Budgetary Review and Recommendation Report of the Portfolio Committee on Trade and Industry, dated 19 November 2021

The Portfolio Committee on Trade and Industry, having assessed the service delivery performance of the Department of Trade, Industry and Competition (DTIC), against its mandate and allocated resources, namely the financial and non-financial resources for the period 1 April 2020 to 30 June 2021, reports as follows:

INTRODUCTION

This financial period had been marked by the beginning of the Coronavirus (COVID-19) pandemic with the President, Mr M.C. Ramaphosa, having declared a hard lockdown as of 26 March 2020 to contain the spread of the disease. The economic impact of the pandemic and the necessitated government response required government to implement additional support measures for affected businesses, labour and poorer households.

The government adopted a three-phased approach in its response to the pandemic, of which the first phase was to mitigate against the immediate impact of the lockdown by providing financial relief to workers through wage support via the Unemployment Insurance Fund, tax relief, release of disaster funding, emergency procurement, and funding support for small businesses, thereby preserving the economy. The second phase was aimed at stabilising the economy from the immediate effect of the pandemic with the announcement of a social and economic support package of R500 billion to mitigate against the economic impact. The third phase was the development and implementation of an economic strategy aimed at faster growth for the long term recovery of the economy post COVID-19.

This led to a special Adjustments Appropriation Bill being tabled in June 2020. The Bill sought to modify the 2020/21 budget to utilise current baseline allocations to provide for the rapidly changing economic conditions and enable spending on the COVID-19 response. Consequently, Annual Performance Plans (APPs) had been revised and tabled thereafter. The DTIC's budget had been reduced from R11,08 billion in February 2020 to R9,31 billion in June 2020. It was further adjusted downward in October 2020 to R9,2 billion. In addition, a number of the DTIC's key performance indicators had been revised and/or annual targets had been adjusted downward to accommodate the new environment given lockdown restrictions. Notwithstanding this, the DTIC had achieved most of its targets in spite of a depressed global economic environment and had achieved a clean audit outcome.

Mandate of the Committee

Section 5 of the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) requires the National Assembly, through its committees, to annually assess the performance of each national department over an 18-month period. A committee must submit a report of this assessment known as a Budgetary Review and Recommendation (BRR) Report. The overarching purpose of the BRR Report is for the committee to make recommendations on the forward use of resources to address the implementation of policy priorities and services, as the relevant department may require additional, reduced or re-configured resources to achieve these priorities and services. This Act gives effect to Parliament's constitutional power to amend the budget in line with the fiscal framework. The BRR Report process enables the Committee to exercise its legislative responsibility to ensure that the DTIC, as well as its entities, are adequately funded to fulfil their respective mandates.

Purpose of the BRR Report

The purpose of this report is to analyse the annual financial and non-financial performance of the DTIC for the 2020/21 financial year, and for the first quarter of the 2021/22 financial year for the DTIC, against predetermined objectives to inform recommendations for its forward-looking budget. This report assesses performance for the 2020/21 financial year, as well as the first three months of the 2021/22 financial year, namely from 1 April 2020 to 30 June 2021, within the context of the three-year Medium-Term Expenditure Framework.

Method

The Committee met with the Office of the Auditor-General (AG) on 9 November 2021 to discuss the audit outcomes for the 2020/21 financial year. This was followed by a briefing from the DTIC on its 2020/21 annual report and on its performance for the first quarter of the 2021/22 financial year.

Limitations of the report

The BRR Report is intended to cover an 18-month period including the previous financial year's annual report and the first six months (April to September) of the current financial year. Due to the timing of the BRR Report, second quarter financial and non-financial information were not available. The key challenge was that the DTIC and its entities were still in the process of compiling the preliminary performance information, which must be submitted to the Department of Planning, Monitoring and Evaluation and the National Treasury by the end of October. The verified information would only be available in January of the following year. Therefore, the report has only captured performance up to the first quarter of the 2021/22 financial year.

Outline of the contents of the report

This BRR Report consists of the introduction (Section 1) and four sections. Section 1 briefly provides an overview of the mandate of the Committee, the purpose of this report and the method followed in preparing this report, as well as the limitations of the report.

Section 2 provides a summary of the key financial and non-financial performance recommendations of the Committee as captured in its previous BRR Report. Section 3 sets out the key policy focus areas for the DTIC. This includes an overview of its strategic objectives and mandate. Section 4 provides an assessment of the DTIC's financial and non-financial performance against its budget allocation from 1 April 2020 to 31 March 2021, as well as its audit findings and human resource management, for the period ending 31 March 2021.

Section 5 considers the financial and non-financial performance of the DTIC for the period ending 30 June 2021. Then, section 6 outlines key issues raised by the Committee during its deliberations with the Department.

Section 7 provides the Committee's concluding remarks followed by a note of appreciation in Section 8. Section 9 then concludes with the Committee's recommendation for the National Assembly's consideration and approval.

SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

2020 BRR Report recommendations

"Informed by its deliberations, the Committee recommends that the House requests that the Minister of Trade and Industry should consider:

2.1.1 Engaging the relevant Ministers to ensure compliance and adherence with localisation, beneficiation and local content prescripts across government in line with the Economic Reconstruction and Recovery Plan of government.
2.1.2 Fast-tracking the tabling of legislation.
2.1.3 Expediting the necessary legislative changes to the Broad-based Black Economic Empowerment Act that would enable the listing of the Broad-based Black Economic Empowerment Commission as an independent entity."[1]

3 OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

[1] Portfolio Committee on Trade and Industry (2020: 84-85)

3.1 Strategic objectives

As of 1 April 2020, the new DTIC had been established, amalgamating the mandates, legislation, financial resources, human resources, and entities of the former Departments of Trade and Industry and of Economic Development. The newly established DTIC's mission is to:

- "Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the DTIC to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;
- Co-ordinate the contributions of government departments, state entities and civil society to effect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate."[2]

The DTIC is responsible for administering 55 pieces of legislation; and overseeing 17 entities (excluding the Broad-Based Black Economic Empowerment (B-BBEE) Commission, which is a trading entity within the administration of the DTIC) that contribute towards fulfilling its mandate. In addition to overseeing the DTIC, the Committee oversees these entities, as a number of its strategic objectives are implemented by them.

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
• Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation	• Company and Intellectual Property Commission • Companies Tribunal • Competition Commission • Competition Tribunal • International Trade Administration Commission of South Africa • National Consumer Commission • National Credit Regulator • National Consumer Tribunal • National Gambling Board of South Africa • National Lotteries Commission	• National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

4 OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021

This section provides a comparison between what the DTIC targeted in its APP against its performance set out in the Annual Report for the 2020/21 financial year. It then provides an overview of the Auditor-General's (AG) audit outcomes and human resources as at 31 March 2021.

4.1 Non-financial performance[3]

For the financial year under review, the DTIC had 38 performance targets. It had achieved 36 targets or 94,7 per cent of their targets with 97,5 per cent (R9,04 billion) of the budget having been spent for the

[2] DTIC (2020a: 20)

[3] DTIC (2020b and 2021b)

financial year. In this regard, only the Administration, and the Export Development, Promotion and Outward Investments Programmes had not achieved one target each. The table below provides a summary of the performance of the DTIC for the 2020/21 financial year.

Table 1: Summary of 2020/21 Performance Indicators per Programme

Programme		Performance targets	Achieved
1	Administration	8	7 (87,5%)
2	Trade Policy, Negotiations, and Cooperation	6	6 (100%)
3	Spatial Industrial Development and Economic Transformation	3	3 (100%)
4	Industrial Competitiveness and Growth	4	4 (100%)
5	Consumer and Corporate Regulation	1	1 (100%)
6	Industrial Financing	3	3 (100%)
7	Export Development, Promotion and Outward Investments	5	4 (80%)
8	Inward Investment Attraction, Facilitation, and Aftercare	3	3 (100%)
9	Competition Policy and Economic Planning	3	3 (100%)
10	Economic Research and Coordination	2	2 (100%
	Total all Programmes 2020/21	**38**	**36 (94,7%)**

Source: DTIC (2021b)

Programme 1: Administration
The Administration Programme is responsible for providing strategic support and management to the DTIC and its entities. It had eight targets; and seven had been fully achieved. The target that had not been achieved related to the implementation of phase 2 of the National Macro Organisation of Government. The DTIC had deviated from the planned milestone set out in the APP, as the Executive Board decided to take a different approach to the project.

Some of the highlighted achievements were:

- The implementation of transformation objectives through Employment Equity and Black Economic Empowerment by achieving 3,9 per cent of employees being people with disabilities and 53% of senior management posts being filled by women against targets of 3,5 per cent and 50 per cent respectively;
- The appointment of 54 interns as per the target;
- The payment of all creditors within 30 days; and
- The implementation of 100 per cent of the planned COVID-19 actions; and the production of monthly reports on COVID-19.

Programme 2: Trade Policy, Negotiations, and Cooperation
The purpose of the programme is to facilitate the building of an equitable global trading system by strengthening trading and investment relations with key markets. The sub-programmes are International Trade Development, and African Multilateral Economic Development.

In Programme 2, there had been six targets related to status or progress reports prepared. These were for:

- The Tripartite Free Trade Area;
- Tariff and trade-related matters on the African Continental Free Trade Agreement (AfCFTA);
- The implementation of the Southern African Development Community (SADC)-European Union Economic Partnership Agreement (EPA);
- The implementation of the SADC-Mozambique EPA with the United Kingdom;
- The implementation of the African Growth and Opportunity Act; and

- The engagement at the World Trade Organisation, G20, and Brazil, Russia, India, China, and South Africa (BRICS) forum.

Programme 3: Spatial Industrial Development and Economic Transformation
The purpose of the programme is to promote inclusive economic transformation and to industrialise the economy through developing and funding Special Economic Zones (SEZs) and Black Industrialists. The sub-programmes are Enterprise Competitiveness, Equity and Empowerment, and Regional Industrial Development.

Under this programme, there had been three targets set. The following reports had been produced in this regard: (i) two reports on integrated SEZs; (ii) two reports on Industrial Parks; and (iii) two reports on the implementation of economic transformation.

Programme 4: Industrial Competitiveness and Growth
The programme is responsible for the design and implementation of policies, strategies, and programmes to develop the manufacturing and related sectors of the economy to contribute to the creation of decent jobs, add value to manufactured products, and enhance competitiveness in the domestic and export markets.

In Programme 4, there had been four targets set and achieved. These were:

- Three Master Plans for Sugar, Furniture, and Steel and Metal Fabrication;
- Four implementation reports on the Master Plans;
- Four quarterly reports on measures to increase localisation of Personal Protective Equipment (PPE); and
- Three designation requests prepared for light motor vehicles, poultry, and cement.

Programme 5: Consumer and Corporate Regulation
The Consumer and Corporate Regulation Programme is aimed at developing and implementing coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens". It has three sub-programmes, namely Policy and Legislative Development, Enforcement and Compliance, and Regulatory Services.

Under this programme, there had been one target, namely four progress reports on the review of the Liquor Amendment Bill, Gambling Amendment Bill, and Companies Amendment Bill. These had all been produced.

Programme 6: Industrial Financing
The Industrial Financing Programme is responsible for improving the administration of the Department's incentives through designing and implementing incentives and programmes that support investment, competitiveness, employment creation, and equity. Broadening Participation and Industrial Innovation Incentives, Manufacturing Incentives, Services Investment Incentives, Infrastructure Investment Support, Product and Systems Development, Strategic Partnership and Customer Care are its sub-programmes.

Under this programme, there had been three targets. These had been achieved as follows:

- R17,9 billion had been leveraged against a target of R5 billion as a result of large investments under the Business Process Services and Automotive Investment Scheme (AIS) incentives;
- An Economic Recovery Programme had been developed, which included the Interest Mark-Up Scheme and Economic Distress Fund; and
- A report on developing integrated assessment systems between the DTIC and the Development Finance Institutions (DFIs) to reduce overhead costs and improve effectiveness had been produced.

Programme 7: Export Development, Promotion and Outward Investments
The programme is aimed at promoting South African exports in high growth markets; identifying new markets for South African manufactured products; and enhancing the ongoing promotion of exports. The

sub-programmes are Trade Investment Africa, Export Promotion and Marketing, Trade and Investment Services Management Unit, and Export Development and Support (EDS).

Under this programme, there had been five targets set. Four of which had been achieved. The target of supporting 25 companies under the Export Marketing and Investment Assistance programme had not been achieved, as no companies had been assisted because of the lockdown restrictions on physical exhibitions. The programme's achievements were as follows:

- A total of 491 companies had been assisted in the EDS sub-programme including Women, Youth, and People with Disabilities against a target of 100;
- 168 non-tariff barriers had been processed through the Export Barriers Monitoring Mechanism to facilitate exports to African countries;
- Seven new applications to support evidence-based export promotion activities had been developed or improved on the Export Data Assistant platform against a target of three applications; and
- Three research reports had been produced.

Programme 8: Inward Investment Attraction, Facilitation, and Aftercare
The purpose of the programme is to "support foreign direct investment flows and domestic investment by providing a one-stop-shop for investment promotion, investor facilitation and aftercare support for investors"[4]. The sub-programmes are Investment Promotion, Investment and Interdepartmental Clearing House, and Investor Support and Aftercare.

In this programme, there had been three targets. These had been achieved as follows:

- Approximately R67,8 billion in investment had been facilitated against a target of R40 billion;
- A total of 139 regulatory matters had been unblocked for companies against a target of 24 matters; and
- Four statistical reports on the registration of companies within one day had been produced.

Programme 9: Competition Policy and Economic Planning
The programme focuses on developing and implementing policy interventions that promote competition. Key areas addressed under this programme include market inquiries, mergers and acquisitions, and investigations regarding the prohibition of abuse of dominance on cases that are of public interest. The sub-programmes are Economic Planning and Advisory, Implementation and Coordination, Investment and Development, and Competition Oversight.

In this programme, there had been three targets, all of which had been achieved or exceeded. The following reports had been produced in this regard:

- Eight reports on policy and statutory initiatives to support the Ministry;
- Four analysis reports on public interest matters; and
- Six reports against a target of four on coordinated actions in implementing competition policy, recommendations, and orders.

Programme 10: Economic Research and Coordination
The purpose of the programme is to "develop and roll out legislative processes to facilitate an inclusive economy through interventions to increase competitiveness in the economy"[5]. The sub-programmes for this programme are Economic Research and Policy Coordination, Macroeconomic Policy, Microeconomic Policy, Growth Path and Creation of Decent Work, and Productivity, Entrepreneurship and Innovation.

This programme had two targets. It had produced six reports related to the improvement of the economic reconstruction and recovery programmes; and nine analytical reports to support the work of the DTIC's other programmes.

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[4] DTIC (2020b: 83)

[5] DTIC (2020b: 95)

4.2 Financial performance

The DTIC's initial budget for the 2020/21 financial year had been R11,0 billion. However, its budget had been adjusted downwards by R1,8 billion to R9,2 billion due to the fiscal constraints as a result of the COVID-19 pandemic. These adjustments also affected transfers to some of the DTIC's entities (detailed transfers to entities discussed below).

With the adjustments made, the DTIC's final budget had been R9,2 billion of which R9,0 billion (97,5 per cent) had been spent during the financial year. Detailed expenditure for each of the programmes is depicted below in table 2.

Table 2: Expenditure by Programme

Programmes (R'000)	Appropriation	Adjusted Appropriation	Actual Expenditure	Variance
Administration	873 590	820 518	814 096	0,8%
Trade Policy, Negotiations and Cooperation	133 969	109 400	103 159	5,7%
Spatial Industrial Development and Economic Transformation	171 899	110 551	105 388	4,7%
Industrial Competitiveness and Growth	1 992 120	1 642 529	1 626 286	0,9%
Consumer and Corporate Regulation	342 327	292 289	288 484	1,3%
Industrial Financing	6 059 122	5 012 427	4 921 274	1,8%
Export Development, Promotion and Outward Investments	456 675	400 457	377 812	5,7%
Inward Investment Attraction, Facilitation, and Aftercare	58 299	58 921	56 735	3,7%
Competition Policy and Economic Planning	908 413	775 430	713 548	8,0%
Economic Research and Coordination	85 724	50 750	32 932	35,1%
Total	**11 082 138**	**9 273 272**	**9 039 714**	**2,5%**

Source: DTIC (2021b: 127)

The programmes that had significant underspending were the Industrial Financing Programme with R91,2 million underspending, the Competition Policy and Economic Planning Programme with R61,9 million, and R22,6 million in the Export Development, Promotion and Outward Investments Programme. However, in the case of the Industrial Financing Programme, this was only 1,8 per cent of its budget, which was permissible. Furthermore, the Economic Research and Coordination Programme had an underspending of 35,1 per cent of its budget allocation.

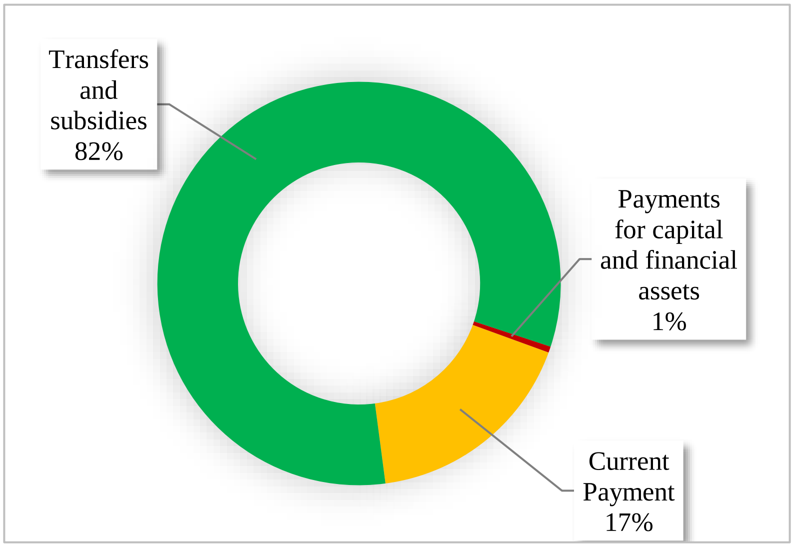
The Competition Policy and Economic Planning Programme had attributed its underspending to vacant positions and lack of payment to the Tirisano Construction Fund, as some construction companies had been unable to make their annual financial contributions. The Export Development, Promotion and Outward Investments Programme noted that its underspending related to vacant positions and outstanding foreign vouchers for officials based abroad, as well as underspending on goods and services as trade export missions and pavilions, international events and other events had been postponed or suspended due to the COVID-19 pandemic. The Economic Research and Coordination Programme had indicated that its underspending had related to vacant positions and delays in completing research studies due to the nationwide lockdown.[6]

4.2.1 Expenditure by economic classification

[6] DTIC (2021: 175)

In terms of the economic classification, the DTIC's expenditure had been comprised of mainly transfers and subsidies, current payments (operational expenses), and payments of capital and financial assets respectively. These are depicted in the figure below.

Figure 2: Expenditure by Economic Classification



Source: Parliament DTIC (2021), Research Unit Graph

Detailed in the table below is expenditure against the budget by economic classification. The compensation of employees had been 66 per cent of current payments and there had been significant underspending of R75,1 million because of vacant positions that could not be filled mainly due to the impact of the COVID-19 pandemic.

In terms of transfers and subsidies, underspending had been on transfers to private enterprises and public corporations respectively. This underspending had been a result of lower than budgeted disbursement to the Tirisano Construction Fund and outstanding compliance documents for incentive payments.

Table 3: Expenditure by Economic Classification

Description (R'000)	Final Appropriation	Actual Expenditure	% Expenditure	Variance
Current Payments	**1 653 182**	**1 568 865**	**94,9%**	**84 317**
Compensation of Employees	1 093 049	1 017 876	93,1%	75 173
Other	560 133	550 989	98,4%	9 144
Transfers and subsidies	**7 575 598**	**7 427 227**	**98,0%**	**148 371**
Transfers to entities	1 042 957	1 042 957	100,0%	0
Public corporations	4 413 676	4 355 455	98,7%	58 221
Private enterprises	1 942 210	1 859 669	95,8%	82 541
Non-profit institutions	140 882	134 347	95,4%	6 535
Households	4 082	4 066	99,6%	16
Foreign governments and international organisations	31 791	30 733	96,7%	1 058
Payments for capital assets	**43 561**	**42 693**	**98,0%**	**868**
Machinery and equipment	43 092	42 693	99,1%	399
Software and other intangible assets	469	0	0,0%	469
Payments for Financial assets	**931**	**929**	**99,8%**	**2**
Total	**9 273 272**	**9 039 714**	**97,5%**	**233 558**

Source: DTIC (2021b: 128-129)

4.2.2 Transfers to Entities

The DTIC has 17 entities as shown in table 4 below. Four of the entities are self-funded. As is evident from the table below, however, most of the entities rely heavily on the transfers from the DTIC, in particular the International Trade Administration Commission of South Africa (ITAC), the National Consumer Commission, the National Metrology Institute of South Africa, the Companies Tribunal, the Competition Commission (CC), the National Consumer Tribunal, the Competition Tribunal, and the National Credit Regulator whose transfers from the DTIC range between 50 and 98 per cent of their budgets.

Table 4: Transfers to Entities

Entity	Budgeted Transfer	Actual Transfer	Total Budget	Transfer as a share of the entity's income
Companies Tribunal (CT)	20 752	20 752	22 974	90,3%
Company and Intellectual Property Commission (CIPC)	**Self-Funded**			
Competition Commission (CC)	331 559	302 586	341 425	88,6%
Competition Tribunal	33 176	32 342	43 037	75,1%
Export Credit Insurance Corporation of South Africa (ECIC)	162 712	162 712	1 597 952	10,2%
Industrial Development Corporation (IDC)	**Self-Funded**			
International Trade and Administration Commission (ITAC)	112 384	95 998	97 958	98,0%
National Consumer Commission (NCC)	61 270	51 530	64 351	80,1%
National Consumer Tribunal (NCT)	51 892	47 492	60 594	78,4%
National Credit Regulator (NCR)	72 981	71 272	137 798	51,7%
National Empowerment Fund (NEF)	**Self-Funded**			
National Gambling Board (NGB)	35 051	31 027	183 060	16,9%
National Lotteries Commission (NLC)	**Self-Funded**			
National Metrology Institute of South Africa (NMISA)	223 291	223 291	247 022	90,4%
National Regulator for Compulsory Specifications (NRCS)[7]	126 126	126 126	527 397	23,9%
South African Bureau of Standards (SABS)	270 421	270 421	701 585	38,5%
South African National Accreditation System (SANAS)	29 032	28 748	91 872	31,3%

Source: DTIC (2021b: 211-212) and individual entities' 2020/21 Annual Reports

4.3 Audit outcomes

The AG annually conducts an audit assessment on the reporting of the DTIC's financial statements and its non-financial performance. In terms of its non-financial performance reporting, Programme 6, Industrial Financing, had been assessed to determine whether the reported performance information was useful and reliable. The outcome of this assessment had been that the AG "did not identify any material findings on the usefulness and reliability of the selected programmes"[8].

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[7] The National Regulator for Compulsory Specifications' annual budget was based on its 2020/21 Annual Performance Plan, as its annual report had not been tabled at the time of publication.

[8] DTIC (2021: 123)

In terms of the DTIC's financial reporting, the AG noted that the DTIC had obtained a clean audit report. No irregular or fruitless and wasteful expenditure had been incurred during the financial year.

4.4 Human resources

The DTIC's permanent employee headcount at 31 March 2021 had been 1 228, against a structure of 1 349 approved positions[9]. A total of 95 employees had left the employ of the DTIC (mainly through expiry of contracts (46 per cent) or resignations (34 per cent)) while 91 employees joined through either appointment or transfer from another department during the financial year[10]. This means that 121 positions were vacant, translating to a vacancy rate of 9 per cent. Most of the vacant posts were under the Administration Programme (43 posts), followed by the Export Development, Promotion and Outward Investments Programme. Twenty-eight of these vacancies were at senior management level (23,1 per cent of all vacancies).[11] Furthermore, 54 interns were appointed during the financial year.

Personnel costs for the year amounted to R1,02 billion (11,2 per cent of the budget) and R37,2 million had been spent on professional and special services. An amount of R1,6 million had been spent on the training of staff.[12]

The employee race profile for the year was 83,3 per cent black, 5,3 per cent coloured, 4,9 per cent Indian, and 6,5 per cent white. Female representation was at 59,9 per cent. Female representation at top management was 43,8 per cent, 53 per cent in senior management, 52,4 per cent at the professional and specialists level, and 73,5 per cent at the skilled and technical levels. The representation of people with disabilities was 3,9 per cent of the total headcount.[13]

Table 5: Employment equity breakdown as at 31 March 2021

Racial Breakdown	Male	Female	Total
African	434	641	**1 075**
Coloured	35	33	**68**
Indian	20	43	**63**
White	28	56	**84**
Total	**517**	**773**	**1 290**

Source: DTIC (2021b: 108)

There had been 34 disciplinary actions taken during the 2020/21 financial year. The majority of cases had been related to timeous non-disclosure of financial interests (nine cases). There had also been four cases of alleged fraud, and three cases of dereliction of duties or alleged fraud, amongst others. The outcomes of the disciplinary actions had been six verbal warnings, six written warnings and six final written warnings. One employee had been dismissed and another had been suspended without pay. Furthermore, in 12 disciplinary cases, eight cases had been withdrawn and four disciplinary cases had still been pending. There had also been 37 grievances lodged, of which 29 had been resolved.[14]

5 OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL TO 30 JUNE 2021

This section provides a comparison between what the DTIC targeted in its APP against its performance set out in its first quarter report for the 2021/22 financial year.

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[9] DTIC (2021: 98)

[10] DTIC (2021b: 105-106)

[11] DTIC (2021b: 101-102)

[12] DTIC (2021b: 99)

[13] DTIC (2021b: 108)

[14] DTIC (2021b: 115-116)

5.1 Non-financial performance[15]

For the first quarter, the DTIC had a total of 30 targets. Of the 30 targets, two targets had not been achieved. This means that 93,3 per cent of the targets had been achieved. The actual non-financial performance for the first quarter against quarterly targets, as set out in the APP, is detailed below.

Programme 1: Administration

Programme 1 had five planned targets; of which four had been fully achieved. The unachieved target related to the implementation of the Capacity Building Plan. The purpose of the Plan is to ensure that the DTIC's substructure is fit for purpose and that there is culture change as well as upskilling and reskilling. At the end of June 2021, only 3,8 per cent of the Plan had been implemented against a target of 12 per cent.

Programme 2: Trade Policy, Negotiations, and Cooperation

In Programme 2, there had been three targets planned for the first quarter, which had all been achieved. These were for reports to be produced in relation to:

- Interceptions and other actions taken jointly with the South African Revenue Service and the ITAC to reduce illegal imports;
- African Union Members and Customs Union's readiness to operationalise or implement tariff preference/tariff reductions; and
- Progress in senior trade officials and ministerial meetings at the Southern African Customs Union on AfCFTA matters.

Programme 3: Spatial Industrial Development and Economic Transformation

Programme 3 had three targets planned for the first quarter, which had all been achieved or exceeded. These were for reports to be produced in relation to:

- Progress on the SEZs;
- Implementation of the revitalisation of Industrial Parks Programme; and
- Progress on Industrial Parks and Digital Hubs.

Programme 4: Industrial Competitiveness and Growth

In Programme 4, there had been two targets set; all of which had been achieved. These targets related to:

- The establishment of a Task Team with National Treasury and a system to monitor adherence to localisation regulations, particularly existing designations, agreed upon; and
- A report on the engagement with National Treasury on their road-map to finalise the Procurement Bill and identify areas of support required from the DTIC.

Programme 5: Consumer and Corporate Regulation

Under this programme, there had been two planned targets; all of which had been achieved. The targets related to the following reports being produced:

- Progress on the development of the Companies Amendment Bill; and
- Progress on the review of the Liquor Amendment Bill.

Programme 6: Industrial Financing

In Programme 6, there had been three planned targets; all of which had been achieved. These were as follows:

- R7,2 billion in projected investments had been leveraged from approved projects/enterprises against a target of R1 billion.
- Two incentive programmes namely the AIS and the Critical Infrastructure Programme have been assessed and amended to extract greater development impact.
- A call for investment in local film and documentary productions of South African stories had been published and adjudicated on.

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[15] DTIC (2021a, 2021c and 2021d)

Programme 7: Export Development, Promotion and Outward Investments
Under this programme, there had been no targets set for the first quarter of the 2020/21 financial year.

Programme 8: Inward Investment Attraction, Facilitation, and Aftercare
In this programme, there had been six planned targets, of which all had been achieved. These were as follows:

- R17,6 billion worth of investment projects had been facilitated in pipelines against a target of R5 billion.
- Eight investor issues had been unblocked or fast-tracked against a target of six investor issues.
- One statistical report on company registration within one day had been produced.
- Thirteen inter-governmental and stakeholder meetings had been conducted to contribute to the overall Ease of Doing Business in South Africa against a target of five engagements.
- In terms of the development and maintenance of the Ease of Doing Business website, the project conceptualization, design, and structure management had been completed as planned. The website had been launched on 8 July 2021.
- An implementation progress report had been produced in relation to pledges made by investors at previous annual investment conferences.

Programme 9: Competition Policy and Economic Planning
In this programme, there had been three planned targets, all of which had been achieved. The targets were for the following:

- One set of action minutes on monitoring of mergers for the first quarter of the 2021/22 financial year;
- One report on the impact of the implementation of public interest conditions, from merger orders wherein the Minister of Trade, Industry and Competition participated in the merger or reached an agreement with merging parties, for the period ending 30 June 2021; and
- Two reports on the implementation of changes to competition legislation and oversight activities against a target of one. The two reports covered (i) an analysis of the 4th Quarterly Reports of the CC and the Competition Tribunal; and the quarterly Competition Oversight meeting between the DTIC and the Competition Authorities; and (ii) the tabling of the CC's Impact Assessment on its COVID-19 Response.

Programme 10: Economic Research and Coordination
In this programme, there had been three planned targets; of which one had not been achieved. The two targets that had been achieved related to:

- The drafting of two briefs. One was a research brief on selected administered and manufacturing input prices and the other was a policy brief on the Plastic Products Manufacturing Industry.
- A factsheet on the localisation of Soybeans had been drafted.

The target that had not been met was for a report analysing the impact of the DTIC and entity programmes on employment, economic growth, trade, and investment to be published. This report was expected to be completed in the second quarter.

5.2 Financial performance[16]
The DTIC budget for the 2021/22 financial year was R9,7 billion. Of that budget, approximately R3,4 billion has been set aside for expenditure in the first quarter of the financial year. However, actual expenditure was 14,4 per cent lower than budgeted at R2,9 billion.

The main contributor to underspending was the Industrial Financing Programme with R403,8 million underspent or 82,5 per cent of total underspending for the quarter. The Administration Programme also had significant underspending amounting to R54,4 million for the quarter.

According to the DTIC, the underspending was a result of the continued impact of the COVID-19 pandemic on the economy[17]. Several activities related to trade, export missions, and pavilions continue to

[16] Ibid

be affected. In addition, disbursements on incentives have been less than projected because some companies have delayed investment milestones that would have earned them the inventive. This showed a protracted impact of the COVID-19 pandemic on the South African economy in the first quarter of the 2021/22 financial year. The table below details expenditure by programme.

Table 5: First Quarter Expenditure by Programme

Programme (R'000)	Budget 2021/22	Year-to-date (YTD)			% Budget Available
		Projected Expenditure	Actual Expenditure	% Variance from projected Expenditure	
Administration	857 651	197 372	142 954	27,6%	83,3%
Trade Policy, Negotiations and Cooperation	233 066	130 664	127 794	2,2%	45,2%
Spatial Industrial Development and Economic Transformation	183 352	32 894	29 150	11,4%	84,1%
Industrial Competitive and Growth	1 759 013	1 043 901	1 040 086	0,4%	40,9%
Consumer and Corporate Regulation Division	333 282	162 498	164 778	-1,4%	50,6%
Industrial Financing	4 871 050	1 023 725	619 893	39,4%	87,3%
Export Development, Promotion and Outward Investments	443 877	260 962	253 676	2,8%	42,8%
Inward Investment Attraction, Facilitation and After-care	70 161	11 679	12 002	-2,8%	82,9%
Competition Policy and Economic Planning	906 262	523 562	508 430	2,9%	43,9%
Economic Research and Coordination	78 859	9 685	8 913	8,0%	88,7%
Total	**9 736 573**	**3 396 942**	**2 907 676**	**14,4%**	**70,1%**

Source: DTIC (2021d)

5.2.1 Expenditure by economic classification

In terms of the economic classification, as alluded to in the programme analysis above, there has been significant underspending in transfers and subsidies (R416,8 million) and the procurement of goods and services (R75,9 million). The financial performance by economic classification is depicted in the table below.

Table 6: First Quarter Expenditure by Economic Classification

Description (R'000)	Budget	YTD	% Budget

[17] DTIC (2021d)

	2021/22	Projected Expenditure	Actual Expenditure	% Variance from Projected Expenditure	Available
Current payments	**1 875 388**	**406 645**	**334 995**	**17,6%**	**82,1%**
Compensation of employees	1 046 619	247 200	251 459	-1,7%	76,0%
Goods and services	828 769	159 445	83 536	47,6%	89,9%
Transfers and subsidies	**7 824 831**	**2 989 210**	**2 572 359**	**13,9%**	**67,1%**
Payments for capital assets	**36 354**	**1 087**	**314**	**71,1%**	**99,1%**
Payments for financial assets	**-**	**-**	**7**	**0,0%**	**0,0%**
Total	**9 736 573**	**3 396 942**	**2 907 676**	**14,4%**	**70,1%**

Source: DTIC (2021d)

6 ISSUES RAISED DURING THE DELIBERATIONS

The following concerns were raised in relation to the performance of the DTIC during the Committee's deliberations:

6.1 ***Status of the implementation of the South African Sugarcane Value Chain Master Plan:*** The recent signing of the Master Plan ushered in an era of cooperation among all stakeholders with the purpose of fundamentally transforming the industry. Immediately it sought to address the challenges associated with jobs in the industry, and the protection of businesses and rural livelihoods, as well as the need to diversify manufactured products within the sugar industry. In light of the above, the Committee enquired what the status of the implementation of the Master Plan was and how the DTIC was assisting with this process. The Minister informed the Committee that for the period under review, the DTIC had worked with the large procurers of sugar to ensure that the majority of their sugar purchases was bought from South African sugar producers. This approach elicited a positive response from key beverage and food producers, as well as retailers, and a significant quantity of sugar produced in South Africa has been utilised within the food value chain and sold in the retail sector. Furthermore, the Minister indicated that the DTIC had been promoting the greater inclusion of small-scale sugarcane growers into the value chain. He noted the contribution of the South African Farmers' Development Association and others in this regard. This work had led to the publication of amendments to the regulations governing the South African sugar industry in June 2020.

To ensure the sustainability of the sugar industry, the Minister informed the Committee that the DTIC was supporting the development of alternative product value chains. In this regard, it had been working with the Department of Mineral Resources and Energy to develop policies around bio-fuels, as sugar crops, such as sugarcane, sugar beet and sweet sorghum, could be used as feedstock for conventional biofuels through a blended system in South Africa's fuel value chain. As part of the implementation of the Sugarcane Master Plan, the DTIC also focused on providing support for small-scale cane growers at the industry level and secured, as a result of a competition settlement, that a large procurer of sugar would target their procurement to purchase sugar produced from sugarcane grown by small-scale cane growers in KwaZulu-Natal and Mpumalanga.

6.2 ***The impact of the Rural, Township and Community Development Fund on rural communities:*** The aim of this Fund is to provide financial support for rural entrepreneurs, to assist with skills development and transfer, and to facilitate community involvement through a social compact to promote and facilitate rural development. Notwithstanding the Fund's objectives, the Committee was of the view that the DFIs had not been visible in rural communities and enquired whether the IDC and the NEF had been able to assist development in rural provinces. The Minister acknowledged that, in the area of rural development, the DTIC could do more. He informed the Committee that he had requested the DTIC and its entities, such as the DFIs, to orientate their work towards the District Development Model as this would ensure that the DTIC would be in a better position to determine where resources are being channelled and to assess the impact thereof. He also recognised that because of a large rural population, with deep levels of poverty, it would be important for the DTIC to focus on rural economic development.

6.3 ***Financial assistance for SEZs and Industrial Parks:*** The Committee welcomed the support for SEZs in Mpumalanga. However, the Committee raised concerns around the Industrial Park in Kabokweni, Mpumalanga. The Committee enquired whether any assistance had been provided or would be considered with respect to this industrial park. The Minister welcomed the comment on SEZs; however, he was of the view that previously growth in the SEZs had not translated into significant investment. Therefore, the DTIC going forward would require a much stronger and better business case before new SEZs would be launched. With regard to the Industrial Parks, the Minister acknowledged that the management and funding thereof remained a significant concern, however, he emphasised that Industrial Parks were managed at a provincial level. While the DTIC would be responsible to provide the necessary industrial infrastructure. The Minister also expressed a concern that this potential resource had not been well maintained, with security challenges evident, and lack of proper maintenance of the industrial infrastructure. He was of the view, that, notwithstanding that the operation of Industrial Parks is a provincial competency, it would be essential for the DTIC to address the weak performances of industrial parks with the relevant provincial governments.

In terms of the Kabokweni Industrial Park, the DTIC responded that it was among the Industrial Parks that had been identified for revitalisation. An application was being prepared by the Mpumalanga Economic Growth Agency with the assistance of the Development Bank of Southern Africa and was expected to be submitted to the Critical Infrastructure Programme of the DTIC for consideration for funding.

To date, the Industrial Parks Revitalisation Program had approved the first phase of revitalisation for 13 Industrial Parks. These industrial parks were based in townships across South Africa. The revitalisation process was designed to attract foreign direct investments, create decent jobs, and develop and improve existing infrastructure investment in these industrial parks.

6.4 ***Impact of the COVID-19 pandemic on the economy:*** With the onset of the pandemic, government's response was to manage the disease, protect the population and reduce the impact of the virus on society and on the economy. A number of policy measures had been implemented to support of the objectives of government, which included, among others, the ban or restrictions on the sale of alcohol and tobacco. However, a view had been expressed that many of the challenges facing South Africa as it recovers from the pandemic were self-inflicted and unnecessary and that the COVID-19 pandemic should not be blamed for the current economic challenges facing the country. In light of the view expressed, the Minister responded that it would be remiss for any South African not to acknowledge the devastating impact the COVID-19 pandemic had on the global economy and that its impact would still be significantly felt in the short and medium term, as the world recovers from it. Governments around the world faced significant challenges, such as protests and legal challenges, with regard to measures implemented to mitigate the impact of the pandemic on a socio-economic level. He further stated that it would be ignorant to pretend that the COVID-19 pandemic was not a reality. In his recent engagements he had with other Ministers of Trade or Ministers responsible for investment, they expressed how the pandemic had impacted negatively on their economies and shaped their respective economies, but that it had also created significant opportunities. Supply chain challenges globally resulted in a significant slowdown in production in many sectors of the major economies, and this slowdown also negatively affected developing economies. He informed the Committee that while COVID-19 presented significant economic challenges, it also presented opportunities for innovation. In this regard, South Africa produced R28 billion worth of products in its efforts to combat the pandemic. Before the onset of the pandemic, South Africa did not have the capability to produce vaccines but now Aspen in the Eastern Cape had produced 100 million vaccines. This, according to the Minister, represents innovation and the spirit of South Africans.

6.5 ***Economic Distress Fund:*** As a result of the impact of the COVID-19 lockdown restrictions on businesses, government had created the Economic Distress Fund to assist companies that had been unable to operate or had limited operations. The Committee enquired how many companies had been supported through the Economic Distress Fund and how much of the approved funding had been disbursed. The DTIC reported that the NEF had approved R360 million, of which R309 million had been disbursed under the Economic Distress Fund and the COVID-19 Fund to support 54 businesses. Furthermore, the IDC had launched the R2,5 billion COVID-19 Distress Fund in May 2020, which was aimed at alleviating the impact of the COVID-19 pandemic on the economy. To date, there had been 16 applications approved to the value of R480 million. Nine of these had been disbursed to a value of R187 million. It had also established the Manufacturing Competitive Enhancement Programme Economic Distress Fund in February 2021 to the value of R350 million. There had been three applications approved since inception amounting to R70 million with only one of these transactions having been disbursed at a value of R11 million. Currently, five transactions were in the pipeline estimated at a further value of R75 million.

6.6 ***Rise in unemployment:*** The COVID-19 pandemic had a major impact on economies globally. An assertion had been made that current government policy did not address the high levels of unemployment or support the achievement of growth projections. The Minister acknowledged that unemployment remained a significant challenge for the South African economy. For the period under review, money had been spent looking at strategies and measures that should be implemented to grow the industrial economy. He was of the view that through the implementation of these measures, and growth in the industrial economy, the issue of unemployment would be addressed. The recently launched Corolla Cross Hybrid, the first ever Toyota Hybrid manufacturing plant in South Africa, had created more than 1 000 jobs in the assembly and supplier industries. Although there were other factories opening, the Minister was of the view that there was a need to upscale this to support job creation.

6.7 ***Supply of electricity and its impact on the broader economy:*** The unstable electricity supply remains a major concern for the Committee, as it had a negative impact on the economy for the period under review and if the situation continued, it would further compound the slow economic recovery from the COVID-19 pandemic. The Committee enquired what measures were being considered by the DTIC to secure the supply of electricity in support of the industrialisation drive. The Minister acknowledged that unstable electricity supply was a critical constraint to facilitating faster, more inclusive growth in key areas of the economy. A major concern for investors had been around the supply of electricity and industrial infrastructure, as it caused real damage to the industrial capabilities of a country and its ability to attract long-term investments. The Minister informed the Committee that some investors had been considering a hybrid energy system, which would consist of renewable energy sources being used together with energy from the grid to ensure stability with regard to the supply of energy. He also informed the Committee that Sasol together with its international partner, intended to produce approximately 600 megawatts of renewable electricity capacity, which would make it the single largest private sector development of renewable energy on one site.

With regard to securing electricity for hybrid vehicles going forward, the Minister recognised the importance of energy security for South Africa. It was important that South Africa started working on greening its energy grid. However, the Minister was of the view that the country’s focus should not only be on reducing emissions from vehicles, but also critical on supporting and protecting South Africa’s export market, as it was a major exporter of vehicles to the European Union. The move towards a greener energy supply in South Africa, is also to ensure that South Africa’s automotive sector is fit for purpose to utilise all opportunities to expand its market share.

6.8 ***Role of municipalities in promoting economic development:*** Local government has an important role to play to enable economic development and job creation. However, the provision of basic services in some municipalities has led to disinvestment. The Committee enquired what measures were being considered by the DTIC to circumvent disinvestment of business at local government level. The Minister was of the view that further engagement with InvestSA on this matter was required. InvestSA was focusing on assisting municipalities ensuring that they were able to provide some basic services to investors. He was of the view that some municipalities had been able create a more conducive environment for investors which led to expansion of their business, while others had failed and were facing the prospect of losing investment.

6.9 ***Implementation of the AfCFTA***: The overarching objective of the AfCFTA was the elimination or reduction of tariff and non-tariff barriers among member states through the provision of a single African market for goods and services. A view was expressed that the South African government has not been taking full advantage of the provisions of the AfCFTA. In response, the Minister responded that the AfCFTA was not yet operational. As there was a need to finalise the Rules of Origin before countries could trade under this arrangement. In spite of COVID-19 conditions, African Ministers of Trade and senior trade officials have met virtually and in person to negotiate these per tariff line. Thus far, rules of origin for 87,8 per cent of tariff lines had been agreed to which represents 4 728 tariff lines. He further indicated that these negotiations take a significant amount of work by officials to reach consensus. Recently, at a meeting held in Ghana, there had also been a breakthrough in a number of products with rules of origin agreed to on milk products, certain edible oils, cheeses, and leather products.

6.10 ***Localisation as a policy measure to build industrial capacity:*** One of the main pillars of South Africa's industrial policy is the localisation drive. However, a view was expressed that localisation would lead to less economic transformation, less competition and increased prices, especially for government. In particular, concerns had been raised about the impact of designations in the steel and cement industries on the cost of these products in the domestic economy resulting in downstream firms seeking to rather import inputs. Instead, it was asserted that a more holistic approach was necessary to facilitate economic growth and development. The Minister responded that globally there has been a shift towards building local capabilities to manufacturing certain strategic products for individual countries. This shift has been to create jobs and to ensure that their economies remain resilient especially after the global challenges of recent supply chain disruptions. Localisation efforts linked to the Automotive Production and Development Programme and Automotive Master Plan had offered some protection to automotive Original Equipment Manufacturers in terms of supply chain disruptions. However, the Minister agreed that the objective was not to localise every product in the import basket but to move away from mainly exporting raw materials and importing most finished consumer goods and capital goods. There was a need to manufacture value-added goods and to innovate to ensure opportunities to increase wages and companies' returns and to achieve greater levels of economic resilience. South Africa and other African countries should work towards manufacturing and exporting more value-added products and to be included into global value chains; hence, strategic localisation is necessary. He used the local refining of edible oils for the fast food industry and the local manufacturing of the dashboard of the new C-class Mercedes Benz as examples of this.

The DTIC further informed the Committee that any procurement of designated products must ensure that there is value for money for the fiscus and that the procurement principles of fairness, equitableness, transparency, competitiveness and cost-effectiveness are still achieved. There are exemption processes to be followed in each designated product if prices are exorbitantly high. Designation is linked to the drive to create economies of scale and competitiveness by ensuring that local procurement and investments provide the long-term dividend to the South African economy.

6.11 ***Impact of over-regulation on investment/economy:*** A view was expressed that government needs to reconsider its current regulatory stance with regard to the economy, as this negatively impacted on the ability to attain government's objectives of stimulating economic growth, and reducing unemployment and inequality. The Minister concurred, that in some instances excessive red tape may contribute to a delay in financial assistance for companies in distress. This was evident recently, during the COVID-19 pandemic when the DFIs initially advertised calling for companies affected by the pandemic to apply for financial assistance. The uptake had been minimal as a result of the archaic regulatory processes, which in the view of the Minister was not engineered to assist small and medium enterprises. When the recent unrest in KwaZulu-Natal and Gauteng occurred, the DTIC engaged the DFIs to relook at their internal regulatory requirements and re-engineer them to be more suitable for businesses to access funding. This new approach helped the DFIs to assist a number of businesses, saving jobs in the process. The rigid application of regulation by the public sector and at municipal level needs to be addressed but this will take a while to get the balance right.

6.12 ***Economic transformation:*** Currently, the vast majority of South Africans are still excluded from meaningful participation in the economy. In order to ensure a more equitable society, government has implemented policies, such as the B-BBEE, to redress the injustices of the past. A view was expressed that the B-BBEE policy was failing as it was only enriching a few and in no way contributing to the reduction of inequality and job creation. In his response to the statement that B-BBEE as a policy instrument was not achieving its objectives, he alluded to the fact that the current economic landscape did not represent a fully non-racial economy. He acknowledged that a country should not be held captive by its past, but he also recognised that the past had shaped the current and future policy development that would enable economic transformation and a more equitable society. He cautioned against labelling economic transformation as being inherently corrupt, acknowledging that such a process would be susceptible to it, noting the example of the PPE scandal. However, he further stated corruption was not only limited to B-BBEE transactions citing the example of Steinhoff International Holding N.V., which was not a B-BBEE company. He further highlighted the positive outcomes of the economic transformation agenda with workers at the Coca Cola Company, PepsiCo, and Pioneer Foods being part of a share-owner scheme. According to the Minister, these achievements should be celebrated by all South Africans.

6.13 ***Challenges facing the NRCS:*** The Committee noted with concern that the NRCS continued to face challenges with regard to its audit process, among others. The Committee enquired how the DTIC would be assisting the NRCS to resolve these challenges. The Chief Financial Officer (CFO) of the DTIC informed the Committee that the audit query raised by the AG related to an accounting practice. According to the Office of the AG and in terms of the application of general accounting standards, an entity must account for its revenue in the year in which it was accrued. With regard to the NRCS' audit finding, in terms of the NRCS Act (Act No. 5 of 2008), the NRCS has been raising levies in a manner which is not aligned to a financial year. The CFO informed the Committee that, as part of its engagement with the NRCS to address this auditing challenge, they are considering the implementation of a new financial system that would ensure that there is an alignment between the dates set in the regulations of the NRCS Act and the accounting period. This would ensure that going forward the NRCS would be able to apply the correct accounting principles with regard to its levy revenue.

6.14 ***Filling of vacancies:*** There were five acting deputy director-general positions in key programmes, namely, in the Industrial Financing; the Industrial Competitiveness and Growth; the Spatial Industrial Development and Economic Transformation; the Inward Investment Attraction, Facilitation, and Aftercare; and the Competition Policy and Economic Planning Programmes. As these positions should be considered critical and had been filled on an acting basis for more than a year, the Committee enquired when would the DTIC be filling these positions. The Minister informed the Committee that the DTIC was in the process of evaluating whether, as a result of the merger between the former Departments of Trade and Industry, and of Economic Development, the ten directorates were the most viable structure in effectively performing its new mandate. During this process, the DTIC would be considering whether it would be more efficient to integrate some directorates and would determine which senior positions should be filled. However, the Minister informed the Committee, that as part of the consultation with the DTIC and government that one or two positions at the Deputy Director-General level might be filled soon.

6.15 ***Delays in submitting legislation:*** The Committee had previously raised concerns with the timing of the introduction of legislation to Parliament. The DTIC had reported that it was in the process of developing the Patents, Designs, and the Trade Marks Amendment Bills. The Committee enquired what the intended timelines were for the DTIC to introduce these Bills to Parliament. The Minister informed the Committee that in his budget speech he outlined the important legislative priorities for the DTIC for the period under review. The Companies Amendment Bill had been a key legislative priority and that the Bill had been published for public comment. He further acknowledged that the Remitted Bills, namely the Copyright and the Performers' Protection Amendment Bills, had taken up significant time as well. In terms of the Patents and the Designs Amendment Bills, these Bills have been drafted and were awaiting consideration and approval by the Minister. Once approved, the Bills would be submitted to Cabinet to obtain approval to seek public comment.

6.16 ***Procurement of professional services:*** In its Annual Report, the DTIC reported that an amount of R37,1 million had been spent on professional and special services. The Committee requested that the DTIC clarify what professional and special services had been procured and for what purpose these had been used. The CFO informed the Committee that the DTIC appoint consultants to support it in a number of areas where the skills may not reside within the organisation. in addition, the DTIC had research partners assisting it with insight into a number of sectors and offering due diligence support with a number of projects during and after the application process. The procurement of professional services also related to the upgrade of the DTIC's Information Technology systems to effectively operate off-campus during the COVID-19 pandemic environment. He further iterated that these procurement processes were in strict compliance with the Treasury regulations and legislative requirements.

7 CONCLUSIONS

Based on its deliberations, the Committee drew the following conclusions:

7.1 The Committee supports the measures implemented by Government to mitigate the impact of the COVID-19 pandemic, notwithstanding views expressed that the response to the pandemic had a devastating impact on the economy as the restrictions were considered too stringent. It also welcomed the opportunities for innovation presented such as the capability to produce Personal Protection Equipment and vaccines locally for domestic consumption and export to countries in Africa and the world. It emphasised the importance of vaccine equity and the waiver of patent rights being considered at the World Trade Organization to ensure universal access to vaccines. It supported the DTIC's efforts in this regard. Furthermore, there was a need to educate citizens about the importance of vaccination, while acknowledging their constitutional right to bodily and psychological integrity.

7.2 The Committee supports localisation and beneficiation as key pillars to the industrial policy, as there is a need for South Africa to diversify its export basket from mainly filled with raw materials to more value-added goods. However, it agrees that the policy should be applied strategically to harness available export opportunities and to facilitate job creation and decent wages.

7.3 The Committee supports the continued efforts to transform the economy, notwithstanding views expressed to the contrary that the economic transformation process may be susceptible to corruption and has not been broad-based. It emphasised that Broad-Based Black Economic Empowerment remains a critical policy instrument to enable structural change in ownership and management patterns in the economy and to realise a more equitable society. However, it is essential that institutions, such as the Broad-Based Black Economic Empowerment Commission, are strengthened to monitor Broad-Based Black Economic Empowerment transactions and sanction unethical behaviour in this regard.

7.4 The Committee welcomed the undertaking by the DTIC to focus on rural economic development and to strengthen its mechanisms to support local and provincial governments, especially in rural provinces as part of the District Development Model, revitalisation of industrial parks and development of special economic zones.

7.5 The Committee supported the DTIC and its development institutions' refocus on and integration of their work on the District Development Model through the collaboration with provincial and local government and direction of more resources towards rural communities for their upliftment and empowerment.

7.6 The Committee welcomed the progress made with regard to the implementation of the South African Sugarcane Value Chain Master Plan.

7.7 Furthermore, the Committee welcomed the publication of amendments to regulations governing the sugar industry to promote economic transformation within the sugar industry, as well as the inclusion of small-scale cane growers into the wider sugarcane value-chain to ensure their sustainability. It was of the view that this should include the development of black-owned millers.

7.8 The Committee supports the collaboration with the Department of Mineral Resources and Energy on developing policies around bio-fuels which would enable the sugar industry to diversify and beneficiate sugarcane crops in this manner as part of developing alternative value chains. contribute to the development of an alternative value chain for the sugar industry. Apart from ensuring the sustainability of the industry in the long-run, it would also support South Africa's commitment towards climate change.

7.9 The Committee acknowledged that unemployment remains a big challenge; however, it noted the measures being implemented by the DTIC to grow the industrial economy, which should contribute towards job creation. The Committee encouraged the DTIC to consider offering more support to small and medium enterprises, especially those owned by women and youth as they could play a major role in job creation.

7.10 The Committee raised concerns regarding the impact of the unstable electricity supply as a major constraint for sustained economic growth. Failure to address this could lead to disinvestment, slow economic growth and the inability to address the country's unemployment challenges. However, the Committee welcomed the initiative of some industry players to develop alternative energy sources and manufacture greener products, such as hybrid vehicles, that not only would contribute to a greener energy grid and support economic growth but would also contribute to the protection of South Africa's export market. The Committee encouraged the DTIC to consider developing a specific incentive to fund projects supporting the green economy.

7.11 The Committee welcomed the progress made with regard to the finalisation of the Rules of Origin provisions as this is pivotal to the implementation of the African Continental Free Trade Agreement. It encouraged the speedy conclusion of these negotiations to enable member countries to start benefitting from trade within the larger market.

7.12 The Committee noted with concern the ongoing qualified audit outcomes of the NRCS. It implored the DTIC to assist the NRCS to resolve the matter by monitoring and supporting the NRCS' implementation of its new financial system, which is intended to address the reporting of levy revenue.

8 APPRECIATION

The Committee would like to thank the Minister of Trade, Industry and Competition, Mr E Patel, and the acting Director-General, Ms M Mabitje-Thompson, for their cooperation and transparency during this process. The Committee also wished to thank its support staff, in particular the Committee Secretaries, Mr A Hermans and Mr T Madima, the Content Advisor, Ms M Sheldon, and the Researcher, Ms Z Madalane, for their professional support and assistance in drafting this report. In addition, the Committee thanked the Committee Assistant, Ms Y Manakaza, for assisting it during this process. The Chairperson wished to thank all Members of the Committee for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report.

9 RECOMMENDATIONS

Informed by its deliberations, the Committee recommends that the House requests that the Minister of Trade, Industry and Competition should consider reviewing the Broad-Based Black Economic Empowerment Act (Act No. 46 of 2013) with the intention of establishing a Broad-Based Black Economic Empowerment Tribunal with powers to rule on and sanction prohibited conduct under the legislation.

The Democratic Alliance, the Economic Freedom Fighters, and Freedom Front Plus reserve their position on the report.

Report to be considered.

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