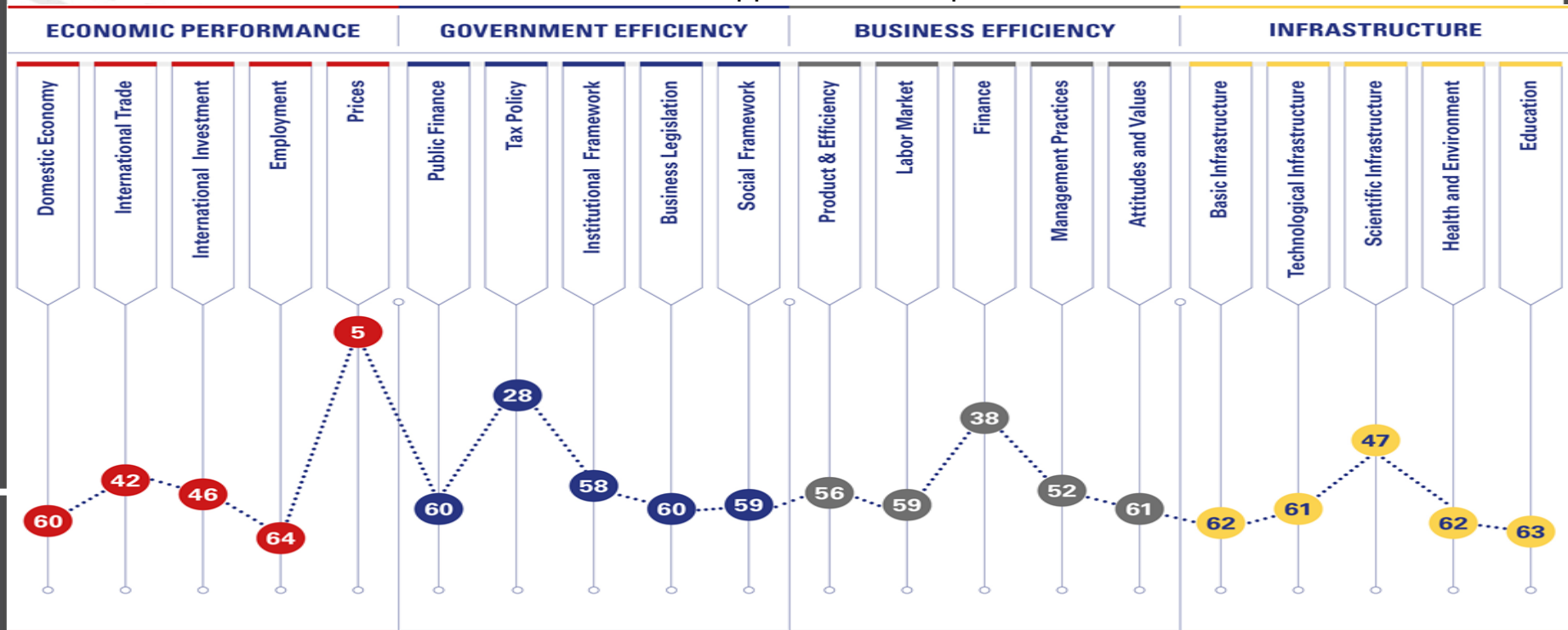
- **Sector Studies**
- **Economic Research**

THE MACRO ENVIRONMENT – THE COMPETITIVENESS LANDSCAPE 2021

Institute of Management Development (IMD) World Competitiveness Yearbook (WCY) measures the ability of economies to create and maintain an environment that sustains the competitiveness of enterprises.

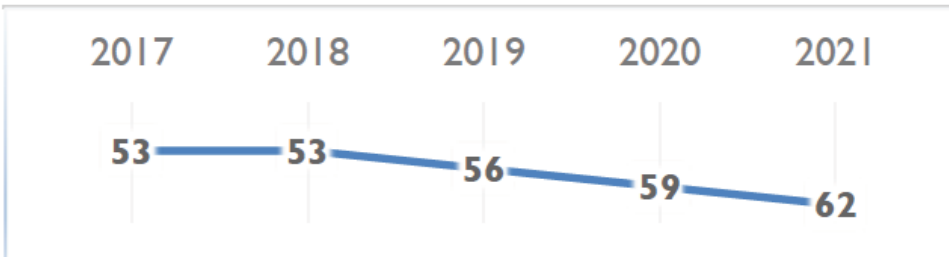
According to the IMD WCY, June 2021, over a period of 3 years, SA recorded a significant drop in overall competitiveness from a ranking of 53 out of the 63 countries in 2018 surveyed by the IMD to 62 out of 64 in 2019.

South Africa ranked **62nd** out of **64th** countries, dropped from **59th** position in **2020**.



THE MACRO ENVIRONMENT – THE COMPETITIVENESS LANDSCAPE 2021

OVERALL PERFORMANCE (64 countries)



CHALLENGES IN 2021

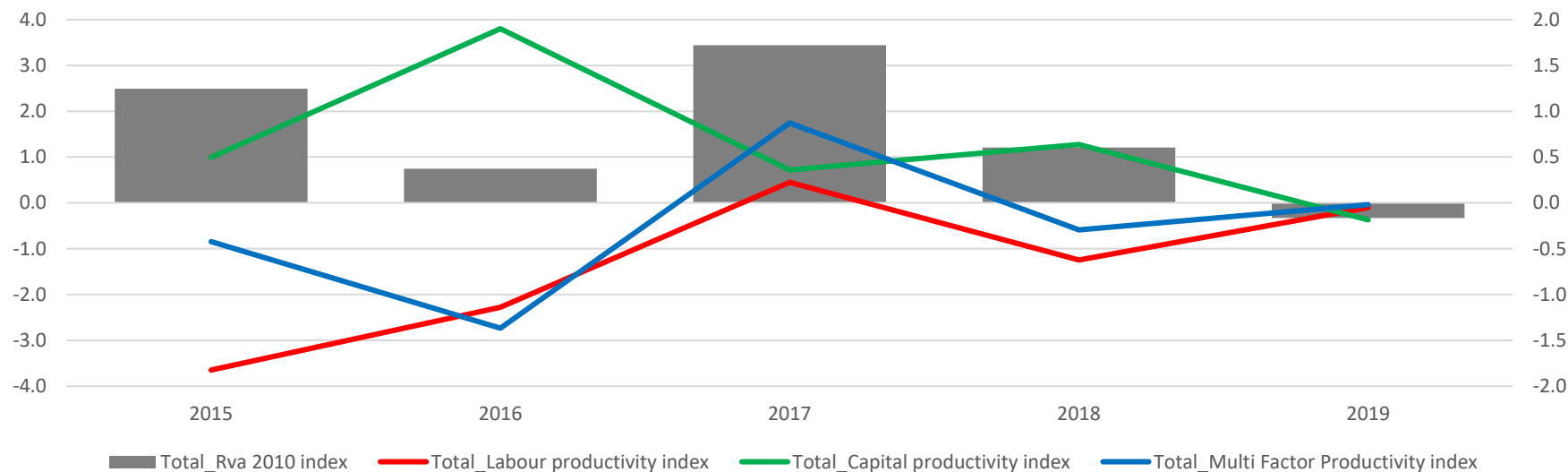
- Deteriorating headline and youth unemployment.
- Rising public debt levels amid a shrinking fiscal space.
- Lack of decisive plans to revive the struggling economy.
- Ongoing electricity supply problems and rolling blackouts.
- Slow vaccination rates to fast track the post COVID-19 recovery.

- ❑ SA's overall productivity and competitiveness, which are the key drivers of long-term enterprise sustainability and economic performance is low.
- ❑ The significant decline in economic activity in 2020 is expected to continue in 2021, a period during and beyond the COVID-19 pandemic.
- ❑ The Economic Policy interventions need to focus on the high unemployment situation, rising public debt levels, ongoing electricity supply problems as well as address the slow vaccination rates to fast track the post Covid-19 economic recovery.

Provided by:
Productivity SA

SOUTH AFRICA'S PRODUCTIVITY LANDSCAPE

- Productivity Statistics Report measures the levels of productivity, or efficiency with which production inputs are used to produce goods and services, at the economy, sector as well as industry levels.
- According to the Productivity Stats Report, October 2020, SA recorded a negligible change in all productivity measures which highlights the underperformance of real output as a result of the stagnation in production inputs, namely, labour, capital and innovation.



THE MACRO ENVIRONMENT AND IMPLICATIONS FOR PRODUCTIVITY SA

- Economy expected to fall to -5.8% in 2020 due to the outbreak of the COVID-19 and pick up to 4% in 2021 (IMF, 2020).
 - Low growth means less tax revenue for social expenditure and appropriation from government (income generation and zero-based budget)
- Key economic policy responses to support the economy by government estimated at R500 billion mostly targeting SMMEs and income support for workers (financial relief).
 - Productivity and competitiveness support to SMMEs to return to profitability and sustainability
 - Official unemployment forecast to be 35.31 % in December 2020, and 34.11 in December 2021 (IMF, 2020)
 - Role of Business Turnaround and Recovery Programme is more needed than ever before - and improve productivity and operational efficiency of firms in distress to save jobs

THE MACRO ENVIRONMENT AND IMPLICATIONS FOR PRODUCTIVITY SA

South Africa still has a dual economy- with one of the highest informality and inequality rates in the world, and this is worsened by the COVID-19 crisis.

- **On the one hand**, we have an economy comparable to that of industrialised nations, with over 653,530 of the 2.3 million (dropping by 125,767 from 779,297) sophisticated SMMEs supported by world-class infrastructure and a sophisticated financial system. **(note impact of COVID-19 pandemic on formal SMMEs)**
- This economy is highly productive with a sizeable (and growing) middle class, and is reasonably well diversified.
- It has a range of key strategic sectors which are horizontally and vertically integrated among themselves and with big business.
- Has features of a more educated and highly skilled workforce, with a huge concentration of wealth and predominantly white owned.

THE MACRO ENVIRONMENT – THE DUAL ECONOMY CHALLENGE (cont.)

- **On another hand**, we have an informal economy characterised by over 1,580,155 million informal SMMEs (dropping by over 211,276 from 1,791,431 in 2019Q3) in the country- operating mainly in the rural Provinces and about 34% Black-owned.
- The high incidence of the informal economy has a negative impact on enterprises, public revenues, government's scope of action, soundness of institutions, and for competition.
- Informality also often entails greater risks (both financial, job security and operational inefficiencies including cost and waste) for businesses/entrepreneurs and workers, or lower returns for their efforts.
- The informal SMMEs face further challenges in terms of cost, quality, delivery, flexibility, human resource development and employ mostly unskilled/semi-skilled workers, thus limiting their potential to assume a more strategic and meaningful economic contribution (including contribution to GDP growth and employment creation).
- Most are relatively stagnant, employing mostly unskilled/semi-skilled workers, struggle to transform their informal operations into established businesses, thus limiting their potential to create jobs and make a meaningful economic contribution.

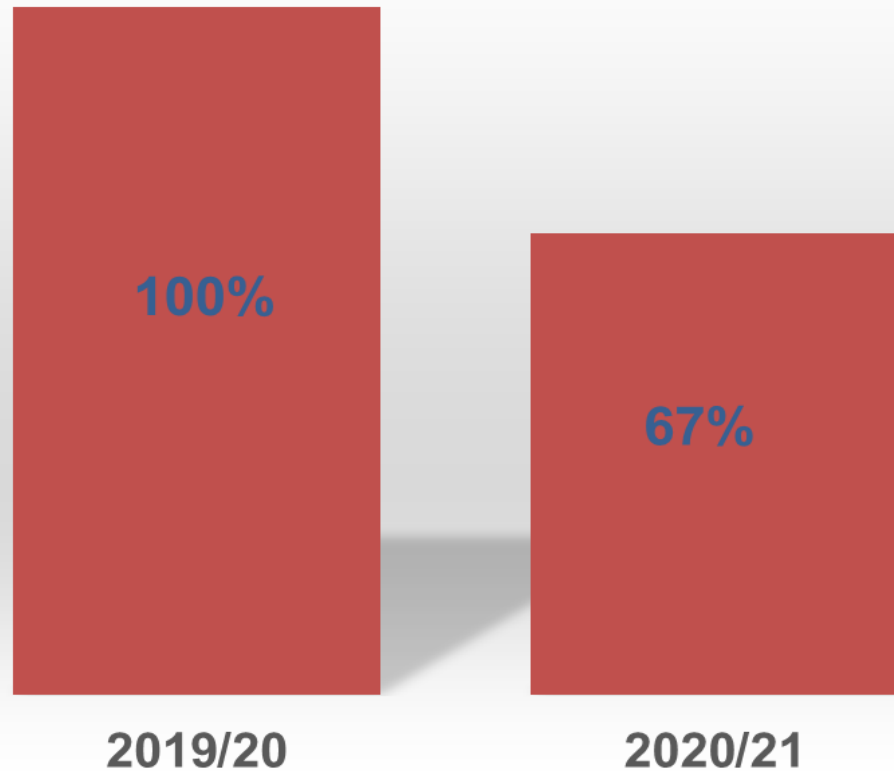
THE MACRO ENVIRONMENT – THE DUAL ECONOMY CHALLENGE (cont.)

- The informal SMMEs also struggle to break free from a restrictive owner mindset and assume a more strategic role largely because they often lack sufficient performance management systems, operating models, and management structures with well-defined roles and responsibilities, key performance indicators (KPIs), and designated decision-making.
- Low quality employment, inadequate social protection, poor governance, and low productivity are some of the obstacles that workers and enterprises face when caught in the informality trap.
- Informal workers are more likely to be poor than workers in the formal sector, both because they lack formal contracts and social protection and because they tend to be less educated.
- As a result, millions of workers and economic units suffer from poor working conditions and a lack of rights at work.
- Informal businesses also do not contribute to the mandatory social security contributions and taxes required for formal workers, contribution to the tax base and tend to remain small, with low productivity and limited access to finance.
- As a result, economic growth in a country with large informal economy remains below potential.
- These informal SMMEs shall not recover if we continue scratching the informality surface, with no clear policy and programme interventions to transition same into the formal economy urgently (**ILO Recommendation 204**).



ANNUAL PERFORMANCE INFORMATION 2020/21

**PERFORMANCE
TRENDS OVER
THE MTSF
2019 - 2024**



PERFORMANCE PER STRATEGIC OBJECTIVE: 2020/21

Strategic Objective		Annual Planned Indicators	Achieved	Not Achieved	Overall Achievement
1.	Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable (CS & HRM)	3	3	0	100%
2.	To support government programmes aimed at sustainable employment and income growth (CIS)	2	1	1	50%
3.	To support enterprises facing economic distress and initiatives aimed at preventing job losses (BT&R)	3	0	3	0%
4.	Generation and dissemination of productivity related research and statistics (RIS)	2	2	0	100%
5.	To promote a culture of productivity and competitiveness in the workplace and community life (CIS & CR)	2	2	0	100%
Overall Performance		12	8	4	67%

PERFORMANCE PER PROGRAMME: 2020/21

Programme		Annual Planned Indicators	Achieved	Not Achieved	Overall Achievement
1.	Programme 1: Administration - Corporate Services (CS)	2	2	0	100%
2.	Programme 1: Administration - Human Resource Management (HRM)	1	1	0	100%
3.	Programme 1: Administration – Corporate Relations (CR)	1	1	0	100%
4.	Programme 2: Competitiveness Improvement Services (CIS)	3	2	1	67%
5.	Programme 3: Business Turnaround and Recovery (BT&R)	3	0	3	0%
6.	Programme 4: Research, Innovation and Statistics (RIS)	2	2	0	100%
Overall Performance		12	8	4	67%

PROGRAMME 1: ADMINISTRATION - CORPORATE SERVICES

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Percentage of SMEs paid within 30 days of receipt of statement	100%	ACHIEVED 100%	N/A	N/A
Percentage reduction on fruitless and wasteful expenditure per annum	10% reduction from base line of R518 000,00	ACHIEVED 90%	The target was exceeded due to no fruitless and wasteful expenditure incurred	

PROGRAMME 1: ADMINISTRATION - HUMAN RESOURCES MANAGEMENT

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Commencement of 100% of planned training interventions to capacitate the workforce	100%	ACHIEVED 100%	N/A	N/A

PROGRAMME 1: ADMINISTRATION - CORPORATE RELATIONS

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Number of productivity awards and regional milestone workshops hosted	10	ACHIEVED 10	N/A	N/A

PROGRAMME 2: COMPETITIVENESS IMPROVEMENT SERVICES

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Number of SMME and other enterprises supported through Productivity interventions to improve their competitiveness and sustainability.	1252	ACHIEVED 1440	Through the review of our digital strategy and focus on strategic partners, more SMMEs could be supported through virtual platforms	N/A

PROGRAMME 2: COMPETITIVENESS IMPROVEMENT SERVICES

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Number of entrepreneurs capacitated to promote the culture of productivity and entrepreneurship	1878	NOT ACHIEVED 927	Target market i.e. entrepreneurs have limited accessibility to technology which hampered the participation through online platforms	Maximise on National stakeholder partnerships, incorporating digital platforms. More efforts will be placed in getting access and partnering with local government in provinces
Number of Productivity Champions capacitated to build awareness and promote a stronger culture of productivity in South Africa	323	ACHIEVED 429	The strategic partnerships materialised with more interest and relevance of the offering to enterprises.	N/A

PROGRAMME 3: BUSINESS TURNAROUND AND RECOVERY

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Number of jobs saved in companies facing economic distress every year	8700	NOT ACHIEVED 3030	Our achievements were affected by the continued lockdown, entry barrier of minimum of 20 UIF contributors and potential clients not being in good standing with SARS and UIF due to recessionary economic conditions.	An acceleration plan has been drafted to gain traction with the different stakeholders and leads we receive. We will also be running an advertising campaign to market BT&R.
Number of companies facing economic distress supported through Turn-around Strategies to retain jobs (nurturing)	174	NOT ACHIEVED 25		
Number of workplace /Future forums members trained and capacitated on productivity improvement solutions	522	NOT ACHIEVED 96	There is also tight competition in the market with the widely available financial incentives made available during the pandemic.	

PROGRAMME 4: RESEARCH, INNOVATION AND STATISTICS

PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR VARIANCE	REMEDIAL ACTION
Number of research reports and publications on priority sectors published and disseminated	2	ACHIEVED 2	N/A	N/A
Number of statistical reports on productivity and competitiveness published	2	ACHIEVED 2	N/A	N/A

KEY ACHIEVEMENTS FOR 2020/21 FY

- ❑ The lifting of the suspension of the BT&R Programme in July 2020 and the commitment of over R104 million from the UIF. **25** companies facing economic distress were supported from July 2020 to March 2021 and the interventions assisted in the preservation of **3030** jobs. Part of the interventions also included establishing Workplace /Future forums (committee comprising on management and workers), training and capacitating **96** of their members on productivity improvement solutions.
- ❑ Through the CIS Programme, supported **1434** SMMEs and other enterprises in the productive sectors of the economy (in line with the Sector Master Plans) and capacitated **927 entrepreneurs** to improve their competitiveness and sustainability to preserve and create productive employment and decent jobs. **The dtic** funded Workplace Challenged programme supported **109** enterprises contributing to **9339** jobs retained in the process. The Workplace Challenge programme supported 3 Industrial Clusters in the following sectors i.e.. Forestry, Footwear and Leather, and Craft Design. Productivity SA signed an agreement with LEDET, SEDA and LEDA in Limpopo to contribute to a cluster per year and kaizen activities over the next 3 years.
- ❑ **429** Productivity Champions were trained. Linked to the District Development Model (DDM), Productivity Champions are trained in the fundamentals of productivity measurement and improvement. The Champions are representatives from business entities supported through the enterprise development programmes as well as other stakeholders, ensuring there is support through stakeholders and other key partners within all districts of South Africa. The purpose of training productivity champions is to capacitate the organisation with productivity and competitiveness enhancement tools to help sustain work we have done after we leave the organisation and for the organisation to continue the continuous improvement journey aimed at sustainability and growth.

KEY ACHIEVEMENTS FOR 2020/21 FY

- ❑ The KZN Competitiveness Enhancement Programme (KCEP) aims to improve the productivity and competitiveness of exporters and prospective exporters thereby providing the foundation of operational efficiency, and company performance, contributing to export growth within KZN. Due to the success of the Programme, KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA) has further funded the programme for 2021/22 in partnership of Trade and Investment KZN. The programme has evolved to address the needs of companies during covid-19. A total of 75 interventions over a 12 month period.
- ❑ Funding by Provincial Economic Development Departments for interventions aimed at supporting companies going through economic distress. The Department of Economic Development and Tourism, Western Cape Government, funded the VUSELELA PROJECT which enabled Productivity SA's Region 2 to complete 6 extensive business turnaround projects during the financial year.
- ❑ Productivity SA continued to offer technical support in partnership with CCMA, the UIF and **the dtic** towards the single adjudication committee of the Temporary Employer / Employee Relief Scheme (TERS). 16 companies were recommended to participate in the scheme, saving **1733** jobs to the value of R40 668 286.77.
- ❑ The decision by the DEL/UIF to make it mandatory that companies applying for and qualifying for TERS should participate in the BT&R Programme will go a long way in creating an enabling environment for us to intervene and support the companies which are going through economic distress.

HIGHLIGHTS SPECIFIC TO BT&R PROGRAMME

- Lifting of the Turnaround Solutions (TAS) programme after a period of two-years suspension and the allocation of R104 571 000 to assist 174 companies facing distress and to save 8 700 jobs.
- The 2020/21 financial year was utilised to plan and put the necessary systems in place to ensure the success of the programme and intensified efforts to increase capacity and capability to ensure that the mandate was successfully executed.
- Rebranded the programme from Turnaround Solutions programme to the Business Turnaround and Recovery programme accompanied with a marketing campaign to promote the programme.
- Established a large drive around creating a pool of approved service providers database, whose capacity was built, and network leveraged to increase the reach of the programme and to support increased nurturing and implementation of deliverables.
- Focussed on initiating new and strengthening existing strategic partnerships in order to build a pipeline for the programme and to enable holistic support.

HIGHLIGHTS SPECIFIC TO BT&R PROGRAMME

- The Business Turnaround and Recovery Policy was developed which outlines the principles that guides the management and implementation of the programme and to ensure compliance during the programmes implementation.
- Reviewed the Standard Operating Plan and Process Flow to ensure consistent effective and efficient internal control during the implementation of the BT&R programme.
- The year ended with the development on an acceleration plan to address strategic partnership relations in the public and government sectors, building capacity and skills within the Business Turnaround and Recovery team as well as implementing an accelerated marketing campaign. It also identified internal risks and to turnaround the BT&R programme performance.

CHALLENGES AND AREAS OF NON-PERFORMANCE

- ❑ Underfunding - The current funding of **R59 million** and an organisational structure that has **79** filled posts out of **107** with a high vacancy rate (28 vacancies) particularly in the Strategic Business Units makes it difficult for Productivity SA to provide services and deliver on our mandate equitably in all the nine provinces and to meet the large demand for our Enterprise Development and Support Programmes.
- ❑ This in effect means that we are operating at **72%** capacity yet is expected to service the entire country with over 2,6 million SMEs, over 1.6 million of them operating in the informal economy.
- ❑ The impact of the COVID-19 pandemic has affected our operations at various levels, including limited access to clients for our Productivity Practitioners, and employees unable to access the premises resulting in remote work.
- ❑ The BT&R achievements were affected by the continued lockdown, entry barrier of minimum of 20 UIF contributors and potential clients not being in good standing with SARS and UIF due to recessionary economic conditions.
- ❑ The tight competition in the market with the widely available financial incentives made available during the pandemic.

BT&R ACCELERATION PLAN

External Levers

Unleashing and un-constraining of panel of experts

Establishment of Technical Steering Committee

Integrating BT&R within Master Plans starting with R-CTFL

Build healthy Competition with FDIs

Internal Levers

Accelerate the Marketing Campaign.

Upskilling of Practitioners

Establishment of Community of Practice

Thought leadership - Blogs, News articles, Case Studies

Digitization of the delivery model.

Introduce Work Integrated Learning

Introduce Suppliers Development Model

Strengthen Strategic Partnerships and Alliance model.



FINANCIAL INFORMATION FOR THE YEAR 2020/21

PFMA

50. Fiduciary duties of accounting authorities.—(1) The accounting authority for a public entity must—

- (a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;
- (b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity;

51. General responsibilities of accounting authorities.—(1) An accounting authority for a public entity must—

- (b) (ii) prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity

55. Annual report and financial statements.—(1) The accounting authority for a public entity must—

- (b) prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the Accounting Standards Board approves the application of generally recognised accounting practice for that public entity

KEY HIGHLIGHTS

- The entity obtained an Unmodified Audit Opinion for the financial year 2020/21
- The Total Revenue reflect a 24% increase year on year
- There was no irregular, fruitless and wasteful expenditure during the period under review
- The financial statements were prepared on a going concern basis and that was ratified by the Auditors
- As at 31 March 2021, the entity recorded an Accumulated Surplus of R11,384,530

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2020/21

Figures in Rand

Revenue

Revenue from exchange transactions

Rendering of services

Other income

Interest received

Total revenue from exchange transactions

Revenue from non-exchange transactions

Transfer revenue

Donations

Total revenue from non-exchange transactions

Total revenue

Expenditure

Employee related costs

Depreciation and amortisation

Lease rentals on operating lease

Travel and Accommodation

Other Operational Expenditure

Total expenditure

Surplus for the year

2021	2020	%Change
2,914,486	1,792,043	63%
25,669,528	8,173,678	214%
689,477	1,404,481	-51%
29,273,491	11,370,202	157%
79,871,418	76,550,997	4%
	450,000	-100%
79,871,418	77,000,997	4%
109,144,909	88,371,199	157%
(62,744,766)	(62,484,534)	0%
(1,852,664)	(913,272)	-103%
(963)	(36,558)	97%
(5,398,278)	(5,660,974)	5%
(14,074,081)	(18,440,167)	24%
(84,070,752)	(87,535,505)	4%
25,074,157	835,694	2900%



FOCUS INTO THE FUTURE (2022 – 2030) IN SUPPORT OF THE ERRP AND RE-IMAGINING INDUSTRIAL STRATEGY

INTEGRATED ENTERPRISE DEVELOPMENT AND SUPPORT ECOSYSTEM

- SEDA
- Provincial Departments
- Agencies (e.g. TIA, ECDC)
- Industry Bodies
- SETA's
- Chambers of Commerce

Business Support

Financial Support

- SEFA
- IDC
- Private Financial Institutions

- Enterprise & Supplier Development
- Clustering
- Productivity Champions - District Model

Productivity Implementation Models

Government Support

- National Depts
 - DTIC
 - DEL
 - Dept of Small

INTEGRATED ENTERPRISE DEVELOPMENT ECO SYSTEM

Enterprise competitiveness and sustainability - enhancing the appropriate capacities of SMMEs and Co-operatives (upscale efforts)

- District Development Model - Capacitate Productivity Champions

Scaling up efforts to **promote long term industrialisation and transformation. Creation of decent work** by improving the competitiveness and sustainability of enterprises. Prioritise to support meaningful BBBEE using **Special Economic Zones (SEZs), Industrial Parks and Black Industrialists interventions**

- Clustering – Regional
- District Development Model/ Clustering Model

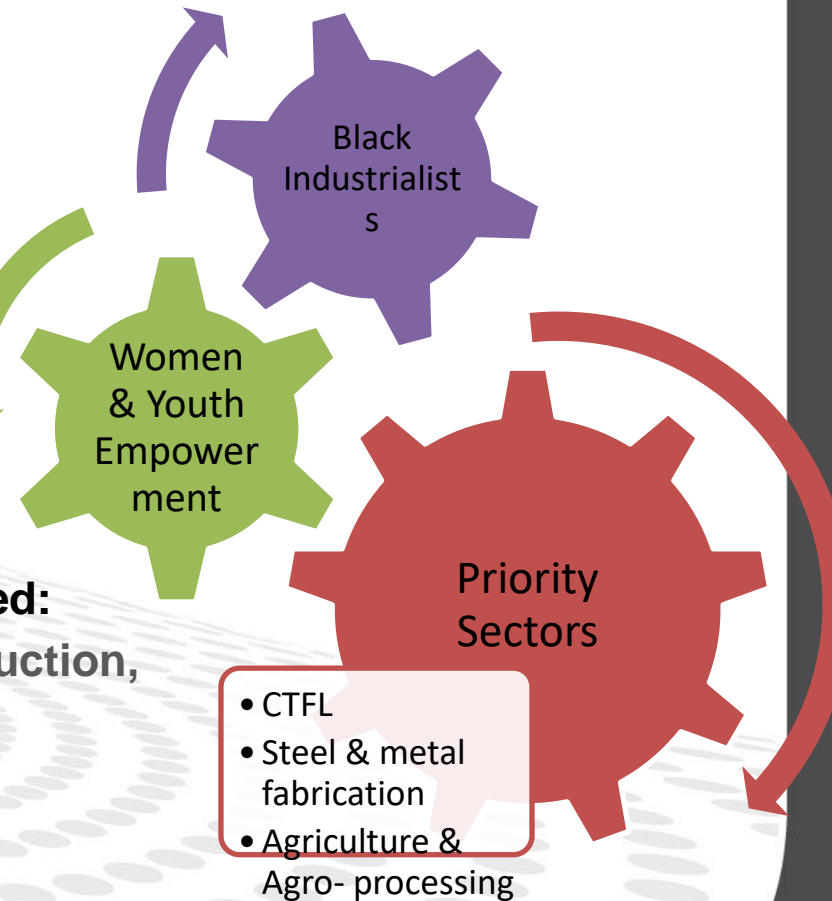
The SMMEs and Co-operatives, particularly in the productive sectors with strong growth and **employment multipliers** within the **priority sectors** are targeted.

- Sector Clusters – WPC/Export Programme

NATIONAL PRIORITY SECTORS

*RE-IMAGINING OUR INDUSTRIAL STRATEGY TO BOOST INCLUSION & PRIVATE INVESTMENT

- **Sector 1: Industrial Sector:**
 - Automotive,
 - Clothing Textile Leather and Footwear,
 - Gas Chemicals and Plastics,
 - Renewables/Green Economy,
 - Steel and Metal Fabrication
- **Sector 2: Agriculture and Agro-processing**
- **Sector 3: Mining: Minerals and Beneficiation**
- **Sector 4: Tourism**
- **Sector 5: High Tech Sectors/Knowledge based:**
 - Digital Economy, ICT and Software Production,
 - Health Economy, Defense Economy
- **Sector 6: Creative Sector**
- **Sector 7: Oceans Economy**



STRATEGIC PARTNERSHIPS

STRATEGIC PARTNER		VALUE-ADD
1. Government Departments in the Economic Cluster and their Agencies	• SEDA National	• Leverage on digital platforms to improve access and delivery mechanisms – contributed to 30% of total for 2020/21
	• DTIC	• Black Industrialist • BBBEE • Itukise
	• AIDC	• ESD Programmes • Africa Kaizen Initiative
	• PROUDLY SA	• Access to Proudly South Africa's membership base and increased number of potential clients
	• CCMA	• Increased number of potential clients through post-monitoring S189A applications.
	• MERSETA	• Collaboration with sectoral training authority to identify potential clients whom may benefit from services of Productivity SA
2. Development Funding Agencies	• SEFA	• Combined efforts to support SMMEs
	• NEF	• Support companies in distress.
	• IDC	• Support companies in distress.
	• LAND BANK	• Support organisations in distress, specific in agriculture sector. Reliable source of referrals
3. Business & Labour	• SASOL	• Incubation and Enterprise Development Programmes
	• NBC	• Enterprise Support Programmes
4. International Partners: ILO, JICA	• ILO	• Certification of SCORE Practitioners • Combined projects to roll-out score
	• JICA	• Kaizen Awards • Centre of Excellence • Certification of Kaizen Practitioners

RECOMMENDATIONS

1. Single source Funding Model

The Department should develop a Single Source Funding Model to ensure that the Mandate of Productivity SA is funded through section 12 of the Act read together with section 40 (a) of the Act.

2. An Integrated Enterprise Development and Support Ecosystem and Programmes (Joined-Up Government)

- Government as a funder of first resort for enterprises (by DFAs/DFIs like SEFA, IDC, NEF, etc.) and, that it be **MANDATORY** for the funding to be linked to productivity outcomes.
- ✓ Funding dispensed by DFI for SMMEs and start-ups should include pre-funding support towards a comprehensive suite of Enterprise Development and Support Programmes (provided collaboratively by Development Agencies - Productivity SA, SEDA, TIA, etc); and
- ✓ In the event that funded enterprises are facing distress and unable to repay the loans, Productivity SA should be the first port of call for the DFIs to assist funded SMMEs with business turnaround and recovery strategies to improve their operational efficiencies.

3. BT&R Governance

- ✓ Accelerate the establishment and operationalization of the Technical and Steering Committee in line with the Funding Agreement.
- ✓ Temporary relaxation of the entry requirements which requires distressed companies to be in good standing with UIF and SARS and allow opportunities for companies to be assisted with compliance while concurrently assisting them to save jobs.

RECOMMENDATIONS

4. Research, Innovation and Statistics:

Dept of Employment and Labour to

- emphasise IMD WCY alongside WEF GCR as competitiveness tool
- support Productivity SA in collection Hard data, Opinion survey and Publicity

South African Government to adopt the IMD WCY as

- country standard to monitor and evaluate its performance
- mechanism to measure and evaluate Productivity and Competitiveness
- policy tool to use in designing and managing National Policy objectives (e.g. United Arab Emirates, Singapore, etc.)

“There is no single recipe for competitiveness, one need to mind specific environment, value system and cultural heritage of country to define practical solutions”

A close-up photograph of several interlocking metal gears, likely from a mechanical watch or clock movement. The gears are made of polished metal and are shown in a way that highlights their intricate design and the precision of their craftsmanship. The lighting is dramatic, with strong highlights and deep shadows.

Thank You...