



International Trade Administration Commission of South Africa

A large graphic consisting of several overlapping, semi-circular segments in shades of orange, dark green, and tan. The segments are arranged in a fan-like pattern, with a central white circle containing the text 'ANNUAL REPORT 2022/23'. The background of the entire cover is a collage of images related to trade and logistics, including a port with cranes and containers, a ship at a dock, and a large industrial facility.

**ANNUAL
REPORT
2022/23**

The logo for 'enabling FAIR TRADE' is located in the bottom right corner. It features the word 'enabling' in a lowercase, sans-serif font, followed by a small orange square containing a white globe icon. Below this, the words 'FAIR TRADE' are written in a smaller, uppercase, sans-serif font.

enabling
FAIR TRADE

CONTENTS



PART A: GENERAL INFORMATION	
PUBLIC ENTITY'S GENERAL INFORMATION	03
LIST OF ABBREVIATIONS	04
FOREWORD BY THE MINISTER OF TRADE, INDUSTRY & COMPETITION	06
REPORT BY THE CHIEF COMMISSIONER.....	08
COMMENTARY BY THE CHAIRPERSON OF THE COMMISSION	10
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT	12
STRATEGIC OVERVIEW.....	13
LEGISLATIVE AND OTHER MANDATES	14
COMMISSIONERS.....	16
SENIOR MANAGEMENT TEAM.....	17
PART B: PERFORMANCE INFORMATION	
LIST OF REPORTS ISSUED BY ITAC IN 2022/23.....	19
TARIFF INVESTIGATIONS	20
TRADE REMEDIES.....	25
IMPORT & EXPORT CONTROL	29
ECONOMIC IMPACT ASSESSMENTS	32
PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	36
OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE	42
PART C: GOVERNANCE	
CORPORATE GOVERNANCE REPORT	44
AUDIT & RISK COMMITTEE REPORT	47
B-BBEE COMPLIANCE PERFORMANCE INFORMATION.....	50
PART D: HUMAN RESOURCE MANAGEMENT	
HUMAN RESOURCE MANAGEMENT REPORT	52
PART E: FINANCIAL INFORMATION	
THE ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL.....	56
ACCOUNTING AUTHORITY'S REPORT	57
REPORT OF THE EXTERNAL AUDITOR TO PARLIAMENT ON ITAC	58
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023.....	64
STATEMENT OF FINANCIAL PERFORMANCE	65
STATEMENT OF CHANGES IN NET ASSETS	66
CASHFLOW STATEMENT.....	67
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	68
ACCOUNTING POLICIES	69
NOTES TO THE ANNUAL FINANCIAL STATEMENTS.....	76





PART A

GENERAL INFORMATION



Public Entity's General Information

Country of incorporation and domicile:

Republic of South Africa

Legal form of entity:

PFMA - Schedule 3A Public Entity

Nature of business and principal activities:

The aim of ITAC, as mandated by the International Trade Administration Act, 2002 (the ITAA Act), is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade subject to the ITA Act and the Southern African Customs Union (SACU) Agreement, 2002.*

Business address:

DTIC Campus (Building E)
77 Meintjies Street
Sunnyside
Pretoria
0002

Postal address:

Private Bag X 753
Sunnyside
Pretoria
0002

Website:

www.itac.org.za

Bankers:

Standard Bank; SARB

Auditors:

Nexia SAB&T

*Common Customs Area means the combined areas of the Member States of SACU (see section 1(2) of the ITA Act).



List of Abbreviations



COMMISSION	ITAC or the body comprising the Commissioners of ITAC, acting together
DTI	Department of Trade and Industry
DTIC	Department of Trade, Industry and Competition (merger between the DTI and EDD)
DPSA	Department of Public Service and Administration
EDD	Economic Development Department
EPA	Economic Partnership Agreement between SACU countries and Mozambique on the one hand, and the European Union and its member states on the other.
EU	European Union
EXCO	Executive Committee of ITAC
GRAP	Generally Recognised Accounting Practice
IDC	Industrial Development Corporation of South Africa
ITA Act	International Trade Administration Act, 71 of 2002
ITAC	International Trade Administration Commission of South Africa
MANCO	Management Committee of ITAC
PFMA	Public Finance Management Act, 1 of 1999
PPS	Price Preference System designed to improve the availability of good quality scrap metal to local consumers.
SACU	Southern African Customs Union, which consists of South Africa, Botswana, Eswatini, Lesotho and Namibia.
SACU AGREEMENT	The SACU Agreement, 2002
SEFA	Small Enterprise Finance Agency
USA	United States of America
WTO	World Trade Organisation







Foreword By Minister Of Trade, Industry And Competition



Mr Ebrahim Patel



It is my pleasure to table the Annual Report of the International Trade Administration Commission of South Africa (ITAC) for the 2022/23 financial year. The report sets out ITAC's work performed in a challenging trade and economic environment, supporting the growth and competitiveness goals of industrialisation.

In the past year, ITAC's interventions included 22 tariff and trade remedies investigations and the issuing of 19 investigation reports. The tariff investigations focused on diverse sectors of the South African economy, including the chemical, metals, agro-processing, electronic appliance goods sectors, whilst trade investigations covered a range of products, including frozen bone-in chicken, float glass, chain links, safety glass, garden tools, frozen potato chips, pneumatic tyres, galvanised steel coil, windscreens, cement, Polyethylene terephthalate, unframed mirrors, glass frit and threaded fasteners.

The ITAC Annual Report reflects the work of ITAC's Import and Export Control Unit, which issued 19 395 import permits and 16 922 export permits during the period 2022/2023. In addition to issuing permits, the Import and Export Control Unit played an important role in curbing illegal and fraudulent trade through its investigations and enforcement actions.

The report also reflects the work of ITAC in implementing its core mandate, and the outcome of joint efforts to align work of the dtic's entities towards a set of three shared outcomes:

- **Industrialisation** by drawing the link between interventions and patterns of production, investment, export and job creation;
- **Transformation** by connecting interventions to empowering black South Africans, women and workers;
- **Capable state** by reporting on improved performance and deeper partnerships.

Focusing around these central outcomes allows the diverse set of entities in the dtic Group – comprising regulators, financiers and technical institutions – to pool our capacities and collaborate to best deliver for the South African people.

Focusing around these central outcomes allows the diverse set of entities in the dtic Group – comprising regulators, financiers and technical institutions – to pool our capacities and collaborate to best deliver for the South African people.

ITAC will continue to align its work around stronger delivery on its core mandate and contribution to a common set of outcomes defined for the dtic Group, including the forty-five central outcomes established for the 2023/24 Financial Year. These outcomes are focused on measuring performance in terms of real impact, defined through key measures like the number of jobs supported, investment unlocked, and output generated by our work.





I would like to thank the Chief Commissioner, Mr Ayabonga Cawe and the ITAC staff for their work this past year. I acknowledge the work of the Chairperson of the Commission, Ambassador Faizel Ismail, and the part-time Commissioners, whose commitment to the important work of this agency is commendable.

Ebrahim Patel
Minister of Trade, Industry and Competition





Report By

The Chief Commissioner



Mr Ayabonga Cawe



The International Trade Administration Commission (ITAC) is responsible for administering trade instruments and providing related technical advice to the Department of Trade, Industry and Competition (DTIC). The work of the Commission includes conducting investigations into unfair and injurious import competition, regulating the movement of goods across South Africa's borders by issuing import and export permits and administering government programmes that complement South Africa's reimagined industrial strategy.

In carrying out these functions, ITAC is mindful not only of its mandate to foster economic growth and development through the creation of an efficient and effective system for the administration of international trade, but also of government's broader development goals. This is reflected in, for instance, ITAC's tariff amendment investigations, where a strategic approach to tariff setting has been adopted. The objective of this approach is to promote domestic manufacturing, employment retention and creation and international competitiveness. This strategic approach permeates all of ITAC's core functions, as can be seen from the more detailed discussions of ITAC's activities in this Report.

Turning to ITAC's use of tariff amendments, these instruments are used to support domestic industries by means of increases, reductions, rebates or drawbacks of customs duties. In providing such assistance, ITAC seeks to enhance the competitiveness of local industries with a view to fostering conditions for companies to increase employment, production and investment.

During the period 2022-2023, ITAC conducted six (6) tariff investigations. Two (2) investigations were for an increase in customs duties and the other four (4) investigations concerned rebate provisions. There were no investigations concerning a request for a reduction in customs duty. ITAC's tariff investigations focused on diverse sectors of the South African economy, including the chemical, metals, agro-processing and white (or electronic appliance) goods sectors.

ITAC's trade remedies instruments address unfair trade arising from unfair pricing of imported goods. What this means, in general, is that imported goods are sold in South Africa at a lower price than in the foreign country of origin. Where such unfair trade results in injury to a domestic industry, ITAC may recommend that a duty be put in place to create conditions for fairer competition between domestic and imported goods. The past year witnessed a continuation of the recent upswing in the use of the trade remedy instrument. In total, ITAC conducted sixteen (16) trade remedies investigations, although several investigations were carried over from an earlier period. Anti-dumping investigations accounted for fifteen (15) of these investigations, nine (9) of these were original investigations and six (6) concerned sunset review investigations. ITAC also undertook one safeguard investigation.

These investigations covered a range of products from various sectors of the economy. Products investigated included frozen bone-in chicken, float glass, chain links, safety glass, garden tools, frozen potato chips, pneumatic tyres, galvanised steel coil, windscreens, cement, Polyethylene terephthalate, unframed mirrors, glass frit and threaded fasteners.





The Annual Report also reflects the work of ITAC's Import and Export Control Unit. In undertaking this function, ITAC regulates the movement of certain goods across the borders of South Africa to enforce health, environmental, technical and security and safety standards. The Unit issued over 36 000 permits, specifically 19 395 imports permits and 16 922 export permits over the financial year.

In addition to issuing permits, the Import and Export Control Unit played an important role in curbing illegal and fraudulent trade through its investigations and enforcement actions.

Furthermore, ITAC determines the effectiveness of its interventions through impact assessments. These gauge the performance of industries given support against government policy objectives, which include improvements in employment, investment and production. The results of these assessments are detailed in this Report.

As a public institution, in addition to carrying out its core functions efficiently and effectively, ITAC adheres to rigorous corporate governance standards. ITAC continues to strengthen its internal control environment and we also continue to carefully manage our budgetary resources to ensure that we continue to discharge our obligations.

Finally, regarding human resources, during the financial year 2022-2023, ITAC continued to support and invest in the well-being and professional skills of its employees. I would like to thank all those who have contributed to the Commission's work over the past year. Particular gratitude is extended to the part-time Commissioners, ably chaired by Prof. Faizel Ismail, whose work continues to be the lifeblood of our trade instruments and to the indispensable advice of the Audit Committee.

These efforts have helped to create an enabling environment for fair trade to the benefit of all South Africans and those within our customs union, SACU.

Mr Ayabonga Cawe
Chief Commissioner





Commentary By The Chairperson Of The Commission



Mr Faizel Ismail



In addressing Parliament as part of the debate on the President's 2023 State of the Nation Address, the Minister of Trade, Industry and Competition, Minister Ebrahim Patel, noted that the world within which South Africa navigates its pursuit of economic prosperity is rapidly changing, characterised by increased uncertainty, volatility, complexity and ambiguity.

Indeed, the period spanning 2022 to 2023 proved to be a challenging period for South Africa, which faced a confluence of factors that collectively created a difficult environment, requiring strategic navigation to mitigate economic disruptions and foster sustainable growth. It was within this environment, that ITAC sought to support domestic industries through the application of its trade instruments.

Among the challenges during the past year, was a noticeable uptick in protectionist measures and trade barriers worldwide. Trading partners implemented stricter regulations, tariffs, and non-tariff barriers, not only making it harder for South African businesses to access foreign markets, but also diverting imports to South African shores. The escalation of trade tensions between major economies further compounded this challenge.

The period in question also witnessed significant fluctuations in exchange rates, which posed challenges for South Africa's trade. These currency fluctuations were triggered by a mix of global economic trends, local political developments, and shifts in investor sentiment, making it challenging for domestic businesses to plan effectively.

On top of the aforementioned challenges, on the domestic front, one of the most pressing challenges South Africa faced during this period was energy supply constraints. Frequent power outages disrupted production processes and increased production costs, affecting the overall competitiveness of South African companies vis-à-vis imports.

The lingering effects of the COVID-19 pandemic also continued to impact domestic industries. South African companies had to grapple with shipping delays and shortages of key inputs. These disruptions added to the cost of doing business across sectors within South Africa.

As detailed in this Annual Report, it is into this environment of internal challenges and external shocks that the Commission stepped and yielded its trade instruments to assist domestic industries. In the year at issue, the Commission is alone launched a number of investigations to respond to allegations of unfair trade and injurious import competition. Where these investigations corroborated such allegations, the Commission did not hesitate to recommend to the Minister of Trade, Industry and Competition to impose duties in the form of ordinary customs duties, anti-dumping duties and safeguard duties.

The Commission also played its part in enhancing trade of goods across South Africa's borders, issuing a record 36 317 import and export permits. In addition to issuing such permits, the Commission's Import and Export Control unit worked together with other government organisations to stem illicit trade, including the misdeclaration of scrap metal exports.





Returning to the State of the Nation Address, in considering the many challenges facing South Africa, President Ramaphosa alluded to the need for resilience. Viewed in its entirety, it can fairly be said that the activities of the Commissions are aligned with this plea. The Commission is thereby doing its part to enhance economic growth and employment in South Africa and across the Southern African Customs Union.

It has been a challenging and rewarding year and I would like to thank the Chief Commissioner, my fellow part-time Commissioners, and the entire staff of ITAC, for their commitment and hard work this past year.

Mr Faizel Ismail
Commission Chairperson





Statement of Responsibility and Confirmation of Accuracy of The Annual Report



To the best of my knowledge and belief, I confirm the following:

all information and amounts disclosed in the annual report are consistent with the annual financial statements audited by Nexia SAB&T.

- the annual report is complete, accurate and is free from any omissions.
- the annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- the Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.
- the Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- the Accounting Authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- the external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- in our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of ITAC for the financial year ended 31 March 2023.

Yours faithfully

Chief Commissioner
Ayabonga Cawe (Accounting Authority)
31 July 2023

Chairperson of the Commission
Dr. Faizel Ismail
31 July 2023



Strategic Overview:



Vision

An institution of excellence in international trade administration, enhancing economic growth and development.

Mission

ITAC aims to create an enabling environment for fair trade through efficient and effective administration of its trade instruments, and technical advice to the Department of Trade, Industry and Competition (the dtic).



Core Values

ITAC is guided by the following set of core values:

- Integrity
- Trust
- Accountability
- Commitment





Legislative and Other Mandates



ITAC is a PFMA Schedule 3A Public Entity which was established through an Act of Parliament, the International Trade Administration Act, 2002 (ITA Act), which took effect on 1 June 2003.

The ITA Act makes provision for a Chief Commissioner who serves as the Chief Executive Officer of ITAC. The Chief Commissioner is assisted by a Deputy Chief Commissioner and a maximum of ten other Commissioners, who may serve on a part-time or full-time basis. There is a Chief Commissioner, Deputy Chief Commissioner and ten part-time Commissioners.

The Commissioners meet once a month to evaluate investigations conducted by ITAC's investigating teams and make recommendations to the Minister of Trade, Industry and Competition. The Commissioners have diverse backgrounds including: economics, finance, international trade law, agriculture, business and labour.

The aim of ITAC, as mandated by the ITA Act, is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa; and within the Common Customs Area by establishing an efficient and effective system for the administration of international trade, subject to the ITA Act and the SACU Agreement 2002.

ITAC's main investigations involve ordinary customs duties (i.e. import tariffs), trade remedies, and import and export control. The establishment of ITAC was intended to rationalise, streamline and modernise an organisation with a history that dates back to the 1920s. ITAC uses international trade instruments in alignment with trade and industrial policy imperatives with regard to WTO rules and changes to the international trade landscape.







Commissioners



Dr. Faizel Ismail
Chairman



Ayabonga Cawe
Chief Commissioner




Vacant
Deputy Chief Commissioner



Boikanyo Mokgathe
Part-time Commissioner



Tanya van Meelis
Part-time Commissioner



Etienne Vlok
Part-time Commissioner



Ayanda Hlatshwayo
Part-time Commissioner



Phozisa Mbiko
Part-time Commissioner



Vuyolwethu Ncwaiba
Part-time Commissioner



Anthony Ehrenreich
Part-time Commissioner



Jacobus De Beer
Part-time Commissioner



Wandile Sihlobo
Part-time Commissioner

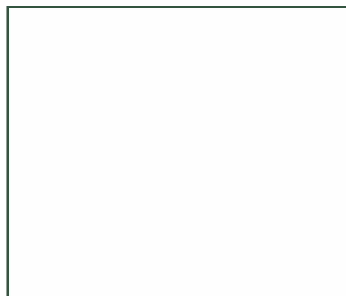




Senior Management Team



Ayabonga Cawe
Chief Commissioner



Vacant
Deputy Chief Commissioner



Phillip Semela - General Manager:
Corporate Services



Alexander Amrein - Senior
Manager: Policy and Research



Ntsobe Nkoana
Chief Financial Officer



Rika Theart
Senior Manager: Tariff I



Phatheka Busika
Senior Manager: Tariff II



Carina Janse Van Vuuren - Senior
Manager: Trade Remedies I



Zoleka Xabendlini - Senior
Manager: Trade Remedies II



Marius Collins- Senior Manager:
Import & Export Control



Bhekithemba Kgomo - Senior
Manager: Internal Audit



Averil Munsami - Senior
Manager: Legal Services



Koena Phukubye - Senior
Manager: Human Resources



Russell Nelson
Chief Information Officer





PART B

PERFORMANCE INFORMATION



List of Reports Issued By Itac In 2022/2023



Report 618	Increase in the rate of customs duty on combined refrigerator-freezers, fitted with separate external doors.
Report 633	Creation of a full duty rebate facility on titanium dioxide classifiable under tariff subheading 3206.11 imported in terms of rebate item 306.04/3206.11/01.06 for use in the manufacture of paints, varnishes and prepared driers.
Report 646	Creation of a rebate facility for the importation of weapons, weaponry systems, ammunition and related items used for testing purposes.
Report 650	Review of the description of rebate item 304.07/0404.10/01.06 for demineralised whey powder used for the manufacture of prepared infants food.
Report 667	Creation of temporary rebate provisions for the importation of primary flat steel products.
Report 673	Sunset Review investigation of the anti-dumping duties on ordinary Portland cement originating in or imported from the Islamic Republic of Pakistan (Pakistan): Final Determination.
Report 683	Investigation into the alleged dumping of clear float glass originating in or imported from Malaysia: Final Determination.
Report 686	Investigation into the alleged dumping of non-articulated welded link chains originating in or manufactured in the People's Republic of China (PRC): preliminary determination.
Report 691	Investigation into the alleged dumping of spades and shovels originating in or imported from the Republic of India: Preliminary determination.
Report 696	Investigation into the alleged dumping of frozen potato chips originating in or imported from Belgium, Germany and The Netherlands: Preliminary Determination.
Report 700	Investigation into the alleged dumping of new pneumatic tyres of rubber of a kind used on motor cars and on buses or lorries originating in or imported from the People's Republic of China: Preliminary determination.
Report 707	Investigation into the alleged dumping of windscreens for vehicles originating in or imported from the People's Republic of China into the SACU market: Preliminary determination.
Report 710	Investigation into the alleged dumping of other flat-rolled products of iron or non-alloy steel originating in or imported from the People's Republic of China: Preliminary determination.



Tariff Investigations

ITAC is responsible for conducting tariff amendment investigations in accordance with policy, domestic law and regulations and consistent with World Trade Organisation (WTO) rules.

Tariffs are an instrument of industrial policy and were applied in a manner that seeks to achieve set economic outcomes and can play an important role in the broader economic policy mix. ITAC's tariff approach is a critical feature of South Africa's industrial policy, which aims to enable favourable terms of access to the domestic market for local firms.

There are three types of tariff amendments, which are administered by the Tariff Investigations Unit. These comprise investigations of increases in ordinary customs duties; reductions in ordinary customs duties; and the creation of rebate and drawback provisions.

The Commission also administers various kinds of rebate and drawback provisions falling under Schedules 3, 4, and 5 of the Customs and Excise Act, 1964. This administration is done by issuing permits and certificates in accordance with the Customs and Excise Act, 1964, and setting guidelines for a variety of industrial sectors to clear imported goods free of duty. The ITAC Tariff Investigations Unit also administers rebate provisions provided for under the Automotive Production Development Program (APDP II).

The Commission takes into consideration the unique nature of each product or industry under investigation. This means that each industry or investigation is carried out on a case by case basis in order to be sensitive to its specific needs. This includes, whether or not the product under investigation is a consumer good or whether or not it is an input material into the downstream manufacturing industries. The Commission is cognisant that any potential tariff increases has an impact on key economic variables, including, inter alia, the inflationary impact on consumer prices.

increase: ordinary customs duties

An increase in the rate of customs duties is considered for the purpose of granting relief for domestic producers that may be experiencing threatening import pressures in order to adjust and restructure so that in the medium to long term they could become internationally competitive without any support in the form of customs duty protection which is capped with the applicable WTO bound rate.

Tariff increases are made possible by the fact that there is a difference between the general applied rates and the WTO bound rates. The WTO bound rates act as a ceiling beyond which customs duty increases cannot go.

1. Review of the description of rebate item 304.07/0404.10/01.06 for demineralised whey powder used for the manufacture of prepared infant's food – ITAC Report 650

The Commission considered a request by the South African Revenue Service ("SARS").

The request was for a review of the description of rebate item 304.07/0404.10/01.06, which makes provision for duty free importation of demineralised whey powder used for the manufacture of prepared infant food.

During its deliberations and arriving at its recommendation, the Commission considered the information at its disposal, including comments received during the investigation and the history of the rebate item under review, especially its usage in the period preceding the review.

The Commission found that:

- Rebate item 304.07/0404.10/01.06 was created during the tenure of ITAC's predecessor, the Board on Tariffs and Trade ("BTT") and provides for duty free importation of DWP used for the manufacture of prepared infant food.
- It was appropriate to review the conditions of rebate item 304.07/0404.10/01.06 and clarify the description of the product which qualifies for importation under this rebate item in so far as the current description is limited to DWP, taking into account the current practices of the infant foodstuffs industry.
- According to SARS, the rebate item is currently contentious due to the lack of clarity as to what constitutes DWP and what the parameters are of its constituents. This has rendered it increasingly difficult for SARS to administer the rebate item in view of the fact that some local manufacturers of infant food utilise WPC as a substitute for DWP, as WPC has a similar composition to DWP.
- It was found that South Africa only produces whey powder and that all other derivatives, such as DWP and WPC, are imported.
- Imports under Rebate Item 304.07/0404.10/01.06 increased from 2015 to 2016. However, they reduced by 47% in 2017. There were no imports under the rebate facility from 2018 to date.
- The majority of importers of DWP, which is used for the manufacturing of infant food, made use of the EU duty free provision instead of rebate item 304.07/0404.10/01.06, which requires a rebate store under SARS Customs supervision.



- In light of the foregoing, the Commission decided to withdraw rebate item 304.07/0404.10/01.06, which makes provision for duty free importation of demineralized whey powder used for the manufacture of prepared infant food.

2. Increase in the rate of customs duty on combined refrigerator-freezers, fitted with separate external doors – ITAC Report 618

The Commission considered an application by Defy Appliances (Pty) Ltd (“Defy”), for an increase in the rate of customs duty on combined refrigerator-freezers, fitted with separate external doors, classifiable under tariff subheading 8418.10 from 25% *ad valorem* to 30% *ad valorem*, by way of creating an additional 8-digit tariff subheading. The application is for an increase in customs duty applicable to refrigerators with a total capacity exceeding 400 litres.

Defy is Southern Africa's largest manufacturer and distributor of major domestic appliances, with distribution centres in a number of African countries. The company manufactures and develops a range of large appliances, such as refrigerators, gas stoves, tumble dryers and convection ovens.

The company has three factories in South Africa. Its Jacobs factory in Durban manufactures free-standing stoves, built-in ovens, hobs and tumble dryers; its Ezakheni factory in Ladysmith manufactures electric chest freezers and electric refrigerators; and the East London factory manufactures only the subject products.

As motivation for the application, Defy stated that the white goods industry in SACU is currently struggling to sustain jobs and investment; Defy re-launched its East London plant in 2014 following a significant investment to manufacture side-by-side refrigerators.

This investment was on the back of a growing consumer base in Africa fuelled by a growing middle class; the domestic white goods industry has since been under pressure due, in part, to increasing low priced imports and this has put the viability of the SACU industry at risk; an increase in customs duty will ensure job retention, additional market share locally, and enable competitiveness in the export markets; and an increase in customs duty will also be instrumental in supporting the current and future plans for the introduction of an additional product range by Defy.

In terms of the reciprocal commitments, Defy committed to invest in additional capacity and efficiency improvements over the 3 years following a duty increase; and to increase employment and its production of the subject product over the next three years.

The Commission concluded that additional tariff support should enable the industry manufacturing combined refrigerator-freezers, fitted with separate external doors, to utilise its existing under-utilised production capacity, achieve economies of scale, with a reduction in the marginal cost of production.

A duty increase is expected to result in the growth of the local industry, specifically creating an appetite for investors to invest and localize the manufacturing of the subject product locally. This should result in the creation of additional jobs, strengthened local manufacturing as well as improved competitiveness of local products.

The Commission recommended that the rate of customs duty on combined refrigerator-freezers, fitted with separate external doors, classifiable under tariff subheading 8418.10, be increased from 25% *ad valorem* to 30% *ad valorem*, by way of creating an additional 8-digit tariff subheading as follows:

- Combined refrigerator-freezers, fitted with separate external doors: Other”

3. Application for an increase in the rate of customs duty on frozen mixed vegetables classifiable under tariff subheading 0710.90 lodged by Nature's Garden (“the natures garden application”)

The Commission considered an application by Nature's Garden (Pty) Ltd (“Nature's Garden”) for an increase in the rate of customs duty on frozen mixed vegetables classifiable under tariff subheading 0710.90 from 10% *ad valorem* to the WTO bound rate of 37% *ad valorem*. The investigation was initiated on 22 February 2019 as per Government Gazette Notice No. 42240.

A full-scale investigation culminated in the Commission's final recommendation on Nature's Garden's Application, which recommendation was subsequently forwarded to the Honourable Minister of Trade, Industry and Competition (the “Minister”), for his consideration.

The Minister referred the matter back to the Commission subsequent to which the Commission provided clarification and expanded on certain aspects relating to the proposed increase in the rate of customs duty on frozen mixed vegetables.

The Minister raised concerns with regard to the matter of pricing. In particular, the Minister remained concerned that an increase in the rate of customs duty on frozen mixed vegetables may have a detrimental impact on South African consumers.



Given the negative impact that food price inflation can have on the South African economy and on financially hard-pressed consumers, the Minister requested the Commission to investigate his concerns relating to the impact of any potential increase in the duty on the Lower Segment Market and the possible impact on food inflation. ITAC's findings were submitted to the Minister, for his consideration.

The Minister subsequently communicated to ITAC that he took into account a number of issues, such as the current context of high food prices that affects both poor and middle-class consumers, continuing pressures on household incomes from external shocks to the economy, the decline in the level of imports of frozen vegetables from 2020 onwards, the likely impact on aggregate jobs and industrial output in the economy, in deciding whether to impose or decline a tariff increase weighed against other policy objectives.

The Minister also took into account the fact that food prices in South Africa, and globally, are currently rising rapidly and that the impact of the rise in inflation on not only the poor but also the middle class is well documented.

Taking into account all information at his disposal, the Minister also considered various options that may mitigate the impact of a tariff increase on consumers but, weighing up all the circumstances, decided to reject the application for an increase in the duty on frozen mixed vegetables classifiable under tariff subheading 0710.90.

However, the Minister acknowledged that circumstances may change in the future, in particular if current geopolitical tensions subside and food prices stabilise as the global economy recovers from the impact of COVID-19.

In light of the aforementioned, the Minister directed ITAC, in terms of section 16(1)(d)(ii) of the International Trade Administration Act, Act 71 of 2002, to review the custom duty on frozen mixed vegetables classifiable under tariff subheading 0710.90 in nine (9) months and submit a report with recommendations for his consideration.

Rebate provisions created

Linked to customs duties as a trade policy instrument are duty rebate and drawback provisions for products for which detailed separate tariff lines are impracticable for tariff administration purposes. The primary aim of these provisions is to provide a customs duty waiver and therefore an availability at world competitive prices of products that attract duties but are not produced or insufficiently produced domestically as an industrial or agricultural input for certain critical applications, as capital items, or as agricultural products for consumption. Rebates and drawbacks form a key pillar of certain industrial development programmes, such as the APDP2 for motor vehicles.

1. Creation of temporary rebate provisions for the importation of primary flat steel products – ITAC Report No. 667

The Commission considered the trade policy directive issued by the Minister of Trade, Industry and Competition ("the Minister") requesting ITAC in terms of Section 16(1)(d)(i) of the International Trade Administration Act, 2002 (Act No. 71 of 2002), to investigate the possibility for the creation of a temporary rebate provisions for the importation of flat steel products, classifiable under tariff headings 72.08, 72.09, 72.10, 72.11, 72.12, 7225.1, 7225.99, and 7226.9.

The Minister cited as reasons for the request that the concerns received from a number of downstream sectors indicating that there are interruptions in the reliable supply of steel domestically, which has resulted in critical shortage of steel; the critical shortage of steel is mainly attributable to unplanned and unforeseen shutdown at ArcelorMittal South Africa (AMSA) plants, which have worsened due to the company's decision to postpone the restart of its second blast-furnace at its Vanderbijlpark, post the Covid-19 alert level 5 lockdown; the reliability of supply by AMSA has been an ongoing issue prior to Covid-19 induced lockdown; and the ongoing primary steel shortages and supply challenge of flat steel products are placing the value chain at risk.

The subject flat steel products are used as an input material in the manufacturing of products in various industries, including construction, metal fabrication, automotive, machinery and equipment. The end-products include, amongst others, containers, mining equipment, automotive components, small and large bore pipes, agricultural implements, earth moving equipment, gas cylinders, truck trailers, water tanks, railway rolling stock, racking & shelving, pressure vessels, overhead cranes, dump trucks, storage tanks and wind towers, roof sheeting, gutters, appliance, and road signage.

The Commission concluded that duty relief, through the creation of Schedule 4 temporary rebate provisions, will timeously provide customs duty exemption and therefore an availability of duty-free products during periods when such products are not available locally. Tariff protection will remain in place to guard against the erosion of the domestic capacity to produce the subject primary steel products.

The Commission therefore decided to recommend temporary rebate provisions on both ordinary customs and safeguard duties be created for the importation of flat steel products, classifiable under tariff headings 72.08, 72.09, 72.10, 72.11, 72.12, 7225.1, 7225.99, and 7226.9, for use in the domestic industry, as outlined in paragraph 8 of Report No. 667. The Commission further recommended that the rebate provisions be reviewed to determine the impact on the industry value chain after three (3) years from the date of implementation, or as such other period as decided by the Commission.



2. Creation of a rebate facility for the importation of weapons, weaponry systems, ammunition and related items used for testing purposes – ITAC Report 646

The Commission considered an application by Denel SOC Limited trading as Denel Overberg Test Range (OTR) (“Denel”) applied for the creation of a rebate facility for the importation of weapons, weaponry systems, ammunition and related items used for testing purposes, classifiable in Chapter 93 of the Customs and Excise Act.

The subject products are referred to as, weapons and weaponry systems imported by the applicant on behalf of its clients for the purposes of testing.

The Commission concluded that the duty relief of the subject products should contribute to export promotion of local services and expertise; improve the international competitiveness of the domestic industry; sustain and create additional employment opportunities.

The Commission recommended the creation of a rebate facility for the importation of weapons and weaponry systems, ammunition and related items for testing purposes, as follows:

Goods for experimental purposes:

“Arms and ammunition, parts and accessories thereof, classifiable in Chapter 93, for the purposes of testing and experimenting therewith as the National Conventional Arms Control Committee and the Directorate for Conventional Arms Control may allow by specific permit in terms of the National Conventional Arms Control Act, 41 of 2002”.

Provided that:

(i) Goods imported under this rebate item shall be limited to goods imported for testing purposes and shall not be sold or disposed to any other party or be removed to the area of Botswana, Eswatini, Lesotho or Namibia unless under specific authority of the National Conventional Arms Control Committee and the Directorate for Conventional Arms Control; and

(ii) Goods not consumed or destroyed during the testing process must be exported within 180 days from the date of the said import permits issued by the National Conventional Arms Control Committee and the Directorate for Conventional Arms Control.”

3. Creation of a full duty rebate facility on titanium dioxide classifiable under tariff subheading 3206.11 imported in terms of rebate item 306.04/3206.11/01.06 for use in the manufacture of paints, varnishes and prepared driers – ITAC Report 633

The Commission considered an application by Kansai Plascon (Pty) Ltd (the “Applicant” or “Kansai Plascon”), for the creation of a rebate facility on titanium dioxide classifiable under tariff subheading 3206.11 for use in the manufacture of paints, varnishes and prepared driers classifiable in tariff headings 32.08, 32.09, 32.10 and 32.11.

During its deliberations and in arriving at its recommendation, the Commission considered the information at its disposal, including comments received during the investigation period.

The Commission found that:

- According to current information at the Commission's disposal, there is no local manufacturer of titanium dioxide in the Southern African Customs Union (SACU). However, Nyanza Light Metals (“Nyanza”), a local company, has undertaken to produce titanium dioxide domestically, although its project is still in progress, with Phase one of the project, which is the construction of the Product Testing and Development Centre, having just been completed. Nyanza expects to start construction of the main plant in Quarter 2 of 2023 and is aiming for commercial production to commence in Quarter 1 of 2025.
- Updated information at the Commission's disposal shows that whilst Nyanza has completed Phase 1 of its project, the projected date for commencement of production has changed to Quarter 1 of 2025 when compared to the date provided at the time of the Commission's initial consideration, which was 2024.
- The Applicant's profitability on sales of paint has been under strain over the past four years. In this regard, the Applicant has experienced an average net loss on sales of paint from 2016 to 2019. The Commission also noted that the Applicant's ex-factory selling prices have fluctuated over the period of investigation.
- It is envisaged that should the rebate facility concerned be created it will be made subject to an ITAC permit with specific Guidelines, Rules and Conditions as this will enable the Commission to monitor the use of the rebate item concerned for the 30-month period before the Nyanza plant will be operational.

On balance and in light of the above considerations, the Commission decided to recommend that a rebate facility be created for a limited period of 30 months to enable the domestic paint manufacturing industry to eliminate unnecessary cost rising pressures and increase production of paint.

Additionally, by making the rebate subject to an ITAC permit with specific Guidelines, Rules and Conditions, the Commission will be in a position to monitor the use of the rebate item concerned for the 30-month period before the Nyanza plant becomes operational.



In light of the foregoing, the Commission recommended the creation of a rebate facility on titanium dioxide classifiable under tariff subheading 3206.11, for use in the manufacture of paints, varnishes and prepared driers, classifiable under tariff headings 32.08, 32.09, 32.10 and 32.11, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the product is not available in the SACU market.

The Commission further recommended limiting the validity period of the rebate facility to 30 months from the date of implementation. The reason for the limitation is to avoid uncertainty that a rebate provision subject to a review might have on the Nyanza project which may, amongst others, assist Nyanza with accessing funding and/or attracting investment, while taking into consideration Nyanza's confirmation that it is aiming to commence production in Quarter 1 of 2025.

Reduction: ordinary customs duties

A reduction or removal of duties is considered, in cases where goods, consumption goods, intermediate or capital goods are not manufactured domestically or unlikely to be manufactured domestically. A customs duty usually serves a protective purpose for an existing industry and in the absence of such an industry or if there is no potential or plans in place to grow that particular industry, then a reduction is considered, as the duty will otherwise only have a price raising effect.

- 1. No Reduction in the rate of customs duty applications were implemented during period under review.**



Trade Remedies

ITAC is responsible for conducting trade remedy investigations in accordance with policy, domestic law and regulations and consistent with World Trade Organisation (WTO) rules. Trade Remedies consists of anti-dumping, countervailing and safeguard instruments. In the 2022/23 period the instruments utilised were anti-dumping; sunset review and safeguard.

Anti-Dumping

The World Trade Organisation Anti-Dumping Agreement (ADA) and ITAC's Anti-Dumping Regulations (ADR) provide that anti-dumping duties may be imposed where dumped imports have caused material injury to the SACU industry or a threat of material injury exists as a result of the dumping.

Dumping occurs where foreign producers are exporting their goods in our country at prices (called the "export price") lower than what they charge for the same product in their country (called the "normal value"). Thus if the export price is lower than the normal value, dumping has occurred.

The following anti-dumping investigations were carried over from 2021/2022:

Product	Applicant	Country	Initiation	Status
Float Glass	PFG Building Glass, a division of PG Group (Pty) Ltd	Malaysia	19/3/2021	16/9/2022 Duty imposed

Float Glass

An investigation into the alleged dumping of float glass originating in or imported from Malaysia was initiated on 19 March 2021. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. The preliminary determination was made on 20 August 2021 and a provisional payment of 25.31% was imposed. The final duty was imposed on 16 September 2022.

Frozen bone-in portions

The South African Poultry Association (SAPA) submitted an application alleging that frozen bone-in portions of the species Gallus Domesticus originating in or imported from Brazil, Denmark, Ireland, Poland and Spain are being dumped on the Southern African Customs Union (SACU) market, causing material injury and a threat of material injury to the SACU industry concerned. This investigation was initiated on 5 February 2021. The preliminary determination was made on 17 December 2021 and the provisional payments were imposed. Final determination was made on 5 August 2022. However, the Minister decided to suspend the imposition of final duties for the period of 12 months.

Chain links

On 17 September 2021 an investigation was initiated on chain links originating or imported from People's Republic of China. The application was lodged by McKinnon Chain, a Division of Scaw South Africa (Pty) Ltd. The preliminary determination and provisional payments were imposed on 1 April 2022. Final determination was made on 16 March 2023. However, the Minister rejected the Commission's recommendation to impose final duties.

Laminated safety glass

On 22 October 2021 an investigation was initiated on laminated safety glass originating or imported from the People's Republic of China. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. The preliminary determination was made on 18 March 2022 and provisional payment of 232.78% was imposed. This investigation is still ongoing.

Garden Tools

On 22 October 2021 an investigation was initiated on garden tools originating or imported from the People's Republic of China and India. The application was lodged by Lasher tools. The preliminary determination was made on 13 May 2022. This investigation is still ongoing.

Frozen Potato Chips

On 19 November 2021 an investigation was initiated on frozen potato chips originating or imported from the Netherlands, Belgium and Germany. This investigation was self-initiated by International Trade Administration Commission (ITAC). The preliminary determination was made on 15 July 2022. The investigation is still ongoing.

Tyres

On 31 January 2022 an investigation was initiated on tyres originating or imported from the People's Republic of China. The application was lodged by South African Tyre Manufacturers Conference (SATMC). The preliminary determination was made on 9 September 2022. This investigation is still ongoing.

Windscreens

On 22 July 2022 an investigation was initiated on windscreens originating or imported from the People's Republic of China. The application was lodged by Shutterprufe. The preliminary determination was made on 10 February 2023. This investigation is still ongoing.



Galvanised Steel Coil

On 12 October 2022 an investigation was initiated on galvanised steel coil originating or imported from People's Republic of China. The application was lodged by South African Coil Coaters Association.

The preliminary determination was made on 17 March 2023. This investigation is still ongoing.

Summary of Anti-Dumping investigations

Product	Country	Date initiated	Outcome
Float Glass	Malaysia	19/03/2021	Duties imposed
Frozen bone-in chicken portions	Brazil, Denmark, Ireland, Poland, Spain	05/02/2021	Duties suspended for a period of 12 months
Chain links	People's Republic of China	17/09/2021	Duties not imposed
Laminated safety glass	People's Republic of China.	22/10/2021	On-going
Garden tools	People's Republic of China and India	22/10/2021	On-going
Frozen potato chips	Netherlands, Belgium and Germany	19/11/2021	On-going
Tyres	People's Republic of China	31/01/2022	On-going
Windscreens	People's Republic of China	22/07/2022	On-going
Galvanised Steel Coil	People's Republic of China	12/10/2022	On-going

Safeguard investigations

A safeguard investigation is conducted where it is determined that there is a surge of imports causing or threatening to cause serious injury to the SACU industry. It is considered a fair trade action taken to enable the domestic industry to adjust.

Threaded fasteners (Extension of safeguard measure)

An extension of safeguard measure investigation against the increased imports of threaded fasteners was initiated on 24 March 2023. The application was lodged by SAFMA. This investigation is still ongoing.

Summary of Safeguard investigation

Product	Country	Initiation	Finalisation	Outcome
Threaded fasteners (Extension of safeguard measure)	All countries	24/03/2023	On-going	On-going



Summary of investigations conducted

The table below presents a summary of investigations conducted during the financial year under review.

Product	Investigation	Country	Date initiated	Finalisation date	Outcome
Frozen bone-in Chicken Portions	Anti-Dumping	Brazil, Denmark, Ireland, Poland, Spain	05/02/2021	05/08/2022	Duties suspended for a period of 12 months
Float Glass	Anti-Dumping	Malaysia	19/03/2021	16/09/2022	Duties imposed
Chain links	Anti-Dumping	People's Republic of China	17/09/2021	16/03/2023	Duties not imposed
Laminated safety glass	Anti-Dumping	People's Republic of China	22/10/2021	On-going	On-going
Garden tools	Anti-Dumping	People's Republic of China and India	22/10/2021	On-going	On-going
Frozen potato chips	Anti-Dumping	Netherlands, Belgium and Germany	19/11/2021	On-going	On-going
Tyres	Anti-Dumping	People's Republic of China	31/01/2022	On-going	On-going
Galvanised Steel Coil	Anti-Dumping	People's Republic of China	12/10/2022	On-going	On-going
Windscreens	Anti-Dumping	People's Republic of China	22/07/2022	On-going	On-going
Cement	Sunset review	Pakistan	11/12/2020	10/06/2022	Duties increased
PET	Sunset review	Chinese Taipei, India, and Korea	18/06/2021	09/09/2022	Duties maintained
Unframed Glass Mirrors	Sunset review	India	18/06/2021	11/11/2022	Duties maintained
Glass Frit	Termination of Anti-dumping	Brazil	-	On-going	On-going
Unframed Glass Mirrors	Sunset review	Republic of Indonesia	22/07/2022	On-going	On-going
Frozen bone-in chicken portions	Sunset Review	United States of America	9/11/2022	On-going	On-going
Clear Float Glass	Sunset Review	Republic of Indonesia	18/11/2022	On-going	On-going
Threaded fasteners (Extension of safeguard measure)	Safeguard	All countries	24/03/2023	On-going	On-going



Sunset reviews

A sunset review is undertaken when the SACU industry concerned submits prima facie evidence that the expiry of the anti-dumping duties after the five years of existence, would likely lead to the continuation or recurrence of dumping and continuation or recurrence material injury.

Three sunset review investigations were initiated during the financial year. They are unframed mirrors originating or imported from the Republic of Indonesia, clear float glass originating or imported from the Republic of Indonesia and frozen bone-in chicken portions originating or imported from United States of America.

The sunset review investigations on PET; unframed mirrors originating from India ; and cement were finalized in the current financial period. The sunset review investigations on unframed mirrors originating from Indonesia, clear float glass, frozen bone-in chicken portions were on-going at the end of the financial year.

Unframed Mirrors

A sunset review of the anti-dumping duty on unframed mirrors originating in or imported from the Republic of Indonesia was initiated on 22 July 2022. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. This investigation is still on-going.

Frozen Bone-in Chicken Portions

A sunset review of the anti-dumping duties on frozen bone-in chicken portions originating or imported from the United States of America was initiated on 9 November 2022. The application was lodged by SAPA. This investigation is still on-going.

Clear Float Glass

A sunset review of the anti-dumping duties on clear float glass originating or imported from Republic of Indonesia was initiated on 18 November 2022. The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd. This investigation is still on-going.

Summary of Sunset reviews

Product		Initiation	Finalisation	Outcome
Cement	Pakistan	11/12/2020	10/06/2022	Duties increased
PET	Chinese Taipei, India, and Korea	18/07/2021	09/09/2022	Duties maintained
Unframed Glass Mirrors	India	18/06/2021	11/11/2022	Duties maintained
Unframed Glass Mirrors	Republic of Indonesia	22/07/2022	On-going	
Frozen bone -in chicken portions	United States of America	9/11/2022	On-going	
Clear Float Glass	Republic of Indonesia	18/11/2022	On-going	



Import and Export Control



ITAC administers an import and export control regime in terms of the provisions of the International Trade Administration Act, 71 of 2002.

In this regard, the cross border-movement of certain goods are controlled in terms of a permit system, for example, for the purpose of complying with international agreements, such as the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and the Montreal Protocol in substances that depletes the ozone layer.

Import control measures or restrictions in a more globally integrated economy are limited to those allowed under the relevant World Trade Organisation (WTO) Agreements. Import control measures are essentially for health, safety, environmental and strategic reasons. In this regard, ITAC contributes to the green economy.

In the enforcement of standards and the curbing of illegal and fraudulent trade, ITAC has positioned itself to play a more strategic role with regard to import and export control measures and enforcement.

Minerals beneficiation has been identified as one of the areas for job creation and this has required an alignment of ITAC's export control measures to give support to beneficiation.

ITAC has strengthened its export control measures on scrap metal through the introduction of a price preference system to promote investment and employment opportunities in the domestic metals beneficiation and fabrication industries. This followed a policy directive by the then Minister of Economic Development aimed at enabling affordable access to quality scrap metal by the domestic consuming industry. The focus has been on ensuring its effective administration and on managing litigation.

The Minister of Trade, Industry and Competition issued a further policy directive at the end of November 2022 to ITAC to also regulate the exportation of certain semi-finished metal goods and the importation of certain scrap metal processing equipment such as furnaces and granulators. The Minister also issued a policy directive that the exportation of copper scrap and certain ferrous scrap metal categories be prohibited for a temporary period of six months.

During the reporting period, 19 395 import permits and 16 922 export permits were issued. As can be seen from the table below, the bulk of the import permits, namely 3 731, were issued for the importation of used or second-hand machinery and mechanical appliances, equipment and parts thereof of chapter 84 of the Harmonized Customs Tariff. The next largest categories of imports permits are also detailed in the table.



Imported Goods	Harmonized Customs Tariff Classification	Number Of Import Permits
Used machinery and mechanical appliances, equipment and parts thereof	Chapter 84	3 731
Rubber and articles thereof, including tyres	Chapter 40	2 163
Marine resources	Chapter 03	2 039
New and used arms and ammunition	Chapter 93	1 618
Mineral fuels, mineral oils and products of their distillation	Chapter 27	2 191
Used vehicle and parts thereof	Chapter 87	1 423
Metals including waste and scrap	Chapter 72 to 81	874
Used electrical machinery and equipment and parts thereof	Chapter 85	1 380
Organic and inorganic chemicals	Chapters 28 and 29	629

As detailed in the table below, the bulk of export permits were issued for the exportation of used motor vehicles of chapter 87 namely 11 401 export permits. The next largest categories of export permits are also set forth in the table below.

Exported Goods	Harmonized Customs Tariff Classification	Number of Export Permits
Used motor vehicles	Chapter 87	11 401
Ferrous and non -ferrous waste and scrap	Chapters 72 to 81	3 140
Organic and inorganic chemicals	Chapters 28 and 29	1 321
Mineral fuels and products of their distillation	Chapter 27	613

The enforcement component of the Import and Export Control Unit conducts enforcement activities in terms of Section 41 of the International Trade Administration Act, (71 of 2002). Enforcement is crucial in detecting contraventions of the ITA Act and the Import and Export Control Regulations, and to ensure that there is compliance with the conditions and terms reflected in import, export and rebate permits.

Enforcement activities are made up of scheduled inspections, unscheduled or surprise inspections and investigations.

- Scheduled inspections are inspections and verifications that are pre-arranged with the importer or exporter.
- Unscheduled or surprise inspections are inspections that are not pre-arranged where the ITAC enforcement officers visit premises, yards, container depot's and the likes for inspection of imported goods or goods destined for export.
- Investigations are conducted when prima facie evidence is obtained of a contravention of the provisions of the ITA Act, regulations and/or import, export or rebate permit conditions.





During the 2022/23 financial year, 405 scheduled inspections were conducted, 2 004 unscheduled inspections and 2 investigations were conducted. Industry sectors inspected were, inter alia, clothing, ferrous and non-ferrous scrap metals, automotive, pneumatic tyres and machinery and equipment.

Investigations conducted were based on prima facie evidence of contraventions of the ITA Act and the Import and Export Control Regulations. The Enforcement Unit also participated in enforcement activities with other agencies such as the South African Revenue Service and the South African Police Service.





Economic Impact Assessments

Introduction

During the 2022/23 financial year, a total of five impact assessment studies were conducted. The assessments were based on the support provided by ITAC during the period 2017–2021.

The reports gauged the performance of the industries concerned against set government policy objectives as set-out in the New Growth Path (“NGP”), the Industrial Policy Action Plan (“IPAP”) and the South African Trade Policy and Strategic Framework (“TPSF”), as well as the Re-imagined Industrial Strategy.

Whether or not ITAC's trade instruments have made a positive impact depends on the extent to which tariff support or relief in the form of rebate provisions has resulted in reduced levels of import volumes, increased domestic manufacturing, investment, employment, value addition, and competitiveness after the support was given in comparison to the periods before the support.

The realisation of these policy objectives is critical as it reassures ITAC that trade instruments are efficiently and effectively utilised towards the realisation of the Government's set policy objectives.

The impact assessments reaffirm the commitment of ITAC to fulfil its mandate, which includes promoting manufacturing based value addition and job creation for sustainable economic growth and development within the common customs union, the Southern African Customs Union (“SACU”).

1. Welded linked chains study

Scaw Metals group (Pty) Ltd (“Scaw”), the only known manufacturer of welded linked chain in the SACU region remains the major key player in the steel industry value chain and continues to play a key role in supporting the upstream steel sector through local sourcing.

Following the publication of the review of customs duties on various downstream steel products which was self-initiated by ITAC, Scaw submitted information to the Commission motivating for the increase in the rate of customs duty applicable on welded linked chains, citing that the viability of the domestic industry is currently at risk as

local manufacturers experience price disadvantages against low-priced imports from abroad, especially from Asian countries. Subsequent to that, in 2017, ITAC recommended that the general rate of customs duty on welded linked chains classifiable under tariff subheadings 7315.82.01, 7315.82.03, 7315.82.05, 7315.82.07 and 7315.82.90, be increased from free of duty to the WTO bound rate of 15 per cent *ad valorem*. The aim of the tariff support was to enable the industry to recapture the domestic market share, increase investment and create and retain jobs.

Highlights of the welded linked chains study are presented below:

The tariff support appears to have had significant impact on import volumes following tariff support (2017-2020) compared to the period prior tariff support (2013 – 2016). On average, imports of welded linked chains declined following tariff support, with China accounting for majority of imports pre and post tariff support.

Despite the duty impact on import volumes following tariff support, Scaw's total production of welded linked chains experienced a moderate downward trend before stabilising in 2020, thus falling short of its reciprocal commitment.

However, production volumes have since shown some gradual improvements between 2019 and 2020. On average, Scaw's production volumes declined at a slower rate following tariff support (2017-2020), compared to the period prior tariff support (2013-2016). Scaw's capacity utilisation also declined during the same period.

In line with declining sales volumes, Scaw's profitability and market share deteriorated significantly following tariff support. The inability of the domestic prices to increase in line with production cost resulted in reduced profit margins and possible loss in market share.

On its reciprocity commitments on investment and employment, Scaw's cumulative investment on plant and machinery increased following tariff support and as a result, exceeded its reciprocal commitments on investment. Although employment numbers were below expectations in 2019, the number of employees subsequently increased to the level above expectations in 2020. Thus, it can be concluded that



overall, the performance of Scaw Metal Group (welded linked chain production) in respect of set government objectives, specifically, the reciprocal commitments made when tariff support was granted, indicates that the tariff support alone has not been adequate in assisting the firm to achieve better performance and enable it to improve its competitiveness.

Other factors that may weaken domestic demand such as the weak state of the economy in the midst of Covid-19, continued low-priced (or dumped imports) may have negated the anticipated benefits of a duty increase leading Scaw to apply for other trade measures in the form of anti-dumping duties in an effort to halt further deterioration of their business. In light of the foregoing, Scaw could not meet the majority of its reciprocal commitments.

2. Aluminium Extrusions

Hulamin Extrusions (Pty) Ltd (“Hulamin”) and Wispeco (Pty) Ltd (“Wispeco”), the two major producers of aluminium extrusions in the SACU region plays a key role in supporting a value-adding and capital-intensive downstream sector, *inter alia*, the architectural, building and construction, automotive, transport, consumer durable and other engineering sectors. However, the rising level of low-priced imports of aluminium extrusions eroded domestic manufacturer's market share, which in turn negatively affected production and sales volume and profit margins for the two companies since 2012.

In light of this, on 17 November 2017, ITAC recommended that the general rate of customs duty on aluminium extrusions classifiable under tariff subheadings 7604.21.15; 7604.29.15 and 7604.29.65, be increased from 5 per cent to 15 per cent *ad valorem*. The aim of the tariff support was to assist the companies to recapture the domestic market share and improve its competitiveness.

Highlights of the aluminium extrusions unit study are presented below:

The tariff support appears to have had miniscule impact on import volumes. On average, total aggregate import volumes increased following tariff support with China accounting for the majority of imports. Wispeco is also one of the major importers of the subject product.

Total industry production volumes declined following tariff support (2018-2021). At the core of the declining production trend was Hulamin's extrusions press failure and the sale of its Olifantsfontein extrusions plant in 2019, which contributed to the company's decline in production.

On the other hand, Wispeco's production volume increased following tariff support. In line with the overall decline in production volumes following the duty increase, the industry's capacity utilisation also declined following tariff support, this decline occurred despite Wispeco producing at full capacity during that period.

Despite improvements in Wispeco's sales volumes following the duty increase, total domestic industry sales volume declined significantly following tariff support, as import volumes continued to grow rapidly in the SACU, seizing market shares from local manufacturers of aluminium extrusions.

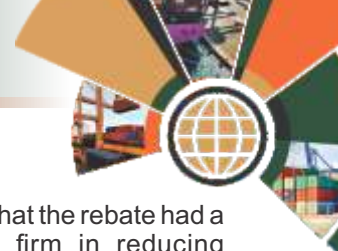
The aluminium extrusion industry is characterised by high fixed costs and the profitability of the industry is particularly volume sensitive, as a result, Hulamin and Wispeco's profit margins declined following tariff support. For the period January to September 2022, profit margins remained negative and constrained across the industry.

The industry continued to invest despite a challenging economic and business environment which resulted in major restructuring of operations, in particular for Hulamin, investment expenditure by far exceeds the industry's reciprocal commitments.

Despite the continued increase in imports and profitability, other factors such as business restructuring have contributed to the significant decline in employment since 2017. Overall, the industry (Hulamin and Wispeco) continued to shed jobs between 2017 and 2021, with Hulamin accounting for the major share of job losses during that period.

The performance of Hulamin and Wispeco in respect of set government objectives, specifically, the reciprocal commitments made when tariff support was granted, indicates that the tariff support granted prior has not been adequate enough in assisting the firms to achieve better performance and enable it to improve its competitiveness, in particular Hulamin. As such, both Hulamin and Wispeco did not meet some of their reciprocal commitments.

Furthermore, as it is apparent that the duty alone was not sufficient to assist the industry, there may be some competitiveness programme in the Steel Masterplan that may assist the industry in overcoming some of the challenges experienced in an effort to improve its competitiveness.



3. The Impact of rebate item 311.40

The Minister of Trade, Industry and Competition directed the International Trade Administration Commission of South Africa (ITAC) in terms of Section 16(1)(d)(i) of the International Trade Administration Act, to evaluate and investigate the creation of rebate facilities to address the supply of textiles for use in the manufacture of apparel.

Following an intensive investigation and consultation with relevant stakeholders, ITAC recommended the creation of rebate item 311.40/00.00/01.04, for qualifying yarns and fabrics that may be imported under this rebate item for the manufacture of apparel and clothing accessories classifiable in Chapters 61 and 62, in such quantities, at such times and subject to such conditions as ITAC may allow by specific permit.

While the description of above-mentioned rebate description covers all textiles fabrics and yarns for the manufacture of goods classifiable under Chapters 61 and 62, please take note of the Notice in terms of Section 60 of the ITA Act that, during the first 12 months, the rebate item will be strictly applicable only for the importation of woven textile fabrics classifiable under Chapters 51, 52, 53, 54, 55 and tariff heading 58.01 used for the manufacture of apparel and clothing accessories classifiable under Chapter 62. The reason for this is that the R-CTFL Masterplan supported a phased approach to be followed, commencing with woven fabric in order to, *inter alia*, avoid any unintended consequences.

Rebate item 311.40/00.00/01.04 was implemented by SARS on 05 February 2021. The guidelines, rules and conditions as well as eligible goods that may qualify under the aforementioned rebate were published in the Government Gazette on 05 March 2021. In terms of the administration of the rebate facility, ITAC imposes reporting obligations or conditions on permits issued on, *inter alia*, utilisation of permits by permit holders.

The study was conducted using information from the three known local manufacturers utilising the rebate facility, namely: Celrose (Pty) Ltd ("Celrose"), Keedo Manufacturing (Pty) Ltd ("Keedo") and K-WAY Manufacturers (Pty) Ltd ("K-Way").

a. Highlights of the impact of rebate item 311.40 A case of Celrose

Celrose is one of the biggest users of rebate item 311.40/00.00/01.04 and its performance in respect of

government set objectives indicates that the rebate had a desired impact and assisted the firm in reducing production costs and thus increasing production volumes, sales, employment and investment.

Celrose submitted that the introduction of the rebate has created significant retail interest in local manufacture, with many previously imported programmes now being offered to local manufacturers. This has resulted in more meaningful relationships being developed with retailers and bodes well for the economy and the sustainability of the business. In summary, the following has been observed following the tariff support afforded to the firm:

During the year 2021, Celrose accounted for a significant portion of rebate permits issued to the whole industry. Despite the loss of a major customer, Celrose has been able to increase in-house production of apparel relative to the base year (i.e. financial year 2021) and this increase was largely supported by the increase in the production of denim apparel.

Total production of Celrose is expected to increase in the 2023 financial year. The rebate facility enabled Celrose to reduce the cost per meter of raw material (i.e. woven fabric) relative to the base financial year (2021), contributing to the decline in production costs and hence the observed increase in production volumes.

In terms of sales, Celrose has experienced significant growth in sales since 2021 financial year (FY) and data also reflect growth in turnover in FY2022 and a further expected growth in the current FY2023. This resulted in additional investment and jobs during the same period.

It is envisaged that Phase 2 of R-CTFL Masterplan which will incorporate knitted fabrics into the rebate facility, will further boost production and sales and result in employment gains and investment as major retailers continue with their support of localisation. However, the use of the rebate facility to import knitted fabrics must not be at the expense of local knitting manufacturers and result in reduced volumes of locally sourced knitted fabrics.

b. Highlights of the impact of rebate item 311.40: A case of Keedo

Keedo remains a key player in the manufacturing of high quality clothing, and its role in the apparel manufacturing sector is crucial to the entire baby clothing industry value chain. The rebate facility for woven fabrics, rebate item 311.40/00.00/01.04 indicates that despite the data not reflecting Keedo's full year performance following the issuing of the rebate permit, the 7-month performance measured relative to the corresponding period in the previous year indicate that the rebate has had a desired



impact to date and assisted the firm in reducing production costs and thus increasing production volumes, sales, employment and investment. In summary, the following has been observed following the tariff support afforded to the firm:

In 2021, there was a significant growth in Keedo's production volumes relative to the base year (2020). Keedo submitted that the significant growth was mainly as result of the company amalgamating a Cut-Make-Trim (CMT) into their factory in 2021. The adjusted data indicated an increase in Keedo's production volume in the first few months following the granting of the permit (Jan – July 2022), relative to the same production period in the previous year.

In 2021, there was an increase in sales volumes and revenue. However, in 2022, Keedo submitted that sales have been relatively slow for the period ending July 2022, citing the introduction of design centre and new processes as some of the factors that contributed to the slow-down in sales volumes. On the other hand, adjusted sales figures indicate that Keedo's sales volume and revenue increased in the first 7-months following the issuing of the permit in 2022 compared to the first 7-months of 2021 in terms of changes in cost structure as a result of the rebate provision, Keedo submitted that the full duty rebate will be passed onto the ex-factory selling price to retail, resulting in an average decline in the ex-factory selling price.

Employment, investment and remuneration by Keedo has been on an upward trend over the 3-year period. Keedo submitted that the additional employees and remunerations in 2022 is as a result of their localisation strategy of which rebates are included. In addition, Keedo has a number of Black owned CMT's that provide work for over 100 machinists.

Overall, despite limited information submitted on the performance of Keedo following the granting of the permit, the rebate provision appeared to have had positive impact in the short-term and it is expected that in the medium to long-term the rebate facility would enable the firm to be competitive and contribute more in the industry value chain particularly with the introduction of knitted fabrics in the rebate facility.

However, the use of the rebate facility to import knitted fabrics must not be at the expense of local knitting manufacturers and result in reduced volumes of locally sourced knitted fabrics.

c. Highlights of the impact of rebate item 311.40: A case of K-Way

K-Way remains South Africa's leading brand of outdoor apparel and hiking gear. The analysis of the usage of the rebate facility by K-Way,

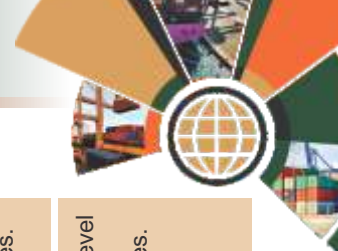
indicates that the rebate had a desired impact and assisted the firm in reducing production costs and thus increasing production volumes, sales, employment and investment. In summary, the following has been observed following the tariff relief afforded to the firm:

As result of the rebate facility, K-Way introduced its new K-Lite Jacket Mens programme, moving production from overseas supplier to South Africa. In 2022, K-Way recorded an increase in production volume against the base year (2020), with further growth in production also expected in 2023. As a result of successful mens K-Lite jacket, K-Way submitted that the ladies version will be produced in its factory in the latter part of 2022 and into 2023.

K-Way submitted that the rebate facility enabled it to reduce the cost of raw material (i.e. woven fabric) in 2022. This further contributed to the decline in production costs and hence the observed increase in production volumes. In terms of revenue growth, K-Way has experienced significant sales growth, both in volume and value terms. The 2022 financial year (FY) data reflects growth in turnover, with further growth expected in the current FY2023. The growth in sales volumes was mainly driven by the Men's K-Lite Jackets.

Employment gains were also observed as K-Way reported an increase in employment in 2022 when compared to 2021 and additional jobs are expected to be created in the 2023 financial year based on its localisation strategy. In an effort to increase competitiveness, K-Way made investment towards plant and machinery as well as Research and Development, and skills development and training.

K-Way also manufacturers knitted apparel and it is envisaged that Phase 2 of R-CTFL Masterplan which will incorporate knitted fabrics into the rebate facility, will further boost production and sales and result in employment gains and investment. However, the use of the rebate facility to import knitted fabrics must not be at the expense of local knitting manufacturers and result in reduced volumes of locally sourced knitted fabrics.



Performance Against Predetermined Objectives

Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance	
Efficient administration of trade instruments: customs tariffs.	Customs Tariff Investigations	Final decisions made within 6 months on Custom Tariffs Reduction Investigations	80% of the final decisions made within 6 months on Custom Tariffs Reduction Investigations	Not Applicable	This target could not be evaluated as there were no applications received in the 2022/23 financial year.	
		Final decisions made within 6 months on Custom Tariffs Increase Investigations.	80% of the final decisions made within 6 months on Custom Tariffs Increase Investigations.	86% of the final decisions were made within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants or interested parties.	
		Final decisions made within 6 months on Custom Tariffs Rebates Investigations.	80% of the final decisions made within 6 months on Custom Tariffs Rebates Investigations.	100% of the final decisions were made within 6 months.	Target achieved. Investigations were executed efficiently without complications i.e. there were no protracted engagements with applicants or interested parties.	
	Customs Duty Rebate and Drawback permits	Customs Duty Rebate and Drawback permits issued within 14 days.	80% of Customs Duty Rebate and Drawback permits issued within 14 days.	93% of Customs Duty Rebate and Drawback permits were issued within 14 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.	
	Automotive Production Development Programme (APDP)	Eligible Production Certificates (EPCs) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	80% of certificates (EPC) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	100% of certificates were issued within 10 working days after technical working group or factory visit.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.	
		Company Specific Percentages (CSPs) issued within 10 working days.	80% of certificates (CSPs) issued within 10 working days.	96% of certificates (CSPs) were issued within 10 working days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.	
		Production Rebate Credit Certificates/ Production Rebate Certificates (PRCCs /PRCs) issued within 30 days.	Production Rebate Credit Certificates/ Production Rebate Certificates (PRCCs /PRCs) issued within 30 days.	80% of the certificates issued within 30 days.	Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.	





Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance
<p>Efficient administration of trade instruments: trade remedies.</p>	<p>Trade Remedies Investigations</p>	<p>APDP Verifications completed within 90 days.</p> <p>Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations</p>	<p>80% of the APDP Verifications completed within 90 days.</p> <p>80% of the Preliminary determination decisions made within 6 months of initiation on Trade Remedies Investigations</p>	<p>96% of the APDP verifications finalised were completed within 90 days.</p> <p>17% of Preliminary determinations was made within 6 months during this period:</p>	<p>Target achieved. The compliance level of applications received was high resulting in quicker turnaround times.</p> <p>Target not achieved.</p> <p>Windscreens (Anti-Dumping) [Initiated: 22/7/2022; Pre_determ: 10/2/2023].</p> <p>Preliminary investigation completed in 7 months. Delay caused by large number of participating exporters of which questionnaire responses had to be considered.</p> <p>Galvanized steel coil (Anti-Dumping) [Initiated:12/10/2022; Pre_determ 17/3/2023] Preliminary investigation completed in 5 months</p> <p>Welded Chain Link (Anti-Dumping) [Initiated: 17/9/2021; Pre_determ:1/4/2022]</p> <p>Internal delay in approval of preliminary report.</p> <p>Garden Tools (Anti-Dumping) [Initiated: 22/10/2021; Pre_determ: 13/5/2022]</p> <p>Preliminary determination within 7 months of initiation. Delay as result of two countries involved and a number of exporter verification which had to be conducted virtually.</p> <p>Frozen Potato Chips (Anti-Dumping) [Initiated: 19/11/2021; Pre_determ: 15/7/2022]</p> <p>Large number of exporters from 3 countries participated which needed to be verified.</p> <p>Tyres (Anti-Dumping) [Initiated: 31/1/2022; Pre_determ: 9/9/2022]</p> <p>Process of sampling of exporters delayed preliminary determination.</p>





Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance
		Final determinations made within 10 months of initiation of Trade Remedy Investigations	80% of the Final determination decisions made within 10 months of initiation on Trade Remedy Investigations.	0% of final determinations was made during this period:	<p>Target not achieved</p> <p>Welded Link Chain: (Anti-Dumping) [Initiated:17/9/2021; Final_determ (Minister rejected recommendation): 16/3/2023]</p> <p>Completed investigation in 12 months. Internal delay in finalising preliminary report had effect on overall time frame. Approval and implementation took 6 months.</p> <p>Cement (Sunset Review) [Initiated: 11/12/2020; Final_determ: 10/6/2022]</p> <p>The investigation was completed in 12 months. Investigation involved a large number of exporters who participated and which caused a delay. Approval and implementation took 6 months.</p> <p>PET (Sunset Review) [Initiated: 18/7/2021; Final_determ: 9/9/2022]</p> <p>Investigation completed in 5 months. Approval and implementation took 9 months.</p> <p>Float Glass Malaysia (Anti-Dumping) [Initiated:19/3/2021; Final_determ: 16/9/2022]</p> <p>Investigation completed in 9 months. Approval and implementation took 9 months.</p> <p>Unframed Mirrors India (Sunset Review) [Initiated: 8/6/2021; Final_determ: 11/11/2022]</p> <p>Completed investigation in 5 months. Approval and implementation took 12 months.</p>





Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance
Effective administration of trade instruments: Import and Export Control.	Import Control Permits	Number of Import Control Permits issued.	16000	19395	Target achieved. Number of permits issued depends on the number of applications received. In the year under review, more applications were received.
		Number of Export Control Permits issued.	12000	16 922	Target achieved. Number of permits issued depends on the number of applications received. In the year under review, more applications were received.
		Number of Scheduled - Inspections conducted.	120	405	Target achieved. The number of scheduled inspections increased due to the high number of applications received and permits processed during this financial year.
		Number of Un-scheduled -Inspections conducted.	1800	2 004	Target achieved. The number of un-scheduled inspections increased due to the high number of applications received and permits processed during this financial year.
		Number of Import and Export investigations conducted.	12	2	Target not achieved. Number of investigations depends on the number of contraventions detected. In the year under review, there were less contraventions detected.
Provide Technical Advice to the dtic.	Formal submissions written to the dtic depending on requests received.	Percentage of formal submissions written to the dtic relative to requests received.	Formal submissions written to dtic for 80% of requests received.	Formal submissions written to dtic for 100% of requests received.	Target achieved. ITAC submitted reports to the dtic in terms of permits issued under rebate item 311.40, which provides for a full duty rebate on certain woven fabric used for the manufacture of clothing, which is linked to purchase orders. This reporting assists with monitoring of the rebate provision in order to ensure that it serves its intended purpose and prevent any non-compliance in terms of, amongst others, qualifying recipients in the sensitive fabric and clothing sectors.





Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance
	Attendance of the dtic arranged multilateral, regional and bilateral negotiations.	Percentage of attendance of the dtic arranged multilateral, regional and bilateral negotiations.	Formal submissions written to dtic for 80% of requests received. ITAC attended 80% of the dtic arranged multilateral, regional and bilateral negotiations.	ITAC attended 100% of the dtic arranged multilateral, regional and bilateral negotiations.	<p>Target achieved.</p> <p>ITAC Attended the following dtic arranged multilateral, regional and bilateral negotiations:</p> <ul style="list-style-type: none"> • SACU Senior Trade Officials meeting. • SACU meeting on Tariffs and Trade Remedies • Meeting with DTIC and Geneva officials on SA's approach to WTO Reform • WTO Secretariat regarding WTO SACU Trade Policy Review (Preparation and a meeting)
Monitoring and Evaluation	Impact/ Reciprocal Studies.	Number of Impact Studies conducted.	4 Reports issued.	5 Impact Study Reports were issued.	<p>Target achieved.</p> <p>The following reports were issued during 2022/23 financial year:</p> <ul style="list-style-type: none"> • ITAC impact assessment on welded link chains: A case of Scaw Metals Group • The Impact of the customs duty increase on aluminium extrusions: A case of aluminium extrusion industry. • The Impact of rebate item 311.40: A case of Celrose. • The Impact of rebate item 311.40: A case of KWay. • The Impact of rebate item 311.40: A case of Keedo.
	Trade monitoring.	Trade monitoring Reports released.	2 Reports issued.	2 Reports issued.	<p>Target achieved.</p> <p>The following reports were issued during 2022/23 financial year:</p> <ul style="list-style-type: none"> • Frozen potato chips industry: a value chain approach • Analysis of selected export-linked ITAC permits: identifying export-oriented districts





Outcome	Output	Performance Indicators	Targets/outputs To Be Delivered By 31 March 2023	Annual Performance	Reasons For Variance
	<p>Reports on Integrated Support to Drive Industrialisation.</p>	<p>Reports released on ITAC's Contribution to Integrated Support to Drive Industrialisation.</p>	<p>4 Reports issued.</p>	<p>4 Reports issued.</p>	<p>Target achieved.</p> <p>Reports on ITAC's Contribution to Integrated Support to Drive Industrialisation were issued per quarter using the dtic's reporting template.</p> <p>These report against performance of the dtic J-KPIs.</p>
	<p>Reports on Actions to Promote Transformation.</p>	<p>Reports released on ITAC's Contribution to the Promotion of Transformation.</p>	<p>4 Reports issued.</p>	<p>4 Reports issued.</p>	<p>Target achieved.</p> <p>Reports on ITAC's Contribution to the Promotion of Transformation were issued per quarter using the dtic's reporting template.</p> <p>These report against performance of the dtic J-KPIs.</p>
	<p>Reports on Strengthening and Building a Capable State.</p>	<p>Reports released on ITAC's Contribution to Strengthening and Building a Capable State.</p>	<p>4 Reports issued.</p>	<p>4 Reports issued.</p>	<p>Target achieved.</p> <p>Reports on ITAC's Contribution to Strengthening and Building a Capable State were issued per quarter using the dtic's reporting template.</p> <p>These report against performance of the dtic J-KPIs.</p>
	<p>Developed and/or reviewed policies /regulations in respect of ITAC instruments.</p>	<p>Developed and/or reviewed policies/regulations in respect of ITAC instruments.</p>	<p>Reviewed Anti-Dumping submitted to the Minister for approval.</p>	<p>Reviewed Anti-Dumping Regulations were not submitted to the Minister for approval.</p>	<p>Target not achieved.</p> <p>The initial draft version of the Amended Anti-Dumping Regulations contained extensive amendments. The number of amendments had to be paired down which required both internal reviews and interaction with the dtic, resulting in ongoing reviews, ultimately target being achieved.</p>





Overview of Public Entity's Performance

Organisational Environment

During the period under review the Human Resources unit, through a task team continued to implement the approved recommendations of the workload challenges report. This follows engagements with all Senior Managers on workload challenges and proposals, as to how best the available human resources can be utilized to mitigate the risk of the high vacancy rate, given that some positions cannot be filled due to financial constraints. Engagements are ongoing with all units to determine the possibility of redeploying some resources in areas where there are capacity challenges.

A framework for filling of vacancies has been developed to assist in the prioritizing of vacancies. Due to reductions in baseline allocations, ITAC cannot be able to fill all its vacancies and it has become necessary to prioritise certain vacancies. Some vacancies will not be filled in their current form and will be reorganized, reviewed and redirected to focus on other critical areas.

For the reporting period the Chief Commissioner resigned on 30 April 2022, and the new Chief Commissioner was appointed in January 2023. The Deputy Chief Commissioner's contract expired in December 2022 and the position is still vacant.

Service delivery environment

The International Trade Administration Commission of South Africa (ITAC) is a public entity established in terms of the International Trade Administration Act, No. 71 of 2002. ITAC aims to create an enabling environment for fair trade through the efficient and effective administration of its trade instruments, and technical advice to the Department of Trade, Industry and Competition.

ITAC's core functions are customs tariff investigations, trade remedy investigations and import and export control. ITAC provides services directly to the public through these core functions. In line with these functions, ITAC conducted numerous tariff and trade remedy investigations with a view to recommending to the Minister of Trade, Industry and Competition whether to impose (or vary or remove) duties on imports of certain goods. The Import and Export Control unit issued thousands of import and export permits to the public to enable the importation or exportation of identified goods.

Tariff amendment investigations are guided by a developmental or strategic approach to tariff setting with the objective of promoting domestic manufacturing activity, employment retention and creation, and international competitiveness. Trade remedy investigations are conducted in accordance with policy, domestic law and regulations and consistent with World Trade Organisation rules. The Import and Export Control regime administered by ITAC regulates the movement of specific goods across the borders of South Africa, enforcing health, environmental, security and safety, and technical standards. In other words,

The only noteworthy challenge when delivering its services to the public were operational ones, which centred on and, at times, insufficient staff complement to perform investigations and inspections and issue permits. To address these challenges, ITAC was required to prioritise matters and reassign officials.

As for any significant developments, external to the public entity, that may have affected ITAC's service delivery, budgetary constraints weighed on ITAC's activities in that certain vacant posts could not be filled and certain projects, such as software procurement, had to be postponed.





PART C

GOVERNANCE



Corporate Governance Report



Governance denotes the way entities are directed and controlled. ITAC adheres to a comprehensive set of policies designed in accordance with input from all appropriate stakeholders. This contributes towards strategies and is in accordance with the Public Finance Management Act, (No 1 of 1999). ITAC established various governance structures including the Audit Committee, Risk Management Committee, the Commission, EXCO, MANCO, ICT Steering Committee and various Human Resources related structures. Each governance structure is governed by an approved Terms of Reference which have been complied with.

Internal Controls

Internal control is designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements where the focus will be on the critical risk areas which are identified by management and will be reviewed by the Audit Committee. EXCO and other governing structures are confident that policies, procedures and systems are in place and have been implemented to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately protect, verify and maintain accountability for ITAC's assets. The effectiveness of these systems is continuously monitored throughout the year by both Management and Internal Audit.

Risk Management

ITAC has a Risk Management Framework and Policy that guides the approach and process of managing risks in the organisation. The review of the Risk Management Framework and Policy is conducted annually to maintain effective, efficient and transparent systems of risk management within ITAC. Risks identified during the annual assessment are monitored quarterly in line with the organisation's risk management implementation plan. This enables ITAC to keep abreast of emerging risks. ITAC has a Risk Management Committee which is an internal structure aimed at proactively monitoring and evaluating the effectiveness of organisation's risk management activities.

There is a functional Audit Committee that advises Management on the overall risk management processes, effectiveness of internal controls, compliance with the legal and regulatory legislations and mitigation of unacceptable level of risk exposure within the entity.

The Risk Management Committee is appointed by Chief Commissioner to report to the Audit Committee on implementation of Risk Management Framework and Policy, Risk Management Implementation Plan, Fraud Prevention Plan and risk monitoring of the organisation.

The following achievements can be highlighted amongst others:

- Awareness survey on the prevention of fraud and corruption were conducted with employees.
- The review and approval of the risk policy, framework, and implementation plan.
- The annual risk identification and assessment.
- Quarterly monitoring of strategic and operational risk registers.

Fraud and Corruption

ITAC recognizes that fraud and corruption present a significant risk to the organisation's assets, service delivery efficiency and reputation. ITAC has a Fraud Prevention Policy and a Fraud Prevention Plan reviewed and approved annually.

ITAC has declared a policy of zero tolerance towards fraud and corruption and therefore emphasises the use of the Public Service Commission's National Anti-Corruption Hotline (NACH) for reporting information relating to incidents of suspected fraud and corruption.



Internal Audit and the Audit and Risk Committee

The primary function of the Internal Audit is to give objective assurance to the Accounting Authority and Audit Committee that adequate management processes are in place to identify, monitor and manage risks. Internal Audit independently audits and evaluates the effectiveness of the organization's risk management, internal controls and governance process.

During the 2022/23 financial year, Internal Audit performed audits in the following areas as per the approved annual plan:

- Performance against predetermined objectives.
- Financial Management.
- Core Business.
- Human Resource Management.
- Governance.
- Information Technology

The Audit and Risk Committee reviewed the following:

- The effectiveness of the internal control systems.
- Activities of the Internal Audit function.
- Adequacy, reliability and accuracy of financial information.
- Accounting and auditing concerns identified as a result of internal and external audits.
- Compliance with legal and regulatory provisions.

Name	Qualifications	Internal/ External	Date Appointed	Date Resigned
R Govender (Chairperson)	CA(SA), CIA, CCSA and CRMA	External	1 November 2018	N/A
VA Makaleni (Chairperson: Risk Management Committee)	Masters in Public Administration (MPA), B. Com (Accounting) Postgraduate Diploma in Management (Corporate Governance)	External	1 April 2020	N/A
P Sibiyi (Member)	CA(SA)	External	1 January 2022	16 February 2023



Compliance with laws and regulations

ITAC has an approved Compliance Policy and Framework. Compliance with the relevant legislation is monitored on a quarterly basis by the Risk Management Committee and no significant breaches were identified.

Minimising conflict of interest

The processes implemented to minimise conflict of interest are as follows:

The Supply Chain Management officials sign the code of ethics, which is in line with the Public Sector Code of Conduct. Each sitting's (meeting's) declaration of interest is also signed by the bid committees. SCM practitioners should disclose any business, commercial, and financial interests or activities they engage in for financial benefit that could potentially give rise to a conflict of interest, to the extent that is required by their position.

Process followed where conflict of interest has been identified:

If a conflict has been detected for whatever reason (SCM officials and bid committee members), the official must disclose it and should step aside if he/she believes it will have an impact on the outcome of the procurement process. In addition ITAC staff complete annual financial declaration forms which are approved by the Chief Commissioner. The declaration of interest process is also done in all governance and bid meetings.

Code of Conduct

ITAC has a code of conduct which seeks to inform employees as to what is expected of them both in their individual conduct and in their relationship with others and to enhance professionalism and help to ensure public confidence in ITAC. Furthermore, ITAC employees are required to declare their financial interest annually to mitigate any risk of conflict of interest. Fraud and corruption information sessions are conducted regularly to create awareness amongst the employees.

Health, Safety and Environmental Issues

ITAC has an approved Occupational Health and Safety Policy and an appointed Occupational Health and Safety Committee that oversees the health and safety of employees within our offices.



Audit & Risk Committee Report



We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee members and attendance.

The Audit Committee consisted of the members listed hereunder and were required to meet at least four times per annum as per its approved terms of reference. During the current year, seven meetings were held, four ordinary quarterly meetings and three special meetings.

Name of member	Meetings attended
R Govender (Chairperson – appointed November 2018)	7
V Makaleni (Member of Audit Committee and Chairperson of Risk Management Committee Appointed April 2020)	7
P Sibiyi (Member – appointed January 2022 and resigned in February 2023)	7

Audit Committee responsibilities

The Audit Committee completed its annual performance evaluation of the Committee and reports that it has complied with its responsibilities arising from section 51 (1)(ii) and 76(4)(d) of the PFMA and Treasury Regulation 27.1 and that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Audit Committee considered the results of work performed by Internal Audit, any External assurance work undertaken during the year, the assurance received from ITAC Management and the independent chairperson of the ITAC Risk Management Committee in overseeing the internal control environment.

The internal audit work completed during the year under review is detailed in page 45 of the governance report. Internal Audit completed work in the areas of Financial Management, Information Technology, Performance Information, Human Resources, Compliance and Core Business activities.

Our review of the findings of the risk based Internal Audit reviews together with the results of External Audit reviews, revealed that whilst there are areas of improvement in the financial statement preparations, there are still a number of control areas that are of concern to the Audit Committee and requires management attention.

Performance management and pre-determined objectives require significant improvement to standardise performance metrics and controls. Some improvement is still required in financial management including consistency of reconciliations, record keeping, finance and accounting policies, diligence with reviews and traction on action plans. Information Technology general controls and Compliance Management are other key areas for attention. The Audit Committee has discussed the findings with management and is satisfied that appropriate interventions are being considered to address areas of improvement.

Based on the above, the systems of internal control applied by ITAC over governance, including financial reporting and risk management are partially adequate and partially effective and therefore requires improvement.

Risk Management

The Audit Committee is responsible for the oversight of the risk management function. The ITAC has adopted a risk management framework, and relevant policies, in line with the PFMA. The Risk Management Committee is chaired by an independent Audit Committee member that reports quarterly to the Audit Committee. The risk management processes are reviewed by internal audit. The Audit Committee made recommendations to Management during the year to enhance the risk function which includes capacity building, a focus on the strategic risk process and enhancement of the governance and compliance framework and processes.

The quality of in year management and quarterly reports submitted in terms of the PFMA

The Audit Committee reviewed the quarterly reports which included financial statements and performance information of predetermined objectives prepared and issued by the Accounting Authority of ITAC during the year under review, and was satisfied with the content and quality thereof, however requires improvement on ITAC meeting deadlines in order to meet compliance submission timelines. Recommendations were made to improve the financial reporting including enhancing on forecasting.



Evaluation of Annual Financial Statements

The Audit Committee has:

- Assessed the performance of the Chief Financial Officer and the Finance function and found that while the performance did show some improvement as evidenced from the fewer compliance issues emanating from the audit process, there is still improvement required to mature the skills and improve the performance within the finance team. The Audit Committee noted that there were a number of new and repeated issues raised by both internal and external audit that requires tighter controls in the area.
- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the External Auditors and the Accounting Authority; and made certain recommendations for improvement.
- Reviewed the External Auditor's Management Report and Management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarified and assessed the completeness of disclosures and whether disclosures made have been described properly in context;
- Assessed compliance with accounting standards and legal requirements;
- Reviewed significant adjustments and/or unadjusted differences resulting from the audit;
- Reflected on unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Obtained reasons for major year-on-year fluctuations, including variances of actual versus budget; and
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues.

The Audit Committee concurs with and accepts the External Auditor's report on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the External Auditors. The Audit Committee requested Management to prepare a detailed plan of action that addresses the various findings reported by internal and external audit and concerns raised by the Audit Committee.

Performance Management

The responsibilities of the Audit Committee include the review of performance management. The Audit Committee has, in terms of the performance of the ITAC, performed the following functions:

- Reviewed and commented on compliance with statutory requirements and performance management best practices and standards;
- Reviewed and commented on the alignment of the annual performance plan, budget and strategic plan;
- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to the mandate of the ITAC;
- Reviewed the outcomes of performance information audits issued by the internal audit function; and
- Reviewed the quarterly performance reports and made recommendations for improvement on performance management.

The Audit Committee has taken note of findings raised by External Audit on the quality of the annual performance information and has requested Management to prepare a detailed action plan to address the findings.

Internal Audit

The Audit Committee is satisfied that the Internal Audit function is operating independently. The Audit Committee is of a view that the function was not sufficiently resourced based on the approved plan and has not been fully effective in identifying control gaps and reporting thereon.

The Audit Committee made recommendations to further improve the effectiveness of the Chief Audit Executive and the quality of internal audit. The Audit Committee has determined, through its review of internal audit, that improvement is required especially in the areas of quality management, depth of review to identify weaknesses and ensuring that the planned audits are fully executed.

The Audit Committee could not rely fully on the overall opinion of internal audit as the annual plan was underachieved and areas covered by internal audit did not identify many weaknesses identified by the external audit review of the same area. Significant improvement is required in this area.





External Audit

The Audit Committee has analysed the root causes of the new findings and management responses in the External Auditor's Management Report to ensure that they address the key risk areas and has requested Management to prepare a detailed action plan to address root causes. The Audit Committee is satisfied with the performance of the External Auditors.

Conclusion

The Audit Committee wishes to thank Management and the External Auditors for their efforts during the year. The Committee acknowledges some improvement from the prior year and is confident that Management is able to restore the governance and control environment to the adequate state of previous years.

Romeshni Govender CA(SA)
Chairperson of the Audit Committee
Date: 31 July 2023





B-BBEE Compliance Performance Information



The following table has been completed in accordance with the compliance to the B-BBEE requirements as required by the B-BBEE Act and as determined by the Department of Trade, Industry and Commission.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	ITAC implement Preferential Procurement Regulations and its implementation guidelines to ensure compliance with the PPPFA.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not applicable

During the financial period ending 31 March 2023, ITAC was not compliant with the requirements of the B-BBEE Act and is finalising its assessment. ITAC is committed to ensuring compliance with the requirements of the B-BBEE Act.





PART D

HUMAN RESOURCE MANAGEMENT



Human Resource Management

The human resources unit endeavours to drive workplace excellence in an environment that supports and develops professional skills and employee's wellbeing, underpinned by our pursuit to deploy a highly committed and capable workforce. The unit seeks to create an environment that supports and develops the well-being and professional skills of ITAC's employees.

The HR department seeks to deliver on this goal by providing quality services in the areas of employee relations, employee wellness, recruitment and selection, employee retention, organisational development and performance management. Policies are regularly reviewed to balance the needs of employees and the employer while ensuring compliance with all relevant legislation.

During the period under review HR, through a task team continue to implement the recommendations of the Workload challenges report which has been approved. This follows previous engagements with all Senior Managers on workload challenges and proposals as to how best the available human resources can be utilised to mitigate the risk of the high vacancy rate.

Engagements are ongoing with all units to determine if there are no resources that are not fully utilised for possible redeployment in areas where there are capacity challenges.

Four human resources policies were reviewed during the period and the Human Resources Plan was developed and implemented.

Workforce planning

The framework for ITAC's workforce planning is underpinned by a commitment to deploy a highly committed and capable workforce. This is achieved, in a first instance, by attracting and retaining a skilled and capable workforce. Attracting skilled employees is achieved through a competency-based recruitment and selection process. In this regard, a combination of values, knowledge, skills, personality attributes and future potential are key determinants in selecting successful candidates.

A Workplace Skills Plan (WSP) is developed and implemented annually as a means to enhance the employees' professional skills. This is to ensure workplace efficiency and performance.

Central to ITAC's workforce planning strategy is the achievement of a diverse workforce. It has been shown that employees from diverse backgrounds contribute to improved innovation, creativity and knowledge generation. This is complemented by implementing an array of affirmative policies to promote access to equal employment opportunities and benefits.

ITAC's performance management involves more than simply providing a periodic review for each employee. It is also about identifying strengths and weaknesses in an employee's performance and how to assist such employee to be a more productive and effective worker. In line with this goal, ITAC provides recognition for employees who have attained above-average performance levels

Employee Health and Wellness

The Human Resources unit seeks not only to enhance the professional skills of employees, but also to ensure their well-being. This is achieved by creating a supportive working environment and through the establishment of ITAC's Employee Health and Wellness programme. ITAC has appointed a service provider to provide preventative, consultative and information services to all employees and their families who may encounter personal problems.

Employment

ITAC's organisational structure consists of 131 approved posts with 99 filled posts and 32 vacant posts. In addition, there are 15 contract employees 12 in core business and 3 in Support Services. The composition of the workforce as at 31 March 2023 comprises of the following:

Division	Core Business	Support Services
Approved Posts	52	45
Contract posts	12	3

Please note that the ratio excludes the two Executives, i.e. Chief Commissioner and the General Manager: Corporate Services.

As at the end of 31 March 2023, there were 32 vacant positions which constitutes a vacancy rate of 25% which is considerably high. The MTEF allocation on Compensation of employees (COE) was reduced significantly and as a result of the budgetary constraints the recruitment process for most of the vacant positions could not be initiated.

A framework for filling of vacancies has been developed to assist in the prioritizing of vacancies. Due to reductions in baseline allocations, ITAC is not be able to fill all its vacancies and it has become necessary to priorities certain vacancies. Some vacancies will not be filled in their current form and will be reorganized, reviewed and redirected to focus on other critical areas.





Employment Equity (EE)

In accordance with the Employment Equity Act, of 1998, ITAC is committed to providing and transforming a workforce that is equitably representative of the demographics of South Africa united in diversity through the appointment of suitably qualified people from designated groups in all occupational levels and categories.

The highlights of the year under review includes: a proper functioning EE committee and reporting the EE progress against the EE plan to the department of labour. The current plan was approved from 2022 till 2025 and the annual report for 2022 has been submitted.

Employee Profile

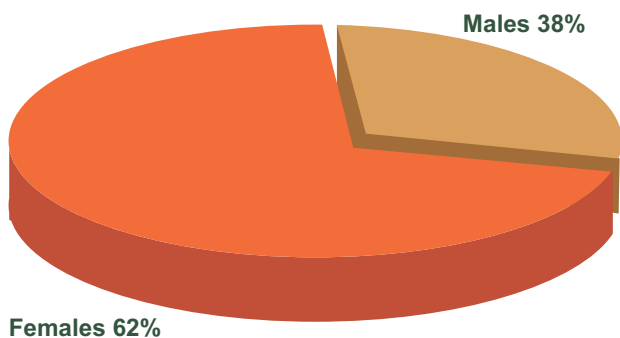
The following graphs present ITAC's employee profile in terms of a) gender; b) race; and c) Job classifications.

a. Gender profile

The table below shows the gender profile as at 31 March 2023:

In graph format:

Males	Females
38 (38%)	61 (62%)



The above graph depicts gender representation of employees who are currently employed by ITAC in the period under review.

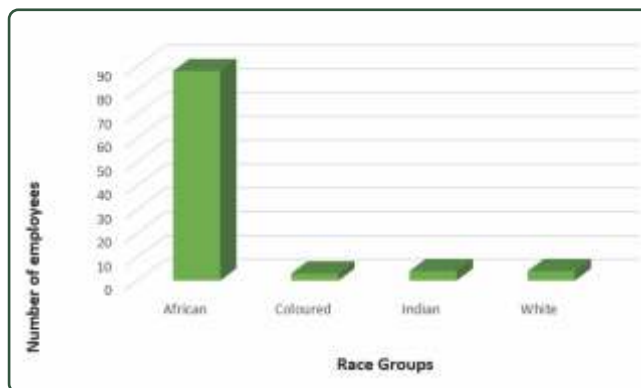
The current status in terms of gender representation is also a consideration in terms of setting up targets for the employment equity plan.

b. Race Profile

The table below shows the race profile as at 31 March 2023:

African	Coloured	Indian	White
88	3	4	4

In graph format:



The graph above depicts the racial representation of employees who are currently employed by ITAC in the period under review.





c. Job Profile

The table below shows the job profile as at 31 March 2023:

Top Management	Senior Management	Professionals	Skilled	Semi-Skilled	Unskilled	Total
2	11	26	31	27	2	99



The graph above depicts the percentages of employees at different occupational categories who are currently employed by ITAC in the period under review.

This also informs ITAC's employment equity plan in terms of ensuring that employees are equally represented at all occupational categories.





PART E

FINANCIAL INFORMATION



The Accounting Authority's Responsibilities and Approval

The International Trade Administration Act, 71 of 2002 (ITA Act), requires the Chief Commissioner to ensure that ITAC maintains full and proper records of its financial affairs. The Accounting Authority is required by the Public Finance Management Act (1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is the responsibility of the Accounting Authority, the Chief Commissioner in this case, to ensure that the annual financial statements fairly present the state of affairs of ITAC as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor was engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Chief Commissioner has reviewed ITAC's budget and cash flow forecasts. On the basis of this review, and in view of the current financial position and existing resources of the parent department by way of transfer payments to ITAC, the Chief Commissioner has every reason to believe that ITAC will be a going concern in the year ahead and the going concern basis has therefore been adopted in preparing the financial statements.

To enable the Chief Commissioner to meet these responsibilities, senior management sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout ITAC and all employees are required to maintain the highest ethical standards in ensuring that ITAC's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in ITAC is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operational risk cannot be fully eliminated, ITAC endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The internal controls contain self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or overriding of controls.

An effective system of internal control, therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statements presentation.

Furthermore, because of changes in the operating and control environment, the effectiveness of internal controls may vary over time.

The Executive Committee has reviewed ITAC's systems of internal control and risk management for the period ending 31 March 2023, and is of the opinion that ITAC's systems of internal control and risk management were effective for the period under review.

I am satisfied that these financial statements represent a fair reflection of the results of ITAC for the period ending 31 March 2023.

Chief Commissioner
Mr Ayabonga Cawe



Accounting Authority's Report



Report by the Chief Commissioner for the year ended 31 March 2023.

1. Operating results

The surplus for the period ended 31 March 2023 was R7 324 709 (2022: R16 246 710). The interest received for the period ended 31 March 2023 was R4 867 426 (2022: R2 244 343).

2. Review of activities

Main business and operations

ITAC's actual total revenue for the period was R113 576 392, while actual expenditure was R106 251 683. A higher than projected surplus was achieved as at 31 March 2023 as a result of under expenditure on employee related costs and operating leases. A number of vacant positions were approved for recruitment during the period, and recruitment was still in progress at the end of the reporting period. A detailed explanation of material variances is disclosed in note 26 of the annual financial statements.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

The Chief Commissioner is not aware of any subsequent events that took place after the reporting period.

5. Accounting policies

The annual financial statements were prepared and complies with the Standards of Generally Recognized Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 9 (1) of the Public Finance Management Act (Act 1 of 1999).

6. Executive management remuneration

Disclosure of the Executive Management's remuneration is included in the related parties note, note 23 of annual financial statements.

7. Materiality and significance framework

ITAC has developed and adopted a materiality and significance framework for reporting losses through criminal conduct, irregular, fruitless or wasteful expenditure, as well as for significant transactions envisaged as per section 55 (2) of the Public Finance Management Act (Act No 29 of 1999). The materiality amount for the period under review was R549 900. This represents 0.5% of ITAC's total approved revenue budget for the period. ITAC's total approved revenue budget for the period was R109 980 000.

The annual financial statements, which have been prepared on the going concern basis, were approved by the Chief Commissioner, who is the Accounting Authority on 31 July 2023.

Chief Commissioner
Mr Ayabonga Cawe





Report of The External Auditor To Parliament On International Trade Administration Commission of South Africa



Opinion

1. We have audited the financial statements of the International Trade Administration Commission of South Africa set out on pages 64 to 93, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Trade Administration Commission of South Africa as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, Act No. 1 of 1999 (PFMA).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the public entity in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

6. We draw attention to the matter below. Our opinion is not modified in respect of this matter.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 31 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of International Trade Administration Commission of South Africa. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. We selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page Number	Purpose
Custom Tariffs Investigations	36-38	To promote, in a complementary manner, domestic production, job retention and creation, inclusive growth and international competitiveness.
Import and Export Control	38-39	Promote, in a complementary manner, domestic production, job retention and creation, inclusive growth and international competitiveness.

14. We evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that we can confirm the methods and processes to be used for measuring achievements;



- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
 - the reported performance information is presented in the annual performance report in the prescribed manner;
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
17. The material findings on the performance information of the selected programmes are as follows:

Custom Tariffs Investigations

Indicator - Customs Duty Rebate and Drawback permits issued within 14 days.

18. An achievement of 93% was reported against a target of 80%. However, the audit evidence did not support this achievement. We could not determine the actual achievement, but we estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Import and Export Control

Indicator - Number of Un-scheduled -Inspections conducted

19. We were unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. This was due to a lack of controls and planning in place for the reported indicator. We were unable to validate the existence of systems and processes by alternative means.

Other matters

20. We draw attention to the matters below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.
22. Reasons for the underachievement of targets are included in the annual performance report on pages 36 to 41.

Material misstatements

23. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Custom Tariffs Investigations and Import and Export Control. Management did not correct all of the misstatements and we reported material findings in this regard.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
25. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.



26. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
29. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
33. The matter reported below is limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.
34. Management did not maintain an adequate system for reporting on performance information.

Auditor tenure

35. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of International Trade Administration Commission of South Africa for 3 years.

Nexia SAB&T

Nexia SAB&T
Per: Muhammed Fazel Sulaman
Director
Registered Auditor

31 July 2023

119 Witch Hazel Avenue
Highveld Technopark
Centurion, 0146



Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA).	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c'); 66(5)
Treasury Regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2



Statement of Financial Position As At 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Inventories	3	87 009	84 635
Receivables from exchange transactions	4	123 344	226 726
Prepayments	5	2 057 741	156 971
Cash and cash equivalents	6	47 662 851	37 806 720
		49 930 945	38 275 052
Non-Current Assets			
Property, plant and equipment	7	1 294 023	1 262 270
Intangible assets	8	2 065	2 581
		1 296 088	1 264 851
Total Assets		51 227 033	39 539 903
Liabilities			
Current Liabilities			
Operating lease liability	9	-	859 667
Payables from exchange transactions	10	4 546 294	3 117 821
Provisions	11	5 392 283	2 758 507
Employee benefit obligations	12	10 835 796	9 675 957
		20 774 373	16 411 952
Total Liabilities		20 774 373	16 411 952
Net Assets		30 452 660	23 127 951
Accumulated surplus		30 452 660	23 127 951
Total Net Assets		30 452 660	23 127 951



Statement of Financial Performance For The Year Ended 31 March 2023



Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Other income	13	134 371	139 472
Interest received - cash and cash equivalents	13	4 867 426	2 244 343
Gain on disposal of assets	13	15 595	-
Total revenue from exchange transactions		5 017 392	2 383 815
Revenue from non-exchange transactions			
Transfer revenue			
Conditional grant	13	-	5 500 000
Government grant and subsidies	13	108 559 000	106 978 000
Total revenue from non-exchange transactions		108 559 000	112 478 000
Total revenue	13	113 576 392	114 861 815
Expenditure			
Employee related costs	14	(82 456 567)	(82 681 611)
Depreciation and amortisation	15	(466 873)	(249 627)
Lease rentals on operating lease	16	(8 964 353)	(9 011 921)
Debt impairment	17	(752)	(45 609)
General expenses	18	(14 363 138)	(6 626 337)
Total expenditure		(106 251 683)	(98 615 105)
Surplus for the year		7 324 709	16 246 710



Statement of Changes In Net Assets For The Year 31 March 2023



Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2021	6 881 241	6 881 241
Changes in net assets		
Surplus for the year	16 246 710	16 246 710
Total changes	16 246 710	16 246 710
Balance at 01 April 2022	23 127 951	23 127 951
Changes in net assets		
Surplus for the year	7 324 709	7 324 709
Total changes	7 324 709	7 324 709
Balance at 31 March 2023	30 452 660	30 452 660



Cash Flow Statement As At 31 March 2023



Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Government grants and subsidies		108 559 000	106 978 000
Interest received - cash and cash equivalents		4 867 426	2 244 343
Other receipts		237 003	176 468
Conditional grant		-	5 500 000
		113 663 429	114 898 811
Payments			
Employee costs		(81 294 651)	(82 555 570)
Suppliers for goods and services		(22 028 056)	(17 556 084)
Interest and penalties paid		(2 077)	-
		(103 324 784)	(100 111 654)
Net cash flows from operating activities	19	10 338 645	14 787 157
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(579 176)	(1 150 202)
Proceeds from disposal of assets	7	96 662	-
Net cash flows from investing activities		(482 514)	(1 150 202)
Net increase in cash and cash equivalents		9 856 131	13 636 955
Cash and cash equivalents at the beginning of the year		37 806 720	24 169 765
Cash and cash equivalents at the end of the year	6	47 662 851	37 806 720



Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	223 000	-	223 000	134 371	(88 629)	26 - N1
Interest received - cash and cash equivalents	1 198 000	-	1 198 000	4 867 426	3 669 426	26- N2
Total revenue from exchange transactions	1 421 000	-	1 421 000	5 001 797	3 580 797	
Revenue from non-exchange transactions						
Government grant and subsidies	108 559 000	-	108 559 000	108 559 000	-	
Total revenue	109 980 000	-	109 980 000	113 560 797	3 580 797	
Expenditure						
Employee related costs	(90 324 358)	-	(90 324 358)	(82 456 567)	7 867 791	26- N3
Depreciation and amortisation	(553 000)	-	(553 000)	(466 873)	86 127	26- N4
Lease rentals on operating lease	(10 327 000)	-	(10 327 000)	(8 964 353)	1 362 647	26- N5
Debt impairment	-	-	-	(752)	(752)	
General expenses	(8 775 642)	-	(8 775 642)	(14 363 138)	(5 587 496)	26- N6
Total expenditure	(109 980 000)	-	(109 980 000)	(106 251 683)	3 728 317	
Operating surplus	-	-	-	7 309 114	7 309 114	
Gain on disposal of assets	-	-	-	15 595	15 595	
Surplus before taxation	-	-	-	7 324 709	7 324 709	
Surplus for the year	-	-	-	7 324 709	7 324 709	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	7 324 709	7 324 709	



Accounting Policies



1. Significant accounting policies

1.1 Basis of preparations

The annual financial statements have been prepared and complies with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the ITAC. All financial figures have been rounded *off* to the nearest Rand.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that ITAC will continue to operate as a going concern for the foreseeable future.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

ITAC assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, ITAC makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from receivables.

Most of ITAC's trade receivables are staff debtors and collected through payroll deductions. Staff debtors and other debtors are stated at cost less provision for doubtful debts. The provision is made on an individual basis and based on expected cash flows. Considerations will include amongst others: whether the employee is still within ITAC's employment, if the amounts can be recovered from deceased estates for deceased employees and whether it is economical to pursue certain debts.

Provisions

The amount of provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Additional disclosure of these estimates of provisions are included in note 11 - Provisions. The following estimate was applied by management at the reporting date:

Legal provisions - The amount of legal fees provisioned per case are based on the amount estimated using the hours spent on the case per quarter multiplied by the counsel's approved rate per hour. The hours spent on the case is managements' best estimate, mainly based on historical experience in dealings with legal matters. Adjustments will be made upon receiving the actual invoice from counsel. Adjustments in the form of reversals are also made when cases are finalized and no further invoices are expected. Where quotations/pro-forma invoices are available from counsel, the amounts will be used to estimate the liability.



Useful lives and residual values of property, plant and equipment

Management determine the estimated useful lives, residual values and related depreciation charges for property, plant and equipment. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with any changes in estimates accounted for on a prospective basis. Prior year errors are accounted for retrospectively and the comparative amounts for the prior year in which the error occurred restated. The estimate is based on the replacement plan, condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be utilized. Management will decrease the depreciation charge where useful lives are more than previously estimated.

Allowance for doubtful debts

An impairment loss is recognized in surplus or deficit when there is objective evidence that receivables are impaired. As most ITAC's debtors are staff debts, an allowance is raised when the employee had left ITAC employment, and collection prospects are remote. The debts are first referred to the debt collector and when collection fails, an allowance for the full amount is raised.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Recognition of costs in the carrying amount of an item of property, plant and equipment cease when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

ITAC's property, plant and equipment is administrative in nature and non-cash-generating assets.

Property, plant and equipment is depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average useful life
Furniture and fixtures	Straight-line	6 to 8 years
Office equipment	Straight-line	3 to 8 years
Computer equipment	Straight-line	3 to 5 years
Servers	Straight-line	5 to 7 years
Ipads and cellphones	Straight-line	2 to 3 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognized when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

ITAC's intangible assets include computer software internally developed. Computer software that is not an integral part of the hardware and that can be identified and separated is capitalized as an intangible asset. Costs associated with the development or maintaining in-house computer software programmes are capitalised when they are incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally developed	Straight-line	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Financial Instruments

ITAC's financial assets consist of cash and cash equivalents and receivables from exchange transactions. Financial liabilities consists of payables from exchange transactions.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.



Measurement of financial assets and financial liabilities

ITAC measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Financial assets and financial liabilities are subsequently measured at amortised cost.

Impairment and uncollectability of financial assets

When an amount is outstanding for more than 90 days, this is considered by management as objective evidence that an impairment loss has occurred. However, there may be other objective evidence that may or may not indicate impairment of a financial asset. Management considers such objective evidence when assessing an impairment of a financial asset. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

ITAC refers doubtful receivables from exchange transactions to a debt collector for recovery. When the debt collection processes fail and the amounts are uneconomical to pursue legal action, the debts are provided for and written-off.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.8 Tax

ITAC is exempt from income tax in terms of section 10(1)(a) of the Income Tax Act, 1962.



1.9 Leases

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

ITAC's inventory consist of stationery and consumables. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and current replacement cost.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The expenses are recognised when the goods are used. The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

Liabilities for short-term employee benefits which are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date. Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Post-employment benefits

ITAC provides a defined benefit scheme for its employees through the Government Employees Pension Fund (GEPF). ITAC's contributions to the GEPF are charged to the statement of financial performance in the year to which they relate. ITAC's contributions to the fund are established in terms of the GEPF rules.

ITAC will expense employer liability relating to additional employer pension contributions relating to employment contracts for full-time Commissioners when the liability arises. The amount to be expensed will be an estimate of the actuarial valuations received from GEPF.

1.12 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of ITAC or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably. Contingencies are disclosed in note 22.



1.13 Revenue from exchange transactions

ITAC's revenue from exchange transactions consists of revenue from interest received on call accounts and other income. Revenue is recognised when it is probable that future economic benefits will flow to the entity and the benefits can be measured reliably.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest received - cash and cash equivalents

Interest received is recognised in surplus or deficit for all financial instruments measured at amortised cost using the effective interest rate method.

1.14 Revenue from non-exchange transactions

ITAC's revenue from non-exchange transactions consists of governments grants received from the Department of Trade, Industry and Competition.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Grants

Grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure is incurred when expenditure was made in vain and would have been avoided had reasonable care been exercised.

Fruitless expenditure when incurred and confirmed in the current year is disclosed in the notes to the annual financial statements. Fruitless and wasteful expenditure incurred in the previous financial year is recognised in the period in which it was incurred.

1.16 Irregular expenditure

Irregular expenditure is incurred in contravention of, or not in accordance with legislation and expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position.


Irregular expenditure when incurred and confirmed is disclosed in the notes to the annual financial statement. Irregular expenditure for the previous financial year must be recognised in the period in which it was occurred.

Irregular expenditure is removed from the notes when it is condoned by the relevant authority.

1.17 Segment information

ITAC manages its operations as a single segment. The Chief Commissioner makes key financial and operational decisions for all ITAC's strategic objectives. ITAC's core objectives are: Efficient administration of trade instruments (customs tariffs, trade remedies, import and export control), Providing technical advice to the dtic, and Monitoring and evaluation. Resource allocation, assets and liabilities are managed on a combined basis.





Geographical information is not provided as ITAC operates from one location, although services are rendered through out the country. Actual performance outcomes are used by management as a basis for evaluating each strategic objective's performance and for making decisions about the allocation of resources. The disclosure of information about these strategic objectives are considered appropriate for external reporting purposes.

1.18 Budget information

ITAC is subject to budgetary limits in the form of appropriations or budget authorisations, which are given effect through authorising legislation, appropriation or other similar measures.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.19 Related parties

ITAC operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

1.20 Events after reporting date

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



Notes To The Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Guideline: Guideline on Accounting for Landfill Sites 	01 April 2023	<p>The standard is not applicable at ITAC. Unlikely there will be a material impact. The amendments mostly affected the accounting for defined benefit plans, which are not applicable to ITAC.</p> <p>Unlikely there will be a material impact. Defined benefit assets are not applicable at ITAC. The standard is not applicable at ITAC. The impact of relevant significant changes is currently being assessed but are unlikely to be material as ITAC does not have financial assets that would be affected materially by the amendments in the standard that deals with impairment. Other changes are likely not to affect ITAC.</p> <p>Unlikely there will be a material impact. ITAC did not apply alternative accounting treatments to immaterial transactions or events in the past. Amendments to various relevant standards considered and it is unlikely there will be a material impact. Materiality and aggregation of line items was considered and it is unlikely there will be a material impact. However, disclosure may be impacted considering the Materiality Guideline issued by the Accounting Standards Board.</p>
<ul style="list-style-type: none"> GRAP 25 (as revised): Employee Benefits 	01 April 2023	
<ul style="list-style-type: none"> iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction 	01 April 2023	
<ul style="list-style-type: none"> GRAP 103: Heritage Assets 	To be determined	
<ul style="list-style-type: none"> GRAP 104 (as revised): Financial Instruments 	01 April 2025	
<ul style="list-style-type: none"> iGRAP 21: The Effect of Past Decisions on Materiality 	01 April 2023	
<ul style="list-style-type: none"> GRAP 2021: Improvements to the standards of GRAP 2021 	01 April 2023	
<ul style="list-style-type: none"> GRAP 1 (amended): Presentation of Financial Statements 	01 April 2023	



Notes To The Annual Financial Statements



3. Inventories	2023	2022
Stationery and consumables	87 009	84 635

Inventory is not pledged as security for any financial liabilities. The cost of inventory expensed during the period amounted to R110 809 (2022: R113 464).

4. Receivables from exchange transactions	2023	2022
Cellphones	41 887	25 198
Bursaries	54	18 235
Other debtors	127 764	228 902
Provision for bad debts	(46 361)	(45 609)
	123 344	226 726

The above receivables from exchange transactions are staff debtors .

Trade and other receivables past due but not impaired

Staff debts for employees presently in the ITAC employment which are more than 90 days are not considered to be impaired as staff payments are made, and mostly deducted through payroll with payment arrangements to a maximum of 12 months.

The ageing of receivables from exchange transactions are as follows:

	2023	2022
Current	35 281	18 672
1 month past due	-	2 570
Over 6 months past due	134 424	251 093

Trade and other receivables impaired

The amount of the provision was R46 361 as of 31 March 2023 (2022: R 45 609).

The ageing of these receivables is as follows:

Over 6 months	46 361	45 609
---------------	--------	--------

Reconciliation of provision for impairment of trade and other receivables

Opening balance	45 609	139 268
Provision for impairment	752	45 609
Amounts written off as uncollectible	-	(139 268)
	46 361	45 609

5. Prepayments	2023	2022
Gross balances		
Parking	17 058	16 092
Subscriptions	1 647 650	128 239
Training	-	12 640
Medical aid contributions	393 033	-
	2 057 741	156 971

Prepayments were made for parking services as the payment is due by the 1st of each month.

Increase in prepayments relates to Microsoft licenses procured through the Department of Trade, Industry and Competition.

Medical aid contributions for the month of April 2023 were also made on 31 March 2023, in line with payment arrangements with the funds.



Notes To The Annual Financial Statements

6. Cash and cash equivalents

Cash and cash equivalents consist of:	2023	2022
Cash on hand	7 900	7 900
Current accounts	162 736	99 031
Call account	2 748 052	37 040 598
Corporation of Public Deposits (CPD) account	44 744 163	659 191
	47 662 851	37 806 720

Management considers that all the above cash and cash equivalents categories are of good quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above. During the period cash and cash equivalents were kept in the call and current accounts at Standard Bank and average daily interest earned was 7.4% (2022: 3,76%) and the CPD account at the South African Reserve Bank at an average daily interest rate of 7.4% (2022: 4,17%) at year end. The cash and cash equivalents were not pledged as security for financial liabilities.



Notes To The Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2023		2022			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	694 775	(669 811)	24 964	694 775	(642 929)	51 846
IT equipment	5 635 376	(4 366 317)	1 269 059	5 156 626	(3 946 202)	1 210 424
Total	6 330 151	(5 036 128)	1 294 023	5 851 401	(4 589 131)	12 62 270

Figures in Rand

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	51 846	-	-	(26 882)	24 964
IT equipment	1 210 424	579 176	(81 066)	(439 475)	1 269 059
	1 262 270	579 176	(81 066)	(466 357)	1 294 023

Notes To The Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	89 884	22 550	(60 588)	51 846
IT equipment	262 357	1 127 652	(179 585)	1 210 424
	352 241	1 150 202	(240 173)	1 262 270

IT equipment consists of laptops, desktops, servers, ipads and cellphones.

Furniture and fixtures consists of office furniture and equipment.

There are no restrictions attached to items of property, plant and equipment. Property, plant and equipment is not pledged as security for any financial liabilities.

Compensation received for losses on property, plant and equipment - included in operating surplus.

IT equipment	96 662	37 950
--------------	--------	--------

Three laptops, an iPad and cellphone were lost during the reporting period. Compensation amounting to R96 662 was received from the insurer for the lost items.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

IT equipment	-	13 268
--------------	---	--------

Notes To The Annual Financial Statements

Figures in Rand

8. Intangible assets

	2023				2022				
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, internally developed	627 853	(625 788)	2 065	627 853	(625 272)	2 581	627 853	(625 272)	2 581

Reconciliation of intangible assets - 2023

Computer software, internally developed	Opening balance	Amortisation	Total
	2 581	(516)	2 065

Reconciliation of intangible assets - 2022

Computer software, internally developed	Opening balance	Amortisation	Total
	12 035	(9 454)	2 581

9. Operating lease liability

Current liabilities	(859 667)
---------------------	-----------

ITAC's lease agreement for office premises came to an end on 31 March 2023. The lease agreement was for a period of three years. A new agreement was concluded and effective from 01 April 2023, and the agreement is for a period of five years.

10. Payables from exchange transactions

Trade payables	1 814 873	209 213
Accrued expense	2 638 414	2 479 990
Other payables	93 007	428 618
	4 546 294	3 117 821

Notes To The Annual Financial Statements

Other payables consist of staff creditors.

The ageing of trade and other payables

	2023	2022
Current	4 546 294	3 117 821

Creditors are paid within 30 days of receipt of invoice.

11. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	2 519 239	4 510 771	(1 739 040)	-	5 290 970
Workmens Compensation	239 268	178 585	28 423	(344 963)	101 313
	2 758 507	4 689 356	(1 710 617)	(344 963)	5 392 283

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal fees	6 246 197	2 326 514	(2 381 817)	(3 671 655)	2 519 239
Work men's Compensation	236 117	179 927	(113 821)	(62 955)	239 268
	6 482 314	2 506 441	(2 495 638)	(3 734 610)	2 758 507

Legal fees

Legal fees represent amounts payable but not yet invoiced by the Office of the State Attorney in respect of counsel fees for litigation cases in progress. Management estimate the hours spent on each matter based on historical experience and the nature of the matter, and then provision per case using the counsel's approved hourly rate. When invoices or quotations are available from counsel, they also used in making estimations. Adjustments are made on receipt of final invoices.

Workmen's Compensation

Workmen's compensation represents an estimate of the amount payable to the Compensation Commissioner on receipt of final assessment. The annual assessment fee is estimated on employees' earnings and an assessment tariff based on the risks associated with the type of work being done.

Notes To The Annual Financial Statements



12. Employee benefit obligations

Reconciliation of employee benefit obligation - 2023	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	7 627 176	3 821 721	(4 239 945)	-	7 208 952
Service bonus	1 658 501	1 703 600	(1 658 501)	-	1 703 600
Housing allowance	390 280	101 631	-	(109 361)	382 550
Post employment benefit liability (GEPF)	-	1 540 694	-	-	1 540 694
	9 675 957	7 167 646	(5 898 446)	(109 361)	10 835 796

Reconciliation of employee benefit obligation - 2022	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay	6 840 559	7 962 791	(1 698 990)	(5 477 184)	7 627 176
Performance bonus	430 165	-	(397 758)	(32 407)	-
Service bonus	1 679 729	1 658 501	(1 679 729)	-	1 658 501
Housing allowance	599 462	126 497	(250 898)	(84 781)	390 280
	9 549 915	9 747 789	(4 027 375)	(5 594 372)	9 675 957

Leave

Leave pay provision represents the potential liability in respect of leave outstanding at year end. The DPSA's Directive on Leave of Absence is used to determine the accumulated number of days, which is then multiplied by the employee's daily rate to calculate the provision. Unused leave credits for the previous leave cycle are forfeited by the end of June the following year.

Performance bonus

Performance bonus represents amounts that may be payable to qualifying employees who meet the predetermined performance targets for the period under review. In the current year, no performance bonus was due as per the DPSA's circular.

Housing allowance

The housing allowance provision relates to amount set aside for staff participation in the Housing Allowance Scheme. ITAC makes a provision to assist employees to purchase houses. The amount of the provision is determined used the DPSA's directives. ITAC does not provide for any guarantees.

Post employment benefit liability (GEPF)

The post employment benefit liability represent additional employer contributions to the pension fund. Certain instances of additional liability towards the GEPF occur when a member of the GEPF retires or is discharged from public service prior to normal retirement age. Quotations are provided by the GEPF on estimates involving actuarial calculations. Contributions to the fund are fixed and based on monthly pensionable salary with the employer contributing 13% and employee 7,5%.

13. Revenue

	2023	2022
Other income	134 371	139 472
Interest received - cash and cash equivalents	4 867 426	2 244 343
Conditional grant	-	5 500 000
Gain on disposals of assets	15 595	-
Government grant and subsidies	108 559 000	106 978 000
	113 576 392	114 861 815



Notes To The Annual Financial Statements

The amount included in revenue arising from exchanges of goods or services are as follows:

	2023	2022
Other income	134 371	139 472
Gain on disposal of assets	15 595	-
Interest received - cash and cash equivalents	4 867 426	2 244 343
	5 017 392	2 383 815

The amount included in revenue arising from non-exchange transactions is as follows:

	2023	2022
Transfer revenue		
Conditional grant	-	5 500 000
Government grant and subsidies	108 559 000	106 978 000
	108 559 000	112 478 000

Other income consists of recoveries from staff debts. No conditional grant was received in the current year towards funding the Price Preference System administered by ITAC from the Department of Trade, Industry and Competition.

14. Employee related costs

Basic salaries	59 128 532	59 084 524
Bonus	-	(32 451)
Medical aid - company contributions	782 596	806 387
Unemployment Insurance Fund	230 291	225 638
Workmen's Compensation	(28 423)	113 821
Leave pay provision charge	3 582	1 698 990
Post retirement benefit expenses	8 513 380	6 959 739
13th Cheques	3 798 475	3 662 901
Car allowance	224 387	435 326
Housing benefits and allowances	1 153 599	1 068 594
Group life	209 539	170 857
Non-pensionable cash allowance	8 440 609	8 487 285
	82 456 567	82 681 611

Number of employees as at 31 March 2023 was 99 (2022:98). The vacancy rate as at 31 March 2023 was 24% (2022:20%).

15. Depreciation and amortisation

IT equipment	439 475	179 585
Furniture and Fittings	26 882	60 588
Intangible assets	516	9 454
	466 873	249 627

16. Lease rentals on operating lease

Office premises	8 892 183	8 892 181
Office equipment	72 170	119 740
	8 964 353	9 011 921

17. Debt impairment

Debt impairment	752	45 609
-----------------	-----	--------



Notes To The Annual Financial Statements



18. General expenses

	2023	2022
Advertising	191 289	401 507
Auditors remuneration	1 274 675	1 030 132
Bank charges	75 809	54 530
Legal fees	6 639 094	511 213
Consulting and professional fees	1 342 113	787 599
Catering	13 191	374
Repairs and maintenance	-	13 268
Flowers and gifts	2 000	-
Insurance	382 368	391 747
IT expenses	85 709	43 431
Promotions material	3 078	-
Motor vehicle expenses	42 494	13 209
Recruitment and resettlement expenditure	102 173	70 640
Postage and courier	5 058	2 551
Printing and stationery	213 203	204 391
Employee wellness	75 319	71 089
Subscriptions and membership fees	312 787	362 286
Telephone and fax	858 214	497 626
Training	49 163	152 630
Travel - local	1 474 738	1 057 901
Travel - overseas	461	6 295
Personal protective equipment	-	50
Offsite storage	261 394	194 066
Audit and Risk Committee	415 359	244 804
Part-time Commissioners	465 127	514 998
Workshops and conferences	76 245	-
Interest and penalties paid	2 077	-
	14 363 138	6 626 337

19. Cash generated from operations

Surplus	7 324 709	16 246 710
Adjustments for:		
Depreciation and amortisation	466 873	249 627
Debt impairment	752	45 609
Movements in operating lease liability	(859 667)	26 865
Movements in provisions	2 633 776	(3 723 807)
Gain on disposal of assets	(15 595)	-
Changes in working capital:		
Inventories	(2 374)	3 561
Receivables from exchange transactions	102 632	(8 613)
Prepayments	(1 900 770)	(18 994)
Payables from exchange transactions	1 428 470	1 840 158
Employee benefit obligations	1 159 839	126 041
	10 338 645	14 787 157



Notes To The Annual Financial Statements



20. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	123 344	123 344
Cash and cash equivalents	47 662 851	47 662 851
	47 786 195	47 786 195

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	4 546 294	4 546 294

2022

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	226 726	226 726
Cash and cash equivalents	37 806 720	37 806 720
	38 033 446	38 033 446

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	3 117 821	3 117 821



Notes To The Annual Financial Statements



21. Commitments

Authorised and contracted expenditure

	Up to 1 year	2 to 5 years
2023		
Employee health and wellness programme	40 269	-
Parking	17 058	-
Records management	115 865	262 412
Subscriptions	22 137	-
External audit services	1 120 652	-
Mobile communication services	228 000	456 000
Computer equipment	2 542 897	-
Internet line	301 915	603 831
Microsoft licenses	1 502 941	1 502 941
Consulting and professional fees	302 602	-
IT Expenditure	96 703	-
Stationery	47 748	-
Publications and promotional items	40 443	-
Office equipment	394 302	788 605
Training and recruitment costs	35 931	-
	6 809 463	3 613 789
2022		
Employee health and wellness programme	69 033	40 269
Parking	16 092	-
Records management	107 939	431 754
Subscriptions	17 388	-
External audit services	1 074 675	-
Mobile communication services	228 000	684 000
	1 513 127	1 156 023

Operating leases - as lessee (expense)

Minimum lease payments due

	within 1 year	2 to 5 years	Total
2023			
Office premises	6 826 301	32 508 381	39 334 682
Office equipment	18 042	-	18 042
	6 844 343	32 508 381	39 352 724
2022			
Premises - rent	9 751 848	-	9 751 848
Office equipment	72170	18042	90 212
Subtotal	9 824 018	18 042	9 842 060
	9824018	18042	9 842 060

ITAC signed a new lease agreement with the dtic for office premises. The agreement is effective from 1 April 2023 and is for a period of five years. The rental amount was reduced in the new agreement. The annual rent will escalate as per the Consumer Price Index (CPI) rate. The CPI rate for March 2023 was 7.1%.

ITAC entered into a new lease agreement for office equipment. The agreement will be effective from 1 June 2023 for a period of three years. The commitments relating to this agreement are disclosed under Commitments.

22. Contingencies

A cash surplus amounting to R27 011 822 for the 2022/23 financial year, which must be surrendered to National Treasury unless permission is granted to retain the surplus. The cash surplus was calculated using a formula prescribed by National Treasury through National Treasury Instruction Note No.12 of 2020/21 as follows: Cash and cash equivalents plus receivables less current liabilities.

ITAC's request for surplus retention were approved by National Treasury in the past financial years.



Notes To The Annual Financial Statements

23. Related parties

Relationships

Department of Trade, Industry and Competition
 Department of Justice and Constitutional Development
 Members of key management

Executive Authority
 National Department in National Sphere
 Members of Executive Management

Related party balances

Department of Trade, Industry and Competition

Payable at year-end -Telephone and internet

2023

2022

(12 677)

(15 088)

Related party transactions

Department of Trade, Industry and Competition

Office rental payments

9 751 848

8 865 316

Telephone and internet payments

158 550

141 042

Transfer payments received

(108 559 000)

(106 978 000)

Conditional grant

(5 500 000)

Microsoft licenses

1 502 941

Department of Justice and Constitutional Development

Legal costs incurred

6 639 094

511 212

Audit and Risk Committee members

R Govender (Chairperson)

124 488

103 608

M Pillay (Member) Resigned on 31 December 2021)

51 459

V Makaleni (Member) (Chairperson of Risk Committee)

229 212

138 033

P Sibiyi (Member) (Resigned on 16 February 2023)

61 659

10 476

Part-time Commissioners

F Ismail (Chairperson)

111 490

156 926

B Mokgatle (Member)

91 956

87 723

V Ncwaiba (Member)

88 596

98 415

J de Beer (Member)

117 323

123 820

P Mbiko (Member)

55 762

48 114

ITAC has 10 Part-time Commissioners, and five are not remunerated.



Notes To The Annual Financial Statements

Remuneration of management

Management class: Executive management

2023

Name	Basic salary	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	benefits Other	Total received
A Cawe (Chief Commissioner) (Appointed 01 January 2023)	364 446	-	38 987	354	-	-	403 787
M Nzimande (Chief Commissioner (Resigned 30 April 2022))	130 191	-	12 617	413	-	140 396	283 617
D Mbambo (Deputy Chief Commissioner)(Contract expired on 31 December 2022)	955 801	-	92 020	1 771	68 387	158 548	1 276 527
P Semela (General Manager: Corporate Services)	1 399 006	91 230	142 319	2 125	-	-	1 634 680
N Nkoana (Chief Financial Officer)	1 200 538	-	101 564	2 125	-	-	1 304 227
	4 049 982	91 230	387 507	6 788	68 387	298 944	4 902 838

2022

Name	Basic salary	Bonuses and performance related payments	13th Cheque	Post-employment benefits	Unemployment Insurance Fund	Car Allowance	Total
M Nzimande (Chief Commissioner)	1 532 718	-	-	151 404	2 069	-	1 686 191
D Mbambo (Deputy Chief Commissioner)	1 204 994	-	-	128 206	2 069	96 000	1 431 269
P Semela (General Manager: Corporate Services)	1 242 712	17 686	85 886	138 114	2 069	73 326	1 559 793
N Nkoana	1 201 805	7 041	-	99 845	2 069	-	1 310 760
	5 182 229	24 727	85 886	517 569	8 276	169 326	5 988 013

Other benefits include leave payouts.



Notes To The Annual Financial Statements

24. Risk management

Financial risk management

The main risks arising from ITAC's financial instruments are liquidity risk, credit risk and market interest rate risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and given its current funding structure and availability of cash resources, ITAC regards its liquidity risk as low.

Credit risk

ITAC's credit risk consists mainly of cash and cash equivalents and trade receivables. The entity only deposits cash with high quality credit standing and limits exposure to any one counter - party. The CPD account is held with the South Reserve Bank. Trade and other receivables consist largely of staff debtors. For staff in the current employment of ITAC, recoveries are made through the payroll system. Trade and other receivables are unrated. ITAC considers its exposure to credit risk as low. Maximum exposure to credit risk at year end were as follows:

Financial instrument	2023	2022
Call account	2 748 052	37 040 598
Current account	162 736	99 031
CPD account	44 744 163	659 191
Receivables	123 344	226 726



Notes To The Annual Financial Statements



Market risk

Interest rate risk

ITAC is exposed to interest rate changes in respect of returns on its investment with financial institutions. The risk arises when there are interest rate changes, as this will affect the interest received on call accounts. ITAC's exposure to interest risk is managed by making short-term investments with Standard Bank and the Reserve Bank. The short-term deposits made are low risk and the capital is secure.

A change in the market interest rate at the reporting date would have increased/ (decreased) the surplus for the year by the amounts below:

Sensitivity analysis

Financial instrument	Change in investments	Increase /decrease in net surplus for upward change	Increase/decrease in net surplus for downward change
Change in interest rates	3,00 %	1 429 885	(1 429 885)

25. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

	2023	2022
Net surplus per the statement of financial performance	7 324 709	16 246 711
Adjusted for:		
Other income	88 629	80 528
Interest income	(3 669 426)	(1 062 343)
Payroll expenditure in excess of (lower than) budget	(7 867 791)	(9 152 389)
Operational expenditure in excess of (lower than) budget	5 587 496	(5 985 313)
Depreciation	(86 127)	(174 373)
Lease rental on operating lease	(1 362 647)	1 570
Debt impairment	752	45 609
Gain on disposal of assets	(15 595)	-
Net surplus per approved budget	-	-

26. Budget differences

Material differences between budget and actual amounts

N1 - Other income mainly arises from recoveries of staff debts. The level of staff debtors have decreased from prior periods.

N2 - Interest income was significantly higher than budget as the full transfer payment was received in full in the first quarter and increased cash balances significantly. The repo rate increased higher a number of times during the year, resulting in higher interest rates received from cash and cash equivalents. The increased interest rates and higher cash balances resulted in higher than budgeted interest received.

N3 - Employee related costs variance is as a result of vacant positions. There were 33 vacant positions as at 31 March 2023 with a vacancy rate of 25%. A total of nine positions to be filled were approved and advertised in March 2023. Recruitment processes were in progress at year-end.

N4 - Depreciation and amortisation - The depreciation amount was below budget as new computer equipment was ordered and not yet delivered at the end of the reporting period. It was anticipated that the new assets additions will increase the depreciation charge. The procurement for software system that will be used to administer import and export permits was also in progress at year end.



Notes To The Annual Financial Statements

N5 - Lease rentals on operating leases - The procurement of new copiers and printers was finalised and pending delivery at year-end and contributed to under expenditure in rental and lease expenditure.

N6 - General expenses - The budget for general expenses was overspent by 163%. Some of the major items that led to over expenditure were as follows:

External audit fees - An additional amount of R200 000 was spent as a result of audit overrun.

Legal fees - The amount of legal fees increased significantly as three new matters were received during the period and also an increase in the work on ongoing matters. The amount of the increase was over R6million.

Consulting and professional fees - The amount increased as a result of professional fees for ongoing labour related matters, IT systems support and work done to ensure POPIA compliance. IT expenditure also increased as a result of ongoing finance systems upgrade.

Communication costs also increased by 58% from data usage for contract lines by people working from home. Increased load shedding requires staff working from home to connect using their data work lines.

Travel and subsistence expenditure was above budget as the number of onsite verifications increased during the year. During covid-19, most verifications were conducted virtually.

27. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that:

- ITAC has approved funding from National Treasury over the MTEF period;
- There is no intention or policy decision to liquidate or cease operations; and
- ITAC is requesting approval from the Minister of dtic to charge fees for the services it renders and the revenue will form part of its operations.

ITAC is also developing a framework to investigate the levying of prescribed fees, as per section 24(1)(b) of the International Trade Administration Act 71 of 2002, and this process is also outlined in the Annual Performance Plan for 2023/24. It is hoped that this process will diversify the revenue sources of ITAC, and once this framework is developed it will be submitted to the Minister for approval.

28. Segment information

General information

Identification of segments

ITAC manages its operations as a single segment. The Chief Commissioner makes key financial and operational decisions for all ITAC programmes based on strategic outcomes. ITAC's main programmes are: Efficient administration of trade instruments (customs tariffs, trade remedies, import and export control), Providing technical advice to the dtic, and Monitoring and evaluation. Resource allocation, assets and liabilities are also managed on a combined basis.

Geographical information is not provided as ITAC operates from one location, although services are rendered throughout the country. Programme performance information segments is used by management as a basis for evaluating the programme's performances and for making decisions about the allocation of resources. The disclosure of information about these programmes is also considered appropriate for external reporting purposes.

29. Events after reporting date

Management is not aware of any transactions and events that took place after the reporting period.



Notes To The Annual Financial Statements

**30. Comparative figures**

Certain comparative figures have been reclassified.

The reason for the reclassification was to disclose material transactions separately. Accrued expense was removed from Other payables and disclosed separately.

The effects of the reclassification are as follows:

Statement of financial position		
Accrued expense	-	2 614 205
Other payables	-	(2 614 205)
	-	-

31. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

	2023	2022
Fruitless and wasteful expenditure	2077	-

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure**Incident description for fruitless and wasteful expenditure**

One case of fruitless and wasteful expenditure was reported and investigated during the period. A late payment was made to the GEFP and interest and penalties were charged on the late payment amounting to R2077.

Disciplinary action was taken against 2 individuals involved and both individuals were issued with written warnings following the outcome of the disciplinary process.



CONTACT US

PHYSICAL ADDRESS

DTI Campus (Building E)
77 Meintjies Street
Sunnyside, Pretoria
0002

TELEPHONE

+27 (0) 12 394 3688

RP141/2023

ISBN: 978-0-621-51123-9