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**Presentation on the Annual Report 2014/15 to
Portfolio Committee on Trade and Industry**

**Mr Lionel October
Director-General
08 September 2015**



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Presentation Outline

- **Economic Context**
- **Strategic Goals**
- **The structure of the dti's work**
- **Annual Performance 2014/15**
 - Key achievements
 - Summary of achievement of targets
 - Financial Management
 - Audit result
- **Report on First Quarter Performance 2015/16**

Strategic Goals

the dti's strategic goals are:

- ❑ Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation.
- ❑ Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.
- ❑ Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth.
- ❑ Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.
- ❑ Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.



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ECONOMIC OVERVIEW

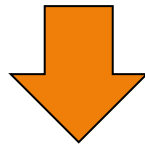


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Global Economic Context

- ❑ The global economy grew by a lower than expected **2.2%** in Q1 2015. This is substantially lower than the International Monetary Fund's April 2015 forecast of **3%**.
- ❑ Significantly weaker growth in US, Mexico, Canada, and UK.
- ❑ Marginally stronger growth in the Eurozone.
- ❑ Magnitude of slowdown in China disputed but looks substantial.



The big story is the plunge in commodity prices.



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Global Economic Context

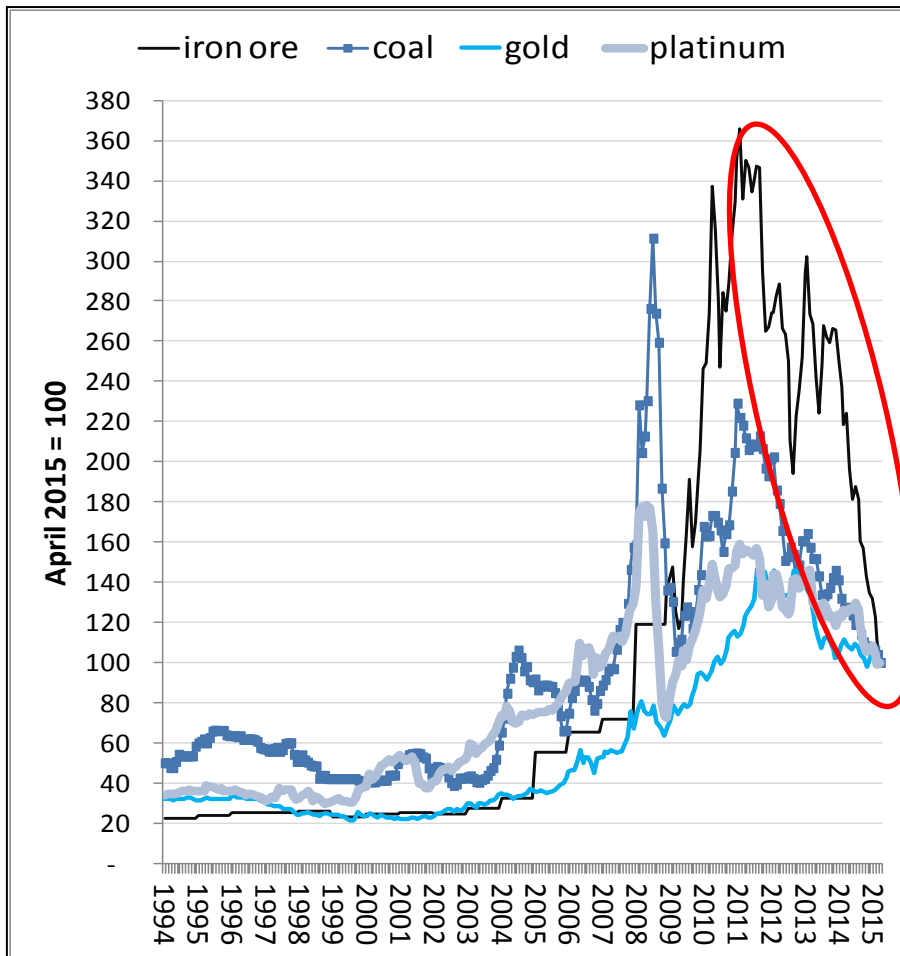
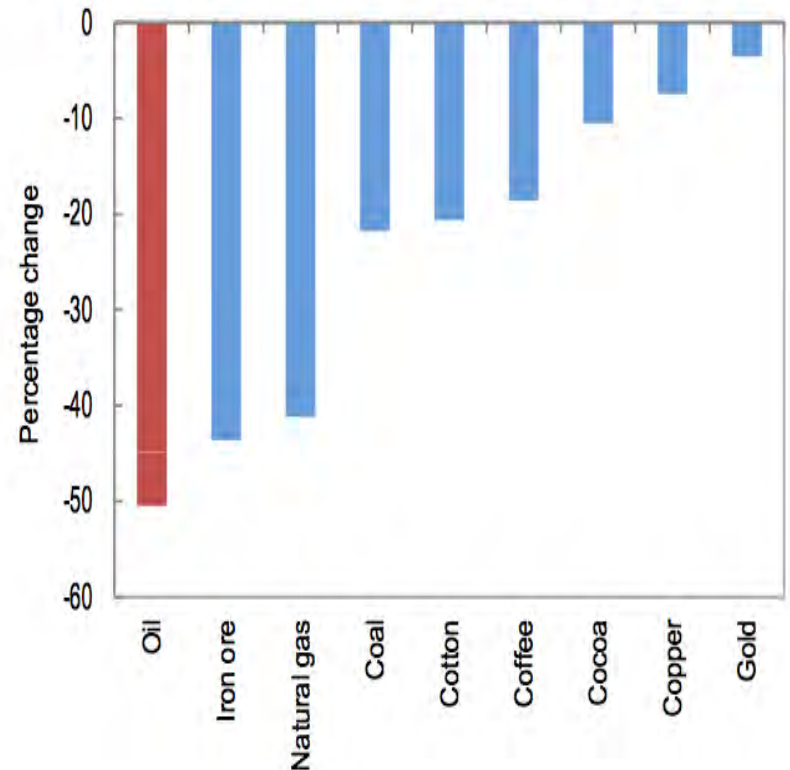


Figure 1.2. Selected Commodity Prices, Change from June 2014–March 25, 2015

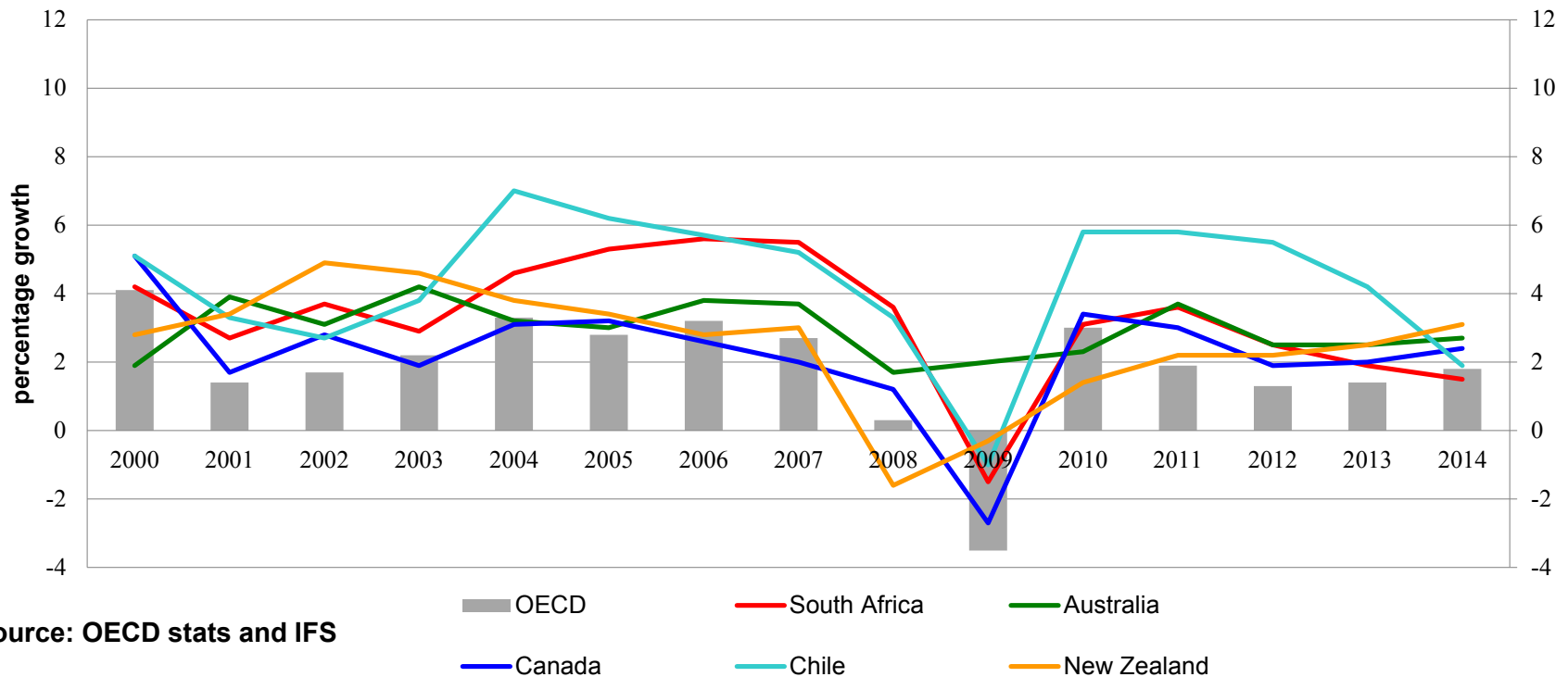


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Global Economic Context

Real Gross Domestic Product



Source: OECD stats and IFS



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Global Economic Context

Medium Term Commodity Price Baseline (in US Dollars)

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
		Actual					Projections					
Sugar World market	cts/lb	20.9	26.2	21.4	17.7	17.1	12.7	13.4	14.4	15.0	15.0	15.0
Oranges	\$/MT	1033.2	891.1	868.0	967.3	782.5	634.9	615.4	615.4	615.4	615.4	615.4
Iron Ore	\$/MT	146.7	167.8	128.5	135.4	96.8	53.4	44.1	43.5	43.5	43.5	43.5
Coal, Australian, export markets	\$/MT	106.0	130.1	103.2	90.6	75.1	61.0	62.4	62.4	62.4	62.4	62.4

Source: IMF



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Domestic Economic Context - GDP

- ❑ The SA economy contracted by -1.3% in Q2 2015 in quarter-on-quarter terms. (Q1 2015, +1.3%).
- ❑ In year-on-year terms Q2 2015 growth was 1.2%.
- ❑ Agriculture contracted by 17.4%, Manufacturing by 6.8%, and Mining by 6.8%
- ❑ Growth was recorded by Financial Services and Personal Services – by 2.7% and 1.3% respectively.

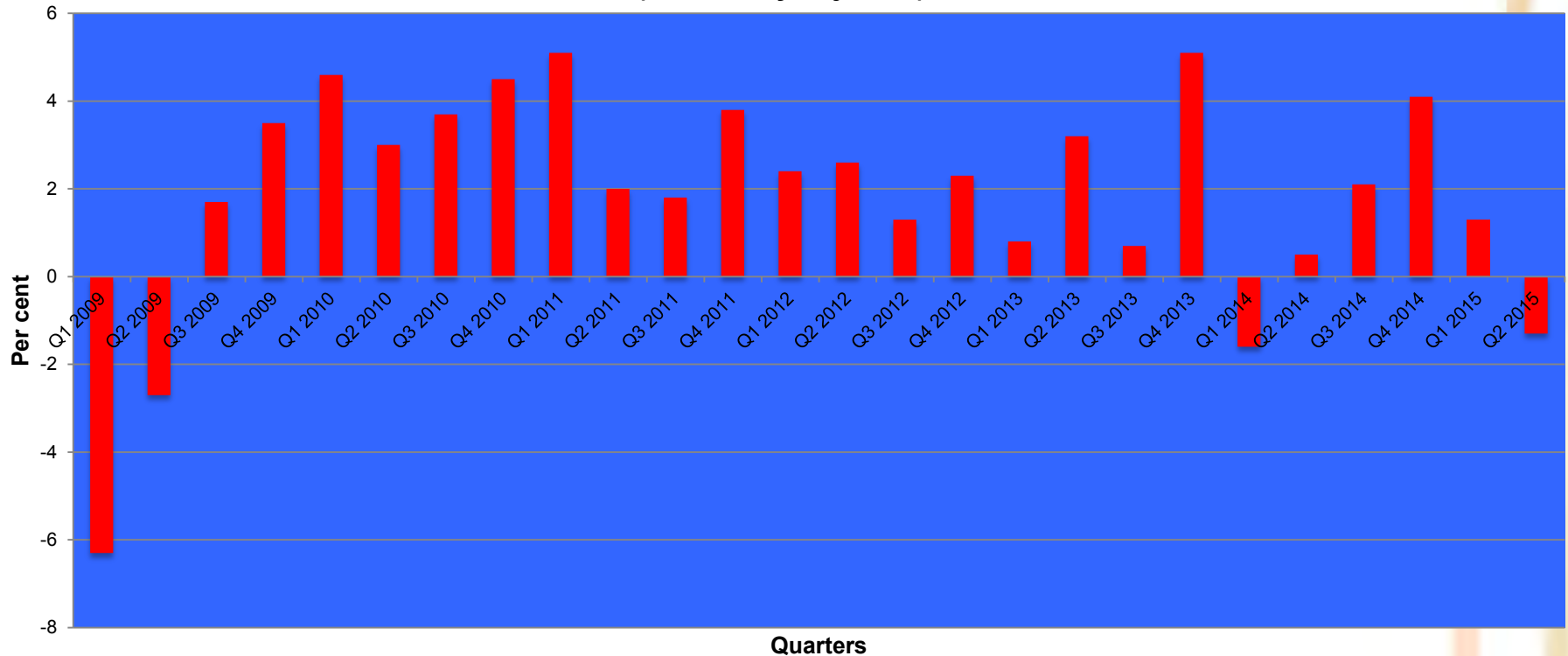


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Domestic Economic Context – GDP

SA Quarterly Real GDP Growth 2009-15
(Seasonally Adjusted)



Source: SARB, 2015, Quarterly Bulletin



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Domestic Economic Context – GDP

- ❑ The causes of the weaker GDP performance are well known:
 - Plummeting commodity prices,
 - Electricity supply challenges,
 - Global steel glut,
 - Drought conditions in KZN and North-west, and
 - Spillover effects from Mining into Manufacturing.

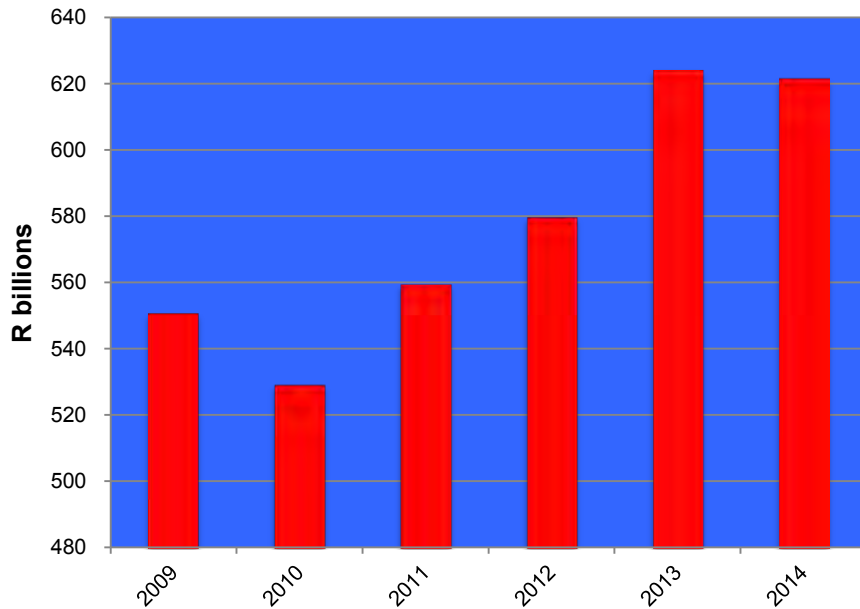
- ❑ Hard to over-exaggerate impact of the current commodity price shock...

Domestic Economic Context – Investment

- ❑ Gross Domestic Fixed Investment dipped slightly in 2014
- ❑ Latest Foreign Direct Investment (FDI) data show that SA attracted over R140 billion in 2013-14
- ❑ SA FDI inflows also slowed in 2014 – as it did at global level
- ❑ SA’s FDI performance is not unusual given that:
 - Many multinationals already operate in SA,
 - We have sophisticated financial markets to raise domestic capital, and
 - Our FDI stock is already high by international standards (42%).

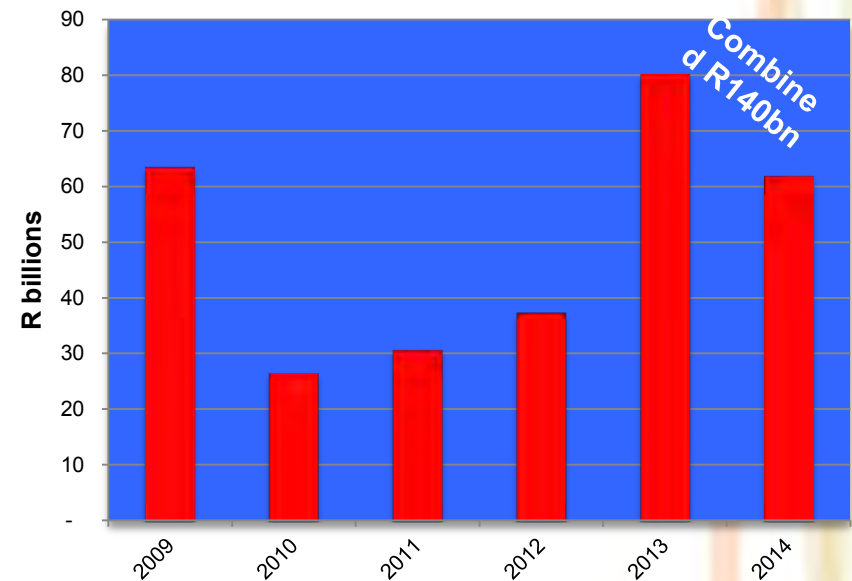
Domestic Economic Context - Investment

SA Annual Real GDFI 2009-14
(Rb 2010-Prices)



Source: SARB, 2015, Quarterly Bulletin

SA Annual FDI 2009-14
(Rb Current-Prices)



Source: SARB, 2015, Quarterly Bulletin



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Domestic Economic Context – Trade

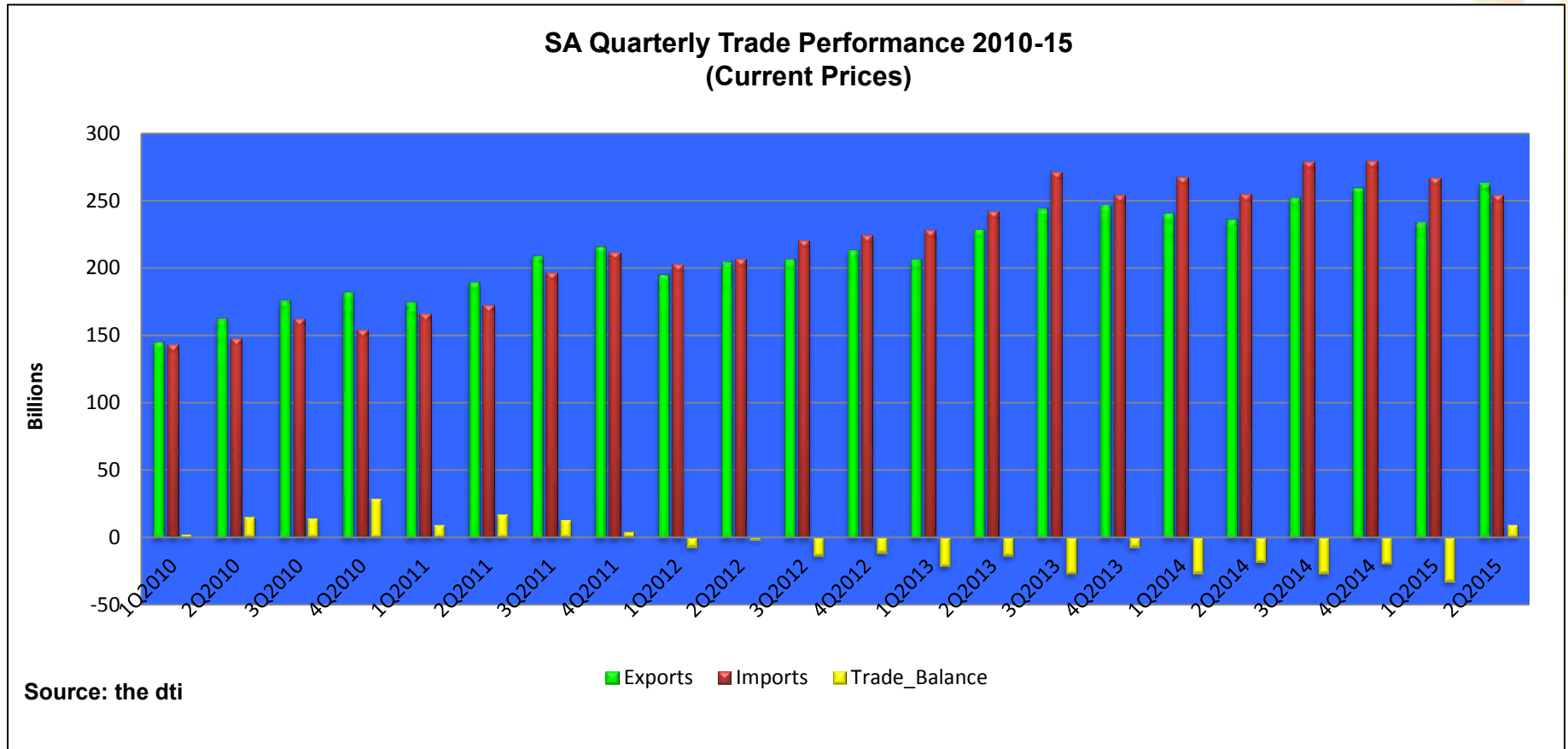
- ❑ Exports grew by 12% in Q2 2015 following a decline of 9.8% in Q1 2015.
- ❑ A trade surplus of about R9.4 billion has been reported in Q2 2015 – the first time since Q1 2012.
- ❑ China, US, Japan, Namibia and Botswana remain the top five trading partners in terms of exports.



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Domestic Economic Context – Trade



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The structure of the dti's work

the dti's work is organised in terms of the following clusters:

- Industrial development;
- Trade, Investment and Exports;
- Broadening participation;
- Regulation, and
- Administration and co-ordination



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Report on the dti
Annual Performance
2014/15

Key Achievements
1 April 2014 – 31 March 2015



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Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ A total of R3.7 billion had been approved since the inception of the Clothing and Textiles Competitiveness Programme (**CTCP**) in 2010, of which R2.6 billion had been disbursed.
- ❑ Manufacturing value addition attributable to the CTCP in the period is R3.9 billion, exceeding disbursements by R1.3 billion. The increase in employment attributable to the CTCP is 6 900 jobs.
- ❑ **Footwear manufacturing** grew by 16.2% and domestic market share increased from 19% to 24%. Footwear exports grew by 18.3% by volume and 25% by value.



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Industrial Development

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- ❑ In the **automotive sector**, South Africa's world-class production capabilities continued to strengthen on the back of significant Government support measures, despite the negative global and domestic trading conditions. Vehicle and component exports increased during this period by 8.2%, from R94.9 billion in 2012 to R102.7 billion in 2014.
- ❑ The Automotive Investment Scheme (**AIS**) approved 50 projects with an investment value of R2.7 billion, this includes a R1.6 billion investment by Mercedes Benz South Africa, with linked investment by component manufacturers of R890 million in plant and equipment.



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- ❑ FAW Group opened its new Coega Assembly plant, envisaged to produce 5 000 trucks a year. This is a forerunner to the establishment of a 35 000-a-year passenger vehicle plant.
- ❑ Hyundai Automotive South Africa invested R110 million in a facility in Benoni to produce light and medium commercial vehicles.
- ❑ Hino South Africa, a subsidiary of Toyota SA, invested R54 million to produce 4 000 trucks a year. Iveco SA Works invested an initial R800 million in a production facility to build 6 000 trucks and 1 000 buses a year.
- ❑ To date, **the dti designated** 18 sectors, sub-sectors and products for local procurement, significantly raising aggregate domestic demand for domestic manufacturers.



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- ❑ Work on further **designations** for local procurement was completed for the following products: transformers, power-line hardware and structures, steel conveyance pipes, mining and construction vehicles, and building and construction.
- ❑ Through the Competitive Supplier Development Programme, which includes strong supplier development and localisation requirements, Transnet Freight Rail awarded a R50 billion contract for the supply of locomotives which was split among four bidders.



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- ❑ The Passenger Rail Agency of South Africa (PRASA) and Gibela Rail Transportation have similarly awarded contracts for 600 commuter trains with 3 600 coaches in a R51 billion contract.
- ❑ PRASA's larger **rolling stock programme** will involve the procurement of 7 224 coaches at a projected cost of R123 billion over 20 years, with strong supplier development and localisation.
- ❑ **Localisation** and supplier development policy and programmes have continued to be embedded in procurement programmes of the State-Owned Companies.



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- ❑ In the **marine manufacturing** sector, a R1.4 billion tender for the manufacture of tug boats was awarded to a South African company, on the back of the designation of boats for local manufacture.
- ❑ Through **Operation Phakisa**, the Transnet National Ports Authority has committed R7 billion for public-sector investment in ports infrastructure to support marine manufacturing.
- ❑ In the **pharmaceutical** sector, domestic companies have been awarded a R10 billion conditional contract for the supply of antiretroviral (ARV) medication and 57% of the Oral Solid Dosage tender worth R2.7 billion.



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Industrial Development

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- ❑ The National Industrial Participation Programme (**NIPP**) approved 11 projects in the oil and gas, automotive, communications and agro-processing sectors, with a value of R48.4 million, contributing to the building of domestic industrial capabilities.
- ❑ **Exports** continued to rise significantly in the metals fabrication, and capital and rail transport equipment sector, particularly to African countries.
- ❑ The **Gold Loan Scheme** was launched, with R100 million allocated to support jewellery manufacturers.



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Industrial Development

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- ❑ **the dti** has supported agro-processing investment with incentives to the value of R1.2 billion in a range of schemes, including Manufacturing Competitiveness Enhancement Programme (**MCEP**), the Manufacturing Investment Programme (**MIP**) and the Enterprise Investment Programme (**EIP**).
- ❑ Financial support of R28 million under-pinned a R200 million investment by Astral Foods in a **chicken feed mill** set to produce 40 000 tonnes of product per month.
- ❑ The right for South Africa to secure geographical indicator status for **rooibos tea** has been granted, opening the way for the expansion of **exports** into new markets.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- the dti launched the revised Business Process Services (**BPS**) incentive in October 2014, which builds on the success of the previous scheme.
- BPS support was provided to seven companies with an investment value of R18.4 billion with projected 6 361 new jobs.
- 3 318 unemployed youth participated in the dti's BPS **Monyetla Work Readiness Programme**.
- Through the **Film and television** incentive, 137 productions were supported with an investment value of R3.7 billion.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ In the **plastics and chemicals sectors**, the IDC and **the dti** were instrumental in Mpact Limited's decision to build a R350 million state-of-the-art polyethylene terephthalate (PET) recycling plant.
- ❑ AIR Products implemented its R2 billion long-term capital investment programme. These institutions are also supporting Air Liquide's multimillion-investment in the construction of air separation capabilities, expected to be commissioned by December 2017.
- ❑ The **section 12I scheme** approved investment allowances to the value of R239.8 million for African Oxygen Ltd for a new investment in the Eastern Cape and R77.7 million for an expansion project in Durban, KZN.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ **the dti** is working closely with Sasol, which has a projected investment of R13.6 billion up to 2016, to expand production of a range of paraffin waxes, petroleum jellies and liquid paraffin.
- ❑ In the **green industries**, the Renewable Energy Independent Power Producer Procurement Programme (**REIPPPP**), the rollout of which began in 2011, has to date awarded 4 944MW to 64 projects over a period of three years.
- ❑ Over the three bid windows, the renewable energy sector has committed investments totalling R120 billion, of which R39 billion was committed to local content.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ **the dti** has strengthened the local content requirement, with every successive bidding round scaling up thresholds and targets.
- ❑ In December 2014, SMA Solar Technology South Africa, the market leader for solar inverters, officially launched its multimillion-rand manufacturing facility in Cape Town, Western Cape (WC).
- ❑ Chinese company Jinko Solar opened its R80 million, 120MW p/a solar PV plant, in Cape Town, WC in August 2014 and is expected to create 200 jobs. **the dti** helped secure Jinko's commitment by energetic **reduction of red tape**, facilitation and guidance and support on local content requirements.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ A R1.5 billion, 100ha solar power photovoltaic (PV) plant facility, comprising 165 000 solar PV panels, was launched at Droogfontein near Kimberley, Northern Cape in May 2014.
- ❑ The plant was constructed by emerging power company Globeleq in collaboration with other industry players and the Department of Environmental Affairs (DEA). It is the first **large solar farm** in South Africa to be built as a direct response to the REIPPPP.

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ Three utility-scale wind farms have begun exporting electricity to the grid for the first time. The Hopefield wind farm, the Van Staden's wind farm outside Port Elizabeth Eastern Cape, and the Klipheuwel Dassiesfontein wind farm near Caledon, WC are now providing 120MW of capacity.
- ❑ With regard to **beneficiation**, the Special Economic Zone (**SEZ**) fund provided catalytic funding to support the feasibility and demonstration of a 100kw fuel cell at the Chamber of Mines of South Africa (COMSA) in March 2015.
- ❑ The collaboration with local companies and global fuel cell original equipment manufacturers is intended to secure a fuel cell industrialisation programme and raise aggregate demand for platinum.



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Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ In the „white goods“ sub-sector, **the dti** supported the expansion of the new Defy „Side-by-Side“ refrigerator production facility in East London, Eastern Cape worth more than R120 million.
- ❑ The local manufacturing of the Side-by-Side refrigerators will reduce imports of these models of refrigerators. **the dti** also provided a grant of R30 million in support of an investment of approximately R200 million to upgrade Defy’s Ezakheni factory in Ladysmith, KwaZulu Natal (KZN).



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- ❑ In the electro-technical sector, the world's largest electrical component manufacturer, Samsung Electronics, has invested in a new R2 billion production facility at the Dube Trade Port, KZN. Samsung will manufacture TV sets locally, covering various models and technologies and further targeting exports within SADC.
- ❑ A joint venture between Oil-Tanking Grindrod Calulo Holdings and Mining, Oil and Gas Services, has been granted environmental authorisation from 2014 to 2019 for the development and construction of a R2 billion commercial crude oil blending and storage terminal at Saldanha Bay, WC.

Overview of Incentive Schemes

Description	Actual	
	Number of firms/projects supported	Potential jobs supported
Manufacturing Investment Incentives		
Enterprise Investment Programme (EIP)- Manufacturing Investment Programme (MIP)	42	1 195
EIP- Aquaculture Development and Enhancement Programme (ADEP)	11	256
Automotive Investment Scheme (AIS)	50	1 261
12I Tax Allowance Incentive	17	556
Critical Infrastructure Programme (CIP)	09	9 385
Manufacturing Competitiveness Enhancement Programme (MCEP)	335	37 897
Services Investment Incentives		
Business Process Services (BPS)	7	6 361



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MCEP APPROVAL PER PROVINCE 2013/14 & 2014/15

 GAUTENG		 LIMPOPO		 EASTERN CAPE	
2013/14 139 Approvals R1.7 b	2014/15 121 Approvals R 588.3 m	2013/14 4 Approvals R7.3 m	2014/15 8 Approvals R32.1 m	2013/14 32 Approvals R101.1 m	2014/15 23 Approvals R58.4 m
 MPUMALANGA		 NORTH WEST		 FREE STATE	
2013/14 7 Approvals R25.9 m	2014/15 12 Approvals R49.1 m	2013/14 6 Approvals R35.3 m	2014/15 4 Approvals R11.4 m	2013/14 15 Approvals R63.1 m	2014/15 3 Approvals R41 m
 NORTHERN CAPE		 WESTERN CAPE		 KWAZULU NATAL	
2013/14 2 Approvals R5.7 m	2014/15 6 Approvals R10.5 m	2013/14 106 Approvals R497.8 m	2014/15 104 Approvals R348 m	2013/14 54 Approvals R301.7 m	2014/15 53 Approvals R202.5 m

Limpopo which previously (2013/14) had four approvals valued at R7.3 million obtained eight approvals amounting to a remarkable R32.1 million in 2014/15.

Section 12I Tax Allowance Per Province -2014/15

Provincial 12I Performances (2014/15)

<i>Number of projects approved</i>		<i>Projected investment (R)</i>		<i>Tax Allowance approved (R)</i>		<i>Training allowance approved (R)</i>	
Eastern Cape	1	Eastern Cape	319 741 060	Eastern Cape	239 805 795	Eastern Cape	720 000
Gauteng	6	Gauteng	1 953 941 789	Gauteng	668 421 910	Gauteng	17 603 900
KwaZulu-Natal	3	KwaZulu-Natal	661 669 329	KwaZulu-Natal	231 584 265	KwaZulu-Natal	5 585 835
Limpopo	1	Limpopo	548 912 735	Limpopo	192 119 457	Limpopo	2 952 000
Mpumalanga	1	Mpumalanga	2 201 000 000	Mpumalanga	550 000 000	Mpumalanga	576 000
North West	2	North West	1 230 526 981	North West	405 079 990	North West	10 944 739
Western Cape	2	Western Cape	1 361 115 110	Western Cape	367 675 000	Western Cape	8 908 324
TOTAL	16	TOTAL	8 276 907 004	TOTAL	2 654 686 417	TOTAL	47 290 798

Mpumalanga Province's single approved project (Air Liquide in Secunda) had the highest projected investment of R2.2 billion followed by Gauteng's 6 projects with R1.9 billion



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12I Tax Allowance Per Sector - 2014/15



Of the 5 projects in the Metals subsector, 4 were brownfield (2 expansions and 2 upgrades) and one was new; while the 4 Chemicals subsector projects consist of 2 brownfield (all expansions) and 2 new projects.



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Overview of Incentive Schemes

Description	Actual
	Number of firms/projects supported
Broadening Participation	
Co-operatives Incentive Scheme (CIS)	207
Black Business Supplier Development Programme (BBDP)	783
Aquaculture Development and Enhancement Programme (ADEP)	11
New Incubation Support Programme (ISP)	6
Trade, Investment & Exports	
Export, Marketing and Investment Assistance (EMIA)	2 458

BBSDP GEOGRAPHICAL DISTRIBUTION: 2014/15



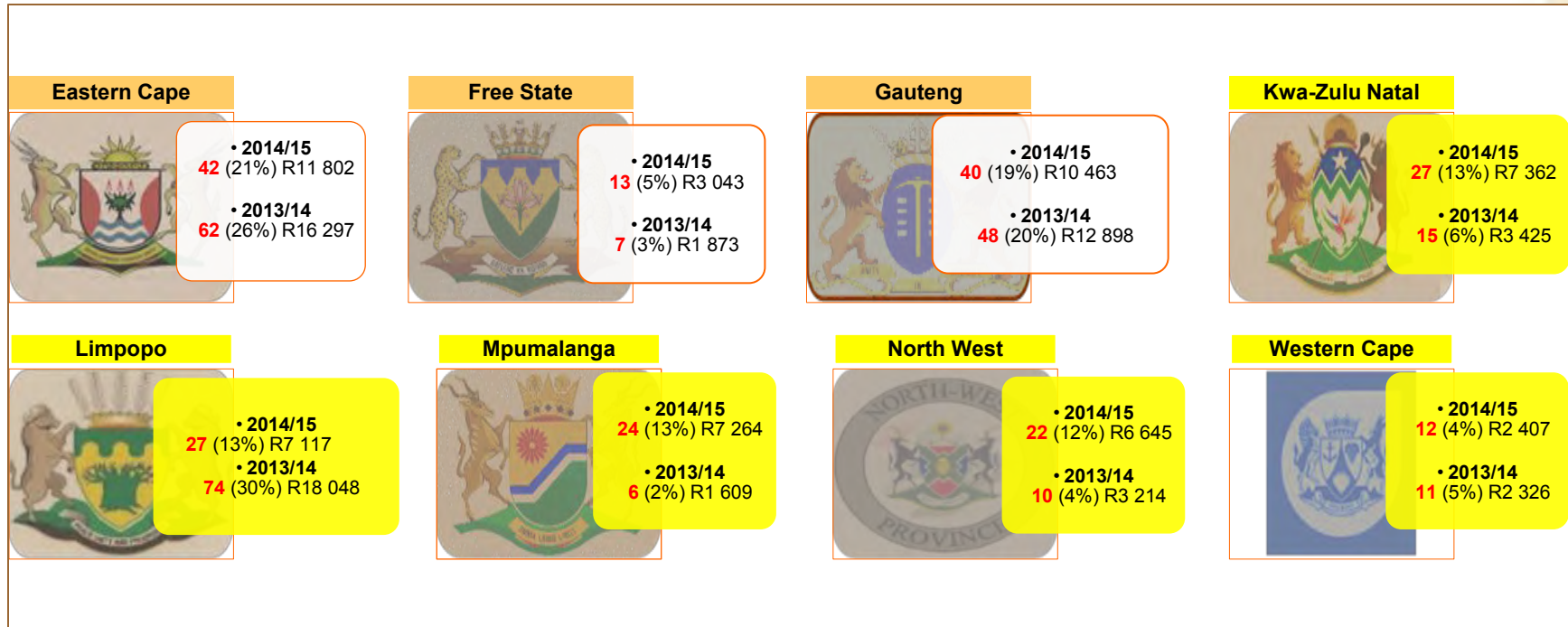
- ❑ Decreases in the number of approvals was seen through most of the provinces with the exception of the **North West** and **Northern Cape**.
- ❑ Approvals in the **North West** increased from 32 (R12 million) in 2013/14 to 68 (R36.3 million) in 2014/15.
- ❑ The uptake of BBSDP in the **Northern Cape** improved significantly from 6 (R3.7 million) in 2013/14 to 20 (R7.3 million) in 2014/15.
- ❑ The three provinces with the **highest uptake** was Gauteng, KwaZulu-Natal and Limpopo, while the **lowest uptake** was in the Free State, Northern Cape and Mpumalanga provinces.



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CIS PROVINCIAL DISTRIBUTION: 2014/15



- ❑ Although the overall number of CIS approvals declined during 2014/15, five provinces, namely **KwaZulu-Natal**, **Limpopo**, **Mpumalanga**, **North West** and **Western Cape**, showed an improvement in the number of supported co-operatives.
- ❑ The most significant improvement was in the **Mpumalanga** province with an increase from 6 (R1.6 million) in 2013/14 to 24 (R7.2 million) in 2014/15
- ❑ The Northern Cape province had **no approved co-operatives** during 2014/15, while the **highest uptake** was in the Eastern Cape and Gauteng.

EIP

PROVINCIAL PERFORMANCE (2014/15)



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Trade, Investment and Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ The South Africa/ Southern Africa Customs Union (SACU) tariff offer for the East African Community (EAC) in the **Tripartite Free Trade Area (T-FTA)** negotiations has been approved and exchanged with the EAC. Other tariff offers are at an advanced stage.
- ❑ Significant progress has been achieved in the negotiation of the legal text, which will be the basis for the launch of the Free Trade Agreement.
- ❑ **the dti** supported the work on infrastructure development under the T-FTA by contributing to South Africa's negotiations on the memorandum of understanding (MoU) for the North-South Corridor.



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Trade, Investment and Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ Work continues to develop Southern African Development Community (**SADC**) standards to address non-tariff barriers (**NTBs**) that impede trade and to promote trade facilitation. Negotiations have been launched on trade in services, and offers in three sectors (communication, finance and transport) have been approved by Cabinet.
- ❑ **the dti** continued to participate in the Economic Partnership Agreement (**EPA**) negotiations with the European Union (EU), which aims to establish a common trade in goods arrangement with SACU.
- ❑ Targeted efforts to lobby for the extension of AGOA with South Africa (SA) which included AGOA Beneficiaries Conference to refine SA's strategy.

Trade, Investment and Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ An **investment pipeline** of potential projects of R43.8 billion for the 2014/15 financial year was facilitated (R25.3 billion from foreign sources and R18.5 billion from domestic sources).
- ❑ In October 2014, the United Nations Conference on Trade and Development (UNCTAD) recognised **the dti** as global winner for attracting investment in sustainable development.
- ❑ The Indonsa plant of R1 billion is one of Unilever's largest in the world and second-largest savoury food plant.
- ❑ In March 2015, **the dti** received an award at the Annual Investors Meeting in Dubai as the winner in Africa for facilitating the best green investment project.



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Broadening Participation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- ❑ The **SEZ Act**, 2014 Act No. 16 of 2014 was assented to by the State President in May 2014; subsequently, the draft SEZ Regulations were gazetted for public comment and the SEZ Advisory Board was appointed.
- ❑ Pre-feasibility studies for 10 proposed SEZs have been finalised. Technical feasibility reports were finalised for nine proposed SEZs, with the Dube Trade Port, KZN being designated as an Industrial Development Zone (IDZ) in October 2014.
- ❑ An application from Maluti A Phofung SEZ in the Free State was approved. Project management units in all provinces were established to support the implementation of the proposed SEZs.



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Broadening Participation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- The Phase I Broad-Based Black Economic Empowerment (**B-BBEE**) Codes were gazetted on 11 October 2014 for implementation by 1 May 2015. The Phase II B-BBEE Codes will be gazetted and implemented by 1 May 2015.
- The B-BBEE Amendment Act was promulgated by the President in October 2014.
- The first meeting of the newly appointed Presidential B-BBEE Advisory Council, chaired by the State President, took place in March 2015.
- The draft report for the Business Case on the establishment of the B-BBEE Commission has been prepared and the recruitment process for the B-BBEE Commissioner was initiated.

Broadening Participation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- the dti** launched the Equity Equivalent Investment Programme (IBM) to the value of R 700 million in February 2015.
- the dti** has partnered with the CIPC to develop a system that will enable Exempted Micro Enterprises (EMEs) and start-ups to be issued with a B-BBEE certificate using the CIPC self-service terminals and online system. The system will be fully functional in the 2015/16 financial year.
- A Stakeholder Engagement Session for **Black Industrialists** was hosted on 20 August 2014, followed by an Indaba on 25 to 26 March 2015 at Gallagher Estate, where the President delivered a keynote address.
- The Indaba was attended by approximately 700 delegates from both the public and private sectors. The report from the Indaba will be used as a base for inputs into the policy framework.



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Trade and Industry
REPUBLIC OF SOUTH AFRICA

Regulation

SG4: Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner

- the dti** presented the liquor and gambling **policies** to Cabinet for public consultation.
- the dti** developed the Copyright Amendment **Bill**, Liquor Amendment Bill, Gambling Amendment Bill and Licensing of Businesses Bill for tabling in Cabinet.
- The **regulations** on the National Credit Amendment Act, Act No.19 of 2014, and the Lotteries Amendment Act were produced and published.



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Regulation

SG4: Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner

- The regulations on the final draft Intellectual Property (IP) Laws Amendment Act 2013, which will give effect to the protection of indigenous knowledge and the creation of a Council and Trust, was signed and assented by the State President.
- Regulatory Impact Assessments (RIAs) were conducted on all IP, liquor and gambling policies tabled or to be tabled in the parliamentary process, to show if benefits outweigh costs in any regulatory implementation.
- Liquor Norms and Standards, which set consistent standards for liquor trade in the country, were finalised and published.



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Administration

SG5: Promote a professional, ethical, dynamic and competitive and customer – focused working environment that ensures effective and efficient services delivery

- The **vacancy rate** was at 8.5% at the end of the financial year.
- The department employed 47% of **women** in Senior Management Service (SMS) positions and 2.8% people with a **disability**.
- Payment of all eligible **creditors** made well within 30 days.



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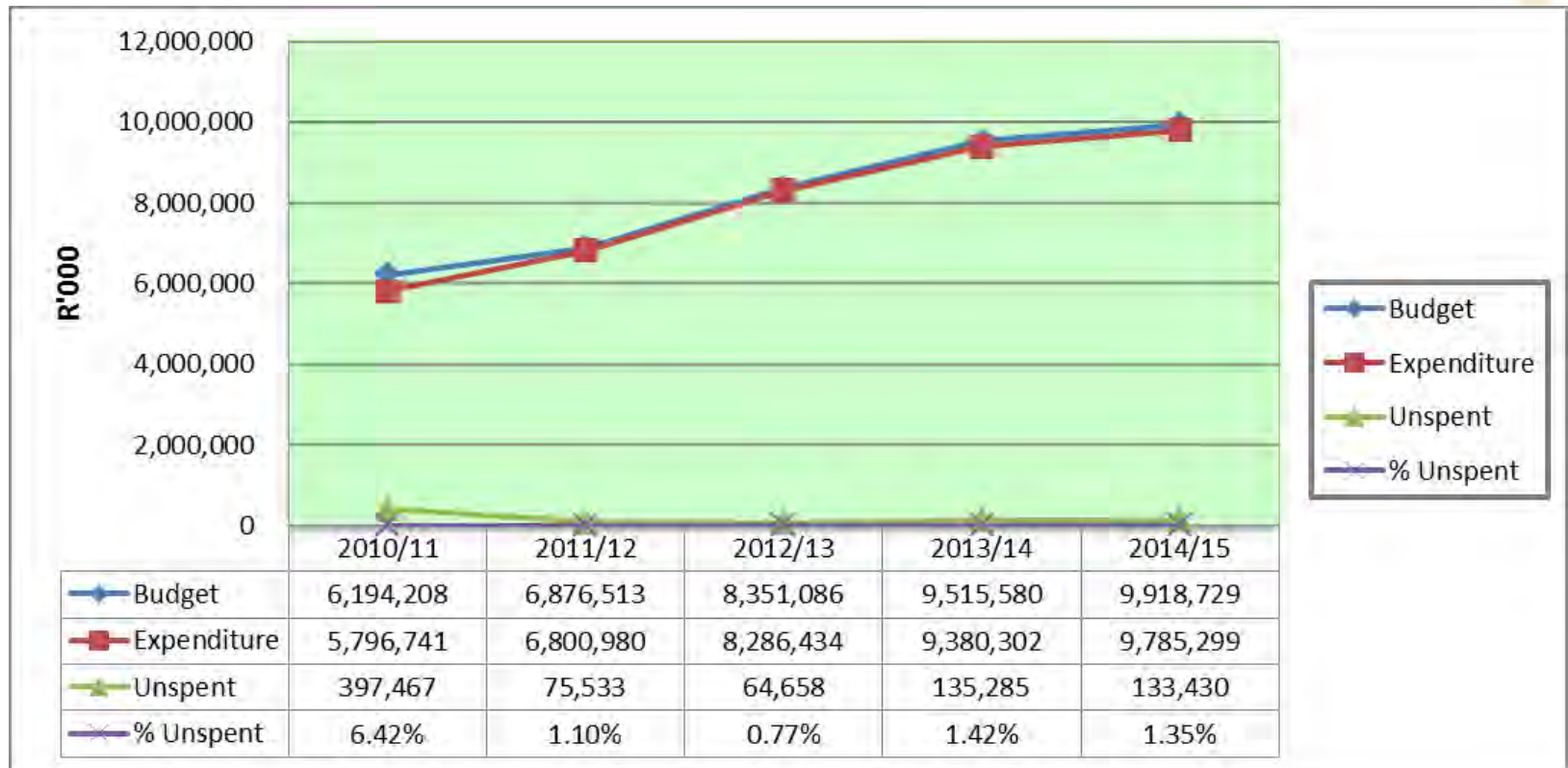
Financial management



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Five Year Comparison of Budget vs Expenditure – R'000



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Overview of the expenditure for the 2014/15 financial year

The expenditure based on the final appropriation of R9.918 billion is 98.7% or R9.785 billion, implying an under-spending of R133 million (1.3%)

Overview of expenditure per programme:

Programme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Expenditure as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	790,876	727,080	63,796	91.9%
ITED	146,462	142,792	3,670	97.5%
BPD	946,330	938,622	7,708	99.2%
IDD	1,795,004	1,787,719	7,285	99.6%
CCRD	283,075	281,122	1,953	99.3%
IDAD	5,591,858	5,551,358	40,500	99.3%
TISA	365,124	356,606	8,518	97.7%
Total	9,918,729	9,785,299	133,430	98.7%



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Overview of the expenditure for the 2014/15 financial year

Overview of expenditure per economic classification:

Economic Classification	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	941,370	889,062	52,308	94.4%
Goods and services	694,905	654,432	40,473	94.2%
Transfers and subsidies				
Departmental agencies and accounts	1,358,698	1,358,698	-	100.0%
Higher education institutions	17,462	17,458	4	100.0%
Foreign governments and international organisations	32,700	26,598	6,102	81.3%
Public corporations and private enterprises	6,671,310	6,657,478	13,832	99.8%
Non-profit institutions	150,338	150,338	-	100.0%
Households	5,205	4,935	270	94.8%
Gifts and donations	40	40	0	100.0%
Payment for capital assets				
Machinery and equipment	29,736	21,049	8,687	70.8%
Intangible assets	12,246	495	11,751	4.0%
Payment for financial assets	4,719	4,716	3	99.9%
TOTAL	9,918,729	9,785,299	133,430	98.7%

2014/15 Audit Outcome



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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Audit outcome

- ❑ the Department's 2014/2015 financial statements were free from material misstatements;
- ❑ there were also no material findings on reporting on performance objectives or non-compliance with legislation;
- ❑ As a result, **the dti** achieved a financially unqualified opinion with no findings, commonly known as a “**clean audit**” opinion.

“clean audit” opinion

Audit outcomes

the dti has received an unqualified audit opinion from the Auditor-General South Africa (AGSA) for the 2014/15 financial year,

Audit outcomes								
Financial year	Fincial statements	Findings on predetermined objectives		Findings on areas of non-compliance				
	Audit opinion	Reported information not useful	Reported information not reliable	Annual financial statements	Asset management	Expenditure management	Procurement Management	HR Management
14/15								
13/14								
12/13								
11/12								
10/11								

Legend	No findings	
	Findings	



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**Report on the dti
First Quarter Performance
2015/16**

Key Achievements
1 April– 30 June 2015



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Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- IPAP** 2015/16–2017/18 approved by Cabinet in April 2015 followed by a successful launch.
- The revised instruction note which aims to resolve challenges in implementation for Valves & Actuators was signed off in June 2014.
- Secured approval for transformers and the revised instruction note for power pylons, which now includes power line hardware, monopoles, street lighting poles, lattice towers and masts.
- Proposal for the Solar photovoltaic system components approved.



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Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- The instruction note on the creation of a rebate provision for electricity meters was issued through the government gazette by International Trade Administration Commission of South Africa (**ITAC**).
- Contributed to the development of the **SADC** Industrialization Strategy and Roadmap on Regional Economic Integration which has been approved and adopted by Extraordinary **SADC** Summit in April 2015.
- The Aerospace Industry Support Initiative of **the dti** has supported three aerospace companies with development of new technologies to commercialisation stage

Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ The investment of the Toyota Quantum Ses“fikile Complete Knock Down project worth R476 million anticipated to create 248 new jobs and have 30% local content.
- ❑ Approval of Global Environment Fund funded projects [Facilitate and promote the introduction of electric vehicles (low carbon Transportation Project) and Industrial energy efficiency].
- ❑ **18 Film Productions** with Qualifying South African Production Expenditure (QSAPE) of R318 million approved.



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Industrial Development

SG 1: Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

- ❑ Approval of 161 enterprises through **MCEP** with estimated investment of R5.88 billion to support manufacturers in upgrading their out-dated machinery and equipment, invest in competitiveness enhancing activities and sustain 28 212 jobs.
- ❑ 538 enterprises were approved for funding for participation in exhibitions and trade fairs under Export, Marketing and Investment Assistance (**EMIA**).



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Overview of Incentive Schemes

Description	Actual	
	Number of firms/projects supported	Potential jobs supported
Industrial Financing		
Automotive Investment Scheme (AIS)	13	185
12I Tax Allowance Incentive	2	8
Critical Infrastructure Programme (CIP)	1	-
Manufacturing Competitiveness Enhancement Programme (MCEP)	161	28 212



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REPUBLIC OF SOUTH AFRICA

Overview of Incentive Schemes

Description	Actual
	Number of firms/projects supported
Broadening Participation	
Enterprise Investment Programme (EIP- ADEP)	4
Trade, Investment & Exports	
Export, Marketing and Investment Assistance (EMIA)	538



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REPUBLIC OF SOUTH AFRICA

Trade, Investment & Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ Facilitated R1.3 billion of export sales through the implementation of National Pavilions and Missions in and to priority foreign markets.
- ❑ **the dti** was awarded Best National Pavilion at the Zimbabwe International Trade Fair.
- ❑ Approved Concept of the Africa Export Council;
- ❑ The Africa Growth and Opportunity Act (**AGOA**)- extension until the next 10 years (until 2025) has been passed by the United States of America (USA) Senate and House, and is currently awaiting signature by the President of the USA.
- ❑ An agreement was reached granting market access for 65 000 tons of bone-in chicken pieces into the South African market.



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REPUBLIC OF SOUTH AFRICA

Trade, Investment & Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ The Common Market for Eastern and Southern Africa (**COMESA**), East African Community (**EAC**) and Southern African Development Community (SADC) met in June 2015 in Egypt at the Third Tripartite Summit to officially launch the **COMESA-EAC-SADC** Tripartite Free Trade Area (**TFTA**).

- ❑ Progress made as follows:
 - The conclusion of text negotiations on the main agreement and several annexes;
 - Signature and opening for signature of the main agreement at the Third Summit of Heads of State and Government; and
 - Commencement of Phase II negotiations announced.



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Trade, Investment & Exports

SG 2: Build mutually beneficial regional & global relations to advance South Africa's trade, industrial policy & economic development objective

- ❑ Three **MoUs** signed with Senegal, Zimbabwe, Mauritania on Economic and Technical Cooperation.
- ❑ Two draft **MoUs** exchanged with Swaziland and Egypt on Standardisation, Accreditation, Regulation and Metrology and terms of reference for the Joint Working Group (JWG) thereof.
- ❑ There has been agreement to implement the grant components of the Cuba Package.



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REPUBLIC OF SOUTH AFRICA

Special Economic Zones and Economic Transformation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- ❑ The Dube Trade Port, KZN approved four investments with an investment value of R280 million- its sector focus is mining engineering, logistics, and construction.
- ❑ Saldhana Bay IDZ, WC, 26 companies have shown interest to locate to the IDZ; its sector focus is mainly on Oil and Gas, Logistics, Marine and subsea and Rig Repair. Currently, the confirmed rand value is R2 billion from two companies.
- ❑ **the dti** has developed a capacity building programme to the value of R20 million in partnership with Saldhana Bay IDZ, WC and the Energy and Water Sector, Education and Training Authority (EWSETA).



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Special Economic Zones and Economic Transformation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- 30 Government officials were trained in the People's Republic of China as part of the five year agreement with SA.
- The system for issuing of the **B-BBEE** certification for Exempted Micro Enterprises was launched in April 2015.
- The amended Codes of Good Practice for B-BBEE were gazetted and came into effect in May 2015.
- the dti** is in the process of developing a technical assistance guide to provide clarification, simplification and general understanding of the amended Codes.

Special Economic Zones and Economic Transformation

SG 3: Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth

- The SEZ Advisory Board held its inaugural meeting in June 2015.
- The Itukise Programme placed 1400 graduates exceeding its target of 1200.
- The SA Business Incubator Establishment Handbook was launched in May 2015.
- The handbook contains guidance on the steps needed to identify and establish a business incubator that best meets the needs of Small Medium Enterprise (SMEs) in a particular area.



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Department:
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Regulation

SG 4: Create a fair regulatory environment that enables investment, trade & enterprise development in an equitable & socially responsible manner

- ❑ The **Liquor and Gambling Policy** were both published for public comments. Consultations were held in Cabinet and with stakeholders.
- ❑ Regulation 45 on the **National Credit Act, 2005** (Act No. 34 of 2005), (which aims to set maximum fees, interest rates and service fees that can be levied) as amended was produced and published. – aims to set maximum fees, interest rates and services fees that can be levied.
- ❑ The **Lotteries Act, 1997** (Act 57 of 1997), as amended which was assented to by the President and proclaimed in April 2014, lead to the launch of the National Lotteries Commission. The Regulations came into operation in April 2015.



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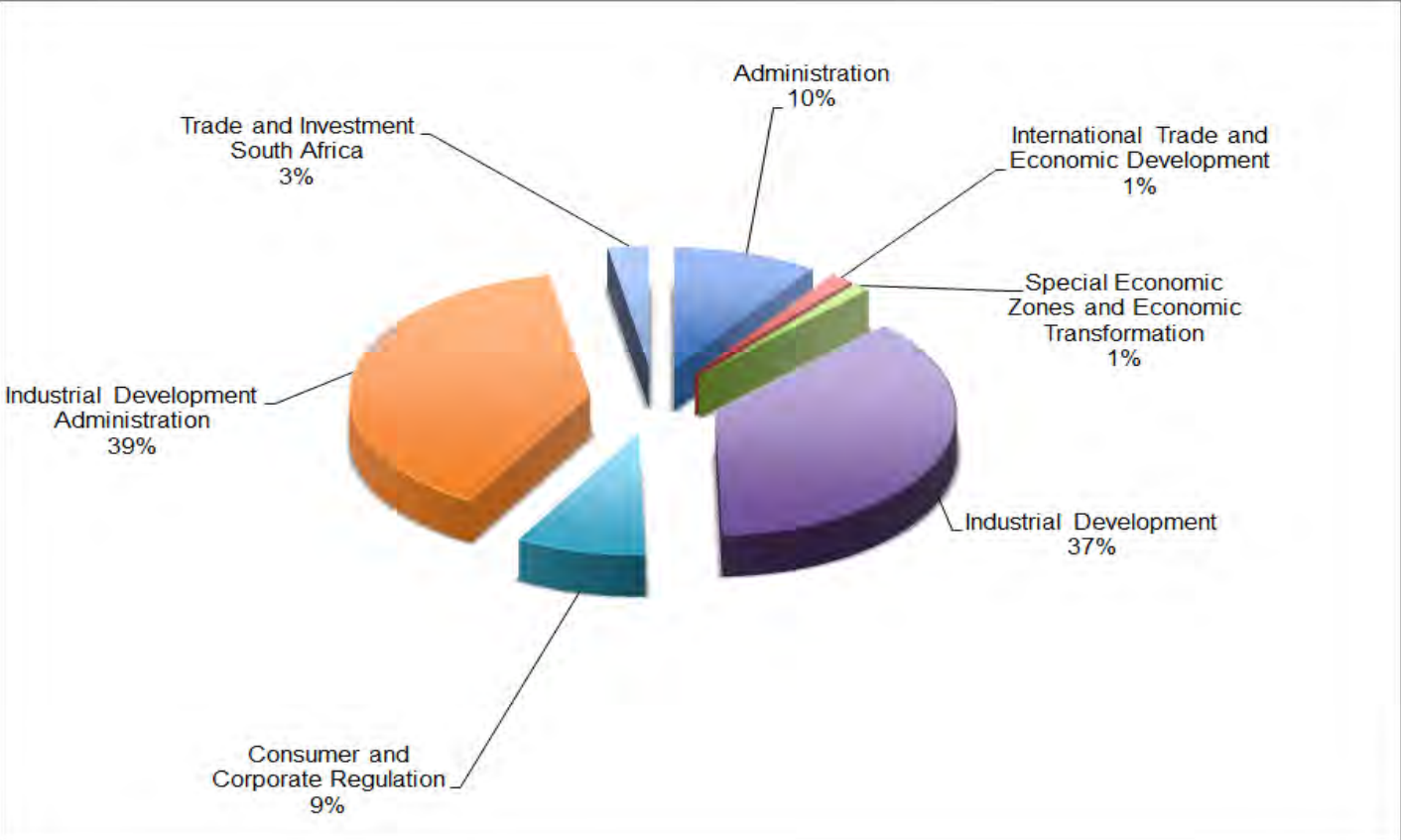
Departmental expenditure versus budget



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Segmentation of YTD expenditure of the dti programmes



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Summary of Projections vs Expenditure as at 30 June 2015

The expenditure based on the year to date projection of R2.187 billion is 73.85 per cent or R1.615 billion, implying an under-spending of R572 million or 26.15 per cent

Overview of expenditure per programme:

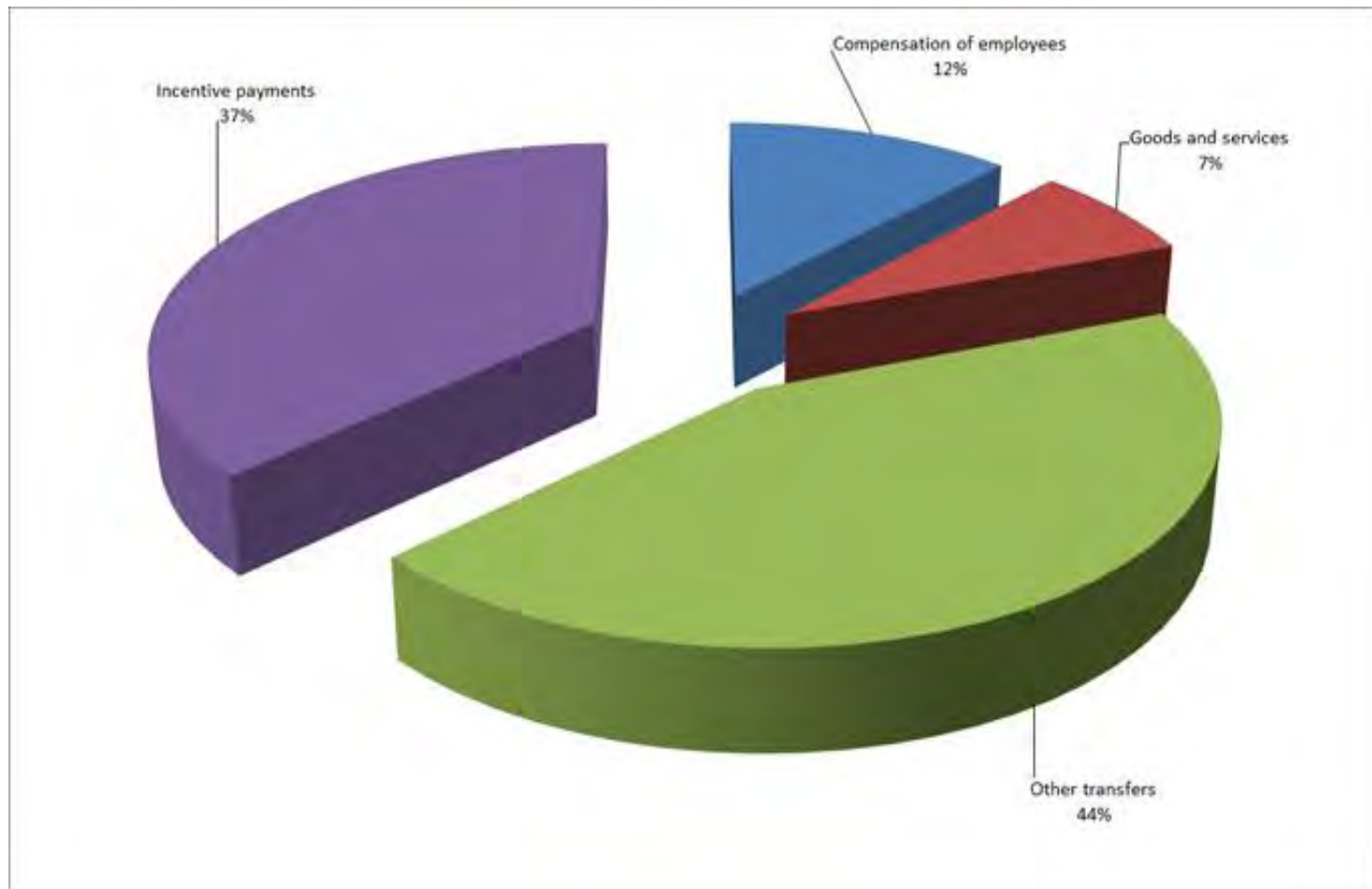
Programme	Revised Budget 2014/15	Year-to-date (YTD)				Available budget	% budget available
		YTD Cash flow projections	YTD Expenditure	Variance (Budget less expenditure)	% variance		
	R'000	R'000	R'000	R'000	%	R'000	%
Administration	689,740	178,009	157,062	20,947	11.77%	532,678	77.23%
International Trade and Economic Development	164,754	34,700	25,179	9,521	27.44%	139,575	84.72%
Special Economic Zones and Economic Transformation	263,224	64,922	18,108	46,814	72.11%	245,116	93.12%
Industrial Development	1,973,534	608,933	600,355	8,578	1.41%	1,373,179	69.58%
Consumer and Corporate Regulation	294,496	144,044	140,414	3,630	2.52%	154,082	52.32%
Industrial Development Administration	5,795,639	1,045,021	629,593	415,428	39.75%	5,166,046	89.14%
Trade and Investment South Africa	412,328	111,765	44,630	67,135	60.07%	367,698	89.18%
Total	9,593,715	2,187,394	1,615,341	572,052	26.15%	7,978,374	83.16%



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Segmentation of expenditure per economic classification



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Summary of Projections vs Expenditure as at 30 June 2015

Overview of expenditure per economic classification:

Economic classification	Revised Budget 2014/15	Year-to-date (YTD)				Available budget	% budget available
		YTD Cash flow projections	YTD Expenditure	Variance (Budget less expenditure)	% variance		
	R'000	R'000	R'000	R'000	%	R'000	%
Compensation of employees	897,730	214,125	193,614	20,510	9.58%	704,116	78.43%
Goods and services	570,181	146,380	116,283	30,097	20.56%	453,898	79.61%
Payment for capital assets	41,853	2,655	1,960	695	26.17%	39,893	95.32%
Transfers & subsidies	8,083,951	1,824,234	1,303,484	520,750	28.55%	6,780,467	83.88%
TOTAL	9,593,715	2,187,394	1,615,341	572,052	26.15%	7,978,374	83.16%



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REPUBLIC OF SOUTH AFRICA

Ke ya leboga

Ke a leboga

Ndiyabulela

Ngiyabonga

Ndi khou livhuha

Thank you

Ke a leboha

Ngiyabonga

Ngiyathokoza

Inkomu

Dankie



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Trade and Industry
REPUBLIC OF SOUTH AFRICA



Acronyms/Abbreviations

TERM	DEFINITION	TERM	DEFINITION
ADEP	Aquaculture Development and Enhancement Programme	COMESA	Common Market for Eastern and Southern Africa
AIS	Automotive Investment Scheme	CTCP	Clothing and Textiles Competitiveness Programme
APP	Annual Performance Plan	DAFF	Department of Agriculture, Forestry and Fisheries
B-BBEE	Broad Based Black Economic Empowerment	DBSA	Development Bank of South Africa
BBSDP	Black Business Supplier Development Programme	DSBD	Department of Small Business Development
BPD	Broadening Participation Division	DPSA	Department of Public Service and Administration
BPS	Business Process Services	EAC	East African Community
CCRD	Consumer and Corporate Regulation Division	EIP	Enterprise Investment Programme
CDA	Co-operatives Development Agency	EFTA	European Free Trade Association
CIP	Critical Infrastructure Programme	EMIA	Export, Marketing and Investment Assistance
CIS	Co-operative's Incentive Scheme	EPA	Economic Partnership Agreement
		EU	European Union



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Acronyms/Abbreviations

TERM	DEFINITION	TERM	DEFINITION
EXBO	Executive Board	MIP	Manufacturing Incentive Programme
FTA	Free Trade Agreement	MoU	Memorandum of Understanding
FY	Financial Year	MTEF	Medium Term Expenditure Framework
GSSSD	Group Systems and Support Services Division	MYECP	Mass Youth Enterprise Creation Programme
HR	Human Resources	NCA	National Credit Act
IPAP	Industrial Policy Action Plan	NCC	National Consumer Commission, a public entity of the dti
ITUP	Informal Traders Upliftment programme	NCR	National Credit Regulator, a public entity of the dti
ISP	Incubator Support Programme	Necsa	SA Nuclear Energy Corporation
ITED	International Trade and Economic Development Division	NCT	National Consumer Tribunal, a public entity of the dti
JTIC	Joint Trade and Investment Commission	NEDLAC	National Economic Development & Labour Council
MCEP	Manufacturing Competitiveness Enhancement Programme	NEF	National Empowerment Fund, a public entity of the dti
MHCV-AIS	Medium and Heavy Commercial Vehicles Automotive Investment Scheme	NGB	National Gambling Board, a public entity of the dti



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REPUBLIC OF SOUTH AFRICA

Acronyms/Abbreviations

TERM	DEFINITION	TERM	DEFINITION
NIBUS	National Informal Business Upliftment Strategy	PGM	Platinum Group Metals
NLA	National Liquor Authority	RIA	Regulatory Impact Assessment
NLB	National Lotteries Board, a public entity of the dti	SA	South Africa
NMISA	National Metrology Institute of South Africa, a public entity of the dti	SABS	South African Bureau of Standards, SOC limited, a public entity of the dti
NP	National Pavilions	SACU	Southern African Customs Union
NRCS	National Regulator for Compulsory Specifications, a public entity of the dti	SACU-EFTA	Southern African Customs Union - European Free Trade Association
NT	National Treasury	SACU-EU	Southern African Customs Union - European Union
ODG	Office of the Director-General	SADC	Southern African Development Community
OECD	Economic Cooperation and Development	SADC FTA	Southern African Development Community- Free Trade Agreement
OSM/OIM	Outward Selling Mission/Outward Investment Mission	SANAS	South African National Accreditation System, a public entity of the dti
PPPFA	Preferential Procurement Policy Framework Act	SAPS	South African Police Services
PTA	Preferential Trade Agreement	SARS	South African Revenue Service



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Acronyms/Abbreviations

TERM	DEFINITION	TERM	DEFINITION
SDI	Spatial Development Initiatives	the dti	Department of Trade and Industry
SDIP	Service Delivery Improvement Plan	THRIP	Technology and Human Resources for Industry Programme
seda	Small Enterprise Development Agency, a public entity of the dti	TIPS	Trade and Industrial Policy Strategies
SEIF	Shared Economic Infrastructure Facility	TISA	Trade and Investment South Africa
SEZ	Special Economic Zone	TOR	Terms of Reference
SIAL	Salon International de l'Alimentation	TPSF	Trade Policy and Strategy Framework
SLA	Service level Agreement	TSP	Tourism Support Programme
SMME	Small, Micro and Medium Enterprise	UAE	United Arab Emirates
SPII	Support Programme for Industrial Innovation	UN	United Nations
SMS	Senior Management Service	US	United States
stp	seda Technology Programme	WCP	Workplace Challenge Programme
T-FTA	Tripartite Free Trade Agreement	YEDS	Youth Entrepreneurship Development Strategy
		YTD	Year to Date



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